THE PEOPLE'S DISPENSARY FOR SICK ANIMALS

England & Wales · Charity number 208217

Details

Other names	P D S A, PDSA PETAID SERVICES, PETAID
Status	Registered
Legal form	Other
Registered	1962-09-22
Register	View on the Charity Commission register

Contact

Address	P D S A Whitechapel Way Priorslee Telford TF2 9PQ
Phone	01952290999
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Website	www.pdsa.org.uk

Activities

Objects: THE OBJECTS OF THE SOCIETY ARE: A) THE PROVISION OF FREE MEDICAL OR SURGICAL TREATMENT, OR SUCH TREATMENT AT REDUCED CHARGES, TO ANIMALS BELONGING TO PERSONS WHO ARE UNABLE TO AFFORD THE SERVICES OF A VETERINARY SURGEON;B) THE PREVENTION OF SUFFERING OF ANIMALS BY THE PROVISION OF PREVENTATIVE TREATMENT, CARE AND ADVICE (WHETHER FREE, AT A REDUCED CHARGE OR AT FULL CHARGE); C) THE EDUCATION OF THE PUBLIC IN MATTERS CONCERNING ANIMAL HEALTH AND WELFARE IN GENERAL; D) THE ADVANCEMENT OF ANIMAL WELFARE FOR THE PUBLIC BENEFIT BY OTHER MEANS.

Activities: Founded in 1917, PDSA is the UK's leading veterinary charity. Our mission is to improve the life of every pet. We prevent illness, suffering and unnecessary death of pets; educate people about their welfare needs, and treat pets needing our help across the UK. In 2018 we provided 2.5 million treatments to more than 430,000 pets. Our services are funded entirely by public support.

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Classification

- **How:** Provides Services, Provides Advocacy/advice/information
- **What:** The Prevention Or Relief Of Poverty, Animals
- **Who:** Other Defined Groups

Geography

- Northern Ireland
- Scotland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£128,887,000	£122,336,000	£118,808,000	1760
2023-12-31	£113,975,000	£114,550,000	£103,275,000	1748
2022-12-31	£106,648,000	£105,078,000	£107,050,000	1703
2021-12-31	£105,381,000	£91,714,000	£95,060,000	1663
2020-12-31	£92,168,000	£91,343,000	£78,135,000	1662

Trustees

Name	Role	Appointed
Carole Pomfret MA ACA		2014-06-19
DAVID BRODIE LISTER		2018-06-07
David Morgan BSc Hons		2018-12-13
Elizabeth Ruth Hutchinson BA Hons		2022-07-08
GORDON ANDREW HOCKEY		2018-06-07
Hannah Vickers		2025-11-17
Helen McEachern		2025-11-17
Ian Phoenix		2018-12-13
JOHN CHARLES MILLER		
MARY MARGARET REILLY		2016-06-16
Professor Gary England		2015-06-18

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Linked charities

- RAVENSCROFT TRUST (208217-1)
- THE CHARITY OF ARTHUR URIAH BROOM FOR THE PEOPLE'S DISPENSARY FOR SICK ANIMALS (208217-2)

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THE PEOPLE'S DISPENSARY FOR SICK ANIMALS

England & Wales - Charity number 208217

Accounts

pdsa

THE VET CHARITY FOR PETS IN NEED



Trustees' Annual Report and Accounts 2024

Year ended 31 December 2024



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In this report, we will outline the organisation's objectives, achievements, and performance. The Trustees consider that due regard has been paid to the Public Benefit Guidance published by the Charity Commission in relation to section 4 of the Charities Act 2011.

Who we are and how we help

Maria Dickin CBE began her mission back in 1917 to alleviate poverty and end pet suffering. Today, PDSA continues her mission by offering free and low-cost veterinary care for the pets whose owners are suffering from financial hardship through no fault of their own.





Living with pets greatly enriches people's lives. They bring us comfort and reduce stress, improving our mental and physical health. Pets are also part of the family - and owners do all they can to keep them safe, healthy and happy.

While an owner's financial hardship can mean difficult choices, it should never mean pets have to suffer.

That's why PDSA provides veterinary care for people who can't afford the full cost of pet ownership. We help pets stay with their families longer, for the benefit of both.

The following pages highlight what we are already doing to support people with nowhere else to turn. Keeping people and pets together is our focus, and we're looking ahead to ensure that we'll have an even greater impact for those that need our help.

PAW PDSA ANIMAL WELLBEING REPORT 2024

88% of pet owners agree that owning a pet makes them **mentally** healthier

69% of pet owners agree that owning a pet makes them **physically** healthier

Chair's letter



As a charity, we must maintain our core purpose as our guide. For PDSA it is to help those people facing financial distress, whether short or long term, to be able to source veterinary care for their companion animals, their pets. We know how important a pet can be to an individual and to a family, as a source of love, wellbeing and comfort. As long as poverty exists in the United Kingdom, then PDSA will aim to continue that support to as many people who are eligible for our services as possible.

During 2024, despite continuing pressures on cost, we opened the PDSA Pet Clinic in Edmonton Green, North London. This has enabled us to expand our reach to thousands of additional owners and their pets in an area of high demand for our services. To put this in context, since the clinic opened in March 2024, PDSA has registered over 3800 individual pets. In addition, this clinic acts as a supporting location for our incredibly busy Pet Hospital in neighbouring Hendon.

Once again, we received a massive £3m from the players of the People's Postcode Lottery (PPL). This has contributed directly to the provision of vital antibiotics to over 49,000 pets; to heart disease relief to over 6,900 pets; to diabetes treatment to 1,700 pets; and to the provision of essential pain relief to 94,000 pets. We are truly thankful for the ongoing support of PPL and, of course, to the millions of people in the UK who take part. As well helping us continue our vital work, the generosity of PPL also enables us to give general advice on pet health and wellbeing through our online Pet Health Hub, which had over 4 million visitors throughout the year.

The PDSA Animal Awards Programme is designed to highlight, recognise and reward the place that animals play in supporting society, through military or civilian service. In 2024, we celebrated the 10th Anniversary of the PDSA Order of Merit, honouring three service animals. The recipients were the Military Working Horse, 'Lord Firebrand' and two contraband detection dogs Yoyo and Scamp. The award ceremony was held at the Tower of London with our guest of honour, the Duchess of Edinburgh, presenting the awards.

None of the work of PDSA happens by accident or chance. To treat over 438,000 pets in the year across the UK, requires veterinary skill, dedication and passion, from our existing team complemented by the 20 newly qualified graduates who joined during the year. To work in our retail network, full-time or as one of our 2000 volunteers, requires commitment, positivity and enthusiasm at a time when the retail sector generally is struggling. To guide the organisation through a process of change ensuring that PDSA can continue its work in the coming years requires sensitivity, professionalism and clarity from all our managers.

Writing this, I am conscious of how 'people' dominate our work; it is people who support us in enabling our work to be resourced; it is the people of the charity who deliver incredible solutions; and it is for people, whose pets we treat, on which the charity is focused.

So, to all the people involved and engaged, including my colleague Trustees, who provide such constructive support, my personal thanks, for without you there would be no PDSA.



John Miller
Chair

Director General's letter



2024 was a year of reflection, re-evaluation, and forward planning for PDSA.

As we navigated another year of global uncertainty — marked by rising costs, increased demand, the ongoing ripple effects of the pandemic, and the UK's deepening cost-of-living crisis — it became clear that to continue meeting the growing needs of pets and their people, we would need to think and act differently.

More pet owners than ever are experiencing financial hardship, and the demand for our services continues to grow. To respond effectively and ensure we're reaching communities most in need across the UK, we undertook a comprehensive review of all areas of our work.

This strategic review has led us to focus on four core priorities:

- **Maximising the impact of our frontline services,** ensuring every part of PDSA exists to support and enhance the care we provide to pets in need.
- **Improving operational effectiveness,** streamlining processes, eliminating duplication, and strengthening accountability to ensure every donated pound works harder.
- **Investing in our people,** providing meaningful opportunities for professional development and empowering our teams to thrive.
- **Securing long-term financial sustainability,** particularly as the fundraising environment grows more challenging.

Together, these priorities form the foundation of a more unified, agile, and impactful PDSA — what we call **One PDSA**. By working more collaboratively across the organisation, we'll be better placed to meet current and future challenges head-on.

The changes we begin implementing in early 2025 mark a pivotal moment in our charity's history. This organisational reset isn't just about doing things differently — it's about ensuring that we can continue to grow, progress, and serve those who need us most. It's about resilience, relevance, and our readiness to support more pets and their people in the years to come.

None of this would be possible without the unwavering generosity of our incredible supporters. Your belief in our mission allows us to keep our promise to pets and the people who love them — especially when times are tough.

As our Founder, Maria Dickin, once said: **'There is still so much to be done.'** That truth continues to guide us. With your continued support, and through our willingness to adapt and evolve, we will ensure PDSA not only meets today's challenges but thrives long into the future — our vets keep people and pets together when they need it most.

With heartfelt thanks,



Jan McLoughlin
Director General

Helping people & their pets

Our year in numbers

We treated
438,000
pets

We treated
10 pets every minute
across our **49** Pet Hospitals

We provided over
2 million
treatments

We provided veterinary care to the pets of over
360,000
people in financial hardship across the UK

46%
of the pet owners we support are disabled or living with a serious health condition



Ages of our clients
29% are 65 or over
29% are 55 - 64
23% are 45 - 54
12% are 35 - 44
6% are 25 - 34
1% are under 25

We have over
2,200
members of staff and
2,000
volunteers

We are supported by over
1,700
veterinary staff

480 vets
460 vet nurses
760 veterinary support staff

We cared for
4,700
individual pets every working day

We reached over
327,000
children with our pet education messages

We have over
120
charity shops

Our veterinary services cost over
£85m

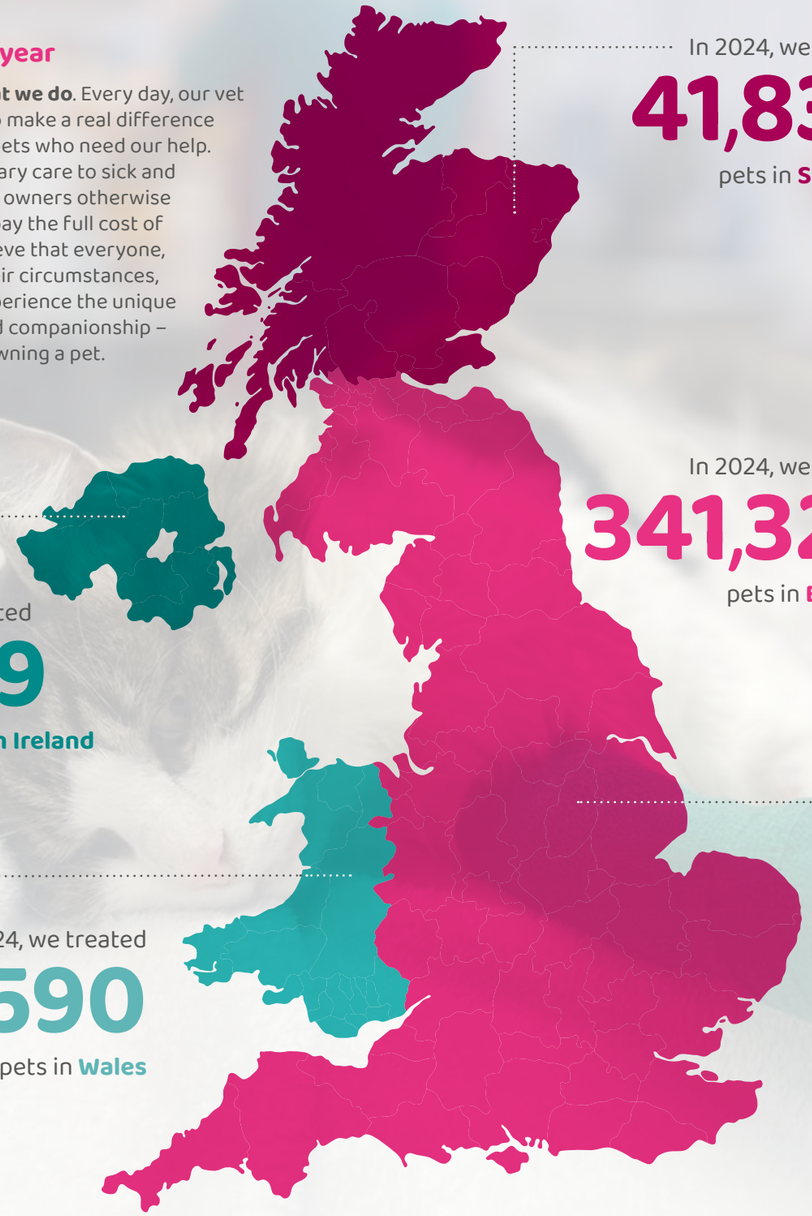
We receive no government funding.
100%
of our income comes from donations

Vet Nurse Lucy Keyes with another successfully treated patient at Brighton PDSA Pet Hospital

Our reach and impact

Our work this year

Saving pets is what we do. Every day, our vet teams work hard to make a real difference to the people and pets who need our help. We provide veterinary care to sick and injured pets whose owners otherwise couldn't afford to pay the full cost of treatment. We believe that everyone, no matter what their circumstances, has the right to experience the unique bond – the love and companionship – that comes from owning a pet.



In 2024, we treated

41,832

pets in **Scotland**

In 2024, we treated

341,322

pets in **England**

In 2024, we treated

8,729

pets in **Northern Ireland**

In 2024, we treated

16,590

pets in **Wales**

In addition, there were 30,000 pets who were supported by other PDSA veterinary services outside of our Pet Hospitals such as triage services and private veterinary practices on behalf of PDSA through our Pet Care Scheme and Chronic Voucher Scheme.

PAW PDSA ANIMAL WELLBEING REPORT 2024

51% of UK adults own a pet

10.6m pet dogs

10.8m pet cats

800k pet rabbits



Main picture: Shadow undergoing surgery to remove the bamboo stick. **Inset:** The x-ray reveals how close Shadow came to serious injury.

To treat Shadow's injuries it cost

£873.34

Shadow's story

Three-year-old Shadow narrowly avoided death after he was impaled by a bamboo stick.

Shadow's loving owner Mark said: "It was an absolute horror to see. We honestly thought he wouldn't make it".

Mark quickly rang PDSA, who advised him to come to Thamesmead PDSA Pet Hospital, The Freda Powell Centre, immediately.



Shadow required urgent surgery to remove the stick, and thanks to the PDSA vet team's efforts, the surgery went well. Much to Mark's delight, Shadow was able to go home the very next day with pain relief, antibiotics, and instructions to rest. Mark added:

> "After the warning that Shadow might not make it, we were just thinking the worst. We couldn't imagine our lives without Shadow. He's not just a pet; he's a family member and brings so much comfort to all of us.

"He's back to being his adventurous self again, and we're so relieved his recovery has gone well."

Expanding our reach, improving our impact

Building the future

PDSA does not receive any money from the Government or National Lottery Funding; we are entirely funded by public support.

The years following the Covid-19 pandemic have continued to be challenging for charities across the UK. Added global uncertainty and economic volatility have made it harder than ever to operate sustainably.

In 2024, we took time to reflect and review how we work, ensuring that frontline services remain at the heart of everything we do. We made changes to the way we deliver services in our Pet Hospitals and how our support functions are structured, always striving to make the most of every pound generously donated to our cause.

By reorganising our support services to become more consistent, efficient, and effective, we position ourselves to be stronger and more resilient in the long term.

PDSA continues to recognise the importance of investing in our assets - our Pet Hospitals, technology, and wider infrastructure - to ensure we are equipped to meet future needs. Our goal remains clear: to extend our purpose and help more people and pets, especially as increasing numbers face financial hardship. We are also deeply grateful for the generous legacies left to us by key supporters such as Mr & Mrs Ionescu. These gifts are vital to our continued success, and acquiring future legacy supporters remains a key focus for us.

As we navigate ongoing economic uncertainty, we are taking steps to strengthen PDSA's long-term financial resilience. This includes exploring new approaches to fundraising and giving, whilst adopting a more business-like mindset. In the year ahead, we will begin to implement the outcomes of our organisational review, delivering our strategic plans with renewed determination - to become stronger, more resilient, more efficient, and more accessible to those who need us most.



Our Pet Hospitals

In 2024, PDSA provided veterinary care for the pets of over 360,000 eligible pet owners, treating nearly 440,000 pets. It also included 30,000 pets who were supported by other PDSA veterinary services outside of our Pet Hospitals such as triage services and private veterinary practices on behalf of PDSA through our Pet Care Scheme and Chronic Voucher Scheme.

Our aim in 2024 was to improve the mix of services available to registered clients to provide them with the full breadth of service including preventive care such as vaccinations and neutering. **The number of preventive treatments performed in our Pet Hospitals rose by around 30% in 2024, contributing to our mission of providing practical preventive support to combat unnecessary illness, pain and suffering of pets in low-income households.**

In 2024, there was a high demand for our services and therefore it was necessary to make the decision to close to new registrations in some of our Pet Hospitals for short periods of time. This allowed us to manage the workload for our Pet Hospital teams to ensure that the currently registered clients could continue to get a comprehensive service from PDSA.

We spent time working with our Pet Hospital teams to understand the challenges they face and how we, as an organisation, could overcome those challenges to support our clinical staff and make services easier to access for people that need them. This work will continue into 2025.



Edmonton Green PDSA Pet Clinic

In March 2024, our new Edmonton Green Pet Clinic was officially opened by PDSA Director General, Jan McLoughlin.

Following the closure of RSPCA's public facing veterinary services, PDSA became **the** public facing veterinary charity in the UK, allowing us to help more people and pets in North London.

Developed through our strategic partnership with RSPCA, the new Pet Clinic acts as a supporting branch of our Hendon PDSA Pet Hospital and allows us to provide veterinary services to previously registered RSPCA clients who were left without access to free and low-cost veterinary care.
In addition, it was also possible to expand our coverage to an additional 11 postcodes allowing us to reach and support even more people with our charitable veterinary services in North London.



In 2024 ...
there were 2,403 individual clients and 3,805 individual pets registered at our Edmonton Green PDSA Pet Clinic.

Since opening, the clinic has delivered over:

3,300 consultations
400 vaccinations
180 microchips



Prada's story

Owner Viktorija brought five-year-old Prada into Edmonton Green PDSA Pet Clinic to have her teeth checked. The Pomeranian had signs of dental disease and Viktorija was worried she might be in discomfort. Following her visit to the Pet Clinic, she was booked in to have dental surgery at Hendon Pet Hospital and was given some painkillers to keep her comfortable until the operation.

Viktorija says that knowing PDSA is available to her is a huge relief:

"We went to a local vet before, and I would always somehow get the money together when Prada needed something – it's not fair if pets don't get the care they need. But it's always a struggle to make ends meet.

> "Knowing that PDSA is there to help with Prada's care has reduced my stress a lot! We're now raising money to donate at least half of the cost of the dental surgery she needed."

PAW Report 2024 – PDSA Animal Wellbeing

91% of pet owners agree that owning a pet **improves their life**

A special thanks to Mr and Mrs Ionescu

Mr Marian and Dr Christina Ionescu had been lifelong friends and supporters of PDSA, and during their lifetime had been extremely generous in donating over £1.3m toward the building of three of our Pet Hospitals:

- **Birmingham (Oldbury) PDSA Pet Hospital,**
  The Marian and Christina Ionescu Centre of Surgical Excellence.
- **Cardiff PDSA Pet Hospital,**
  The Marian and Christina Ionescu Centre; and
- **PDSA Nottingham Pet Wellbeing Centre,**
  The Marian and Christina Ionescu Hospital

Born in Romania, Mr Ionescu was one of the most respected cardiac surgeons of his generation. They came to the UK in the 1960s and with Dr Ionescu by his side, he pioneered the work in developing the pericardial valve prosthesis, for which millions of people owe their lives.

They became connected with PDSA in Leeds in the 1970s as they were deeply moved by our commitment to providing life-saving care for the pets of people in financial hardship. Their passion for education and broadening knowledge of science, together with their shared desire to help others, both humans and animals alike, led them to leave an incredible legacy to PDSA.

Sadly, Mrs Ionescu passed away in 2022 and Mr Ionescu passed away in 2023, and they left their entire estate to PDSA, totalling over £9m. Their wish was that the funds are to be used to help build three new Pet Hospitals, each of which will bear their names.

The Pet Hospitals are designed with teaching in mind, helping future generations of veterinary surgeons to develop their clinical skills, thereby ensuring that their passion for surgical excellence and their love of pets can live on through their generosity – a truly remarkable couple who will be forever remembered by PDSA.



Remote consultation room in Nottingham PDSA Pet Wellbeing Centre. It's the generous support of our donors which creates a better environment for our clients and their pets.



The Pet Hospitals are designed with teaching in mind, ensuring that Mr and Mrs Ionescu's passion for surgical excellence and their love of pets can live on through their generosity.

The Nottingham PDSA Pet Wellbeing Centre was one of the projects generously funded by Mr and Mrs Ionescu

Engagement and influence

Making PDSA better known, loved and understood





Left Lord Firebrand on official duties **Right** Yoyo and Scamp with their handler.

Throughout 2024, we continued to work hard to ensure PDSA's activities, veterinary expertise and need for support were promoted to the general public through our PR and social media activity, as well as to existing supporters. PDSA's pet care advice continued to drive engagement, from seasonal tips - such as winter safety and summer heat wave precautions - to festive and holiday guidance.

Our founder, Maria Dickin, not only wanted to help pets in need, but she also wanted to raise the status of animals in society and improve the standard of their care. With this in mind, she established the PDSA Animal Awards Programme in 1943.

In 2024, we celebrated the 10th Anniversary of the PDSA Order of Merit. Instituted in 2014, the PDSA Order of Merit recognises animals that have shown outstanding devotion to their owner or wider society above and beyond normal companionship, and that symbolise the special relationship between animals and humans.

In October 2024, we awarded three remarkable animals the PDSA Order of Merit in a very special ceremony at the Tower of London. Military Working Horse, **Lord Firebrand**, was awarded for his service during the Platinum Jubilee celebration and during the funeral of Her Royal Majesty Queen Elizabeth II in 2022. Tobacco detection dogs, **Yoyo and Scamp**, were awarded for their 10-year careers during which they uncovered over 40 million illegal cigarettes. The event was an incredible success; we welcomed Her Royal Highness the Duchess of Edinburgh as a very special guest, as well as Sky News Presenter Kay Burley who acted as our Master of Ceremonies.

This event was a stand out moment for both our PR and social media channels, with key highlights including an Instagram collaboration with The Royal Family, Yoyo and Scamp's appearance on **BBC Crimewatch** and a live segment in the **BBC Breakfast** studios. This culminated in 375 pieces of media coverage across major broadcast outlets - including BBC, ITV, Channel 5, and CNN - as well as key national print and online platforms, making it our strongest media result in recent years.

Supported by players of PEOPLE'S POSTCODE LOTTERY

Awarded funds from POSTCODE ANIMAL TRUST

People's Postcode Lottery

We're incredibly grateful for the generous support we have received from the players of People's Postcode Lottery since 2013. In 2024, we received a total of **£3 million**, and as of December 2024, the total funding we have received reached an incredible **£23,855,123**.

Throughout 2024, players of People's Postcode Lottery supported our Graduate Vet and Apprentice Vet Nurse training programmes. Our cohort of 24 new graduate vets have performed over 11,000 consultations and treated over 12,000 pets during this funding cycle, helping our mission of keeping people and pets together. Apprentice Veterinary Nurse training is also supported this year thanks to players.



Thank you!

We received £3 million thanks to the generosity of players of People's Postcode Lottery, via the Postcode Animal Trust in 2024 which has enabled us to:

Provide vital **antibiotics** to treat over **49,000 pets**

Treat over **6,900 pets** for **heart disease**

Treat over **1,700 pets** for **diabetes**

Provide over **94,000** pets with essential **pain relief** to **prevent suffering.**

Provide advice to **4 million** unique visitors to our **online Pet Health Hub.**

PAW PDSA ANIMAL WELLBEING REPORT 2024

78% of pet owners agree that the **cost of living** will have a negative effect on the welfare of pets in the UK

Our people and our culture

Volunteers

Volunteering is essential to PDSA being able to continue our life-saving work. **Without the support of the volunteers in our charity shops and Pet Hospitals we simply wouldn't be able to operate effectively.**

This year, we had a strong volunteer recruitment programme, particularly on our social media channels. By the end of 2024, we had over 2000 registered and active volunteers, despite a small number of retail store closures.

Recognising our volunteers' contributions is incredibly important to us and so our first volunteer Pawsome People Awards were presented to ten volunteers during National Volunteering Week.



Volunteering in the Kentish Town PDSA shop

Graduates

Since 2021, 72 graduates have taken part in the Veterinary Surgeon Graduate Programme. 51 of those graduates (71%) are still employed by PDSA, including those graduates currently on the graduate programme, veterinary surgeons and two graduates that have developed to become Veterinary Surgeon Team Leaders.

In 2024, 20 graduates joined our graduate veterinary surgeon programme. We aim to improve this number in 2025 and have 26 graduate positions currently advertised.

Creating an inclusive environment

At PDSA, we value and respect the diversity of the world around us and, as a values-led organisation, we're committed to creating an environment where diversity and inclusion are at the heart of all we do, both as an employer and in the service we provide.

Karen's story

Receptionist at Southampton PDSA Pet Hospital, The Joan Stainer Centre

Having grown up around pets, Karen has always loved animals, and she understands how important the bond is between people and pets. She works as a Receptionist at our Southampton PDSA Pet Hospital.

> "No day is ever the same – but the most important task is engaging with clients in person or over the phone to help them get the treatment they need for their pet. We're often the first person an owner meets when they come through our doors, and we understand it can be a worrying and distressing time when their pet needs to see the vet, so we're as supportive as possible.

"There is a lot to learn working as a Pet Hospital Receptionist at PDSA, and the job can be challenging at times, but with experience, the job can be very enjoyable as each day is different!"



Karen books in a client at Southampton PDSA Pet Hospital

88% of pet owners agree that owning a pet **improves their mental health**

PAW PDSA ANIMAL WELLBEING REPORT 2024



Katarzyna's story

Veterinary Care Assistant at Gateshead PDSA Pet Hospital

In 2015, at 28 years old, Katarzyna volunteered as a Kennel Assistant at PDSA Sunderland Pet Hospital, The Reay Hudson Centre. Today, she is a qualified Veterinary Care Assistant (VCA), employed full-time by PDSA and working at the same Pet Hospital she volunteered at eight years ago.

"In 2016, an Apprentice Veterinary Care Assistant (AVCA) role became available at Gateshead PDSA Pet Hospital. When I found out, I knew it was the perfect next step for me. I stayed there whilst I completed my apprenticeship. I was supported by the Veterinary Nurses and Veterinary Surgeons and learned plenty along the way.

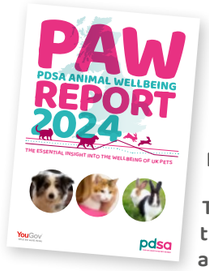


"I'm very passionate about being a Veterinary Care Assistant. What I love most is that I see straight away that what I do makes a difference. Pets, owners, and colleagues benefit almost immediately from my tasks – whether I'm trying to calm a stressed dog down before they go in for a procedure, stocking up the prep room, or staying with an owner while their beloved pet is being put to sleep.

> "It's been almost eight years since I started volunteering at PDSA, and I'm not sure I'd be where I am today if I hadn't done it. Volunteering was a great way to get hands-on experience and learn more about the veterinary world. It gave me the confidence to go on and pursue a career in veterinary."

Preventing problems

The 2024 PDSA Animal Wellbeing (PAW) Report



Our PAW Report is the UK's largest assessment of pet wellbeing. It provides companion animal welfare surveillance to identify trends and priorities and to promote and monitor change.

The PAW Report allows us to track trends and gain insight into animal welfare issues, estimate pet population numbers and understand how people care for their pets. Produced in collaboration with leading market research company, YouGov, the findings are used to stimulate collaborative working, inform Government research, policy and legislation, and inspire innovative approaches to tackling pet wellbeing issues in sector collaborations and veterinary clinical practice.

Our PAW Report statistics are often used within the press, positioning us as an expert and voice of authority in the pet welfare sector.



over
105,000
people surveyed in total since 2011



over
23,000
visitors to the 2024 Paw Report webpage

Pet Education Partnership

Pet Education Partnership

2024 marked a significant milestone for the Pet Education Partnership (PEP), a collaboration started in 2023 between eight of the UK's leading animal welfare charities - PDSA, RSPCA, Blue Cross, Cats Protection, Dogs Trust, SSPCA, USPCA and Woodgreen. United by their vision to make animal welfare education accessible to every child aged between 5 and 11 in the UK, PEP continued its mission with remarkable success.

The Pet Education Partnership's digital resources reached over 720,000 children during 2024 - **a testament to PEP's growing influence in making animal welfare education widely accessible to every primary school-aged child in the UK.**





Maria Dickin's work to educate younger generations about animal welfare continues today

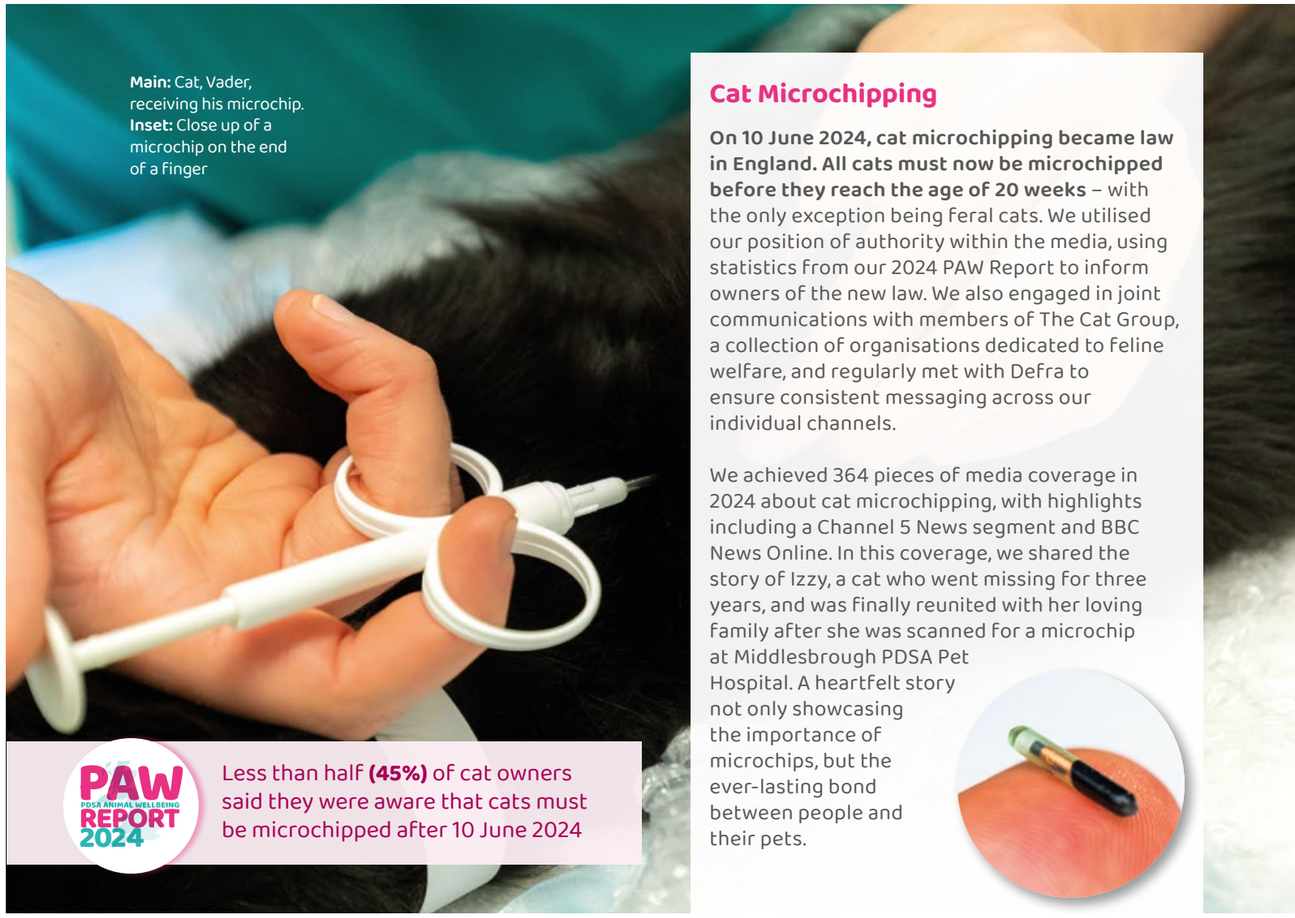
Helping owners of XL Bullies

In 2024, the new laws about XL Bullies were enacted under the Dangerous Dogs Act 1991. Since 31 December 2023, it has been illegal to breed, sell, advertise, exchange, gift, rehome, abandon or allow an XL Bully dog to stray in England and Wales. All XL Bullies must be neutered, as well as always muzzled and on a lead in public.

The aim of our clinical teams is to support owners who need to have their XL Bully neutered, whilst ensuring we continue to maintain our life-saving services. **In 2024, we neutered 1,812 XL Bully dogs to support owners in complying with the new legislation, helping to keep them and their pets together.**

In 2024, we worked as part of the Dog Control Coalition, taking a leadership role in shaping dialogue with Defra, the Department for Environment, Food and Rural Affairs, on critical animal welfare matters, including the XL Bully ban.





Main: Cat, Vader, receiving his microchip.
Inset: Close up of a microchip on the end of a finger

PAW PDSA ANIMAL WELLBEING REPORT 2024

Less than half **(45%)** of cat owners said they were aware that cats must be microchipped after 10 June 2024

Cat Microchipping

On 10 June 2024, cat microchipping became law in England. All cats must now be microchipped before they reach the age of 20 weeks – with the only exception being feral cats. We utilised our position of authority within the media, using statistics from our 2024 PAW Report to inform owners of the new law. We also engaged in joint communications with members of The Cat Group, a collection of organisations dedicated to feline welfare, and regularly met with Defra to ensure consistent messaging across our individual channels.

We achieved 364 pieces of media coverage in 2024 about cat microchipping, with highlights including a Channel 5 News segment and BBC News Online. In this coverage, we shared the story of Izzy, a cat who went missing for three years, and was finally reunited with her loving family after she was scanned for a microchip at Middlesbrough PDSA Pet Hospital. A heartfelt story not only showcasing the importance of microchips, but the ever-lasting bond between people and their pets.

Governance and risk

Administrative details

The People's Dispensary for Sick Animals (PDSA) | Founded in 1917 by Maria Dickin, CBE	
Incorporated by Acts of Parliament	(PDSA Act 1949, 12 & 13 Geo. 6, Ch. xv) (PDSA Act 1956, 4 & 5 Eliz. 2, Ch.1xvii) (as amended by the Scheme set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015) Registered charity nos. 208217 & SC037585
Head Office	Whitechapel Way, Priorslee, Telford, Shropshire TF2 9PQ Telephone: 01952 290999 Website: www.pdsa.org.uk
Patron	HRH Princess Alexandra, the Hon. Lady Ogilvy, KG, GCVO

Principal professional advisors	
Bankers	Lloyds Bank plc, 25 Gresham Street, London EC2V 7AE
Investment Advisers	Lane Clark & Peacock LLP, 95 Wigmore Street, London W1U 1DQ (from February 2024)
Investment Managers	Schroder Unit Trusts Limited, 1 London Wall Place, London EC2Y 5AU (until November 2024) Ninety One, 55 Gresham Street, London EC2V 7EL (until November 2024) Partners Group (UK) Limited, 33 Charterhouse Street, London EC1M 6HA Aegon Asset Management, 3 Lochside Crescent, Edinburgh EH12 9SA (from November 2024) Legal and General Investment Management, One Coleman Street, London EC2R 5AA (from November 2024) JP Morgan Asset Management, 60 Victoria Embankment, London EC4Y 0JP (from December 2024)
External Auditor	BDO LLP, Central Square, 29 Wellington Street, Leeds LS1 4DL
Actuaries	Iseran Bidco Ltd t/a Isio, One Colmore Square, Birmingham B4 6AJ
Solicitors	**For Charity matters:** Shakespeare Martineau, No 1 Colmore Square, Birmingham B4 6AA **Regular solicitors for Legacy and Probate matters:** Wilsons Solicitors LLP, Alexandra House, St. Johns Street, Salisbury SP1 2SB Withers Worldwide, 20 Old Bailey, London EC4M 7AN
Trustees	Details in Governance section overleaf.

Governance

Governing documents and registration

The charity is incorporated under The People's Dispensary for Sick Animals Acts 1949 and 1956 as amended by a Parliamentary Scheme and set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015. Its constitution comprises the detailed clauses of these two Acts of Parliament plus supplementary Byelaws, which have been subsequently revised by the governing body. The charity is registered with both the Charity Commission in England & Wales and the Office of the Scottish Charity Regulator.

Governing body – Council

The Trustees form the governing body of the charity, known collectively as the Council and are legally responsible for the overall management and control of PDSA. Council sets the strategic direction, shapes policies and approves major expenditure programmes but delegates certain decisions to Committees.

Trustees are experienced leaders from a range of professional backgrounds who provide valuable experience to guide the charity.

Council approves new Trustees whose appointment is then ratified at a General Meeting. All Trustee recruitment is subject to a rigorous and transparent process. Qualifications for Trusteeship include a commitment to the relief of poverty and to animal welfare, plus specialist expertise or knowledge considered to be of benefit to PDSA. It is the Council's policy for the governing body to consist of ten to twelve Trustees. However, Council may plan to increase this number to take account of planned retirements while maintaining an appropriate range of skills and expertise.

