

BATTERSEA DOGS' AND CATS' HOME
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

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

Charity Registration Number
206394

**BATTERSEA DOGS' AND CATS' HOME
TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2021**

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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 2021.

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 2019.

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 organisations 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.

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 521 staff and 798 volunteers, who consistently demonstrate our values of Care, Expertise, Determination, Respect, Inclusion and Collaboration.

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.

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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.
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 continued into 2021, with Battersea working hard to respond to changing Government requirements, and ensuring we kept our people safe and our operations running to help animals in need.

Intake of new animals was 3,344 across our three centres— up 7% from 3,114 in 2020. We received 1,601 dogs (in line with 2020 – 1,606 dogs) and 1,743 cats (up 16% from 1,508 in 2020) in 2021. Although the number of cats coming into our care increased year-on-year, intake continued to be at a lower level than pre-pandemic, kept purposefully lower at a level that enabled our staff to socially distance. More challenging animals were received which required medical and behavioural care with intake of dogs with challenging behaviours growing by up to 30% in 2021. Intake of dogs from Local Authority partners increased by 18% to 348 in 2021.

Rehoming **demand continued to surpass the availability of animals** at our centres which was further impacted by the increasing number of more challenging animals entering our care. **We rehomed 2,395 animals last year**, (957 dogs and 1,438 cats), across all three centres, with rehoming figures for dogs down 15% from 1,121 in 2020 and rehoming figures for cats up an encouraging 1.5% from 1,417 in 2020.

Battersea is proud of its **non-selective** approach to animal intake which sets us apart from many other animal rescues. 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. Battersea provide the very best care for these animals through our dedicated and highly trained veterinary and behavioural teams, and our volunteer foster carers who took in over 600 dogs and cats into their homes in 2021. 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. In 2021, 22% of dogs (up from 20% in 2020), and 8% of cats (up from 7% in 2020) brought into Battersea were put to sleep.

Battersea's dedicated dog behaviour **advice line** dealt with 692 enquiries from dog owners – 59% of these cases involved Battersea dogs. **81% of these cases were positively resolved**, resulting in the owner keeping their pet.

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Our **partnership** with the **RSPCA** led to 26 dogs and 73 cats entering our care and receiving medical treatment, and we continued to work with Blue Cross and StreetVet to provide vital veterinary support. In total, Battersea carried out 2,748 operations in 2021 – up 8% on 2020. The operations undertaken cover a wide range of procedures, and we aim to neuter all rehomed animals on site. Last year we neutered 1,109 animals and conducted 1,219 dental surgeries.

In 2021 we launched our **new hydrotherapy facility** which offers medical referral and non-medical referral swims to Battersea dogs, dogs owned by members of the public, as well as dogs through other charities. A total of **663 hydrotherapy sessions** were carried out, with plans to add physiotherapy to the service in 2022.

We are immensely proud of the facilities we have across our three centres and sought to improve these further through a series of projects designed to improve **sustainability and efficiency of our sites**. This included improving energy monitoring and recycling across all sites, and work has started towards securing **Bronze accreditation from Investing in the Environment**. Battersea was also **awarded the Silver Gilt award for London in Bloom** for improving the environment, biodiversity and enrichment of our centres for our dogs, staff, and visitors. Alongside this work were refurbishments to our oldest kennel facilities at the London site (Prince Michael of Kent Building) which is scheduled for completion in 2022.

To manage the demand for animals, new messaging was introduced to **the online rehoming journey** to manage expectations. This also included changing how animals are presented on the website, and sign posting those who live more than 70 miles from one of our centres to an ADCH (Association of Dogs and Cats Homes) member organisation near them. We continued to see positive results from our digitally aided system for matching our animals to good homes. The percentage of people identified by our analytics as 'very likely to rehome' who then went on to rehome increased by 76% for dogs and 152% for cats.

COVID-19 restrictions continued to impact the number of volunteers who could come onsite to our centres. Despite these challenges, **315 dogs and 291 cats were placed in temporary foster care**, and 68 animals were helped through Battersea's communities in Guildford and Ashford – an increase of 35 from 2020.

Our charity is not just committed to helping dogs and cats, but also **supporting pet owners** through any means.

Our **online training classes to support puppy and dog owners** continued to grow in 2021 with 528 hours of puppy training delivered over 88 programmes. We also delivered 83 hours of adolescent dog training reaching 191 pet owners. Pet advice content on our website was **viewed 3.6m times** and **reached 7.4m on social media** with 434,000 YouTube views. Our pet advice email series had **24,000 subscribers**.

Our pet advice is designed to equip pet owners with everything they need to successfully manage their pet's behaviour, but we know many people will still face a difficult decision to give up their pet. To encourage people to think Battersea first we launched our **'No Less Loved' campaign** reaching 30 million people and generating 35,000 visits to our website. A new online intake process was also introduced, resulting in 242 dogs and cats being booked to come into our centres.

Theme 2: Reframing rescue

Battersea's long-term ambition to change public perception of rescue animals led to an increase of those surveyed agreeing rescue is the place they will go if they want a pet from 63% at the start of the year to 66% by December 2021. This was achieved through the launch

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of our most ambitious integrated campaign to date – **Wear Blue for Rescue**. The campaign encouraged animal lovers to visibly show their support for rescue animals, with a new rescue symbol introduced and applied across promotional activity and retail products.

The campaign included a new TV advert voiced by BBC Radio 1 DJ Greg James, a partnership with media outlet LADBible, corporate partnerships with Aardman, Andrex, PetPlan and Queens Park Rangers, as well as high-profile support from Battersea's ambassadors Amanda Holden and Tom Hardy. In total the campaign reached 39 million people resulting in 66,000 visits to our website. The campaign also helped Battersea's brand health with **71% surveyed stating Battersea is a brand they support or would support**.

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 20 new episodes which were shortlisted for a National Television Award in 2021. This also included a new 30-minute Christmas Day special which gained 2.2m consolidated viewers.

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. In 2021, we launched a Battersea TikTok channel, publishing 70 videos, achieving over a million views and gaining 23,500 followers.

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 2021 was no exception.

Four years after launching our campaign to increase maximum prison sentences for animal cruelty, success was achieved in April 2021 when the **Animal Welfare (Sentencing) Bill was passed**, bringing in five-year maximum custodial sentences for England and Wales, in line with Scotland which passed the equivalent legislation in 2020. Battersea was the first to campaign for this change and was heralded in both the Houses of Parliament and House of Lords for our determination in garnering the support of 73,000 animal lovers, and almost 200 MPs and MSPs. The success of the campaign was celebrated on social media, including messages from Ambassador Paul O'Grady and Ricky Gervais, who were heavily involved in the launch of the campaign.

In May 2021, we welcomed the Secretary of State for DEFRA, the Rt. Hon George Eustice MP to our London site to launch the Government's new **Action Plan for Animal Welfare**. The plan sets out the Government's intention to improve welfare for pets by tackling puppy smuggling, introducing compulsory microchipping for cats and banning electric shock collars. Battersea has produced an annual report on the **effectiveness of compulsory dog microchipping** since the law was introduced in 2016. We were encouraged to see that the Government intends to pursue several Battersea recommendations when it published its post-implementation review into compulsory dog microchipping at the end of the year. These include a microchipping database, and a microchipping awareness campaign for owners and breeders to remind them to update their details.

Battersea continues to collaborate with sector colleagues to drive positive change for dogs and cats. In 2021 we engaged with over 40 different charities, industry bodies, and organisations to further our policy goals. Such work included:

- Continuing our support for the All-Party Parliamentary Group on Cats (APGOCATS) by drafting and co-ordinating joint policy briefings;

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- Our leadership of the sector membership body ADCH of which our Chief Executive served as Honorary Secretary (and an ex-officio Trustee) during the year;
- The appointment of Battersea's Chief Executive as non-executive Director to the Government's **Animal Health and Welfare Board for England (AHWBE)** to advise on companion animal welfare; and
- working with partners in Scotland to create a forum to turn **animal welfare into a key election issue** ahead of the devolved elections.

Theme 4: Increasing our impact

Our charity has a strategic long-term commitment to increase our impact for animals and to help as many dogs and cats as we can. We aim to achieve this by working in partnership with other dog and cat welfare organisations in the UK and around the world.

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.

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.

