



**BATTERSEA DOGS & CATS HOME**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2020**

Company Limited by Guarantee  
Registration Number 278802 (England and Wales)

Charity Registration Number  
206394

**BATTERSEA DOGS' & CATS' HOME  
TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2020**

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## **Report of the Council of Trustees**

The Council of Trustees is pleased to present the annual report and financial statements of Battersea Dogs & Cats Home for the year ended 31 December 2020.

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

### **COVID-19 (Coronavirus) 2020 - 2021**

For 160 years Battersea has been here for dogs and cats. We have built a reputation for being a leader in our field, a driver for change and a champion and a voice for vulnerable animals. Since we were founded in 1860 our charity has helped over 3.1 million dogs and cats and to this day, we continue to help the most unfortunate and unwanted dogs and cats in society, not just those that are brought into our care, but animals that we may never meet. We have overcome so many challenges along the way, and it is Battersea's determination and resilience that has helped us through two World Wars, and in our 160<sup>th</sup> anniversary year, a global pandemic, to continue to be here for dogs and cats who need us.

As the world responded to the COVID-19 pandemic, our supporters rallied, pet owners looked to us for advice, and we used our voice to speak out for the sector, sharing our funds and expertise to help rescues across the UK and overseas. Our passionate and committed staff continued to provide emergency care and support for animals in urgent need, and Battersea worked harder than ever before to champion responsible pet buying and ownership, to prevent animals being poorly bred, cruelly treated, given up, or abandoned. We supported pet owners, continued to change perceptions around rescue, and collaborated with the Government and other charities to further animal welfare, recognising the greater outcomes we could achieve for animals beyond our gates.

Our charity is incredibly grateful to our generous regular donors who have continued, or even increased, their support during such challenging times. We could never have expected our donors to support Battersea in the way they have, and their loyalty to our charity has allowed us to stay resilient throughout the pandemic. This invaluable support is particularly evident through the increasing number of people who choose to give to Battersea in their Will. Legacy income has steadily grown over the past few years and has helped safeguard the future of our charity in a particularly challenging economic climate, giving us the financial security to continue with our ambitious plans to help more dogs and cats beyond our gates.

We know that alongside economic uncertainty, the animal welfare implications resulting from the COVID-19 pandemic could be profound. Increased demand for puppies, kittens, and designer breeds, means thousands more poorly bred animals hitting the UK market, a sharp increase in puppies being imported or smuggled into the UK, and worrying projections on pet abandonment. Battersea is also concerned by the impact of social isolation on our animals, and of owners not seeking or being able to access veterinary treatments.

Careful investment of our income, and further investment in fundraising to diversify our income streams is crucial to ensure we and the wider rescue sector are ready to respond to any potential influx of abandoned animals and to enable us to continue with our ambitious aims to help more dogs and cats beyond our gates.

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### **Our activities**

Battersea's core operational activities are directed toward improving the lives of dogs and cats, principally those that come directly into our centres, through our intake, assessment, rehoming and clinical activities, but also those beyond our three centres through our work and engagement with key stakeholders and decision-makers in Government on issues of animal welfare, and supporting other rescue centres through the Battersea Academy and our grants programme.

The Trustees confirm that they comply with their duty to have regard to the guidance on public benefit, published by the Charity Commission, when exercising their powers and duties.

### **Strategic Report**

Battersea puts the health and welfare of dogs and cats at the very core of everything we do and in doing so we make a significant difference to the lives of animals through our activities. This is best articulated in our Mission:

*We aim never to turn away a dog or cat in need of our help, ensuring they receive the best care possible no matter how long it takes to find them a place to live. We are experts in championing and supporting vulnerable dogs and cats, creating lasting change for animals and those who care for them, wherever they are.*

And we remain true to our Vision that every dog and cat should live where they are treated with compassion, care, and respect.

We achieved impact and made a difference through the efforts and commitment of our 555 staff and 947 volunteers, who consistently demonstrate our values of Care, Excellence, Determination, Respect, Integrity and Commitment.

In 2019 Battersea launched its Strategic Plan 2019 – 2023: 'Here for Every Dog and Cat'. This strategy places great emphasis on using our voice and expertise to make a difference, not just to those animals in our care but to those we may never see, but that are in desperate need of help.

We will substantially grow the number of animals we help by expanding our direct services, improving the effectiveness of the wider animal welfare sector in the UK and internationally through our Academy and Grants programme, using our voice and influence to champion legislative changes, and working to shift public perception of rescue animals through an ambitious behaviour change campaign.

Battersea's Strategic Plan 2019-2023 is built around five themes:

- 1. Directly helping more dogs and cats in need:** We will deliver a programme of service expansion, innovation, and continuous improvement.
- 2. Reframing rescue:** We will seek to change people's perceptions towards rescue animals to help more dogs and cats be treated with compassion, care, and respect.
- 3. Our Voice:** We will use our respected, authoritative, and influential position as a leader in the sector to tackle existing and emerging animal welfare issues and to remove barriers to greater pet ownership.
- 4. Increasing Our Impact:** We will extend our impact beyond our physical centres to help more animals by working in partnership with other dog and cat welfare organisations in the UK and around the world.

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- 5. Our Enablers:** We will ensure our people, income, technology, and systems support the effective delivery of our strategy.

## **Impact against Battersea's Five Strategic Themes**

### **Theme 1: Directly helping more dogs and cats in need**

The unprecedented nature of the global COVID-19 pandemic forced Battersea to close our centres to public visitors for the first time in our 160-year history, so that we could prioritise the welfare of our staff and animals and remain open for emergency cases and those that needed us the most.

Battersea took the lead in the **development of sector-wide, Government-backed operational guidance**, providing a framework for animal rescue and rehoming organisations to continue operating legally and safely during the pandemic.

Within our own organisation, a rapid and agile crisis response was implemented with impressive speed and with great consideration for our people and animals. We reduced the number of animals at our centres from a typical 350-400 animals to 85 by the start of the first lockdown, and all planned intake - other than emergency cases – was suspended. Throughout the year, COVID-19 risk levels and Government restrictions and guidelines were constantly monitored, and Battersea's **operating processes were adapted** to ensure full compliance and a safe working environment.

Across Battersea, our teams comprise truly exceptional people working at every level whose passion for animal welfare knows no bounds. Their determination to ensure the care of our animals was not compromised meaning that in 2020 we directly **helped over 3,000 animals** through reuniting them with their owner, caring for them at our sites and in foster homes, or by rehoming them.

Colleagues across Battersea rose to the challenge of adapting to new ways of working, demonstrating great resilience, and coming on site every day to ensure every dog and cat continued to get the treatment, care, love, play and interaction they needed.

After switching to emergency-only veterinary surgeries throughout the start of the pandemic, resumption of standard surgical operations began in May 2020, the earliest of any team in the charity sector. In 2020, our highly skilled veterinary team conducted **2,538 procedures** for our dogs and cats. The thousands of operations undertaken cover a wide range of procedures, and we aim to neuter all rehomed animals on site. Last year we neutered 687 dogs and 707 cats.

**Intake of new animals was 3,114** across our three centres— down 42% from 5,336 in 2019. We received 1,606 dogs (down 47% from 3,002 in 2019) and 1,508 cats (down 35% from 2,334 in 2019) in 2020. Lockdown-imposed restrictions led to a reduction in our intake, but we also received fewer enquiries from owners seeking to give up their dogs and cats. A comprehensive survey of animal partners and Local Authority Dog Wardens confirmed that this was a nationwide trend, with remarkably few animals being relinquished by their owners.

With fewer animals arriving at our centres, we sought out opportunities to increase Battersea's direct care for animals by providing support for other charities struggling to provide their usual service. This included establishing a new **partnership** with the **RSPCA** to help the dogs and cats that would otherwise have been treated at their hospital in Putney, which closed at the end of September. We also helped **Blue Cross** following a large backlog of surgical cases

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post-lockdown at all their London hospitals. Battersea's clinic team were able to make use of theatre capacity to treat Blue Cross surgical cases on an outpatient basis, and the charity brought 19 dogs to our London centre for veterinary treatment in the two weeks before London went into Tier 4 lockdown.

We also continued to work in **partnership** with **StreetVet**, a charity that provides veterinary care to animals belonging to homeless people. We provided temporary boarding for 12 dogs from StreetVet in 2020.

We are immensely proud of the facilities we have across our three centres, and despite a challenging year, a series of development projects were successfully delivered. At our London centre, major development works were completed, including the opening of **Tealby's café**, a new reception entrance area, a **dog wellness centre and hydrotherapy suite**. At our Windsor site, construction of The Duchess of Cornwall Kennels was completed and opened by our Royal Patron. The facility includes a **dedicated maternity area and puppy paddock**. At our Brands Hatch site, we made improvements to our kennels and cattery and created new grooming and working dog training spaces.

Interest in pet ownership soared in 2020 and unsurprisingly, Battersea experienced **sustained, unprecedented rehoming demand** for both dogs and cats with many people looking to get a new pet during the pandemic. We quickly adapted our rehoming approach and introduced a number of measures to ensure we could respond to rehoming demand whilst maintaining social distancing.

Investment was made on improving the **online rehoming journey** for customers, with a new matching tool to find suitable customers. A **rehoming appointment system** was rapidly scaled-up and we introduced **virtual rehoming** and **rehoming by delivery**, which was an instant success and paved the way for a new and highly efficient method of rehoming. A survey of rehoming customers carried out in the summer found that 95% of respondents rated Battersea's rehoming process as 'good' or 'excellent'. 97% of customer rated our bespoke delivery service as 'excellent'.

We **rehomed 2,539 animals last year**, (1,121 dogs and 1,417 cats), across all three centres. Rehoming figures for dogs were down 46% from 2,076 in 2019 and rehoming figures for cats were down 33% from 2,104 in 2019 as a result of reduced intake across our centres.

Our anticipated growth in the development of our **Communities programme** was impacted by COVID-19 with many key community activities cancelled, and reduced animal intake affecting the number of dogs and cats that could be placed in Communities for onward rehoming. Despite these challenges, we recruited 13 Community Rehoming Volunteers and **launched a second community in Ashford**, Kent, in September 2020. In 2020, we rehomed 31 animals – 26 dogs and five cats - through our communities in Guildford and Ashford.

Battersea is proud of its **non-selective** approach to animal intake. Unlike other rescue organisations, we do not turn away a dog or cat based on its breed, age, condition, or any other factor. This approach does however mean that we receive many animals with complex medical and behavioural problems, that rely on us to provide the very best care through our dedicated and highly trained veterinary and behavioural teams, and our dedicated foster carers who were involved in 1,003 foster cases in 2020. Despite the dedication and care provided to every animal who enters Battersea, some are either medically too unwell, or too dangerous to be rehomed, or there are legal reasons which result in us having to put the animal to sleep. We never take this decision lightly and instead work continually to keep these numbers to an absolute minimum. In 2020, 20% of dogs (up from 19% in 2019), and 7% of cats (up from 6% in 2019) brought into Battersea were put to sleep.

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Our charity is not just committed to helping dogs and cats, but also **supporting pet owners** through any means. In a rapid response to the challenges of the pandemic, Battersea's website, content, email, and social media strategy were adapted to **elevate advice content** to provide support for pet owners during a potentially difficult time. A new website section, **'Make yourself at home'** providing tips and support for pet owners was created, as well as a new pet advice content suite which gained 18,000 subscribers.

We set up a dedicated dog and cat **behaviour advice line** that dealt with 1,020 enquiries from dog owners. 81% of these cases were positively resolved, resulting in the owner keeping their pet. The Canine Behaviour team provided behavioural advice and support to an average of **85 members of the public each month in 2020**, a 40% increase on 2019.

At the end of 2020 we launched **online training classes** to support a new generation of puppy owners. 57 dogs were helped through Battersea's virtual puppy training classes after they launched in Q4, and in our survey of attendees, 86% (19) of respondents felt the classes were easy or very easy to participate in online. We plan to offer a greater number and range of classes in 2021.

### Theme 2: Reframing rescue

Battersea has a vital role to play in growing the rescue sector and delivering better outcomes for more dogs and cats. With increasing numbers of people buying and selling pets online during 2020, our **Rescue Is Our Favourite Breed campaign** was vital in ensuring pets are not seen as commodities. We want people to be inspired to think 'rescue first' not only when it comes to rehoming but also if they are faced with circumstances that mean they must relinquish their pet.

Plans were rapidly flexed in response to the pandemic to enable us to maintain visibility, relevance, and position Battersea as a trusted source of expertise and advice. During the year, we ran four successful bursts of campaign activity. This featured a new **'Rescues to the Rescue'** advert launched in June 2020 designed to align with the mood of the nation and ensure Battersea's cause remained visible. This reached 33.5 million viewers nationally, whilst research and case studies exploring the positive benefits of pet ownership during lockdown gained national press coverage.

In November 2020, we evaluated the impact of the Reframing Rescue campaign, with research showing that 37% of the UK population had heard of **#RescuesMyFavouriteBreed**. Of those questioned, 73% claimed that **#RescuesMyFavouriteBreed** has started to make them 'think more openly about age or breed', and 72% stated that it made them want to find out more about rescue animals, indicating the campaign is starting to shift perceptions of rescue. Seven in 10 people who saw the campaign took a positive step towards rescue and/or Battersea as a result.

Engaging with younger animal lovers is crucial to **drive generational change** in the way rescue is perceived and supported, and we are working hard to widen our audience base, creating new content and opportunities to reach, inform, and inspire engagement through a growing range of channels and partnerships.

We partnered with our **high-profile supporters and Ambassadors** in new and uplifting ways to boost the nation's spirits and reach new audiences, alongside creating original content featuring Battersea animals and staff. To reach younger audiences, we created a meme generator and an augmented reality filter on Instagram for **#RescuesMyFavouriteBreed**, encouraging user generated content. We added over **130,000 social media followers** in 2020, across Facebook, Twitter, Instagram, YouTube, Pinterest, and LinkedIn.