New Trustees are familiarised with the workings of PDSA, Council Policies & Procedures and Governance. We have a comprehensive Trustee induction programme which includes visits to Head Office, PDSA Pet Hospitals and our Retail shops, along with meetings with Directors and key members of staff.

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The total number of Trustees is currently 10, and they are listed below along with their Committee membership.

Chair John Miller *Chair from 1 January 2023*	**F G**
Deputy Chair Carole Pomfret	**F G**
Professor Gary England	**A**
Gordon Hockey	**G**
David Lister	**F**
David Morgan	**F G**
Ian Phoenix	**A**
Mary Reilly	**A G**
Alison Tattersall	**A**
Liz Hutchinson	**A**

F – Member of the Finance & Investment Committee
A – Member of the Audit & Risk Committee
G – Member of the Governance & Remuneration Committee

Committees

There are four Committees, and each has specific terms of reference.

The Finance & Investment Committee reviews the Fund Managers' performance, the budget and has oversight of all significant and on-going financial matters, including the Reserves Policy.

The Audit & Risk Committee considers risk and internal and external audit matters. It looks at health and safety management and all aspects of our clinical governance framework, thereby giving a holistic view as to the quality assurance of the veterinary service. It also receives regular updates on compliance in respect of our fundraising governance framework. This Committee also provides oversight of the Risk Management approach at PDSA.

The role of the **Governance & Remuneration Committee** includes oversight of the Remuneration Policy for the whole organisation, and in particular, in determining the total remuneration packages of senior executives which it recommends to Council. It also provides oversight of governance, for example monitoring changes in external codes of good practice and considering PDSA's response, advising on the approach to reviews of Board effectiveness, Trustee appointment and succession, and diversity and inclusion.

The Special Purposes Committee approves items relating to property transactions, lease agreements, certain legacy matters and approval of contracts and other specific items as defined in the Terms of Reference. Membership is made up of the Directors. The Chair of Council, the Deputy Chair, the Chair of the Finance & Investment Committee and the Chair of the Audit & Risk Committee receive the agenda and summary of items in advance and can request papers or elect to attend if they wish. Members of Council receive copies of minutes from all meetings of the Committee.

Oversight of the Charity's safeguarding policies, activities and incidents is maintained by Trustees. A quarterly safeguarding report is reviewed at each Council meeting.

Charity Governance Code

PDSA remains committed to good governance. During the year we have continued our focus on Governance activities, for example, providing additional guidance on Governance matters, and establishing information hubs to ensure all relevant colleagues are aware of Governance processes such as policy sign-off or other approval routes.

Some of the established arrangements in place to meet the Code requirements are:

- **Board recruitment, induction, Trustee appraisal and Trustee training. A skills audit is carried out every three years to identify potential gaps in the Trustee Board's collective skills, competencies, and experience. This is scheduled to be carried out in 2025.**
- **Our Trustees are committed to ensuring equity in the accessibility, delivery, and outcomes of our public benefit. All eligible pet owners, regardless of their backgrounds, should be aware of and feel able to access our services.**
- **Trustees have also committed to carrying out a biennial self-assessment of compliance with the Charity Governance Code. This will next be carried out in 2025.**
- **Trustees also complete a biennial self-assessment of Board Effectiveness. This was last carried out during 2024, and the results reported to Council.**

One area where PDSA has decided not to apply the guidance contained in the Charity Governance Code is in relation to the Trustee terms of office. The terms of office for Trustees are three terms of four years. After each term of four years, individual Trustees discuss with the Chair whether they should continue. Factors taken into account include: skills requirements, whether the Trustee wishes to and is able to continue to commit to time requirements and whether the Trustee and Chair believe they are still adding value to the Board.

In exceptional circumstances, at the request of the Chair and Deputy Chair, Trustees may be asked to stay on beyond the maximum term of 12 years, to provide continuity. PDSA considers that these terms of office are appropriate to provide a balance of experience, and to allow Trustees to gain the depth of understanding of the charity, which is needed, whilst still ensuring that Trustee tenure is limited. At present, only one of the Trustees has served more than the maximum 12 years of office. In order to provide continuity our Chair, John Miller, has agreed to serve an additional term of office which commenced on 1 January 2023.

Remuneration statement

Council has overall responsibility for determining the Remuneration Policy for the whole organisation and, in particular, the total remuneration packages of senior executives. It delegates this responsibility to the Governance & Remuneration Committee, which makes recommendations to Council.

PDSA is a large organisation with over 2,000 employees and the support of over 1,700 volunteers. Working together, it is the combined effort of all our people that delivers our mission of providing compassionate veterinary care in the communities we serve for pet owners who cannot afford the care their pets need.

The nature of our public benefit means that we are one of the UK's largest employers of veterinary professionals and, as a complex and diverse organisation, we compete in different job markets for a wide range of skills and experience. Our Pay Policy must therefore be sufficiently flexible to ensure we can attract and retain the right people with the right skills to be able to deliver our vital services whilst meeting our supporters' expectations that the money they entrust to us will be used wisely.

In determining overall pay levels for all our staff including senior executives, we take account of pay practice in other similarly sized charities and, where appropriate, private sector organisations. Benchmarking activity takes place on an annual basis. Annual pay reviews take into consideration affordability, economic trends and external market movements. It is the view of the Governance & Remuneration Committee supported by Council, that, given the size, complexity and substantial public benefit provided by PDSA on a national scale, the remuneration of its senior executives is fair and proportionate.

Whilst this year has seen the labour market challenges slow slightly, there remains a national shortage of veterinary surgeons and veterinary nurses, along with the continued focus on pay as the cost of living remains high. To support our colleagues, we remain committed to paying Real Living Wage and continue to benchmark our salaries externally.

Our Gender Pay Report is available on our website in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The overall difference between men's and women's earnings is 20.9% (mean) (2023:27%) or 26.3% (median) (2023:30%) based on hourly rates of pay at the snapshot date of 2024. This is a decrease of 6.1% in our mean gender pay gap and 3.7% in our median gender pay gap driven by an increase in females in the Upper Pay quartile. 77% of our upper quartile pay are female and this increases to 90% within our lower pay quartile.

Environmental statement

PDSA is committed to reducing our impact on the environment and we are dedicated to reducing our energy, water and fuel use as well as waste.

Over the course of the last year, despite the growth in our property portfolio, our overall energy consumption has fallen by c10%. This has been achieved through a combination of the use of technology together with hybrid or remote working to reduce business mileage, and investment in plant and equipment throughout our property estate.

2023 saw us embark on a four-year capital works programme to upgrade and refurbish a number of Pet Hospitals which has seen the replacement of older, inefficient plant and equipment resulting in a reduction of 10% and 5% in our electricity and gas usage respectively.

PDSA has committed to accelerating its capital works programme with further investment planned for the refurbishment of the remainder of its hospital estate in 2025. This will include further consideration being given to the use of low carbon technologies such as solar panels, energy efficient lighting on a site-by-site basis, in order to continue to explore further ways to reduce the organisation's carbon footprint.

Our methodology for calculating our greenhouse gas impact takes our total energy usage- including electric, gas and bottled gas as well as transport and converts this into our organisation-wide carbon footprint. This figure can then be divided by our total headcount for the same period giving us our intensity ratio.

Energy Use and GHG ($KgCO_2e$) emissions:

	2024					2023				
	Totals	kWh	%	tCO_2e	%	Totals	kWh	%	tCO_2e	%
Scope 1: **Natural Gas**	418,989 (m^3)	4,682,101	45.6%	857.01	40.5%	442,551 (m^3)	4,931,377	43.2%	902.09	38.2%
Scope 1: **Company Vehicles**	218,084 (miles)	117,861	1.1%	26.36	1.2%	343,429 (miles)	367,185	3.2%	83.57	3.5%
Scope 2: **Electricity**	5,227,173 (kWh)	5,227,173	50.9%	1,082.29	51.2%	5,838,256 (kWh)	5,838,256	51.1%	1,208.95	51.1%
Scope 3: **Grey Fleet**	120,011 (miles)	232,734	2.3%	52.46	2.5%	155,996 (miles)	281,314	2.5%	65.04	2.8%
Scope 3: **Transmission & Distribution**	-	-	-	95.66	4.5%	-	-	-	104.59	4.4%
Total		**10,259,869 kWh**		**2,113.8 tCO_2e**			11,418,133 kWh		2,364.2 tCO_2e	
	Gross emissions uses the total emissions, as above. Net emissions excludes scope 2 electricity as purchased on a renewable contract.					Gross emissions uses the total emissions, as above. Net emissions excludes scope 2 electricity as purchased on a renewable contract.				
Total tCO_2e Gross / Net	**2,113.8**		**1,074.3**			2,364.2		1,155.3		
	Gross/net carbon is divided by the business metric, 2,253 staff.					Gross/net carbon is divided by the business metric, 2,344 staff.				
Intensity ratio Gross / Net (tCO_2e/Staff)	**0.9382**		**0.4768**			1.0086		0.4929		

Group structure

PDSA undertakes charitable service delivery and fundraising. Trading activities are carried out through three wholly owned subsidiary companies: PDSA Trading Limited, PDSA PetAid Enterprises Limited and PDSA Property Services Limited.

Face-to-Face Fundraising

PDSA only works with companies and commercial participators of repute and whose activities do not have an adverse impact on the charity's objectives. These relationships are regularly reviewed. Policies and robust processes are in place to ensure those who fundraise on our behalf operate at the highest standards, ensuring that our fundraising is not intrusive or persistent, does not put an individual under undue pressure and protects the vulnerable.

We work with two fundraising agencies who engage the public on our behalf, explaining the impact and benefit of our services and asking for their support through regular donations. We place our fundraisers in private areas such as retail sites, ticketed events, and shows. PDSA does not conduct door-to-door or street fundraising. Our dedicated Public Fundraising Manager works alongside our partners to ensure the public enjoy a great experience when engaging with a PDSA fundraiser.

Continuous quality assurance monitoring includes a mystery shopping programme, video observations, call listening, and providing training. Any complaint or expression of dissatisfaction relating to our face-to-face fundraising is dealt with personally by our Public Fundraising Manager, whilst working closely with our partners.

During 2024, we received a total of 26 complaints, 12 of which were regarding face-to-face fundraising (2023: 51 total, 2 regarding face-to-face fundraising). Our quality and assurance programme ensures PDSA, and our agency partners, operate at the high standards required by the Fundraising Regulator and Chartered Institute of Fundraising (CIoF), whilst being monitored by the Audit & Risk Committee.

We believe that engaging conversations with a fundraiser, carried out in the right way and with appropriate supervision and controls in place, will continue to play an important part in building public understanding and support for PDSA.

Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the Group and charity for that period.

In preparing these financial statements, the Trustees are required to:

- **Select suitable accounting policies and then apply them consistently;**
- **Make judgements and accounting 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;**
- **Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.**

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the PDSA Acts 1949 and 1956 as amended by a Parliamentary Scheme and set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015.

The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition, the Trustees are responsible for ensuring that the financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Executive staff

Council delegates policy and strategy implementation to the Director General. The Director General manages PDSA through the Executive Leadership Team. The Director General and Directors together constitute the Special Purposes Committee.

Director General	Jan McLoughlin, MSc, CBiol, MSB, FIoD
Chief Operating Officer	Sander Kristel *from February 2025*
Director of Marketing, Comms & Fundraising	Rebecca Cogswell *from June 2024*
Director of Finance & Resources	David Hammond, MBA, FCCA, BA (Hons)
Director of People	Rebecca Tindall *until March 2025*
Director of Veterinary Services	Richard Hooker, BVMS (Hons), MRCVS *until June 2024*
Director of Digital, Data & Technology	Matthew Green *until October 2024*

During the year we appointed a new Director of Marketing, Comms & Fundraising, following the resignation of our previous Director of Income & Engagement. The departure of our Director of Veterinary Services during the year, gave us the opportunity to review our Executive structure, which has led us to appoint a Chief Operating Officer (COO).

This new role will be crucial to the future direction and leadership of the organisation as the COO will oversee all operations, including Pet Hospitals, Retail, and Property. Following the resignation of the Director of Digital, Data & Technology we have made the decision not to replace this role, with leadership for much of this area being provided by the Director of Finance & Resources. We have also taken the decision to replace the role of Director of People and have replaced this with a Deputy Director for People who will report into the Chief Operating Officer.



Risk management

PDSA has established management processes to mitigate risks that would prevent us from fulfilling our strategic goals. In particular, the Trustees seek to ensure that:

- **Risks are identified, assessed and controls established to mitigate them;**
- **The risk exposure profile is acceptable at all levels; and**
- **The risk management process is embedded in operational and management procedures.**

The Audit & Risk Committee, assisted by the Executive Leadership Team and Internal Audit department, considers risk in detail. Key risks are considered at each meeting of the Audit & Risk Committee.

Audit & Risk Committee ordinarily also conducts a Deep Dive into one or two of the risks. Trustees' Risk Appetite is considered and updated annually. The Committee regularly reviews the Risk Management processes in place.

Council considers its key risk factors to be those identified below:

Area of risk	How the risk might affect PDSA	Key mitigation plans and strategies
Financial sustainability of PDSA	In common with all charities, we continue to face increasing demands and therefore costs, for example as a result of the recent changes to Employers National Insurance Contributions. At the same time, we continue to face increased competition for donations as supporters also struggle with cost of living pressures and may be less able to give to charities.	We currently have a strong level of Reserves, and can continue to operate for the foreseeable future, however, if we are unable to return to a financial surplus position, our services may not be sustainable in their current form over the long term. To mitigate this risk, financial forecasts include, as far as possible, consideration of potential cost increases (e.g. as a result of increased energy costs). We also work closely with key suppliers to agree on long-term contract prices where possible, in order to provide greater certainty over future costs.
Potential impact of organisational change on performance	We are implementing changes to our organisation structure to create a more streamlined, focussed organisation, with the skills and capability to deliver services to our clients as efficiently and effectively as possible. As we go through this period of change there is a temporary risk that we will lose skills and knowledge, and that the impact of the change could have a short-term knock-on effect on our colleagues' ability to deliver our services and business as usual activity as efficiently as possible, whilst maintaining levels of compliance with policies, procedures and regulations.	As part of our implementation process, we are monitoring change risks and putting in place mitigation, such as ensuring there is adequate time for handovers where activities are moving to different parts of the organisation and pausing non-essential activity where possible to allow colleagues sufficient scope to deliver key activities. The majority of our colleagues work in front line areas, in our Pet Hospitals and shops and are not directly affected by the organisational changes underway. However, we are conscious that as the support services for these colleagues change, there is potential for some disruption, and we are therefore putting in place mitigation to minimise disruption as far as possible. In addition, we recognise the possible impact of the changes on colleagues' wellbeing, and we have put in place resources to support them, including setting up a dedicated intranet site and ongoing communication programme to ensure that all our people are kept informed about the process and are able to ask any questions they may have. We also have an external provider, who offers a counselling and advice service on a wide range of issues to our colleagues.
Potential dependence on narrow range of third parties for critical activities	The Society depends on third parties to provide drugs and consumables for use in our Pet Hospitals, to provide services to support our activities and to provide support for critical IT systems. In some of these areas, there is a narrow range of third-party providers, which can increase reliance on one or two partners. There is a risk of third parties no longer continuing to operate in a way that is suitable for our needs or of substantial increases in third party costs. In particular, we rely on a number of providers to support our delivery of veterinary services, for example with Out of Hours care, or cremation services. The ongoing review of the Veterinary sector by the Competition and Markets Authority (CMA) may result in changes in the marketplace which could impact on cost or availability of services in the short- to medium-term.	Where practical and appropriate we seek to diversify to reduce reliance on single third parties, and where this is not possible, we seek to put in place other mitigation. We regularly review the marketplace to ensure that we are obtaining best value.
Investment Portfolio	This can be subject to volatility from time to time which can impact the value of PDSA's Reserves.	During the year we have undertaken a review of our investments and our investment strategy and as a result, have implemented changes to better reflect the needs of PDSA. Our investment strategy is overseen by the Finance & Investment Committee. Details of our Investment Strategy are set out in the 'Investment' section in our Financial Review below.
Dependence on IT systems and potential cyber attack	In common with most organisations, our IT infrastructure is critical to our continued operations, and sustained non-availability of key systems, for example as a result of a cyber-attack, would impact our ability to continue to deliver services or to carry out fundraising activities.	We are continuing to improve our resilience and to implement enhanced security. This programme of work will continue for the life of the current Business Plan, to ensure that we have resilience built in for all key systems as far as possible, and that robust and tested continuity and recovery plans are in place for all new and critical systems.

Council is satisfied that controls and actions have been put in place to mitigate the major risks identified. However, it recognises that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Financial Review & Statements

Headlines

At the end of the year, PDSA's financial position continued to show resilience against a backdrop of inflationary pressures and volatility within the economy. The strong net income position for the year had been driven by an exceptional legacy gift of £9.1 million. We are planning for a tougher financial outlook as we move into a deficit position in 2025 which is discussed in our going concern assessment.

For 2024, we had budgeted £2.8m net expenditure for the year, assuming that whilst income would increase, our charitable activity spend would increase at a faster rate. We also had ambitious plans to expand the Retail estate by 20 new shops, which would raise PDSA's profile across the communities we serve and bring in additional income. In reality, these Retail growth plans proved unachievable in 2024, as difficult trading across the Retail sector forced us to re-evaluate our growth plans. Exceptionally strong growth in Legacy gifts, with smaller year-on-year growth in Charitable Services and Fundraising generated higher than expected net income of £8.2 million (2023: £0.3m net income).

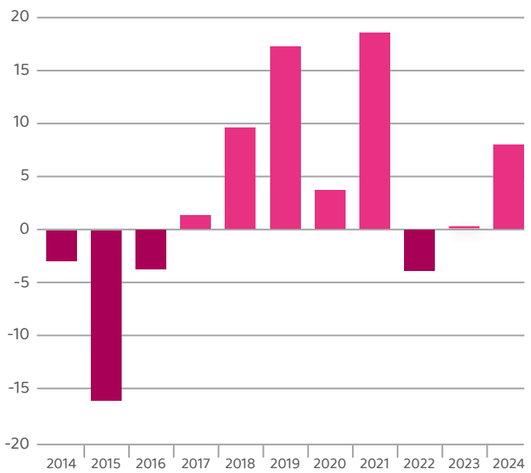
Total income increased to £128.9 million in 2024 (2023: £114.0m). Legacy income, our largest single source, grew to a record high of £67.6 million (2023: £56.4m), which was enhanced by an incredibly generous £9.1 million legacy from one of our major supporters, Mr Ionescu.

We spent £92.2 million on public benefit in the areas of prevention, education and treatment which was £5.0 million (6%) higher than the prior year (2023: £87.2m). As in 2023 we prioritised treatment of those most in need of vital care. During 2024, we delivered a wider scope of service, providing more preventive activity than in previous years.

PDSA's investments performed strongly through 2024. As at 31 December 2024, the investment portfolio (including freehold investment properties) achieved a gain of £1.7 million across the year. This represented a gain of 6.4% in 2024, after a gain of 2.1% across our listed and other investment managed portfolio in 2023. An overall positive return from our fund portfolio can be considered in the context of wider financial market performance, with returns of 5.7% and 4.9% in the year for the FTSE 100 and 250 indices respectively. During 2024 we engaged a new firm of investment managers, Lane, Clark & Peacock, who have been tasked with delivering increased returns in 2025.

Excluding investment performance, which is managed separately by our investment advisors and is therefore largely outside of our control, PDSA returned net income of £6.6 million in 2024 (£0.6m net expenditure in 2023).

Net income/expenditure 2014 - 2024 (£m)



The accounting for our defined benefit pension scheme always has a material effect on our results. This year there was an actuarial gain of £7.3 million (2023: actuarial loss of £4.1m) which led to a positive net movement in funds for the year of £15.5 million. Actuarial assumptions can vary from year-to-year and the main reasons for this year's gain was corporate bond yields which drive the discount rate assumption. Over seven years (2018-2024) there has been some volatility in actuarial gains and losses, but overall, there has been a gain for the period of £16.8 million.

Income and costs in more detail

We receive no ongoing HM Government or National Lottery funding for our veterinary services and therefore we rely on generating our income from our supporters by voluntary donations and trading activities. In the table below, we present the financial results in a different way, which we believe gives more clarity on the sources of net income.

The income we receive from donations and legacies forms the largest portion of our overall income. We ensure that we invest carefully on marketing and management in this area to attract supporters and protect future revenue and cost-effectively generate awareness and income both in the short and longer-term. The table above shows that the cost of raising donations and legacy income overall from our supporters decreased from 12p per pound (£) in 2023 to 10p per pound in 2024.

Legacies continue to be our most important source of income, generating £67.6 million (2023: £56.4m). Legacies provided 68% of our net income available for charitable activities (2023: 63%), although a large proportion of this increase over 2023 was due to the exceptional £9.1 million legacy received from Mr Ionescu in 2024. Our longer-term strategy aims to invest in growing our legacy donations, while also seeking to broaden income from other sources. We plan to do this by growing our supporter base, through promotion and using innovative approaches to generate donations.

We offer services to our clients in addition to free treatment, and this charitable trading is an important income stream and one we aim to grow. This year, our concessionary (low-cost) service sales were £9.8 million compared to £9.1million in 2023, 8% higher. As described above, we have been slowly building back our preventive services over the year, resulting in income being £6.5 million, 24% higher than 2023.

Other trading net income includes gaming products, sales from our Retail division (donated and new goods) and miscellaneous sales, commissions and licensing income. PDSA Trading Limited provides almost all trading income, excluding donated goods, which are sold by the charity; this subsidiary's full results can be seen in the notes to the financial statements.

Our Retail activities provide the largest proportion of trading income. We remain one of the largest retailers in a very competitive charity retail sector, and in line with our corporate strategy, 2024 saw us expand our Retail estate through the opening of 14 new shops. Shop openings in the year fell short of our original intention, as we re-evaluated our Retail expansion plans given the challenges on the High Street. We continually assess the viability of our Retail estate, and given the challenging retail market in 2024, 6 shops were earmarked for closure this year (3 in 2024, and a further 3 in early 2025). Online sales through our E-Commerce and E-bay routes continued through 2024.

Income and costs comparisons 2023 - 2024 (£m)

	2024		2023	
	£ MILLION	COST/£	£ MILLION	COST/£
Donations and legacy net income	81.3	0.10	69.8	0.12
Other trading net income	0.2	0.99	1.2	0.94
Asset-related net income*	1.0	0.08	1.3	0.02
Charitable trading gross income	16.3		14.3	
Net income available for charitable services	**98.8**	**0.26**	86.6	0.27

** Asset-related net income is investment income and gains on disposals of fixed assets.*



Retail trade was lower than we had hoped in 2024, as our new shop openings failed to generate the additional income to offset the costs of opening those sites. Donated goods sales increased by 10% year-on-year, but new goods sales stalled in 2024, despite the net 11% shop growth.

Our pet insurance products have continued to grow as we build our client base with our new insurance partner, Pinnacle Pet UK. As expected, 2024 was a second year of investment, as we seek to build a sustainable, robust client base for the future. Pet insurance products delivered net expenditure of £0.3m in 2024, but we expect this position to improve over the coming year as our client base grows, and the product returns to profitability.

The Players of People's Postcode Lottery again provided generous support in 2024. A £3 million donation (2023: £3.1m) was used to support the delivery of our veterinary services. Our strong partnership with the Players of People's Postcode Lottery continues in 2025, and we are hugely grateful for their ongoing support.

We organise our public benefit expenditure into three areas. The largest is for treatment at Pet Hospitals and contracted services that increased to £87.0 million (2023: £82.5m). This activity includes substantial fixed costs. Our preventive service expenditure increased this year to £3.9 million (2023: £3.3m) as we continued to expand our service. The amount we spend on education and responsible pet ownership can vary based on the specific activities we undertake and was £1.3 million (2023: £1.3m).

Investments

At the end of 2024 our investments totalled £45.4 million (2023: £59.0m). We drew down £16 million against our investments during the year to fund our planned capital expenditure programme and to reduce reliance upon the overdraft facility.

Our investments achieved a gain of £1.7 million over the year. We primarily hold an investment portfolio of externally managed investment funds, along with some investment properties managed by the charity.

The day-to-day management of the investment portfolio is delegated to professional fund managers. We introduced a new investment approach in 2024, following the appointment of new investment fund advisors, Lane Clark & Peacock, which involved the transfer of £26.2 million into new funds, in line with the revised policy. We have an Ethical Investment Policy that precludes investing directly in those organisations involved in testing on animals for cosmetic and other non-medical purposes.

Performance is measured on a total return basis and the Finance & Investment Committee regularly reviews the fund managers' performance. The Society's investment strategy aims for a total return ahead of inflation to grow the assets in real terms. This objective has been met in 2024. The portfolio is well diversified to provide the possibility of growth with an acceptable level of risk.

At the end of 2024 we have spread our investment holdings across five investment managers and invest in funds rather than direct investments. Funds provide greater stability than direct market investments and we have balanced the allocations to ensure that sufficient liquidity remains to meet short-term operational cash needs as well as supporting the Business Plan to maintain and expand the delivery of our charitable services, whilst maintaining the desired returns.

Given the ongoing conflict in Ukraine, the Society and its investment advisors have been ensuring that the level of exposure to Russian investments in each of the five funds (Aegon European ABS; Aegon Short Dated Credit; Legal and General Equity Portfolio; JP Morgan Infrastructure; Partners Group Partners Fund) is nil or negligible.

Investment properties are revalued each year. The value at 31 December 2024 was £6.1 million (2023: £6.7m).

Reserves

The Executive and Council considers reserves regularly as part of its business planning process. It seeks to ensure that sufficient reserves are available to fund planned activity and public benefit levels agreed in the Business Plan, to be responsive to unforeseen and unplanned activity and to protect PDSA from unexpected events, such as fluctuations in income and costs not anticipated in the Business Plan.

The policy reflects the Charity Commission's guidance on Reserves Policies in its publication CC19. PDSA's Reserves Policy will be reviewed during 2025.

Our Reserves Policy is supported by scenario and contingency planning to determine the potential impact on the level of reserves of defined risk factors. Our contingency strategic planning determines the level of reserves that we consider necessary to protect us from any prolonged financial risks and considers any measures that may need to be addressed should reserves fall below agreed levels.

Council has determined that the level of forecast free reserves needed should fall within the range £45 million to £60 million. The policy should allow continuity for a minimum period of 18 months and for a maximum of three years. During this period the charity would aim to stabilise itself and become sustainable for the future.

Free reserves

£ millions	2024	2023
Total charity funds	118.8	103.3
Pension reserve	14.7	24.3
Endowment funds	(0.9)	(0.9)
Restricted funds	(10.4)	(1.6)
Unrestricted funds	**122.2**	**125.1**
Pension funding commitments	(26.1)	(29.5)
Carrying value of functional assets	(33.7)	(29.2)
Free reserves	**62.4**	**66.4**
Legacy contingent asset	13.1	12.8
Forecast free reserves	**75.5**	**79.2**

At 31 December 2024 the charity had forecast free reserves of £75.5 million (2023: £79.2m), as calculated in the table above which shows that reserves had decreased by £3.7 million. We continued to invest heavily (£5.7m) in our Pet Hospitals in 2024, providing structural improvements in the facilities that we offer, alongside the investment in our shop estate during the first half of the year.

In combination, these factors meant that forecast free reserves had reduced but still remain beyond the reserves range set by Council.

In considering the reserves level, Council recognises that our final projections for 2025 and 2026 (detailed below in Going Concern) mean that reserves will reduce as the charity seeks to maintain our public benefit whilst absorbing inflationary pressures across the cost base. In addition, the significant capital investment which has been approved across our properties, data infrastructure and modernisation initiatives will continue, helping establish a solid base for the future. Furthermore, some of the income raised in each year is ringfenced for future spending, though it is not formally restricted, for example the net surpluses from the Players of People's Postcode Lottery which we agree to spend on specific projects in the subsequent year. We expect that forecast free reserves will fall to be closer to the range set by Trustees by the end of 2026.

The pension funding commitment represents the cash value of payments scheduled to August 2032 for the defined benefit pension scheme; the legacy contingent asset represents 80% of the value of the legacy pipeline.

The total funds of the Group at the end of 2024 were £118.8 million (2023: £103.3m). Of these funds, £11.3 million were restricted income funds or endowments (2023: £2.5m).

Our investment funds have sufficient liquidity to provide the flexibility to manage any potential downturn in income: access to three of the funds is in a matter of days and for the other within two to three months.

During the year, the charity renewed its £10 million unsecured overdraft facility with Lloyds Bank plc. We have proactively utilised this facility over the year, as a more cost-effective alternative to drawing down against our investments. We intend to maintain at least £40 million within our investment portfolio through 2025 and will seek to rebalance our cash holdings and manage overdraft usage to achieve this target in the most cost-effective manner. The overdraft facility was renewed in June 2024, and we expect the arrangement to continue through 2025.

At the date of signing, our most recent calculation of forecast free reserves stood at £73.4 million. We have considered future activities and outlook and have created financial projections accordingly. Our current view is that our forecast free reserves would stand at £75.5 million by December 2026, which is above the upper end of the Reserves Policy range set by Trustees.

Going concern

The Executive and Council regularly reviews financial performance, forecasts and projections, taking account of the potential impact on future public benefit and this is an important element of Group financial management.

The Group had investments with a value of £39.1 million at 28 February 2025 that are sufficiently liquid to be realised quickly (three funds have daily access, the fourth within two to three months). This gives the Group significant headroom in the cash flow forecasts. As a precaution the Group will renew its overdraft facility from 1 July 2025.

Trustees have reviewed projections of cash flow and profitability for the period to December 2026 considering a range of scenarios and sensitivities to income and costs, over the short to medium term as we manage business performance.

After considering the projections of cash flow and profitability and the ability to liquidate the investment portfolio to support cash balances, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, which is a period of at least 12 months from the signing of the accounts and audit report. They therefore consider that it is appropriate for the financial statements to be prepared on the going concern basis.

Pension Plans

PDSA has a defined benefit pension scheme, The People's Dispensary for Sick Animals Retirement Benefits Plan (RBP) (1978) and a Group Personal Pension (GPP) Plan.

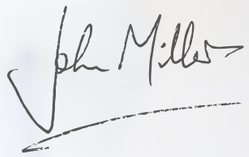
The defined benefit pension scheme has been closed to new employees since 2006 and since April 2019 has been closed to future accrual. The GPP Plan was opened in January 2008 for new and existing employees. The charity is committed to ensuring it will continue to offer suitable pension benefits for employees.

The RBP scheme had a deficit, as calculated under the provisions of FRS 102, of £14.8 million at 31 December 2024 (2023: £24.3m). A triennial actuarial valuation was carried out as at 31 December 2023 and this showed a deficit of £25.5 million. Deficit funding contributions were agreed between PDSA and the RBP Trustee in November 2024, remaining unchanged from the previous valuation.

These liabilities have been revised to reflect some key assumption changes. The change is mainly as a result of a large gain in corporate bond yields over the period which drive the discount rate assumption. The next triennial valuation of the Scheme is due at 31 December 2026. This will be undertaken through 2027.

The Plan held a number of investments at 31 December 2024 at fair value.

Approved by Council and signed on its behalf by:



John Miller, Chair
4 June 2025

Independent Auditor's Report to Trustees

of People's Dispensary for Sick Animals

Opinion on the financial statements

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 December 2024 and of the Group's/ its incoming resources and application of resources for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended and the Peoples Dispensary for Sick Animals Act 1949 and 1956.

We have audited the financial statements of People's Dispensary for Sick Animals ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 December 2024 which comprise the consolidated and parent charity statement of financial activities, the consolidated and parent charity balance sheet, the consolidated 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Charity in accordance with the ethical requirements 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.

Conclusions related 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 Group and the Parent Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion;

- The information given in the Trustees' Report for the financial year for which the financial statements are prepared is inconsistent in any material respect with the financial statements; or
- Adequate accounting records have not been kept by the Parent Charity; or
- The Parent Charity financial statements are not in agreement with the accounting records and returns; 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, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report I accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group/Charity and the sector in which it operates;
- Discussion with management and those charged with governance including the Audit and Risk Committee;
- Obtaining and understanding of the Group's/ Charity's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) regulations 2006, as amended, Peoples Dispensary for Sick Animals Act 1949 and 1956, UK GAAP, Fundraising legislation and UK tax legislation.

The Group/Charity is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be employment law, health and safety legislation and data protection.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of the Fraud log and Serious Incident log submitted to the Audit and Risk Committee.

Fraud
We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, Audit and Risk Committee and internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's/ Charity's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing the Fraud log and Serious Incident log submitted to the Audit and Risk Committee.

Based on our risk assessment, we considered the areas most susceptible to fraud to be posting of inappropriate journal entries to manipulate financial results, management bias in accounting estimates, and income recognition with regards to completeness and accuracy of income, recognition of income in the correct period.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, including the defined benefit pension scheme valuation (FRS 102 Section 28), accrued legacy income and provisions;
- Testing samples of revenue to supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005 and Peoples Dispensary for Sick Animals Act 1949 and 1956. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Sarah Anderson

Sarah Anderson
BDO LLP, statutory auditor
Leeds, UK
6 June 2025

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



Consolidated Statement of Financial Activities
(incorporating an income and expenditure account)

For the years ended 31 December	Note	Unrestricted funds	Restricted funds and endowments	Group £'000 Total 2024	Unrestricted funds	Restricted funds and endowments	Group £'000 Total 2023
Income and endowments from							
Donations and legacies	2	75,338	15,401	**90,739**	73,117	6,445	79,562
Grant income	2	35	-	**35**	4	-	4
Other trading activities	2	20,752	-	**20,752**	18,748	-	18,748
Charitable trading activities	2	16,302	-	**16,302**	14,350	-	14,350
Investments	2	1,053	-	**1,053**	1,311	-	1,311
Gain on disposal of fixed assets		6	-	**6**	-	-	-
Total income		113,486	15,401	**128,887**	107,530	6,445	113,975
Expenditure on raising funds							
Donations and legacies	3	9,428	-	**9,428**	9,808	-	9,808
Other trading activities	3	20,583	41	**20,624**	17,529	4	17,533
Investments	3	81	-	**81**	24	-	24
Other expenditure: loss on disposal of fixed assets		-	-	**-**	9	-	9
Total expenditure on raising funds		30,092	41	**30,133**	27,370	4	27,374
Net income available for charitable activities		83,394	15,360	**98,754**	80,160	6,441	86,601
Charitable activities							
Treatment at Pet Hospitals and by contracted services	3	80,966	6,013	**86,979**	75,856	6,677	82,533
Education: responsible pet ownership	3	1,299	-	**1,299**	1,296	-	1,296
Preventive services	3	3,925	-	**3,925**	3,347	-	3,347
Total expenditure on charitable activities		86,190	6,013	**92,203**	80,499	6,677	87,176
Total expenditure		116,282	6,054	**122,336**	107,869	6,681	114,550
Net gains on investments	7	1,682	-	**1,682**	900	-	900
Net income/(expenditure)		(1,114)	9,347	**8,233**	561	(236)	325
Transfers between funds	12	540	(540)	**-**	397	(397)	-
Actuarial gain/(loss) on defined benefit pension scheme	17	7,300	-	**7,300**	(4,100)	-	(4,100)
Net movement in funds		6,726	8,807	**15,533**	(3,142)	(633)	(3,775)
Reconciliation of funds							
Total funds brought forward		100,788	2,487	**103,275**	103,930	3,120	107,050
Total funds carried forward	12	107,514	11,294	**118,808**	100,788	2,487	103,275

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

Charity Statement of Financial Activities
(incorporating an income and expenditure account)

For the years ended 31 December	Note	Unrestricted funds	Restricted funds and endowments	Charity £'000 Total 2024	Unrestricted funds	Restricted funds and endowments	Charity £'000 Total 2023
Income and endowments from							
Donations and legacies	2	77,429	15,401	**92,830**	74,700	6,445	81,145
Grant income	2	35	-	**35**	4	-	4
Other trading activities	2	18,430	-	**18,430**	16,387	-	16,387
Charitable trading activities	2	16,302	-	**16,302**	14,350	-	14,350
Investments	2	1,000	-	**1,000**	1,257	-	1,257
Gain on disposal of fixed assets		6	-	**6**	-	-	-
Total income		113,202	15,401	**128,603**	106,698	6,445	113,143
Expenditure on raising funds							
Donations and legacies	3	9,426	-	**9,426**	9,807	-	9,807
Other trading activities	3	20,321	41	**20,362**	16,709	4	16,713
Investments	3	81	-	**81**	24	-	24
Other expenditure: loss on disposal of fixed assets		-	-	**-**	9	-	9
Total expenditure on raising funds		29,828	41	**29,869**	26,549	4	26,553
Net income available for charitable activities		83,374	15,360	**98,734**	80,149	6,441	86,590
Charitable activities							
Treatment at Pet Hospitals and by contracted services	3	80,946	6,013	**86,959**	75,845	6,677	82,522
Education: responsible pet ownership	3	1,299	-	**1,299**	1,296	-	1,296
Preventive services	3	3,925	-	**3,925**	3,347	-	3,347
Total expenditure on charitable activities		86,170	6,013	**92,183**	80,488	6,677	87,165
Total expenditure		115,998	6,054	**122,052**	107,037	6,681	113,718
Net gains on investments	7	1,682	-	**1,682**	900	-	900
Net income/(expenditure)		(1,114)	9,347	**8,233**	561	(236)	325
Transfers between funds	12	540	(540)	**-**	397	(397)	-
Actuarial gain/(loss) on defined benefit pension scheme	17	7,300	-	**7,300**	(4,100)	-	(4,100)
Net movement in funds		6,726	8,807	**15,533**	(3,142)	(633)	(3,775)
Reconciliation of funds							
Total funds brought forward		102,348	2,487	**104,835**	105,490	3,120	108,610
Total funds carried forward		109,074	11,294	**120,368**	102,348	2,487	104,835

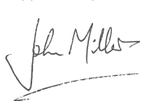
All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

Balance Sheets

£'000

At 31 December		Group		Charity	
		2024	2023	2024	2023
Fixed assets	Note				
Tangible assets	6	**33,675**	29,161	**35,226**	30,712
Investments	7	**45,374**	59,034	**45,374**	59,034
Total fixed assets		**79,049**	88,195	**80,600**	89,746
Current assets					
Stocks - finished goods and goods for resale		**3,292**	3,037	**2,492**	2,381
Debtors	8	**55,390**	48,497	**57,334**	51,282
Cash at bank and in hand		**5,307**	2,251	**4,029**	9
Total current assets		**63,989**	53,785	**63,855**	53,672
Creditors – amounts falling due within one year	9	**(7,500)**	(12,677)	**(7,357)**	(12,555)
Net current assets		**56,489**	41,108	**56,498**	41,117
Total assets less current liabilities		**135,538**	129,303	**137,098**	130,863
Creditors – amounts falling due after more than one year	10	**(135)**	(41)	**(135)**	(41)
Provisions for liabilities	11	**(1,901)**	(1,691)	**(1,901)**	(1,691)
Net assets excluding pension liability		**133,502**	127,571	**135,062**	129,131
Defined benefit pension scheme liability	18	**(14,694)**	(24,296)	**(14,694)**	(24,296)
Total net assets		**118,808**	103,275	**120,368**	104,835
The funds of the charity					
Restricted endowment funds	12	**933**	933	**933**	933
Restricted income funds	12	**10,361**	1,554	**10,361**	1,554
Unrestricted funds	12	**122,208**	125,084	**123,768**	126,644
Pension reserve	12	**(14,694)**	(24,296)	**(14,694)**	(24,296)
Total unrestricted funds		**107,514**	100,788	**109,074**	102,348
Total charity funds		**118,808**	103,275	**120,368**	104,835

Approved by Council and signed on its behalf by



John Miller
Chair
4 June 2025

Consolidated Statement of Cash Flows

£'000

For the year ended 31 December		Group	
	Note	2024	2023
Net cash (used in) operating activities	a	**(1,324)**	(7,106)
Cash flows from investing activities			
Dividends, interest and rents from investments		**1,053**	1,311
Purchase of property, plant and equipment		**(7,574)**	(8,959)
Proceeds from the sale of property, plant and equipment		**6**	3
Purchase of investments		**(26,853)**	(822)
Proceeds from the sale of investments		**42,195**	15,500
Net cash provided by investing activities		**8,827**	7,033
Change in cash and cash equivalents in the reporting period		**7,503**	(73)
Cash and cash equivalents at the beginning of the reporting period	b	**(2,196)**	(2,123)
Cash and cash equivalents at the end of the reporting period	b	**5,307**	(2,196)

Note a. Reconciliation of net income to net cash (used in) operating activities

Net income for the reporting period	**8,233**	325
Adjustments for:		
Investment income	**(1,053)**	(1,311)
Net (gain)/loss on disposal of tangible fixed assets	**(6)**	9
Depreciation	**3,060**	2,013
Movements on investments	**(1,682)**	(900)
Increase in pension provision excluding actuarial gains or losses	**1,100**	1,100
Pension deficit contributions	**(3,402)**	(3,402)
(Increase) in stocks	**(255)**	(357)
(Increase) in debtors	**(6,893)**	(5,882)
(Decrease)/Increase in creditors	**(636)**	1,767
Increase/(Decrease) in provisions	**210**	(468)
Net cash (used in) operating activities	**(1,324)**	(7,106)

Note b. Analysis of cash and cash equivalents

Cash at bank and in hand	**5,307**	2,251
Overdraft	**-**	(4,447)
Total	**5,307**	(2,196)

Note c. Analysis of changes in net debt

Cash and cash equivalents	At 1 Jan 2024	Cash flows	Other non-cash charges	At 31 Dec 2024
Cash at bank and in hand	2,251	3,056	-	**5,307**
Overdraft	(4,447)	4,447	-	**-**
Borrowings	-	-	-	**-**
Total	(2,196)	7,503	-	**5,307**

Notes to the financial statements for the year ended 31 December 2024

1. Accounting policies

a) Accounting basis

The financial statements have been prepared under the historical cost convention, with the exception of investments that are included at market value.

