

BATTERSEA DOGS' AND CATS' HOME
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

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 2022**

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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 2022.

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 towards 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 559 staff and 688 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

Intake of new animals was 4,531 across our three centres: up 35% from 3,344 in 2021, although still below pre-pandemic levels. We received 2,278 dogs (up 42% from 1,601 in 2021) and 2,253 cats (up 29% from 1,743 in 2021) in 2022. We saw an **increase in stray dogs and cats** with stray dog intake doubling to 849 compared to 422 in 2021, and cat stray intake increasing by 17%, boosted by an increase in kittens born at our centres: 133 compared to 50 in 2021.

Rehoming demand continued to rise and with an increase in animals at our centres, we were able to rehome more animals in 2022. We **rehomed 3,077 animals last year**, (1,258 dogs and 1,819 cats), across all three centres, with rehoming figures for **dogs up 31%** from 957 in 2021 and rehoming figures for **cats up 26%** from 1,438 in 2021.

Since 1883, Battersea has aimed to take in any dog or cat regardless of its age, breed, temperament or medical history. We are proud of our non-selective intake policy which sets us apart from many other animal rescues. We are here for every dog and cat and not just the easy to rehome ones.

As a result of this policy, we have no control over what arrives at our gates. Battersea regularly takes in some of society's most challenging dogs and cats with complex medical and behavioural issues. Many have been turned away from other rescue centres.

If, after assessment, the animal is found to have untreatable medical problems, or to have behavioural issues so severe that we will be unable to safely rehome it or redeploy to a working environment, then we may have to take the difficult decision to put the animal to sleep. In 2022, 22% of dogs brought into Battersea were put to sleep across our three centres (2021: 22%). Included in these figures are 14% of dogs received who were put to sleep on behavioural grounds, 6% for medical reasons, and 1% due to being a banned breed type. 10% of cats brought into Battersea were put to sleep (2021: 8%). This included 8% for medical reasons. This is never a decision we take lightly but we have a responsibility to rehome our dogs and cats safely.

Battersea's dedicated dog behaviour **advice line** dealt with 693 (2021: 692) enquiries from dog owners – 60% of these cases involved Battersea dogs (2021: 59%). **80% of these cases**

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were positively resolved, resulting in the owner keeping their pet (2021: 81% positively resolved).

Our veterinary teams carried out a total of **3,450 operations** across our centres in 2022, up 26% from 2021, including 2,105 dog and cat neuters and 1,339 dental surgeries. We also continued to provide vital **veterinary support to sector partners** by treating 105 dogs and cats referred by RSPCA, Blue Cross, and StreetVet as well as developing a relationship with North Downs Referral Service for pro bono advice.

The commercial opportunity for **hydrotherapy was expanded** for both medical referrals and non-medical swims, adding physiotherapy services for both Battersea animals and external cases. The hydrotherapy team supported between 150 and 200 sessions a month. We also introduced physiotherapy in 2022, with 148 physiotherapy appointments provided to 19 Battersea animals and 19 owned dogs.

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 conditions for our animals. In 2022, **The Prince Michael of Kent kennels and new cattery pens were officially re-opened** at our London Centre following extensive refurbishment.

With an increase in animal intake, the number of animals placed in **temporary foster care increased by 19%** from 606 in 2021 to 724 in 2022, and 69 animals were helped through Battersea's communities in Guildford, Ashford, and Basingstoke. Our charity is not just committed to helping dogs and cats, but also **supporting pet owners** through any means. Our online puppy and dog training classes delivered **158 hours of training to 123 owners** and their dogs. Pet advice content on our website was **viewed 4.0 million times** and **reached 8.7 million on social media** with 468,000 YouTube views. Our pet advice email series had **24,000 subscribers**.

Theme 2: Reframing rescue

Our **Wear Blue for Rescue** campaign is part of Battersea's long-term ambition to change the public perception of rescue animals. The campaign continued to build brand awareness through increased recognition, as well as driving positive engagement through celebrity, and social partnerships. This included support for the campaign from **Arsenal and Lioness footballer Beth Mead** which led to social media activity with 149,000 reach.

Over **6,000 pieces of press coverage** were generated throughout the year. Cost of living was a key focus for media, whilst coverage on our Royal patronage helped achieve global audience reach and included our Patron's visit to Brands Hatch and Clarence House Garden Party

A 10th series of **Paul O'Grady for the Love of Dogs** aired, reaching 3.6m consolidated viewers per episode. This included an additional Royal special to celebrate Battersea's 160th birthday, which gained 2.8m consolidated viewers, exceeding viewing figures for recent specials. The series was once again shortlisted in the National Television Awards and an 11th series was filmed, due to air in 2023.

In March 2023, we responded to the passing of our beloved Ambassador who helped raise the profile of Battersea to millions around the world through our hugely popular ITV series. There's no doubting that Paul's influence has helped thousands of rescue animals find new homes. Paul loved Battersea so much and we cannot thank him enough for everything he did for our charity and for rescue animals worldwide. We will forever be indebted to him for his endless generosity and support.

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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 2022 was no exception.

Battersea's Pet Friendly Properties campaign is focused on closing the gap between the number of renters who want pets, and the availability of affordable private rented housing which accepts them. The campaign influenced a major **Government White Paper** on housing policy and established Battersea as a major thought leader on the issue. We generated 10,305 online campaign pledges and in September, Battersea joined a panel of experts to speak about pet friendly properties to a prestigious international academic audience at the Society of Companion Animal Studies conference.

Battersea continues to collaborate with sector colleagues to drive positive change for dogs and cats. In 2022 we worked on approximately 120 projects with a range of partners including:

- Active participation in groups such as the Canine Feline Sector Group, Dog Control Coalition, and Companion Animal Welfare Group Wales;
- Working with sector partners to urge Government to progress the **Kept Animals Bill**;
- Our leadership of the sector membership body Association of Dogs and Cats Homes (ADCH) of which our Chief Executive served as Honorary Secretary (and an ex-officio Trustee) during the year; and
- The appointment of Battersea's Chief Executive as non-executive Director to the Government's **Animal Health and Welfare Board for England (AHWBE)**, and as **Chairman of the Greyhound Forum**.

In 2022 we continued to work closely with Parliamentarians and government policy teams. This included a Parliamentary reception held in May 2022, hosted by Battersea MP Marsha de Cordova who agreed to schedule a debate on Pet Friendly Properties. We also hosted 13 visits to our centres from politicians across both Houses of Parliament and the London Assembly. We worked with the **Department for Environment, Food and Rural Affairs (DEFRA)** on the new Penalty Notices legislation and presented to the **Scottish Justice Department** on dog control.

Theme 4: Increasing our impact

Battersea has a **long-term commitment** to increase its impact for animals and to help as many dogs and cats as it 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.

For 2022, Battersea outlined ambitious plans to grow its Global Programmes work to reach 500,000 dogs and cats over the next five years, achieved through a **new five year strategy**, a new impact framework to monitor success, and staffing structure. The strategy includes the following defined focus countries – United Kingdom, Greece, Cyprus, Sri Lanka, South Africa, and Thailand – who were selected based on an active animal welfare sector, ease of doing business, and level of existing pet ownership.

Two **major multi-year programmes** are underway with grant support provided to Jai Dog in Thailand and Zero Stray Pawject in Greece. Funding was approved to Jai Dog in early 2022 with the aim of reducing the street population and improving the overall health and welfare of

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dogs in Nakhon Nayok. Within one year of receiving funding, Jai Dog exceeded their neutering and vaccination target. Zero Stray Pawject were awarded a three-year grant in late 2022 to expand their Zero Stray Academy. The Academy trains municipalities on how to reduce the number of strays systematically and sustainability and aims to train 80% of Greece's municipalities within three years.

Several other significant new multi-year or strategic programmes have been approved in the UK and a new Council sub-committee was established to provide governance oversight to Global Programmes, working closely alongside the existing Advancement Board.