In 2021, the Battersea Academy delivered **36 programmes**, which were attended by **367 delegates** from **174** rescues and local authorities across **32 countries**. In addition, we also hosted the **Battersea Academy Network Conference** attended by 49 delegates representing 31 organisations across seven countries. These programmes comprised both tailored face to face and remote training. Over 3,000 animals were helped by those who attended Academy courses in 2021 (1,101 in the UK). Excluding those organisations that also received a Battersea grant, over 1,000 animals were helped through the Academy (309 in the UK).

Significant progress was made in 2021 to develop our **online learning management system**, which is due to be launched early 2022. The system will allow Academy delegates to manage their own learning journey as well as register for courses to study in their own time.

We know that many smaller rescues can make a huge difference to their facilities with extra financial investment, so alongside the Battersea Academy, we have a grant giving programme that funds research and initiatives to help improve dog and cat welfare. During 2021, **57 grants were awarded** (2020: 41 grants awarded), including 33 international grants, totalling £1.0m (2020: £450,000). Of these international grants, five grants were awarded to recipients including Zero Stray Pawject in Greece, WeCare International in Sri Lanka, and Street Hearts in Bulgaria to enable them to continue projects that were started in 2020.

29 COVID-19 grants were awarded totalling £0.2m in 2021 across the UK and internationally to help rescue and rehoming organisations continue to provide vital services to their animals during the pandemic. To date, more than 5,000 animals have directly benefited from this funding.

Since Battersea started the Grants programme in 2018, we have **helped over 101,000 animals worldwide**.

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During 2021 the **Global Programmes Advancement Board** was established under the chairmanship of Trustee, Sir Alan Collins. The Board approved a major multi-year programme in Thailand, and similar programmes in other focus countries will follow in 2022 and beyond. An internal impact evaluation was carried out in 2021 in preparation for strategy development and the delivery of a new impact measurement framework for our global programmes.

During the year, three **UK research grants** were made focussing on themes of owner perceptions of cat behaviour, dog ownership and wellbeing, and technology use in shelter animal welfare. We intend to make this grant available for international applicants in 2022.

Theme 5: Our enablers

As part of our commitment to make Battersea a more diverse and inclusive organisation we commissioned important research with staff and volunteers to help develop a **multi-year D&I Action Plan**, which was published in August. In response to this, a new careers site was launched with a more accessible application process and anonymised shortlisting.

Battersea continued to invest heavily in staff initiatives with the launch of:

- Battersea's first **wellbeing plan**, equipping the organisation to build resilience in response to ongoing pandemic pressures through the provision of guidance, signposting of support services, and the development of a mental health first aider network;
- Battersea's **first ever intranet, 'Pawtal'**, to help staff stay connected and easily access information needed to do their roles;
- A six-month **hybrid working pilot for non-operational** roles in September 2021. Staff were supported with this new way of working through written guidance, FAQs, and webinars. An evaluation framework was developed to assess the effectiveness of the pilot;
- A **new leadership framework**, along with a new performance management system; and
- An **integrated onboarding and induction process** for new starters providing opportunities to engage with Battersea before joining.

Throughout 2021, most volunteering roles were suspended to reduce the number of people attending Battersea centres. In total, volunteers contributed **62,602 hours** in 2021, down 20% on 2020. In 2021, we achieved **Investing in Volunteers Accreditation** for the second time, receiving positive feedback on the quality of the volunteer programme.

At the end of the year, Battersea had **798 registered volunteers**, against 947 in 2020, the decrease being amongst kennel volunteers. Keeping volunteers engaged when most have been unable to volunteer has been a challenge and we hope to bring kennel volunteers back on site in 2022.

Despite the ongoing challenges surrounding the pandemic, we are thankful and grateful to all of our donors who continue to show support for Battersea.

Third-party challenge events continued to be affected by COVID-19 with some events experiencing high dropout rates. Despite this, our **Muddy Dog Challenge** event returned with 16 events delivered over five months, retaining 4,500 participants from the cancelled events in 2020, as well as gaining an additional 3,500 new registrations. A further two Muddy Dog Challenge events were delivered with just under 4,000 participants, raising over £120,000.

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Our **corporate and philanthropic partners supported the work of Battersea in many ways**. In 2021, this included securing more than £50,000 in funding with King.Com Ltd and its app-based game 'Pet Rescue Saga'. The partnership went on to win the **Silver Award for Most Innovative Collaboration** at the Corporate Engagement Awards. Virtual and in-person stewardship activities during the year led to improved engagement with philanthropic partners and trusts which helped secure an increase in funding from the **People's Postcode Lottery** to £1.0m per year over the next three years.

As a charity, we are fortunate to have had many supporters who choose to recognise Battersea in their Will, with 2021 being **another record-breaking year for legacy** income, exceeding £25.5m (2020 - £22.6m). Despite multiple challenges throughout the year, we continued to see a strong performance from **Individual Giving** with an additional **44,000 new regular givers recruited**. In addition, we recruited **35,000 new cash and raffle donors** and retained an active base of 140,000 supporters in this area, raising £3.3m for our charity. Battersea's Licensing work continues to grow with six new licensees accepted in 2021. These included the launch of **Jude's** ice cream for dogs, **Marks and Spencer's** gifting ranges in Winter, and listing of dog beds with **John Lewis**.

In 2021, a **new data strategy** was approved, and a steering group established to oversee the project. The implementation will include replacement of our animal management system and fundraising platforms in 2022.

New systems were launched in 2021 to improve efficiency and ways of working. This includes a **new procurement system** to improve financial control and gain better insights into spending, a **Will writing service**, and a **retail fulfilment partner**.

Extensive work was carried out to review website experience and accessibility. User research was conducted to understand the needs and experience of our website visitors, which helped drive improve online content, as well as increasing online donations. A website accessibility audit helped make our website more accessible to those with diverse needs, such as visual impairments.

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.

The following paragraphs summarise how the Trustees fulfil their duties:

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Our Rehoming Customers

During the year, Battersea engaged with rehoming customers through creating focus groups to explore our wider remit with supporter groups. As a result of the positive response to our wider remit, we were able to conduct further research, strategic communications, and planning across Battersea to help develop our new evolving story.

Battersea also carried out a rehoming applicants experience survey. This helped us understand how applicants feel about the rehoming application process and accompanying communications. Findings from the survey led to developments to the website application process and email communications.

Donors

At Battersea, we are indebted to our supporters and greatly value all the donations given to us, ensuring they are carefully spent on providing the best possible future for the animals in our care and beyond our gates. We also have ambitious targets, to enable the organisation to meet its strategic aims.

In order to improve our communications and products for the benefit of our supporters and highlight and capitalise on opportunities for growth, we undertook research to better understand our current and potential donors both those who give directly and those who use their networks to fundraise on behalf of us. This insight will be used to:

- Develop new products and approaches;
- Prioritise, plan, design and deliver our work more effectively;
- Serve more tailored messages and marketing;
- Find more people in the market we do not currently speak to that may be interested in supporting our work; and
- Identify barriers to fundraising activities and appropriate solutions.

Employees

Battersea engages with its employees consistently and through various channels. During 2021 we continued to engage with staff (including furloughed staff) through All-Staff webinars which included regular updates from the Chief Executive, Directors and Senior Managers from across the organisation and provided staff with opportunities to put questions to the leadership team. Feedback from the webinars has been used to inform COVID-19 related decision making and our plans for returning to office working and hybrid working arrangements when government guidance enabled this, and how these decisions are communicated across Battersea.

In 2021 we launched Battersea's first Intranet, available to all staff, which has enabled a wider range of 'always on' engagement tools such as video messages from the Chief Executive and updates on key organisational priorities and connection to our cause through case studies and stories about our people, teams and animals, as well as access to policies, information and FAQ's.

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 seven times during 2021 and provided recommendations to the Executive Team on returning to office working when government guidance enabled this. Key recommendations included adapting a hybrid working model for all staff in roles where this was possible, which was implemented in Autumn 2021.

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We engaged extensively with all staff in 2021 through facilitated focus groups and online feedback forums to understand their current experiences and perceptions of and inclusion at Battersea. Resulting from this consultation we have developed a comprehensive multi-year cross-organisational diversity & inclusion plan and appointed a specialist Diversity & Inclusion Business Partner to support the organisation in its implementation.

We continue to engage with our employees through the Battersea Matters staff consultation group, which is made up of elected representatives from across the whole organisation, to discuss on key organisational and employee priorities. The group met three times in 2021.