The financial statements have been prepared in accordance with the Charities Act 2011, the Charities and Trustees Investment (Scotland) Act 2005, the Charities SORP (FRS 102) - 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.

Going concern

Trustees have reviewed projections of cash flow and profitability for the period to 31 December 2026 considering sensitivities to income and costs and how much they wish to spend in discretionary areas.

We expect that the Group will produce a total net expenditure position of £1.1 million in 2025 and net income of £1.0 million in 2026. Based on this forecast we anticipate holding cash and liquid investments of £38.9 million at 31 December 2026.

The Group had investments with a value of £39.1 million at 28 February 2025 that are sufficiently liquid to be realised quickly (three funds have daily access, the fourth within two to three months). This gives the Group significant headroom in the cash flow forecasts. As a precaution the Group will also renew its overdraft facility from 1 July 2025.

After considering the projections of cash flow and profitability and the ability to liquidate the investment portfolio to support cash balances the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, which is a period of at least 12 months from the signing of the accounts and audit report. For this reason, it continues to adopt the going concern basis in the financial statements.

b) Fund accounting

General funds are unrestricted funds that are available for use at the discretion of Council in furtherance of the general objectives of the charity, which have not been designated for other purposes.

Restricted funds are funds that are used in accordance with specific restrictions imposed by donors.

The aim and use of each restricted fund is set out in Note 12 to the financial statements. Income received less than £15,000, unless part of a larger project, is reported in aggregate.

Investment income and gains are allocated to the appropriate fund.

c) Income

Income is recognised in the SOFA when the charity has evidence of entitlement, receipt is probable and its amount can be measured reliably.

Legacies

Both pecuniary and residuary legacies are recognised at the earlier of probate being granted or the charity being advised, in writing, by the personal representative of an estate that payment will be made or assets transferred and when, in the opinion of management, the amount can be quantified with reasonable accuracy and will probably be received.

This estimate includes a reduction to reflect the proportion of the prior year opening debtors not received in subsequent years and so allows for the potential variation in settlement values and the risk of a Will being contested.

Where part or all of a legacy has a claim against it, the disputed amount is not recognised as income, but is included as a contingent asset.

Reversionary interests involving a life tenant are not recognised.

Other income

Income from charitable trading, sales of new goods and other sales income are recognised when the goods or services are sold. The value recognised excludes VAT.

Donated goods are included in income when received and are measured at sales value, which is considered fair value.

Donation income is credited when received, except where fundraising campaigns are based around a specific event date, in which case the accruals basis is used.

Grants and donations in respect of capital expenditure are credited to restricted income at the point of recognition and are released to unrestricted funds on the later date of completion of the fixed asset, or the obligation being met.

Income from Government grants is recognised when a claim has been made and entitlement is confirmed.

Gross proceeds from the People's Postcode Lottery are recorded as income in the SOFA.

Investment income is accounted for when receivable.

d) Recognition of expenditure

All expenditure is accounted for on an accruals basis and has been listed under the headings that aggregate all costs related to the category.

Costs of generating funds relate to those costs incurred to encourage donations and legacies and raise public awareness of the charity; those costs that enable us to trade goods and services; and those that relate to generating investment income.

Costs of charitable activities relate to those costs incurred in meeting the objectives of the charity and providing its public benefit.

Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of the resources. Overheads in support areas have been allocated to activities as outlined in Note 3 to the financial statements.

Costs for future property dilapidations, in our estimate and judgement, are estimated based on the number of properties rented subject to dilapidation clauses, each having an expected future cost based on the average expected spends per property incurred in earlier years and the results of condition survey samples. Where the particular condition of an individual property means the use of an average spend would not be appropriate, the provision is estimated with reference to property survey information.

Donations and gifts costs are those incurred in seeking voluntary contributions for the charity. Governance costs are those incurred by Trustees, internal audit and fees charged by external auditors. Irrecoverable VAT is charged as a cost to the individual activity.

e) Tangible fixed assets and depreciation

Tangible fixed assets are capitalised and accounted for at cost, inclusive of any incidental expenses of acquisition.

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

Assets under course of construction	nil
Freehold land	nil
Freehold buildings	25-50 years
Long leasehold buildings	25 years
Short leasehold buildings	Remainder of lease
Pet Hospital buildings, freehold and leasehold	25 years
Furniture, fittings and equipment	3-8 years
Motor vehicles	5 years

The charity has a policy to conduct impairment reviews in accordance with the requirements of FRS 102.

f) Investment properties

In accordance with FRS 102 these properties are held for capital appreciation, initially recorded at cost and then subsequently at fair value. Revaluations are undertaken periodically by professionally qualified surveyors on the basis of open market value, which represents fair value. In our estimate and judgement these are revised in subsequent years by reference to published indices or comparative evidence and assessment of the circumstances of each property by PDSA's professional qualified surveyors.

g) Investments

Listed and other investments are initially shown at cost and then subsequently at fair value to reflect the market valuation as at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year. Investments in subsidiaries are initially shown at cost and subsequently net of any impairment.

h) Stocks

Stocks are stated at the lower of cost and net realisable value. Donated goods are included at fair value on receipt, and the stock of donated goods represents the amount of goods donated by the general public which we hold at our shops at year-end. In our estimate and judgement, the value is calculated by applying an average sales value, adjusted for Gift Aided sales, to the volume of goods we have unsold at year-end.

i) Financial instruments

The PDSA Group only holds basic financial instruments. Investments are initially shown at cost and then measured at fair value and shown in Note 7 to the accounts. Financial instruments held within current assets and current liabilities are measured at the cash expected to be paid or received which is considered to be amortised cost and is shown in Notes 8 and 9.

The Group balances included in the accounts are as follows:

	2024 £'000	2023 £'000
Fixed Asset Investments	45,374	59,034
Debtors	55,390	48,497
Creditors: amounts falling due within one year	7,500	12,677

j) Taxation

As a registered charity PDSA is exempt from taxation of income and gains falling within Chapter Three of Part II to the Corporation Tax Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charge has arisen in the year. No tax charge has arisen in any of its subsidiaries since they gift all taxable profits to PDSA.

k) Pension costs

For the defined benefit pension scheme, the amounts charged in resources expended are the current service costs and gains and losses on settlements and curtailments; these are included as part of staff costs. Past service costs are recognised immediately if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately and are shown separately in the SOFA. Defined benefit pension schemes are funded with the assets of the scheme held separately from those of the Group, in Trustee-administered funds.

These assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The valuation is obtained triennially but is updated each year and the resulting asset or liability is shown on the balance sheet.

l) Operating leases

Rentals paid under operating leases are charged to the SOFA on a straight-line basis over the lease-term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are credited to the SOFA over the period of the lease. Rentals receivable under operating leases are credited to the SOFA in the periods in which they become receivable. When a rental holiday has been granted, or rentals temporarily reduced, the reduction is accounted to that period of the reduction and is not spread over the lease-term.

m) Basis of consolidation

PDSA Group's financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated on a line-by-line basis for the periods from or to the date on which control passed.

PDSA Trading Limited, PDSA PetAid Enterprises Limited and PDSA Property Services Limited are consolidated within these accounts as PDSA holds 100% of the issued share capital of each company.

n) Provisions

Provisions for future liabilities are recognised when PDSA has a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that payment will be made. Estimation techniques involve assumptions, which are based on experience.

o) Accounting estimates and judgements

In preparing the financial statements, the Trustees are required to make estimates and judgements. The matters below are considered to be the most important in understanding the judgements that are involved in preparing the financial statements and the uncertainties that could impact the amounts reported.

Cost allocation

Support costs not attributable to a single activity are allocated or apportioned on a basis consistent with identified cost drivers for that cost category and can be seen in more detail in note 3.

Legacy income accrual and contingent asset

Legacy income is recognised in accordance with the income recognition policy detailed in (c) above. In calculating the level of legacy accrual, management is required to exercise estimation and judgement, particularly in determining the amount and probability of receipt.

A contingent asset is identified for legacies notified to the charity when the inflow of economic benefit is probable but does not yet meet the criteria for income recognition identified in (c) above.

Investment properties

These are valued by professionally qualified surveyors, using estimation techniques identified in (f) above.

Stocks

Goods donated by the public for us to resell are valued using estimates identified in (h) above.

Actuarial assumptions for the defined benefit pension scheme

These are incorporated in the financial statements in accordance with FRS 102 using advice from independent qualified actuaries. Significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates. These are detailed in (k) above and note 17.

Provisions

We hold specific provisions for several matters and these are individually described in note 10. We recognise a provision when it meets the tests identified in the policy in (n); the estimation techniques used are particular to each provision. The charity leases a large number of properties and our assumptions for property dilapidations are described above in (d).



Oreo the rabbit being examined by a PDSA vet

2. Income and endowments

£'000

	Group		Charity	
	2024	2023	**2024**	2023
Donations and legacies				
Legacies receivable	**67,572**	56,384	**67,572**	56,384
Donations and gifts	**23,167**	23,178	**23,167**	23,178
Gift Aid donation from subsidiaries	**-**	-	**2,091**	1,583
	90,739	79,562	**92,830**	81,145
Grant income				
Local Council Business Grants	**35**	4	**35**	4
	35	4	**35**	4
Other trading activities				
Lottery and similar income	**2,772**	2,638	**-**	-
Sales of donated goods*	**13,231**	12,075	**13,231**	12,075
Sale of new goods	**2,395**	2,386	**-**	-
Other income**	**2,354**	1,649	**5,199**	4,312
	20,752	18,748	**18,430**	16,387
Charitable trading activities				
Preventive services	**6,486**	5,244	**6,486**	5,244
Concessionary and other paid for services	**9,816**	9,106	**9,816**	9,106
	16,302	14,350	**16,302**	14,350
Investments				
Listed securities - dividends	**620**	822	**620**	822
Bank and other interest	**65**	57	**12**	3
Rents receivable	**368**	432	**368**	432
	1,053	1,311	**1,000**	1,257

* 2024 includes income of £4,206,000 of donations from supporters resulting from sale of their goods through PDSA's Retail Gift Aid scheme (2023: £3,935,000)

** 2024 Other income (Charity only) includes £4,790,000 (2023: £4,071,000) for the allocation of Retail costs from the Charity to its subsidiary, PDSA Trading Limited. These costs relate to the running of the Retail Gift Aid scheme, which is administered by the subsidiary.

3. Expenditure

£'000

Support costs allocated (2024)	Activities undertaken directly	Human Resources	Property Services	Finance and Management	Information Technology	2024 Total
			Group			
Expenditure raising funds						
Legacies receivable	1,817	23	-	59	88	**1,987**
Donations and gifts	5,523	17	-	180	66	**5,786**
Raising public perception and awareness	1,542	24	-	50	39	**1,655**
	8,882	64	-	289	193	**9,428**
Expenditure on other trading activities						
Merchandising, charity shop and other trading	17,464	299	469	563	949	**19,744**
Lottery ticket sales	850	2	-	28	-	**880**
	18,314	301	469	591	949	**20,624**
Expenditure on investments	77	-	2	2	-	**81**
Expenditure on charitable activities						
Treatment at Pet Hospitals and by contracted services	77,188	2,234	713	2,506	4,338	**86,979**
Education: responsible pet ownership	1,184	38	-	38	39	**1,299**
Preventive services	3,744	59	-	122	-	**3,925**
	82,116	2,331	713	2,666	4,377	**92,203**
Total expenditure	109,389	2,696	1,184	3,548	5,519	**122,336**

£'000

Support costs allocated (2023)	Activities undertaken directly	Human Resources	Property Services	Finance and Management	Information Technology	2023 Total
			Group			
Expenditure raising funds						
Legacies receivable	1,744	24	-	48	54	**1,870**
Donations and gifts	5,150	16	-	145	37	**5,348**
Raising public perception and awareness	2,470	26	-	69	25	**2,590**
	9,364	66	-	262	116	**9,808**
Expenditure on other trading activities						
Merchandising, charity shop and other trading	14,925	261	432	431	649	**16,698**
Lottery ticket sales	810	2	-	23	-	**835**
	15,735	263	432	454	649	**17,533**
Expenditure on investments	22	-	1	1	-	**24**
Expenditure on charitable activities						
Treatment at Pet Hospitals and by contracted services	74,196	2,269	635	2,081	3,352	**82,533**
Education: responsible pet ownership	1,209	36	-	34	17	**1,296**
Preventive services	3,209	48	-	90	-	**3,347**
	78,614	2,353	635	2,205	3,369	**87,176**
Total expenditure (before loss on disposal)	103,735	2,682	1,068	2,922	4,134	**114,541**

Governance costs in the year of £461,000 (2023: £323,000) are included within Finance and Management support costs

Bases of allocation

Human Resources - staff costs
Property Services - property costs, excluding rent
Finance and Management - expenditure
Information Technology - number of IT devices

3. Expenditure (cont)

£'000

Charity

Support costs allocated (2024)	Activities undertaken directly	Human Resources	Property Services	Finance and Management	Information Technology	2024 Total
Expenditure raising funds						
Legacies receivable	1,817	23	-	59	88	**1,987**
Donations and gifts	5,523	17	-	178	66	**5,784**
Raising public perception and awareness	1,542	24	-	50	39	**1,655**
	8,882	64	-	287	193	9,426
Expenditure on other trading activities						
Merchandising, charity shop and other trading	18,087	298	469	559	949	**20,362**
	18,087	298	469	559	949	**20,362**
Expenditure on investments	77	-	2	2	-	**81**
Expenditure on charitable activities						
Treatment at Pet Hospitals and by contracted services	77,188	2,235	713	2,485	4,338	**86,959**
Education: responsible pet ownership	1,184	38	-	38	39	**1,299**
Preventive services	3,744	59	-	122	-	**3,925**
	82,116	2,332	713	2,645	4,377	92,183
Total expenditure	109,162	2,694	1,184	3,493	5,519	**122,052**

£'000

Charity

Support costs allocated (2023)	Activities undertaken directly	Human Resources	Property Services	Finance and Management	Information Technology	2023 Total
Expenditure raising funds						
Legacies receivable	1,744	24	-	48	54	**1,870**
Donations and gifts	5,150	16	-	144	37	**5,347**
Raising public perception and awareness	2,470	26	-	69	25	**2,590**
	9,364	66	-	261	116	**9,807**
Expenditure on other trading activities						
Merchandising, charity shop and other trading	14,942	261	432	429	649	**16,713**
	14,942	261	432	429	649	**16,713**
Expenditure on investments	22	-	1	1	-	**24**
Expenditure on charitable activities						
Treatment at Pet Hospitals and by contracted services	74,196	2,269	634	2,071	3,352	**82,522**
Education: responsible pet ownership	1,209	36	-	34	17	**1,296**
Preventive services	3,209	48	-	90	-	**3,347**
	78,614	2,353	634	2,195	3,369	**87,165**
Total expenditure (before loss on disposal)	102,942	2,680	1,067	2,886	4,134	**113,709**

Governance costs in the year of £435,000 (2023: £309,000) are included within Finance and Management support costs

Bases of allocation

Human Resources - staff costs
Property Services - property costs, excluding rent
Finance and Management - expenditure
Information Technology - number of IT devices

4. Net income before other recognised gains and losses

£'000

			2024	2023
These are stated after charging:				
Auditor's remuneration	audit fees charity		110	91
	audit fees subsidiaries		23	11
	non-audit fees charity	- tax compliance services	2	1
	non-audit fees subsidiaries	- tax services	5	5
Operating leases			**2,884**	2,706



5. Employees

	2024	2023
Employment costs		
Salaries	57,997	54,769
Social security costs	5,497	5,062
Defined benefit pension costs	1,746	1,773
Other employer pension costs	5,313	4,947
Redundancy and termination payments	37	91
Other staff costs	408	328
Apprentice Levy	284	267
Total	**71,282**	67,237

During 2024, three employees were made redundant (2023: nil). There was one termination payment made through a settlement agreement in the year (2023: three).

Average number of employees	**Headcount**		**Full-time equivalent**	
	2024	2023	**2024**	2023
Veterinary	1,750	1,749	1,321	1,335
Retail	306	280	256	231
Marketing and fundraising	67	69	64	62
Other	128	125	119	120
Total	**2,251**	2,223	**1,760**	1,748

Employment costs

The number of higher-paid employees whose emoluments were within the following scales was as follows:	2024	2023
£60,001–£70,000	43	31
£70,001–£80,000	16	13
£80,001–£90,000	6	9
£90,001–£100,000	5	1
£100,001–£110,000	1	1
£110,001–£120,000	2	-
£120,001–£130,000	-	1
£130,001–£140,000	1	1
£160,001–£170,000	1	1
£200,001–£210,000	-	1
£210,001–£220,000	1	-

For the table above, emoluments include salary, allowances and benefits in kind, but exclude pension scheme contributions.

Seventy-four of the higher paid staff are members of the Group Personal Pension (GPP) Plan (2023: fifty-four). Twenty-one of these staff members contribute to the Auto Enrolment section of the GPP (2023: thirteen). Fifty-three of the staff members contribute to the GPP by paying contributions in excess of the Auto Enrolment minimum contribution rates (2023: forty-one). Fifty-four of the higher paid staff members are employed in our Veterinary Services team (71%).

The total remuneration paid to the Executive team in 2024 (six Directors) was £893,995 (2023: seven Directors, £1,009,835). Of the six Directors who served during 2024, three served throughout the year, one left and one joined in the second quarter of the year and one left in the final quarter of the year. Termination payments made through settlement agreements in 2024 amounted to £25,663. (2023: £nil). Total remuneration paid to the executive team includes salary, allowances, benefits in kind and employer's pension contributions.

The basic salary of the Director General, who is the highest paid employee, was £180,056 as at 31 December 2024 (£173,130 as at 31 December 2023). The Director General has elected to receive an additional cash payment in lieu of employer pension contributions.

The ratio between the highest and median contracted salary is 7:1 (2023: 7:1).

Members of Council do not receive any remuneration. They made donations to PDSA in 2024 totalling £1,300 (2023: £1,590).

Travel, accommodation, telecommunications, entertainment and training costs incurred by Council members on charity business are reimbursed or are paid directly by the charity. This amounted to £2,322 during the year for three Council members (2023: £2,556 for five).

6. Fixed assets

£'000

	Assets under course of construction	Freehold land and buildings	Leasehold buildings Long lease	Leasehold buildings Short lease	Pet Hospital land and buildings Freehold	Pet Hospital land and buildings Long lease	Furniture fittings and equipment	Motor vehicles	Total
Cost									
At 1 January 2024	127	2,931	393	5,384	38,091	4,668	22,571	356	**74,521**
Additions	91	-	-	1,198	1,769	-	4,516	-	**7,574**
Disposals	-	-	-	-	-	-	-	(103)	**(103)**
At 31 December 2024	218	2,931	393	6,582	39,860	4,668	27,087	253	**81,992**
Depreciation									
At 1 January 2024	-	1,363	166	4,179	21,379	3,071	14,846	356	**45,360**
Charge for the year	-	62	13	321	974	122	1,568	-	**3,060**
Disposals	-	-	-	-	-	-	-	(103)	**(103)**
At 31 December 2024	-	1,425	179	4,500	22,353	3,193	16,414	253	**48,317**
Net book value									
At 31 December 2024	218	1,506	214	2,082	17,507	1,475	10,673	0	**33,675**
At 31 December 2023	127	1,568	227	1,205	16,712	1,597	7,725	0	**29,161**

The difference between the Group and charity fixed assets is the exclusion of the intra-group profit of £1,551,000. The intra-group profit arose from the construction and sale of PDSA Pet Hospital buildings by subsidiaries of the charity. Certain freehold assets are charged to provide security against specific liabilities. The net book value of these assets included within fixed assets at 31 December 2024 is £5,809,000 (2023: £5,287,000)

7. Fixed asset investments

Group and charity	**Listed investments**	**Other investments**	**Freehold investment properties**	**Total**
At 1 January 2024	31,843	20,536	6,655	**59,034**
Additions (dividend income retained in funds)	620	-	-	**620**
Additions	26,200	-	33	**26,233**
Disposals	(33,595)	(8,600)	-	**(42,195)**
Net gains/(losses) on revaluations and disposals	1,110	1,153	(581)	**1,682**
At 31 December 2024	26,178	13,089	6,107	**45,374**

At 31 December 2024 and 2023 the charity had the following holdings constituting more than 5% of the portfolio market value:

	2024	2023
Aegon Funds	11,162	-
Legal and General Funds	11,016	-
JP Morgan Fund (cash lodged for investment)	4,000	-
The Partners Fund	13,089	20,536
Schroders Diversified Growth Fund	-	16,360
Ninety One Diversified Growth Fund	-	15,483
The total of UK listed and other investments	**39,267**	52,379

Within fixed asset investments, investment properties are valued as at 31 December 2024 at £6,107,000. This represents five properties, all of which were valued by external RICS Registered Valuers. Properties are valued at fair value with reference to condition, location and market data.

One property is charged to provide security against specific liabilities. The carrying value included within fixed asset investments at 31 December 2024 is £830,000 (2023: £800,000)

PDSA (Charity) holds the following investments in its 100% owned subsidiary companies; PDSA Trading Limited £2, PDSA PetAid Enterprises Limited £1, PDSA Property Services Limited £2.

8. Debtors

£'000

	Group		Charity	
	2024	2023	**2024**	2023
Due within one year				
Accrued legacies	51,537	44,411	51,537	44,411
Amounts due from subsidiary undertakings	-	-	2,156	2,931
Income tax recoverable	586	359	586	359
Sundry debtors	1,906	2,320	1,694	2,174
Prepayments	1,361	1,407	1,361	1,407
Total	**55,390**	48,497	**57,334**	51,282

The charity has received notification of legacies amounting to approximately £16,381,000 (2023: £15,955,000).
This total has not been recognised as income at 31 December 2024, but represents a contingent asset that will be recognised in future years.
The charity has entered into indemnities with executors of Wills which allow repayment of legacy income in particular circumstances.
These total £990,000 at the end of 2024 (2023: £1,088,000) and represent a contingent liability.

9. Creditors: Amounts falling due within one year

£'000

	Group		Charity	
	2024	2023	**2024**	2023
Bank overdraft	-	4,447	-	4,447
Trade creditors	2,367	1,837	2,367	1,837
Taxation and social security	2,064	1,368	2,064	1,368
Sundry creditors	1,083	1,046	1,083	1,046
Deferred income	113	108	-	-
Accruals	1,873	3,871	1,843	3,857
Total	**7,500**	12,677	**7,357**	12,555

10. Creditors: Amounts falling due after more than one year

£'000

	Group and charity	
	2024	2023
Group and charity		
Sundry creditors	**135**	41
Total	**135**	41

11. Provisions for liabilities

£'000

	2024	2023
Group and charity		
Obligations for dilapidations in respect of leased properties		
At the beginning of the year	**1,691**	2,159
Charged against provision in the year	**(36)**	(46)
Released in the year	**(45)**	(98)
Change in the year resulting from the number of properties and estimated cost per property	**291**	(324)
At the end of the year	**1,901**	1,691

12. Statement of Group Funds

£'000

	At 1 January 2024	Income	Expenditure	Actuarial / investment gains	Transfers	At 31 December 2024
General fund	125,084	113,486	(116,282)	8,982	(9,062)	122,208
Unrestricted funds excluding pension reserve	**125,084**	113,486	(116,282)	8,982	(9,062)	**122,208**
Pension reserve	(24,296)	-	-	-	9,602	(14,694)
Total unrestricted funds	**100,788**	113,486	(116,282)	8,982	540	**107,514**
Restricted funds						
Permanent endowment						
AW Blackwell bequest	933	60	-	-	(60)	933
Total permanent endowment funds	**933**	60	-	-	(60)	**933**
Income funds						
Restricted legacies	1,272	13,751	(5,015)	-	-	10,008
Digital x-ray – appeal	102	76	-	-	(62)	116
X-ray equipment - Brighton, Plymouth and Margate	32	-	-	-	(32)	-
Homeless project - UK	4	-	-	-	-	4
PetCheck Vehicle - general expenditure	2	-	-	-	-	2
Hendon PDSA Pet Hospital - capital appeal	36	53	-	-	-	89
Brighton Pet Hospital - general expenditure	-	38	(38)	-	-	-
Nottingham Pet Hospital - general expenditure	-	50	(50)	-	-	-
Sheffield PDSA Pet Hospital - general expenditure	-	15	(15)	-	-	-
Oldbury Pet Hospital - general expenditure	-	50	(50)	-	-	-
Apprentice Training and CPD funding	-	515	(515)	-	-	-
Edmonton - Capital appeal	-	63	(63)	-	-	-
Dundee Pet Hospital - Capital works	-	400	-	-	(386)	14
Oldbury Pet Hospital - AVCA Salary funding	-	22	(22)	-	-	-
Croydon Pet Hospital - AVN Salary funding	-	24	(24)	-	-	-
Miscellaneous restricted donations less than £15,000	106	284	(262)	-	-	128
Total restricted income funds	**1,554**	15,341	(6,054)	-	(480)	**10,361**
Total restricted funds	**2,487**	15,401	(6,054)	-	(540)	**11,294**
Total funds excluding pension reserve	**127,571**	128,887	(122,336)	8,982	(9,602)	**133,502**
Total funds	**103,275**	128,887	(122,336)	8,982	-	**118,808**

The general fund represents the free funds of the group that are not designated for particular purposes. The charity only general fund is £123,768,000 (2023: £126,644,000), the difference being intra-group profit (see note 6) and subsidiary reserves (see note 17). All other funds are the same for both group and charity.

The movement on the pension reserve represents the difference between the payments in the year by the employer towards the liabilities and the actuarial calculations of liabilities under FRS102.

The net transfer to the general reserve of £9,062,000 relates to the decrease in the pension reserve in the year of £9,602,000, income from endowment funds of £60,000, and restricted legacies and donations expended on capital items of £480,000.

Further information about the nature of some of the other restricted funds above is:

- The AW Blackwell endowment provided interest benefit of £60,000 to PDSA in 2024; the income is unrestricted and so is transferred.
- Some legators have specified restrictions for use within a specific geographical location or application. The balance carried forward comprises: PetCheck vehicle in the West Midlands £25,000, Helmsley/ Kirbymoorside £333,000, Llanelli £173,000, Aberdeen £148,000, Isle of Wight £7,000, Huddersfield £113,000, Dundee £105,000 and other restricted legacies individually below £15,000.
- Finally, at the end of 2024 we received an incredibly generous legacy gift of £9,103,000 from one of our longstanding major supporters, Mr Ionescu. The funds will be spent on the building and running costs of new Pet Hospitals. The full value of this gift is carried forward.

12. Statement of Group Funds (cont)

£'000

	At 1 January 2023	Income	Expenditure	Actuarial / investment gains	Transfers	At 31 December 2023
General fund	126,428	107,530	(107,869)	(3,200)	2,195	125,084
Unrestricted funds excluding pension reserve	**126,428**	107,530	(107,869)	(3,200)	2,195	**125,084**
Pension reserve	(22,498)	-	-	-	(1,798)	(24,296)
Total unrestricted funds	**103,930**	107,530	(107,869)	(3,200)	397	**100,788**
Restricted funds						
Permanent endowment						
AW Blackwell bequest	933	57	-	-	(57)	933
Total permanent endowment funds	**933**	57	-	-	(57)	**933**
Income funds						
Restricted legacies	1,679	5,848	(6,255)	-	-	1,272
Digital x–ray – appeal	97	48	-	-	(43)	102
X-ray equipment - Brighton, Plymouth and Margate	-	32	-	-	-	32
Manchester PDSA Pet Wellbeing Centre expansion - capital appeal	81	-	-	-	(81)	-
Homeless project - Manchester	10	-	(10)	-	-	-
Homeless project - UK	14	-	(10)	-	-	4
Sunderland PDSA Pet Hospital - heating and cooling system replacement	201	-	-	-	(201)	-
Edinburgh PDSA Pet Hospital - general expenditure	21	-	(21)	-	-	-
Apprentice Veterinary Care Assistant Salary Support	-	19	(19)	-	-	-
Veterinary Care Assistant Training Support	-	15	(15)	-	-	-
PetCheck Vehicle - general expenditure	2	-	-	-	-	2
Hendon PDSA Pet Hospital - capital appeal	-	36	-	-	-	36
Sheffield PDSA Pet Hospital - general expenditure	-	90	(90)	-	-	-
Nottingham PDSA Pet Wellbeing Centre - general expenditure	-	19	(19)	-	-	-
Hull PDSA Pet Hospital - equipment	-	15	-	-	(15)	-
Miscellaneous restricted donations less than £15,000	82	266	(242)	-	-	106
Total restricted income funds	**2,187**	6,388	(6,681)	-	(340)	**1,554**
Total restricted funds	**3,120**	6,445	(6,681)	-	(397)	**2,487**
Total funds excluding pension reserve	**129,548**	113,975	(114,550)	(3,200)	1,798	**127,571**
Total funds	**107,050**	113,975	(114,550)	(3,200)	-	**103,275**

13. Analysis of Group net assets between funds

Fund balances at 31 December are represented by:	Restricted	Unrestricted	2024 Total	Restricted	Unrestricted	2023 Total
Tangible fixed assets	-	33,675	**33,675**	170	28,991	29,161
Investments	-	45,374	**45,374**	-	59,034	59,034
Current assets	11,294	52,695	**63,989**	2,317	51,468	53,785
Creditors – amounts falling due within one year	-	(7,500)	**(7,500)**	-	(12,677)	(12,677)
Creditors – amounts falling due after more than one year	-	(135)	**(135)**	-	(41)	(41)
Provisions for liabilities	-	(1,901)	**(1,901)**	-	(1,691)	(1,691)
Net assets excluding pension liability	11,294	122,208	**133,502**	2,487	125,084	127,571
Defined benefit pension scheme liability	-	(14,694)	**(14,694)**	-	(24,296)	(24,296)
Net assets including pension liability	11,294	107,514	**118,808**	2,487	100,788	103,275

14. Related parties

£'000

	2024	2023
Sales from PDSA to PDSA Trading Limited		
Allocation of shared staff and overhead costs	**6,594**	5,668
	6,594	5,668
Sales from PDSA to PDSA PetAid Enterprises Limited		
Allocation of shared staff and overhead costs	**332**	370
	332	370
Sales from PDSA Trading Limited to PDSA		
Acquisition of donors and administration of the Retail Gift Aid scheme	**4,928**	4,188
	4,928	4,188
Amounts owed to PDSA by subsidiary undertakings		
PDSA Trading Limited	**2,068**	2,894
PDSA PetAid Enterprises Limited	**61**	11
PDSA Property Services Limited	**27**	26
	2,156	2,931

15. Capital commitments

	2024	2023
Group and charity		
Contractually committed purchases of tangible fixed assets	-	-
Purchases of tangible fixed assets authorised but not contracted for	**6,000**	10,670
	6,000	10,670

16. Operating lease commitments

Total commitments not provided for in these financial statements under non-cancellable* operating leases are as follows:

£'000

Group and charity	Property		Plant and Equipment	
Amounts payable	2024	2023	2024	2023
Within one year	2,153	1,979	100	126
After one year but within five years	4,373	3,806	140	174
After more than five years	1,071	494	-	-
	7,597	6,279	240	300

*For Retail shops occupied at year end, where the lease has gone beyond renewal date but a new lease has not been formally signed, the lease is assumed to be cancellable with three months' notice, rather than at the next renewal date.

17. Subsidiary undertakings

The charity holds 100% of the issued share capital of each of the following companies, all of which are registered in England

	Company number	
PDSA Trading Limited	1595637	Principal activities are the operation of lotteries, sale of financial services and sale of new goods through PDSA's chain of shops and online.
PDSA Property Services Limited	2340793	The Company has not traded for a number of years. However, the Company plans to recommence activities in the future.
PDSA PetAid Enterprises Limited	4374375	Principal activity is the provision of commercial veterinary services.

The total taxable profits of the subsidiary undertakings are gifted to the charity. No loans are advanced by the charity to its subsidiaries.

A summary of the results of the subsidiaries £'000

For the year ended 31 December	PDSA Trading Limited		PDSA Property Services Limited		PDSA PetAid Enterprises Limited	
	2024	2023	2024	2023	2024	2023
Income	11,717	10,268	-	-	376	406
Expenditure	(9,660)	(8,716)	-	-	(342)	(375)
Profit for the year	2,057	1,552	-	-	34	31
Gifted to The People's Dispensary for Sick Animals	(2,057)	(1,552)	-	-	(34)	(31)
Retained profit	-	-	-	-	-	-

Aggregate of the assets and liabilities

	PDSA Trading Limited		PDSA Property Services Limited		PDSA PetAid Enterprises Limited	
	2024	2023	2024	2023	2024	2023
Assets	2,207	3,017	10	10	72	16
Liabilities	(2,200)	(3,010)	(26)	(26)	(72)	(16)
Net assets/(liabilities)	7	7	(16)	(16)	-	-

18. Defined benefit pension Scheme

The Society operates a defined benefit pension Scheme that pays out pensions at retirement based on service and final pay. It has applied Section 28 of FRS102 and the following disclosures relate to this standard. It recognises any gains and losses in each period within the Consolidated Statement of Financial Activities under the heading of 'Actuarial gain/(loss) on defined benefit pension Scheme'. The funding policy is agreed between the Retirement Benefit Plan (1978) (RBP) Trustee and the Society and is formally set out in a Statement of Funding Principles, Schedule of Contributions and Recovery Plan following each full actuarial valuation. The latest such valuation was carried out as at 31 December 2023 and showed a deficit of £25.5 million. A future funding schedule has been agreed with the Trustee of the RBP to eliminate the deficit by 31 December 2030, with agreement to make further payments until the earlier of 31 August 2032 and the end of the month immediately following the event that the Technical Provisions funding level of the Plan has been 100% or greater for two consecutive months. An independent qualified actuary has calculated the RBP liabilities from data provided by the RBP administrators as at 31 December 2023.