The Academy delivered **28 courses** attended by **323 delegates** from **126 rescues** from **21 countries**. **2,105 animals were helped** by those who attended our Academy courses in 2022. Academy Online was launched in February 2022 allowing delegates to manage their own learning journey and register for long courses as well as study shorter modules in their own time.

Since Battersea started awarding Grants in 2018, we have made over 200 grants to rescue and rehoming organisations in the UK and abroad, providing organisations with vital support to improve their welfare standards, make improvements at their sites, conduct neutering and vaccination programmes, and provide vet care, food, equipment, and other essential items, reaching thousands of dogs and cats around the world.

We are now seeking to build on this and tackle systemic problems that dog and cat populations face such as population management, community education, and welfare standards within dog and cat rescue at home and across the world. During 2022, **20 grants were awarded** (2021: 57 grants awarded), **totalling £4.9m** (2021: £1.0m). We awarded our first grant under the new **Global Catalyst Programme** to the Global Alliance for Rabies Control to improve dog health through rabies elimination in South Africa, Nepal, and Sri Lanka.

Three strategic project based **multi-year grants** were awarded under Battersea's new Greece country programme (Zero Strays Pawject, Nine Lives and Animal Action Greece) and three strategic organisational development grants were awarded under our new UK country programme (Rain Rescue, Cat Care and Control Consortium, StreetVet).

Our **Research Programme** grew with an award to the Royal Veterinary College (RVC) to map the dog-centred charity-funded canine research landscape in the UK and extended research grants to the RVC (looking at the impact of the Pandemic Puppy phenomenon) and Newcastle University (looking at the feasibility of technology to support animal welfare in the shelter context).

Theme 5: Our enablers

We continue to invest in staff, income generation, technology and systems to support the effective delivery of our strategy.

Battersea made progress in the first full year of implementing our **Diversity and Inclusion (D&I) Action Plan**. Other key achievements during the year include:

- The development of a **dedicated action plan** focused on leadership, information sharing, decision making and collaboration. The action was introduced as a response to **Battersea's staff survey** which was completed by 83% of staff;
- The launch of **My Career**, a collection of development resources to empower staff to explore, develop and progress toward desired career goals; and
- A **new leadership and management programme** delivered to 68 members of staff.

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With the return of onsite volunteers following the COVID-19 pandemic, **113,328 hours were contributed by 688 volunteers** across all our centres, fostering, communities, and offices, an increase of 81% from 2021. The results of Battersea's first joint volunteer and staff survey stated 98% of respondents felt proud to tell people they volunteer at Battersea. Agenda Consulting, who conducted the survey, announced Battersea as the **winner of their Volunteer Experience Award**, an award that recognises charity clients with high levels of engagement within their organisation.

A new **Battersea Impact Framework** was designed and developed with cross-organisational participation. In support of Battersea's D&I action plan, new research was commissioned with a focus on **Underrepresented Audiences** to explore barriers and motivations and identify new principles to help Battersea better connect with different communities.

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

Our **third-party challenge events** performed below expectations, with lower-than-expected sign ups. However, our most popular **Muddy Dog Challenge** event this year was in the New Forest which surpassed the target of 600 with over 873 participants raising over £78,000.

Our **corporate and philanthropic partners supported the work of Battersea in many ways**. In 2022, we launched new corporate partnerships with Ernst & Young, X-Flow, and Car Store. Corporate partnerships provided added value across the organisation through working with Mars to secure a donation of over **304,000 free pet meals** to Fare Share.

As a charity, we are fortunate to have had many supporters who choose to recognise Battersea in their will, and we experienced **another positive year for legacy** income with legacy notifications up by 8% from 2021. Total legacy income for the year was £24.0m (2021: £25.5m), however, this is £1.5m lower than 2021 due to a significant one off legacy of £2.8m received in 2021. Whilst performance from **Individual Giving** exceeded 2021, it was lower than expected with returns from the **Cash and Raffle** programme affected by postal strikes and staff turnover.

Our investment in new systems continued in 2022 with the appointment of an implementation partner for our **Launchpad data strategy** project. The project includes the replacement of our core data systems which will deliver efficiencies as well as allowing us to make more effective use of our data, and a change programme is underway to support staff through the change. Other IT related initiatives were introduced to further enhance our protection against cyber threats.

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;

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- 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:

Our Rehoming Customers

Battersea continues to engage with rehoming customers to help understand and improve the rehoming journey. Investment made in this area in previous years meant we were able to assess progress in 2022, with further customer surveys carried out. Areas of focus include our aftercare service, pet advice line, and website experience. Results of the survey are used to monitor the customer experience and to inform a longer-term strategic plan as part of our data strategy.

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. During the year, our work included a survey of our gaming product which demonstrated the target audience were unlikely to deliver the required return on investment. Whilst the gaming product is still available to allow people to game and fundraise for Battersea, a decision was made to not actively promote or develop the product and to invest funds elsewhere.

Employees

Battersea engages with its employees consistently and through various channels. During 2022 we continued to engage with 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.

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 2022.

In 2022, 83% of staff completed Battersea's staff survey leading to the development of a dedicated action plan focused on leadership, information sharing and decision making, and connection and collaboration. A quarterly pulse survey has been developed to track progress.

During the year, Battersea's Senior Management Group, a group of Head of Functions, rebranded as the Senior Leadership Team. The team identified a new strategy to focus on key organisational priorities and driving a collaborative, trust-based culture across Battersea. The team met six times during 2022, including a meeting with the Directors team to review and address the results of the staff survey.

In 2022, a series of focus groups and surveys were completed within our animal facing teams to identify a suitable hybrid working model. An agreed approach was introduced for staff, supported by additional weekend staff and flexible working hours.

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Volunteers and Foster Carers

Battersea continued to adapt its communications with its volunteers, foster carers and volunteers in Communities to keep them engaged. During 2022, a volunteer's survey was launched alongside the staff survey. Results of the survey identified a need for volunteers and staff to work better together which led to the Volunteering team being more present when new volunteers join.

Communities

Our communities work continues to grow both in the development of existing communities and in the launch of a third community in Basingstoke, launched during the year.

Towards the end of 2022, our communities were asked to support Battersea's work on alleviating the impact of the cost-of-living crisis on pet owners. This led to research conducted on food banks within the communities' catchment area to identify food banks who would require pet food for owners. This work has since been incorporated into our plans for 2023.

Academy attendees

During the year we worked with sector leaders to help inform the development of our new five-year strategy which will be implemented from 2024. The new strategy will enable Battersea to reach 500,000 dogs and cats over the next five years through our programmes.

Grant recipients

In 2022 we engaged with rescues to understand the impact of the cost of living on their work and this led to a strategic decision to make specific cost of living grants available to rescues. We also engaged with rescues in Ukraine to understand the impact of the crisis on dogs and cats, which led to a strategic decision to make specific grants available to rescues to help aid the shortage of food, vet, and other emergency supplies. We also engaged with rescues in Greece, Sri Lanka, and UK to identify strategic opportunities to improve their facilities, strengthen the companion animal welfare sector and reduce stray and roaming populations.

Data Strategy Steering Group

The Data Strategy Steering Group was formed in 2022 to help support Battersea through the implementation of our Launchpad Data Strategy. The Group comprises external advisors who throughout the year supported Battersea with high level decision making. As a result of their contributions, we agreed a CRM platform, a data management architecture, and preferred implementation partner. They also made a joint recommendation to Trustees for the need to focus on culture change to ensure successful embedding of the strategy.

Parliamentarian and Government Policy Teams

Battersea's work to drive policy and legislative change to benefit animal welfare wouldn't be achieved without close collaboration with politicians and government policy teams. During the year, we engaged with teams through regular email communications, MP briefings, and organised events. Results of the engagement led to a change in focus and to prioritise work on Pet Friendly Properties.

Sector Partners

We continue to work with our sector partners to drive forward Battersea's 'Our Voice' strategy. In 2022 this included joint political events, consultations, and meetings which helped form a number of strategic collaborations, including the Dog Control Coalition which impacted our approach on dog safety, and working jointly with the Companion Animal Welfare Group Wales (CAWGW) to shape our Government approaches around reform of regulated activities.