Volunteers and Foster Carers

Battersea continued to adapt its communications with its volunteers, foster carers and volunteers in Communities to keep them engaged. During 2021, Battersea worked with volunteers to bring them back on site, adjusting where required, to allow them to do their roles safely.

Ensuring volunteers remained engaged with Battersea, during Volunteers' Week staff hosted four webinars with guest speakers from across the sector and a 'Question Time' which allowed for volunteers to ask questions of the CEO and Directors. Two social events were also hosted for volunteers.

Through engaging with volunteers, we were able to identify a number of trusted volunteers and staff to help foster animals during an emergency fostering scheme towards the end of 2021.

Communities

Whilst COVID-19 continued to impact on the development of the Communities programme in 2021, we were able to scale up our rehoming activity in both Guildford and Ashford.

Identifying a need to increase the number of Community Rehoming Volunteers (CRVs), several recruitment campaigns were launched. This led to an additional 10 CRVs, enabling Battersea to book community events and county shows, as well as the identification of our third Community location in Basingstoke.

Academy attendees

Through the Academy alumni network, UK and International rescues were asked to contribute towards two consultations relating to the regulation of rescues in the UK and the import of animals to the UK. They were also informally asked to contribute ideas on new content that they would like to see delivered in 2022 and invited to participate in externally led research conducted by University of Liverpool and Derbyshire's Police & Crime Commissioner.

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 2021 we engaged with rescues to understand the impact of COVID on their work - 18% of Battersea's grant funding was attributed to COVID. This led to a strategic decision to make specific COVID grants available to rescues.

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

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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 2021, Battersea implemented changes across the site to improve waste management, introduce energy monitoring, and improve biodiversity. This led to being awarded the Silver Gilt award for London in Bloom and a Bronze accreditation from Investment in the Environment.

Financial review

Income

Total income was £58.3m (2020: £52.7m) for the year – an increase of £5.6m from 2020. Despite the unpredictable economic climate, we received record legacy income of £25.5m (2020: £22.6m). Our Donations and Fundraising Events income increased to £30.2m (2020: £26.6m) in 2021 as we were able to carry out more fundraising events as lockdown eased. Also included within income is Government grants of £0.6m (2020: £1.4m) received this year in respect of the Government Retention Furlough Scheme.

	2021 £m	2020 £m	Change %	Ratio %
Legacies	25.5	22.6	13	43
Donations and Fundraising Events	30.2	26.6	14	52
Government grants	0.6	1.4	(57)	1
Gifts in kind	0.3	0.5	(20)	1
Trading activities and other income	0.7	0.5	40	1
Investment income	0.4	0.5	(20)	1
Charitable income	0.6	0.6	-	1
Total Income	58.3	52.7	11	100

Expenditure

Total expenditure increased by £3.5m to £47.1m for the year (2020: £43.6m). The amount we spent on caring for animals at Battersea decreased to £17.4m (2020: £18.1m), reflecting a reduction in headcount due to vacant roles. Costs of raising funds increased to £17.1m (2020: £14.4m) as fundraising activity began to resume to pre pandemic levels. Grant giving and Academy expenditure increased by £0.5m (2020: £0.8m) due to increase in grants awarded in 2021. Education and awareness costs increased to £6.6m (2020: £5.4m) in 2021 which included the launch of a brand-new integrated campaign Wear Blue for Rescue. Support costs have remained fairly in line with 2020 figures at £4.4m.

	2021 £m	2020 £m	Change %	Ratio %
Care of animals	17.4	18.1	(4)	37
Raising funds	17.1	14.4	18	36
Gifts in kind	0.3	0.5	(20)	1
Grant giving and Academy	1.3	0.8	63	3
Education and awareness	6.6	5.4	22	13
Support and governance	4.4	4.4	2	10
Total Expenditure	47.1	43.6	8	100

Net unrealised gains on investments in the year were £2.2m due to favourable movements in financial markets (2020: losses of £0.7m).

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Total funds at year end were £113.2m (2020: £98.5m).

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 2021 the pension scheme was in a deficit position of £0.3m (2020 - £1.6m). The deficit position has been recognised within the Statement of Financial Activities for the year ended 31 December 2021.

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

Investment powers and policy

After a competitive tender process, Battersea appointed Sarasin & Partners as its new investment managers, transferring its investments from Adam & Co in December 2021.

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 Battersea's reputation. They therefore require their investment advisers, Sarasin, 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 Sarasin from investing in tobacco companies. If in doubt they are asked to refer to the Chair of the Finance Audit and Risk Committee. Adherence to this policy is confirmed quarterly through a formal screening of our investment portfolio and the issuing of a compliance report to the Finance Audit & Risk Committee.

In light of events following the escalation of the Ukraine conflict, only two holdings in Battersea's investment portfolio have indirect links to Russia and Ukraine, making up 1.2% of the overall portfolio.

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.

The asset allocation of the portfolio as at 31 December 2021 was as follows:

	Benchmark	Actual Weighting
Equities	70%	72.3%
Bonds	15%	8.8%
Alternative investments	10%	9.3%
Cash	-	9.6%
Property	5%	-
	100%	100%

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

The result in the year to 31 December 2021 was as follows:

	Benchmark	Actual Performance
Portfolio total return	-0.3%	0.7%

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 target range for free reserves to be maintained between 6 to 12 months of 2022 budgeted charitable and support cost expenditure which equate to a range between £18.3m and £36.6m. 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 2021 to £36.2m (2020: £25.3m), representing approximately 12 months of charitable and support cost expenditure. Another strong year for legacy income meant Battersea was able to achieve a surplus of income. Following a sustained period of financial growth, Battersea will be investing further in our charitable activities, exploring new opportunities that exist for growth in this area. This includes expanding our grants programme and ensuring our digital platforms are set to support the next phase of Battersea's growth.

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.

Battersea had identified the need for the development of existing facilities, particularly at the London and Windsor site, and work is expected to be completed in 2022. 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** was created. As at 31 December 2021, this stands at £8.1m (2020: £15.2m), representing the remaining forecast spend to complete major planned development works.

The **Fixed Asset Fund** of £62.4m (2020: £57.2m), represents the net book value of Battersea's fixed assets – principally the value of the land and buildings on our three sites.

During the year, trustees approved two new designated funds. The **Multi Year Grants fund** was created to ringfence funds in relation to Battersea's first multi year grant award. At 31 December 2021, the balance on the fund stood at £1.8m (2020: nil), representing one multi year grant.

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A new **Data Strategy fund** was created during the year to fund a Battersea's data strategy project. At 31 December 2021, the balance on the fund stood at £4.7m (2020: nil).

Trustees review and monitor this policy annually.

Plans for future periods

In 2022, 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

We will continue to invest in improving our rehoming journey, expanding our aftercare for customers rehoming behaviourally and medically challenging animals. We will also look at devising a home-to-home rehoming service to increase the number of easy to rehome dogs.

We will continue to develop our veterinary services through increasing our resources to allow for complex veterinary referral cases, as well as the launch of a new **physiotherapy** service to complement our **hydrotherapy** work.

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 2022 we will be looking to grow the Guildford and Ashford Communities and, subject to need, launch a **third Battersea Community** in Basingstoke.

Battersea are committed to improving sustainability across our centres. In 2022, we will be working towards the **Investing in the Environment Silver** accreditation.

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 through the evolution of our **Reframing Rescue** and **Wear Blue** campaigns which will include sector engagement.

In addition to our major campaigns, we will be focussing on building Battersea's brand visibility, awareness, reputation, and health with an emphasis on growing new audiences, and aligning with fundraising activities. We will aim to grow and engage new audiences through the delivery of series 11 of ITV's **Paul O Grady's For the Love of Dogs**.

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 2022 include:

- Support the Regulation of Rescues across the UK. England, Wales, and Scotland have all pledged to **regulate the rescue sector**. We will develop the first 'State of the Sector Report' in partnership with other rescues, which will be launched in 2022, assessing the impact of COVID-19 on the sector.
- **Pet Friendly Properties phase two**: Focussing on the private rental sector, we will seek to publish original research, seeking to build a bridge between renters and landlords to find practical ways forward, thereby opening a new pet ownership market.
- We will continue to work hard to **influence the legislative agenda**, including pushing for the best possible deals for animals on the Kept Animals Bill, which looks at the

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welfare of certain kept animals that are in, imported into, or exported from Great Britain, as well as the Animal Welfare (Sentience) Bill, and microchipping for dogs and cats.