Following a period of consultation with the active members over proposals to close the RBP Scheme to future accrual, the proposals were accepted on 30 June 2016 and the Scheme was closed to future accrual with effect from 5 April 2019.

In respect of the deficit arising from the 31 December 2020 Triennial Valuation of the RBP Scheme, the Society has entered into security arrangements with the RBP Trustee to support the deficit recovery plan.

The amounts recognised in the balance sheet are as follows: £ millions

	2024	2023
Present value of funded obligations	(106.1)	(121.0)
Fair value of Scheme assets	91.4	96.7
Deficit recognised in scheme	(14.7)	(24.3)

The amounts recognised in the Consolidated Statement of Financial Activities as income and expenditure are as follows

	2024	2023
Current service cost	-	-
Past service cost	-	-
Losses on curtailments and settlements	-	-
Scheme administration expenses	0.6	0.5
Net interest on the defined benefit liability	1.0	1.1
Interest on obligation	-	-
Expected return on scheme assets	-	-
Total cost	1.6	1.6

The amounts recognised in the Consolidated Statement of Financial Activities as actuarial gains are as follows

	2024	2023
Actuarial gain/(loss)	15.8	(4.7)
Return on Scheme assets in excess of interest income	(8.5)	0.6
Total gain/(loss)	7.3	(4.1)

Sensitivity Analysis
At the reporting date, reasonable possible changes to one of the relevant actuarial assumptions, with the other assumptions held constant, would have affected the defined benefit obligation by the amounts shown below.

	31 December 2024 (Decrease)/Increase in DBO (£m)
Discount rate +0.50%	(7.6)
Inflation +0.50%	5.8
Mortality +1 year life expectancy	2.9

The change to the inflation sensitivity allows for changes to pension increases in deferment and in payment. Although the analysis does not take account of the full distribution of cash flows expected, it does provide an approximation of the sensitivity of the assumptions shown.

Changes in defined benefit obligation during the year

	2024	2023
Opening defined benefit obligation at 1 January	121.0	114.6
Interest cost	5.3	5.3
Actuarial (gain)/loss	(15.8)	4.7
Benefit payments	(4.4)	(3.6)
Closing defined benefit obligation	106.1	121.0

18. Defined benefit pension Scheme (cont)

Changes in fair value of scheme assets during the year £ millions

	2024	2023
Opening assets at 1 January	**96.7**	92.1
Interest income	**4.3**	4.2
Return on scheme assets in excess of interest income	**(8.5)**	0.6
Expenses paid	**(0.6)**	(0.5)
Employer contributions	**3.9**	3.9
Benefit payments	**(4.4)**	(3.6)
Closing assets	**91.4**	96.7

Projected income and expenditure

	2024	2023
Interest cost	**5.6**	5.3
Interest income	**(4.9)**	(4.3)
Administration expenses	**0.6**	0.5
Total	**1.3**	1.5

Fair value of scheme assets in each category

	2024	2023
Equities and property	**26.5**	22.1
Gilts	**38.8**	45.2
Insurance policy	**14.6**	16.6
Other credit	**10.3**	12.0
Cash	**1.2**	0.8
Total	**91.4**	96.7

For the purposes of FRS102 Section 28 the asset values stated are at the balance sheet date. Market values of the Plan's assets, which are not intended to be realised in the short-term, may be subject to significant changes before they are realised.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2024		2023	
	Pensioner	**Non Pensioner**	Pensioner	Non Pensioner
Future pension increases RPI 5%	**3.05%**	**3.00%**	3.00%	2.90%
Future pension increases RPI 2.5%	**2.00%**	**2.00%**	1.95%	1.90%

Life Expectancy	**Years**	**Years**
Male (current age 45)	21.5	21.5
Male (current age 65)	20.8	20.6
Female (current age 45)	24.4	23.9
Female (current age 65)	23.0	22.8



Thank you

PDSA couldn't do what we do without our wonderful staff and volunteers. We are incredibly thankful to have such an amazing team who are passionate about helping people and pets stay together. From our veterinary teams, who treat countless sick and injured pets every day, to volunteers and colleagues in our shops who help us raise money to carry on; we couldn't do it without you.

We are very grateful to our supporters and corporate partners. Their generous support allows us to provide veterinary care to more people in financial hardship.

For more information, please visit:

pdsa.org.uk

While PDSA is a national charity, we are also embedded within local communities through our network of Pet Hospitals and Charity Shops located all around the country.

- PDSA Pet Hospitals
- PDSA shops
- PetCare Practices & Chronic Voucher Schemes



pdsa
THE VET CHARITY FOR PETS IN NEED

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Telford, Shropshire TF2 9PQ
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pdsa.org.uk

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Patron: HRH Princess Alexandra, the Hon. Lady Ogilvy, KG, GCVO.
Registered charity nos. 208217 and SC037585

DMA Data & Marketing Association

Registered with FUNDRAISING REGULATOR

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS

England & Wales - Charity number 208217

Accounts

pdsa

THE VET CHARITY FOR PETS IN NEED



Trustees' Annual Report and Accounts 2023

Year ended 31 December 2023



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In this report, we will outline the organisation's objectives, achievements, and performance. The Trustees consider that due regard has been paid to the Public Benefit Guidance published by the Charity Commission in relation to section 4 of the Charities Act 2011.

Who we are and how we help

Vision and Mission

PDSA has always believed that everyone, no matter what their financial circumstances, has the right to experience the love and companionship of a pet.

And every pet deserves to lead a happy and healthy life.

We keep pets healthy and protect the special bond between pets and their owners.

Providing treatment to pets and supporting their owners who would otherwise not be able to afford to pay for veterinary treatment is why PDSA exists.

Our Vision and Mission build on our past to continue our founder's vital work. Maria Dickin CBE began her mission back in 1917 to end pet suffering. Today, PDSA ensures that people who, through no fault of their own, can't afford veterinary care for their beloved pets have somewhere to turn for help.

pdsa
THE VET CHARITY FOR PETS IN NEED

VISION

A society in which no pet is denied veterinary care, because their owner can't afford it.

MISSION

Provide compassionate veterinary **treatment** for the sick and injured pets of people who otherwise couldn't afford to pay.

Provide pet welfare **education** and practical **preventive** support to combat unnecessary illness, pain and suffering of pets in low income households.

VALUES

Head and Heart
Expertise with understanding.

Better Together
Empowering through unity.

Passion with Purpose
Driven in our dedication.

STRATEGIC OBJECTIVES

Deliver the best possible pet **wellbeing** outcomes for people in need in the most cost effective way.

Make PDSA better known, **loved** and understood.

Grow **income** to maximise pet wellbeing outcomes.

Ensure PDSA has the underlying organisational **capability** to achieve its core objectives.

The following pages focus on what we are already doing to support people with nowhere else to turn, and what we will do in the future to continue supporting people and pets in need. Keeping people and pets together is our focus, and we're looking ahead to ensure that we'll have an even bigger impact on those that need our help.

Chair's letter

PDSA, as a charity, exists to alleviate poverty and we do this in a unique manner, by providing veterinary care for the pets of people in financial hardship. We can all reflect on 2023 being a year in which inflation remained high and the consequent increase in the cost of living put more and more financial pressure on everyone, including and especially the poorest people in our society.

During the course of the year, our veterinary colleagues met the needs of the pets of over 360,000 people, each one with their individual story, whether they be older people, younger families or individuals relying on the daily comfort they receive from their companion animals. In addition, post-pandemic, there were more requirements for emergency care. All this required a careful balance to be met, between the demands for our services and the finite resource of veterinary support. This outstanding achievement was delivered through the dedicated work of our veterinary teams and support teams, in the 48 locations across the UK - England, Scotland, Wales and Northern Ireland - in which we work.

Providing this level of service is not cheap and the charity too, has had to deal with significant inflationary pressure. The overall cost of running those Pet Hospitals for the year was over £80 million. We cannot stand still in the face of these demands so, in addition, the charity has continued to invest in the resilience of its technological infrastructure, of telephony, security, networks, data and systems, alongside a progressive investment programme in property improvement and new medical equipment. All this is vital, as doing so ensures we enhance the experience of our clients and their pets, while improving the working conditions and wellbeing of our people.

Our presence on the High Street has also increased during the year. We opened 14 new shops bringing us to an overall retail network of 110 shops, engaging with new customers to see and perhaps understand PDSA, while providing opportunities for new jobs, as well as volunteering, to an area.

None of this could be done without a legion of supporters who, we hope, think of the charity as 'their PDSA'. They often show this by giving a lifetime of support, perhaps volunteering, giving small to larger donations, running marathons and similar money raising events and, in many cases gifting the charity in their will.

To all of you who help in any way, thank you so much, your continuing support is a source of encouragement to the whole team. Literally, we couldn't do it without you, as we receive no Government support for all the work and the good, that we do.



John Miller
Chair



Director General's letter

2023 was a year of reflection ...

To consider all that we achieved. And we couldn't have done any of it without our 2,200 colleagues and over 2,800 volunteers. Our people, working tirelessly, helped us to see more than 4,800 pets of people in financial hardship, every single working day. And we certainly couldn't have achieved our work without our generous supporters. 2023 brought the sad news of the passing of Mr Marian Ionescu – his generosity and that of his wife Christina, have helped us to do so much over the years and I shall miss them both.



Listening to our colleagues is important to me, and through the Best Companies Survey, we maintained our One To Watch status, with good levels of engagement but with some clear messages from our people around wellbeing and personal growth.

As we continue to operate in a constantly changing environment, it is important that we remain true to our core purpose, our mission. And that we challenge ourselves to be innovative. Our strategic partnership with the RSPCA is an example of this and through the expansion of our catchment areas in South Wales, West Midlands and Greater Manchester, we have continued to provide veterinary services to former RSPCA clients. The greatest impact has been in Manchester, where we have opened up an additional 14 postcodes and seen a 25% increase in clients and pets during 2023 in our Manchester Pet Wellbeing Centre, the Montague-Panton Hospital. The latest stage of our strategic partnership saw the Edmonton Green Pet Clinic open in March 2024, giving greater access to our services, including former RSPCA clients in the area.

As we respond to the ongoing economic volatility, we must consider the long-term financial resilience of the charity, explore the future world of fundraising and giving, and operate with a more business-like approach.

The coming year will see the outputs of an organisational review, as we deliver our strategic plans with determination to take the organisation forward; stronger, more resilient, more efficient, more accessible to those who need us most.

Best wishes

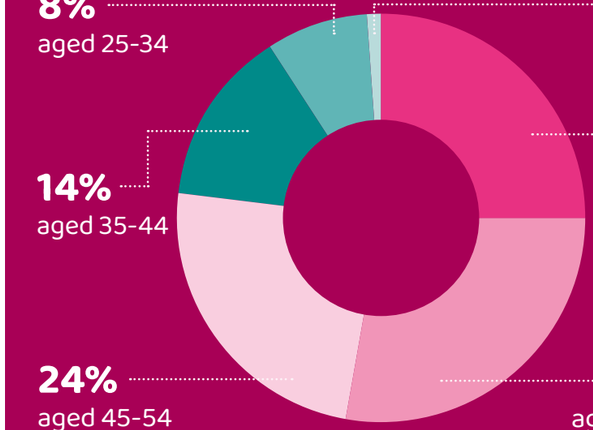


Jan McLoughlin
Director General

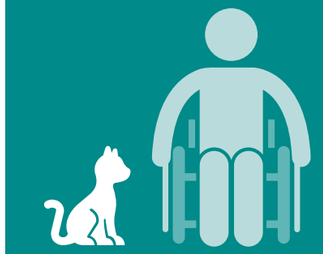
Helping people & their pets

PDSA's year in numbers

The pet owners we support are aged



40%
of the pet owners we support are **disabled** or living with a serious **health condition** that makes everyday tasks **difficult.**



We **treated** over
430,000
pets in 2023.

That's **40,000** more pets than the previous year!



We **treated**
11 pets
every minute
across our **48 Pet Hospitals.**





We provided
2.2 million
treatments.



We provided **veterinary care** to the pets of over
360,000
people in **financial hardship** across the UK.



We **cared** for
4,800 pets
every working day.

That's an average of:



3,450
dogs



1,217
cats

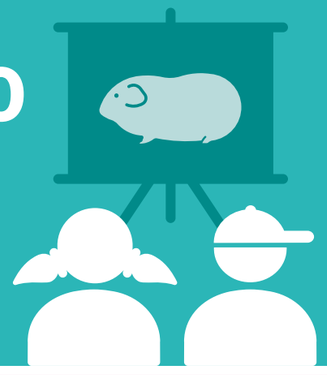


32
rabbits



We have over
110
Charity Shops
which bring in valuable income for our services.

We reached over
137,000
children with our **pet education messages.**



We have over
2,200
members of **staff** and
2,800
volunteers.



We are **supported** by over
1,700 veterinary staff.



420
Vets



320
Vet Nurses



950
Veterinary Support Staff

It costs more than
£80 million
to run our **veterinary services**

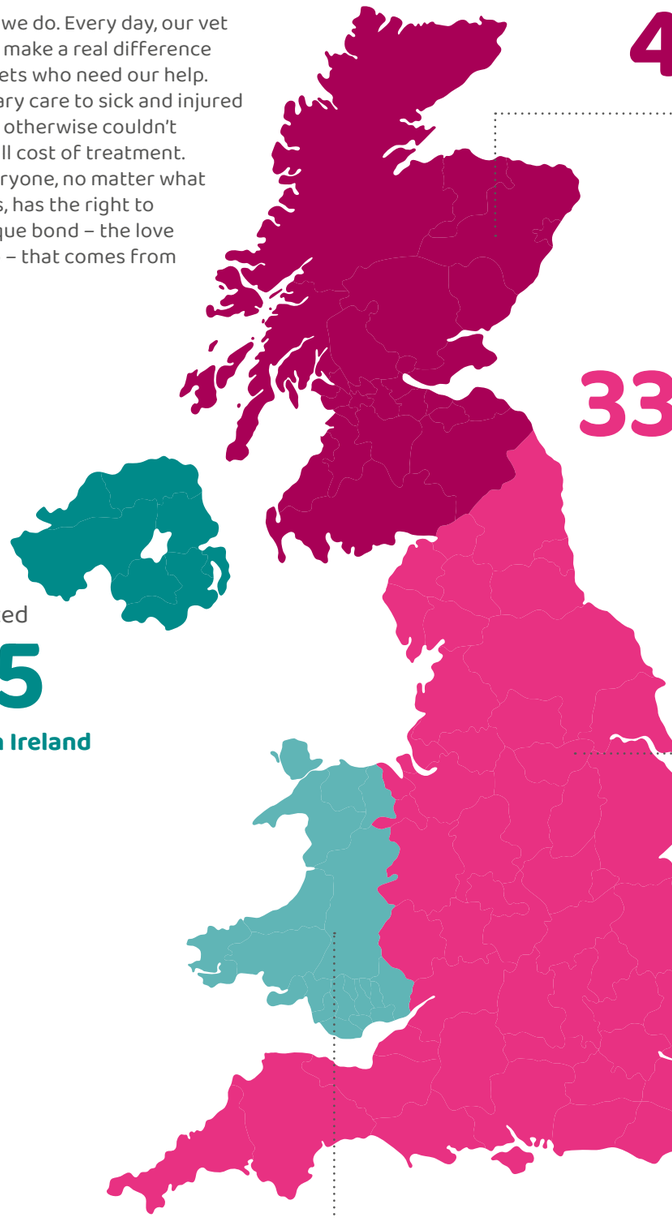


We receive no Government funding and rely entirely on public support to continue keeping people and pets together.

Our reach and impact

Our work this year

Saving pets is what we do. Every day, our vet teams work hard to make a real difference to the people and pets who need our help. We provide veterinary care to sick and injured pets whose owners otherwise couldn't afford to pay the full cost of treatment. We believe that everyone, no matter what their circumstances, has the right to experience the unique bond – the love and companionship – that comes from owning a pet.



In 2023, we treated

41,329

pets in **Scotland**

In 2023, we treated

337,673

pets in **England**

In 2023, we treated

8,765

pets in **Northern Ireland**

In 2023, we treated

20,788

pets in **Wales**

In addition, there were 22,000 pets who were supported by private veterinary practice services on behalf of PDSA.



To treat Boomi's injuries it cost

£1,460.96

To help cover this cost, Tom managed to raise **£1,330** from family and friends

Main picture: PDSA Vet Nurse Paolo Panetta with Boomi and owner Tom, as Boomi makes a successful recovery from his injuries.

Boomi's story

An 11-month-old puppy, Boomi, needed emergency care after being badly bitten by a larger dog.

Boomi's owner, Tom, who is autistic, said,

"I cannot emphasise enough how great the team are at Dundee PDSA. After his wound was stitched up the second time, I felt overwhelmed. Noting my worry, the Vet took some time aside to explain all the at-home treatment and care Boomi needed.

"They answered all my questions, which made me feel less panicked about the recovery period ahead.

"Boomi adores the team there, too – whenever he goes there, he's as happy to see the Vets and Vet Nurses as they are to see him. Sometimes, when we're on our walks, he'll see the Pet Hospital in the distance and start walking towards it, hoping to visit!"

Improving access to our services

Our Pet Hospitals

In 2023, PDSA provided veterinary care for the pets of over 360,000 eligible pet owners, treating over 430,000 pets. This figure includes over 5,000 pets who were supported by private veterinary practice services on behalf of PDSA through our Pet Care Scheme and Chronic Voucher Scheme. These schemes continue to help people and pets who need our help but are not in our Pet Hospitals' catchment area.

Our focus this year was on creating capacity in our Pet Hospitals to support the increased demand following the pandemic and cost of living crisis. The number of pets receiving treatment was higher than pre-pandemic levels by the end of 2023, suggesting a growing demand for our services.

Following on from 2022, our aim has also been to return our preventive services to pre-pandemic levels. Whilst these services grew in 2023, we continued to prioritise treatment for those pets who were sick and injured.

To support our Pet Hospitals with the increased demand, we began looking at ways to create capacity through reviewing ways of working and enhancing our digital client journey and will continue this work in 2024.

Strategic partnership with RSPCA

As part of our strategic partnership with RSPCA, PDSA has continued to provide veterinary services to former RSPCA clients in South Wales, West Midlands and Greater Manchester throughout the year.

The greatest impact has been seen in our Manchester PDSA Pet Wellbeing Centre, The Montague-Panton Hospital. In 2023, we were able to expand the additional 14 postcodes that were opened to former RSPCA clients in 2022 to all PDSA-eligible clients. The Pet Wellbeing Centre has seen over a 25% increase in clients and pets during 2023.

We have been planning the latest stage of the strategic partnership in 2023 – focusing on finding ways to support former RSPCA clients in North London. In March 2024, we will open a new clinic in North London – the Edmonton Green PDSA Pet Clinic – to offer veterinary services to all eligible clients, including former RSPCA clients.



Veterinary Care Assistant, Cat Ward, outside Manchester PDSA Pet Wellbeing Centre, The Montague-Panton Hospital



Crystal's story

As part of the support schemes jointly funded by PDSA and RSPCA, Crystal's owner, Mrs Howell, aged 89, has been able to access vouchers to support the cost of Crystal's ongoing care. Crystal suffers from chronic allergies and ear problems, which are prevalent in Pugs, and requires regular medication to prevent her ears from becoming painful and infected.



Mrs Howell (pictured with Crystal, left), who lives in Merthyr Tydfil, said,

> "Crystal needs daily medication and regular check-ups to keep her healthy, which can get expensive. I was so worried when I heard about these changes – I knew I couldn't let her suffer, but there's not much money to go around these days. So, when I was able to get the vouchers to help with the cost of her care, it was such a huge relief. We're so grateful for their help. PDSA made it so easy to sign up, they've been wonderful, and Crystal is doing really well."

Next steps

- We will focus on proactively managing demand to be able to provide a more holistic spectrum of services, including the full preventive range, to our registered clients.
- In March 2024, we opened our new clinic in North London – the Edmonton Green PDSA Pet Clinic. This clinic will enable us to offer veterinary services to all former RSPCA clients whilst also allowing us to expand our services to a further 11 postcode areas in North London.



Engagement and influence



Making PDSA better known, loved and understood



PDSA does not receive any money from the Government or National Lottery funding; we are entirely funded by public support.

Throughout 2023, we continued our Cost of Loving integrated campaign. Our team built on learnings from the 2022 campaign and used aligned messaging and advertisements across different marketing channels and areas of PDSA, including in our charity shops and Pet Hospitals.

As part of our mission to raise brand awareness, we released our new Cost of Loving television advert in March 2023, aiming to raise awareness of struggles faced by pet owners due to the cost of living crisis.

Our Cost of Loving campaign had a combined media reach of over **162.4 million people**. Knowing how well pet patient stories perform on social media, we chose to focus on two hero pets in our 'Keep People and Pets Together' Winter Appeal. Telling the stories of how we help to keep poorly pets and their owners together allowed us to reach 356,000 people across Facebook and Instagram.

Our founder, Maria Dickin, not only wanted to help pets in need, she also wanted to raise the status of animals in society and improve the standard of their care. With this in mind, she established the PDSA Animal Awards Programme in 1943. In 2023, we continued her mission by presenting multiple awards to courageous and exceptional animals.

Our Animal Awards Programme has continued to make headlines throughout the year, as both the media and the public engaged with the inspirational stories of amazing animals who have gone above and beyond.

In November, we awarded Fire Investigation Dog Reqs the PDSA Order of Merit, making him the 42nd recipient of this prestigious award. Coverage of Reqs' award had a combined media reach of over **173 million people** and over 358 articles written, including on major online sites such as BBC Online, Mail Online, ITV, The Independent, Sky News and Evening Standard.

We also presented a number of awards in closed door ceremonies. We felt it was important to celebrate the courageous actions of these dogs alongside their owners and handlers.



Expanding our Retail estate

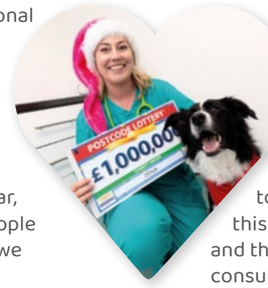
Throughout 2023, we continued to increase our presence within our communities by expanding our collection of charity shops. **We opened 14 new shops**, including the relocation of three shops across the UK in Ayr, Motherwell, Dunfermline, Kingswood, Plympton, Middlesbrough, Otley, Rothwell, Leigh, Formby, Uttoxeter, Neath, Barry, and Bridgend.

People's Postcode Lottery

We're incredibly grateful for the generous support we have received from players of People's Postcode Lottery since 2013. In 2023, we received a total of **£4.15 million**, and as of December 2023, the total funding we have received reached an incredible **£20,855,123**.

SUPPORT BY PLAYERS OF PEOPLE'S POSTCODE LOTTERY

AWARDED FUNDS FROM POSTCODE ANIMAL TRUST



We were thrilled to be awarded an additional £1 million from the Postcode Innovation Trust in December 2023. As part of their 'Happier Christmas' campaign, £5 million of funding was awarded to support charities bringing hope at Christmas. This helped us to save the lives of poorly pets over Christmas and into the New Year, making a positive difference to 5,000 people and pets in their time of need, for which we are incredibly grateful.

Our Oldbury Pet Hospital, The Marian and Christina Ionescu Centre of Surgical Excellence, was awarded £50,000 via the Postcode Local Trust as part of People's Postcode Lottery's 'Millionaire Street' event, where charities local to the winning postcode win a share of £1 million. Thanks to local players of People's Postcode Lottery, this funding enabled us to support 2,500 people and their pets eligible for free treatment to have a consultation with a Vet at our Oldbury Pet Hospital.

We received £3.1 million thanks to the generosity of players of People's Postcode Lottery, via the Postcode Animal Trust in 2023 which has enabled us to:



Our people and our culture

Volunteers

Volunteering at PDSA is a partnership where we aim to provide many opportunities for people to grow and develop. After being introduced in 2022, our Lead Volunteer Recognition Programme has increased our number of trained lead volunteers, which has created more capacity within shops. Our training materials also continue to help volunteers progress into paid roles, with 16 of our ex-volunteers being successfully recruited into paid roles in our PDSA charity shops during 2023.

In 2023, **2,820** people volunteered for PDSA – recording a total of

499,237

volunteer hours.

The generosity of our incredible volunteers saved PDSA £5.2 million in wages.

Graduates

In 2023, PDSA hired 15 Graduate Vets. 14 of our graduates will be moving into Veterinary Surgeon roles in 2024, boosting our frontline clinical resource whilst demonstrating our commitment to development and personal growth.

Equity, Diversity and Inclusion

PDSA's Equity, Diversity and Inclusion (EDI) Group was relaunched in 2023 with a new structure and senior leadership sponsorship. The group influenced inclusivity across the workforce through the launch of both an LGBTQ+ and Neurodiversity employee support group. The group also supported the delivery of two internal campaigns for Black History Month and World Menopause Day.



Lara, one of our amazing team of volunteers, in a PDSA shop



Cian's story

Graduate Vet at Romford PDSA Pet Hospital

Cian graduated from Vet School in 2022 and has since gone on to begin his career in PDSA's Graduate Programme at Romford PDSA Pet Hospital, The Julie and Robert Breckman Centre.

> "Everybody who works at PDSA is committed to the same mission of treating pets. It's a privilege to work at PDSA, and I cherish every day spent being a part of the veterinary team. It's a pleasure collaborating with my peers to deliver the best standard of care possible."



Brian's story

Shop Manager at Long Eaton Charity Shop

After starting at PDSA in 2019, proud dog dad Brian has progressed from Lead Volunteer to Shop Manager in just three years.

> "Before I became a Lead Volunteer in 2019, my older Labrador, Rex, needed major surgery to treat his broken foot. If it wasn't for PDSA, I wouldn't have been able to afford the cost of his operation. I knew I wanted to do something to say a big 'thank you' to PDSA for being there for us both. PDSA supported me in my journey as somebody who wanted to progress my volunteering role into employment. At the start, it was a way of showing my appreciation, but now it's become my career – and one that I'm very proud of. I always said I would like to work up to be Shop Manager of a PDSA shop one day, and now I have!"

Preventing problems

The 2023 PDSA Animal Wellbeing (PAW) Report

Our PAW Report is the UK's largest assessment of pet wellbeing. It provides companion animal welfare surveillance to identify trends and priorities and to promote and monitor change. When the PAW Report launched in 2011, it became the first overarching means of identifying, assessing and monitoring the wellbeing of companion animals and how well their 5 Welfare Needs are being met. Since then, we have surveyed almost 100,000 pet owners, Vets, Vet Nurses, and children to help understand how owners are providing for the Five Welfare Needs of dogs, cats and rabbits.

The PAW Report allows us to track trends and gain insight into animal welfare issues, estimate pet population numbers and understand how people care for their pets. Produced in collaboration with leading market research company, YouGov, the findings are used to stimulate collaborative working, inform Government research, policy and legislation, and inspire innovative approaches to tackling pet wellbeing issues in sector collaborations and veterinary clinical practice. In 2023, we continued to monitor these trends, and assessed how the cost of living crisis could be affecting our pets, alongside emerging welfare issues such as canine fertility clinics and imported diseases.

Our PAW Report statistics are often used within the press, positioning us as an expert and voice of authority in the pet welfare sector.

Key findings from the 2023 PAW Report

PAW PDSA ANIMAL WELLBEING REPORT 2023

53% of UK adults **own a pet**

29% own a dog.
24% own a cat.
2% own a rabbit.

94% of owners said that owning a pet **makes them happy.**

87% of owners said that owning a pet **improves their mental health.**

11 million **pet dogs** living in the UK.

97,000 dog owners had used a **canine fertility clinic** in the last 12 months.

8% of dogs were acquired from **abroad.**

11 million **pet cats** living in the UK.

87% of cats are **neutered**.

25% of cats aren't **microchipped**.

1.1 million **pet rabbits** living in the UK.

42% of rabbits live **alone.**

22% of rabbits live in **inadequate** housing.

The professional view ...

56% say more clients were **unable to afford unexpected vet bills** due to the cost of living crisis.

48% stated they had welfare concerns about a dog resulting from their attendance at a **canine fertility clinic**.

Over **99,000** **people surveyed** in total since 2011

There were over **28,000** **unique visitors** to PAW Report webpages in 2023

41,000 sessions • **23,900** new users • over **39,000** page views • over **1,973** downloads



Pet Education Partnership

2023 saw the launch of the Pet Education Partnership (PEP) when PDSA teamed up with seven of the UK's leading animal welfare charities to improve access to pet welfare education for teachers in primary education settings. The Pet Education Partnership's ultimate vision is to see animal welfare taught as part of the curricula across the UK.

With the vision to make animal welfare education available and accessible to every child aged between 5 and 11 in the UK, education teams at PDSA, RSPCA, Blue Cross, Cats Protection, Dogs Trust, Scottish SPCA, USPCA and Woodgreen began working collaboratively.



In September 2023, the Pet Education Partnership's new website was launched and the platform achieved almost 4,000 downloads by the end of 2023. On World Animal Day (4 Oct 2023), the Pet Education Partnership hosted their first collaborative event for primary schools. The event was based around their first chosen collaborative topic, Animal Sentience, and took place virtually. The event was a massive success and surpassed all expectations with over 2,000 primary school children in attendance.

Pet Education Partnership

XL Bully Ban

On 15 September 2023, the UK Government announced that, due to a rising number of dog attacks and fatalities linked to the breed, XL Bullies would be added to the Dangerous Dogs Act (DDA) in England and Wales. Scotland and Northern Ireland followed suit with similar announcements in early 2024.

Since 31 December 2023, it has been illegal to breed, sell, advertise, exchange, gift, rehome, abandon or allow an XL Bully dog to stray in England and Wales. All XL Bullies must be neutered within the Governments' timeframes depending on their age as of January 2023, and must be muzzled and on a lead in public at all times.

PDSA's stance on the issue is that any dog has the potential to display aggression and bite, resulting from both their genetics and the environment they are exposed to - breed alone is not a reliable predictor of behaviour. The fundamental premise of the Dangerous Dogs Act (1991) (to ban breeds and types of dogs) is ineffective because any dog can be aggressive.

Following the Government announcements, we established an internal working group to work cross functionally and plan how we could support XL Bully owners and our clinical teams during this challenging time. Our veterinary team began to explore ways our Pet Hospitals could support eligible XL Bully owners.

We want to be able to support owners who need to have their dog neutered, whilst ensuring there is no detrimental impact on maintaining our life-saving services. In those Pet Hospitals with available resource, we began to explore the possibility of prioritising neutering capacity to help XL Bully owners ensure they comply with the new legislation.



Digital, Data & Technology

2023 was an exciting year of transformation at PDSA, as the Digital, Data and Technology (DDaT) team delivered a new technological foundation for the organisation, adding new functionality and capability whilst reducing our operating costs.

PDSA's systems and services are now 100% cloud-based, having migrated all organisational needs from dated technologies by utilising the best service offerings from world-leading technology provider Microsoft. PDSA's network is now based on modern technologies, offering a greater range of capabilities at each of our 160+ sites at a lower operational cost.

The DDaT team also significantly improved our security, website and a collection of foundational technologies that create the day-to-day services that colleagues depend on to deliver the best public benefit services.

Next steps

- In 2024, our Brand team will focus on a 'Brand always on' campaign where we will continue to build on learning from our 2023 campaigns.
- We will hire 19 graduates across 18 Pet Hospitals in 2024.
- Our EDI group will engage all colleagues with a programme of continuous learning, and the knowledge and skills to strengthen behaviours of fairness, dignity, respect, and inclusivity and ensure our Trustees, the Executive Leadership Team and the Executive Support Team are role models for inclusion and provide visible, accountable, and inclusive leadership in their respective areas.
- In 2024, the Pet Education Partnership expects to reach over 364,000 children through live talks and online resources. The team will continue to collaborate to create additional content around a range of animal welfare topics, including reactive content and a resource specifically for uniform groups such as Scouts and Brownies.
- During 2024, we anticipate many XL Bully owners will need our help and we will support as many as possible by providing low cost neutering to help eligible owners comply with the terms of their Certificate of Exemption.

Veterinary Care Assistant Katarzyna Drewnowska working on a computer

Governance and risk

Administrative details

The People's Dispensary for Sick Animals (PDSA) | Founded in 1917 by Maria Dickin, CBE	
Incorporated by Acts of Parliament	(PDSA Act 1949, 12 & 13 Geo. 6, Ch. xv) (PDSA Act 1956, 4 & 5 Eliz. 2, Ch.1xvii) (as amended by the Scheme set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015) Registered charity nos. 208217 & SC037585
Head Office	Whitechapel Way, Priorslee, Telford, Shropshire TF2 9PQ Telephone: 01952 290999 Website: www.pdsa.org.uk
Patron	HRH Princess Alexandra, the Hon. Lady Ogilvy, KG, GCVO

Principal professional advisors	
Bankers	Lloyds Bank plc, 25 Gresham Street, London EC2V 7AE
Investment Managers	Schroder Unit Trusts Limited, 1 London Wall Place, London EC2Y 5AU Ninety One, 55 Gresham Street, London EC2V 7EL Partners Group (UK) Limited, 14th Floor, 110 Bishopsgate, London EC2N 4AY
External Auditor	BDO LLP, Two Snow Hill, Birmingham B4 6GA
Actuaries	Iseran Bidco Ltd t/a Isio, One Colmore Square, Birmingham B4 6AJ
Solicitors	Sacker & Partners LLP, 20 Gresham Street, London EC2V 7JE Bates Wells London LLP, 10 Queen Street Place, London EC4R 1BE Brabners LLP, Horton House, Exchange Flags, Liverpool L2 3YL Wright Hassall LLP, Olympus Avenue, Leamington Spa, Warwickshire CV34 6BF Addleshaw Goddard LLP, Cornerstone, 107 West Regent Street, Glasgow G2 2BA Wilsons Solicitors LLP, Alexandra House, St. Johns Street, Salisbury SP1 2SB DLA Piper UK LLP, Two Chamberlain Square, Paradise, Birmingham B3 3AX
Trustees	Details in Governance section overleaf.

Governance

Governing documents and registration

The charity is incorporated under The People's Dispensary for Sick Animals Acts 1949 and 1956 as amended by a Parliamentary Scheme and set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015. Its constitution comprises the detailed clauses of these two Acts of Parliament plus supplementary Byelaws, which have been subsequently revised by the governing body. The charity is registered with both the Charity Commission in England & Wales and the Office of the Scottish Charity Regulator.

Governing body – Council

The Trustees form the governing body of the charity, known collectively as the Council and are legally responsible for the overall management and control of PDSA. Council sets the strategic direction, shapes policies and approves major expenditure programmes but delegates certain decisions to Committees.

Trustees are experienced leaders from a range of professional backgrounds who provide valuable experience to guide the charity.

Council approves new Trustees whose appointment is then ratified at a General Meeting. All Trustee recruitment is subject to a rigorous and transparent process. Qualifications for Trusteeship include a commitment to the relief of poverty and to animal welfare, plus specialist expertise or knowledge considered to be of benefit to PDSA. It is the Council's policy for the governing body to consist of ten to twelve Trustees. However, Council may plan to increase this number to take account of planned retirements while maintaining an appropriate range of skills and expertise.

New Trustees are familiarised with the workings of PDSA, Council Policies & Procedures and Governance. We have a comprehensive Trustee induction programme which includes visits to Head Office, PDSA Pet Hospitals and our Retail shops, along with meetings with Directors and key members of staff.

The total number of Trustees is currently 10, and they are listed below along with their committee membership.

Chair John Miller *Chair from 1 January 2023*	**F G**
Deputy Chair Carole Pomfret	**F G**
Professor Gary England	**A**
Gordon Hockey	**G**
David Lister	**F**
David Morgan	**F G**
Ian Phoenix	**A**
Mary Reilly	**A G**
Alison Tattersall	**A**
Liz Hutchinson	**A**
Alison Ross-Green *Resigned 23 March 2023*	

F – Member of the Finance & Investment Committee
A – Member of the Audit & Risk Committee
G – Member of the Governance & Remuneration Committee

Committees

There are four Committees, and each has specific terms of reference.

The Finance & Investment Committee reviews the Fund Managers' performance, the budget and most other financial matters.

The Audit & Risk Committee considers risk and internal and external audit matters. It looks at health and safety management and all aspects of our clinical governance framework, thereby giving a holistic view as to the quality assurance of the veterinary service. It also receives regular updates on compliance in respect of our fundraising governance framework. This Committee also provides oversight of the Risk Management approach at PDSA.

The role of the **Governance & Remuneration Committee** includes determining the Remuneration Policy for the whole organisation, and in particular, the total remuneration packages of senior executives which it recommends to Council. It also provides oversight of governance, for example monitoring changes in external codes of good practice and considering PDSA's response, advising on the approach to reviews of Board effectiveness, Trustee appointment and succession, and diversity and inclusion.