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Financial review

Income

Total income was £56.5m (2021: £58.3m) for the year – a decrease of £1.8m from 2021. This was due to lower legacy income at £24.0m (2021: £25.5m) due to a one off legacy receipt of £2.8m received in 2021. Income received from Donations was fairly in line with 2021 at £29.4m due to higher income from individual giving and trusts. Income from Trading activities performed £0.4m lower than 2021. This was predominately due to a decrease in fundraising events income of £0.3m due to lower sign ups to events.

	2022 £m	2021 £m	Change %	Ratio %
Legacies	24.0	25.5	(6)	42
Donations	29.4	29.1	1	53
Government grants	-	0.6	-	-
Gifts in kind	0.4	0.3	33	1
Trading activities	1.4	1.8	(22)	2
Investment income	0.6	0.4	50	1
Charitable income	0.7	0.6	17	1
Total Income	56.5	58.3	(3)	100

Expenditure

Total expenditure increased by £5.9m to £53.0m for the year (2021: £47.1m). The amount we spent on caring for animals at Battersea increased to £20.5m (2021: £17.4m), reflecting the increase in animals helped, inflationary increases in costs, and higher depreciation charges reflecting recent capital development works. Costs of raising funds remained in line with 2021 figures being £17.0m (2021: £17.1m) as fundraising activity resumed at the same rate as the prior year. Grant giving and Academy expenditure increased to £2.9m (2021: £1.3 m) due to increase in grants awarded in 2022 as we further developed our Global Programmes work. Education and awareness costs remained in line with 2021 figures being £6.6m (2021: £6.6m). Support costs increased to £5.7m (2021: £4.4m) due to investment in technology and teams.

	2022 £m	2021 £m	Change %	Ratio %
Care of animals	20.5	17.4	18	39
Raising funds	17.0	17.1	(1)	32
Gifts in kind	0.3	0.3	-	1
Grant giving and Academy	2.9	1.3	123	5
Education and awareness	6.6	6.6	-	12
Support and governance	5.7	4.4	30	11
Total Expenditure	53.0	47.1	13	100

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 obligations, the funding of which is agreed between the Trustees of the pension scheme and the charity's Trustees. These liabilities are

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subject to fluctuation as assumptions change over time. As at 31 December 2022 the pension scheme was in a surplus position of £9.3m (2021: £0.3m deficit). In line with FRS 102, the surplus on the pension scheme has not been recognised in the financial statements for the year ended 31 December 2022.

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

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to make any investments which the Council of Trustees see fit. The Trustees are aware of the importance of responsible investment in making decisions that align with our charitable purpose and objectives, alongside their responsibility for maximising investment returns without jeopardising the charity's reputation. They therefore require their investment advisers, Sarasin & Partners, 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. In addition, Trustees have committed to applying principles of ESG in investment decisions in so far as they do not result in significant financial detriment to the Charity and will therefore ask Sarasin & Partners to make the appropriate recommendations. If in doubt, they are asked to refer to the Chair of the Finance, Audit and Risk Committee. Our investment advisers confirm adherence to this policy through a formal quarterly screening of our investment portfolio and the issuing of a compliance report to the Finance, Audit and Risk Committee.

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

Investment diversification within the above criteria is used to reduce risk exposure. The Trustees also prohibit high-risk investment, e.g., derivatives. The Council of Trustees, together with their advisers, set benchmark weightings for the portfolio and a benchmark for income yield.

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

The asset allocation of the portfolio as at 31 December 2022 was as follows:

	Benchmark	Actual Weighting
Equities	70%	66.5%
Bonds	15%	12.5%
Alternative investments	10%	9.8%
Cash	-	6.8%
Property	5%	4.4%
	100%	100%

Departure from benchmarks above, at year end, reflects the need to respond to market conditions.

Net unrealised losses on investments in the year were £2.1m (2021: gains of £2.2m) due to a fall in global equity markets. The sharp rise in inflation and the resulting increase in interest

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rates led to a revaluation of both bonds and equities. The relative performance of the portfolio was behind the benchmark owing to the strong rise in energy stocks which were not held in the portfolio.

The result in the year to 31 December 2022 was as follows:

	Benchmark	Actual Performance
Portfolio total return	-7.0%	-10.4%

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 future budgeted charitable and support cost expenditure which equates to between £18.4m and £36.8m. 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 2022 to £36.5m (2021: £36.2m), representing approximately 12 months of charitable and support cost expenditure. Following a sustained period of financial growth, in 2022 Battersea invested in developing our charitable activities. This included expanding our grants programme and through continual investment in our Launchpad data strategy.

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 2023, Trustees will continue to focus on increasing Battersea's charitable impact, including beyond our gates.

Battersea had identified the need for the development of existing facilities, particularly at the London and Windsor site. Battersea committed to ensuring every dog and cat coming to our doors can stay in safe accommodation that meets their individual health and welfare needs. To achieve this vision the **Site Development Fund** was created. As at 31 December 2022, this stands at £6.0m (2021: £8.1m), representing planned future works to maintain our estate.

The **Fixed Asset Fund** of £62.1m (2021: £62.4m), represents the net book value of Battersea's fixed assets – principally the value of the land and buildings on our three sites.

The **Multi Year Grants fund** was created to ringfence funds for grants awarded but where conditions for release have not yet been met in relation to Battersea's multi year grant award programmes. At 31 December 2022, the balance on the fund stood at £4.5m (2021: £1.8m), which represents awards to eight organisations (2021: one).

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Pending an extensive review of our data requirements, Trustees recognised the need to invest further in this area. As a result, it was agreed to increase the **Data Strategy fund** to £5.7m (2021: £4.7m).

Total funds at year end were £114.9m (2021: £113.2m).

Trustees review and monitor this policy annually.

Plans for future periods

For 2023 Battersea has developed a focused plan built around retaining our ambition as a charity, as well as protecting ourselves against future economic impacts. In addition to completing the final year of our strategy, our plans for 2023 include the following key areas of focus:

1. A determination to increase our charitable impact and help more dogs and cats, through our centres and communities, online and via our Global Programmes.
2. A commitment to making Battersea an even better place to work and volunteer, ensuring we maximise engagement and retention amongst our people and continue to enhance our culture.
3. A recognition of the need to invest in our systems, data, and technology to drive growth and improvement, largely through implementation of our Launchpad data strategy.

We will also look to developing a new organisational strategy to define Battersea's ambitions for the next period.

Theme 1: Directly helping more dogs and cats in need

We will strive to help more animals at our centres and in our communities including through **veterinary therapies**. Our plans for 2023 include:

- A review of our intake, tiering and behavioural assessment processes.
- The introduction of new initiatives to support pet owners and the sector through the **Cost of Living** crisis.
- Plans to develop and grow our **volunteer contributions**.

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 achieve this through:

- The development of a five-year strategy to establish **Wear Blue for Rescue** as a Battersea-led, activation-focused hero campaign.
- The development of a new **brand advertising** for roll out in 2024.

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. We will achieve this through:

- Ongoing work on the **Pet Friendly Properties** campaign, focusing on the private rented sector. In May 2023, Battersea welcomed the news of the Government's new Renters' Reform Bill.
- The development of a new five-year **Our Voice strategy**, identifying and prioritising issues affecting dogs and cats.
- Continuing to influence the **legislative agenda**, pushing for the best deal possible for animals.

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Theme 4: Increasing Our Impact

Battersea will complete its first full year of our Global Programmes strategy, which aims to impact around 100,000 animals per annum from 2023. To achieve this target, we will be:

- Designing, developing, and implementing **three multi-year strategic funding programmes** within our focus countries.
- Completing the design of the **impact framework** required to measure and report on the strategy implementation.
- Designing and implementing **country strategies** for the UK, Greece, and Thailand.
- Launching our redeveloped **Academy** content online.