Theme 4: Increasing Our Impact

Battersea will continue to extend our impact beyond the confines of our physical centres to help more animals through the development of a **Global Programmes** strategy which will increase our impact on animals to around 100,000 per annum from 2024.

We will significantly grow the work of the **Battersea Academy**, continuing to develop our online delivery through the launch of the Academy Learning Management System, as well as reintroducing our face to face offering for our Intensive programmes.

In 2022, we will launch a **multi-year partnership** with Jai Dog to support a capture, vaccinate and neuter and release programme in Thailand. In this respect we have designated £1.8m of funds to be paid over five years. We have plans to launch a further two multiyear partnerships. The work of our Academy and Grants programme will be closely aligned to ensure a **strategic approach** is taken in developing and implementing strategies in focus countries, alongside the roll out of an International Programme of opportunities and identification of strategic partners. We will work closely with partners and organisations to develop new and existing work.

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 introducing **virtual and hybrid fundraising events**, including the development of a new look My Muddy Dog challenge event, and Facebook challenges.

We will also look to continue to **build the pipeline for legacies** through increased investment in legacy marketing. In 2022, we are hoping to launch a free digital Will writing offer and will be investing in digital systems to help improve oversight and control over case management.

We will begin the implementation of a comprehensive **Data Strategy** and will begin to introduce new systems to replace our animal information management system and fundraising platform. This work will be supported through the development of a new target operation model and **impact measurement framework**. The new impact framework will help provide insights into how our work is contributing to our strategic goals.

We will continue to attract, develop, and retain **talented people** through the development of Battersea's first **People Strategy**, which will be overseen by the People Committee. Battersea will also be conducting a Staff and Volunteer survey, delivering the **Diversity and Inclusion Action Plan**, and introducing a career development offer called '**My Career**'.

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.

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Diversity & Inclusion (D&I)

Battersea is committed to providing equality of opportunity and valuing diversity. In consultation with our staff and volunteers, a comprehensive Diversity & Inclusion Action Plan was drafted, and implementation began in 2021. Current progress includes:

- Appointing a D&I Business Partner
- Appointing a Trustee D&I Champion
- Agreeing external benchmarks and internal targets for workforce diversity, including identifying priority areas of under-representation
- Introduced a new Applicant Tracking System to ensure we can collect good quality diversity monitoring data at recruitment stage & to enable anonymised shortlisting
- Begun reviewing our recruitment and selection processes to ensure they are inclusive and that we attract as diverse a candidate pool as possible
- Worked with specialist recruiters to ensure a diverse pool of candidates is attracted for Trustee vacancies
- Redeveloped our core people manager training to ensure a focus on inclusion
- Refreshed our organisational values to include Inclusion as a core principle embedded in our ways of working
- Opening prayer and spiritual meditation rooms together with guidance on religious observance and prayer at work
- Incorporation of D&I measures and engagement questions into our staff and volunteer engagement surveys
- Successful application to join the 2022 Pride London parade.

We are committed to continued work to ensure Battersea is even more diverse and inclusive. Future planned activities include:

- Launch of inclusion networks for staff and volunteers from under-represented groups together with their allies
- Inclusive leadership development
- Completing the review of our recruitment and selection processes
- Development of ongoing programme of learning around diversity and inclusion topics
- Further work on creating an inclusive culture including work on inclusive language and challenging microaggressions
- Ongoing monitoring of progress against our benchmarks and targets.

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 (for 2021, we recorded 642 complaints -

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0.00013% of our total volume of fundraising activity) and we strive to continue to improve how we measure, record, and resolve complaints across Battersea.

- In 2021, Fundraising Compliance and the Supporter Services Team launched a new and improved complaints tracking and tiering system. The system allows us to identify complaint themes and trends, ensuring we can better mitigate risks to Battersea in the future, whilst also improving the customer experience.

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 2021 Fundraising Compliance created and supplied a Battersea standard Vulnerable Persons training to all agencies. Battersea insists that all agencies provide Vulnerable Person training to their staff on a quarterly basis. This is in response to a Vulnerable Persons Policy and Training Audit of our third-party fundraising agencies conducted in 2020.

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 audit the content and delivery of the fundraisers' initial training using the Chartered Institute of Fundraising (CIOF) /Fundraising

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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 an annual 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.

Streamlined Energy and Carbon Reporting (SECR)

Our SECR obligations

Battersea Dogs & Cats Home understands that, like all organisations, our activities and services have an impact on the environment. As such, we are committed to the continual improvement of our environmental performance and ensure compliance with all relevant environmental legislation, including the Streamlined Energy and Carbon Reporting (SECR) scheme.

The figures provided outlines the results to 31 December 2021. The Greenhouse Gas (GHG) emissions associated with our core business operations have been measured and verified in accordance with SECR category guidance; Scope 1 (direct resource use), Scope 2 (bought resources for use in our direct operations) and specific Scope 3 emissions (indirect emissions due to business activities). We have also identified appropriate intensity ratios to normalise and monitor our carbon emissions and energy efficiency measures, which support our drive to minimise costs and improve productivity whilst reducing carbon emissions in line with the UK's target to bring all GHG emissions to net zero by 2050. Battersea aims to seek a verified Carbon Neutral status in 2022.

Our carbon impact

Table 1

2021	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Scope 3 (tCO ₂ e)	Proportion (nearest whole number)
Electricity	0.00	503.48	175.66	53%
Natural Gas	323.01	0.00	55.28	30%
LPG	69.12	0.00	8.16	6%
Water	0.00	0.00	8.76	1%
Fleet Mileage	44.09	1.00	11.28	4%
Isoflurane	28.61	0.00	0.00	2%
Nitrous Oxide	44.93	0.00	0.00	4%
Totals (tCO₂e)	509.76	504.48	259.14	1,273.37

Table 1 shows that the total GHG emissions associated with our combined business operations for the year ended 31 December 2021 were 1,273.37 tonnes of carbon dioxide equivalents (tCO₂e). Utilities at our three sites accounted for 90% of our emissions and the remaining 10% were associated with fleet transport and anaesthetic gas use within our clinic operations. This proportionality indicates that our approach to carbon reduction should primarily target the operational efficiency of our buildings. We have expanded the scope of our reporting to exceed mandatory requirements by including emissions associated with the Transmission & Distribution (T&D) of electricity and water to site and Well-to-Tank (WTT) emissions for fuels. In future years we will look to include further Scope 3 emissions, including

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employee commuting, purchased goods and services, and remote working. We will also aim to subtract any carbon offsetting or renewable energy generation that we can procure as part of our wider sustainability goals.

Table 2

	Scope 1 (tCO₂e)	Scope 2 (tCO₂e)	Scope 3 (tCO₂e)	Proportion (nearest whole number)
2020				
Electricity	0.00	540.25	121.01	49%
Natural Gas	390.40	0.00	50.76	33%
LPG	56.65	0.00	6.93	5%
Water	0.00	0.00	22.98	2%
Fleet Mileage	38.84	0.22	9.45	4%
Isoflurane	27.85	0.00	0.00	2%
Nitrous Oxide	74.88	0.00	0.00	6%
Totals (tCO₂e)	588.62	540.47	211.13	1,340.22

Table 2 is a recalculation of our 31 December 2020 carbon footprint, which has been amended to more accurately reflect our energy consumption and to include carbon emissions of our operational water and anaesthetic gas usage for the relevant reporting period. This shows that the updated total GHG emissions associated with our combined business operations during the previous SECR period were 1,340.22 tCO₂e.

Table 3

	Scope 1 (tCO₂e)	Scope 2 (tCO₂e)	Scope 3 (tCO₂e)	Proportion (nearest whole number)
2019				
Electricity	0.00	675.47	151.56	48%
Natural Gas	486.25	0.00	63.24	32%
LPG	58.14	0.00	7.31	4%
Water	0.00	0.00	30.99	2%
Fleet Mileage	38.45	0.00	9.21	3%
Isoflurane	49.78	0.00	0.00	3%
Nitrous Oxide	149.76	0.00	0.00	9%
Totals (tCO₂e)	782.38	675.47	262.31	1,720.16

Due to COVID-19 impacts on our operational capacity, we were unable to use our year 1 or year 2 datum as a baseline. Therefore, we have also retroactively calculated our carbon emissions for 2019 to represent a "business as usual" baseline. Table 3 shows that the total GHG emissions associated with our combined business operations during 2019 were 1,720.16 tCO₂e.