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Battersea's ITV series, **Paul O'Grady For the Love of Dogs** continued to raise the profile of rescue. Working within Covid-secure filming guidelines, we delivered a 60 minute 'Back in Business' special, focusing on our response to lockdown, which reached 3.3m viewers. A new 3 x 60' series 'POGDOGS: What Happened Next' caught up with rescue dogs from the previous 8 series showing the joy and solace they have brought their owners. Each episode gained 3.4m viewers.

### Theme 3: Our Voice

Battersea has a respected, authoritative, and influential voice with a proven record in bringing about policy and legislative change to benefit animal welfare and 2020 was no exception.

In January 2020, we were pleased to see the **Animal Welfare (Sentencing) Bill** introduced as a Private Member's Bill, backed by the Government. This calls for an increase in the maximum sentence for animal cruelty from six months to five years in prison. Demonstrating our ability to successfully leverage our political relationships, we organised a Battersea reception in Parliament in partnership with Sir Oliver Heald MP. This was attended by **over 100 Parliamentarians** including Animal Welfare Minister Lord Goldsmith and Bill sponsor Chris Loder MP, setting us up well for the Bill stages to come. Although the COVID-19 outbreak delayed progress of the Bill, we were pleased that on 28 April 2021, **the Animal (Sentencing) Bill completed its passage through Parliament and became law**, meaning the maximum animal cruelty sentence will increase from six months to five years.

In Scotland, Members of Scottish Parliament (MSP) passed into law the **Animals and Wildlife (Penalties, Protections, and Powers) (Scotland) Act 2020** in June, which makes provision to introduce five-year sentences for animal cruelty in Scotland. This followed three years of proactive lobbying by Battersea with MSPs and officials.

We are one in a network of hundreds of dog and cat rescue organisations, large and small, across the UK, and in 2020 we continued to support our sector colleagues. We set out to better understand the impact of the pandemic on the sector so we could draft guidance to MPs and set out the case for support. This included working in collaboration with the Association of Dogs and Cats Homes (ADCH) on two major sector surveys to understand how rescues across the UK were coping with and responding to the pandemic.

In November we published a new Battersea report to provide evidence of the impact of the pandemic on companion animals. The report makes a strong case for the Government to consider **urgent financial support** ahead of a potentially challenging period for smaller rescues. The report achieved 250 media mentions across national, broadcast, online and print media, with a total reach of 21m.

We have worked, and will continue to work, collaboratively to ensure high standards of animal care. Collaboration, influencing, and consulting remain staples of our work and examples in 2020 of this approach include:

- forming one part of the secretariat to the All-Party Parliamentary Group on Cats (APGOCATS) alongside Cats Protection and Blue Cross. In 2020 we delivered a **joint report into cats and tackling loneliness** which was well received by politicians and stakeholders;
- providing support to the Department for Environment, Food and Rural Affairs (DEFRA) for their **Petfished campaign** against unscrupulous breeders selling puppies or kittens online;
- our leadership of the sector membership body ADCH of which our Chief Executive acted as Chair during the year. We led the establishment of an **ADCH Emergency**



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**Fund** and contributed £50,000 to this Fund to supply grant funding to smaller rescues; and

- working with the **Canine & Feline Sector Group (CFSG)** and **Companion Animal Welfare Group Wales (CAWGW)** to provide guidance on what can be done legally and what can be safely changed during lockdown. We designed a suite of infographics for the whole sector and used our own social media channels to reach the biggest possible audience of owners and professionals.

#### **Theme 4: Increasing our impact**

Battersea has a strategic long-term commitment to increase our impact for animals and to help as many dogs and cats as we can.

Battersea's work now stretches far beyond our physical centres as we strive to build a better world for dogs and cats, mindful of how we can make a real practical difference to the lives of even more animals. One of the ways we do this is by supporting a great many smaller rescues, shelters, and charities to continue helping animals in need in local communities both in the UK, and beyond. By providing training and financial support to these organisations, we enable them to work effectively, efficiently, sustainably, and to the highest possible welfare standards, and help ensure that Battersea has a positive, lasting impact on even more dogs and cats, year after year. Battersea feels a strong responsibility to help and support other rescues and their animals, and we remain **committed to working in partnership** with as many organisations working in our field as possible.

In 2020, the Battersea Academy delivered 27 programmes and webinars, which were attended by **467 delegates** from 146 UK and international organisations, and 11 dog wardens from five local authorities. As face-to-face training was no longer a possibility from March 2020 onwards in response to COVID-19, our on-site programmes were postponed, and the Academy's e-learning capabilities were accelerated with considerable content being re-designed for online delivery. In addition to a wider range of animal welfare content for both dog and cat organisations, a range of other topics including fundraising, digital, marketing and strategy development were delivered, some in direct response to the learning needs imposed on organisations by the pandemic. Places offered on our intensive 5-day on-site programmes were re-allocated onto 2021 programmes. Ongoing business development activity continued to identify new organisations in the UK and overseas that might benefit from the Academy. Since it launched in November 2018, the Academy has indirectly helped 6,419 animals worldwide through its intensive programmes only (1,872 in the UK and 4,547 overseas).

We had in 2020, and will continue to have in future years, a positive impact on a greater number of dogs and cats through providing training and financial support to organisations that require it. As a part of the Academy work, we committed to providing **funding to other organisations** to help more dogs and cats. During 2020, **41 grants were awarded**, totalling £450,000. Of these, 10 were international grants to projects in a number of our focus countries of South Africa, India, Sri Lanka, Romania, Bulgaria, and Greece. In addition, Battersea established the Association of Dogs and Cats Homes Covid Emergency Fund on behalf of the ADCH and the sector and made a leadership gift of £50,000. Since Battersea started the Grants programme in 2018, we have indirectly helped 43,100 animals worldwide (30,955 in the UK and 12,145 overseas). A longer-term strategy for the Academy and Grants functions was presented to Trustees in December 2020.

Our Animal Partnerships team works with many different dog and cat charities and rescues all over the country to provide the best outcome for our dogs and cats in need of homes. Last year Battersea took in **308 animals from other animal rescues**. Throughout the year, 50 cats were placed in rural outlets such as farms and stable yards. We also worked

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collaboratively with Cats Protection to trap, neuter, and release 66 feral cats in rural Sussex. Three dogs were placed in working outlets, whilst 33 dogs requiring specialist homes were placed with breed centres.

**Theme 5: Our enablers**

Throughout 2020, most volunteering roles were suspended to reduce the number of people attending Battersea centres. In total, volunteers contributed **78,461 hours** in 2020, down 45% on 2019. During specific periods when restrictions were eased, some cattery and gardening volunteers were able to briefly return. A comprehensive Christmas Retail Volunteer programme involved 31 volunteers who donated 954 hours.

Fostering played a vital role in Battersea's response to the pandemic and an **emergency fostering effort** as the country entered lockdown in March 2020 saw a record number of dogs and cats placed in foster care within a month. In total, 699 animals were fostered in 2020, against 789 in 2019, the overall reduction due to reduced animal intake. An additional 37 foster carers were recruited in the year, including 25 from among Battersea staff.

At the end of the year, Battersea had **947 registered volunteers**, against 902 in 2019, the increase following the recruitment of Community Rehoming Volunteers in Guildford and Ashford, and an increased number of foster carers.

Our fundraising plans for 2020 were largely impacted as a result of the pandemic. We placed **our face-to-face activity** on hold, losing the opportunity to meet and recruit new supporters. However, we mitigated the impact by increasing our digital and television presence, both of which produced successful results for Battersea.

Our events programme was also affected with all but one event in the portfolio being cancelled. Despite this, our **Muddy Dog Challenge** won Bronze in the Charity Awards for 'Best Mass Participation Event and the team - through excellent stewardship - retained 4,800 Muddy Dog participants to take on the challenge in 2021. In October, a new virtual '**My Muddy Dog**' challenge received over 2,000 sign ups and raised over £100,000 in income.

Despite multiple challenges throughout the year, we continued to see a strong performance from **Individual Giving** with 55,000 new regular supporters recruited, and our cash and raffle fundraising activity delivering the best results Battersea has ever achieved.

Fortunately, we have always had many supporters who choose to recognise our charity in their Will, and last year we received **record legacy income** in excess of £22m. The unanticipated level of legacy income we achieved has ensured that Battersea has not suffered financial loss in the short term, and we are incredibly grateful to our generous regular donors who have continued, or even increased their support during such challenging times.

Our **corporate and philanthropic partners supported the work of Battersea in many ways**. In 2020, this included securing more than £50,000 in funding specifically in response to COVID-19 and securing Battersea's largest income partnership to date with Mars Petcare through the 'Buy 1, Feed 1' campaign, guaranteeing £125,000 in income. Despite a challenging retail environment, there were some successful campaigns in 2020 which helped drive sales. Christmas was a successful period for Battersea with **catalogue sales up 73%** on the previous year.

Battersea's Licensing work continues to grow with nine new licensees accepted in 2020 – representing almost £100,000 in advances and minimum guarantees. In addition, three **product ranges were launched** in 2020 in Sainsburys, Tesco and Marks and Spencer,

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comprising 23 products totalling 200,000 units across 441 UK stores.

Battersea played a key role in **supporting staff throughout the pandemic**. Battersea, like many other charities, had taken advantage of the Government's Job Retention Scheme to enable us to retain our valued workforce during challenging times. Our charity is reliant on public donations to fund our work and we have a responsibility to spend every penny carefully. In receiving this financial assistance from the Government, we had been able to support our staff who are unable to carry out their work, whilst continuing to use public donations to fund our charitable activities to help dogs and cats at our centres and beyond our gates. The Human Resources team ensured clear processes were in place for reporting and monitoring COVID-19 related absences, and rapidly implemented the furlough scheme to minimise risk for staff and financial impact. A total of 237 staff (45% of Battersea's employees) were furloughed during 2020.

The change in working circumstances in 2020 for staff both on site and working from home, meant that focus on **emotional resilience, mental health, and wellbeing**, was critical. Mental Health for Managers training was delivered to all Managers, and **24 Mental Health First Aiders were trained**. Battersea also provided Emotional Resilience Workshops and disseminated mental health and wellbeing resources to all staff.

Battersea currently leads the animal welfare sector on a number of **diversity** metrics. Our median **Gender Pay Gap** was 8.8% in 2019/20, better than all the other major animal welfare charities who reported their results, and the national average of 15.8%. At the end of 2020, 8% of our workforce identified as being from a **Black, Asian, or Minority Ethnic background**. This compares favourably to the animal welfare sector, with the next-nearest proportion of BAME staff in an equivalent charity being 4%.

To enable staff to work from home, the capacity of **Battersea's remote working system was rapidly expanded** in just two weeks, with IT equipment provided to those in need.

To support our staff's **learning and development needs**, work was carried out to transition priority subjects to remote/digital offerings. Battersea's own online **Learning Management System was launched in October 2020**, enabling staff to access learning content at any time and on any device. Since launching, 346 Battersea staff have accessed 45 pieces of content over 1,000 times.

### **Section 172 statement**

The Trustees of Battersea, as those of all UK charitable companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A Trustee of a charitable company must act in the way they consider, in good faith, would be most likely to promote the success of the charity for the benefit of its stakeholders as a whole and, in doing so have regard (amongst other matters) to the:

- Likely consequences of any decisions in the long term;
- Interests of the charitable company's employees;
- Need to foster charitable company's business relationships with suppliers, customers and others;
- Impact of the charitable company's operations on the community and environment;
- The charitable company's reputation for high standards of business conduct; and
- Need to act fairly between members of the charitable company.

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The following paragraphs summarise how the Trustees fulfil their duties:

***Our Rehoming Customers***

In response to the restrictions requiring us to limit and carefully manage visitors to centres, we started to conduct rehoming introductions between dogs and cats to prospective customers virtually, and through short videos. These 'virtual introductions' have been effective in enabling customers to 'meet' multiple animals without visiting a centre. During the initial phases of the first lockdown, we continued to rehome via delivery to customer homes in a Covid-secure way. This has proven so successful that, along with virtual introductions, it is now an established service we offer our customers.

The rehoming teams at all three of the centres have been supported by an upskilled Customer Service team who now engage with all rehoming customers in greater detail, providing swifter access to expert advice. The three centres have also been joined by two additional Battersea Communities in 2020, with Guildford and Ashford now able to care for and rehome animals from the Community volunteer's 'foster' homes.

During the year, Battersea conducted surveys to better understand the rehoming journey. These included online rehoming focus groups, post-registration surveys, and aftercare surveys, to understand Rehomers' expectations and identify areas of improvement. The research was used to inform a new appointment system across three sites, enabling a more dedicated service for customers in place of the 'first come, first served' approach.

***Donors***

Our supporters and donors are critical to what we do, and we strive to ensure we are engaging them effectively. In 2020 we contacted over 40,000 supporters by telephone to simply thank them, inform them of how Battersea was continuing to work throughout the pandemic and find out how they were. We also kept in touch via mail and email communications to keep our supporters feeling connected and informed about Battersea. We received positive feedback from supporters who welcomed these stewardship calls and continued to show support during the pandemic.

The impact of these stewardship calls led to an increase in donations, fewer direct debit cancellations and improved supporter retention rates. As a result of this success, we will be proceeding with our usual direct marketing programme, including reintroducing legacy communications, in 2021.

Our valued Legacy pledgers and those who have enquired about leaving a gift to Battersea in their Will were sent a range of bespoke newsletters to keep them up to date and informed during the pandemic. During the year, we held three special webinar events which were attended by legacy pledgers, enquirers, donors, and supporters. In 2021, we are planning to hold four further virtual events and hope to host live events later in the year if possible.

Using insight gained through focus groups in 2019, Battersea were able to understand supporter views and reactions on legacy campaigns and designs. As a result, Battersea were able to develop a new TV legacy advert which launched in 2020.