Theme 5: Our Enablers

Battersea will continue to invest in our enablers to help achieve our strategic ambitions. In 2023 we will be:

- Continuing to invest in staff through the ongoing implementation of our **Diversity and Inclusion** and Staff Survey Action Plans, and further **development of My Leadership and My Career**.
- Delivering the **first stages of our Launchpad** data strategy project.
- Focussing on income through **diversifying** and increasing investment in **legacy marketing**.
- Enhancing our **compliance, risk management and governance** processes.
- Investing in our buildings to make them more environmentally **sustainable**.

Diversity & Inclusion (D&I)

Battersea is committed to providing equality of opportunity and valuing diversity. We want to make sure that everyone who comes into contact with Battersea is welcomed, valued and respected regardless of their race, age, gender, disability, sexual orientation, social class, religion or belief. We know we need to do more to make our workforce and our sector even more diverse and inclusive and take actionable steps to ensure this is embedded in our culture and our everyday ways of working. Designed in consultation with our staff and volunteers, our comprehensive Diversity & Inclusion Action plan has been in place since 2021 with progress made in 2022 including:

- Facilitation of inclusive leadership workshops with the Senior Leadership Team and Directors.
- The development of an inclusive recruitment policy.
- The launch of four inclusion networks which comprise:
 - Disability and Wellbeing Network and allies
 - Ethnic Minority Network and allies
 - LGBTQ+ Network and allies
 - Menopause Support Network and allies
- Battersea's refreshed values with Inclusion as a core value.
- Inclusive recruitment training a core topic in our Management Training programme.
- D&I awareness and education through events and webinars tackling topics such as Race and active allyship, Neurodiversity, Pride at Battersea, Tea and Talk Mental Health.
- Incorporating D&I measures and engagement questions into our staff and volunteer engagement surveys.
- Attending the 2022 Pride London parade.

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

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- The growth and development of our four inclusion networks, creating safe spaces for staff and volunteers from under-represented groups together with allies.
- Delivering on our D&I calendar – marking key dates and hearing from our staff and volunteers, such as IWD, Black History Month, Pride, International Day of Persons with Disabilities, Neurodiversity awareness week, Mental Health Awareness week.
- Inclusive recruitment review – looking at our end to end processes and procedures
- 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. Including D&I questions in our pulse surveys throughout the year.

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 fundraising related 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 2022, we recorded 629 complaints – 0.00011% of our total volume of fundraising activity (2021: 642 complaints – 0.00013% of our total volume of fundraising activity) and we continue to strive to improve how we measure, record and resolve complaints across Battersea.
- In 2022, we continued to use the tiering and tracking system introduced in 2022. This approach enables us to identify themes and trends, and areas where complaints are increasing, so we can take proactive action to manage this and ensure that the trends do not persist.

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 commit to the Code of

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Practice and provide 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, whilst legislation permits gambling products to be open to those over 16, 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 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.

Following the training provided by Fundraising Compliance in 2021 to all agencies covering Battersea's policy, and expectations, around dealing with vulnerable persons, we continue to ensure that all agency staff are appropriately trained on this every quarter. We recognise that staff turnover at agencies is high, so it is key that we ensure that anyone representing Battersea is aware of what is expected of them in this area.

Our mystery shopping and call monitoring programme ensures that fundraisers are treating our potential donors fairly, respectfully, and appropriately. 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.

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

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. Implemented in 2019, SECR requires all qualifying businesses to comply for financial years starting on or after 1 April 2019. This report corresponds to our financial year ending December 2022, though the previous year (2021) is revisited as well.

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,

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which support our drive to minimise costs and improve productivity whilst reducing carbon emissions in line with the UK's 2050 net zero target.

Our carbon impact

Table 1

2022	Scope 1 (tCO₂e)	Scope 2 (tCO₂e)	Scope 3 (tCO₂e)	Proportion (nearest whole number)
Electricity	0.00	507.40	178.87	52%
Natural Gas	222.10	0.00	37.84	20%
Propane	61.93	0.00	7.24	5%
Water	0.00	0.00	6.53	1%
Transport Mileage	61.02	0.00	15.89	6%
Isoflurane	30.14	0.00	0.00	2%
Nitrous Oxide	49.92	0.00	0.00	4%
Refrigerants	139.27	0.00	0.00	10%
Totals (tCO₂e)	564.38	507.40	246.37	1,318.15

Table 1 shows that the total GHG emissions associated with our combined business operations during this SECR period were 1,318.15 tonnes of carbon dioxide equivalents (tCO₂e). Utilities at our three sites accounted for 78% of our emissions and the remaining 22% were associated with transport, anaesthetic gas use within our clinic operations, and refrigerants. This proportionality indicates that our approach to carbon reduction should continue to primarily target the operational efficiency of our building operations.

We have expanded the scope of our reporting to exceed mandatory requirements by including emissions associated with water use, transmission distribution (T&D) of electricity to site, and well-to-tank (WTT) emissions for all fuels. In future years we will look to include further Scope 3 emissions, such as employee commuting, purchased goods and services, and remote working. We will also aim to present any green tariffs and renewable energy generation that we can procure as part of our wider sustainability goals.

Table 2

2021	Scope 1 (tCO₂e)	Scope 2 (tCO₂e)	Scope 3 (tCO₂e)	Proportion (nearest whole number)*
Electricity	0.00	511.41*	190.20*	49%
Natural Gas	323.01	0.00	55.28	27%
Propane	68.52*	0.00	8.01*	6%
Water	0.00	0.00	8.76	1%
Transport Mileage	71.39*	0.00	17.91*	7%
Isoflurane	28.61	0.00	0.00	2%
Nitrous Oxide	89.85*	0.00	0.00	7%
Refrigerants	9.19*	0.00	0.00	1%
Totals (tCO₂e)	590.57*	511.41*	280.16*	1,382.14

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Table 2 is a recalculation of our 2021 carbon footprint, which has been retroactively amended to more accurately reflect our carbon emissions for the previous reporting year.

Various electricity consumption values have been updated to align with more recent invoices. Transport mileage was updated to include more accurate estimates around reimbursed fuel through direct comparison to 2022 data. Nitrous oxide emissions were updated to correct a calculation error. Refrigerant use for the relevant reporting period was also added. Lastly, the conversion factor previously used to determine LPG (Liquid Petroleum Gas) use was changed to the propane conversion factor to increase our reporting accuracy. All changed values have been presented in bold.

Table 3

2019	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Scope 3 (tCO ₂ e)	Proportion (nearest whole number)
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	8%
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 an accurate baseline. Therefore, we have also retroactively calculated our carbon emissions for 2019 to represent a "business as usual" baseline. Table 3 shows that the recalculated total GHG emissions associated with our combined business operations during 2019 was 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 chose to incorporate an employee-based indicator to encourage staff engagement with our organisational goal to minimise our impact on the environment.

Table 4

	tCO ₂ e/£100k	tCO ₂ e/FTE
2022	2.33	2.37
2021	2.37*	2.62*
2019	3.91	3.29

*2021 values have been updated to reflect recalculations outlined in Section 2.

Calculation Methodology

The raw consumption data of our business operations has been calculated using a combination of direct meter reads, utility and product invoices, expense reports, and recorded transport mileage data. All carbon emissions have been calculated in accordance with guidance provided

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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 our first and previous SECR reporting years occurred during the lockdown/COVID 19 period, neither will be suitable years to represent a baseline year against which future energy saving measures can be 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 retroactively 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. Behavioural change programmes have been launched internally, including relevant educational webinars, informational communications on sustainable working, and various environmentally oriented staff activities.

Considering our key emissions areas and previous Energy Savings Opportunity Scheme (ESOS) recommendations, we have focused much of our energy saving efforts on upgrading old plant equipment, installing additional smart meters, improving building management systems (BMS), and introducing large scale LED installations. We have also begun to develop a wholistic ESG/Environmental Strategy to help us achieve net zero GHG emissions in line with the UK Government's 2050 deadline.