The Special Purposes Committee approves items relating to property transactions, lease agreements, certain legacy matters and approval of contracts and other specific items as defined in the Terms of Reference. Membership is made up of the Directors. The Chair of Council, the Deputy Chair, the Chair of the Finance & Investment Committee and the Chair of the Audit & Risk Committee receive the agenda and summary of items in advance and can request papers or elect to attend if they wish. Members of Council receive copies of minutes from all meetings of the Committee.

Oversight of the Charity's safeguarding policies, activities and incidents is provided by Trustees. A quarterly safeguarding report is reviewed at each Council meeting.

Charity Governance Code

PDSA remains committed to good governance. During the year we have had a renewed focus on Governance activities, for example, ensuring that meetings are as effective as possible, that Terms of Reference for all Committees are up to date and aligned, and refreshing our policy framework.

Some of the established arrangements in place to meet the Code requirements are:

- Board recruitment, induction, Trustee appraisal and Trustee training. A skills audit is carried out every three years to identify potential gaps in the Trustee Board's collective skills, competencies, and experience.
- Our Trustees are committed to ensuring equity in the accessibility, delivery, and outcomes of our public benefit. All eligible pet owners, regardless of their backgrounds, should be aware of and feel able to access our services.
- Trustees have also committed to carrying out a biennial self-assessment of compliance with the Charity Governance Code. This was completed during 2023, and the results reported to Council.

One area where PDSA has decided not to apply the guidance contained in the Charity Governance Code is in relation to the Trustee terms of office. The terms of office for Trustees are three terms of four years. After each term of four years, individual Trustees discuss with the Chair whether they should continue. Factors taken into account include: skills requirements, whether the Trustee wishes to and is able to continue to commit to time requirements and whether the Trustee and Chair believe they are still adding value to the Board.

In exceptional circumstances, at the request of the Chair and Deputy Chair, Trustees may be asked to stay on beyond the maximum term of 12 years, to provide continuity. PDSA considers that these terms of office are appropriate to provide a balance of experience, and to allow Trustees to gain the depth of understanding of the charity, which is needed, whilst still ensuring that Trustee tenure is limited. At present, only one of the Trustees has served more than the maximum 12 years of office. In order to provide continuity our Chair, John Miller, has agreed to serve an additional term of office which commenced on 1 January 2023.

Remuneration statement

Council has overall responsibility for determining the Remuneration Policy for the whole organisation and, in particular, the total remuneration packages of senior executives. It delegates this responsibility to the Governance & Remuneration Committee, which makes recommendations to Council.

PDSA is a large organisation with over 2,200 employees and the support of 2,800 volunteers. Working together, it is the combined effort of all our people that delivers our mission of providing compassionate veterinary care in the communities we serve for pet owners who can't afford the care their pets need.

The nature of our public benefit means that we are one of the UK's largest employers of veterinary professionals and, as a complex and diverse organisation, we compete in different job markets for a wide range of skills and experience. Our Pay Policy must therefore be sufficiently flexible to ensure we can attract and retain the right people with the right skills to be able to deliver our vital services whilst meeting our supporters' expectations that the money they entrust to us will be used wisely.

In determining overall pay levels for all our staff including senior executives, we take account of pay practice in other similarly sized charities and, where appropriate, private sector organisations. Benchmarking activity takes place on an annual basis. Annual pay reviews take into consideration affordability, economic trends and external market movements. It is the view of the Governance & Remuneration Committee supported by Council, that, given the size, complexity and substantial public benefit provided by PDSA on a national scale, the remuneration of its senior executives is fair and proportionate.

Whilst this year has seen the labour market challenges slow slightly, there remains a national shortage of veterinary surgeons and veterinary nurses, along with the continued focus on pay as the cost of living remains high. To support our colleagues, we remain committed to paying Real Living Wage and continue to benchmark our salaries externally.

Our Gender Pay Report is available on our website in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The overall difference between men's and women's earnings is 27% (mean) (2022:22.8%) or 30% (median) (2022:29.7%) based on hourly rates of pay at the snapshot date of 2023. This is an increase of 4.2% in our mean gender pay gap and 0.3% in our median gender pay gap driven by more males in the Upper Pay quartile. 75% of our upper quartile pay are female and this increases to 90% within our lower pay quartile.

Environmental statement

PDSA is committed to reducing our impact on the environment. We are dedicated to reducing our energy, water and fuel use, as well as waste.

2023 saw activity across the organisation returning to pre Covid levels and whilst there have been no extreme changes in 2023 as compared to 2022, the use of both gas and electricity has risen primarily due to a growth in our property portfolio, particularly in Retail with regard to shop openings and closures.

2023 saw us embark on a four year capital works programme to upgrade and refurbish a number of Pet Hospitals which will see the replacement of older, inefficient plant and equipment. We have also undertaken and completed during the course of 2023 an energy efficiency audit and review of the entire hospital estate and have identified a number of low carbon technologies such as solar panels, energy efficient lighting and alike in order to reduce the organisation's carbon footprint on which our future sustainability strategy will be developed. Similarly the construction of new hospitals will ensure that recognised sustainable standards and methodologies are used in the design and building.

Our methodology for calculating our greenhouse gas impact takes our total energy usage-including electric, gas and bottled gas as well as transport and converts this into our organisation wide carbon footprint. This figure can then be divided by our total head count for the same period giving us our intensity ratio.



Energy Use and GHG ($KgCO_2e$) emissions:

	2023					2022				
	Totals	kWh	%	tCO_2e	%	Totals	kWh	%	tCO_2e	%
Scope 1: Natural Gas	442,551 (m^3)	4,931,377	43.2%	902.09	38.2%	338,773 (m^3)	3,740,979	38.6%	682.88	34.4%
Scope 1: Company Vehicles	343,429 (miles)	367,185	3.2%	83.57	3.5%	366,876 (miles)	408,407	4.2%	100.76	5.1%
Scope 2: Electricity	5,838,256 (kWh)	5,838,256	51.1%	1,208.95	51.1%	5,356,002 (kWh)	5,356,002	55.3%	1,062.3	53.5%
Scope 3: Grey Fleet	155,996 (miles)	281,314	2.5%	65.04	2.8%	166,647 (miles)	185,511	1.9%	45.77	2.3%
Scope 3: Transmission & Distribution	-	-	-	104.59	4.4%	-	-	-	94.75	4.8%
Total		**11,418,133 kWh**		**2,364.0 tCO_2e**			9,690,899 kWh		1,986.5 tCO_2e	
	Gross emissions uses the total emissions, as above. Net emissions excludes scope 2 electricity as all purchased is on a renewable contract.					Gross emissions uses the total emissions, as above. Net emissions excludes scope 2 electricity as all purchased is on a renewable contract.				
Gross tCO_2e / Net tCO_2e	**2,364.2**		**1,155.3**			1,986.5		924.2		
	Gross/net carbon is divided by the business metric, 2,344 staff.					Gross/net carbon is divided by the business metric, 2,218 staff.				
Intensity ratio (tCO_2e/Staff) Gross / Net	**1.0086**		**0.4929**			0.8956		0.4167		

Group structure

PDSA undertakes charitable service delivery and fundraising. Trading activities are carried out through three wholly owned subsidiary companies: PDSA Trading Limited, PDSA PetAid Enterprises Limited and PDSA Property Services Limited.

Face-to-Face Fundraising

PDSA only works with companies and commercial participators of repute and whose activities do not have an adverse impact on the charity's objectives. These relationships are regularly reviewed.

Policies and robust processes are in place to ensure those who fundraise on our behalf operate at the highest standards, ensuring that our fundraising is not intrusive or persistent, does not put an individual under undue pressure and protects the vulnerable.

We work with two fundraising agencies who engage the public on our behalf, explaining the impact and benefit of our services and asking for their support through regular donations. We place our fundraisers in private areas such as Retail sites, ticketed events, and shows. PDSA does not conduct door-to-door or street fundraising. Our dedicated Public Fundraising Manager works alongside our partners to ensure the public enjoy a great experience when engaging with a PDSA fundraiser.

Continuous quality assurance monitoring includes a mystery shopping programme, video observations, call listening, and providing training. Any complaint or expression of dissatisfaction relating to our face-to-face fundraising is dealt with personally by our Public Fundraising Manager, whilst working closely with our partners.

During 2023, we received a total of 51 complaints, 2 of which were regarding face-to-face fundraising (2022: 41 total, 13 regarding face-to-face fundraising). Our quality and assurance programme ensures PDSA, and our agency partners, operate at the high standards required by the Fundraising Regulator and Chartered Institute of Fundraising (CIoF), whilst being monitored by the Audit and Risk Committee.

We believe that engaging conversations with a fundraiser will continue to play an important part in building public understanding and support for PDSA.

Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the PDSA Acts 1949 and 1956 as amended by a Parliamentary Scheme and set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are also responsible for ensuring that the financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Executive staff

Council delegates policy and strategy implementation to the Director General. The Director General manages PDSA through the Executive Leadership Team. The Director General and Directors together constitute the Special Purposes Committee.

Director General	Jan McLoughlin, MSc, CBiol, MSB, FIoD
Director of Veterinary Services	Richard Hooker, BVMS (Hons), MRCVS *until June 2024*
Director of Finance & Resources	David Hammond MBA, FCCA, BA (Hons)
Director of People	Karen Hailes, FCIPD *until April 2023* Rebecca Tindall *since April 2023 (Interim Director of People from 7 November 2022)*
Director of Digital, Data & Technology	Matthew Green
Director of Income & Engagement	Claire Rowcliffe *until April 2023* Rebecca Cogswell *from June 2024*

During the year we made the appointment of our Director of People permanent, having previously been an interim appointment during the absence of our previous Director of People who has now retired.



Risk management

PDSA has established management processes to mitigate risks that would prevent us from fulfilling our strategic goals. In particular, the Trustees seek to ensure that:

- Risks are identified, assessed and controls established to mitigate them;
- The risk exposure profile is acceptable at all levels; and
- The risk management process is embedded in operational and management procedures.

The Audit & Risk Committee, assisted by the Executive Leadership Team and Internal Audit department, considers risk in detail. Key risks are considered at each meeting of the Audit & Risk Committee. Audit & Risk Committee ordinarily also conducts a Deep Dive into one or two of the risks. Trustees' Risk Appetite is considered and updated annually. The Committee regularly reviews the Risk Management processes in place.

Council considers its key risk factors to be those identified below:

Area of risk	How the risk might affect PDSA	Key mitigation plans and strategies
Impact of economic environment	The current inflationary environment is leading to increased costs across a number of key areas, for example, energy costs, and one of our largest cost areas, payroll. At the same time, the impact of the cost of living crisis may increase demand for our services and reduce our ability to raise the funds that we need.	To mitigate this risk, financial forecasts include consideration of potential cost increases (e.g. as a result of increased energy costs). We also work closely with key suppliers to agree on long-term contract prices where possible, in order to provide greater certainty over future costs. We currently have a strong level of Reserves, and can continue to operate for the foreseeable future, however, if we are unable to return to a financial surplus position, our services may not be sustainable in their current form over the long term. We have a broad range of fundraising campaigns and we are continuing to work to strengthen our digital fundraising activities. In addition, we are testing and evaluating our cause position across our campaigns, and integrating our activities where appropriate to do so; this will lead to a more consolidated message to our audiences, and raises the person profile in the person/pet relationship, which will make PDSA more appealing to a different audience.
Potential dependence on narrow range of third parties for critical activities	The Society depends on third parties to provide drugs and consumables for use in our Pet Hospitals, to provide services to support our activities and to provide support for critical IT systems. In some of these areas, there is a narrow range of third-party providers, which can increase reliance on one or two partners. The current economic climate increases the risk of third parties being unable to continue to operate or of substantial increases in third party costs. In particular, we rely on a number of providers to support our delivery of veterinary services, for example with Out of Hours care, or cremation services. The ongoing review of the Veterinary sector by the Competition and Markets Authority (CMA) may result in changes in the marketplace which could impact on cost or availability of services in the short- to medium-term.	Where practical and appropriate we seek to diversify to reduce reliance on single third parties, and where this is not possible, we seek to put in place other mitigation. For example, where we use a third-party IT system to support our activities, we use escrow agreements to ensure we can continue to operate in the event of failure of the third party. We regularly review the marketplace to ensure that we are obtaining best value.
Investment Portfolio	This can be subject to volatility from time to time which can impact the value of PDSA's Reserves.	Our investment strategy is overseen by the Finance & Investment Committee. Details of our Investment Strategy are set out in the 'Investment' section in our Financial Review below.
Dependence on IT systems and potential Cyber attack	In common with most organisations, our IT infrastructure is critical to our continued operations, and sustained non-availability of key systems, for example as a result of a cyber-attack, would impact our ability to continue to deliver services or to carry out fundraising activities.	We have carried out a major programme of investment during the year to improve our resilience and to implement enhanced security. This programme of work will continue for the life of the current Business Plan, to ensure that we have resilience built in for all key systems as far as possible, and that robust and tested continuity and recovery plans are in place for all new and critical systems.

Council is satisfied that controls and actions have been put in place to mitigate the major risks identified. However, it recognises that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Financial Review & Statements

Headlines

At the end of the year, PDSA's financial position continued to show resilience against a backdrop of inflationary pressures and volatility within the economy. We are planning for a tougher financial outlook and moving into a larger deficit position in 2024, which is discussed in our going concern assessment.

For 2023, we had budgeted £8.3 million net operating expenditure for the year, assuming that whilst income would increase, our charitable activity spend would increase at a faster rate. We also had ambitious plans to expand the Retail estate by a third, which would raise PDSA's profile across the communities we serve and bring in additional income. In reality, these growth plans proved unachievable in 2023. However, savings achieved across almost all areas of PDSA, together with strong growth in Legacy gifts, generated a smaller than expected operating deficit of £0.6 million (2022: £1.6m surplus). Gains of £0.9 million against our investments resulted in a net income of £0.3 million for the year (2022: £4.0m net expenditure).

Total income increased to £114.0 million in 2023 (2022: £106.6m). Legacy income, our largest single source, remained strong at £56.4 million (2022: £51.1m). Our Retail trading income continued to grow as we expanded our Retail Estate. In 2023, charity shop income was £14.5 million (2022: £12.5m).

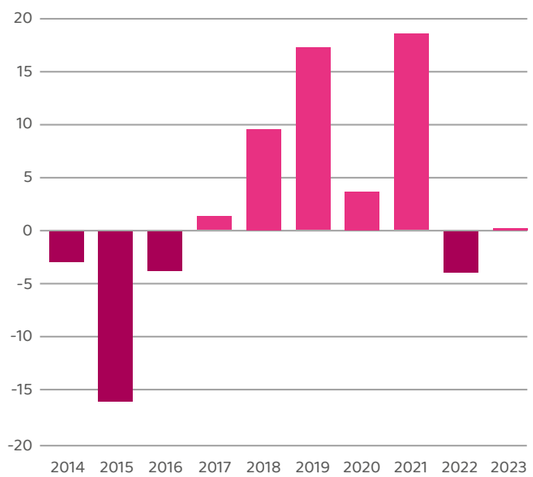
We spent £87.2 million on public benefit in the areas of prevention, education and treatment which was £7.9 million (10%) higher than the prior year (2022: £79.3m). As in 2022 we prioritised treatment of those most in need of vital care. This meant we had to restrict the number of pets being offered preventive services, although we were able to provide more preventive activity in 2023.

PDSA's managed investment portfolio of listed and other investments recovered over the last quarter of the year following significant market volatility throughout the year. As at 31 December 2023, the investment portfolio achieved total returns (including dividend income) of £1.4 million across the year. This represented a total return of 2.1% in 2023, after losses of 6.5% in 2022. The return from our investment portfolio can be considered in the context of wider financial market performance, with returns of 3.8% and 4.4% in the year for the FTSE 100 and 250 indices respectively. Our targeted return is RPI + 3.0%, and the 12-month increase in the RPI index was 5.2%.

PDSA also holds a small portfolio of investment properties. These returned a gain of £0.4m in the year, primarily due to the reclassification and revaluation of a property previously used for operational purposes which was leased to a third party during the year.

Overall, with the investment gain in the second half of the year, the 2023 results represent an improvement over 2022: total net income of £0.3 million this year compared to £4.0 million net expenditure in 2022.

Net income/expenditure 2014 - 2023 (£m)



Excluding investment performance, which is managed separately by our investment advisors and is therefore largely outside of our control, PDSA returned net expenditure of £0.6 million in 2023 (£1.6m net income in 2022).

The accounting for our defined benefit pension scheme always has a material effect on our results. This year there was an actuarial loss of £4.1 million (2022: actuarial gain of £16.0m) which led to a negative net movement in funds for the year of £3.8 million, from net income of £12.0 million in 2022. Actuarial assumptions can vary from year-to-year and the main reasons for this year's loss was a fall in corporate bond yields and higher than expected inflation over the period. This was partially offset by the Society contributions and changes to the demographic assumptions. Over six years (2018-2023) there has been some volatility in actuarial gains and losses, but overall, there has been a gain for the period of £9.6 million.

Income and costs in more detail

We receive no ongoing HM Government or National Lottery funding for our veterinary services and therefore we rely on generating our income from our supporters by voluntary donations and trading activities. In the table below, we present the financial results in a different way, which we believe gives more clarity on the sources of net income.

The income we receive from donations and legacies forms the largest portion of our overall income. We ensure that we invest carefully on marketing and management in this area to attract supporters and protect future revenue and cost-effectively generate awareness and income both in the short and longer-term. The table below shows that the cost of raising donations and legacy income overall from our supporters decreased from 13p per pound (£) in 2022 to 12p per pound in 2023.

Legacies continue to be our most important source of income, generating £56.4 million (2022: £51.1m). Legacies provided 63% of our net income available for charitable activities (2022: 61%). Our longer-term strategy aims to invest in growing our legacy donations, while also seeking to broaden income from other sources. We plan to do this by growing our supporter base, through promotion and using innovative approaches to generate donations; we also aim to grow trading income in Retail through expansion of the Retail estate.

We offer services to our clients in addition to free treatment, and this charitable trading is an important income stream and one we aim to grow. This year, our concessionary (low-cost) service sales were £9.1 million compared to £7.9 million in 2022, 16% higher. As described above, we have been slowly building back our preventive services over the year, resulting in income being £5.2 million (2022: £4.4m), 18% higher than 2022.

Other trading net income includes gaming products, sales from our Retail division (donated and new goods) and miscellaneous sales, commissions, and licensing income. PDSA Trading Limited provides almost all trading income, excluding donated goods, which are sold by the charity; this subsidiary's full results can be seen in the notes to the financial statements.

Income and costs comparisons 2022 - 2023 (£m)

	2023		2022	
	£ MILLION	COST/£	£ MILLION	COST/£
Donations and legacy net income	69.8	0.12	63.5	0.13
Other trading net income	1.2	0.94	3.7	0.81
Asset-related net income	1.3	0.02	1.3	0.04
Charitable trading gross income	14.3		12.3	
Net income available for charitable services	**86.6**	**0.27**	80.8	0.27

Asset-related net income is investment income and gains on disposals of fixed assets.
Total cost/£ represents total expenditure on raising funds plus expenditure on providing preventive services, divided by total income.



Ann Permaul, Shop Manager at Kilburn PDSA Charity Shop

Our Retail activities provide the largest proportion of trading income. We remain one of the largest Retailers in a very competitive charity Retail sector, and in line with our corporate strategy, 2023 saw us expand our Retail estate through the opening of 11 new shops and the relocation of 3 others. Shop openings in the year fell short of our original intention but our plans for 2024 include seeking to open a further net 20 shops over the year. Online sales through our E-Commerce and eBay routes continued through 2023.

Retail trade remains strong, with donated goods sales increasing by 18% year-on-year. Trade has now reached the levels that we experienced prior to the Covid restrictions in 2020, and we aim to build on this through 2024. New goods sales continued to grow, increasing by 3% over 2022.

Our pet insurance products have experienced a first full year with our new insurance partner, Cardif Pinnacle. As expected, 2023 was a year of investment, as we seek to build a sustainable, robust client base for the future. Pet insurance products delivered net expenditure of £0.7m in 2023, but we expect this position to improve over the coming year as our client base grows.

The People's Postcode Lottery again provided generous support in 2023. A £3.1 million donation (2022: £3m) was used by our veterinary services. In addition, the People's Postcode Lottery awarded a further £1 million in December so that pets whose owners could not afford treatment were able to access veterinary care over the Christmas period. Our strong partnership with the players of People's Postcode Lottery continues in 2024 and we are hugely grateful for their ongoing support.

We organise our public benefit expenditure into three areas. The largest is for treatment at Pet Hospitals and contracted services that increased to £82.5 million (2022: £75.4m). This activity includes substantial fixed costs. Our preventive service expenditure increased this year to £3.3 million (2022: £2.8m) as we continued to expand our service. The amount we spend on education and responsible pet ownership can vary based on the specific activities we undertake and was £1.3 million (2022: £1.1m).

Investments

At the end of 2023 our total investments (including properties) totalled £59.0 million (2022: £72.4m). We drew down £15.5 million against our listed investments during the year to fund our planned capital expenditure programme and to reduce reliance upon the overdraft facility.

Our total investments recovered in 2023, achieving total returns (including dividend income) of £1.7 million over the year. This mitigates in part the £5.0 million losses suffered in 2022.

The day-to-day management of the investment portfolio is delegated to professional fund managers. We have an Ethical Investment Policy that precludes investing directly in those organisations involved in testing on animals for cosmetic and other non-medical purposes.

Performance is measured on a total return basis and the Finance & Investment Committee regularly reviews the fund managers' performance. The Society's investment strategy focuses on capital preservation, while providing opportunities for increased returns through diversification of the asset base, without a significant increase in risk. We are currently reviewing our investment principles, with a particular focus on the current risk profile and potential returns within this high inflationary environment with a new investment advisor.

We spread our investment holdings across three investment managers and invest in funds rather than direct investments. Funds provide greater stability than direct market investments and are sufficiently liquid to meet short-term operational cash needs as well as supporting the Business Plan to maintain and expand the delivery of our charitable services.

Given the ongoing conflict in Ukraine, the Society and its investment managers have been ensuring that the level of exposure to Russian investments in each of the three funds (Schroders Unit Trusts; Ninety One; Partners Group (UK)) is nil or negligible.

Investment properties are revalued each year. The value at 31 December 2023 was £6.7 million (2022: £5.9m).

Reserves

The Executive and Council considers reserves regularly as part of its business planning process. It seeks to ensure that sufficient reserves are available to fund planned activity and public benefit levels agreed in the Business Plan, to be responsive to unforeseen and unplanned activity and to protect PDSA from unexpected events, such as fluctuations in income and costs not anticipated in the Business Plan.

The policy reflects the Charity Commission's guidance on Reserves Policies in its publication CC19. PDSA's Reserves Policy will be reviewed during 2024.

Our Reserves Policy is supported by scenario and contingency planning to determine the potential impact on the level of reserves of defined risk factors. Our contingency strategic planning determines the level of reserves that we consider necessary to protect us from any prolonged financial risks and considers any measures that may need to be addressed should reserves fall below agreed levels.

Council has determined that the level of free reserves needed should fall within the range £45 million to £60 million. The policy should allow continuity for a minimum period of 18 months and for a maximum of three years. During this period the charity would aim to stabilise itself and become sustainable for the future.

Free reserves

£ millions	2023	2022
Total charity funds	103.3	107.1
Pension reserve	24.3	22.5
Endowment funds	(0.9)	(0.9)
Restricted funds	(1.6)	(2.2)
Unrestricted funds	**125.1**	**126.5**
Pension funding commitments	(29.5)	(32.9)
Carrying value of functional assets	(29.2)	(22.6)
Legacy contingent asset	12.8	15.0
Free reserves	**79.2**	**86.0**

At 31 December 2023 the charity had free reserves of £79.2 million (2022: £86.0m), as calculated in the table above which shows that reserves have decreased by £6.8 million. We invested heavily in our Pet Hospitals in 2023, spending £3.8 million (2022: £1.9m) to provide structural improvements in the facilities that we offer and improve services to our clients. We also invested in our IT infrastructure to add new functionality and capability whilst reducing our future operating costs. In combination, these factors have meant that free reserves have reduced, but still remain beyond the reserves range set by Council.

In considering the reserves level, Council recognises that our final projections for 2024 and 2025 (detailed below in Going Concern) mean that reserves will reduce as the charity seeks to maintain our public benefit whilst absorbing inflationary pressures across the cost base. In addition, the significant capital investment which has been approved across our properties, IT and data infrastructure will continue, helping establish a solid base for the future. Furthermore, some of the income raised in each year is earmarked for future spending, though it is not formally restricted, for example the net surpluses from the People's Postcode Lottery which we agree to spend on specific projects in the subsequent year. We forecast that free reserves will fall to be closer to the range set by Trustees by the end of 2025.

The pension funding commitment represents the cash value of payments scheduled to August 2032 for the defined benefit pension scheme; the legacy contingent asset represents 80% of the value of the legacy pipeline.

The total funds of the Group at the end of 2023 were £103.3 million (2022: £107.1m). Of these funds, £2.5 million were restricted income funds or endowments (2022: £3.1m).

Our investment funds have sufficient liquidity to provide the flexibility to manage any potential downturn in income: access to two of the funds is in a matter of days and for the other within two to three months.

During the year, the charity renewed its £10 million unsecured overdraft with Lloyds Bank plc. We have proactively utilised this facility over the year, as a more cost-effective alternative to drawing down against our investments. As our investments recover in value through 2024, we will seek to rebalance our cash holdings and reduce the overdraft usage. The overdraft facility was renewed in June 2023, and we expect the arrangement to continue through 2024.

At the date of signing, our most recent calculation of free reserves stood at £77.9 million. We have considered future activities and outlook and have created financial projections accordingly.
Our current view is that our free reserves could reduce to £55.7 million by December 2025, which is within the Reserves Policy range set by Trustees.

Going concern

The Executive and Council regularly reviews financial performance, forecasts, and projections, taking account of the potential impact on future public benefit and this is an important element of Group financial management.

The Group had investments with a value of £52.4 million at 29 February 2024 that are sufficiently liquid to be realised quickly (two funds have daily access, the third within two to three months). This gives the Group significant headroom in the cash flow forecasts. As a precaution the Group will renew its overdraft facility from 1 July 2024.

Trustees have reviewed projections of cash flow and profitability for the period to December 2025 considering a range of scenarios and sensitivities to income and costs, over the short to medium term as we manage business performance.

After considering the projections of cash flow and profitability and the ability to liquidate the investment portfolio to support cash balances, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, which is a period of at least 12 months from the signing of the accounts and audit report.
They therefore consider that it is appropriate for the financial statements to be prepared on the going concern basis.

Pension Plans

PDSA has a defined benefit pension scheme, The People's Dispensary for Sick Animals Retirement Benefits Plan (RBP) (1978) and a Group Personal Pension (GPP) Plan.

The defined benefit pension scheme has been closed to new employees since 2006 and since April 2019 has been closed to future accrual. The GPP Plan was opened in January 2008 for new and existing employees. The charity is committed to ensuring it will continue to offer suitable pension benefits for employees.

The RBP scheme had a deficit, as calculated under the provisions of FRS 102, of £24.3 million at 31 December 2023 (2022: £22.5m). The last triennial actuarial valuation was carried out as at 31 December 2020 and this showed a deficit of £55.4 million. Revised deficit funding contributions were agreed between PDSA and the RBP Trustee in December 2021.

These liabilities have been revised to reflect some key assumption changes. The change is mainly as a result of the fall in corporate bond yields over the period and higher than expected inflation over the period. These have been partially offset by the Society contributions and changes to the demographic assumptions. The next triennial valuation of the Scheme is due at 31 December 2023. This will be undertaken through 2024.

The Plan held a number of investments at 31 December 2023 at fair value.

Approved by Council and signed on its behalf by:



John Miller, Chair
28 June 2024

Independent Auditor's Report to the Trustees

of People's Dispensary for Sick Animals

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 December 2023 and of the Group's/its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended and the Peoples Dispensary for Sick Animals Act 1949 and 1956.

We have audited the financial statements of Peoples Dispensary for Sick Animals ('the Parent Charity') and its subsidiaries ('the Group') for the year ended 31 December 2023 which comprise the consolidated and parent charity statement of financial activities, the consolidated and parent charity balance sheet, the consolidated 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Charity in accordance with the ethical requirements 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.

Conclusions related 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 Group and the Parent Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion;

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is inconsistent in any material respect with the financial statements; or
- adequate and proper accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; 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, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group/Charity and the sector in which it operates;
- Discussion with management and those charged with governance including the Audit & Risk Committee;
- Obtaining and understanding of the Group's/Charity's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) regulations 2006, as amended, Peoples Dispensary for Sick Animals Acts 1949 and 1956, UK GAAP, Charities SORP, Fundraising legislation and UK tax legislation.

The Group/Charity is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be employment law, health and safety legislation and data protection.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of any correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- We reviewed the Fraud log and Serious Incident log submitted to the Audit & Risk Committee which includes instances of fraud and non-compliance with laws and regulations.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, Audit & Risk Committee and internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's/ Charity's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- We reviewed the Fraud log and Serious Incident log submitted to the Audit & Risk Committee which includes instances of fraud and non-compliance with laws and regulations.

Based on our risk assessment, we considered the areas most susceptible to fraud to be posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, including the defined benefit pension scheme valuation (FRS 102 Section 28), accrued legacy income and provisions.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Kyla Bellingall

Kyla Bellingall
BDO LLP, statutory auditor
Birmingham
1 July 2024

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



Consolidated Statement of Financial Activities
(incorporating an income and expenditure account)

For the years ended 31 December	Note	Unrestricted funds	Restricted funds and endowments	Group £'000 Total 2023	Unrestricted funds	Restricted funds and endowments	Group £'000 Total 2022
Income and endowments from							
Donations and legacies	2	73,117	6,445	**79,562**	66, 280	6,997	73,277
Grant income	2	4	-	**4**	-	-	-
Other trading activities	2	18,748	-	**18,748**	19,678	-	19,678
Charitable trading activities	2	14,350	-	**14,350**	12,295	-	12,295
Investments	2	1,311	-	**1,311**	1,003	-	1,003
Gain on disposal of fixed assets		-	-	**-**	395	-	395
Total income		107,530	6,445	**113,975**	99,651	6,997	106,648
Expenditure on raising funds							
Donations and legacies	3	9,808	-	**9,808**	9,779	-	9,779
Other trading activities	3	17,529	4	**17,533**	15,941	6	15,947
Investments	3	24	-	**24**	50	-	50
Other expenditure: loss on disposal of fixed assets		9	-	**9**	-	-	-
Total expenditure on raising funds		27,370	4	**27,374**	25,770	6	25,776
Net income available for charitable activities		80,160	6,441	**86,601**	73,881	6,991	80,872
Charitable activities							
Treatment at Pet Hospitals and by contracted services	3	75,856	6,677	**82,533**	68,784	6,631	75,415
Education: responsible pet ownership	3	1,296	-	**1,296**	1,058	-	1,058
Preventive services	3	3,347	-	**3,347**	2,829	-	2,829
Total expenditure on charitable activities		80,499	6,677	**87,176**	72,671	6,631	79,302
Total expenditure		107,869	6,681	**114,550**	98,441	6,637	105,078
Net gains/(losses) on investments	7	900	-	**900**	(5,580)	-	(5,580)
Net income/(expenditure)		561	(236)	**325**	(4,370)	360	(4,010)
Transfers between funds	12	397	(397)	**-**	2,103	(2,103)	-
Actuarial (loss)/gain on defined benefit pension scheme	17	(4,100)	-	**(4,100)**	16,000	-	16,000
Net movement in funds		(3,142)	(633)	**(3,775)**	13,733	(1,743)	11,990
Reconciliation of funds							
Total funds brought forward		103,930	3,120	**107,050**	90,197	4,863	95,060
Total funds carried forward	12	100,788	2,487	**103,275**	103,930	3,120	107,050

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

Charity Statement of Financial Activities
(incorporating an income and expenditure account)

For the years ended 31 December	Note	Unrestricted funds	Restricted funds and endowments	Charity £'000 Total 2023	Unrestricted funds	Restricted funds and endowments	Charity £'000 Total 2022
Income and endowments from							
Donations and legacies	2	74,700	6,445	**81,145**	70,860	6,997	77,857
Grant income	2	4	-	**4**	-	-	-
Other trading activities	2	16,387	-	**16,387**	13,865	-	13,865
Charitable trading activities	2	14,350	-	**14,350**	12,295	-	12,295
Investments	2	1,257	-	**1,257**	993	-	993
Gain on disposal of fixed assets		-	-	**-**	395	-	395
Total income		106,698	6,445	**113,143**	98,408	6,997	105,405
Expenditure on raising funds							
Donations and legacies	3	9,807	-	**9,807**	9,778	-	9,778
Other trading activities	3	16,709	4	**16,713**	14,709	6	14,715
Investments	3	24	-	**24**	50	-	50
Other expenditure: loss on disposal of fixed assets		9	-	**9**	-	-	-
Total expenditure on raising funds		26,549	4	**26,553**	24,537	6	24,543
Net income available for charitable activities		80,149	6,441	**86,590**	73,871	6,991	80,862
Charitable activities							
Treatment at Pet Hospitals and by contracted services	3	75,845	6,677	**82,522**	68,774	6,631	75,405
Education: responsible pet ownership	3	1,296	-	**1,296**	1,058	-	1,058
Preventive services	3	3,347	-	**3,347**	2,829	-	2,829
Total expenditure on charitable activities		80,488	6,677	**87,165**	72,661	6,631	79,292
Total expenditure		107,028	6,681	**113,718**	97,198	6,637	103,835
Net gains/(losses) on investments	7	900	-	**900**	(5,580)	-	(5,580)
Net income/(expenditure)		570	(236)	**325**	(4,370)	360	(4,010)
Transfers between funds	12	397	(397)	**-**	2,103	(2,103)	-
Actuarial (loss)/gain on defined benefit pension scheme	17	(4,100)	-	**(4,100)**	16,000	-	16,000
Net movement in funds		(3,133)	(633)	**(3,775)**	13,733	(1,743)	11,990
Reconciliation of funds							
Total funds brought forward		105,490	3,120	**108,610**	91,757	4,863	96,620
Total funds carried forward		102,357	2,487	**104,835**	105,490	3,120	108,610

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

Balance Sheets

£'000

At 31 December		Group		Charity	
		2023	2022	2023	2022
Fixed assets	Note				
Tangible assets	6	**29,161**	22,639	**30,712**	24,190
Investments	7	**59,034**	72,400	**59,034**	72,400
Total fixed assets		**88,195**	95,039	**89,746**	96,590
Current assets					
Stocks - finished goods and goods for resale		**3,037**	2,680	**2,381**	2,126
Debtors	8	**48,497**	42,615	**51,282**	45,509
Cash at bank and in hand		**2,251**	2,441	**9**	10
Total current assets		**53,785**	47,736	**53,672**	47,645
Creditors – amounts falling due within one year	9	**(12,677)**	(11,068)	**(12,555)**	(10,968)
Net current assets		**41,108**	36,668	**41,117**	36,677
Total assets less current liabilities		**129,303**	131,707	**130,863**	133,267
Creditors – amounts falling due after more than one year	10	**(41)**	-	**(41)**	-
Provisions for liabilities	11	**(1,691)**	(2,159)	**(1,691)**	(2,159)
Net assets excluding pension liability		**127,571**	129,548	**129,131**	131,108
Defined benefit pension scheme liability	18	**(24,296)**	(22,498)	**(24,296)**	(22,498)
Total net assets		**103,275**	107,050	**104,835**	108,610
The funds of the charity					
Endowment funds	13	**933**	933	**933**	933
Restricted income funds	13	**1,554**	2,187	**1,554**	2,187
Unrestricted funds	13	**125,084**	126,428	**126,644**	127,988
Pension reserve	13	**(24,296)**	(22,498)	**(24,296)**	(22,498)
Total unrestricted funds		**100,788**	103,930	**102,348**	105,490
Total charity funds		**103,275**	107,050	**104,835**	108,610

Approved by Council and signed on its behalf by



John Miller
Chair
28 June 2024

Consolidated Statement of Cash Flows

£'000

For the year ended 31 December		Group	
	Note	2023	2022
Net cash (used in) operating activities	a	**(7,106)**	(3,152)
Cash flows from investing activities			
Dividends, interest and rents from investments		**1,311**	1,003
Purchase of property, plant and equipment		**(8,959)**	(2,814)
Proceeds from the sale of property, plant and equipment		**3**	509
Purchase of investments		**(822)**	(626)
Proceeds from the sale of investments		**15,500**	-
Net cash provided by/(used in) investing activities		**7,033**	(1,928)
Change in cash and cash equivalents in the reporting period		**(73)**	(5,080)
Cash and cash equivalents at the beginning of the reporting period	b	**(2,123)**	2,957
Cash and cash equivalents at the end of the reporting period	b	**(2,196)**	(2,123)

Note a. Reconciliation of net income/(expenditure) to net cash (used in) operating activities

Net income/(expenditure) for the reporting period	**325**	(4,010)
Adjustments for:		
Investment income	**(1,311)**	(1,003)
Net loss/(gain) on disposal of tangible fixed assets	**9**	(395)
Depreciation	**2,013**	1,613
Movements on investments	**(900)**	5,580
Increase in pension provision excluding actuarial loss	**1,100**	800
Pension deficit contributions	**(3,402)**	(3,402)
(Increase) in stocks	**(357)**	(442)
(Increase) in debtors	**(5,882)**	(2,530)
Increase in creditors	**1,767**	713
(Decrease) in provisions	**(468)**	(76)
Net cash (used in) operating activities	**(7,106)**	(3,152)

Note b. Analysis of cash and cash equivalents

Cash at bank and in hand	**2,251**	2,441
Overdraft	**(4,447)**	(4,564)
Total	**(2,196)**	(2,123)

Note c. Analysis of changes in net debt

Cash and cash equivalents	At 1 Jan 2023	Cash flows	Other non-cash charges	At 31 Dec 2023
Cash at bank and in hand	2,441	(190)	-	**2,251**
Overdraft	(4,564)	117	-	**(4,447)**
Borrowings	-	-	-	**-**
Total	(2,123)	(73)	-	**(2,196)**

Notes to the financial statements for the year ended 31 December 2023

1. Accounting policies

a) Accounting basis

The financial statements have been prepared under the historical cost convention, with the exception of investments that are included at market value.