***Animal Gifters***

Our mission is to never turn away a dog or cat in need of our help and we achieve this through our non-selective intake policy. We appreciate we could not do this without the help and support of the individuals – our Animal Gifters - who trust Battersea to find their dogs and cats a new home. In 2020, whilst intake was lower because of the pandemic, we engaged with our customers to support them whilst remaining at home in self-isolation and during the

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lockdowns, by providing bespoke advice via our behavioural helpline and offering specific guidance on the Battersea website.

### ***Employees***

Battersea engages with its employees consistently and through various channels. Vital to 2020 was the introduction of the All-Staff webinar which was created to engage with staff (including furloughed staff) during lockdown. The webinar included regular updates from the Chief Executive and Directors and provided staff with opportunities to put questions to the leadership team. Feedback from the webinar has been used to inform COVID-19 related decision making and how these decisions are communicated across Battersea.

Using ad-hoc pulse surveys and polls we have been able to continue to improve how we communicate key messages. For example, during 2020, pulse surveys were used to understand staff views around working from home and how they would like to be communicated with. The results of the survey informed future internal communications and decision making around what further training and support was needed for home working staff.

Battersea's Senior Management Group is a group of Heads of Functions, formed to work with the Executive Team to help deliver key organisational priorities and to take a more strategic organisation-wide leadership role. The group met four times during 2020 and provided recommendations to the Executive Team on how Battersea can retain the benefits gained through new ways of working during lockdown. Key recommendations include a review of how on-site visitors are managed, the appointment of an Environment & Sustainability Officer to drive forward sustainability initiatives, and a review of the current pay and performance review process. These recommendations will be implemented in 2021.

As part of the work to review the rehoming journey – both digital and remote - Battersea engaged with Rehoming teams to understand how improvements can be made to the existing process. The results of interviews and surveys led to improvements in the digital journey through a new appointment system and standardising the remote rehoming process for all sites.

### ***Volunteers and Foster Carers***

In response to the impact of COVID-19, Battersea had to adapt how it communicates with volunteers and foster carers to ensure we continue to effectively engage with those volunteers who were temporarily stood down. The Battersea Volunteers Facebook Group was created and has over 250 members, and Battersea revised our onsite learning sessions to become webinars. In total, volunteers and foster carers attended 72 webinars, including a webinar to introduce the new Chair of Council, Paul Baldwin.

In March 2020, the team introduced retrospective diversity and inclusion monitoring for volunteers and foster carers, and established diversity and inclusion monitoring as part of the application process for all future volunteers. Battersea brought forward the Investing in Volunteers Accreditation process for Good Practice in Volunteer Management to 2020 and received the Investing in Volunteers Award for the second time.

### ***Communities***

The impact of COVID-19 meant that plans to develop the Guildford Community through recruiting Community Rehoming Volunteers (CRVs) were delayed. As a result, we adapted our volunteer induction programme to an online version and were able to recruit 15 CRVs which led to 28 animals being rehomed in the Guildford community.

Whilst we had not been able to fully launch our programme of community events due to the pandemic, we were able to deliver online talks to local groups about Battersea Communities

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and pet ownership and connect with additional organisations/businesses/groups in the local area. We hope to re-commence community events and face to face talks as soon as government restrictions are lifted.

In late September 2020, we launched our second community in Ashford and recruited 14 CRVs within the first few weeks of the launch. The launch of a new community was a smooth process due to prior development of robust processes and procedures. Seven animals were placed in our Ashford Community in 2020 and we hope to launch our programme of community events and talks in 2021.

***Academy attendees***

Due to the impact of the COVID-19 pandemic, our Academy work moved online with 27 programmes and webinars delivered to 467 delegates.

During 2020, we interviewed a sample of our Academy attendees to obtain feedback on potential and existing Academy courses, and what actions have been taken as a result of training. The results of these pieces of work will allow us to identify potential improvements to the programme and identify where we can deliver greater impact in this area going forward.

***Grant recipients***

Battersea's grant giving programme works alongside the Battersea Academy, including to support smaller rescues develop their facilities and improve their ways of working.

In 2020, we contacted a sample of our grant recipients and conducted online interviews and surveys. This allowed us to understand the outcomes of our grants programme so we can work on delivering greater impact in future.

***Suppliers***

We value all our suppliers and through building a robust procurement function, aim to develop strategic relationships with our key suppliers. In 2020, Battersea launched an electronic 'Procure to Pay' function. This will allow us to gain better insight into our expenditure across suppliers, enabling us to further develop our working relationships, securing more supplier contracts, and introducing an approved supplier list to the charity.

***Environment***

The Trustees recognise the importance of leading a charity that not only generates value for its beneficiaries, but also to the wider society. We recognise the environmental and climate risks, and we are committed to reducing the environmental impact of our operations and minimising our environmental footprint. To achieve this, Battersea ensures high standards of environmental management in place by contractors working on-site, that all waste is recycled where possible and supplies for electricity, paper and building materials are procured from green sources. In 2020, the Trustees approved the recruitment of an Environment and Sustainability Officer. The role will be responsible for developing an Environment and Sustainability policy, reducing Battersea's environmental impact, and ensuring compliance with a number of mandatory energy assessment schemes.

**Financial review**

***Income***

Total income was £52.7m (2019: £44.0m) for the year – an increase of £8.7m from 2019. Despite the unpredictable economic climate, we received record legacy income of £22.6m (2019: £17.0m), and although Battersea had to cancel planned fundraising activity due to the pandemic, our Donations and Fundraising Events income increased to £26.6m (2019: £24.8m) in 2020, as regular donors continued to support, or increased their support, during

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the year. Also included within income is Government grants of £1.4m (2019: nil) received this year in respect of the Government Retention Furlough Scheme.

	<b>2020 £m</b>	<b>2019 £m</b>	<b>Change %</b>	<b>Ratio %</b>
Legacies	22.6	17.0	33	43
Donations and Fundraising Events	26.6	24.8	7	50
Government grants	1.4	-	New	3
Gifts in kind	0.5	0.3	67	1
Trading activities and other income	0.5	0.6	(17)	1
Investment income	0.5	0.6	(17)	1
Charitable income	0.6	0.7	(14)	1
<b>Total Income</b>	<b>52.7</b>	<b>44.0</b>	<b>20</b>	<b>100</b>

### **Expenditure**

Total expenditure remained fairly in line with prior year at £43.6m (2019: £43.8m). The amount we spent on caring for animals at Battersea increased to £18.1m (2019: £17.3m), reflecting inflationary increases in expenditure and headcount. Costs of raising funds decreased to £15.2m (2019: £16.4m) which was due to planned fundraising activity being cancelled to comply with government restrictions as a result of the COVID-19 pandemic. Education and awareness costs increased to £5.4m (2019: £5.3m) in 2020 as Battersea continues to raise awareness for Reframing Rescue. Support costs have decreased for the year to £4.4m (2019: £4.5m) due to savings generated through most of Battersea's workforce working from home.

	<b>2020 £m</b>	<b>2019 £m</b>	<b>Change %</b>	<b>Ratio %</b>
Care of animals	18.1	17.3	5	42
Raising funds	15.2	16.4	(7)	35
Gifts in kind	0.5	0.3	67	1
Education and awareness	5.4	5.3	2	12
Support and governance	4.4	4.5	(2)	10
<b>Total Expenditure</b>	<b>43.6</b>	<b>43.8</b>	<b>0</b>	<b>100</b>

Net unrealised losses on investments in the year were £0.7m due to adverse movements in financial markets (2019: gain of £2.4m) as a result of the COVID-19 pandemic.

Total funds at year end were £98.5m (2019: £91.7m).

### **Pension**

Battersea operates a defined contribution pension scheme for its employees. It also has a legacy defined benefit pension scheme which was closed to new members from September 2010. At the end of September 2013 this was also closed to future benefit accrual, to help mitigate any future liability.

Despite this, Battersea will continue to have ongoing liabilities, the funding of which is agreed between the trustees of the pension scheme and the charity's Trustees. These liabilities are subject to fluctuation as assumptions change over time. As at 31 December 2020 the pension scheme was in a deficit position of £1.6m as a result of significant reduction in the yield of fixed income securities, which forms the basis of the discount rate applied to future liabilities

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of the pension scheme. The deficit position has been recognised within the Statement of Financial Activities for the year ended 31 December 2020.

Since the balance sheet date, the performance of yields on fixed income securities have improved and assuming this higher yield is sustained and converts to a higher discount rate, the scheme would then return to a surplus. More information on this has been provided in note 23.

Full detailed information on Battersea's pension schemes, including the defined contribution scheme, can be found in note 18.

***Investment powers and policy***

Under the Memorandum and Articles of Association, the charity has the power to make any investments which the Council of Trustees sees fit. The Trustees are aware of the need to maximise the investment return without jeopardising the Battersea's reputation. They therefore require their investment advisers, Adam & Co, to refrain from investing in any company that is involved directly in the use of experimental animals for non-clinical research, or sub-contracts to companies that make use of such animals, unless there is a legal or regulatory requirement to do so. The mandate also prohibits Adam & Co from investing in tobacco companies. If in doubt they are asked to refer to the Chair of the Finance Audit and Risk Committee. Our investment advisers confirm adherence to this policy through a formal quarterly screening of our investment portfolio and the issuing of a compliance report to the Finance Audit & Risk Committee.

This gives Trustees assurance that there are no listed investments adverse to the purpose of the charity, thereby complying with the requirements of the Statement of Recommended Practice (SORP) and the Charity Commission's revised guidance note CC14.

Investment diversification within the above criteria is used to reduce risk exposure. The Council of Trustees, together with their advisers, set benchmark weightings for the portfolio and a benchmark for income yield.

The asset allocation of the portfolio as at 31 December 2020 was as follows:

	<b>Benchmark</b>	<b>Actual Weighting</b>
Equities	70%	71.7%
Bonds	25%	21.3%
Cash	5%	5.9%
Property	0%	1.1%
	<b>100%</b>	<b>100%</b>

Departure from benchmarks above, at year end, reflects the need to respond to the market situation thereby optimising investment returns.

The Council of Trustees place the emphasis on maximising long-term, maintainable investment growth and the actual performance is reviewed against the benchmark return with Adam & Co every quarter.

The result in the year to 31 December 2020 was as follows:

	<b>Benchmark</b>	<b>Actual Performance</b>
Portfolio total return	-2.5%	-1.3%



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### **Reserves**

The aim of Battersea's Reserves Policy is to ensure that the charity's ongoing activities are protected from unexpected fluctuations in its income and expenditure. In setting the reserves Policy, the Council of Trustees is influenced by strategic risks facing the charity (which are kept under regular review) – not least the fact that the charity is heavily reliant on voluntary income (legacies and fundraising) to continue its charitable undertakings – which being uncertain sources of revenue may not always provide the necessary funds to cover essential costs. Trustees have affirmed the targeted range for free reserves to be maintained between £14.0m and £28.0m, which equates to between 6 to 12 months of 2021 budgeted charitable and support cost expenditure. This would allow for our activities to continue as normal during temporary falls in income or allow contingency plans to be implemented in the event of a more significant downturn in income or unanticipated increase in expenditure. This level is deemed appropriate when considered alongside the major strategic and operational risks currently faced by the Charity.

Free reserves (that is, those unrestricted funds not tied up in tangible fixed assets or other designated funds, excluding any pension assets) increased during 2020 to £25.3m (2019: £8.0m), representing approximately 11 months of charitable and support cost expenditure. Battersea experienced unprecedented levels of legacies income during the year reaching a record high of £22.6m, and planned investments in Individual Giving had to be placed on hold to comply with government restrictions. In addition, operational savings were achieved through minimised dog and cat numbers on site. In 2021, Battersea will be exploring strategic initiatives to utilise its general funds to help more dogs and cats.

Trustees balance the need to maintain an appropriate level of free reserves with funding key strategic initiatives such as investment in the charity's infrastructure and facilities. In 2021, Trustees will be focussing on increasing Battersea's charitable impact beyond our gates, supported by resuming investment in Individual Giving.

The balance on the **freehold acquisition fund** of £6.4m was set aside by Trustees to enable the Charity to increase its geographical reach by acquiring an additional site for Battersea. In 2020, the balance on this fund was transferred to general reserves. At time of signing, a suitable site had yet to be found and this strategic initiative will be reviewed in 2021.

The need for the development of existing facilities, particularly at the London and Windsor sites, has already been identified. Battersea committed to ensuring every dog and cat coming to our doors can stay in the safe and hygienic conditions they truly deserve during their time in our care. To achieve this vision the **Site Development Fund**, which at year end 2020 stands at £15.2m (2019: £20.8m), represents the Trustees' short to medium term programme of improving the facilities needed to provide the highest standard of animal welfare for the cats and dogs in our care.

The **Fixed Asset Fund** of £57.2m (2019: £55.4m), represents the net book value of Battersea's fixed assets – principally the value of the land and buildings on our three sites.

Trustees review and monitor this policy annually.

### **Plans for future periods**

#### **The impact of COVID-19 on plans for 2021**

With the COVID-19 pandemic and Government social distancing measures continuing into 2021, Battersea's key priorities are ensuring we maintain a safe operational response to COVID-19; and planning and preparing strategic initiatives for post COVID. The latter may require a review of our operating model and a development of new strategic initiatives to help deliver increasing impact for dogs and cats in need.

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In 2021, subject to Government restrictions, Battersea will also continue to implement the strategic initiatives prescribed by the Strategic Plan.

### Theme 1: Directly helping more dogs and cats in need

Before COVID-19 restrictions, **we expected to rehome nearly 6,000 animals in 2021** across our three sites and two communities. With Government social distancing guidelines and the closures of our three sites, we have introduced new measures to continue rehoming animals safely.

We will continue to establish our **Battersea Communities** Programme. Communities are expected to deliver the cost-effective expansion of rehoming and supporter engagement opportunities in new geographical areas. In 2021 we will be looking to grow the Guildford and Ashford Communities through a programme of events as well as agree the location for a **third Battersea Community**. The Strategic Plan provides for the establishment of ten Battersea Communities by 2023, although it is now likely that up to eight communities will be established.