Emission Intensity Ratio

Current government environmental reporting guidance recommends the development of at least two Key Performance Indicators (KPIs) associated with key environmental impacts. In Table 4, we have identified two intensity ratios which divide our carbon emissions by an appropriate normalisation factor to enable performance tracking over time and comparison against organisations operating in equivalent sectors. These include (1) average carbon emissions per £100k turnover and (2) average carbon emissions per FTE employee. We

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chose to use an employee-based indicator to encourage staff engagement with our organisational mission to minimise our impact on the environment.

Table 4

	tCO₂e/£100k	tCO₂e/FTE
2021	2.18 tCO ₂ e/£100k	2.41 tCO ₂ e/FTE
2020	2.54 tCO ₂ e/£100k	2.50 tCO ₂ e/FTE
2019	3.91 tCO ₂ e/£100k	3.29 tCO ₂ e/FTE

Calculation Methodology

The raw consumption data of our business operations has been calculated using a combination of direct meter reads, utility bills, and recorded fleet mileage data. All of our utility and fleet carbon emissions have been calculated in accordance with guidance provided by the UK Government, GHG Reporting Protocol, and using DEFRA conversion factors. For our anaesthetics, recommended conversion factors from the NHS Sustainable Development Unit (SDU) were followed.

Baseline Calculation Methodology

As both our first and current SECR reporting years occurred during the lockdown/COVID 19 period, neither will be suitable years to assign as a baseline year against which future energy saving measures are evaluated. We will therefore continue to monitor in future years and develop a suitable baseline calculation methodology to account for business-as-usual levels of productivity. For the purposes of this report, our retrospective calculated 2019 datum will serve as an interim baseline.

Energy Saving Measures

Since our last SECR report submission, we have developed an official Environmental Management System (EMS) and published an organisational Environmental Policy, both of which have been accredited and certified by third party auditor, Investors in the Environment. Our EMS supports consistent and accurate monitoring and evaluation of our resource consumption and associated emissions, whilst also encouraging staff and constituent engagement with the continual improvement of our organisational environmental sustainability.

Taking into account our key emissions areas and previous Energy Savings Opportunity Scheme (ESOS) recommendations, we have focused our energy saving efforts on upgrading our plant equipment, improving our building management systems, and introducing large scale LED installations. We have also begun to develop an official Environmental Strategy to achieve net zero GHG emissions in line with the UK Government's 2050 deadline.

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Energy Consumption Data (Table 5)

2021			2020		
ENERGY TYPE	UNIT	CONSUMPTION	ENERGY TYPE	UNIT	CONSUMPTION
Electricity	kWh	2,371,193	Electricity	kWh	2,317,263
Natural Gas	kWh (net CV)	1,599,288	Natural Gas	kWh (net CV)	1,919,341
LPG	kWh (net CV)	300,076	LPG	kWh (net CV)	245,862
Fleet Mileage	kWh (net CV)	184,904	Fleet Mileage	kWh (net CV)	154,404
OTHER			OTHER		
Water	m ³	20,809	Water	m ³	21,848
Isoflurane	250ml bottles	150	Isoflurane	250ml bottles	148
Nitrous Oxide	9,000L canisters	9	Nitrous Oxide	9,000L canisters	15

2019		
ENERGY TYPE	UNIT	CONSUMPTION
Electricity	kWh	2,642,581
Natural Gas	kWh (net CV)	2,383,215
LPG	kWh (net CV)	252,409
Fleet Mileage	kWh (net CV)	147,928
OTHER		
Water	m ³	29,457
Isoflurane	250ml bottles	261
Nitrous Oxide	9,000L canisters	30

All figures in Table 5 are rounded to the nearest whole number. Consumption figures for Natural Gas, LPG, and Fleet Mileage were converted to kWh from m³, L, and miles, respectively, by using the UK Government's GHG Conversion Factors for Company Reporting. For 2019 Fleet Mileage figures, 2020 conversion factors were used as these were not provided in the 2019 UK Government guidance.

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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

Auditors Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD	Bankers Barclays Bank Plc Clapham Junction Branch 7-11 St John's Hill London SW11 1TR
Solicitors Bates Wells 10 Queen Street Place London EC4R 1BE	Investment Advisers Sarasin & Partners Juxon House 100 St Paul's Churchyard London EC4M 8BU

Council of Trustees

Paul Baldwin	Chair
Patrick Aylmer	Honorary Treasurer
Sir Alan Collins	(appointed 21 May 2021)
Brian Dunk	(resigned 14 July 2021)
Richard Hammond	(resigned 20 April 2022)
Sunwinder Mann	(appointed 8 December 2021)
Alan Martin	
Anne Montgomery	(resigned 10 February 2022)
Cassie Newman	
Maria Novell	(appointed 8 December 2021)
Susan Paterson	
Patricia Stafford	
David Turner	
Bradley Viner	
Deri Watkins	
David Watson	(resigned 21 April 2021)
The Worshipful Mayor of Wandsworth	(Ex Officio)

Senior Staff

Peter Laurie	Chief Executive (from April 2021) Interim Chief Executive (from January 2021 to March 2021)
Kelly Brown	Director of Finance & Corporate Services
Bryony Glenn	Director of Human Resources

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Julian Holmes-Taylor	Director of Income Generation (from September 2021) Interim Director of Fundraising (until September 2021)
Amy Jankiewicz	Director of Operations (from November 2021 until April 2022)
Paul Marvell	Executive Head of Global Programmes (from November 2021) Interim Director of Operations (from January 2021 until November 2021)
Sarah Matthews	Director of Marketing & Communications
Shaun Opperman	Director of Veterinary Services

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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 seven times during 2021.

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 at least 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 is also responsible for reviewing the performance of the charity's investment portfolio. It met five times during 2021.

The Buildings Committee is established to oversee all capital projects carried out by the charity. It met four times during 2021.

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 2021.

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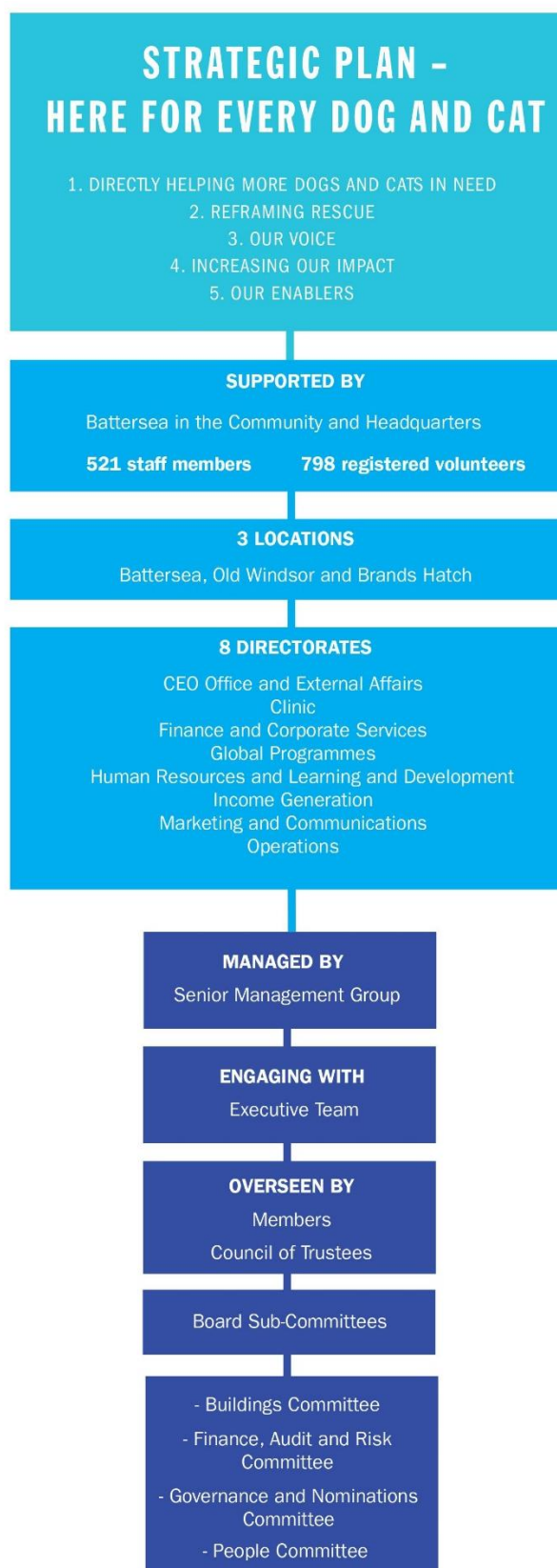
The People Committee was formed to address key areas of focus for the Trustees including reviewing and approving Battersea's remuneration policy, diversity, safeguarding, and learning and development. The Committee met four times in 2021.