The financial statements have been prepared in accordance with the Charities Act 2011, the Charities and Trustees Investment (Scotland) Act 2005, the Charities SORP (FRS 102) - 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.

Going concern

Trustees have reviewed projections of cash flow and profitability for the period to 31 December 2025 considering sensitivities to income and costs and how much they wish to spend in discretionary areas.

We expect that the Group will produce a total net expenditure position of £2.8 million in 2024 and £3.0 million in 2025. Based on this forecast we anticipate holding cash and liquid investments of £29.7 million at 31 December 2025.

The Group had investments with a value of £52.4 million at 29 February 2024 that are sufficiently liquid to be realised quickly (two funds have daily access, the third within two to three months). This gives the Group significant headroom in the cash flow forecasts. As a precaution the Group will also renew its overdraft facility from 1 July 2024.

After considering the projections of cash flow and profitability and the ability to liquidate the investment portfolio to support cash balances the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, which is a period of at least 12 months from the signing of the accounts and audit report. For this reason, it continues to adopt the going concern basis in the financial statements.

b) Fund accounting

General funds are unrestricted funds that are available for use at the discretion of Council in furtherance of the general objectives of the charity, which have not been designated for other purposes.

Restricted funds are funds that are used in accordance with specific restrictions imposed by donors.

The aim and use of each restricted fund is set out in Note 12 to the financial statements. Income received less than £15,000, unless part of a larger project, is reported in aggregate.

Investment income and gains are allocated to the appropriate fund.

c) Income

Income is recognised in the SOFA when the charity has evidence of entitlement, receipt is probable and its amount can be measured reliably.

Legacies

Both pecuniary and residuary legacies are recognised at the earlier of probate being granted or the charity being advised, in writing, by the personal representative of an estate that payment will be made or assets transferred and when, in the opinion of management, the amount can be quantified with reasonable accuracy and will probably be received.

This estimate includes a reduction to reflect the proportion of the prior year opening debtors not received in subsequent years and so allows for the potential variation in settlement values and the risk of a Will being contested.

Where part or all of a legacy has a claim against it, the disputed amount is not recognised as income, but is included as a contingent asset.

Reversionary interests involving a life tenant are not recognised.

Other income

Income from charitable trading, sales of new goods and other sales income are recognised when the goods or services are sold. The value recognised excludes VAT.

Donated goods are included in income when received and are measured at sales value, which is considered fair value.

Donation income is credited when received, except where fundraising campaigns are based around a specific event date, in which case the accruals basis is used.

Grants and donations in respect of capital expenditure are credited to restricted income at the point of recognition and are released to unrestricted funds on the later date of completion of the fixed asset, or the obligation being met.

Income from Government grants is recognised when a claim has been made and entitlement is confirmed.

Gross proceeds from the People's Postcode Lottery are recorded as income in the SOFA.

Investment income is accounted for when receivable.

d) Recognition of expenditure

All expenditure is accounted for on an accruals basis and has been listed under the headings that aggregate all costs related to the category.

Costs of generating funds relate to those costs incurred to encourage donations and legacies and raise public awareness of the charity; those costs that enable us to trade goods and services; and those that relate to generating investment income.

Costs of charitable activities relate to those costs incurred in meeting the objectives of the charity and providing its public benefit.

Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of the resources. Overheads in support areas have been allocated to activities as outlined in Note 3 to the financial statements.

Costs for future property dilapidations, in our estimate and judgement, are estimated based on the number of properties rented subject to dilapidation clauses, each having an expected future cost based on the average expected spends per property incurred in earlier years and the results of condition survey samples. Where the particular condition of an individual property means the use of an average spend would not be appropriate, the provision is estimated with reference to property survey information.

Donations and gifts costs are those incurred in seeking voluntary contributions for the charity. Governance costs are those incurred by Trustees, internal audit and fees charged by external auditors. Irrecoverable VAT is charged as a cost to the individual activity.

e) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £5,000 are capitalised and accounted for at cost, inclusive of any incidental expenses of acquisition.

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

Assets under course of construction	nil
Freehold land	nil
Freehold buildings	25-50 years
Long leasehold buildings	25 years
Short leasehold buildings	Remainder of lease
Pet Hospital buildings, freehold and leasehold	25 years
Furniture, fittings and equipment	3-8 years
Motor vehicles	5 years

The charity has a policy to conduct impairment reviews in accordance with the requirements of FRS 102.

f) Investment properties

In accordance with FRS 102 these properties are held for capital appreciation, initially recorded at cost and then subsequently at fair value. Revaluations are undertaken periodically by professionally qualified surveyors on the basis of open market value, which represents fair value. In our estimate and judgement these are revised in subsequent years by reference to published indices or comparative evidence and assessment of the circumstances of each property by PDSA's professional qualified surveyors.

g) Investments

Listed and other investments are initially shown at cost and then subsequently at fair value to reflect the market valuation as at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year. Investments in subsidiaries are initially shown at cost and subsequently net of any impairment.

h) Stocks

Stocks are stated at the lower of cost and net realisable value. Donated goods are included at fair value on receipt, and the stock of donated goods represents the amount of goods donated by the general public which we hold at our shops at year-end. In our estimate and judgement, the value is calculated by applying an average sales value, adjusted for Gift Aided sales, to the volume of goods we have unsold at year-end.

i) Financial instruments

The PDSA Group only holds basic financial instruments. Investments are initially shown at cost and then measured at fair value and shown in Note 7 to the accounts. Financial instruments held within current assets and current liabilities are measured at the cash expected to be paid or received which is considered to be amortised cost and is shown in Notes 8 and 9.

The Group balances included in the accounts are as follows:

	2023 £'000	2022 £'000
Fixed Asset Investments	59,034	72,400
Debtors	48,497	42,615
Creditors: amounts falling due within one year	12,677	11,068

j) Taxation

As a registered charity PDSA is exempt from taxation of income and gains falling within Chapter Three of Part II to the Corporation Tax Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charge has arisen in the year. No tax charge has arisen in any of its subsidiaries since they gift all taxable profits to PDSA.

k) Pension costs

For the defined benefit pension scheme, the amounts charged in resources expended are the current service costs and gains and losses on settlements and curtailments; these are included as part of staff costs. Past service costs are recognised immediately if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately and are shown separately in the SOFA. Defined benefit pension schemes are funded with the assets of the scheme held separately from those of the Group, in Trustee administered funds.

These assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The valuation is obtained triennially but is updated each year and the resulting asset or liability is shown on the balance sheet.

l) Operating leases

Rentals paid under operating leases are charged to the SOFA on a straight-line basis over the lease-term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are credited to the SOFA over the period of the lease. Rentals receivable under operating leases are credited to the SOFA in the periods in which they become receivable. When a rental holiday has been granted, or rentals temporarily reduced, the reduction is accounted to that period of the reduction and is not spread over the lease-term.

m) Basis of consolidation

PDSA Group's financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated on a line-by-line basis for the periods from or to the date on which control passed.

PDSA Trading Limited, PDSA PetAid Enterprises Limited and PDSA Property Services Limited are consolidated within these accounts as PDSA holds 100% of the issued share capital of each company.

n) Provisions

Provisions for future liabilities are recognised when PDSA has a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that payment will be made. Estimation techniques involve assumptions, which are based on experience.

o) Accounting estimates and judgements

In preparing the financial statements, the Trustees are required to make estimates and judgements. The matters below are considered to be the most important in understanding the judgements that are involved in preparing the financial statements and the uncertainties that could impact the amounts reported.

Cost allocation

Support costs not attributable to a single activity are allocated or apportioned on a basis consistent with identified cost drivers for that cost category and can be seen in more detail in note 3.

Legacy income accrual and contingent asset

Legacy income is recognised in accordance with the income recognition policy detailed in (c) above. In calculating the level of legacy accrual, management is required to exercise estimation and judgement, particularly in determining the amount and probability of receipt.

A contingent asset is identified for legacies notified to the charity when the inflow of economic benefit is probable, but does not yet meet the criteria for income recognition identified in (c) above.

Investment properties

These are valued by professionally qualified surveyors, using estimation techniques identified in (f) above.

Stocks

Goods donated by the public for us to resell are valued using estimates identified in (h) above.

Actuarial assumptions for the defined benefit pension scheme

These are incorporated in the financial statements in accordance with FRS 102 using advice from independent qualified actuaries. Significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates. These are detailed in (k) above and note 17.

Provisions

We hold specific provisions for several matters and these are individually described in note 10. We recognise a provision when it meets the tests identified in the policy in (n); the estimation techniques used are particular to each provision. The charity leases a large number of properties and our assumptions for property dilapidations are described above in (d).



Wilma with her owner, Sarah

2. Income and endowments

£'000

	Group		Charity	
	2023	2022	**2023**	2022
Donations and legacies				
Legacies receivable	**56,384**	51,114	**56,384**	51,114
Donations and gifts	**23,178**	22,163	**23,178**	22,163
Gift Aid donation from subsidiaries	**-**	-	**1,583**	4,580
	79,562	73,277	**81,145**	77,857
Grant income				
Local Council Business Grants	**4**	-	**4**	-
	4	-	**4**	-
Other trading activities				
Lottery and similar income	**2,638**	2,294	**-**	-
Sales of donated goods*	**12,075**	10,228	**12,075**	10,228
Sale of new goods	**2,386**	2,311	**-**	-
Other income**	**1,649**	4,845	**4,312**	3,637
	18,748	19,678	**16,387**	13,865
Charitable trading activities				
Preventive services	**5,244**	4,426	**5,244**	4,426
Concessionary and other paid for services	**9,106**	7,869	**9,106**	7,869
	14,350	12,295	**14,350**	12,295
Investments				
Listed securities - dividends	**822**	626	**822**	626
Bank and other interest	**57**	11	**3**	1
Rents receivable	**432**	366	**432**	366
	1,311	1,003	**1,257**	993

* 2023 includes income of £3,935,000 of donations from supporters resulting from sale of their goods through PDSA's Retail Gift Aid scheme (2022: £3,431,000)

** 2023 Other income (Charity only) includes £4,071,000 (2022: £3,553,000) for the allocation of Retail costs from the Charity to its subsidiary, PDSA Trading Limited. These costs relate to the running of the Retail Gift Aid scheme, which is administered by the subsidiary.

3. Expenditure

£'000

	Group			
	Activities undertaken directly	Support costs allocated	**2023 Total**	2022 Total
Expenditure raising funds				
Legacies receivable	1,744	126	**1,870**	1,934
Donations and gifts	5,150	198	**5,348**	5,981
Raising public perception and awareness	2,470	120	**2,590**	1,864
	9,364	444	**9,808**	9,779
Expenditure on other trading activities				
Merchandising, charity shop and other trading	14,925	1,773	**16,698**	15,142
Lottery ticket sales	810	25	**835**	805
	15,735	1,798	17,533	15,947
Expenditure on investments	22	2	**24**	50
Expenditure on charitable activities				
Treatment at Pet Hospitals and by contracted services	74,196	8,337	**82,533**	75,415
Education: responsible pet ownership	1,209	87	**1,296**	1,058
Preventive services	3,209	138	**3,347**	2,829
	78,614	8,562	**87,176**	79,302
	103,735	10,806	**114,541**	105,078

Support costs breakdown by activity

Group

	Human Resources	Property Services	Finance and Management	Information Technology	**2023**	2022
Expenditure raising funds						
Legacies receivable	24	-	48	54	126	134
Donations and gifts	16	-	145	37	198	241
Raising public perception and awareness	26	-	69	25	120	110
Expenditure on other trading activities						
Merchandising, charity shop and other trading	261	432	431	649	1,773	1,651
Lottery ticket sales	2	-	23	-	25	27
Expenditure on Investments	-	1	1	-	2	4
Expenditure on charitable activities						
Treatment at Pet Hospitals and by contracted services	2,269	635	2,081	3,352	8,337	7,809
Education: responsible pet ownership	36	-	34	17	87	83
Preventive services	48	-	90	-	138	127
Total support costs	2,682	1,068	2,922	4,134	**10,806**	10,186

Governance costs in the year of £323,000 (2022: £369,000) are included within Finance and Management support costs

Bases of allocation

Human Resources - staff costs
Property Services - property costs, excluding rent
Finance and Management - expenditure
Information Technology - number of IT devices

£'000

	Activities undertaken directly	Support costs allocated	2023 Total	2022 Total
			Charity	
Expenditure raising funds				
Legacies receivable	1,744	126	1,870	1,933
Donations and gifts	5,150	197	5,347	5,981
Raising public perception and awareness	2,470	120	2,590	1,864
	9,364	443	**9,807**	9,778
Expenditure on other trading activities				
Merchandising, charity shop and other trading	14,942	1,771	16,713	14,715
	14,942	1,771	**16,713**	14,715
Expenditure on investments	22	2	**24**	50
Expenditure on charitable activities				
Treatment at Pet Hospitals and by contracted services	74,196	8,326	82,522	75,405
Education: responsible pet ownership	1,209	87	1,296	1,058
Preventive services	3,209	138	3,347	2,829
	78,614	8,551	**87,165**	79,292
	102,942	10,767	**113,709**	103,835

Support costs breakdown by activity

	Human Resources	Property Services	Finance and Management	Information Technology	2023	2022
					Charity	
Expenditure raising funds						
Legacies receivable	24	-	48	54	126	133
Donations and gifts	16	-	144	37	197	241
Raising public perception and awareness	26	-	69	25	120	110
Expenditure on other trading activities						
Merchandising, charity shop and other trading	261	432	429	649	1,771	1,649
Expenditure on Investments	-	1	1	-	2	4
Expenditure on charitable activities						
Treatment at Pet Hospitals and by contracted services	2,269	634	2,071	3,352	8,326	7,799
Education: responsible pet ownership	36	-	34	17	87	83
Preventive services	48	-	90	-	138	127
Total support costs	2,680	1,067	2,886	4,134	**10,767**	10,146

Governance costs in the year of £309,000 (2022: £356,000) are included within Finance and Management support costs

Bases of allocation

Human Resources - staff costs
Property Services - property costs, excluding rent
Finance and Management - expenditure
Information Technology - number of IT devices

4. Net income before other recognised gains and losses

£'000

			2023	2022
These are stated after charging:				
Auditor's remuneration	audit fees charity		91	83
	audit fees subsidiaries		11	11
	non-audit fees charity	- tax compliance services	1	1
		- other consultancy services	-	49
	non-audit fees subsidiaries	- tax services	5	5
Operating leases			**2,706**	2,335

5. Employees

	2023	2022
Employment costs		
Salaries	54,769	50,092
Social security costs	5,062	4,796
Defined benefit pension costs	1,773	1,582
Other employer pension costs	4,947	4,528
Redundancy and termination payments	91	41
Other staff costs	328	248
Apprentice Levy	267	244
Total	**67,237**	61,531

During 2023, no employees were made redundant (2022: eight). There were three termination payments made through settlement agreements in the year (2022: none).

Average number of employees, calculated on a full-time equivalent basis		
Veterinary	1,335	1,287
Retail	231	208
Marketing and fundraising	62	103
Other	120	105
Total	**1,748**	1,703

Employment costs

The number of higher-paid employees whose emoluments were within the following scales was as follows:

£60,001–£70,000	**31**	25
£70,001–£80,000	**13**	9
£80,001–£90,000	**9**	4
£90,001–£100,000	**1**	2
£100,001–£110,000	**1**	-
£110,001–£120,000	**-**	2
£120,001–£130,000	**1**	-
£130,001–£140,000	**1**	1
£160,001–£170,000	**1**	1
£200,001–£210,000	**1**	1

Emoluments include salary, allowances and benefits in kind, but exclude pension scheme contributions.

Fifty-four of the higher paid staff are members of the Group Personal Pension (GPP) Plan (2022: forty-two). Thirteen of these staff members contribute to the Auto Enrolment section of the GPP (2022: eight). Forty-one of the staff members contribute to the GPP by paying contributions in excess of the Auto Enrolment minimum contribution rates (2022: thirty-four). Forty-two of the higher paid staff members are employed in our Veterinary Services team (72%).

The total remuneration paid to the Executive team in 2023 (seven Directors) was £1,009,835 (2022: nine Directors, £964,464). Of the seven Directors who served during 2023, five served throughout the year, one left and one retired in the second quarter of the year.

The basic salary of the Director General, who is the highest paid employee, was £173,130 as at 31 December 2023 (£163,331 as at 31 December 2022). The Director General has elected to receive an additional cash payment in lieu of employer pension contributions.

The ratio between the highest and median contracted salary is 7:1 (2022: 7:1).

Members of Council do not receive any remuneration. They made donations to PDSA in 2023 totalling £1,590 (2022: £1,500).

Travel, accommodation, telecommunications, entertainment and training costs incurred by Council members on charity business are reimbursed or are paid directly by the charity. This amounted to £2,556 during the year for five Council members (2022: £2,051 for six).



Apprentice Vet Nurse Hayley Morland and Graduate Vets Alannah Sinnott and Cian Zolfaghari-nia outside Romford PDSA Pet Hospital

6. Fixed assets

£'000

	Assets under course of construction	Freehold land and buildings	Leasehold buildings Long lease	Leasehold buildings Short lease	Pet Hospital land and buildings Freehold	Pet Hospital land and buildings Long lease	Furniture Fittings and equipment	Motor vehicles	Total
Cost									
At 1 January 2023	12	3,831	393	4,619	36,780	4,647	16,100	356	**66,738**
Transfer to investment property	-	(900)	-	-	-	-	-	-	**(900)**
Additions	115	-	-	765	1,311	21	6,747	-	**8,959**
Disposals	-	-	-	-	-	-	(276)	-	**(276)**
At 31 December 2023	127	2,931	393	5,384	38,091	4,668	22,571	356	**74,521**
Depreciation									
At 1 January 2023	-	1,767	153	3,919	20,438	2,949	14,549	324	**44,099**
Transfer to investment property	-	(488)	-	-	-	-	-	-	**(488)**
Charge for the year	-	84	13	260	941	122	561	32	**2,013**
Disposals	-	-	-	-	-	-	(264)	-	**(264)**
At 31 December 2023	-	1,363	166	4,179	21,379	3,071	14,846	356	**45,360**
Net book value									
At 31 December 2023	127	1,568	227	1,205	16,712	1,597	7,725	-	**29,161**
At 31 December 2022	12	2,064	240	700	16,342	1,698	1,551	32	**22,639**

The difference between the Group and charity fixed assets is the exclusion of the intra-group profit of £1,551,000. The intra-group profit arose from the construction and sale of PDSA Pet Hospital buildings by subsidiaries of the charity. Certain freehold assets are charged to provide security against specific liabilities. The net book value of these assets included within fixed assets at 31 December 2023 is £5,287,000 (2022: £5,999,000)

7. Fixed asset investments

Group and charity	Listed investments	Other investments	Freehold investment properties	Total
At 1 January 2023	46,675	19,845	5,880	**72,400**
Transfer from fixed assets	-	-	412	**412**
Additions (dividend income retained in funds)	822	-	-	**822**
Disposals	(15,500)	-	-	**(15,500)**
Net gains/(losses) on revaluations and disposals	(154)	691	363	**900**
At 31 December 2023	31,843	20,536	6,655	**59,034**

At 31 December 2023 and 2022 the charity had the following holdings constituting more than 5% of the portfolio market value:

	2023	2022
The Partners Fund	**20,536**	19,845
Schroders Diversified Growth Fund	**16,360**	23,602
Ninety One Diversified Growth Fund	**15,483**	23,073
The total of UK listed and other investments	**52,379**	66,520

Within fixed asset investments, investment properties are valued as at 31 December 2023 at £6,655,000. This represents five properties, all of which were valued by external RICS Registered Valuers. Properties are valued at fair value with reference to condition, location and market data. One property is charged to provide security against specific liabilities. The carrying value included within fixed asset investments at 31 December 2023 is £800,000 (2022: nil)

8. Debtors

£'000

	Group		Charity	
	2023	2022	**2023**	2022
Due within one year				
Accrued legacies	44,411	38,907	44,411	38,907
Amounts due from subsidiary undertakings	-	-	2,931	3,515
Income tax recoverable	359	377	359	377
Sundry debtors	2,320	2,243	2,174	1,622
Prepayments	1,407	1,088	1,407	1,088
Total	**48,497**	42,615	**51,282**	45,509

The charity has received notification of legacies amounting to approximately £15,955,000 (2022: £18,729,000).
This total has not been recognised as income at 31 December 2023, but represents a contingent asset that will be recognised in future years.
The charity has entered into indemnities with executors of Wills which allow repayment of legacy income in particular circumstances. These total £1,088,000 at the end of 2023 (2022: £1,235,000) and represent a contingent liability.

9. Creditors: Amounts falling due within one year

£'000

	Group		Charity	
	2023	2022	**2023**	2022
Bank overdraft	4,447	4,564	4,447	4,564
Trade creditors	1,837	1,497	1,837	1,497
Taxation and social security	1,368	1,509	1,368	1,509
Sundry creditors	1,046	975	1,046	975
Deferred income	108	87	-	-
Accruals	3,871	2,436	3,857	2,423
Total	**12,677**	11,068	**12,555**	10,968

10. Creditors: Amounts falling due after more than one year

£'000

	Group and charity	
	2023	2022
Group and charity		
Sundry creditors	**41**	-
Total	**41**	-

11. Provisions for liabilities

£'000

	2023	2022
Group and charity		
Obligations for dilapidations in respect of leased properties		
At the beginning of the year	**2,159**	2,228
Charged against provision in the year	**(46)**	(174)
Released in the year	**(98)**	(16)
Change in the year resulting from the number of properties and estimated cost per property	**(324)**	121
At the end of the year	**1,691**	2,159
Obligations for costs following closure of the Pet Practice Scheme		
At the beginning of the year	**-**	7
Charged against provision in the year	**-**	(7)
Extended duration of provision / (unused amounts released in the year)	**-**	-
At the end of the year	**-**	-

12. Analysis of Group net assets between funds

			2023			2022
Fund balances at 31 December are represented by:	**Restricted**	**General**	**Total**	Restricted	General	Total
Tangible fixed assets	170	28,991	**29,161**	379	22,260	22,639
Investments	-	59,034	**59,034**	-	72,400	72,400
Current assets	2,317	51,468	**53,785**	2,741	44,995	47,736
Creditors – amounts falling due within one year	-	(12,677)	**(12,677)**	-	(11,068)	(11,068)
Creditors – amounts falling due after more than one year	-	(41)	**(41)**	-	-	-
Provisions for liabilities	-	(1,691)	**(1,691)**	-	(2,159)	(2,159)
Net assets excluding pension liability	**2,487**	**125,084**	**127,571**	3,120	126,428	129,548
Defined benefit pension scheme liability	**-**	**(24,296)**	**(24,296)**	-	(22,498)	(22,498)
Net assets including pension liability	**2,487**	**100,788**	**103,275**	3,120	103,930	107,050

13. Statement of Group Funds

£'000

	At 1 January 2023	Income	Expenditure	Actuarial / investment gains	Transfers	At 31 December 2023
General fund	126,428	107,530	(107,869)	(3,200)	2,195	125,084
Unrestricted funds excluding pension reserve	**126,428**	107,530	(107,869)	(3,200)	2,195	**125,084**
Pension reserve	(22,498)	-	-	-	(1,798)	**(24,296)**
Total unrestricted funds	**103,930**	107,530	(107,869)	(3,200)	397	**100,788**
Restricted funds						
Permanent endowment						
AW Blackwell bequest	933	57	-	-	(57)	933
Total permanent endowment funds	**933**	57	-	-	(57)	**933**
Income funds						
Restricted legacies	1,679	5,848	(6,255)	-	-	1,272
Digital x–ray – appeal	97	48	-	-	(43)	102
X-ray equipment - Brighton, Plymouth and Margate	-	32	-	-	-	32
Manchester PDSA Pet Wellbeing Centre expansion - capital appeal	81	-	-	-	(81)	-
Homeless project - Manchester	10	-	(10)	-	-	-
Homeless project - UK	14	-	(10)	-	-	4
Sunderland PDSA Pet Hospital - heating and cooling system replacement	201	-	-	-	(201)	-
Edinburgh PDSA Pet Hospital - general expenditure	21	-	(21)	-	-	-
Apprentice Veterinary Care Assistant Salary Support	-	19	(19)	-	-	-
Veterinary Care Assistant Training Support	-	15	(15)	-	-	-
PetCheck Vehicle - general expenditure	2	-	-	-	-	2
Hendon PDSA Pet Hospital - capital appeal	-	36	-	-	-	36
Sheffield PDSA Pet Hospital - general expenditure	-	90	(90)	-	-	-
Nottingham PDSA Pet Wellbeing Centre - general expenditure	-	19	(19)	-	-	-
Hull PDSA Pet Hospital - equipment	-	15	-	-	(15)	-
Miscellaneous restricted donations less than £15,000	82	266	(242)	-	-	106
Total restricted income funds	**2,187**	6,388	(6,681)	-	(340)	**1,554**
Total restricted funds	**3,120**	6,445	(6,681)	-	(397)	**2,487**
Total funds excluding pension reserve	**129,548**	113,975	(114,550)	(3,200)	1,798	**127,571**
Total funds	**107,050**	113,975	(114,550)	(3,200)	-	**103,275**

The general fund represents the free funds of the group that are not designated for particular purposes. The charity only general fund is £126,644,000 (2022: £127,988,000), the difference being intra-group profit (see note 6) and subsidiary reserves (see note 17). All other funds are the same for both group and charity.

The movement on the pension reserve represents the difference between the payments in the year by the employer towards the liabilities and the actuarial calculations of liabilities under FRS102.

The net transfer to the general reserve of £2,195,000 relates to the increase in the pension reserve in the year of £1,798,000, income from endowment funds of £57,000, and restricted legacies and donations expended on capital items of £340,000.

Further information about the nature of some of the other restricted funds above is:

- The AW Blackwell endowment provided interest benefit of £57,000 to PDSA in 2023; the income is unrestricted and so is transferred.
- Some legators have specified restrictions for use within a specific geographical location or application. The balance carried forward comprises: PetCheck vehicle in the West Midlands £25,000, Helmsley/Kirbymoorside £333,000, Llanelli £209,000, Aberdeen £508,000, Edinburgh £69,000, Isle of Wight £14,000, Huddersfield £94,000 and other restricted legacies individually below £10,000.

14. Related parties

£'000

	2023	2022
Sales from PDSA to PDSA Trading Limited		
Allocation of shared staff and overhead costs	**5,668**	5,081
	5,668	5,081
Sales from PDSA to PDSA PetAid Enterprises Limited		
Allocation of shared staff and overhead costs	**370**	321
	370	321
Sales from PDSA Trading Limited to PDSA		
Acquisition of donors and administration of the Retail Gift Aid scheme	**4,188**	3,656
	4,188	3,656
Amounts owed to PDSA by subsidiary undertakings		
PDSA Trading Limited	**2,894**	3,450
PDSA PetAid Enterprises Limited	**11**	39
PDSA Property Services Limited	**26**	26
	2,931	3,515

15. Capital commitments

	2023	2022
Group and charity		
Contractually committed purchases of tangible fixed assets	**-**	-
Purchases of tangible fixed assets authorised but not contracted for	**10,670**	10,477
	10,670	10,477

16. Operating lease commitments

Total commitments not provided for in these financial statements under non-cancellable* operating leases are as follows:

	£'000	
	2023	**2022**
Group and charity		
Amounts payable		
Within one year	**2,106**	1,968
After one year but within five years	**3,980**	3,641
After more than five years	**494**	578
	6,580	6,187

For Retail shops occupied at year end, where the lease has gone beyond renewal date but a new lease has not been formally signed, the lease is assumed to be cancellable with three months' notice, rather than at the next renewal date.

17. Subsidiary undertakings

The charity holds 100% of the issued share capital of each of the following companies, all of which are registered in England

	Company number	
PDSA Trading Limited	1595637	Principal activities are the operation of lotteries, sale of financial services and sale of new goods through PDSA's chain of shops and online.
PDSA Property Services Limited	2340793	The Company has not traded for a number of years. However, the Company plans to recommence activities in the future.
PDSA PetAid Enterprises Limited	4374375	Principal activity is the provision of commercial veterinary services.

The total taxable profits of the subsidiary undertakings are gifted to the charity. No loans are advanced by the charity to its subsidiaries.

A summary of the results of the subsidiaries — £'000

For the year ended 31 December	**PDSA Trading Limited**		**PDSA Property Services Limited**		**PDSA PetAid Enterprises Limited**	
	2023	2022	**2023**	2022	**2023**	2022
Income	**10,268**	12,679	**-**	-	**406**	352
Expenditure	**(8,716)**	(8,125)	**-**	-	**(375)**	(326)
Profit for the year	**1,552**	4,554	**-**	-	**31**	26
Gifted to The People's Dispensary for Sick Animals	**(1,552)**	(4,554)	**-**	-	**(31)**	(26)
Retained profit	**-**	-	**-**	-	**-**	-

Aggregate of the assets and liabilities

	PDSA Trading Limited		**PDSA Property Services Limited**		**PDSA PetAid Enterprises Limited**	
	2023	2022	**2023**	2022	**2023**	2022
Assets	**3,017**	3,553	**10**	10	**16**	43
Liabilities	**(3,010)**	(3,546)	**(26)**	(26)	**(16)**	(43)
Net assets/(liabilities)	**7**	7	**(16)**	(16)	**-**	-

18. Defined benefit pension Scheme

The Society operates a defined benefit pension Scheme that pays out pensions at retirement based on service and final pay. It has applied Section 28 of FRS102 and the following disclosures relate to this standard. It recognises any gains and losses in each period within the Consolidated Statement of Financial Activities under the heading of 'Actuarial gain/(loss) on defined benefit pension Scheme'. The funding policy is agreed between the Retirement Benefit Plan (1978) (RBP) Trustee and the Society and is formally set out in a Statement of Funding Principles, Schedule of Contributions and Recovery Plan following each full actuarial valuation. The latest such valuation was carried out as at 31 December 2020 and showed a deficit of £55.4 million. A future funding schedule has been agreed with the Trustee of the RBP to eliminate the deficit by 31 August 2032. An independent qualified actuary has calculated the RBP liabilities from data provided by the RBP administrators as at 31 December 2020.

Following a period of consultation with the active members over proposals to close the RBP Scheme to future accrual, the proposals were accepted on 30 June 2016 and the Scheme was closed to future accrual with effect from 5 April 2019.

In respect of the deficit arising from the 31 December 2020 Triennial Valuation of the RBP Scheme, the Society has entered into security arrangements with the RBP Trustee to support the deficit recovery plan agreed from the 2020 Triennial Valuation.

The amounts recognised in the balance sheet are as follows: — £ millions

	2023	**2022**
Present value of funded obligations	**(121.0)**	(114.6)
Fair value of Scheme assets	**96.7**	92.1
Deficit recognised in scheme	**(24.3)**	(22.5)

The amounts recognised in the Consolidated Statement of Financial Activities as income and expenditure are as follows

	2023	**2022**
Scheme administration expenses	**0.5**	0.6
Net interest on the defined benefit liability	**1.1**	0.7
Total cost	**1.6**	1.3

The amounts recognised in the Consolidated Statement of Financial Activities as actuarial gains are as follows

	2023	**2022**
Actuarial (loss)/gain	**(4.7)**	76.7
Return on Scheme assets in excess of interest income	**0.6**	(60.7)
Total (loss)/gain	**(4.1)**	16.0

Sensitivity Analysis
At the reporting date, reasonable possible changes to one of the relevant actuarial assumptions, with the other assumptions held constant, would have affected the defined benefit obligation by the amounts shown below.

	31 December 2023 (Decrease)/Increase in DBO (£m)
Discount rate +0.50%	**(9.7)**
Inflation +0.50%	**7.7**
Mortality +1 year life expectancy	**3.4**

The change to the inflation sensitivity allows for changes to pension increases in deferment and in payment. Although the analysis does not take account of the full distribution of cash flows expected, it does provide an approximation of the sensitivity of the assumptions shown.

Changes in defined benefit obligation during the year

	2023	**2022**
Opening defined benefit obligation at 1 January	**114.6**	191.5
Interest cost	**5.3**	3.4
Actuarial (gain)/loss	**4.7**	(76.7)
Benefit payments	**(3.6)**	(3.6)
Closing defined benefit obligation	**121.0**	114.6

Changes in fair value of scheme assets during the year — £ millions

	2023	2022
Opening assets at 1 January	**92.1**	150.4
Interest income	**4.2**	2.7
Return on scheme assets in excess of interest income	**0.6**	(60.7)
Expenses paid	**(0.5)**	(0.6)
Employer contributions	**3.9**	3.9
Benefit payments	**(3.6)**	(3.6)
Closing assets	**96.7**	92.1

Projected income and expenditure

	2023	2022
Interest cost	**5.3**	5.3
Interest income	**(4.3)**	(4.2)
Administration expenses	**0.5**	0.6
Total	**1.5**	1.7

Fair value of scheme assets in each category

	2023	2022
Equities and property	**22.1**	25.9
Gilts	**45.2**	36.4
Insurance policy	**16.6**	16.8
Other credit	**12.0**	11.9
Cash	**0.8**	1.1
Total	**96.7**	92.1

For the purposes of FRS102 Section 28 the asset values stated are at the balance sheet date. Market values of the Plan's assets, which are not intended to be realised in the short-term, may be subject to significant changes before they are realised.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2023		2022	
	Pensioner	**Non Pensioner**	Pensioner	Non Pensioner
Discount rate	**4.50%**	**4.50%**	4.80%	4.65%
Price inflation RPI	**3.20%**	**3.05%**	3.25%	3.15%
Price inflation CPI	**2.75%**	**2.60%**	2.80%	2.70%
Future pension increases RPI 5%	**3.00%**	**2.90%**	2.95%	2.90%
Future pension increases RPI 2.5%	**1.95%**	**1.90%**	1.90%	1.85%

Life Expectancy	**Years**	**Years**
Male (current age 45)	21.5	22.5
Male (current age 65)	20.6	21.2
Female (current age 45)	23.9	24.8
Female (current age 65)	22.8	23.3



Thank You

PDSA couldn't do what we do without our wonderful staff and volunteers. We are incredibly thankful to have such an amazing team who are passionate about helping people and pets stay together. From our veterinary team, who treat countless sick and injured pets every day, to volunteers in our shops who help us raise money to carry on; we couldn't do it without you.

We are very grateful to our supporters and corporate partners. Their generous support keeps people and pets together.

For more information, please visit:

pdsa.org.uk

While PDSA is a national charity, we are also embedded within local communities through our network of Pet Hospitals and Charity Shops located all around the country.

- PDSA Pet Hospitals
- PDSA shops
- PetCare Practices & Chronic Voucher Schemes



pdsa
THE VET CHARITY FOR PETS IN NEED

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Patron: HRH Princess Alexandra, the Hon. Lady Ogilvy, KG, GCVO.
Registered charity nos. 208217 and SC037585

DMA Data & Marketing Association

Registered with FUNDRAISING REGULATOR

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS

England & Wales - Charity number 208217

Accounts

pdsa

THE VET CHARITY FOR PETS IN NEED



Trustees' Annual Report and Accounts 2022

Year ended 31 December 2022

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In this report, we will outline the organisation's objectives, achievements, and performance. The Trustees consider that due regard has been paid to the Public Benefit Guidance published by the Charity Commission in relation to section 4 of the Charities Act 2011.

Who we are and how we help

Providing treatment to pets and supporting owners who would otherwise not be able to afford veterinary treatment is why PDSA exists.

Our Vision and Mission builds on our past to continue our founder's vital work. Maria Dickin CBE began her mission to end pet suffering in 1917. Today PDSA ensure that people, who through no fault of their own, can't afford veterinary care for their beloved pets, have somewhere to turn for help.

The following pages focus on what we are already doing to keep people and pets together, as well as looking ahead to ensure how we'll have an even bigger impact on those that we help.

Vision and Mission

PDSA has always believed that everyone, no matter what their financial circumstances, has the right to experience the love and companionship of a pet.

And every pet deserves to lead a happy and healthy life.

We keep pets healthy and protect the special bond between pets and their owners.

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THE VET CHARITY FOR PETS IN NEED

VISION

A society in which no pet is denied veterinary care, because their owner can't afford it.

MISSION

Provide compassionate veterinary **treatment** for the sick and injured pets of people who otherwise couldn't afford to pay.

Provide pet welfare **education** and practical **preventive** support to combat unnecessary illness, pain and suffering of pets in low income households.

VALUES

Head and Heart
Expertise with understanding.

Better Together
Empowering through unity.

Passion with Purpose
Driven in our dedication.

STRATEGIC OBJECTIVES

Deliver the best possible pet **wellbeing** outcomes for people in need in the most cost effective way.

Make PDSA better known, **loved** and understood.

Grow **income** to maximise pet wellbeing outcomes.

Ensure PDSA has the underlying organisational **capability** to achieve its core objectives.