Opened in 2020, we will be looking to fully operationalise our new **hydrotherapy facilities**, expected to benefit up to 100 dogs from across all three Battersea Centres per week. We will also be looking to complete the refurbishment of the **Prince Michael of Kent building**, the commencement of which had been postponed to September 2020 due to COVID-19.

Battersea will also continue to improve and innovate our **digital** rehoming and intake proposition and explore how digital technology can provide longer-term and even sector-wide solutions to rehoming.

### Theme 2: Reframing rescue

Battersea will continue to 'reframe rescue' and seek to help more dogs and cats live where they are treated with compassion, care, and respect. We will do this by continuing to deliver the **Reframing Rescue campaign**, working at a national and local level, encompassing two campaigns for 2021 and the launch of **Wear Blue for Rescue**.

In addition to our Reframing Rescue campaign, we will be focussing on building Battersea's brand visibility, awareness, reputation, and health with an emphasis on growing new audiences. To extend our reach we will be introducing a **Battersea podcast**, a strategically aligned **YouTube series** and delivering series 9 and 10 of ITV's POGDOGS.

### Theme 3: Our Voice

Battersea will continue to use our respected, authoritative, and influential position as a leader in the sector to tackle existing and emerging animal welfare issues and to remove barriers to greater pet ownership.

Key objectives of 2021 include:

- Support the Regulation of Rescues across the UK. England, Wales, and Scotland have all pledged to **regulate the rescue sector**, and we will be working to ensure that the ADCH Minimum Welfare and Operational Standards form the bedrock of the licensing standard.
- **Pet Friendly Properties phase two**: Our continued partnership with StreetVet will see us work with hostels and encourage them to accept more homeless people with dogs. Scheduled towards the end of 2021, we will undertake a research report which analyses the private rental market in key locations.
- During the COVID-19 pandemic, Battersea worked together with the rescue sector and DEFRA to produce new guidelines that will enable rescue organisations to responsibly rehome the animals in our care, whilst continuing to adhere to the latest Government

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guidelines on social distancing. In 2021, we plan to publish a **follow up COVID-19 report** - focusing on the continuing financial health of the sector, the operational impact on service demand, and the effectiveness of welfare enforcement since the pandemic began.

### Theme 4: Increasing Our Impact

Battersea will continue to extend our impact beyond the confines of our physical centres to help more animals by working in partnership with other dog and cat welfare organisations in the UK and around the world. Our international work will be targeted at partners in our focus countries of: Greece, Cyprus, Portugal, Romania, Bulgaria, South Africa, Sri Lanka, and India.

We will significantly grow the work of the **Battersea Academy**, continuing to develop our Academy e-learning capabilities by launching new content, training, and continuing the delivery of webinars alongside a return to delivery of our flagship intensive on-site programmes once Covid restrictions are lifted. We will continue to support ADCH members in the achievement of higher standards through promoting preferred access to our Academy programmes. We will work with partners in focus countries, developing and delivering bespoke training as required, in addition to developing strategic partnerships with identified organisations. We will enable the training of up to 1,000 dogs through our puppy, adolescent and skills online training aimed at members of the public.

In 2021, we will expand the **Grants programme**, including the launch of Battersea's first Research programme, which will provide funding to pay for at least two academic research projects into selected and prioritised companion animal welfare topics, which will benefit Battersea and the wider animal welfare sector and the animals we serve. The Grants programme will also look to identify opportunities to build capacity in focus countries through developing targeted partnerships with animal welfare organisations. Grants awarded to strategic partners overseas will be focused on addressing key identified animal welfare issues, including dog and cat population management initiatives. We will expect to award our first multi-year grants in 2021. Battersea will seek to award grants totalling £800,000 across six funding streams, benefitting around 58 rescues from across the UK and overseas.

The work of our Academy and Grants programmes will be supported by an Advancement Board, that will connect Battersea to highly influential individuals and organisations, with the aim of advancing our external facing work, thereby enabling Battersea to increase our impact by reaching an increasing number of vulnerable dogs and cats. We will further our connections, influence, and impact through membership of the International Companion Animal Management coalition.

### Theme 5: Our Enablers

Battersea will continue to invest in direct marketing fundraising campaigns and its **regular giving lottery** products to help generate financial returns over a longer-term period. We will look at driving value by doing fewer, bigger, and more profitable fundraising events, and assessing our Philanthropy and Corporate new prospect pipelines.

We will ensure Battersea remains innovative, agile, and committed to **continuous improvement**, building on our culture and values and using technology to improve efficiency and effectiveness across our teams, whilst not compromising on quality and service levels. In 2021 we have launched Battersea's very first intranet and have plans to migrate our existing services to cloud based providers to leverage the benefits of Office 365.

We will begin the implementation of a comprehensive **Data Strategy**. This will transform Battersea's management, use and storage of data across the charity.

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We will continue to attract, develop, and retain **talented people** through the development and introduction of Battersea's first **People Strategy**, which will be undertaken by the People Committee. Battersea will also be developing a **Digital Learning Strategy** to outline how staff will engage with digital learning, including the creation of high-quality digital learning resources to meet organisational needs. In addition to this, Battersea will be carrying out an organisational review of **Equality, Diversity & Inclusion**.

Key strategic outcomes over the life of the Strategic Plan are:

- 30,000+ animals rehomed from our existing three centres;
- 4,500 animals rehomed from a fourth centre;
- 2,000+ animals rehomed via Battersea Communities;
- 60,000 more animals rehomed annually by the UK rescue sector;
- 150,000 animals helped by the Battersea Academy; and
- 70,000 animals helped by Battersea Grants.

### **Equal Opportunities**

Battersea is committed to providing equality of opportunity and valuing diversity. This is reinforced in our organisational values and is embedded in our day-to-day working practices. We demonstrate our commitment by:

- building a workforce whose diversity is valued;
- drawing on the skills and talents of this diverse workforce;
- enabling everyone at Battersea to achieve their full potential in an environment characterised by dignity and mutual respect; and,
- valuing equally the unique contribution that individual experience, knowledge and skills can make.

### **Fundraising standards**

#### ***Open and accountable***

All fundraising at Battersea is carried out with the full oversight of the Directors and the Council of Trustees. Battersea strives to provide an excellent service to all our supporters, and this is reflected in the low levels of complaints that we receive. Complaints are dealt with by our experienced Supporter Services team and are generally resolved without the need for escalation. Battersea takes any complaints very seriously and sees them as an opportunity to continue to improve our relationship with our supporters and the public.

#### ***Complaints***

We record and monitor all complaints received and these are reported to our Trustees annually. We aim to acknowledge complaints within one working day with the vast majority being resolved within three working days.

- As a percentage against the volume of fundraising activity Battersea undertakes, we have received a very low number of complaints (a total of 390 complaints in 2020 – 0.00005% of our total volume of fundraising activity), and we strive to continue to improve how we measure, record, and resolve complaints across Battersea.
- In 2020, Battersea was asked to investigate one complaint that was made to the Fundraising Regulator that was satisfied with how Battersea resolved this complaint. No further complaints were investigated by the Fundraising Regulator.

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- In 2020, Fundraising Compliance and the Supporter Services Team reviewed the current complaints system and as a result, a new and improved complaints tracking system has been developed. The system allows us to identify complaint themes and trends, ensuring we can better mitigate risks to Battersea in the future. The system is scheduled to go live in 2021.

***Protecting the vulnerable***

Battersea takes its responsibility towards supporters who may be considered vulnerable very seriously. We have a Vulnerable Persons Policy which is shared with staff and agencies working for us. Our Fundraising and Supporter Services teams have been trained to respond sensitively and appropriately to any individual whom they might consider to be in a vulnerable circumstance.

***Contacting our supporters and supervising our fundraisers***

Battersea prides itself on a high standard of ethical fundraising and we continually review how we contact the public to ask for support. This ensures that we follow regulations, meet our own high standards and exceed the public's expectations. We are registered with the Fundraising Regulator and as such their logo appears on our fundraising collateral as a kitemark of approval. All contracts with our third-party agencies include clauses to be able to monitor, mystery shop and train their fundraisers. Each agency is required to provide proof of membership of one of the fundraising regulatory bodies, along with all copies of their compliance policies. Weekly status calls with our agencies allow us to monitor their operating procedures.

Battersea manages two society lottery products; the Paw Draw weekly lottery and the Superdraw quarterly raffle. We take steps to ensure the product design, marketing and fulfilment adheres to Licensing Code and Codes of Practice requirements of the Gambling Commission and best practice. Our marketing strategy is ethical and age-specific. Battersea follows the UN Rights of the Child and perceives a child to be anyone under the age of 18. As such, our gambling products are not open to over 16s (as permitted in legislation), and instead we require players to be over 18 years of age. This approach to age informs our marketing activity and we will not actively market to anyone we know is under 18 years of age.

We undertake extensive programmes of mystery shopping, fundraiser shadowing, call listening, training, and compliance support with our agencies. This facilitates the continued delivery of high quality and sustainable fundraising. We deliver a robust training programme to agencies working on our behalf, adhering to the Fundraising Code of Practice, and demonstrating best practice. Each training session has a section on compliance, consent for future contact preferences and dealing with vulnerable people. We actively engage with and encourage our agency fundraisers to be proud Battersea ambassadors.

In 2020, we concluded a Vulnerable Persons Policy and Training Audit of our third-party fundraising agencies (both face to face and telephone fundraising). As part of the recommended actions and in response to the impact of COVID-19, Fundraising Compliance now provides Battersea standard Vulnerable Persons training to all agencies. Battersea insists that all agencies provide Vulnerable Person training to their staff on a quarterly basis.

Our mystery shopping and call monitoring programme ensures that fundraisers are treating our potential donors fairly, respectfully, and appropriately. This is supported via the periodic shadowing of fundraisers by Trustees and members of the Executive Team. We also regularly attend the agency induction training sessions to observe and score the content and delivery of the fundraisers' initial training using the Chartered Institute of Fundraising (CIOF)

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/Fundraising Regulator checklist. Battersea is a member of the CIOF and the Fundraising Regulator and takes part in their compliance round table events.

Our trustees, directors, staff and senior management shadow our third-party fundraisers across all channels on a regular basis and provide feedback and/or recommendations for any improvement. These visits are recorded and form part of an annual report to our Council of Trustees.

In addition to the usual regulatory requirements, fundraising activity was responsive to the changing public health landscape caused by the global pandemic. Battersea created a set of internal standards that governed when face to face fundraising would and would not be permitted. Our standards exceeded the guidance provided by the CIOF and further demonstrated our commitment to the safety and well-being of our supporters. We enabled a fast time response mechanism, that allowed us and our agencies to respond swiftly to variations in lockdown status and risk tiering. Our efforts were effectively communicated via our website. We carefully monitored the feedback from the public through weekly meetings with our agencies and Battersea, to gauge public opinion towards face to face fundraising. Battersea was able to quickly respond to this information.

### **Streamlined Energy and Carbon Reporting (SECR)**

#### ***Our SECR obligations***

We recognise our obligation to manage the environmental impact of our operations and comply with all relevant environmental legislation, including the Streamlined Energy and Carbon Reporting (SECR) scheme.

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***Our carbon impact***

Element	Detail	Units	2020	Proportion %
Energy consumption used to calculate emissions	Electricity	kWh	1,668,046	43
	Gas	kWh	2,164,747	55
	LPG	kWh	-	-
	Transport Fuel	kWh	83,412	2
<b>Total energy consumption</b>	<b>Total</b>	<b>kWh</b>	<b>3,916,205</b>	<b>100</b>
Emissions from combustion of gas (Scope 1)	Gas	teCO <sub>2</sub> e	398	40
	LPG	teCO <sub>2</sub> e	-	-
Emissions from combustion of fuel for charity owned fleet (Scope 1)	Transport Fuel	teCO <sub>2</sub> e	20	2
Emissions from grey fleet business travel (Scope 3)	Transport Fuel	teCO <sub>2</sub> e	-	-
Emissions from purchased electricity (Scope 2 – location based)	Grid Electricity	teCO <sub>2</sub> e	389	48
<b>Total gross carbon emissions</b>	<b>Total Mandatory</b>	<b>teCO<sub>2</sub>e</b>	<b>807</b>	<b>100</b>
Intensity ratio	Revenue	teCO <sub>2</sub> e / £100k	1.57	TBC
Emissions from grid electricity transmission and distribution losses (Scope 3 – location based)	Electricity	teCO <sub>2</sub> e	33	-
Emissions from water supply and treatment (Scope 3)	Water	teCO <sub>2</sub> e	-	N/A
Total gross Scope 3 emissions	Total Optional	teCO <sub>2</sub> e	33	-
Renewable energy generated from own assets	Electricity	KWh	-	N/A
Emissions offsets resulting from renewable generation	Electricity	teCO <sub>2</sub> e	-	N/A
<b>Total annual net emissions (Scope 1, 2 and 3)</b>	<b>Total Operational</b>	<b>teCO<sub>2</sub>e</b>	<b>840</b>	<b>-</b>
<b>Additional intensity ratios</b>	Site Energy	KWh / m <sup>2</sup>	-	-
	Site Carbon	teCO <sub>2</sub> e / m <sup>2</sup>	-	-
	Employee Carbon	teCO <sub>2</sub> e / FTE	1.61	-

The table shows the Gross GHG emissions associated with our combined operations during 2020 were 807 tonnes of carbon dioxide equivalents (teCO<sub>2</sub>e). Our three sites account for 98% of our emissions and the remaining 2% is associated with transport. This ratio indicates that our future carbon reduction strategy should focus heavily on our buildings and their associated operations.

We have chosen to expand the scope of our reporting to exceed the mandatory requirement by including emissions associated with the transmission of electricity to site. Our Net annual emissions have been calculated by adding this figure to the gross emissions and in future years we will look to subtract any carbon offsetting or renewable energy generation that we can procure as part of our wider sustainability goals. Under this optional methodology our gross annual emissions are 840 teCO<sub>2</sub>e.