Lastly, we offset 803 tCO₂e for our 2021 Scope 1 and 2 emissions through third-party organisation, Positive Planet. Any electricity consumption purchased under green energy tariffs was discounted from the value presented in this report for this offset process. Carbon credits were purchased from Verra certified carbon reduction projects, and included the Pacajai REDD+ project (VCS981), the Uzundere hydroelectric power plant project (VCS964), and the Tamil Nadu wind power project (VCS1904).

Energy Consumption Data (Table 5)

2022			2021		
ENERGY TYPE	UNIT	CONSUMPTION	ENERGY TYPE	UNIT	CONSUMPTION
Electricity	kWh	2,623,874	Electricity	kWh	2,408,540*
Natural Gas	kWh (net CV)	1,098,037	Natural Gas	kWh (net CV)	1,591,417*
LPG	kWh (net CV)	266,285	LPG	kWh (net CV)	294,621*
Fleet Mileage	kWh (net CV)	246,013	Fleet Mileage	kWh (net CV)	288,581*
OTHER			OTHER		
Water	m ³	15,511.85	Water	m ³	20,809
Isoflurane	250ml bottles	158	Isoflurane	250ml bottles	150
Nitrous Oxide	9,000L canisters	5	Nitrous Oxide	9,000L canisters	9
R410A	kg	66.7	R410A	kg	4.4

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2019		
ENERGY TYPE	UNIT	CONSUMPTION
Electricity	kWh	2,642,581
Natural Gas	kWh (net CV)	2,380,311*
LPG	kWh (net CV)	252,464*
Fleet Mileage	kWh (net CV)	147,928
OTHER		
Water	m ³	29,457
Isoflurane	250ml bottles	261
Nitrous Oxide	9,000L canisters	30

**Restated from 2021*

Energy consumption values (kWh) are representative of Scope 1 and 2 only. All figures have been rounded to the nearest whole number. Consumption figures for natural gas, propane/LPG, and transport mileage were converted to kWh from m³, L, and miles, respectively, by using the relevant year's UK Government's GHG Conversion Factors for Company Reporting. For 2019 transport mileage figures, 2020 UK Government GHG conversion factors were used as these were not provided in the 2019 UK Government guidance. Amendments have been made to the 2021 and 2019 natural gas and propane/LPG consumption figures to reflect Scope 1 only. Lastly, the kWh consumption values for electricity and transport miles in 2021 have been amended to reflect the recalculation in Section 2.

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Reference and administrative details

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

Council of Trustees

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

Senior Staff

Peter Laurie	Chief Executive
Kelly Brown	Director of Finance & Corporate Services
Bryony Glenn	Director of Human Resources
Lucy Hastings	Director of Operations (from November 2022)
Julian Holmes-Taylor	Director of Income Generation
Amy Jankiewicz	Director of Operations (resigned April 2022)
Paul Marvell	Director of Global Programmes
Sarah Matthews	Director of Marketing & Communications
Shaun Opperman	Director of Veterinary Services

Our advisers

Auditors

Moore Kingston Smith LLP
9 Appold Street
London, EC2A 2AP

Solicitors

Bates Wells
10 Queen Street Place
London EC4R 1BE

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Investment Advisers

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

Close Brothers Asset Management (appointed March 2023)
55 Grosvenor Street
Mayfair
London W1K 3HY

Bankers

Barclays Bank Plc
7-11 St John's Hill
London SW11 1TR

Lloyds Bank Plc
25 Gresham Street
London EC2V 7HN

National Westminster Bank Plc
250 Bishopsgate
London EC2M 4AA

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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.

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

Trustee delegation

The Council is responsible for setting strategic direction, agreeing the financial plan and approving the delegation of financial authority through the Chief Executive, with specific limits imposed on delegation. The Council acts on advice and information from regular meetings with the Chief Executive. The Council met formally five times during 2022.

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 and 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 four times during 2022.

The Buildings Committee is established to oversee all capital projects carried out by the charity. It met three times during 2022 and officially closed in August following the completion of planned major capital works.

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 three times in 2022.

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 three times in 2022.

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The Global Programmes Committee was formed in 2022 to provide governance oversight of Battersea's Global Programmes work. Key responsibilities of the Committee include overseeing the development and outcomes of the Global Programmes Strategy, reviewing the performance of Battersea's existing portfolio of work, as well as new proposals for major investments in grants and strategic partnerships. The Committee met twice in 2022.

During 2022 the following served as Trustees:

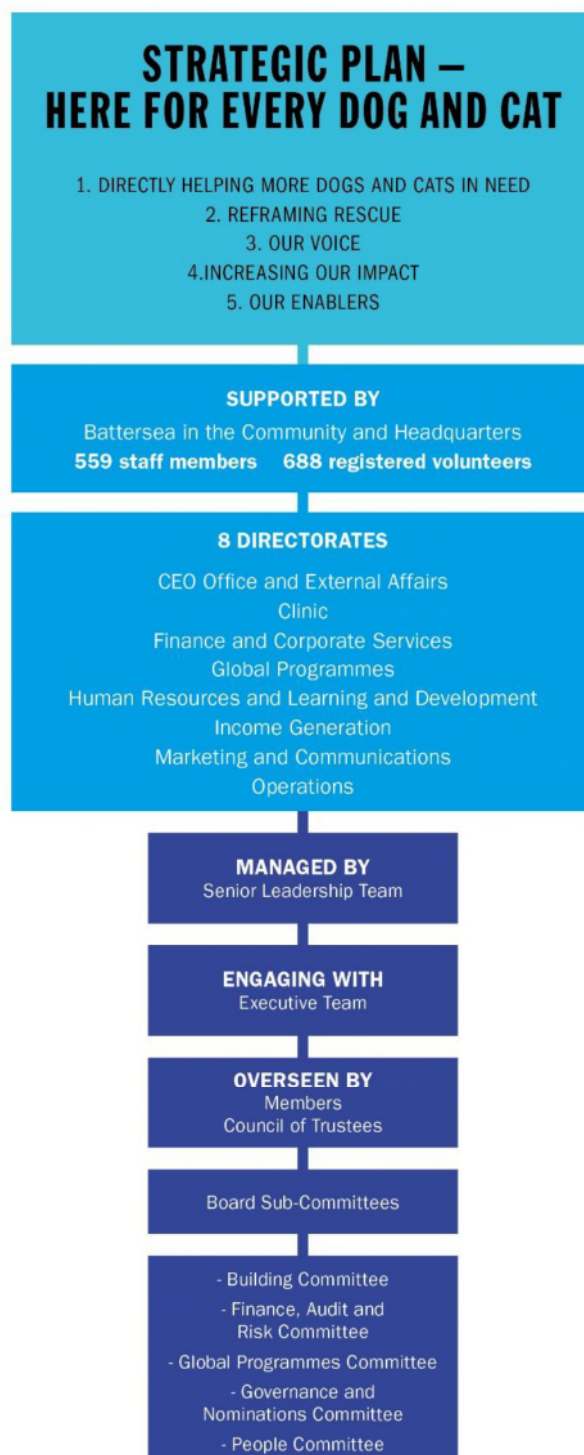
	Attendance at Council Meeting (max 5)	Attendance at Buildings Committee (max 3)	Attendance at Finance, Audit & Risk Committee (max 4)	Attendance at Governance & Nominations Committee (max 3)	Attendance at People Committee (max 3)	Attendance at Global Programmes Committee (max 2)
Paul Baldwin (Council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

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	Attendance at Council Meeting (max 5)	Attendance at Buildings Committee (max 3)	Attendance at Finance, Audit & Risk Committee (max 4)	Attendance at Governance & Nominations Committee (max 3)	Attendance at People Committee (max 3)	Attendance at Global Programmes Committee (max 2)
Bradley Viner <i>(Chair of Buildings Committee)</i>	2/4	3/3	-	-	-	-
Deri Watkins	3/5	-	-	-	-	0/2
Helen Webb	1/1	-	-	-	2/2	-

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Battersea Governance and Management Structure



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Related parties

None of our Trustees receive remuneration or other benefit from their work with the Charity. Any connection between a Trustee or senior executive with a related party or competitor of the charity must be disclosed to the Council of Trustees. In the current year, no such related party transactions were reported. Donations made by Trustees to Battersea totalled £1,289 (2021: £2,892) 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 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 monitor that they are effectively managed through clear accountability and escalation as required.