During 2021 the following served as Trustees:

	Attendance at Council Meeting (max 7)	Attendance at Buildings Committee (max 4)	Attendance at Finance, Audit & Risk Committee (max 5)	Attendance at Governance & Nominations Committee (max 2)	Attendance at People Committee (max 4)
Paul Baldwin (Council Chair)	7/7	-	5/5	2/2	3/4
Patrick Aylmer (Chair of Finance, Audit & Risk Committee)	7/7	-	5/5	-	-
Alan Collins	6/6	-	-	-	-
Brian Dunk	5/5	3/3	-	-	-
Richard Hammond	5/7	-	-	-	-
Sunwinder Mann	1/1	-	-	-	-
Alan Martin	7/7	4/4	5/5	2/2	-
Anne Montgomery	5/7	-	-	2/2	2/4
Cassie Newman	6/7	-	-	1/2	2/4
Maria Novell	1/1	-	-	-	-
Susan Paterson	6/7	-	-	-	-
Patricia Stafford (Chair of People Committee)	6/7	-	2/3	1/1	4/4
David Turner	2/7	3/4	-	-	-
Bradley Viner (Chair of Buildings Committee)	7/7	4/4	-	-	-
Deri Watkins	5/7	-	-	-	-
David Watson	2/2	-	1/1	-	-

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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 £2,892 (2020: £1,040) 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 remuneration of Battersea's Executive Team. The Executive Team's annual pay reviews are paid in accordance with the wider organisational approach to pay reviews, which is currently to pay the same fixed percentage pay increase to staff at all levels. Pay for all roles at all levels is re-benchmarked on a triennial basis using externally validated voluntary sector pay data and adjusted accordingly to ensure competitive pay for comparable roles.

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:

Risk	Mitigation
Reputational risk	<p>Battersea considers the risk of being unable to meet potential rehoming expectations through an excess of rehoming demand against the availability of animals.</p> <p>To mitigate this risk, research is ongoing on the supply/demand challenge, and a new organisational narrative has been developed to provide a greater awareness of Battersea's scope of activities.</p>
Systems	<p>Battersea recognises there is a risk that existing systems and processes are outdated and do not provide a cohesive, integrated supporter journey. As a result, we have started work on implementing our Data Strategy over a three-year period, which will seek to replace outdated systems and processes. A Data Strategy Steering Group was formed in 2021 to monitor the risks and work of the Data Strategy.</p>
Operational	<p>Battersea recognises a risk that planned growth in existing and new areas of activity (such as grant giving) will not be safely supported through existing infrastructure.</p> <p>To mitigate this risk, Battersea are ensuring appropriate policies and guidance are issued to staff to support specific activity streams, as well as carrying out a full review of resource requirements.</p>
Financial	<p>The most significant financial risk for Battersea is economic uncertainty affecting financial wellbeing and liquidity.</p> <p>We review our financial plans and free reserves 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. 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>
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, and work is underway to implement recommendations of a cyber security audit carried out in 2021.</p>
Compliance	<p>There is a recognised risk of non-compliance with Battersea's regulatory or statutory requirements, such as GDPR, Fundraising, Health and Safety, and Safeguarding.</p> <p>We recognise the importance of having a resilient approach to managing compliance and work is underway to complete a compliance gap analysis</p>

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Risk	Mitigation
	across key areas, as well as increasing resource dedicated to managing compliance. Reporting of significant breaches are regularly made to the Finance, Audit & Risk Committee, and People Committee.

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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
8 June 2022

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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 2021 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 2021 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 31, 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

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

Date

27/06/2022

Devonshire House
60 Goswell Road
London
EC1M 7AD

BATTERSEA DOGS' AND CATS' HOME
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Consolidated Statement of Financial Activities

For the year ended 31 December 2021

	Notes	Unrestricted 2021 £000	Restricted 2021 £000	Total 2021 £000	Total 2020 £000
Income from:					
Donations and legacies	2	54,675	569	55,244	50,483
Gifts in kind	3	321	-	321	497
Trading activities	4	1,762	-	1,762	686
Investment income	5	430	-	430	464
Charitable activities:					
Animal sales and claim fees		582	-	582	584
Total income		57,770	569	58,339	52,714
Expenditure on:	6				
Raising donations and legacies		15,387	51	15,438	13,462
Gifts in kind		321	-	321	497
Trading activities		2,420	29	2,449	1,686
Investment management fee		58	-	58	52
		18,186	80	18,266	15,697
Charitable activities:	6				
Care of dogs and cats		18,963	1,177	20,140	21,016
Grant giving and Academy		1,412	-	1,412	904
Education and awareness		7,228	54	7,282	5,987
Total expenditure		45,789	1,311	47,100	43,604
Net gains / (losses) on investments	12	2,165	-	2,165	(723)
Net income/(expenditure)	7	14,146	(742)	13,404	8,387
Other recognised losses					
Actuarial gains/(losses) on defined benefit pension scheme	18	1,346	-	1,346	(1,638)
Net movement in funds		15,492	(742)	14,750	6,749
Reconciliation of funds:					
Total funds at 1 January		97,727	765	98,492	91,743
Total funds at 31 December	16	113,219	23	113,242	98,492

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 2021

		Group		Charity	
	Notes	2021	2020	2021	2020
		£000	£000	£000	£000
Fixed assets					
Intangible assets	9	1,037	904	1,037	904
Tangible assets	10	61,366	56,295	61,366	56,295
Investments:					
Investment in subsidiary undertakings	11	-	-	5	5
Other fixed asset investments	12	20,746	18,582	20,746	18,582
		83,149	75,781	83,154	75,786
Current assets					
Stock	13	88	80	-	-
Debtors	14	9,098	7,632	10,682	8,744
Cash at bank and in hand		25,846	20,879	24,284	19,830
		35,032	28,591	34,966	28,574
Liabilities					
Creditors: amounts falling due within one year	15	(4,647)	(4,242)	(4,575)	(4,230)
Net current assets		30,385	24,349	30,391	24,344
Total assets less current liabilities		113,534	100,130	113,545	100,130
Defined benefit pension scheme liability	18	(292)	(1,638)	(292)	(1,638)
Net assets		113,242	98,492	113,253	98,492
Funds					
Unrestricted funds					
- Designated	16	77,015	72,391	77,015	72,391
- General	16	36,204	25,336	36,215	25,336
		113,219	97,727	113,230	97,727
Restricted funds	16	23	765	23	765
Total funds		113,242	98,492	113,253	98,492

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 £14.7m (2020: £8.6m).

The financial statements were approved and authorised for issue by the Council of Trustees and were signed on its behalf on 8 June 2022.



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 2021

	Notes	Group 2021 £000	2020 £000
Cash inflow from operating activities	(a)	13,676	11,380
Returns on investments	(b)	430	464
Capital expenditure and financial investment	(c)	(9,139)	(5,693)
Cash outflow before use of liquid resources		4,967	6,151
Increase in cash in the year	(d)	4,967	6,151

Notes to the cash flow statement

a) Net cash from operating activities

Net income	13,404	8,387
(Gains)/losses on investments	(2,165)	723
Depreciation	3,472	3,472
Amortisation	464	386
(Increase)/Decrease in stocks	(8)	7
Increase in debtors	(1,466)	(851)
Increase/(Decrease) in creditors	405	(284)
Bank interest receivable	(2)	(22)
Investment income receivable	(428)	(442)
Sale of fixed asset investments	-	4
Net cash inflow from operating activities	13,676	11,380

b) Returns on investments

Interest received	2	22
Returns on investments	428	442
	430	464

c) Capital expenditure and financial investment

Purchase of tangible fixed assets	(8,543)	(5,065)
Purchase of intangible fixed assets	(597)	(627)
Purchase of investments	(18,013)	(650)
Proceeds from sale of investments	18,878	509
Decrease/(increase) in portfolio cash	(864)	140
	(9,139)	(5,693)

d) Analysis of consolidated net cash resources

	At 1 January 2021 £000	Cash flow £000	At 31 December 2021 £000
Cash at bank and in hand	20,879	4,967	25,846

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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 2021 the Charity entity had income, including gains and losses, of £61.4m (2020: £51.4m) and incurred expenditure of £46.7m (2020: £42.8m).