During the initial SECR period it is not a requirement to make a performance comparison against the previous year.

***Emission Intensity Ratio***

Current government environmental reporting guidance recommends the development of at least two Key Performance Indicators (KPIs) associated with key environmental impacts. We have identified two intensity ratios which divide our energy and carbon emissions by an appropriate normalisation factor to enable performance tracking over time and comparison

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against organisations operating in equivalent sectors. We will use the employee-based indices to promote employee engagement with Battersea's mission to minimise our impact on the environment.

- Average carbon emissions per £100k Turnover: 1.57 teCO<sub>2</sub>e / £100k
- Average carbon emissions per employee: 1.61 teCO<sub>2</sub>e/FTE

**Calculation Methodology**

The energy consumption of our core business operations has been calculated using proprietary software to process utility bills for our site and fleet data. Our carbon emissions have been calculated in accordance with guidance provided by the UK Government and the WRI GHG Reporting Protocol methodology.

**Baseline Calculation Methodology**

As our first SECR reporting year has occurred during COVID-19, it will not be a suitable year to assign as a baseline year against which future energy saving measures are evaluated. We will therefore continue to monitor the baseline in future years and will develop a suitable baseline calculation methodology to account for business as usual levels of productivity.

**Energy Saving Measures**

We have begun initial conversations with energy consultants sourced from Brightsourced Ltd to develop a road map to achieve net zero GHG emissions ahead of the government's 2050 legally binding deadline for achieving net zero. The output of planned further workshops in this area will include development of a road map to achieving net zero emissions for our organisations through identification and evaluation of options to achieve carbon reduction pathways across all core areas of our business activities.

**Energy Consumption Data (KWH) for 2020**

Site	Fuel	Jan	Feb	Mar	Apr	May	Jun
Battersea	Diesel	4,984	4,984	4,984	4,984	4,984	4,984
	Unleaded	1,967	1,967	1,967	1,967	1,967	1,967
	Electricity	80,560	80,560	80,560	105,300	100,806	90,850
	Gas	98,268	108,160	92,006	72,371	72,371	72,371
Brands Hatch	Electricity	10,423	10,423	10,423	10,423	10,423	10,423
Old Windsor	Electricity	34,427	34,427	34,427	34,427	34,427	34,427
	Gas	203,045	182,906	150,200	100,567	78,640	67,368

Site	Fuel	Jul	Aug	Sep	Oct	Nov	Dec
Battersea	Diesel	4,984	4,984	4,984	4,984	4,984	4,984
	Unleaded	1,967	1,967	1,967	1,967	1,967	1,967
	Electricity	86,480	80,456	80,456	80,456	132,083	131,279
	Gas	72,371	72,371	83,657	83,657	90,890	90,890
Brands Hatch	Electricity	10,423	10,423	10,423	10,423	10,423	10,423
Old Windsor	Electricity	34,427	34,427	34,427	34,427	34,427	34,427
	Gas	58,908	58,908	58,908	58,908	58,908	78,098



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## Reference and administrative details

Charity number: 206394  
Company number: 278802  
Registered office: 4 Battersea Park Road, London SW8 4AA

## Our advisers

<b>Auditors</b> Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD	<b>Bankers</b> Barclays Bank Plc Clapham Junction Branch 7-11 St John's Hill London SW11 1TR
<b>Solicitors</b> Bates Wells 10 Queen Street Place London EC4R 1BE	<b>Investment Advisers</b> Adam & Co 22 King Street London SW1Y 6QY

## Council of Trustees

Paul Baldwin	Chair (appointed 6 October 2020)
Amanda Burton	Chair (resigned 6 October 2020)
Sophie Andrews	(resigned 29 July 2020)
Patrick Aylmer	Honorary Treasurer
Sir Alan Collins	(appointed 21 May 2021)
Brian Dunk	
Richard Hammond	(appointed 6 December 2020)
Alan Martin	
Anne Montgomery	Vice Chair
Cassie Newman	
Susan Paterson	(appointed 6 December 2020)
Matthew Pead	(resigned 7 December 2020)
Patricia Stafford	
David Turner	
Bradley Viner	
Deri Watkins	
David Watson	(appointed 3 March 2020, resigned 21 May 2021)
The Worshipful Mayor of Wandsworth	(Ex Officio)

## Senior Staff

Peter Laurie	Chief Executive (from April 2021) Interim Chief Executive (from January 2021) Director of Operations & Deputy Chief Executive (until January 2021)
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Kelly Brown	Director of Finance & Corporate Services (from October 2020)
Bryony Glenn	Director of Human Resources
Julian Holmes-Taylor	Interim Director of Fundraising (from March 2020)
Claire Horton CBE	Chief Executive (until January 2021)
Paul Marvell	Interim Director of Operations (from January 2021)
Sarah Matthews	Director of Marketing & Communications
Catherine Miles	Director of Fundraising (until March 2020)
Shaun Opperman	Director of Veterinary Services
George Ruiz	Director of Finance and Corporate Services (until October 2020)

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## **Structure, Governance and Management**

### **Trustee appointments**

Battersea Dogs & Cats Home is governed by a Council of Trustees (who are also Directors of the charitable company for the purposes of company law). Trustees, who are volunteers with distinguished careers and experience in a wide variety of fields, are subject to fixed term appointments and election or re-election according to procedures set out in the Memorandum and Articles.

New Trustees are nominated via an external search led by the Chair of Trustees, interviewed by a panel of Trustees and the Chief Executive, and appointed where they have the necessary skills to contribute to the charity's governance and strategic development.

An individual induction programme is agreed for each new Trustee to brief them on their legal obligations under charity and company law, and the Charity Commission guidance on public benefit, and inform them of the content of the Memorandum and Articles of Association, the committee structure and decision-making processes, the strategic plan and recent financial performance of the charity. As part of their induction, they meet key employees and other Trustees.

A skills audit is undertaken regularly to ensure appropriate expertise and diversity of experience is represented on Council to enable effective challenge, governance, and oversight of the charity to take place.

More information on Battersea's Trustees and Executive Team can be found on Battersea's website.

### **Trustee delegation**

The Council is responsible for setting strategic direction, agreeing the financial plan and approving the delegation of financial authority through the Chief Executive, with specific limits imposed on delegation. The Council acts on advice and information from regular meetings with the Chief Executive. The Council met formally five times during 2020.

The Chief Executive is responsible for the day-to-day management of the Charity and for implementing policies agreed by the Council. The Chief Executive is assisted by a group of directors and senior managers.

The Finance Audit & Risk Committee meets quarterly to oversee all financial aspects of the charity. It takes delegated responsibility for ensuring there is a framework for accountability and for ensuring that the charity complies with all financial aspects of the law, relevant regulations, and good practice. The Committee also takes delegated responsibility for the performance of the charity's investment portfolio. It met four times during 2020.

The Building Committee is established to oversee all capital projects carried out by the charity. It met five times during 2020.

A Governance and Nominations Committee was established to review compliance with appropriate legislation and codes issued by the Charity Commission and other regulatory bodies and to lead on any process for appointments to Council and committees. The Committee met twice in 2020.

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The People Committee was formed in July 2020 to address key areas of focus for the Trustees including reviewing and approving Battersea's remuneration policy, diversity, safeguarding, and learning and development. The Committee met three times in 2020.

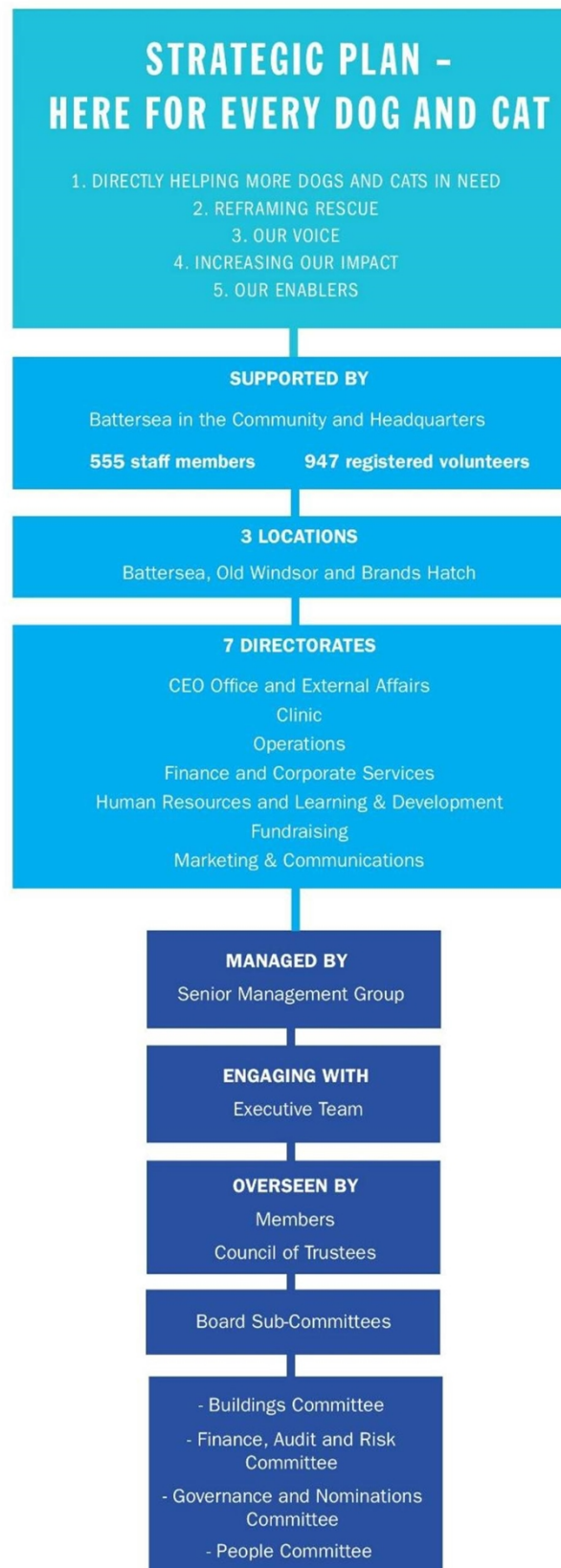
During 2020 the following served as Trustees:

	<b>Attendance at Council Meeting (max 5)</b>	<b>Attendance at Buildings Committee (max 5)</b>	<b>Attendance at Finance, Audit &amp; Risk Committee (max 4)</b>	<b>Attendance at Governance &amp; Nominations Committee (max 2)</b>	<b>Attendance at People Committee (max 3)</b>
Paul Baldwin (Council Chair)	2/2	-	-	-	2/2
Amanda Burton (Council Chair and Chair of Governance & Nominations Committee)	4/4	-	1/3	2/2	0/1
Sophie Andrews	4/5	-	-	-	-
Patrick Aylmer (Chair of Finance, Audit & Risk Committee)	5/5	-	4/4	-	-
Brian Dunk	5/5	5/5	-	-	-
Alan Martin	5/5	5/5	4/4	2/2	-
Anne Montgomery	5/5	-	-	1/2	3/3
Cassie Newman	4/5	-	-	2/2	2/3
Matthew Pead	5/5	-	-	-	-
Patricia Stafford (Chair of People Committee)	5/5	-	-	-	3/3
David Turner	5/5	4/5	-	-	-
Bradley Viner (Chair of Buildings Committee)	5/5	5/5	-	-	-
Deri Watkins	4/5	-	-	-	-
David Watson	5/5	-	3/4	-	-

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**Battersea Governance and Management Structure**



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**Related parties**

None of our trustees receive remuneration or other benefit from their work with the Charity. Any connection between a trustee or senior executive with a related party or competitor of the charity must be disclosed to the Council of Trustees. In the current year, no such related party transactions were reported. Donations made by Trustees to Battersea totalled £1,040 (2019: £185) for the year.

The charity has two wholly owned subsidiaries: Battersea Dogs Home Limited (BDH), which operates the Battersea's trading activities; and Bell Mead Kennels Limited, under which name the charity's annex at Old Windsor operated. Bell Mead Kennels Limited is now dormant. The companies' trading results and balance sheets are consolidated with those of the charity.

**Pay policy for the Executive Team**

Executive pay at Battersea reflects the market rate for comparable jobs in comparable organisations, the level of knowledge, skills and experience required, and the responsibilities and accountabilities associated with each role. Our pay policy aims to:

- recruit and retain talented individuals to lead and further develop our rapidly growing organisation;
- develop and sustain high performance, and;
- recognise individual performance in the preceding year.

The People Committee, formed in 2020, are responsible for overseeing the performance and remuneration of Battersea's Executive Team, as well as approving recommendations from the Team with regard to the remuneration of other senior managers. Executive pay is reviewed by the Committee annually based on the performance of the relevant business area, contribution to the achievement of wider organisational goals and individual impact based on delivery against annual objectives in accordance with Battersea's values.

**Risk management**

Effective risk management is key to successfully delivering our strategy. An organisation-wide risk management approach is in place which identifies our key strategic and operational risks and ensures that they are effectively managed through clear accountability and procedures for escalation as required.

The Battersea risk management strategy comprises:

- on-going review by the Executive team of strategic and operational risks (both existing and emerging risks) which have the potential to adversely affect the organisation;
- a quarterly review by the Finance Audit & Risk Committee and Council of the principal risks and uncertainties that the charity and its subsidiary BDH Ltd face;
- the establishment of policies, systems, and procedures to mitigate the risks identified in the quarterly review; and
- the implementation of procedures to minimise or manage any potential impact on the Charity should those risks materialise.