The Battersea risk management approach 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 (FARC) of the principal risks faced by the charity and its subsidiary BDH Ltd;
- the establishment of policies, processes, and procedures to mitigate the risks identified, as applicable; and
- the implementation of processes and procedures to minimise or manage potential impact on the Charity should those risks materialise.

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Battersea considers the current major risks to the charity to be:

Risk	Mitigation
Financial - economic uncertainty affecting financial wellbeing and liquidity	We manage this risk through a number of measures including budgetary control, income pipeline reviews, investment in staff, capital expenditure planning, diversifying income, and cash flow forecasting. Also mitigating this risk is the level of free reserves, which are set at a level sufficient to withstand short-term financial impacts and are regularly reviewed.
Systems – Risk of compromised IT systems (e.g., system failure, cyber-attack, or constricting growth due to technical limitations)	<p>To address the aging of its current Customer Relationship Management (CRM) systems, Battersea is investing in developing a new CRM and supporting IT processes and infrastructure (referred to as Launchpad). This will further strengthen Battersea's cyber-security controls, the management and effective use of its data, and move all human-related data (donor base) to a cloud-based solution (from its current on-prem solution).</p> <p>Battersea recognises the importance of this investment, which is therefore subject to rigorous testing, and close scrutiny by the Executive team and Data Strategy Steering Group, to monitor that delivery milestones are met, and budgetary rigor is applied.</p> <p>The new CRM will be subject to our existing controls to minimise cyber security and information security risks, including regular penetration testing, single sign-on, etc.</p>
Compliance - risk of regulatory failure e.g., Health & Safety, GDPR, or Fundraising regulations	<p>Given the importance of having an effective and resilient approach to regulatory compliance, the Compliance function at Battersea has been further bolstered with 3 experienced new starters joining in 2023. In addition, a comprehensive internal audit programme has been established for 2023-2025, covering key areas including Fundraising Compliance and Animal Welfare Standards to date in 2023.</p> <p>Planned work includes a review of governance-related processes and procedures, and improved risk reporting to ensure effective oversight and monitoring by the Executive Team, FARC, and the People Committee.</p>
Operational - Increase in number of dogs with severe behavioural issues	<p>Battersea is seeing an increase in the number of dogs with severe behavioural and medical challenges needing our help. This poses an increased risk to our ability to successfully rehome and satisfy rehomer demand, plus adds risk to the safety of staff, volunteers, and potential rehomers.</p> <p>To mitigate this risk, significant work has been undertaken to further refine our intake processes, review our assessment protocols for dogs with notable behavioural issues, and review our processes to assess and proportionately manage bite incidents.</p>

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Risk	Mitigation
Wellbeing – Risk of poor staff or volunteer physical or mental wellbeing.	<p>Given the number of challenges impacting Battersea's people, from the cost-of-living crisis, to managing the risks noted above, for example, the charity is very cognisant of the importance of focussing on wellbeing.</p> <p>To help mitigate this risk a number of measures are being put into place including, but not limited to, undertaking: a health and safety audit to check that our practical measures to support physical wellbeing are up to standard; a pay review process that actively considered the impacts for our lowest paid roles; and a review of processes to support good mental health such as access to an employee assistance programme (EAP), resilience training, and access to mental health first aiders.</p>

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Statement of Responsibilities of the Council of Trustees

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

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

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

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

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

Statement as to disclosure to our auditors

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

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

By order of the Council of Trustees



Paul Baldwin (Chair)
Approving the Report of the Council of Trustees
7 June 2023

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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 2022 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 2022 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

Date 19 June 2023

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

9 Appold Street
London
EC2A 2AP

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

For the year ended 31 December 2022

	Notes	Unrestricted 2022 £000	Restricted 2022 £000	Total 2022 £000	Total 2021 £000
Income from:					
Donations and legacies	2	53,286	122	53,408	55,244
Gifts in kind	3	361	-	361	321
Trading activities	4	1,469	-	1,469	1,762
Investment income	5	596	-	596	430
Charitable activities:					
Animal sales and claim fees		693	-	693	582
Total income		56,405	122	56,527	58,339
Expenditure on:	6				
Cost of raising funds:					
Donations and legacies		15,511	-	15,511	15,438
Gifts in kind		361	-	361	321
Trading activities		2,222	-	2,222	2,449
Investment management fee		100	-	100	58
		18,194	-	18,194	18,266
Charitable activities:	6				
Care of dogs and cats		24,076	65	24,141	20,140
Grant giving and Academy		3,160	-	3,160	1,412
Education and awareness		7,542	-	7,542	7,282
		34,778	65	34,843	28,834
Total expenditure		52,972	65	53,037	47,100
Net (losses)/gains on investments	12	(2,103)	-	(2,103)	2,165
Net income	7	1,330	57	1,387	13,404
Other recognised losses					
Actuarial gains on defined benefit pension scheme	18	292	-	292	1,346
Net movement in funds		1,622	57	1,679	14,750
Reconciliation of funds:					
Total funds at 1 January		113,219	23	113,242	98,492
Total funds at 31 December	16	114,841	80	114,921	113,242

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 2022

		Group		Charity	
	Notes	2022	2021	2022	2021
		£000	£000	£000	£000
Fixed assets					
Intangible assets	9	1,142	1,037	1,142	1,037
Tangible assets	10	60,940	61,366	60,940	61,366
Investments:					
Investment in subsidiary undertakings	11	-	-	5	5
Other fixed asset investments	12	18,596	20,746	18,596	20,746
		80,678	83,149	80,683	83,154
Current assets					
Stock	13	83	88	-	-
Debtors	14	8,792	9,098	10,729	10,682
Cash at bank and in hand		30,702	25,846	28,786	24,284
		39,577	35,032	39,515	34,966
Liabilities					
Creditors: amounts falling due within one year	15	(5,334)	(4,647)	(5,277)	(4,575)
Net current assets		34,243	30,385	34,238	30,391
Total assets less current assets		114,921	113,534	114,921	113,545
Defined benefit pension scheme liability	18	-	(292)	-	(292)
Net assets		114,921	113,242	114,921	113,253
Funds					
Unrestricted funds					
- Designated	16	78,331	77,015	78,331	77,015
- General	16	36,510	36,204	36,510	36,215
		114,841	113,219	114,841	113,230
Restricted funds	16	80	23	80	23
Total funds		114,921	113,242	114,921	113,253

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 £1.7m (2021: £14.7m).

The financial statements were approved and authorised for issue by the Council of Trustees and were signed on its behalf on 7 June 2023.



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 2022

	Notes	Group 2022 £000	2021 £000
Cash inflow from operating activities	(a)	8,300	13,676
Returns on investments	(b)	596	430
Capital expenditure and financial investment	(c)	(4,040)	(9,139)
Cash inflow before use of liquid resources		4,856	4,967
Increase in cash in the year	(d)	4,856	4,967

Notes to the cash flow statement

a) Net cash from operating activities

Net income	1,387	13,404
Losses/(gains) on investments	2,103	(2,165)
Depreciation	3,946	3,472
Amortisation	431	464
Decrease/(increase) in stocks	5	(8)
Decrease/(increase) in debtors	306	(1,466)
Increase in creditors	687	405
Bank interest receivable	(124)	(2)
Investment income receivable	(472)	(428)
Sale of fixed asset investments	31	-
Net cash inflow from operating activities	8,300	13,676

b) Returns on investments

Interest received	124	2
Returns on investments	472	428
	596	430

c) Capital expenditure and financial investment

Purchase of tangible fixed assets	(3,520)	(8,543)
Purchase of intangible fixed assets	(567)	(597)
Purchase of investments	(8,667)	(18,013)
Proceeds from sale of investments	8,012	18,878
Decrease/(Increase) in portfolio cash	702	(864)
	(4,040)	(9,139)

d) Analysis of consolidated net cash resources

	At 1 January 2022 £000	Cash flow £000	At 31 December 2022 £000
Cash at bank and in hand	25,846	4,856	30,702

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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 2022 the Charity entity had income, including gains and losses, of £53.7m (2021: £61.4m) and incurred expenditure of £51.9m (2021: £46.7m).