(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. Income from trading activities also relates to income received in respect of insurance commission which is accrued for in the period in which it relates.

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

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attributable to an activity and an allocation of support costs. Where costs have been allocated, this has 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.

Grants payable are considered to be part of cost of activities in furtherance of the objects of the charity. They are recognised in the period in which they are approved and in accordance with the relevant grants payment schedule. Where grants approved span more than one financial year, a designated fund is created for the full grant amount.

(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

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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. Battersea holds significant reserves and has liquid 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.

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(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 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 2021. Assumptions used in this calculation, which include the level of future salary increases and the applicable discount rate, all require elements of estimation.

2. Donations and legacies

	2021	2020
	£000	£000
Legacies	25,471	22,616
Donations	29,181	26,457
Government Grants	592	1,410
	55,244	50,483

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 2021 is £15.8m (2020: £12.9m).

Included in the above figure is unrestricted income of £54.7m (2020: £49.6m) and restricted income of £0.6m (2020: £0.9m).

Grant income of £0.6m (2020: £1.4m) 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

	2021	2020
	£000	£000
Pets at Home	26	19
Cat and dog food	32	36
Google advertising	255	349
Dog miscellaneous	-	2
Christmas Trees	-	3
Facebook advertising	8	51
Pets 4 Homes advertising	-	37
	321	497

4. Trading activities

	2021	2020
	£000	£000
Sale of shop goods	262	260
Fundraising events	1,077	145
Sundry activities	423	281
	1,762	686

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

5. Investment income

	2021	2020
	£000	£000
Listed investment income	428	442
Deposit and bank interest	2	22
	430	464

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	2021 £000	Direct activities £000	Support costs £000	2020 £000
Cost of raising funds						
Donations and legacies	14,874	564	15,438	12,897	565	13,462
Gifts in kind	321	-	321	497	-	497
Trading activities	2,169	280	2,449	1,436	250	1,686
Investment management fee	58	-	58	52	-	52
Total cost of raising funds	17,422	844	18,266	14,882	815	15,697
Charitable activities						
Care of dogs and cats	17,363	2,777	20,140	18,139	2,877	21,016
Grant giving and Academy	1,315	97	1,412	827	77	904
Education and awareness	6,586	696	7,282	5,390	597	5,987
Total Group expenditure	42,686	4,414	47,100	39,238	4,366	43,604

Grants totaling £1.0m were awarded to 57 animal welfare organisations (2020: £0.4m to 41 animal welfare organisations). Of these, £0.5m were accrued for as at 31 December 2021 (2020: £0.3m).

Analysis of support costs
Support costs - 2021

	Donations and legacies £000	Activities for raising funds £000	Care of cats and dogs £000	Grant giving and Academy £000	Education and awareness £000	2021 £000
Support cost						
Finance	119	59	586	20	147	931
Volunteer management	50	25	247	9	62	393
Facilities	13	7	64	2	16	102
IT	128	63	629	22	158	1,000
HR	154	77	758	26	189	1,204
Secretariat	85	42	418	15	105	665
Governance	15	7	75	3	19	119
	564	280	2,777	97	696	4,414

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

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Support costs - 2020

	Donations and legacies £000	Activities for raising funds £000	Care of cats and dogs £000	Grant giving and Academy £000	Education and awareness £000	2020 £000
Support cost						
Finance	110	49	561	15	116	851
Volunteer management	56	25	284	7	59	431
Facilities	15	7	77	2	16	117
IT	121	54	617	17	128	936
HR	144	64	735	20	153	1,116
Secretariat	104	46	529	14	110	803
Governance	15	6	74	2	15	112
	565	250	2,877	77	597	4,366

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:

	2021 £000	2020 £000
Auditor's remuneration:		
- Charity	29	26
- Subsidiary	5	5
- Other	2	2
Accountancy, taxation, and other services	-	29
Depreciation	3,472	3,472
Amortisation	464	386
Operating lease rentals:		
- Land	461	458
- Other	95	80
Cost of stock recognised as an expense	245	173

8. Staff costs

	2021 £000	2020 £000
Salaries and wages	15,344	15,726
Social security costs	1,413	1,414
Pension costs	966	949
Other employee benefits	177	214
	17,900	18,303

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

	2021	2020
	Number	Number
Donations and legacies	46	47
Trading activities	23	21
Care of dogs and cats	335	374
Grant giving and Academy	7	6
Education and awareness	54	48
Support staff	55	59
	520	555

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

	2021	2020
	Number	Number
£60,001 - £70,000	4	5
£70,001 - £80,000	3	2
£80,001 - £90,000	-	1
£90,001 - £100,000	2	2
£100,001 - £110,000	2	1
£120,001 - £130,000	1	-
£140,001 - £150,000	-	1

During the year, retirement pension benefits of £63,000 and other benefits of £6,000 were accrued to 9 higher paid employees (2020: 7).

No remuneration or reimbursed expenditure was paid to members of the Council of Trustees during the year (2020: Nil), nor were any emoluments waived in the year (2020: Nil). Indemnity insurance was provided in the year, covering trustees and staff, at a cost of £4,365 (2020: £2,412) 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 £820,000 (2020: £876,000).

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 £966,000 (2020: £949,000).

Pension costs also include the operating costs of Battersea's defined benefit pension scheme of £76,000 (2020: £79,000).

Total redundancy and termination payments during the year of £7,000 (2020: £56,000) 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
Cost			
At 1 January 2021	2,415	56	2,471
Additions	445	152	597
Transfers	13	(13)	-
Disposals	(632)	-	(632)
At 31 December 2021	2,241	195	2,436
Amortisation			
At 1 January 2021	1,567	-	1,567
Charge for the year	464	-	464
Disposals	(632)	-	(632)
At 31 December 2021	1,399	-	1,399
Net book value			
At 31 December 2021	842	195	1,037
At 31 December 2020	848	56	904

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			
Cost:						
At 1 January 2021	20,434	59,235	2,441	5,474	1,202	88,786
Additions	61	238	23	392	7,829	8,543
Transfers	-	-	-	-	-	-
Disposals	(29)	-	(1,425)	(3,106)	-	(4,560)
At 31 December 2021	20,466	59,473	1,039	2,760	9,031	92,769
Depreciation:						
At 1 January 2021	11,025	15,298	1,988	4,180	-	32,491
Charge for the year	742	2,209	42	479	-	3,472
Disposals	(29)	-	(1,425)	(3,106)	-	(4,560)
At 31 December 2021	11,738	17,507	605	1,553	-	31,403
Net book value:						
At 31 December 2021	8,728	41,966	434	1,207	9,031	61,366
At 31 December 2020	9,409	43,937	453	1,294	1,202	56,295

All assets held in Tangible Fixed Assets are for charity use only.

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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.

	2021 £	2020 £
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:

	2021 £000	2020 £000
Profit and loss account		
Turnover	576	828
Administrative expenses	(584)	(477)
Interest paid on intergroup balance	(3)	(2)
Net (loss)/profit	<u>(11)</u>	<u>349</u>
Tax on ordinary activities	-	-
(Loss)/Profit on ordinary activities for the year before distribution	<u>(11)</u>	<u>349</u>
Amounts distributed to parent charity	-	349
Balance sheet		
Current assets	1,722	1,375
Current liabilities	(1,733)	(1,375)
Net current (liabilities)/assets and total(liabilities)/ assets	<u>(11)</u>	<u>-</u>
Capital and reserves		
Called up share capital	-	-
Profit and loss account	(11)	-
Equity shareholders' funds	<u>(11)</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 2021 and 31 December 2020.