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The Council of Trustees consider the specific major risks to the charity to be:

<b>Risk</b>	<b>Mitigation</b>
COVID-19 impact on income	<p>The COVID19 pandemic and Government policy having an impact on Battersea's ability to generate fundraising income, with face-to-face fundraising activities and fundraising events specifically impacted.</p> <p>There is also a risk of lower income generated through major donors, trusts, and corporate sponsors if funds are being diverted to organisations directly impacted by COVID-19.</p> <p>Mitigating these risks is an increase in digital, television, and online fundraising methods, deploying stewardship support across all supporter types, and hosting virtual fundraising events.</p>
Reputational impact due to COVID-19	<p>Battersea considers the risk of being unable to demonstrate its charitable impact as a result of a reduced rehoming operation and low animal numbers due to the COVID-19 pandemic.</p> <p>Mitigating these risks, Battersea is focussing on developing strategies to continue to deliver charitable impact. This includes continuing to develop brand health, focussing communications on the Battersea Academy and grant giving, and through wider sector engagement work planned for 2021.</p>
Financial	<p>The most significant financial risk for Battersea is income uncertainty, specifically loss of fundraising income through changes in staff and/or fundraising environment, and through loss of legacy income through significant declines in property values because of political uncertainties, and more recently, COVID-19.</p> <p>We review our financial plans on a regular basis and manage any material risks via budgetary control, income pipeline reviews, investing in staff, carefully valuing properties, capital expenditure planning and cash flow forecasting.</p> <p>Also mitigating these risks is the level of free reserves which are set at a level sufficient to withstand any short-term financial risks.</p>
Compliance	<p>Non-compliance with GDPR, such as data breaches, data retention, training, and awareness, remains a key focus for Battersea.</p> <p>We recognise the importance of having a resilient approach to managing compliance and have set up a Compliance Steering Group and Compliance Forum to monitor regulatory requirements across Battersea. A full review of regulatory responsibilities, policies and pathways for reporting is planned for 2021.</p> <p>A Fundraising Compliance function is also in place to ensure compliance with relevant regulatory bodies.</p> <p>Reporting of Serious Incidents/Safeguarding issues to the Finance, Audit &amp; Risk Committee, and People Committee.</p>
Operational	<p>Battersea recognises there is a risk that existing systems and processes are outdated and do not provide a cohesive, integrated supporter journey.</p>

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Risk	Mitigation
	As a result, we have developed a Data Strategy with a specific focus on reviewing our existing architecture and system, with implementation of Phase 1 of the plan expected in 2021.
Cyber Security	<p>We fully recognise the importance of defending our IT systems (including telephony) from malicious attacks and protecting the information we hold from unauthorised access and misuse.</p> <p>Risks around information security and data protection are reported to the Finance Audit and Risk Committee as part of their regular review of strategic risks. Our major systems are subject to regular penetration testing to ensure their defences are robust enough to withstand a sustained malicious attack.</p>



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**Statement of Responsibilities of the Council of Trustees**

The Council of Trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Council of Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the group, including its income and expenditure, for that period. In preparing these financial statements the Council of Trustees is required to:

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

The Council of Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council of Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Statement as to disclosure to our auditors**

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

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the charity's auditor is unaware, and
- the Council of Trustees, having made enquiries of fellow trustees and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a trustee in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Council of Trustees



Paul Baldwin (Chair)  
Approving Trustees and Strategic Report  
14 June 2021

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## **Independent Auditor's Report to the Members of Battersea Dogs' and Cats' Home**

### **Opinion**

We have audited the financial statements of Battersea Dogs and Cats Home Limited for the year ended 31 December 2020 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company'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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

### **Other information**

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

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

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- 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 set out on page 32, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

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

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due 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

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properly planned and performed our audit in accordance with auditing standards. For example, 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 fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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**Use of our report**

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

*Moore Kingston Smith LLP*

Date 22 June 2021

Luke Holt (Senior Statutory Auditor)  
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

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**Consolidated Statement of Financial Activities**

**For the year ended 31 December 2020**

	Notes	Unrestricted 2020 £000	Restricted 2020 £000	Total 2020 £000	Total 2019 £000
<b>Income from:</b>					
Donations and legacies	2	49,551	932	<b>50,483</b>	40,411
Gifts in kind	3	497	-	<b>497</b>	325
Trading activities	4	686	-	<b>686</b>	1,930
Investment income	5	464	-	<b>464</b>	641
Charitable activities: Animal sales and claim fees		584	-	<b>584</b>	727
<b>Total income</b>		<b>51,782</b>	<b>932</b>	<b>52,714</b>	<b>44,034</b>
<b>Expenditure on:</b>					
Raising donations and legacies	6	13,406	56	<b>13,462</b>	14,254
Gifts in kind		497	-	<b>497</b>	325
Trading activities		2,543	47	<b>2,590</b>	3,036
Investment management fee		52	-	<b>52</b>	54
		<b>16,498</b>	<b>103</b>	<b>16,601</b>	<b>17,669</b>
Charitable activities: Care of dogs and cats	6	19,864	1,152	<b>21,016</b>	20,258
Education and awareness		5,928	59	<b>5,987</b>	5,857
<b>Total expenditure</b>		<b>42,290</b>	<b>1,314</b>	<b>43,604</b>	<b>43,784</b>
Net (losses)/gains on investments	12	(723)	-	<b>(723)</b>	2,394
<b>Net income/(expenditure)</b>	7	<b>8,769</b>	<b>(382)</b>	<b>8,387</b>	<b>2,644</b>
<b>Other recognised gains and (losses)</b>					
Actuarial losses on defined benefit pension scheme	18	(1,638)	-	<b>(1,638)</b>	-
<b>Net movement in funds</b>		<b>7,131</b>	<b>(382)</b>	<b>6,749</b>	<b>2,644</b>
<b>Reconciliation of funds:</b>					
Total funds at 1 January		90,596	1,147	<b>91,743</b>	89,099
<b>Total funds at 31 December</b>	16	<b>97,727</b>	<b>765</b>	<b>98,492</b>	<b>91,743</b>

All amounts are derived from continuing activities. All gains and losses recognised in the year are included above.

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**Consolidated and Charity Balance Sheet**  
**As at 31 December 2020**

		Group		Charity	
	Notes	2020 £000	2019 £000	2020 £000	2019 £000
<b>Fixed assets</b>					
Intangible assets	9	904	663	904	663
Tangible assets	10	56,295	54,706	56,295	54,706
Investments:					
Investment in subsidiary undertakings	11	-	-	5	5
Other fixed asset investments	12	18,582	19,304	18,582	19,304
		<b>75,781</b>	<b>74,673</b>	<b>75,786</b>	<b>74,678</b>
<b>Current assets</b>					
Stock	13	80	87	-	-
Debtors	14	7,632	6,781	8,744	7,530
Cash at bank and in hand		20,879	14,728	19,830	14,051
		<b>28,591</b>	<b>21,596</b>	<b>28,574</b>	<b>21,581</b>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	15	(4,242)	(4,526)	(4,230)	(4,516)
Net current assets		<b>24,349</b>	<b>17,070</b>	<b>24,344</b>	<b>17,065</b>
Total assets less current liabilities		<b>100,130</b>	<b>91,743</b>	<b>100,130</b>	<b>91,743</b>
Defined benefit pension scheme liability	18	(1,638)	-	(1,638)	-
<b>Net assets</b>		<b>98,492</b>	<b>91,743</b>	<b>98,492</b>	<b>91,743</b>
<b>Funds</b>					
Unrestricted funds					
- Designated	16	72,391	82,558	72,391	82,558
- General	16	25,336	8,038	25,336	8,038
		<b>97,727</b>	<b>90,596</b>	<b>97,727</b>	<b>90,596</b>
Restricted funds	16	765	1,147	765	1,147
<b>Total funds</b>		<b>98,492</b>	<b>91,743</b>	<b>98,492</b>	<b>91,743</b>

As permitted by s408 Companies Act 2006, the company has not presented its own income and expenditure statement and related notes. The company's profit for the year was £6,300 (2019: profit of £2,000).

The financial statements were approved and authorised for issue by the Council of Trustees and were signed on its behalf on 14 June 2021.



P Baldwin, Chairman



P Aylmer, Honorary Treasurer

Company registration number 278802



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**Consolidated Statement of Cash Flows**

**For the year ended 31 December 2020**

		<b>Group</b>	
		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>£000</b>	<b>£000</b>
Cash inflow from operating activities	(a)	<b>11,380</b>	2,146
Returns on investments	(b)	<b>464</b>	641
Capital expenditure and financial investment	(c)	<b>(5,693)</b>	(6,605)
<b>Cash outflow before use of liquid resources</b>		<b>6,151</b>	(3,818)
Increase /(Decrease) in cash in the year	(d)	<b>6,151</b>	(3,818)

**Notes to the cash flow statement**

**a) Net cash from operating activities**

Net income	<b>8,387</b>	2,644
Losses/(gains) on investments	<b>723</b>	(2,394)
Depreciation	<b>3,472</b>	3,041
Amortisation	<b>386</b>	262
Decrease in stocks	<b>7</b>	63
Increase in debtors	<b>(851)</b>	(1,015)
Decrease in creditors	<b>(284)</b>	186
Bank interest receivable	<b>(22)</b>	(78)
Investment income receivable	<b>(442)</b>	(563)
Sale of fixed asset investments	<b>4</b>	-
<b>Net cash inflow from operating activities</b>	<b>11,380</b>	2,146

**b) Returns on investments**

Interest received	<b>22</b>	78
Returns on investments	<b>442</b>	563
	<b>464</b>	641

**c) Capital expenditure and financial investment**

Purchase of tangible fixed assets	<b>(5,065)</b>	(6,014)
Purchase of intangible fixed assets	<b>(627)</b>	(592)
Purchase of investments	<b>(650)</b>	(559)
Proceeds from sale of investments	<b>509</b>	868
Decrease/(increase) in portfolio cash	<b>140</b>	(308)
	<b>(5,693)</b>	(6,605)

**d) Analysis of consolidated net cash resources**

	<b>At 1 January 2020</b>	<b>Cash flow</b>	<b>At 31 December 2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	14,728	6,151	20,879

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## **Notes and Accounting Policies**

### **1. Accounting policies**

#### **(a) Basis of preparation**

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The company is a public benefit entity for the purposes of FRS 102 and a registered charity established as a company limited by guarantee and therefore has also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP including Update Bulletin 2), the Companies Act 2006 and Charities Act 2011. The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000 except where otherwise indicated.

#### **(b) Basis of consolidation**

The consolidated accounts include the accounts of the charitable company, Battersea Dogs & Cats Home, and its trading subsidiary Battersea Dogs' Home Limited, which is consolidated on a line-by-line basis. No separate Statement of Financial Activities ("SOFA") has been presented for the charity as permitted by Section 408 of the Companies Act 2006. Bell Mead Kennels remains dormant and therefore is not included in the consolidated accounts. For 2020 the Charity entity had income of £51.4m (2019: £42.8m) and incurred expenditure of £42.8m (2019: £43.2m).

#### **(c) Incoming resources**

Legacies are credited to incoming resources when the charity becomes entitled to the income, there is probability of receipt, and the amount is quantifiable. Legacies received in the form of investments are included at probate value. Legacies received following year end for which estate accounts have been received are included in the year being reported. Life interest and other residual legacies, where there is uncertainty of the amount to be received, are not accrued.

Donations and sponsorship income is recognised as income when the conditions for its receipt have been met.

Proceeds from lottery and raffle income are recorded gross of prize money and other expenditure. Income is recognised when the conditions for its receipt have been met.

Donated goods are recognised at their estimated value to the charity when received, and under the appropriate expenditure heading depending on the nature of the goods or service provided, at the same value and time.

Income from government grants relate solely to income received in respect of the Job Retention Scheme and is recognised in the period to which the underlying furloughed staff costs relate.

Income from trading activities predominately relates to income generated by Battersea Dogs Home Limited and paid to the charity annually. The accounts of the Company set out the income recognition policies applied.

Battersea recognises the income from a charitable fundraising event in the year in which the event takes place. Income received for an event taking place in a future period is treated as deferred income in the Balance Sheet.

Where income is received for a specific purpose, the income is included in restricted funds.

All other income is accounted for on a receivable basis.

#### **(d) Expenditure**

The costs of generating funds and charitable expenditure comprise staff and other costs directly attributable to an activity and an allocation of support costs. Where costs have been allocated, this has

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been done based on staff costs directly attributable to each of the charity's activities. The costs of generating funds are those incurred in seeking voluntary contributions and do not include costs of disseminating information in support of the charitable objectives. Governance costs are those incurred in compliance with constitutional and statutory requirements.

**(e)(i) Tangible fixed assets and depreciation**

Tangible fixed assets costing more than £5,000 are capitalised and depreciated over their estimated useful lives as follows: -

Freehold land	nil
Freehold and long leasehold properties	25 years
Short leasehold properties	Over the shorter of the remaining period of the lease or 25 years
Equipment, fittings, and vehicles	4 to 10 years

Where fixed assets are purchased with restricted funding, the purchase or building of the assets is the fulfilment of the restriction. The asset then becomes part of unrestricted funds.

Assets under construction consist of expenditure incurred in respect of tangible assets in the course of their construction and installation and that are directly attributable to bringing the asset into operation; these assets are not depreciated. Transfers are made to the relevant fixed assets category as and when the assets are available for use.

**(e)(ii) Intangible fixed assets and amortisation**

Intangible fixed assets comprise website, trademarks, and management system costs. Intangible fixed assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised to write off the cost or valuation of the assets less their residual values over their useful lives on the following bases:

Website development & management systems	4 years
Trademarks	10 years

The capitalisation threshold for intangible fixed assets is £5,000.

Assets under construction consist of expenditure incurred in respect of intangible assets in the course of their construction and installation and that are directly attributable to bringing the asset into operation; these assets are not depreciated. Transfers are made to the relevant fixed assets category as and when the assets are available for use.

**(e)(iii) Impairment of fixed assets**

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the charity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangibles with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

**(f) Going Concern**

The trustees assess whether the use of going concern is appropriate i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

In making this assessment the trustees, have considered the charitable group's revised forecasts and projections for income and expenditure, as well as long term cash flow. These continue to be regularly monitored by Directors and trustees. Despite government restrictions continuing to 2021, the Charity's financial results have not been adversely affected. Battersea holds significant reserves and has liquid

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assets in the form of investments which are readily available to convert into cash.