Chair's letter

The year continued to be a challenging one. It was not until the middle of the year that Covid restrictions in our Pet Hospitals were fully lifted, and our staff were able to return to a slightly more normal way of working.

A new challenge began to emerge as the impact of multiple lockdowns and pandemic uncertainty changed people's approach to work. We have tackled this by increasing our flexibility to allow staff to work when and where works for them.

In particular, the veterinary sector is in the throes of a talent shortage. A significant approach taken by PDSA to solve this key issue has been to reintroduce our Veterinary Graduate Programme, welcoming 20 new graduates directly from Veterinary Schools in September.

All the above has been experienced as we lifted our public benefit back to pre-pandemic levels, helping 390,000 pets and 330,000 pet owners in 2022; set against the most significant rise in cost of living for many years.



Amongst meeting these challenges, we were also able to open our Nottingham Pet Wellbeing Centre. This Centre not only provides services to the people of Nottingham, but also has dedicated training facilities to be used by our partner, the University of Nottingham Veterinary School, as part of their training programme for the profession.

Partnership in the charity sector is increasingly important, avoiding duplication of effort and increasing the value of the donated pound. In 2022, we established a strategic partnership with the RSPCA. This partnership means PDSA taking responsibility for RSPCA clients across the UK as they cease to deliver public-facing veterinary services. By the end of the year, we have achieved the milestone of having PDSA services available to 99% of RSPCA clients impacted by the changes.

At an internal level, we have established two new Directorates. The first, Digital, Data and Technology, focusing on how PDSA should operate in a digital age, ensuring that our technological foundation is secure and will enable us to transform the way in which we operate. The second, Income and Engagement, bringing together the way in which we generate income to maximise the efficacy of all our activities in this area and to ensure our organisation meets the needs of all our audiences.

We became a Real Living Wage employer in 2022 because it is important to us that all of our staff earn a wage that enables them to meet their basic needs, especially as the cost of living crisis continues.

In financial terms, we ended the year better than expected, mainly due to the late lifting of Covid restrictions causing an underspend in certain areas.

Finally, we could not undertake the vital work we do in achieving our purpose without the goodwill and support of so many people; our supporters, our beneficiaries (and their pets), and all our staff and volunteers. To all of you – thank you.



John Miller
Chair

Director General's letter

After two years dominated by Covid-19, it has been wonderful to experience the positivity of our post-pandemic recovery in 2022. However, the year has not been without challenges, many of which we expect to continue into 2023.

A significant focus during 2022 was on investing in our people. Recognising that the recruitment environment is challenging following the pandemic we have focused on retention by listening to the feedback from our staff and volunteers. Making personal growth within the workplace a priority, understanding individuality and individual needs, to make PDSA an employer of choice for our existing and new workforce.

We have continued to work with other animal welfare charities, and I was pleased to announce during 2022, our strategic partnership with the RSPCA which allows us to support those people and their pets who would otherwise have lost charitable veterinary care in their communities. This collaboration means that both charities are able to focus on their core purpose and for PDSA that means we strengthen our position as the vet charity.



Looking forward into 2023, I am excited to continue the journey to deliver our Strategy, which will enable us to achieve our Vision of a society where no pet is denied veterinary care because of their owner's financial circumstances.

We move forward knowing that we are operating in a period of economic uncertainty, which makes the need for sustainable fundraising and income streams more vital than ever before. Our ambition is to become a more audience-led organisation, in which we hope to allow our supporters, volunteers, and beneficiaries to choose how, when, and in what ways they engage and support us.

The cost of running our charity has increased. Some of these rises are due to choices that we have made such as becoming a Real Living Wage employer and others due to things outside of our direct control such as rising inflation, supply chain issues and global events. To mitigate the impacts of these pressures, we have already instigated a review of how we can deliver our services with improved efficiency. The findings from the review will report in 2023 and will underpin our plans to help more people and pets in need with the same resources – making our charitable income stretch further whilst maintaining the quality and scope of our service.

To support these plans we have approved long-term investment in our technology infrastructure, which will enable us to offer new ways for our beneficiaries and supporters to interact with us, as well as driving every-day efficiencies.

In last year's letter, I wrote about the optimism I felt exiting the pandemic and the hope that we could extend our help to more people in financial hardship. I believe that we have achieved that aim despite the turbulence of 2022, and I remain inspired by the commitment, hard work and generosity of everyone who is associated with PDSA – thank you!

I would like to finish by welcoming our new Chair, John Miller. He takes the reins as we move into an exciting period of change that will set the charity on a fantastic course for the future, built on strong foundations.

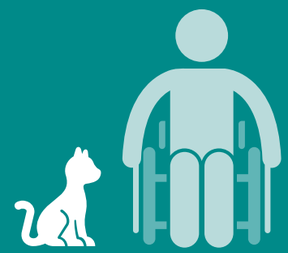


Jan McLoughlin
Director General

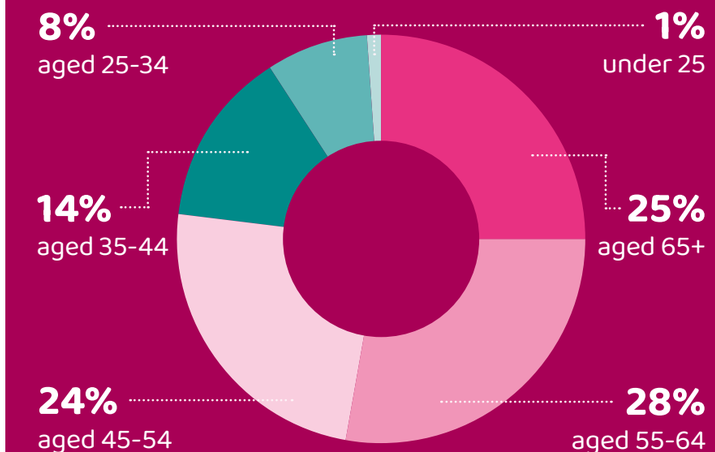
Helping people & their pets

PDSA's year in numbers

37%
of the pet owners we support are **disabled** or living with a serious **health condition** that makes everyday tasks **difficult.**



The pet owners we support are aged



We **treated** over
390,000
pets.



We **saved the lives** of
141,000
pets with **life-threatening** conditions.

We **treated**
10 pets
every minute
across our **48 Pet Hospitals.**





We provided
2 million
treatments.



We provided **veterinary care** to the pets of over
330,000
people in **financial hardship** across the UK.



We **cared** for
4,600 pets
every working day.
That's an average of:



3,335 dogs



1,106 cats



36 rabbits



We provided **help and advice** to over
6.1 million
people through our digital channels.

We have over
2,200
members of **staff** and
3,000
volunteers.



We are **supported** by over
1,600 veterinary staff.



480
vets



440
vet nurses



700
veterinary support staff

We have
48
Pet Hospitals.



28%
of the pet owners we support are **retired.**



We reached over
165,000
children with our **pet education messages.**





We have over
100
Charity Shops.

Our **veterinary services** cost over
£75.4 million
to run.



Our reach and impact

Our work this year

PDSA has been taking care of pets in need for over 105 years. In 2022, vet teams in our 48 Pet Hospitals worked hard to keep people and pets together, **caring for over 4,600 sick and injured pets every working day**.

In 2022, we treated

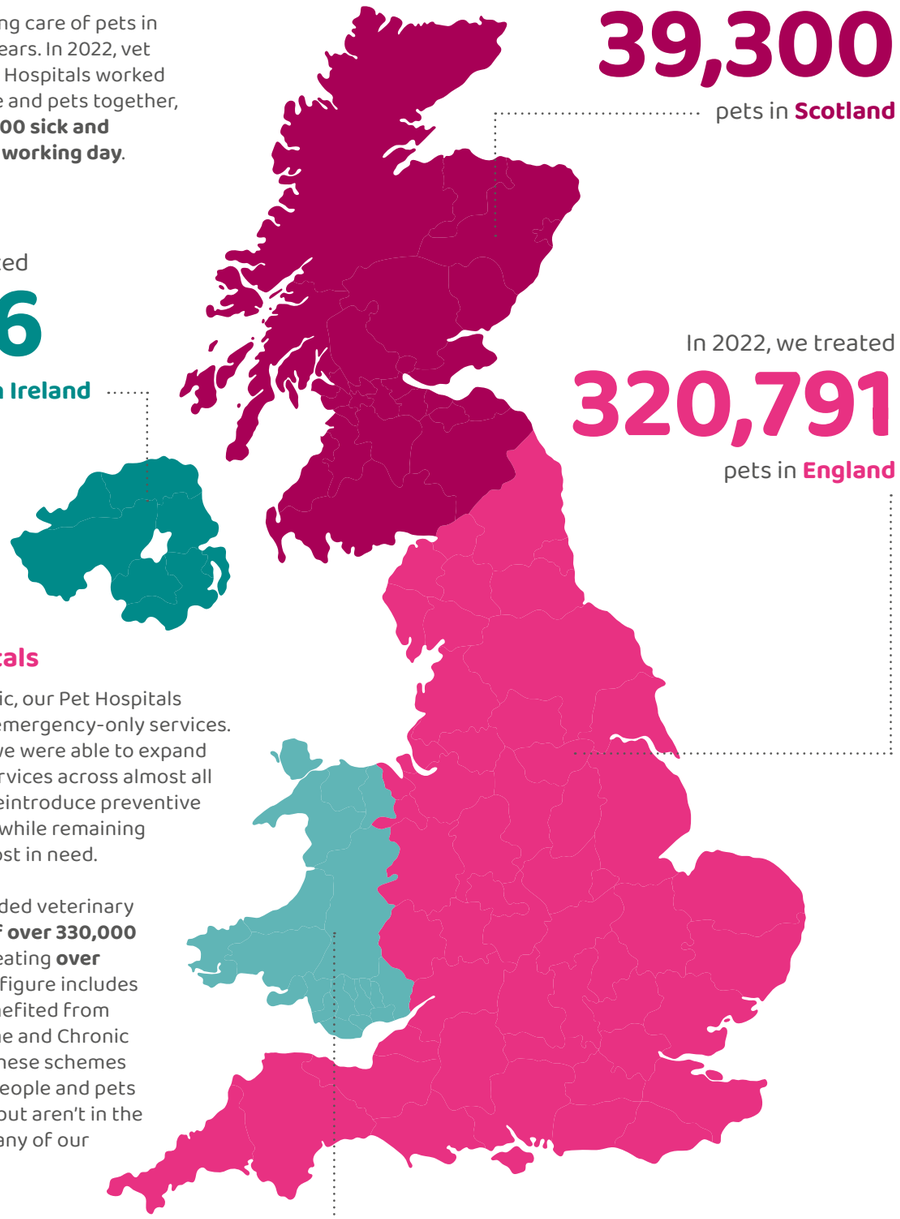
39,300

pets in **Scotland**

In 2022, we treated

8,616

pets in **Northern Ireland**



In 2022, we treated

320,791

pets in **England**

Our Pet Hospitals

During the pandemic, our Pet Hospitals were restricted to emergency-only services. Throughout 2022, we were able to expand the scope of our services across almost all Pet Hospitals and reintroduce preventive services in several, while remaining focused on pets most in need.

In 2022, PDSA provided veterinary care for the **pets of over 330,000 eligible owners**, treating **over 390,000 pets**. This figure includes 4,500 pets who benefited from our Pet Care Scheme and Chronic Voucher Scheme. These schemes continued to help people and pets who need our help but aren't in the catchment area of any of our Pet Hospitals.

We saw an

11% increase

in pet owners **registering for our services** in 2022

In 2022, we treated

21,316

pets in **Wales**

Frank & Billy's story

Seven-year-old rescue dog Billy is credited with transforming the life of his owner Frank Menzies after the 58-year-old suffered two major heart attacks. Now, with the help of our vets, Frank has returned the favour. Curious Jack Russell, Billy, scavenged fragments of a chicken bone from a local barbecue and attempted to swallow them. His owner Frank rushed him to Brighton PDSA Pet Hospital, where the bone was removed safely. Frank said,

> "My circumstances changed dramatically, and pretty much overnight when I had my heart attacks; the doctor told me that I had to give up work. With the rising cost of living and everything going up, it is a weight off my mind to know that I can rely on PDSA to help Billy should anything go wrong with him."



Expanding our reach

Nottingham PDSA Pet Wellbeing Centre

In October 2022, we celebrated the opening of our brand-new Nottingham PDSA Pet Wellbeing Centre.

The Centre was relocated across the city to ensure those most in need were able to access our services. It will help train and educate the next generation of veterinary surgeons through its links with The University of Nottingham. It houses a large, dedicated training room, especially for veterinary students.

The new Centre will allow us to

double

the number of veterinary students we can **support.**

The Pet Wellbeing Centre, which carries the name *The Marian and Christina Ionescu Hospital* to acknowledge our generous supporters, has a bigger, brighter waiting area, with separate areas for cats and dogs. It was specifically designed by PDSA to help make visiting the vet a stress-free experience. It also contains improved kennel facilities to help give pets a more comfortable recovery after surgery.

The facility features eight spacious consulting rooms, a remote consultation room – a first for PDSA, two operating theatres, a diagnostic room, digital x-ray facilities, the latest diagnostic and surgical equipment, and a bigger car park to allow easier access for pets and their owners.



Strategic partnership with RSPCA

In 2022, RSPCA announced that they were focusing on their core purpose of supporting animals suffering from neglect or cruelty. Therefore stopping subsidised public-facing veterinary services in their animal hospitals in Greater Manchester, Birmingham, Finsbury Park and Merthyr Tydfil. In response, PDSA created a mutually beneficial long-term strategic partnership with RSPCA. A key objective of this partnership was the commitment of PDSA to support those RSPCA clients and pets who were losing charitable veterinary services in their communities.

To achieve this we expanded the catchment area of Manchester PDSA Pet Wellbeing Centre to include an additional 14 postcodes and Aston PDSA Pet Hospital by one additional postcode. This allowed us to offer our veterinary services to former RSPCA clients in these areas. In Cardiff, our current Pet Hospital was also able to support a small proportion of clients from the RSPCA Merthyr Tydfil clinic.

For clients who were not in a PDSA Pet Hospital postcode catchment, we offered support indirectly by providing alternative services such as PDSA Pet Care, Chronic Care Vouchers or access to an Emergency Treatment Fund provided through private veterinary practices. A joint £1 million fund supported by both PDSA and RSPCA was set up to support the latter two of these schemes. Our team went on to recruit a number of private veterinary practices in the Greater Manchester and South Wales areas to cover these out-of-catchment clients. **The additional postcodes and schemes enable 99% of former RSPCA clients affected to access PDSA support for their pet.**

In North London, our original intention to purchase RSPCA's Finsbury Park Animal Hospital was deemed unviable. Therefore, RSPCA postponed their plans to close public-facing veterinary services from this location in the short term while a new solution is defined.

Expanding our Retail estate

We continued to grow our reach within our communities with the expansion of our Retail estate. We opened seven new shops across the UK in Falkirk, Openshaw, Newark, Sherwood, Redcar, Keynsham and Edinburgh.

Photo: From left to right – Vet Sarah Brown, Chair John Miller, Director General Jan McLoughlin, and Danyl Johnson from PPL

Karen & Raven's story

Seven-year-old Japanese Akita, Raven, was one of the first pet patients to be treated at our new Nottingham PDSA Pet Wellbeing Centre when her loving owner Karen brought her in as she had been unwell for a couple of days. Karen said,

> "Thankfully, I'm eligible for PDSA's services which meant Raven could get the treatment she needed. I was so happy with the service the team at Nottingham provided, and I think the new facility is lovely, bright and spacious. It felt fresh and inviting; I'm really impressed! Especially with the separate cat and dog waiting for areas – that will really help to keep pets calm when they have to visit the vets."



Next steps

- Invest in our Pet Hospital network to ensure it remains fit for purpose, so that our Pet Hospitals are equipped to provide the best treatment to as many pet patients as possible.
- Optimise our Pet Hospital operating model, embracing the digital changes we have delivered since the pandemic, increasing efficiency and continuing to expand our scope of service to an optimal level of treatment and preventive services.
- Find and implement a long-term, sustainable solution to provide charitable veterinary care for previous RSPCA clients in North London.
- We will continue to expand our Retail estate at an appropriate rate, focusing on areas where we can more greatly amplify our community presence.

Engagement and influence

Making PDSA better known, loved and understood

PDSA does not receive any money from the government or National Lottery funding; we are entirely funded by public support.

During 2022

We launched our Cost of Loving integrated campaign. This campaign trialled the use of aligned messaging and advertisements across different marketing channels and areas of PDSA, including our charity shops and Pet Hospitals. This included utilising our social media channels and PR activity to widen our reach and communicate PDSA brand messages.

We saw an 8% net increase in those that would consider donating to PDSA after seeing the adverts that were created as part of our Cost of Loving integrated campaign. These adverts were different to previous marketing materials; they focused on people and their pets, rather than being solely focused on pets.

As part of our new Cost of Loving integrated campaign, we developed a refreshed approach that incorporates PDSA's wider messaging to New Business and Community Corporate activity.





Our largest partnership is with Royal Canin – a global leader in tailored health and nutrition products for dogs and cats – who we are working with to improve nutrition and welfare for the UK's pets through a series of campaigns and promotions. Our annual Weigh Up campaign, which tackles the growing problem of pet obesity in the UK, is proudly supported by Royal Canin.

ROYAL CANIN®

People's Postcode Lottery

We're incredibly grateful for the generous support we have received from players of People's Postcode Lottery since 2013. In 2022 we received a total of **£3 million**, and as of December 2022, the total funding we have received reached an incredible **£16,677,124**.

SUPPORT BY PLAYERS OF PEOPLE'S POSTCODE LOTTERY

AWARDED FUNDS FROM POSTCODE ANIMAL TRUST

The support from players of People's Postcode Lottery has enabled us to:

Support **20 newly graduated vets** on our **training scheme.**

Provide vital **antibiotics** to treat over **65,000 pets.**

Investigate and/or treat **lumps and masses** for over **3,500 pets.**

Provide advice to **3.8 million** unique visitors to our **online Pet Health Hub.**

Provide over **85,000** pets with essential **pain relief** to **prevent suffering.**

Put **18 Veterinary Care Assistants** through year one of their three-year Apprentice Veterinary Nurse **training programmes.**

Our people and our culture

Supporting our people

Our people are our greatest asset and are central to PDSA's ability to deliver veterinary services and raise funds. During 2022, we continued to invest in our people, working with leaders to ensure that our culture enables all colleagues to feel supported and accepted in the workplace. This made sure that our people practices enable everyone to explore what they personally need to get the most from work.

PDSA's Equity, Diversity and Inclusion group have influenced the focus on inclusion across the whole workforce with the personal growth agenda delivering a veterinary skills framework to help support our clinical teams' development following the pandemic.

Our approach to financial wellbeing meant that in 2022, we committed to paying the Real Living Wage and brought pay reviews forward to help with the cost of living. We also introduced new financial support tools, such as our partnership with Transave, which offers employees salary-deducted savings accounts and ethical, affordable loans.

Volunteers

We were delighted to welcome volunteers back into our shops, hospitals and offices throughout 2022 following the pandemic. Volunteering at PDSA is a partnership where we aim to provide many opportunities for people to grow and develop. We have introduced a new lead volunteer recognition programme which has seen our people develop their skills and continue their journey with PDSA, potentially progressing into paid Assistant Shop Manager roles.





Hester Stephens

Graduate Vet at Stoke PDSA Pet Hospital

Hester Stephens is a graduate veterinary surgeon working at our Stoke PDSA Pet Hospital.

"Being a new graduate at PDSA has been a wonderful experience so far. The job allows such brilliant exposure to a variety of cases – we see something new every day, and I couldn't ask for better support from the team here. This is the most ideal job for a new graduate."

Liam's story

Lead Volunteer at our Bramley PDSA shop

Liam is one of our fantastic Lead Volunteers and has been at our Bramley PDSA shop since October 2021.

"As a proud owner of cats, the cause is certainly close to my heart. From visiting the Pet Hospitals with my own pets, I realised how important the work of the PDSA is, and I felt inspired to help – which is why I looked into volunteering some of my time at one of their shops! PDSA is a great place to be, no matter your age, level of experience, or the amount of time you have to spare. Get involved – you won't regret it!"

Nurses Shauna & Nina carrying out a consultation

Preventing problems

The 2022 PDSA Animal Wellbeing (PAW) Report

Our PAW Report is the UK's largest assessment of pet wellbeing. It provides companion animal welfare surveillance to identify trends and priorities and to promote and monitor change. Since 2011, we have surveyed more than 90,000 pet owners, vets, vet nurses, and children to help understand how owners are providing for the Five Welfare Needs of dogs, cats and rabbits.

The PAW Report allows us to track trends and gain insight into animal welfare issues, estimate pet population numbers and understand how people care for their pets. Produced in collaboration with YouGov, the findings are used to stimulate collaborative working, inform government research, policy and legislation, and inspire innovative approaches to tackling pet wellbeing issues in sector collaborations and veterinary clinical practice.

In 2022, we continued to track the effects of the pandemic and assessed the impact of developing issues such as the growing cost of living crisis.

Our PAW Report statistics are often used within the press, positioning us as an expert and voice of authority in the pet welfare sector.

Key findings from the 2022 PAW Report:

10.2 million
pet dogs are living in the UK.

27%
of UK adults **own a dog.**

11% of dogs
are showing signs of **distress** when **left alone.**

45% of owners
have **concerns** about walking their dogs.

6% of dogs
are acquired from **abroad.**

11.1 million
pet cats are living in the UK.

24%
of UK adults **own a cat.**

30% of cats
are **afraid** of fireworks.

44% of owners
report their cats are showing signs that may be indicative of **stress.**

89% of cats
have been **neutered.**

1 million
pet rabbits are living in the UK.

2%
of UK adults **own a rabbit.**

46% of rabbits
live **alone.**

78% of owners
said owning a rabbit **improved their mental health.**

76% of owners
said owning a rabbit made them **less lonely.**

65% of owners
said that owning a pet **improves their physical health:**

85% of **dog** owners

44% of **cat** owners

47% of **rabbit** owners

94% of owners
said that owning a pet **makes them happy:**

95% of **dog** owners

93% of **cat** owners

91% of **rabbit** owners

Educating UK pet owners

As part of our Mission, we provide free pet welfare advice and practical preventive support to owners via our Pet Health Hub to help combat the unnecessary illness, pain and suffering of pets.

Written by PDSA vets and nurses, our Pet Health Hub contains trustworthy information and advice about the most common conditions in dogs, cats, and rabbits. In 2022, we created 30 new educational pet health videos containing guidance on how to care for pets, to help us support more owners.

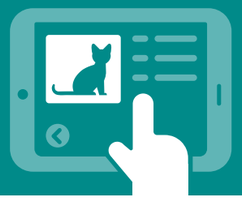
During 2022, **3.8 million** people visited the **Pet Health Hub** and our videos were viewed

104,000

times, generating

46%

of our total **website traffic.**

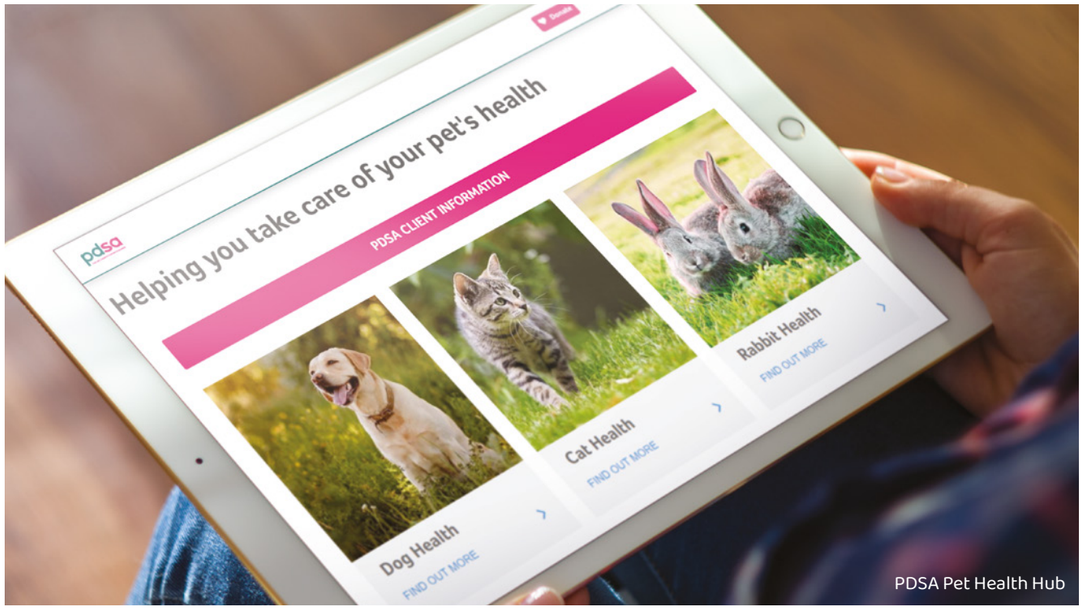


Our Pet Health advice – fronted by PDSA vets and nurses – was a popular topic within the press. Content was also shared across our social media channels to raise awareness of pet welfare issues, establishing PDSA as an expert and voice of authority in the pet welfare sector and driving traffic to the Pet Health Hub for 'further advice'.

Our contribution to animal welfare

In an effort to make a recognisable contribution to animal welfare awareness and legislation, we worked with different campaign groups throughout 2022. These activities include:

- Working with the Brachycephalic Working Group to support and press for positive change for the health and welfare of brachycephalic (flat-faced) dogs.
- Supporting the Dogs Die in Hot Cars and on Hot Walks message.
- Working with Merseyside Dog Safety Partnerships to educate the public about dog welfare and behaviour.
- Supporting CatKind by working with a group of animal welfare charities to encourage neutering in cats to take place at the standard age of four months.
- Using data from our PAW Report, our work continued with the Pet Advertising Advisory Group (PAAG) to improve the welfare of pets being sold online, tackling the problem of fraudulent and low-welfare breeders hiding behind online sales.
- Working collaboratively with a coalition of organisations dedicated to tackling the Puppy Trade to raise awareness of the issue with the pet-owning public and the government.
- Chairing the Federation of Veterinarians of Europe's (FVE) Animal Welfare Working Group and oversaw Strategy development and launch of the first animal welfare Strategy for the veterinary profession in Europe.



PDSA Pet Health Hub

Digital, Data & Technology

Our team has further extended its capabilities, simplifying and speeding up access to services, followed by a whole organisation review that has led to the creation of our first-ever Digital, Data and Technology Strategy. We will ensure the digital offer is designed together with our clients, putting them at the heart of everything we do.

We continue to fulfil our commitment to keeping PDSA colleagues and the public safe and secure in using our technology and have completed a programme to strengthen the security of PDSA colleagues' accounts with multi-factor authentication. A wealth of improvements behind the scenes have further enhanced our capabilities, and we have also upgraded systems in our shops and hospitals across the UK, enabling our colleagues to provide services that exceed expectations.



Next steps

- Further refine and promote the Pet Health Hub content to help and advise more pet owners, engaging them with our work.
- Use the data from PAW Report to assess welfare impacts on pets and guide our activity to where it can have the most impact.
- Use the continued support of players of People's Postcode Lottery to continue reaching the pets of owners living in financial hardship.
- Invest in our plans and progress with foundational work in the technology infrastructure of our organisation.
- Continue our journey of becoming audience-led and review how we communicate with our supporters in 2023, in order to encourage greater engagement with PDSA.
- Continue to raise our brand awareness, helping PDSA become a recognisable brand within the pet welfare sector and to the general public.
- Develop and expand our fundraising activities further, offering supporters a wider range of ways they can raise money for us.

Governance and risk

Administrative details

The People's Dispensary for Sick Animals (PDSA) | Founded in 1917 by Maria Dickin, CBE

Incorporated by Acts of Parliament	(PDSA Act 1949, 12 & 13 Geo. 6, Ch. xv) (PDSA Act 1956, 4 & 5 Eliz. 2, Ch.1xvii) (as amended by the Scheme set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015) Registered charity nos. 208217 & SC037585
Head Office	Whitechapel Way, Priorslee, Telford, Shropshire TF2 9PQ Telephone: 01952 290999 Website: www.pdsa.org.uk
Patron	HRH Princess Alexandra, the Hon. Lady Ogilvy, KG, GCVO

Principal professional advisors

Bankers	Lloyds Bank plc, 25 Gresham Street, London EC2V 7HN
Investment Managers	Schroder Unit Trusts Limited, 1 London Wall Place, London EC2Y 5AU Ninety One PLC, 55 Gresham Street, London EC2V 7EL Partners Group (UK) Limited, 14th Floor, 110 Bishopsgate, London EC2N 4AY
External Auditor	BDO LLP, Two Snowhill, Birmingham B4 6GA
Actuaries	ISIO Group Limited, 10 Norwich Street, London EC4A 1BD
Solicitors	Sacker & Partners LLP, 20 Gresham Street, London EC2V 7JE Bates Wells & Braithwaite London LLP, 10 Queen Street Place, London EC4R 1BE Brabners LLP, Horton House, Exchange Flags, Liverpool L2 3YL Wright Hassall LLP, Olympus Avenue, Leamington Spa, Warwickshire CV34 6BF Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG Wilsons Solicitors LLP, Alexandra House, St. Johns Street, Salisbury SP1 2SB DLA Piper UK LLP, Two Chamberlain Square Paradise, Birmingham B3 3AX
Trustees	Details in Governance section overleaf.

Governance

Governing documents and registration

The charity is incorporated under The People's Dispensary for Sick Animals Acts 1949 and 1956 as amended by a Parliamentary Scheme and set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015. Its constitution comprises the detailed clauses of these two Acts of Parliament plus supplementary Byelaws, which have been subsequently revised by the governing body. The charity is registered with both the Charity Commission in England & Wales and the Office of the Scottish Charity Regulator.

Governing body – Council

The Trustees form the governing body of the charity, known collectively as the Council and are legally responsible for the overall management and control of PDSA. Council sets the strategic direction, shapes policies and approves major expenditure programmes but delegates certain decisions to Committees.

Council approves new Trustees whose appointment is then ratified at a General Meeting. All Trustee recruitment is subject to a rigorous and transparent process. Qualifications for Trusteeship include a commitment to the relief of poverty and to animal welfare, plus specialist expertise or knowledge considered to be of benefit to PDSA. It is the Council's policy for the governing body to consist of ten to twelve Trustees. However, Council may plan to increase this number to take account of planned retirements while maintaining an appropriate range of skills and expertise.

New Trustees are familiarised with the workings of PDSA, Council Policies & Procedures and Governance. We have a comprehensive Trustee induction programme which includes visits to Head Office, PDSA Pet Hospitals and our Retail shops, along with meetings with Directors and key members of staff.



Willow recovering after surgery

The total number of Trustees is currently 11 and they are listed below along with their committee membership.

Chair Mr John Smith, FCA *retired 31 December 2022*	**F G**
Deputy Chair Mr John Miller, BSc, MCIPD, AFBPsS *Chair from 1 January 2023*	**F G**
Professor Gary England, BVetMed, PhD, DVetMed, CertVA, DVR, DVRep, DipECAR, DipACT, FHEA, FRCVS	**A**
Mr Gordon Hockey	**G**
Mr David Lister, BA (Hons), Solicitor	**F**
Ms Laurie Mayers, BA, MA *retired 9 June 2022*	**F G**
Mr David Morgan, BSC (Hons)	**F G**
Mr Ian Phoenix	**A**
Mrs Carole Pomfret, MA, ACA	**F G**
Mrs Mary Reilly, BA (Hons), FCA	**A G**
Mrs Alison Tattersall, BA (Hons), Postgrad Diploma in Marketing	**A**
Ms Elizabeth Hutchinson, BA (Hons) *joined 8 July 2022*	**A**
Ms Alison Ross-Green FCIPD, BA (Hons) *joined 8 July 2022 resigned 23 March 2023*	**A**

F – Member of the Finance & Investment Committee
A – Member of the Audit & Risk Committee
G – Member of the Governance & Remuneration Committee

Trustees are experienced leaders from a range of professional backgrounds who provide valuable experience to guide the charity.

Committees

There are four Committees, and each has specific terms of reference.

The Finance & Investment Committee reviews the Fund Managers' performance, the budget and most other financial matters.

The Audit & Risk Committee considers risk and internal and external audit matters. It looks at health and safety management and all aspects of our clinical governance framework, thereby giving a holistic view as to the quality assurance of the veterinary service. It also receives regular updates on compliance in respect of our fundraising governance framework. This Committee also provides oversight of the Risk Management approach at PDSA.

The role of the Governance & Remuneration Committee includes determining the Remuneration Policy for the whole organisation, and in particular, the total remuneration packages of senior executives which it recommends to Council. It also provides oversight of governance, for example monitoring changes in external codes of good practice and considering PDSA's response, advising on the approach to reviews of Board effectiveness, Trustee appointment and succession, and diversity & inclusion.

The Special Purposes Committee approves items relating to property transactions, lease agreements, certain legacy matters and approval of contracts and other specific items as defined in the Terms of Reference. Membership is made up of the Directors. The Chair of Council, the Deputy Chair, the Chair of the Finance & Investment Committee and the Chair of the Audit & Risk Committee receive the agenda and summary of items in advance and can request papers or elect to attend if they wish. Members of Council receive copies of minutes from all meetings of the Committee.

Oversight of the Charity's safeguarding policies, activities and incidents is provided by Trustees. A quarterly safeguarding report is reviewed at each Council meeting.

Charity Governance Code

PDSA remains committed to good governance and the PDSA Council operates under the principles of the Charity Governance Code. Recommendations from within the code have been adopted including:

Trustees normally undertake a regular programme of visits to 'front-line' locations enabling them to lead by example in demonstrating PDSA's values. Site visits were paused during Covid-19 but resumed in 2022 with visits to some of our Pet Hospitals.

Trustees carry out a review of Board effectiveness every two years under the coordination of the Deputy Chair. This review was last conducted in January 2022, and the results were reported to Council. Following the pandemic, there have been fewer opportunities to meet fellow Trustees and other stakeholders, including colleagues within PDSA, and this was noted as an area requiring improvement. The resumption of site visits and face-to-face Trustee meetings will help to address this.

There is a risk management process in place, which is regularly reviewed by Audit & Risk Committee. The Audit & Risk Committee normally reviews significant risks twice per year. In addition to considering the overall risk profile of PDSA, the Committee holds Deep Dives into one or two risks at each Committee meeting where Trustees are able to discuss individual risks with the risk owner in more detail. The Audit & Risk Committee also agrees the Trustees' Risk Appetite statements, which are reviewed and approved by Council.

Trustees have also committed to carrying out a biennial self-assessment of compliance with the Charity Governance Code. This was last carried out in 2021 and will be updated during 2023, and the results will be reported to Council. Members of the Governance & Remuneration Committee receive information on the requirements of the Charity Governance Code including briefings on consultations or changes in relation to the Code and will use the results of the biennial survey to help develop action plans where necessary.

One area where PDSA has decided not to apply the guidance contained in the Charity Governance Code is in relation to the Trustee terms of office. The terms of office for Trustees are three terms of four years. After each term of four years, individual Trustees discuss with the Chair whether they should continue. Factors taken into account include: skills requirements, whether the Trustee wishes to and is able to continue to commit to time requirements and whether the Trustee and Chair believe they are still adding value to the Board.

In exceptional circumstances, at the request of the Chair and Deputy Chair, Trustees may be asked to stay on beyond the maximum term of 12 years, to provide continuity. PDSA considers that these terms of office are appropriate to provide a balance of experience, and to allow Trustees to gain the depth of understanding of the charity, which is needed, whilst still ensuring that Trustee tenure is limited. At present, only one of the Trustees has served more than the maximum 12 years of office. Following the retirement of the former Chair of Council, the former Deputy Chair, John Miller, has agreed to serve an additional term of office and will continue as Chair of PDSA for a period of four years.

Remuneration statement

Council has overall responsibility for determining the Remuneration Policy for the whole organisation and, in particular, the total remuneration packages of senior executives. It delegates this responsibility to the Governance & Remuneration Committee, which makes recommendations to Council.

PDSA is a large organisation with over 2,000 employees and the support of over 3,000 volunteers. Working together, it is the combined effort of all our people that delivers our mission of providing compassionate veterinary care in the communities we serve for pet owners who can't afford the care their pets need.

The nature of our public benefit means that we are one of the UK's largest employers of veterinary professionals and, as a complex and diverse organisation, we compete in different job markets for a wide range of skills and experience. Our Pay Policy must therefore be sufficiently flexible to ensure we can attract and retain the right people with the right skills to be able to deliver our vital services whilst meeting our supporters' expectations that the money they entrust to us will be used wisely.

In determining overall pay levels for all our staff including senior executives, we take account of pay practice in other similarly sized charities and, where appropriate, private sector organisations. Benchmarking activity takes place on an annual basis.

This year has been challenging from a labour market perspective, alongside the national shortage of veterinary surgeons and veterinary nurses, the increasing need to attract and retain talent has been critical in the delivery of our service. We recognise that pay is only one element but has become an increasing focus as colleagues face into the cost of living crisis. In order to support our colleagues during this time, we brought our pay review in 2022 forward to April from July. In addition, and due to the wage pressures within our clinical roles, we provided a second increase in October 2022 in line with the external benchmarking we had undertaken.

Our Gender Pay Report is available on our website in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. We have seen improvements with the overall difference between men's and women's earnings from 2021 to 2022 with the overall difference at 22.8% (mean) (2021:28.6%) or 29.7% (median) (2021: 36.4%) based on hourly rates of pay at the snapshot date of 2022. We are pleased to see this move in the right direction, and whilst research suggests that fewer men in the lower pay quartiles drive our gender pay gap, we recognise that there is more to do. We are proud to share that our female employees are well represented across all pay quartiles and our Senior Executive Leadership Team is 50% female.