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12. Other fixed asset investments

	2021 £000	2020 £000
Shares at cost and market valuation		
Market value at 1 January	17,483	18,065
Acquisitions at cost	18,013	650
Disposal proceeds	(18,878)	(509)
Realised gain/(loss) on disposal	2,100	(184)
Gain/(loss) on revaluation during the year	65	(539)
Market value at 31 December	<u>18,783</u>	17,483
Cash held in portfolio at 31 December	<u>1,963</u>	1,099
	<u>20,746</u>	<u>18,582</u>
 Historical cost at 31 December	 18,834	 14,096
Cash held in portfolio at 31 December	1,963	1,099
Historical cost and cash held in portfolio at 31 December	<u>20,797</u>	<u>15,195</u>

Listed investments at market value comprise:	2021 £000	2020 £000
UK government stock	709	1,350
UK fixed interest securities	1,111	2,600
UK equity investments	4,185	8,652
Overseas equity investments	10,843	2,440
UK and European alternative investments	1,935	2,441
Cash deposits held as part of portfolio	<u>1,963</u>	1,099
	<u>20,746</u>	<u>18,582</u>

At 31 December 2021 and at 31 December 2020, no single investment was considered material to the overall portfolio were held.

13. Stock

	Group		Charity	
	2021 £000	2020 £000	2021 £000	2020 £000
Goods for resale	<u>88</u>	80	<u>-</u>	-

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14. Debtors

	Group		Charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
Amounts due within one year:				
Operating debtors	230	228	178	119
Due from subsidiary undertaking	-	-	1,658	1,357
Other debtors	1,638	1,375	1,638	1,375
Prepayments and accrued income	7,230	6,029	7,208	5,893
	9,098	7,632	10,682	8,744

15. Creditors

	Group		Charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
Amounts falling due within one year:				
Operating creditors	2,104	2,176	2,085	2,164
Amounts due to subsidiary undertaking	-	-	5	5
Taxation and social security	365	368	365	368
Other creditors	1	119	1	119
Grant accruals	437	292	437	292
Other accruals	1,740	1,287	1,682	1,282
	4,647	4,242	4,575	4,230

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16. Group Funds

	At 1 January 2021 £000	Income £000	Expenditure £000	Gains/ (losses) £000	Transfers £000	At 31 December 2021 £000
Unrestricted funds:						
General fund	25,336	56,975	(41,047)	1,078	(6,127)	36,215
Battersea Dogs Home Limited	-	576	(587)	-	-	(11)
Designated funds						
Fixed asset fund	57,199	-	(3,936)	-	9,140	62,403
Site development fund	15,187	-	-	2,433	(9,551)	8,069
Welfare of dogs and cats	-	219	(219)	-	-	-
Multi year grants fund	-	-	-	-	1,838	1,838
Data Strategy fund	-	-	-	-	4,700	4,700
Capital fund						
Bell Mead Kennels	5	-	-	-	-	5
	97,727	57,770	(45,789)	3,511	-	113,219
Other restricted funds						
Welfare of dogs and cats	34	231	(382)	-	135	18
Kennel appeal	-	206	(201)	-	-	5
Volunteering, Fostering and Communities	700	-	(565)	-	(135)	-
Other	31	132	(163)	-	-	-
	765	569	(1,311)	-	-	23
Total funds	98,492	58,339	(47,100)	3,511	-	113,242

Group funds – prior year

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

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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. Transfers from the general fund to the fixed asset fund represents fixed asset additions and depreciation charges made in the year.

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 is expected to be completed by 2022.

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, or specifically to clinic equipment at any of the three sites.

The multi-year grants designated fund represents funds set aside for grant awards for more than one year. The transfer from general funds to the multi-year grants fund at 31 December 2021 represents the value of one multiyear grant awarded to an overseas partner in January 2022 but was agreed by Council in December 2021.

The Data Strategy Fund was approved by Council in February 2021 to fund Battersea's new data strategy project.

The balance on the freehold acquisition fund was transferred to general reserves in 2020. 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.

Transfers between restricted funds in 2021 represent the reallocation of funds to cover Operational staff costs, as agreed by the donor.

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.

17. Analysis funds between net assets

2021	Fixed assets £000	Investments £000	Net current assets £000	2021 £000
General funds	-	12,677	23,527	36,204
Fixed asset fund	62,403	-	-	62,403
Site development fund	-	8,069	-	8,069
Multi year grants fund	-	-	1,838	1,838
Data Strategy fund	-	-	4,700	4,700
Capital fund	-	-	5	5
Restricted fund	-	-	23	23
Total funds	62,403	20,746	30,093	113,242

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

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 2021.

The principal financial assumptions are:

	2021	2020
Inflation	3.2%	2.9%
Rate of increase in salaries	0.0%	0.0%
Rate of increase for pensions in payment	2.2%	2.1%
Scheme liabilities discount rate	1.9%	1.4%

Pre and post retirement mortality tables used

S2NMA for Males and S2NFA for Females, improving in line with CMI_2020 projections with a 1.25% long term improvement rate.

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

Average expected future life at age 65 for:

Member aged 65 (current life expectancy) - male	22.1 years
Member aged 65 (current life expectancy) - female	24.2 years
Member aged 45 (current life expectancy) - male	23.4 years
Member aged 45 (current life expectancy) - female	25.7 years

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

	2021	% of fair value of plan assets	Expected overall return on plan assets %	2020	% of fair value of plan assets	Expected overall return on plan assets %
	£000			£000		
Equities	11,060	38%		11,153	41%	
Bonds	11,262	39%		11,019	40%	
Alternatives	6,630	23%		4,703	17%	
Cash	26	0%		127	1%	
Annuity policies	76	0%		154	1%	
Total value of assets	<u>29,054</u>		1.4	<u>27,156</u>		1.4
Present value of scheme liabilities	<u>(29,346)</u>			<u>(28,794)</u>		
Deficit	<u>(292)</u>			<u>(1,638)</u>		
Surplus restriction per FRS 102	<u>nil</u>			<u>nil</u>		

Movements in fair value of plan assets:

	2021 £000	2020 £000
Value of assets at 1 January	27,156	25,877
Expected return	365	541
Actuarial gains	1,794	957
Benefits paid	(261)	(219)
Value of assets at 31 December	<u>29,054</u>	<u>27,156</u>

The actual return on plan assets was a gain of £2,159,000 (2020: £1,498,000).

The fair value of the plan assets at the reporting period end was £29,054,000 (2020: £27,156,000).

Movements in the liability value over the year:

	2021 £000	2020 £000
Value of liabilities at 1 January	28,794	23,779
Past service cost	-	5
Interest on liabilities	387	497
Actuarial losses / (gains):		
From change in financial assumptions	(1,935)	4,679
From change in demographic assumptions	(345)	128
From experience	2,706	(75)
Benefits paid	(261)	(219)
Value of liabilities at 31 December	<u>29,346</u>	<u>28,794</u>

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Expected contributions for the year ended 31 December 2021

	£000
Defined benefit pension plans	
Employer	Nil – as closed to accrual

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

Analysis of actuarial Gain/(loss):

	2021	2020
	£000	£000
Actuarial gains from assets	1,794	957
Actuarial gains / (losses) from a change in financial assumptions	1,935	(4,679)
Actuarial gains / (losses) from a change in demographic assumptions	345	(128)
Actuarial (losses) / gains from experience	(2,706)	75
Actuarial Gain/(loss)	1,368	(3,775)

History of experience gains and losses

	2021	2020	2019	2018	2017
	£000	£000	£000	£000	£000
Difference between the expected and actual return on assets	1,794	957	2,750	(1,380)	1,497
Percentage of scheme assets	6.2%	3.5%	10.6%	-6.0%	5.9%
Experience (losses) / gains arising on scheme liabilities	(2,706)	75	-	1,184	-
Percentage of present value of scheme liabilities	-9.2%	0.3%	0.0%	6.0%	0.0%
Total actuarial gain / (loss)	1,368	(3,775)	(1,092)	1,471	(1,378)
Percentage of present value of scheme liabilities	4.7%	13.11%	4.59%	7.42%	5.83%

19. Financial commitments

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

	Land and buildings	Other	Land and buildings	Other
	2021	2021	2020	2020
	£000	£000	£000	£000
Operating lease commitments:				
- within 1 year	461	19	458	37
- between 1- 5 years	1,842	1	1,833	9
- more than 5 years	7,227	-	7,680	-
From the balance sheet date				

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20. Capital commitments

There were capital commitments of £36,000 at 31 December 2021 (2020: £8.0m). These sums relate to the refurbishment of the Kent building at Battersea and the implementation of a new accounting system.

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 £2,892 (2020: £1,040).

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 2021 there were 13 members (2020: 13 members).