After making enquiries, the trustees have concluded that there is a reasonable expectation that the charitable group has adequate resources to continue in operational existence for the foreseeable future. The charitable group therefore continues to adopt the going concern basis in preparing its financial statements.

**(g) Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all its financial instruments. Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Basic financial assets***

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

***Other financial assets***

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

***Basic financial liabilities***

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

**(h) Investments**

Fixed Asset Investments are stated at market value. It is Battersea's policy to keep valuations up to date so that, when investments are sold, no gain or loss arises. As a result, the SOFA includes those unrealised gains and losses arising from the revaluation on the investment portfolio throughout the year. The SOFA does not distinguish between the valuation adjustments relating to sales and those relating to continued holdings as they are together treated as changes in the value of the investment portfolio.

**(i) Stocks**

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

**(j) Pensions**

In accordance with FRS 102 "Retirement Benefits", the movement in the defined benefit pension scheme liability, as determined by the actuary, is charged to the SOFA each year. Current and past service costs and experience gains are allocated across the SOFA expense categories in proportion to total salary costs in each category. Where expected returns on assets and interest costs result in a net charge this is also allocated on the above basis. Where it results in a net income this is included within investment income. Actuarial gains or losses are shown separately on the face of the SOFA.

**(k) Operating leases**

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the term of the lease.

**(l) Funds**

Unrestricted funds, including designated funds, are expendable at the trustees' discretion in furtherance of

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the charity's objects. Restricted funds can be spent only in accordance with the donors' specific requirements.

**(m) Gifts in kind**

Gifts in kind and donated services and facilities are recognised within incoming resources and expenditure at an estimate of the value to the charity of the donated services or goods.

**(n) Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**(o) Critical accounting estimates and areas of judgement**

In view of the trustees applying the accounting policies adopted, the following estimates were required that have a significant effect on the amounts recognised in the financial statements:

The charity operated a defined benefit pension scheme, which closed to further accrual at the end of September 2013. An actuarial valuation of the scheme is undertaken to reflect the current position as at the year ended 31 December 2020. Assumptions used in this calculation, which include the level of future salary increases and the applicable discount rate, all require elements of estimation.

**2. Voluntary income**

	<b>2020</b>	2019
	<b>£000</b>	£000
Legacies	<b>22,616</b>	16,977
Donations	<b>26,457</b>	23,434
Government Grants	<b>1,410</b>	-
	<b>50,483</b>	40,411

The estimated value of legacies notified but neither received nor accrued into income (as they do not meet the SORP recognition criteria) at 31 December 2020 is £12.9m (2019: £13.8m).

Included in the above figure is unrestricted income of £49.6m (2019: £39.0m) and restricted income of £0.9m (2019: £1.4m).

Grant income of £1.41m (2019: nil) relates wholly to income received from the Government under the Coronavirus Job Retention Scheme. There are no unfulfilled conditions or other contingencies relating to the grant income from the Coronavirus Job Retention Scheme.

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**3. Gifts in kind**

	<b>2020</b>	2019
	<b>£000</b>	£000
Pets at Home	<b>19</b>	15
Cat and dog food	<b>36</b>	57
Google advertising	<b>349</b>	243
Dog miscellaneous	<b>2</b>	10
Christmas Trees	<b>3</b>	-
Facebook advertising	<b>51</b>	-
Pets 4 Homes advertising	<b>37</b>	-
	<b>497</b>	325

**4. Trading activities**

	<b>2020</b>	2019
	<b>£000</b>	£000
Sale of shop goods	<b>260</b>	223
Fundraising events	<b>145</b>	1,363
Sundry activities	<b>281</b>	344
	<b>686</b>	1,930

Sundry activities include admissions and rental income. All amounts relate to unrestricted income in the current and prior year.

**5. Investment income**

	<b>2020</b>	2019
	<b>£000</b>	£000
Listed investment income	<b>442</b>	563
Deposit and bank interest	<b>22</b>	78
	<b>464</b>	641

All amounts relate to unrestricted income in the current and prior year.

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**6. Group analysis of total expenditure**

	Direct activities £000	Support costs £000	2020 £000	Direct activities £000	Support costs £000	2019 £000
<b>Cost of raising funds</b>						
Donations and legacies	12,897	565	<b>13,462</b>	13,668	586	<b>14,254</b>
Gifts in kind	497	-	<b>497</b>	325	-	<b>325</b>
Trading activities	2,263	327	<b>2,590</b>	2,684	352	<b>3,036</b>
Investment management fee	52	-	<b>52</b>	54	-	<b>54</b>
Total cost of raising funds	15,709	892	<b>16,601</b>	16,731	938	<b>17,669</b>
<b>Charitable activities</b>						
Care of dogs and cats	18,139	2,877	<b>21,016</b>	17,310	2,948	<b>20,258</b>
Education and awareness	5,390	597	<b>5,987</b>	5,251	606	<b>5,857</b>
<b>Total Group expenditure</b>	<b>39,238</b>	<b>4,366</b>	<b>43,604</b>	<b>39,292</b>	<b>4,492</b>	<b>43,784</b>

**Analysis of support costs**  
**Support costs - 2020**

	Donations and legacies £000	Activities for raising funds £000	Care of cats and dogs £000	Education and awareness £000	2020 £000
<b>Support cost</b>					
Finance	110	64	561	116	<b>851</b>
Volunteer management	56	32	284	59	<b>431</b>
Facilities	15	9	77	16	<b>117</b>
IT	121	70	617	128	<b>936</b>
HR	144	84	735	153	<b>1,116</b>
Secretariat	104	60	529	110	<b>803</b>
Governance	15	8	74	15	<b>112</b>
	565	327	2,877	597	<b>4,366</b>

Governance costs consist of accountancy and audit fees, as well as other compliance costs.

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**Support costs - 2019**

	Donations and legacies £000	Activities for raising funds £000	Care of cats and dogs £000	Education and awareness £000	2019 £000
<b>Support cost</b>					
Finance	111	67	559	115	<b>852</b>
Volunteer management	67	40	335	69	<b>511</b>
Facilities	16	9	79	16	<b>120</b>
IT	131	79	659	135	<b>1,004</b>
HR	130	78	656	135	<b>999</b>
Secretariat	100	60	502	103	<b>765</b>
Governance	31	19	158	33	<b>241</b>
	<b>586</b>	<b>352</b>	<b>2,948</b>	<b>606</b>	<b>4,492</b>

Support costs are apportioned to differing activities in proportion to salary costs.

**7. Net income before transfers**

Net income before other recognised gains/(losses) is stated after charging the following items:

	2020 £000	2019 £000
Auditor's remuneration:		
- Charity	<b>26</b>	24
- Subsidiary	<b>5</b>	4
- Other	<b>2</b>	1
Accountancy, taxation, and other services	<b>29</b>	26
Depreciation	<b>3,472</b>	3,041
Amortisation	<b>386</b>	262
Operating lease rentals:		
- Land	<b>458</b>	259
- Other	<b>80</b>	82
Cost of stock recognised as an expense	<b>173</b>	131

**8. Staff costs**

	2020 £000	2019 £000
Salaries and wages	<b>15,726</b>	14,989
Social security costs	<b>1,414</b>	1,315
Pension costs	<b>949</b>	822
Other employee benefits	<b>214</b>	195
	<b>18,303</b>	17,321



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The actual average number of employees involved in the following activities during the year was as follows:

	<b>2020</b>	2019
	<b>Number</b>	Number
Donations and legacies	<b>47</b>	45
Trading activities	<b>27</b>	28
Care of dogs and cats	<b>374</b>	369
Education and awareness	<b>48</b>	49
Support staff	<b>59</b>	53
	<b>555</b>	544

The number of employees whose emoluments exceeded £60,000 for the year was:

	<b>2020</b>	2019
	<b>Number</b>	Number
£60,001 - £70,000	<b>5</b>	1
£70,001 - £80,000	<b>2</b>	2
£80,001 - £90,000	<b>1</b>	1
£90,001 - £100,000	<b>2</b>	2
£100,001 - £110,000	<b>1</b>	1
£130,001 - £140,000	<b>-</b>	1
£140,001 - £150,000	<b>1</b>	-

During the year, retirement pension benefits of £58,000 and other benefits of £11,000 were accrued to 7 higher paid employees (2019: 8).

No remuneration or reimbursed expenditure was paid to members of the Council of Trustees during the year (2019: Nil), nor were any emoluments waived in the year (2019: Nil). Indemnity insurance was provided in the year, covering trustees and staff, at a cost of £2,412 (2019: £2,021) to the charity.

**Additional information:**

The key management personnel of Battersea comprise the Trustees, the Chief Executive Officer and the Directors of Finance and Corporate Services, Operations, Veterinary, Fundraising, Marketing & Communications and Human Resources. The total employee benefits (including salaries, employer pension contributions and national insurance) of the key management personnel of the charity were £876,000 (2019: £863,000).

Battersea operates a defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pension provider. The amount for pension cost shown above includes Battersea's contribution to this scheme during the year of £949,000 (2019: £822,000).

Pension costs also include the operating costs of Battersea's defined benefit pension scheme of £79,000 (2019: £81,000).

Total redundancy and termination payments during the year of £56,000 (2019: £25,000) were recognised as an expense and did not give rise to a funding requirement.

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**9. Intangible fixed assets**

Charity and Group	Intangible assets £000	Assets under construction £000	Total £000
<b>Cost</b>			
At 1 January 2020	1,733	111	1,844
Additions	542	85	627
Transfers	140	(140)	-
At 31 December 2020	2,415	56	2,471
<b>Amortisation</b>			
At 1 January 2020	1,181	-	1,181
Charge for the year	386	-	386
At 31 December 2020	1,567	-	1,567
<b>Net book value</b>			
<b>At 31 December 2020</b>	<b>848</b>	<b>56</b>	<b>904</b>
At 31 December 2019	552	111	663

**10. Tangible assets**

Group and Charity	Land and buildings			Equipment, fittings, and vehicles £000	Assets under construction £000	Total £000
	Freehold land and buildings £000	Long leasehold £000	Short leasehold £000			
<b>Cost:</b>						
At 1 January 2020	20,342	48,826	2,406	4,634	7,534	83,742
Additions	11	47	14	749	4,244	5,065
Transfers	85	10,362	21	108	(10,576)	-
Disposals	(4)	-	-	(17)	-	(21)
At 31 December 2020	20,434	59,235	2,441	5,474	1,202	88,786
<b>Depreciation:</b>						
At 1 January 2020	10,288	13,102	1,947	3,699	-	29,036
Charge for the year	737	2,196	41	498	-	3,472
Disposals	-	-	-	(17)	-	(17)
At 31 December 2020	11,025	15,298	1,988	4,180	-	32,491
<b>Net book value:</b>						
At 31 December 2020	<b>9,409</b>	<b>43,937</b>	<b>453</b>	<b>1,294</b>	1,202	<b>56,295</b>
At 31 December 2019	10,054	35,724	459	935	7,534	54,706

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**11. Investment in subsidiary undertakings**

Battersea Dogs Home Limited (company number 3472633) and Bell Mead Kennels Limited (company number 247077) are both wholly owned subsidiaries, being companies incorporated in Great Britain. The principal activity of Battersea Dogs Home Limited is that of operating the shop of Battersea Dogs & Cats Home and developing commercial income streams. Bell Mead Kennels Limited is now a dormant company.

	2020 £	2019 £
Shares at cost:		
Bell Mead Kennels Limited	5,000	5,000
Battersea Dogs Home Limited	100	100
	<u>5,100</u>	<u>5,100</u>

A summary of the trading results and balance sheet of Battersea Dogs Home Limited is shown below:

	2020 £000	2019 £000
<b>Profit and loss account</b>		
Turnover	828	876
Administrative expenses	(477)	(410)
Interest paid on intergroup balance	(2)	(1)
Net profit	<u>349</u>	<u>465</u>
Tax on ordinary activities	-	-
Profit on ordinary activities for the year before distribution	<u>349</u>	<u>465</u>
Amounts distributed to parent charity	<u>349</u>	<u>465</u>
<b>Balance sheet</b>		
Current assets	1,375	1,072
Current liabilities	(1,375)	(1,072)
Net current assets and total assets	<u>-</u>	<u>-</u>
<b>Capital and reserves</b>		
Called up share capital	-	-
Profit and loss account	-	-
Equity shareholders' funds	<u>-</u>	<u>-</u>

Bell Mead Kennels Limited ceased trading on 31 December 1998 and has been dormant since that date. It has a current asset debtor of £5,000 and called up share capital of £5,000 at 31 December 2020 and 31 December 2019.