(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.

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(d) Expenditure

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

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(f) Going Concern

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

In making this assessment the Trustees, have considered the charitable group's revised forecasts and projections for income and expenditure, as well as long term cash flow. These continue to be regularly monitored by Directors and Trustees. 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

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allocated on the above basis. Where it results in a net income this is included within investment income. Actuarial gains or losses are shown separately on the face of the SOFA.

(k) Operating leases

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

(l) Funds

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

Battersea adds an estimate on residuary legacy cases when the entity has received a copy of the Will and schedule of assets & liabilities and/or a copy of the grant of probate.

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 2022. 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

	2022	2021
	£000	£000
Legacies	24,027	25,471
Donations	29,381	29,181
Government Grants	-	592
	53,408	55,244

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 2022 is £23.3m (2021: £15.8m).

Included in the above figure is unrestricted income of £53.3m (2021: £54.7m) and restricted income of £0.1m (2021: £0.6m).

Grant income of £nil (2021: £0.6m) 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

	2022	2021
	£000	£000
Pets at Home	-	26
Cat and dog food	-	32
Google advertising	354	255
Microsoft advertising	5	-
Dog miscellaneous	1	-
Venue hire	1	-
Facebook advertising	-	8
	361	321

4. Trading activities

	2022	2021
	£000	£000
Sale of shop goods	248	262
Fundraising events	853	1,077
Sundry activities	368	423
	1,469	1,762

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

5. Investment income

	2022	2021
	£000	£000
Listed investment income	472	428
Deposit and bank interest	124	2
	596	430

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	2022 £000	Direct activities £000	Support costs £000	2021 £000
Cost of raising funds						
Donations and legacies	14,968	543	15,511	14,874	564	15,438
Gifts in kind	361	-	361	321	-	321
Trading activities	1,952	270	2,222	2,169	280	2,449
Investment management fee	100	-	100	58	-	58
Total cost of raising funds	17,381	813	18,194	17,422	844	18,266
Charitable activities						
Care of dogs and cats	20,479	3,662	24,141	17,363	2,777	20,140
Grant giving and Academy	2,936	224	3,160	1,315	97	1,412
Education and awareness	6,560	982	7,542	6,586	696	7,282
	29,975	4,868	34,843	25,264	3,570	28,834
Total Group expenditure	47,356	5,681	53,037	42,686	4,414	47,100

Grants totaling £4.9m were awarded to 24 animal welfare organisations (2021: £1.0m to 57 animal welfare organisations). Of these, £0.7m were accrued for as at 31 December 2022 (2021: £0.5m).

Analysis of support costs
Support costs - 2022

	Donations and legacies £000	Cost of raising funds £000	Care of cats and dogs £000	Grant giving and Academy £000	Education and awareness £000	2022 £000
Support cost						
Finance	148	73	996	61	268	1,546
Volunteer management	42	21	285	17	76	441
Facilities	14	7	93	6	25	145
IT	110	55	743	45	199	1,152
HR	140	70	945	58	253	1,466
Secretariat	74	37	502	31	135	779
Governance	15	7	98	6	26	152
	543	270	3,662	224	982	5,681

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

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Support costs - 2021

	Donations and legacies £000	Cost of 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

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

7. Net income before transfers

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

	2022 £000	2021 £000
Auditor's remuneration charged by Moore Kingston Smith LLP:		
- Charity	31	29
- Subsidiary	6	5
- Other audit work	19	2
Non audit services charged by Moore Kingston Smith LLP:		
- Tax advice	32	-
Depreciation	3,946	3,472
Amortisation	431	464
Operating lease rentals:		
- Land	463	461
- Other	1	95
Cost of stock recognised as an expense	218	245

8. Staff costs

	2022 £000	2021 £000
Salaries and wages	16,826	15,344
Social security costs	1,672	1,413
Pension costs	1,050	966
Other employee benefits	223	177
	19,771	17,900

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

	2022	2021
	Number	Number
Donations and legacies	48	46
Trading activities	21	23
Care of dogs and cats	369	335
Grant giving and Academy	12	7
Education and awareness	51	54
Support staff	58	55
	559	520

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

	2022	2021
	Number	Number
£60,001 - £70,000	12	4
£70,001 - £80,000	7	3
£90,001 - £100,000	2	2
£100,001 - £110,000	3	2
£110,001 - £120,000	1	-
£120,001 - £130,000	1	1
£140,001 - £150,000	1	-

During the year, retirement pension benefits of £69,015 and other benefits of £5,607 were accrued to 9 higher paid employees (2021: 9).

£181.34 of reimbursed expenditure was paid to members of the Council of Trustees during the year (2021: £Nil). No remuneration was paid to members of the Council of Trustees during the year (2021: Nil), nor were any emoluments waived in the year (2021: £Nil). Indemnity insurance was provided in the year, covering Trustees and staff, at a cost of £4,595 (2021: £4,365) 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 £930,909 (2021: £820,000).

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 £1,050,000 (2021: £966,000).

Pension costs also include the operating costs of Battersea's defined benefit pension scheme of £84,000 (2021: £76,000).

Total redundancy and termination payments during the year of £11,243 (2021: £7,000) 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 2022	2,241	195	2,436
Additions	105	462	567
Transfers	-	-	-
Disposals	(316)	-	(316)
At 31 December 2022	2,030	657	2,687
Amortisation			
At 1 January 2022	1,399	-	1,399
Charge for the year	431	-	431
Disposals	(285)	-	(285)
At 31 December 2022	1,545	-	1,545
Net book value			
At 31 December 2022	485	657	1,142
At 31 December 2021	842	195	1,037

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 2022	20,466	59,473	1,039	2,760	9,031	92,769
Additions	706	241	10	256	2,307	3,520
Transfers	10,980	36	-	218	(11,234)	-
Disposals	(2)	-	-	(111)	-	(113)
At 31 December 2022	32,150	59,750	1,049	3,123	104	96,176
Depreciation:						
At 1 January 2022	11,738	17,507	605	1,553	-	31,403
Charge for the year	1,188	2,216	42	500	-	3,946
Disposals	(2)	-	-	(111)	-	(113)
At 31 December 2022	12,924	19,723	647	1,942	-	35,237
Net book value:						
At 31 December 2022	19,226	40,027	402	1,181	104	60,940
At 31 December 2021	8,728	41,966	434	1,207	9,031	61,366

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.

	2022 £	2021 £
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:

	2022 £000	2021 £000
Profit and loss account		
Turnover	585	576
Administrative expenses	(568)	(584)
Interest paid on intergroup balance	(3)	(3)
Net profit/(loss)	<u>14</u>	<u>(11)</u>
Tax on ordinary activities	-	-
Profit/(loss) on ordinary activities for the year before distribution	<u>14</u>	<u>(11)</u>
Balance sheet		
Current assets	2,117	1,722
Current liabilities	(2,117)	(1,733)
Net current assets/(liabilities) and total assets/(liabilities)	<u>-</u>	<u>(11)</u>
Capital and reserves		
Opening Profit and loss account	(11)	-
Profit/(loss) during the year	14	(11)
Amounts distributed to parent charity	(3)	-
Equity shareholders' funds	<u>-</u>	<u>(11)</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 2022 and 31 December 2021.