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**12. Other fixed asset investments**

	<b>2020</b>	2019
	<b>£000</b>	£000
<b>Shares at cost and market valuation</b>		
Market value at 1 January	<b>18,065</b>	15,980
Acquisitions at cost	<b>650</b>	559
Disposal proceeds	<b>(509)</b>	(868)
Realised (loss)/gain on disposal	<b>(184)</b>	26
Gain/(loss) on revaluation during the year	<b>(539)</b>	2,368
Market value at 31 December	<b>17,483</b>	18,065
Cash held in portfolio at 31 December	<b>1,099</b>	1,239
	<b>18,582</b>	19,304
Historical cost at 31 December	<b>14,096</b>	14,233
Cash held in portfolio at 31 December	<b>1,099</b>	1,239
Historical cost and cash held in portfolio at 31 December	<b>15,195</b>	15,472
 Listed investments at market value comprise:	 <b>2020</b>	 2019
	<b>£000</b>	£000
UK government stock	<b>1,350</b>	1,357
UK fixed interest securities	<b>2,600</b>	2,529
Overseas fixed interest securities	<b>-</b>	120
UK equity investments	<b>8,652</b>	9,517
Overseas equity investments	<b>2,440</b>	2,365
UK and European alternative investments	<b>2,441</b>	2,177
Cash deposits held as part of portfolio	<b>1,099</b>	1,239
	<b>18,582</b>	19,304

At 31 December 2020, the following investments were considered material to the overall portfolio:

	<b>2020</b>	% of
	<b>£000</b>	portfolio
Impax Environmental Markets PLC	<b>897</b>	5.13%
TwentyFour Global Investment Funds PLC	<b>888</b>	5.08%
	<b>1,785</b>	10.21%

**13. Stock**

	<b>Group</b>		<b>Charity</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£000</b>	£000	<b>£000</b>	£000
Goods for resale	<b>80</b>	87	-	-

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**14. Debtors**

	<b>Group</b>		<b>Charity</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£000</b>	£000	<b>£000</b>	£000
<b>Amounts due within one year:</b>				
Operating debtors	<b>228</b>	343	<b>119</b>	64
Due from subsidiary undertaking	-	-	<b>1,357</b>	1,058
Other debtors	<b>1,375</b>	1,394	<b>1,375</b>	1,394
Prepayments and accrued income	<b>6,029</b>	5,044	<b>5,893</b>	5,014
	<b>7,632</b>	6,781	<b>8,744</b>	7,530

**15. Creditors**

	<b>Group</b>		<b>Charity</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£000</b>	£000	<b>£000</b>	£000
<b>Amounts falling due within one year:</b>				
Operating creditors	<b>2,176</b>	3,115	<b>2,164</b>	3,104
Amounts due to subsidiary undertaking	-	-	<b>5</b>	5
Taxation and social security	<b>368</b>	352	<b>368</b>	352
Other creditors	<b>119</b>	-	<b>119</b>	-
Accruals	<b>1,579</b>	1,059	<b>1,574</b>	1,055
	<b>4,242</b>	4,526	<b>4,230</b>	4,516

**16. Group Funds**

	<b>At 1 January 2020 £000</b>	<b>Income £000</b>	<b>Expenditure £000</b>	<b>Gains/ (losses) £000</b>	<b>Transfers £000</b>	<b>At 31 December 2020 £000</b>
<b>Unrestricted funds:</b>						
General fund	8,038	50,764	(37,760)	(539)	4,833	<b>25,336</b>
Battersea Dogs Home Limited	-	828	(479)	-	(349)	-
<b>Designated funds</b>						
Fixed asset fund	55,369	-	(3,841)	-	5,671	<b>57,199</b>
Site development fund	20,772	-	-	(1,393)	(4,192)	<b>15,187</b>
Freehold acquisition fund	6,392	-	-	(429)	(5,963)	-
Welfare of dogs and cats	20	190	(210)	-	-	-
<b>Capital fund</b>						
Bell Mead Kennels	5	-	-	-	-	<b>5</b>
	<b>90,596</b>	<b>51,782</b>	<b>(42,290)</b>	<b>(2,361)</b>	<b>-</b>	<b>97,727</b>
<b>Other restricted funds</b>						
Welfare of dogs and cats	336	15	(317)	-	-	<b>34</b>
Kennel appeal	-	173	(173)	-	-	-
Volunteering, Fostering and Communities	750	700	(750)	-	-	<b>700</b>
Other	61	44	(74)	-	-	<b>31</b>
	<b>1,147</b>	<b>932</b>	<b>(1,314)</b>	<b>-</b>	<b>-</b>	<b>765</b>
<b>Total funds</b>	<b>91,743</b>	<b>52,714</b>	<b>(43,604)</b>	<b>(2,361)</b>	<b>-</b>	<b>98,492</b>

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**Group funds – prior year**

	At 1 January 2019 £000	Income £000	Expenditure £000	Gains/ (losses) £000	Transfers £000	At 31 December 2019 £000
<b>Unrestricted funds:</b>						
General fund	11,181	41,641	(39,373)	730	(6,141)	<b>8,038</b>
Battersea Dogs Home Limited	-	876	(411)	-	(465)	-
<b>Designated funds</b>						
Fixed asset fund	52,066	-	(3,303)	-	6,606	<b>55,369</b>
Site development fund	19,500	-	-	1,272	-	<b>20,772</b>
Freehold acquisition fund	6,000	-	-	392	-	<b>6,392</b>
Welfare of dogs and cats	-	80	(60)	-	-	<b>20</b>
<b>Capital fund</b>						
Bell Mead Kennels	5	-	-	-	-	<b>5</b>
	<b>88,752</b>	<b>42,597</b>	<b>(43,147)</b>	<b>2,394</b>	<b>-</b>	<b>90,596</b>
<b>Other restricted funds</b>						
Welfare of dogs and cats	7	409	(80)	-	-	<b>336</b>
Kennel appeal	214	209	(423)	-	-	-
Volunteering, Fostering and Communities	100	750	(100)	-	-	<b>750</b>
Other	26	69	(34)	-	-	<b>61</b>
	<b>347</b>	<b>1,437</b>	<b>(637)</b>	<b>-</b>	<b>-</b>	<b>1,147</b>
<b>Total funds</b>	<b>89,099</b>	<b>44,034</b>	<b>(43,784)</b>	<b>2,394</b>	<b>-</b>	<b>91,743</b>

The fixed asset fund represents the net book value of Battersea's fixed tangible and intangible assets. These are all used for operational purposes in pursuance of Battersea's charitable activities.

The site development fund is an amount set aside to develop Battersea's sites within its capital and maintenance programme. Major site development works across all centres will largely be complete by the end of 2021 in which event the balance on the fund will be reduced to nil.

The welfare of dogs and cats fund are monies where the donor has requested their use to the care and welfare of either dogs or cats across the charity as a whole, or specifically to clinic equipment at any of the three sites.

Transfers between funds reflect the year end status of these funds. The balance on the freehold acquisition fund was transferred to general reserves. The fund was set up to enable Battersea to increase its geographical reach by acquiring a new site. While Battersea remains committed to increasing its geographic reach, at time of signing, no such site for the acquisition has been identified.

The above funds are explained further in the reserves policy in the Trustees Report.

The capital fund represents shares in Bell Mead Kennels.

There were four restricted funds in the year: Welfare restricted are monies where the donor has restricted their use to the care and welfare of either dogs or cats across the charity as a whole or specifically to one of its three locations; Kennel appeal whose use is restricted to the building of kennels; Volunteering, Fostering and Communities is to cover Volunteer, Fostering and Communities costs; Other includes funds for capital projects (not including kennel construction), grant giving purposes, vehicle purchase and donations for clinic construction costs, clinic equipment purchases or clinic running costs.

Except for the fixed asset fund, these funds are substantially invested in Battersea's investment portfolio, which is used to generate an annual income to maintain the operational activities of the charity.

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**17. Analysis funds between net assets**

<b>2020</b>	<b>Fixed assets £000</b>	<b>Investments £000</b>	<b>Net current assets £000</b>	<b>2020 £000</b>
General funds	-	-	25,336	<b>25,336</b>
Fixed asset fund	57,199	-	-	<b>57,199</b>
Site development fund	-	18,582	(3,395)	<b>15,187</b>
Capital fund designated	-	-	5	<b>5</b>
Restricted fund	-	-	765	<b>765</b>
<b>Total funds</b>	<b>57,199</b>	<b>18,582</b>	<b>22,711</b>	<b>98,492</b>

<b>2019</b>	<b>Fixed assets £000</b>	<b>Investments £000</b>	<b>Net current assets £000</b>	<b>2019 £000</b>
General funds	-	-	8,038	<b>8,038</b>
Fixed asset fund	55,369	-	-	<b>55,369</b>
Site development fund	-	19,304	1,468	<b>20,772</b>
Freehold acquisition fund	-	-	6,392	<b>6,392</b>
Welfare of dogs and cats	-	-	20	<b>20</b>
Capital fund designated	-	-	5	<b>5</b>
Restricted fund	-	-	1,147	<b>1,147</b>
<b>Total funds</b>	<b>55,369</b>	<b>19,304</b>	<b>17,070</b>	<b>91,743</b>

**18. Pensions**

Battersea operated a defined benefit pension scheme, the scheme closed to new members in September 2010 and closed to further accrual at the end September 2013. The assets of the scheme are held separately from those of the Home, being invested with an insurance company which generates the funds to pay pensions as they fall due.

The most recent full actuarial valuation was carried out as at 1 January 2018. Employer contributions ceased in April 2016 as the scheme was deemed no longer in deficit. Employees were transferred to a group personal pension scheme where employer contributions range from between 5.33% and 10.7% dependent on employee contributions.

The most recent FRS 102 valuation was based on the state of affairs as at 31 December 2020.

The principal financial assumptions are:

	<b>2020</b>	<b>2019</b>
Inflation	<b>2.9%</b>	2.9%
Rate of increase in salaries	<b>0.0%</b>	0.0%
Rate of increase for pensions in payment	<b>2.1%</b>	2.1%
Scheme liabilities discount rate	<b>1.4%</b>	2.1%

**Pre and post retirement mortality tables used**

S2NMA for Males and S2NFA for Females, improving in line with CMI\_2019 projections with a 1.25% long term improvement rate.

**Weighted average life expectancy for mortality tables used to determine benefit obligations**

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**Average expected future life at age 65 for:**

Member aged 65 (current life expectancy) - male	22.4 years
Member aged 65 (current life expectancy) - female	24.4 years
Member aged 45 (current life expectancy) - male	23.7 years
Member aged 45 (current life expectancy) - female	25.9 years

The assets in the scheme and their expected rate of return are:

	2020	% of fair value of plan assets	Expected overall return on plan assets %	2019	% of fair value of plan assets	Expected overall return on plan assets %
	£000			£000		
Equities	11,153	41%		9,791	37%	
Bonds	11,019	40%		8,535	33%	
Alternatives	4,703	17%		7,305	28%	
Cash	127	1%		86	1%	
Annuity policies	154	1%		160	1%	
Total value of assets	27,156		1.4	25,877		2.1
Present value of scheme liabilities	(28,794)			(23,779)		
(Deficit)/Surplus	(1,638)			2,098		
<b>Surplus restriction per FRS 102</b>	<b>nil</b>			<b>(2,098)</b>		

**Movements in fair value of plan assets:**

	2020 £000	2019 £000
Value of assets at 1 January	25,877	22,882
Expected return	541	646
Actuarial gains / (losses)	957	2,750
Benefits paid	(219)	(401)
<b>Value of assets at 31 December</b>	<b>27,156</b>	<b>25,877</b>

The actual return on plan assets was a gain of £1,498,000 (2019: £3,396,000).

The fair value of the plan assets at the reporting period end was £27,156,000 (2019: £25,877,000).



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**Movements in the liability value over the year:**

	<b>2020</b>	2019
	<b>£000</b>	£000
Value of liabilities at 1 January	<b>23,779</b>	19,830
Past service cost	<b>5</b>	-
Interest on liabilities	<b>497</b>	558
Actuarial losses / (gains):		
From change in financial assumptions	<b>4,679</b>	3,844
From change in demographic assumptions	<b>128</b>	(2)
From experience	<b>(75)</b>	-
Employer contributions (refunded)/to be refunded	<b>-</b>	(50)
Benefits paid	<b>(219)</b>	(401)
<b>Value of liabilities at 31 December</b>	<b>28,794</b>	23,779

**Expected contributions for the year ended 31 December 2021**

	<b>£000</b>
<b>Defined benefit pension plans</b>	
Employer	Nil – as closed to accrual

All amounts charged to the Statement of Financial Activities relate to the current service cost.

**Analysis of actuarial loss:**

	<b>2020</b>	2019
	<b>£000</b>	£000
Actuarial gains / (losses) from assets	<b>957</b>	2,750
Actuarial gains / (losses) from a change in financial assumptions	<b>(4,679)</b>	(3,844)
Actuarial gains / (losses) from a change in demographic assumptions	<b>(128)</b>	2
Actuarial gains / (losses) from experience	<b>75</b>	-
<b>Actuarial loss</b>	<b>(3,775)</b>	(1,092)

**History of experience gains and losses**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Difference between the expected and actual return on assets	<b>957</b>	2,750	(1,380)	1,497	2,517
Percentage of scheme assets	<b>3.5%</b>	10.6%	-6.0%	5.9%	10.8%
Experience gains arising on scheme liabilities	<b>75</b>	-	1,184	-	155
Percentage of present value of scheme liabilities	<b>0.3%</b>	0.0%	6.0%	0.0%	0.7%
Total actuarial (loss)/gain	<b>(3,775)</b>	(1,092)	1,471	(1,378)	3,013
Percentage of present value of scheme liabilities	<b>13.11%</b>	4.59%	7.42%	5.83%	-13.04%

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**19. Financial commitments**

The group's total future minimum operating payments are as follows:

	Land and buildings 2020 £000	Other 2020 £000	Land and buildings 2019 £000	Other 2019 £000
Operating lease commitments:				
- within 1 year	458	37	383	38
- between 1- 5 years	1,833	9	1,533	46
- more than 5 years	7,680	-	6,997	-
From the balance sheet date				

**20. Capital commitments**

There were capital commitments of £8.0m at 31 December 2020 (2019: £2.3m). These sums relate to the redevelopment of Pippin Kennels at Battersea Old Windsor and the refurbishment of the Kent building at Battersea.

**21. Related party transactions**

No disclosure has been made of transactions between the parent and subsidiary undertaking in accordance with the exemptions allowed by FRS 102.

Total donations received in the year from two Trustees amounted to £1,040 (2019: £185).

**22. Company Limited by Guarantee**

The guarantee given by the members of the charity is £1 per member in the event of there being a deficiency of assets should the charitable company be wound up. In 2020 there were 13 members (2019: 12 members).

**23. Post balance sheet events**

The value of Battersea's defined benefit pension scheme as at 31 December 2020 stood at £1.6m deficit (2019: £2.1m surplus) and has been affected by the significant reduction in the yield of fixed income securities, which forms the basis of the discount rate used to calculate the Scheme's liabilities from 2.1% to 1.4%. Since the balance sheet date, the performance of yields on fixed income securities have improved with the discount rate assumption at the end of April 2021 now standing at 2.15%. Assuming this higher yield is sustained and converts to a higher discount rate, the scheme would then return to a surplus.