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12. Other fixed asset investments

	2022	2021
	£000	£000
Shares at cost and market valuation		
Market value at 1 January	18,783	17,483
Acquisitions at cost	8,667	18,013
Disposal proceeds	(8,012)	(18,878)
Realised (loss)/gain on disposal	(612)	2,100
(Loss)/gain on revaluation during the year	(1,491)	65
Market value at 31 December	17,335	18,783
Cash held in portfolio at 31 December	1,261	1,963
	18,596	20,746
 Historical cost at 31 December	 18,939	 18,834
Cash held in portfolio at 31 December	1,314	1,963
Historical cost and cash held in portfolio at 31 December	20,253	20,797

Listed investments at market value comprise:	2022	2021
	£000	£000
UK government stock	934	709
UK fixed interest securities	1,387	1,111
UK equity investments	3,511	4,185
Overseas equity investments	8,857	10,843
Property	826	-
UK and European alternative investments	1,820	1,935
Cash deposits held as part of portfolio	1,261	1,963
	18,596	20,746

At 31 December 2022 and at 31 December 2021, no single investment was considered material to the overall portfolio held.

13. Stock

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Goods for resale	83	88	-	-

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14. Debtors

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Amounts due within one year:				
Operating debtors	395	230	317	178
Due from subsidiary undertaking	-	-	2,055	1,658
Other debtors	1,651	1,638	1,651	1,638
Prepayments and accrued income	6,746	7,230	6,706	7,208
	8,792	9,098	10,729	10,682

15. Creditors

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Amounts falling due within one year:				
Operating creditors	2,786	2,104	2,750	2,085
Amounts due to subsidiary undertaking	-	-	5	5
Taxation and social security	450	365	450	365
Other creditors	148	1	148	1
Grant accruals	740	437	740	437
Other accruals	1,210	1,740	1,184	1,682
	5,334	4,647	5,277	4,575

Included within the figures above is £147,997 (2021: £149) relating to outstanding pension commitments at 31 December 2022.

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16. Group Funds

	At 1 January 2022 £000	Income £000	Expenditure £000	Gains/ (losses) £000	Transfers £000	At 31 December 2022 £000
Unrestricted funds:						
General fund	36,215	55,320	(46,309)	(1,811)	(6,905)	36,510
Battersea Dogs Home Limited	(11)	585	(571)	-	(3)	-
Designated funds						
Fixed asset fund	62,403	-	(4,377)	-	4,056	62,082
Site development fund	8,069	-	-	-	(2,069)	6,000
Multi year grants fund	1,838	-	(1,423)	-	4,129	4,544
Data Strategy fund	4,700	500	(292)	-	792	5,700
Capital fund						
Bell Mead Kennels	5	-	-	-	-	5
	113,219	56,405	(52,972)	(1,811)	-	114,841
Other restricted funds						
Welfare of dogs and cats	18	17	(35)	-	-	-
Kennel appeal	5	-	(5)	-	-	-
Slighthound paddock	-	35	(25)	-	-	10
External treatments	-	20	-	-	-	20
Other	-	50	-	-	-	50
	23	122	(65)	-	-	80
Total funds	113,242	56,527	(53,037)	(1,811)	-	114,921

Group funds – prior year

	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

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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 planned capital and maintenance programme.

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 Data Strategy Fund was approved by Council in February 2021 to fund Battersea's new data strategy project, with the completion of phase one of the project expected by the end of 2024.

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; Sloughhound paddock restricted are monies where the donor has restricted their use to the construction and upkeep of the paddocks at the Windsor site; External treatments restricted are monies where the donor has restricted their use for certain treatments performed by Battersea Dogs and Cats Home; Other restricted are monies where the donor has restricted their use for certain days in the future.

17. Analysis funds between net assets

2022	Fixed assets £000	Investments £000	Net current assets £000	2022 £000
General funds	-	12,596	23,914	36,510
Fixed asset fund	62,082	-	-	62,082
Site development fund	-	6,000	-	6,000
Multi year grants fund	-	-	4,544	4,544
Data Strategy fund	-	-	5,700	5,700
Capital fund	-	-	5	5
Restricted fund	-	-	80	80
Total funds	62,082	18,596	34,243	114,921

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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

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 2021. 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 2022.

The principal financial assumptions are:

	2022	2021
Inflation	3.1%	3.2%
Rate of increase in salaries	N/A	N/A
Rate of increase for pensions in payment	1.8%	2.2%
Scheme liabilities discount rate	4.8%	1.9%

Pre and post retirement mortality tables used

S2NMA for Males and S2NFA for Females, improving in line with CMI_2021 projections with a long term trend of 1.25% p.a.

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	22.4 years
Member aged 65 (current life expectancy) - female	24.9 years
Member aged 45 (current life expectancy) - male	23.7 years
Member aged 45 (current life expectancy) - female	26.3 years

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

	2022	% of fair value of plan assets	Expected overall return on plan assets %	2021	% of fair value of plan assets	Expected overall return on plan assets %
	£000			£000		
Equities	9,983	39%		11,060	38%	
Bonds	7,385	29%		11,262	39%	
Alternatives	8,098	32%		6,630	23%	
Cash	111	0%		26	0%	
Annuity policies	56	0%		76	0%	
Total value of assets	<u>25,633</u>		1.4	<u>29,054</u>		1.4
Present value of scheme liabilities	<u>(16,342)</u>			<u>(29,346)</u>		
Surplus/ (Deficit)	9,291			(292)		
Surplus restriction per FRS 102	<u>9,291</u>			<u>nil</u>		

Movements in fair value of plan assets:

	2022 £000	2021 £000
Value of assets at 1 January	29,054	27,156
Expected return	533	365
Actuarial losses	(3,514)	1,794
Benefits paid	(440)	(261)
Value of assets at 31 December	<u>25,633</u>	<u>29,054</u>

The actual return on plan assets was a loss of £2,981,000 (2021: gain of £2,159,000).

The fair value of the plan assets at the reporting period end was £25,633,000 (2021: £29,054,000).

Movements in the liability value over the year:

	2022 £000	2021 £000
Value of liabilities at 1 January	29,346	28,794
Past service cost	-	-
Interest on liabilities	539	387
Actuarial losses / (gains):		
From change in financial assumptions	(15,204)	(1,935)
From change in demographic assumptions	144	(345)
From experience	1,957	2,706
Benefits paid	(440)	(261)
Value of liabilities at 31 December	<u>16,342</u>	<u>29,346</u>

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Expected contributions for the year ended 31 December 2022

	£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 gains:

	2022	2021
	£000	£000
Actuarial (losses)/gains from assets	(3,514)	1,794
Actuarial gains from a change in financial assumptions	15,204	1,935
Actuarial (losses)/gains from a change in demographic assumptions	(144)	345
Actuarial losses from experience	(1,957)	(2,706)
Restriction on recognised surplus	(9,291)	-
Actuarial Gains	298	1,368

History of experience gains and losses

	2022	2021	2020	2019	2018
	£000	£000	£000	£000	£000
Difference between the expected and actual return on assets	(3,514)	1,794	957	2,750	(1,380)
Percentage of scheme assets	-13.7%	6.2%	3.5%	10.6%	-6.0%
Experience (losses)/gains arising on scheme liabilities	(1,957)	(2,706)	75	-	1,184
Percentage of present value of scheme liabilities	12.0%	-9.2%	0.3%	0.0%	6.0%
Total actuarial gain/(loss)	9,589	1,368	(3,775)	(1,092)	1,471
Percentage of present value of scheme liabilities	-58.7%	4.7%	13.11%	4.59%	7.42%

19. Financial commitments

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

	Land and buildings	Other	Land and buildings	Other
	2022	2022	2021	2021
	£000	£000	£000	£000
Operating lease commitments:				
- within 1 year	463	1	461	19
- between 1- 5 years	1,854	1	1,842	1
- more than 5 years	6,792	-	7,227	-
From the balance sheet date				

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20. Capital commitments

There were capital commitments of £nil at 31 December 2022 (2021: £36,000). The prior year sum related to the implementation of a new accounting system which went live in February 2023.

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 five Trustees amounted to £1,289 (2021: £2,892 from two trustees).

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 2022 there were 13 members (2021: 13 members).