Environmental statement

PDSA is still committed to reducing our impact on the environment. We are dedicated to reducing our energy, water and fuel use, as well as waste.

Covid-19 changed the way that many of our staff work, and carbon emissions from business travel and commuting were significantly reduced. In 2022, we continued to support our staff, where appropriate, utilising technology and hybrid or remote working roles in the longer term. This has enabled us to achieve a continued reduction in carbon emissions associated with a daily commute.

Energy Use and GHG ($KgCO_2e$) emissions:

	2022				2021			
	Totals	%	Kg CO_2e	%	Totals	%	Kg CO_2e	%
Electricity (kWh)	5,356,002	86%	1,062,299	84%	4,586,602	87%	973,873	87%
Gas (m^3)	338,773	5%	60,979	5%	453,264	9%	94,638	8%
Transport (miles)	533,523	9%	133,381	11%	224,840	4%	56,515	5%
Total	6,228,298		1,256,659		5,264,706		1,125,026	
Total Kg CO_2e	1,256,659				1,125,026			
	The total carbon is 1,256,659 Kg CO_2e divided by the business metric 2,218 staff.				The total carbon is 1,125,026 Kg CO_2e divided by the business metric 2,058 staff.			
Intensity ratio	566.57 Kg CO_2e / staff				546.66 Kg CO_2e / staff			

In 2022, our teams completed a condition survey of all of our mechanical and electrical assets within our Pet Hospitals' environment, in order to understand operating performance and target investment to improve energy efficiency, environmental performance, and sustainability. We identified improvements in our systems, processes and controls to monitor and manage energy usage, to target areas for improvement.

During 2023, we intend to undertake a significant capital works programme to upgrade and refurbish equipment in a number of Pet Hospitals. We will also utilise a number of low-carbon energy technologies such as solar panels, energy-efficient lighting and alike in order to reduce the organisation's carbon footprint. Similarly, the construction of new hospitals will ensure that recognised sustainable standards and methodologies are used in the design and building.

Our methodology for calculating our greenhouse gas impact takes our total energy usage – including electric, gas and bottled gas use, as well as transport – and converts this into our organisation-wide carbon footprint. This figure can then be divided by our total head count for the same period, giving us our intensity ratio.

The figures in the table reflect the challenges associated with the organisation returning to pre Covid-19 levels of activity following the interruptions in 2020 and 2021. It also takes into account changes in the property estate, particularly in Retail with regard to shop openings and closures.

Group structure

PDSA undertakes charitable service delivery and fundraising. Trading activities are carried out through three wholly owned subsidiary companies: PDSA Trading Limited, PDSA PetAid Enterprises Limited and PDSA Property Services Limited.

Face-to-face fundraising

PDSA only works with companies and commercial participators of repute and whose activities do not have an adverse impact on the charity's objectives. These relationships are regularly reviewed. Policies and robust processes are in place to ensure those who fundraise on our behalf operate at the highest standards, ensuring that our fundraising is not intrusive or persistent, does not put an individual under undue pressure and protects the vulnerable.

We work with two fundraising agencies who engage the public on our behalf, explaining the impact and benefit of our services and asking for their support through regular donations. We place our fundraisers in private areas such as Retail sites, ticketed events, and shows. PDSA does not conduct door-to-door or street fundraising.

Our dedicated public fundraising manager works alongside our partners to ensure the public enjoy a great experience when engaging with a PDSA fundraiser. Continuous quality assurance monitoring includes a mystery shopping programme, video observations, call listening, and providing training.

Any complaint or expression of dissatisfaction relating to our face-to-face fundraising is dealt with personally by our public fundraising manager, whilst working closely with our partners. During 2022, we received a total of 44 complaints, 13 of which were regarding face-to-face fundraising. This is an increase on 2021, however with activity in this area increasing during 2022, we would expect to see this proportionate rise in complaints.

Our quality and assurance programme ensures PDSA, and our agency partners, operate at the high standards required by the Fundraising Regulator and Chartered Institute of Fundraising (CIoF), whilst being monitored by the Audit and Risk Committee.

We believe that engaging conversations with a fundraiser will continue to play an important part in building public understanding and support for PDSA.



Ed Running the 2023 TCS London Marathon for PDSA


Lily with her owner Jenny

Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and financial statements in accordance with applicable laws and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice. Under charity law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and charity, and of the incoming resources and application of resources, including the income and expenditure, of the Group and charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 a going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions to disclose with reasonable accuracy at any time the financial position of the charity, and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of The People's Dispensary for Sick Animals Acts 1949 and 1956 as amended by a Parliamentary Scheme and set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that the financial statements are published on the charity's website in accordance with the legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Executive staff

Council delegates policy and Strategy implementation to the Director General. The Director General manages PDSA through the Executive Leadership Team. The Director General and Directors together constitute the Special Purposes Committee.

Director General	Jan McLoughlin, MSc, CBiol, MSB, FIoD
Director of Veterinary Services	Richard Hooker, BVMS (Hons), MRCVS
Director of Finance & Resources	Andrew Willetts, BA ACA *resigned 11 August 2022* David Hammond MBA, FCCA, BA (Hons) *from 31 October 2022*
Director of People	Karen Hailes, FCIPD Rebecca Tindall *from 7 November 2022*
Director of Digital, Data & Technology	Matthew Green
Director of Income & Engagement	Nigel Spencer, ACIB, MCIM, MInstF *to 31 March 2022* Claire Rowcliffe *resigned 19 April 2023*

During 2022, we appointed a new Director of Finance & Resources following the resignation of the previous Director. Our Director of People is currently absent from PDSA, and we have appointed a colleague from within our People team as Director.



Risk management

PDSA has established management processes to mitigate risks that would prevent us from fulfilling our strategic goals. In particular, the Trustees seek to ensure that:

- risks are identified, assessed, and controls are established to mitigate them;
- the risk exposure profile is acceptable at all levels; and
- the risk management process is embedded in operational and management procedures.

The Audit & Risk Committee, assisted by the Executive Leadership Team and Internal Audit department, considers risk in detail. Key risks are considered at each meeting of the Audit & Risk Committee. Audit & Risk Committee ordinarily also conducts a Deep Dive into one or two of the risks. During 2021, the regular cycle of Deep Dives recommenced. Trustees' Risk Appetite is considered and updated annually. The Committee regularly reviews the Risk Management processes in place.

Council considers its key risk factors to be those identified below:

Area of risk	How the risk might affect PDSA	Key mitigation plans and strategies
Impact of economic environment	The current inflationary environment is leading to increased costs across a number of key areas, for example, energy costs, and one of our largest cost areas, payroll.	To mitigate this risk, financial forecasts include consideration of potential cost increases (e.g. as a result of increased energy costs). We also work closely with key suppliers to agree on long-term contract prices where possible, in order to provide greater certainty over future costs.
Skills shortages	2022 saw terms like the great resignation being used in the external market as people chose to be more fluid with their career choices – PDSA has not been immune to this and we have seen higher than normal turnover rates through 2021 and 2022.	This remains an area of focus for our planning, and across PDSA we have been looking at how we make work attractive for colleagues, be this through our reward mechanisms or our approach to individuals and flexibility.
Employee wellbeing issues	Wellbeing continues to be an area of focus, with ongoing impacts from the pandemic, and the economic environment leading also to increased financial stress for our people.	We are continuing to progress our Wellbeing Strategy. We already had an Employee Assistance Programme in place, which provides free confidential counselling and advice on a wide range of work and personal issues for employees and their families.
Investment Portfolio	This can be subject to volatility from time to time which can impact the value of PDSA's Reserves.	Our investment Strategy is overseen by the Finance & Investment Committee. Details of our Investment Strategy are set out in the 'Investment' section in our Financial Review overleaf.
Fundraising	Our ability to raise the funds we need to continue our work can be affected by many factors including the impacts of the current economic environment.	We have a broad range of fundraising campaigns, and we are continuing to work to strengthen our digital fundraising activities. In addition, we are testing evaluating our cause position across our campaigns, and integrating our activities where appropriate to do so, this will lead to a more consolidated message to our audiences and raises the person profile in the person/pet relationship, which will make PDSA more appealing to a different audience.
Pensions	Although we have closed our defined benefit scheme to new members and to future accrual, the requirement to fund pension promises could impact our financial position.	There are regular actuarial reviews of scheme performance and, we have agreed the Schedule of Contributions and Recovery Plan with the pension scheme Trustee.

Council is satisfied that controls and actions have been put in place to mitigate the major risks identified. However, it recognises that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Financial Review & Statements

Headlines

At the end of the year, PDSA's financial position continued to be strong, although, with inflationary pressures and volatility within the economy, we are budgeting for a tougher financial outlook through 2023 which is discussed in our going concern assessment.

As we have emerged into the post-Covid-19 pandemic era, PDSA has not been immune from the financial uncertainty and economic volatility experienced across the country. We had budgeted £6m net operating expenditure for the year, assuming that whilst income would remain static, our charitable activity spend would increase, together with investment to drive future income. In reality, challenges to recruit and retain clinical staff constrained delivery of our charitable activities, whilst investment in face-to-face donor recruitment was limited as pandemic restrictions were lifted. The combined effect of this was to generate an operating surplus of £1.6 million (2021: £13.7m). Significant losses of £5.6 million against our investments have resulted in net expenditure of £4.0 million for the year (2021: £18.7m net income).

Total income increased to £106.6 million this year (2021: £105.4m). Legacy income, our largest single source, remained strong at £51.1 million, after a record legacy income year in 2021 (2021: £58.7m). Our trading income has recovered following the disruption in 2021 when shops remained closed during pandemic restrictions.

We spent £79.3 million on public benefit in the areas of prevention, education and treatment which was £10.1 million (14.6%) higher than prior year (2021: £69.2m). Operating circumstances have remained difficult, but we have maintained treatment as our priority area. This has meant we have had to restrict the number of pets being offered preventive services, although we have been able to provide more preventive activity in 2022. Unfortunately, in these challenging times we have not achieved our ambitions for reach in 2022. However, utilising technology helps us to provide online consultations which were able to replace some hospital consultations. We maintain our aim to increase our public benefit in 2023.

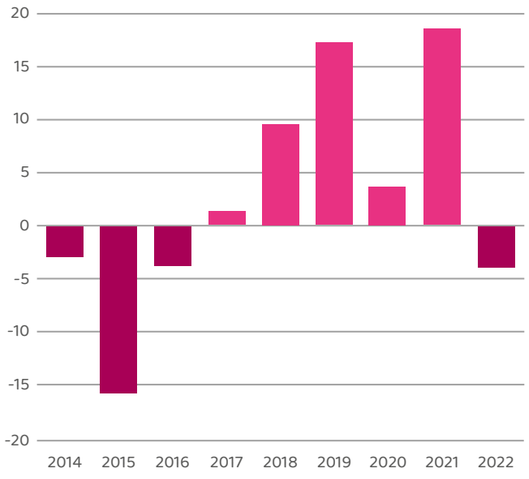
PDSA's investments were impacted by market volatility through the second half of the year, recording a significant loss for the year. Total investment losses were £5.6 million in 2022 representing a loss of 7.2% across our managed portfolio, which wiped out the gain of £5.1 million in 2021. The negative performance of PDSA's investments can be considered in the context of wider financial market performance, with returns of 4.7% and -17.4% in the year for the FTSE 100 and 250 indices respectively, and an average return for the Diversified Growth Funds sector of -5.3% over the 12-month period. Our targeted return is RPI + 3.0%, and the 12-month increase in the RPI index was 13.4%.

Overall, due to the investment losses over the final six months of the year, the 2022 results were significantly lower than 2021: total net expenditure of £4.0 million this year compared to an £18.7 million surplus in 2021.

Excluding investment performance, which is managed separately by our investment advisors and is therefore largely outside of our control, PDSA returned net income of £1.6 million in 2022.

Net income/expenditure

2014 - 2022 (£m)



The accounting for our defined benefit pension scheme always has a material effect on our results. This year there was an actuarial gain of £16.0 million (2021: actuarial loss of £1.8m) which led to a positive net movement in funds for the year of £12.0 million, from net expenditure of £4.0 million. Actuarial assumptions can vary from year-to-year and the main reason for this year's gain was a significant decrease in the defined benefit obligation due to improved corporate bond yields which drives the discount rate. This was partially offset by a decrease in assets due to asset returns being below what was expected. Over five years, (2018-2022) there has been some volatility in actuarial gains and losses, but overall there has been a gain for the period of £13.6 million.

Income and costs in more detail

We receive no ongoing HM Government or National Lottery funding for our veterinary services and therefore we rely on generating our income from our supporters by voluntary donations and trading activities. In the table below, we present the financial results in a different way, which we believe gives more clarity on the sources of net income. In 2022, we stopped benefitting from grants received from national and local government to support organisations during the pandemic. In 2021, the income primarily helped to mitigate losses in our trading activities, but 2022 returned to an element of normality, albeit that our Retail shops reopened at differing rates over the four nations of the UK.

The income we receive from donations and legacies forms the largest portion of our overall income and we need to spend on marketing and management in this area to attract supporters and protect future revenue. We ensure that we invest carefully and cost-effectively to generate awareness and income both in the short and longer-term. The table below shows that the cost of raising donations and legacy income overall from our supporters was increased from 10p per pound (£) in 2021 to 13p per pound in 2022.

Legacies continue to be our most important source of income, generating £51.1 million (2021: £58.7m). Legacies provided 63% of our net income available for charitable activities (2021: 69.1%). The post pandemic reopening of Retail shops, together with an increase in the number of pets that we were able to treat in 2022 as our hospitals welcomed patients in greater numbers, drove income across these streams. This reduced the proportion of our funding from legacies. Our longer term Strategy aims to invest in growing our legacy donations, while also seeking to broaden income from other sources. We plan to do this by growing our supporter base, through promotion and using innovative approaches to generate donations; we also aim to grow trading income in Retail through expansion of the Retail estate.

We offer services to our clients in addition to free treatment, and this charitable trading is an important income stream and one we aim to grow. This year, our concessionary (low-cost) service sales were £7.9 million compared to £6.2 million in 2021, 27% higher. As described above, we have been slowly building back our preventive services over the year, resulting in income being £4.4 million (2021: £2.5m), 76% higher than 2021.

Other trading net income includes gaming products, sales from our Retail division (donated and new goods) and miscellaneous sales, commissions and licensing income. PDSA Trading Limited provides almost all trading income, excluding donated goods, which are sold by the charity; this subsidiary's full results can be seen in the notes to the financial statements.

	2022		2021	
	£ MILLION	COST/£	£ MILLION	COST/£
Donations and legacy net income	63.5	0.13	71.5	0.10
Other trading net income	3.7	0.81	(0.4)	1.03
Asset-related net income	1.3	0.04	1.3	0.06
Grant Income	-		1.8	
Charitable trading gross income	12.3		8.7	
Net income available for charitable services	**80.8**	**0.27**	82.9	0.23

**Asset-related net income is investment income and gains on disposals of fixed assets.*

Our Retail activities provide the largest proportion of trading income. We remain one of the largest Retailers in the very competitive charity Retail sector, and in line with our corporate Strategy, 2022 saw us begin to expand our Retail estate through the opening of seven new shops and the relocation of three others. Shop openings in the year fell just short of our original intention to open 15 new shops, but our ambitious plans for 2023 include seeking to open a further 30 shops in addition to the eight shops that we intended to open in 2022. Online sales through our E-Commerce and eBay routes continued through 2022, and this area will form a key focus as we move into 2023.

Retail trade remains buoyant, with donated goods sales increasing by 45% year-on-year. Trade is approaching the level that we experienced prior to the Covid restrictions in 2020, and we aim to build on this through 2023 with our 38 shop openings. New goods sales continued to grow, increasing by 33% over 2021. This was boosted by online sales, although we acknowledge that this is an area where there is potential for further growth, and we will be seeking to expand our E-Commerce offering through 2023 and beyond.

The costs of generating income in Retail remains high, with much fixed cost and rising overheads in light of inflationary pressures. We don't expect these pressures to ease in 2023, but nevertheless, our Retail estate remains central to our Strategy, and we are committed to investing within our shop expansion through 2023.

Our pet insurance products provided a significant increase in net income in 2022 as we transitioned from our outgoing provider to our new Petsurance partner, Cardif Pinnacle. From 2023, we will be seeking to build the product's client base and we therefore expect a net expenditure position next year for our Petsurance income stream, as we invest in building a sustainable, robust customer base for the future.

The People's Postcode Lottery again provided generous support in 2022. A £3 million donation (2021: £3m) was used by our veterinary services team to expand our scope of service. Our strong partnership with the players of People's Postcode Lottery continues in 2023 and we are grateful for their ongoing support.

We organise our public benefit expenditure into three areas. The largest is for treatment at Pet Hospitals and contracted services that increased to £75.4 million (2021: £66.2m). This activity includes substantial fixed costs. Our preventive service spend increased this year to £2.8 million (2021: £1.9m) as we expanded our service post Covid restrictions. The amount we spend on education and responsible pet ownership can vary based on the specific activities we undertake and was £1.1 million (2021: £1.1m).



Sunny with his family

Investments

At the end of 2022, our investments totalled £72.4 million (2021: £77.4m). Our investments suffered losses of £5.6 million over the second half of the year as the financial market volatility hit the portfolio. We primarily hold an investment portfolio of externally managed investment funds, along with some investment properties managed by the charity.

The day-to-day management of the investment portfolio is delegated to professional fund managers. We have an Ethical Investment Policy that precludes investing directly in those organisations involved in testing on animals for cosmetic and other non-medical purposes.

Performance is measured on a total return basis and the Finance & Investment Committee regularly reviews the fund managers' performance.

The Society's investment Strategy focuses on capital preservation, while providing opportunities for increased returns through diversification of the asset base, without a significant increase in risk; the Strategy remains subject to the Society's Ethical Investment Policy. We are currently reviewing our investment principles, with a particular focus on the current risk profile and potential returns within this high inflationary environment.

We spread our investment holdings across three investment managers and invest in funds rather than direct investments. Broadly, our intention is to hold 37.5% each in both Schroder Unit Trusts and Ninety One, and the remaining 25% in Partners Group (UK). Funds provide greater stability than direct market investments and are sufficiently liquid to meet short-term operational cash needs as well as supporting the Business Plan to maintain and expand the delivery of our charitable services.

Overall, there was a loss of £5.6 million on our investment portfolio (2021: £5.1m gain).

Given the ongoing conflict in Ukraine, the Society and its investment managers have been ensuring that the level of exposure to Russian investments in each of the three funds is nil or negligible.

Investment properties are revalued each year. The value at 31 December 2022 was £5.9 million (2021: £6.2 million).

Reserves

The Executive and Council considers reserves regularly as part of its business planning process. It seeks to ensure that sufficient reserves are available to fund planned activity and public benefit levels agreed in the Business Plan, to be responsive to unforeseen and unplanned activity and to protect PDSA from unexpected events, such as fluctuations in income and costs not anticipated in the Business Plan.

The policy reflects the Charity Commission's guidance on Reserves Policies in its publication CC19.

Our Reserves Policy is supported by scenario and contingency planning to determine the potential impact on the level of reserves of defined risk factors. Our contingency strategic planning determines the level of reserves that we consider necessary to protect us from any prolonged financial risks and considers any measures that may need to be addressed should reserves fall below agreed levels.

Council has determined that the level of free reserves needed should fall within the range £45 million to £60 million. This may be subject to any changes in Policy as a result of the Investment Strategy Review. The policy should allow continuity for a minimum period of 18 months and for a maximum of three years. During this period the charity would aim to stabilise itself and become sustainable for the future.

Free reserves

£ millions	2022	2021
Total charity funds	107.1	95.1
Pension reserve	22.5	41.1
Endowment funds	(0.9)	(0.9)
Restricted funds	(2.2)	(4.0)
Unrestricted funds	**126.5**	**131.3**
Pension funding commitments	(32.9)	(36.3)
Carrying value of functional assets	(22.6)	(21.5)
Legacy contingent asset	15.0	11.3
Free reserves	**86.0**	**84.8**

At 31 December 2022, the charity had free reserves of £86.0 million (2021: £84.8m), as calculated in the table above which shows that reserves have increased by £1.2 million. 2022 yielded better than originally expected financial results – income was higher than we initially expected, whilst expenditure across 2022 was lower than planned, resulting in the £1.6 million net operating income for the year. However, this was more than offset by the £5.6 million losses against our investments. Our legacy contingent asset has increased by £3.7 million and there is an improvement

in our pension funding commitments. In combination, these factors have meant that free reserves increased, and remain beyond the reserves range set by Council.

In considering the reserves level, Council recognises that our final projections for 2023 and 2024 (detailed below in Going Concern) mean that reserves will reduce as the charity seeks to maintain our public benefit whilst absorbing inflationary pressures across the cost base. In addition, significant capital investment has been approved across our properties, IT and data infrastructure, to help establish a solid base for the future. Furthermore, some of the income we raise in each year is earmarked for future spending, though it is not formally restricted, for example the net surpluses from the People's Postcode Lottery which we agree to spend on specific projects in the subsequent year. We forecast that free reserves will fall to be closer to the range set by Trustees by the end of 2024 through the planned net expenditure positions.

The pension funding commitment represents the cash value of payments scheduled to August 2032 for the defined benefit pension scheme; the legacy contingent asset represents 80% of the value of the legacy pipeline.

The total funds of the Group at the end of 2022 were £107.1 million (2021: £95.1m). Of these funds, £3.1 million were restricted income funds or endowments (2021: £4.9m).

Our investment funds have sufficient liquidity to provide the flexibility to manage any potential downturn in income: access to the two larger funds is a matter of days and for the other within two to three months.

During the year, the charity renewed its £10 million unsecured overdraft with Lloyds Bank plc. We have proactively utilised this facility over the second half of the year, as a more cost effective alternative to drawing down against our investments. As our investments recover in value through 2023, we will seek to rebalance our cash holdings and reduce the overdraft usage. The overdraft facility was renewed in June 2022, and we expect the arrangement to continue through 2023.

At the date of signing, our most recent calculation of free reserves stood at £83.5 million. We have considered future activities and outlook and have created financial projections accordingly. Our current view is that our free reserves could reduce to £63 million by December 2024, which is above the upper end of the Reserves Policy range set by Trustees.

Going concern

The Executive and Council regularly reviews financial performance, forecasts and projections, taking account of the potential impact on future public benefit and this is an important element of Group financial management.

The Group had investments with a value of £67 million at 28 February 2023 that are sufficiently liquid to be realised quickly (two funds have daily access, the third within a month). This gives the Group significant headroom in the cash flow forecasts. As a precaution the Group will also renew its overdraft facility from 1 July 2023.

Trustees have reviewed projections of cash flow and profitability for the period to December 2024 considering a range of scenarios and sensitivities to income and costs, over the short to medium term as we manage business performance.

After considering the projections of cash flow and profitability and the ability to liquidate the investment portfolio to support cash balances, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, which is a period of at least 12 months from the signing of the accounts and audit report. They therefore consider that it is appropriate for the financial statements to be prepared on the going concern basis.



Patch and his owner Geoffrey

Pension Plans

PDSA has a defined benefit pension scheme, The People's Dispensary for Sick Animals Retirement Benefits Plan (RBP) (1978) and a Group Personal Pension (GPP) Plan.

The defined benefit pension scheme has been closed to new employees since 2006 and since April 2019 has been closed to future accrual. The GPP Plan was opened in January 2008 for new and existing employees. The charity is committed to ensuring it will continue to offer suitable pension benefits for employees.

The RBP scheme had a deficit, as calculated under the provisions of FRS 102, of £22.5 million at 31 December 2022 (2021: £41.1m). The latest triennial actuarial valuation was carried out as at 31 December 2020 and this showed a deficit of £55.4 million. Revised deficit funding contributions were agreed between PDSA and the RBP Trustee in December 2021.

These liabilities have been revised to reflect some key assumption changes: a significant decrease in the defined benefit obligation due to a rise in corporate bond yields which drive the discount rate. This gain has been offset by a decrease in assets due to asset returns being below what was expected. The next triennial valuation of the Scheme is due at 31 December 2023.

The Plan held a number of investments at 31 December 2022 at fair value. As a result of economic uncertainty due to current geopolitical uncertainties, we would expect the value of the Plan's assets to have reduced since the balance sheet date. Similarly, since the balance sheet date, the Plan's liabilities would be expected to reduce due to an increase in corporate bond yields over the period, although this reduction has been offset to an extent by a rise in inflation expectations since the balance sheet date.

Approved by Council and signed on its behalf by:



John Miller, Chair
16 June 2023



Independent Auditor's Report to the Trustees
of the People's Dispensary for Sick Animals

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 December 2022 and of the Group's/its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended and the People's Dispensary for Sick Animals Acts 1949 and 1956.

We have audited the financial statements of The People's Dispensary for Sick Animals ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise the consolidated and parent charity statement of financial activities, the consolidated and parent charity balance sheets, the consolidated 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Charity in accordance with the ethical requirements 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.

Conclusions related 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 Group and the Parent Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion;

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is inconsistent in any material respect with the financial statements; or
- adequate and proper accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; 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, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under 151 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group's/Charity's and the sector in which it operates;
- Discussion with management and those charged with governance including the Audit & Risk Committee;
- Obtaining and understanding of the Group's/Charity's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005, regulation 6 and 8 of the Charities Accounts (Scotland) regulations 2006, as amended, Peoples Dispensary for Sick Animals Acts 1949 and 1956, UK GAAP, Charities SORP, Fundraising legislation and UK tax legislation.

The Group/Charity is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be employment law, health and safety legislation and data protection.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation.

- We reviewed the Fraud log and Serious incident log submitted to the Audit & Risk Committee which includes instances of fraud and non-compliance with laws and regulations.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, Audit & Risk Committee and internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's/ Charity's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Review of the Fraud log and Serious incident log submitted to the Audit & Risk Committee which includes instances of fraud and non-compliance with laws and regulations;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, including the defined benefit scheme valuation (FRS 102 Section 28), accrued legacy income and provisions.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Kyla Bellingall

Kyla Bellingall
BDO LLP, statutory auditor
Birmingham

29 June 2023

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



Quinn with Vet Fran

Consolidated Statement of Financial Activities
(incorporating an income and expenditure account)

For the years ended 31 December	Note	Unrestricted funds	Restricted funds and endowments	Group £'000 Total 2022	Unrestricted funds	Restricted funds and endowments	Group £'000 Total 2021
Income and endowments from							
Donations and legacies	2	66,280	6,997	**73,277**	73,832	5,940	79,772
Grant income	2	-	-	**-**	1,826	-	1,826
Other trading activities	2	19,678	-	**19,678**	13,674	-	13,674
Charitable trading activities	2	12,295	-	**12,295**	8,741	-	8,741
Investments	2	1,003	-	**1,003**	1,063	-	1,063
Net gain on disposal of fixed assets		395	-	**395**	305	-	305
Total income		99,651	6,997	**106,648**	99,441	5,940	105,381
Expenditure on raising funds							
Donations and legacies	3	9,779	-	**9,779**	8,321	-	8,321
Other trading activities	3	15,941	6	**15,947**	14,073	1	14,074
Investments	3	50	-	**50**	82	-	82
Total expenditure on raising funds		25,770	6	**25,776**	22,476	1	22,477
Net income available for charitable activities		73,881	6,991	**80,872**	76,965	5,939	82,904
Charitable activities							
Treatment at Pet Hospitals and by contracted services	3	68,784	6,631	**75,415**	61,805	4,424	66,229
Education: responsible pet ownership	3	1,058	-	**1,058**	1,106	-	1,106
Preventive services	3	2,829	-	**2,829**	1,902	-	1,902
Total expenditure on charitable activities		72,671	6,631	**79,302**	64,813	4,424	69,237
Total expenditure		98,441	6,637	**105,078**	87,289	4,425	91,714
Net (losses)/gains on investments	7	(5,580)	-	**(5,580)**	5,058	-	5,058
Net (expenditure)/income		(4,370)	360	**(4,010)**	17,210	1,515	18,725
Transfers between funds	12	2,103	(2,103)	**-**	2	(2)	-
Actuarial gain/(loss) on defined benefit pension scheme	17	16,000	-	**16,000**	(1,800)	-	(1,800)
Net movement in funds		13,733	(1,743)	**11,990**	15,412	1,513	16,925
Reconciliation of funds							
Total funds brought forward		90,197	4,863	**95,060**	74,785	3,350	78,135
Total funds carried forward	12	103,930	3,120	**107,050**	90,197	4,863	95,060

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

Charity Statement of Financial Activities
(incorporating an income and expenditure account)

For the years ended 31 December	Note	Unrestricted funds	Restricted funds and endowments	Charity £'000 Total 2022	Unrestricted funds	Restricted funds and endowments	Charity £'000 Total 2021
Income and endowments from							
Donations and legacies	2	70,860	6,997	**77,857**	76,760	5,940	82,700
Grant income	2	-	-	**-**	1,826	-	1,826
Other trading activities	2	13,865	-	**13,865**	9,769	-	9,769
Charitable trading activities	2	12,295	-	**12,295**	8,741	-	8,741
Investments	2	993	-	**993**	1,057	-	1,057
Net gain on disposal of fixed assets		395	-	**395**	305	-	305
Total income		98,408	6,997	**105,405**	98,458	5,940	104,398
Expenditure on raising funds							
Donations and legacies	3	9,778	-	**9,778**	8,319	-	8,319
Other trading activities	3	14,709	6	**14,715**	13,053	1	13,054
Investments	3	50	-	**50**	82	-	82
Total expenditure on raising funds		24,537	6	**24,543**	21,454	1	21,455
Net income available for charitable activities		73,871	6,991	**80,862**	77,004	5,939	82,943
Charitable activities							
Treatment at Pet Hospitals and by contracted services	3	68,774	6,631	**75,405**	61,797	4,424	66,221
Education: responsible pet ownership	3	1,058	-	**1,058**	1,106	-	1,106
Preventive services	3	2,829	-	**2,829**	1,902	-	1,902
Total expenditure on charitable activities		72,661	6,631	**79,292**	64,805	4,424	69,229
Total expenditure		97,198	6,637	**103,835**	86,259	4,425	90,684
Net (losses)/gains on investments	7	(5,580)	-	**(5,580)**	5,058	-	5,058
Net (expenditure)/income		(4,370)	360	**(4,010)**	17,257	1,515	18,772
Transfers between funds	12	2,103	(2,103)	**-**	2	(2)	-
Actuarial gain/(loss) on defined benefit pension Scheme	17	16,000	-	**16,000**	(1,800)	-	(1,800)
Net movement in funds		13,733	(1,743)	**11,990**	15,459	1,513	16,972
Reconciliation of funds							
Total funds brought forward		91,757	4,863	**96,620**	76,298	3,350	79,648
Total funds carried forward		105,490	3,120	**108,610**	91,757	4,863	96,620

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

Balance Sheets

£'000

At 31 December		Group		Charity	
		2022	2021	2022	2021
Fixed assets	Note				
Tangible assets	6	**22,639**	21,552	**24,190**	23,103
Investments	7	**72,400**	77,354	**72,400**	77,354
Total fixed assets		**95,039**	98,906	**96,590**	100,457
Current assets					
Stocks - finished goods and goods for resale		**2,680**	2,238	**2,126**	1,913
Debtors	8	**42,615**	40,085	**45,509**	43,640
Cash at bank and in hand		**2,441**	3,385	**10**	72
Total current assets		**47,736**	45,708	**47,645**	45,625
Creditors - amounts falling due within one year	9	**(11,068)**	(6,219)	**(10,968)**	(6,127)
Net current assets		**36,668**	39,489	**36,677**	39,498
Total assets less current liabilities		**131,707**	138,395	**133,267**	139,955
Provisions for liabilities	10	**(2,159)**	(2,235)	**(2,159)**	(2,235)
Net assets excluding pension liability		**129,548**	136,160	**131,108**	137,720
Defined benefit pension scheme liability	17	**(22,498)**	(41,100)	**(22,498)**	(41,100)
Total net assets		**107,050**	95,060	**108,610**	96,620
The funds of the charity					
Endowment funds	12	**933**	933	**933**	933
Restricted income funds	12	**2,187**	3,930	**2,187**	3,930
Unrestricted funds	12	**126,428**	131,297	**127,988**	132,857
Pension reserve	12	**(22,498)**	(41,100)	**(22,498)**	(41,100)
Total unrestricted funds		**103,930**	90,197	**105,490**	91,757
Total charity funds		**107,050**	95,060	**108,610**	96,620

Approved by Council and signed on its behalf on

John Miller
Chair
16 June 2023

Consolidated Statement of Cash Flows

£'000

For the year ended 31 December		Group	
	Note	2022	2021
Net cash (used in) operating activities	a	**(3,152)**	(4,005)
Cash flows used in investing activities			
Dividends, interest and rents from investments		**1,003**	1,063
Purchase of property, plant and equipment		**(2,814)**	(1,757)
Proceeds from the sale of property, plant and equipment		**509**	357
Purchase of investments		**(626)**	(620)
Net cash (used in) investing activities		**(1,928)**	(957)
Change in cash and cash equivalents in the reporting period		**(5,080)**	(4,962)
Cash and cash equivalents at the beginning of the reporting period	b	**2,957**	7,919
Cash and cash equivalents at the end of the reporting period	b	**(2,123)**	2,957

Note a. Reconciliation of net income to net cash (used in) operating activities

Net (expenditure)/income for the reporting period	**(4,010)**	18,725
Adjustments for:		
Investment income	**(1,003)**	(1,063)
Net (gain) on disposal of tangible fixed assets	**(395)**	(305)
Depreciation	**1,613**	1,621
Movements on investments	**5,580**	(5,058)
Increase in pension provision excluding actuarial loss	**800**	700
Pension deficit contributions	**(3,402)**	(8,500)
(Increase)/decrease in stocks	**(442)**	193
(Increase) in debtors	**(2,530)**	(10,410)
Increase/(decrease) in creditors	**713**	(210)
(Decrease)/increase in provisions	**(76)**	302
Net cash (used in) operating activities	**(3,152)**	(4,005)

Note b. Analysis of cash and cash equivalents

Cash at bank and in hand	**2,441**	3,385
Overdraft	**(4,564)**	(428)
Total	**(2,123)**	2,957

Note c. Analysis of changes in net debt

	At 1 Jan 2022	Cash flows	Other non-cash charges	At 31 Dec 2022
Cash at bank and in hand	3,385	(944)	-	**2,441**
Overdraft repayable on demand	(428)	(4,136)	-	**(4,564)**
Borrowings	-	-	-	**0**
Total	2,957	(5,080)	-	**(2,123)**

Notes to the financial statements for the year ended 31 December 2022

1. Accounting policies

a) Accounting basis

The financial statements have been prepared under the historical cost convention, with the exception of investments that are included at market value.

The financial statements have been prepared in accordance with the Charities Act 2011, the Charities and Trustees Investment (Scotland) Act 2005, the Charities SORP (FRS 102) - 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.

Going concern

Trustees have reviewed projections of cash flow and profitability for the period to 31 December 2024 considering sensitivities to income and costs and how much they wish to spend in discretionary areas.

We expect that the Group will produce a total net expenditure position of £6.9 million in 2023 and in 2024. Based on this forecast we anticipate holding cash and liquid investments of £31.9 million at 31 December 2024.

The Group had investments with a value of £67 million at 28 February 2023 that are sufficiently liquid to be realised quickly (two funds have daily access, the third within a month). This gives the Group significant headroom in the cash flow forecasts. As a precaution the Group will also renew its overdraft facility from 1 July 2023.

The Trustees recognise that there remains a degree of uncertainty as a result of the pandemic, however this does not pose a material uncertainty that would cast doubt on the charity's ability to continue as a going concern.

After considering the projections of cash flow and profitability and the ability to liquidate the investment portfolio to support cash balances, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, which is a period of at least 12 months from the signing of the accounts and audit report. For this reason, it continues to adopt the going concern basis in the financial statements.

b) Fund accounting

General funds are unrestricted funds that are available for use at the discretion of Council in furtherance of the general objectives of the charity, which have not been designated for other purposes.

Restricted funds are funds that are used in accordance with specific restrictions imposed by donors.

The aim and use of each restricted fund is set out in Note 12 to the financial statements. Income received less than £15,000, unless part of a larger project, is reported in aggregate.

Investment income and gains are allocated to the appropriate fund.

c) Income

Income is recognised in the SOFA when the charity has evidence of entitlement, receipt is probable and its amount can be measured reliably.

Legacies

Both pecuniary and residuary legacies are recognised at the earlier of probate being granted or the charity being advised, in writing, by the personal representative of an estate that payment will be made or assets transferred and when, in the opinion of management, the amount can be quantified with reasonable accuracy and will probably be received.

This estimate includes a reduction to reflect the proportion of the prior year opening debtors not received in subsequent years and so allows for the potential variation in settlement values and the risk of a Will being contested.

Where part or all of a legacy has a claim against it, the disputed amount is not recognised as income, but is included as a contingent asset.

Reversionary interests involving a life tenant are not recognised.

Other income

Income from charitable trading, sales of new goods and other sales income are recognised when the goods or services are sold. The value recognised excludes VAT.

Donated goods are included in income when received and are measured at sales value, which is considered fair value.

Donation income is credited when received, except where fundraising campaigns are based around a specific event date, in which case the accruals basis is used.

Grants and donations in respect of capital expenditure are credited to restricted income at the point of recognition and are released to unrestricted funds on the later date of completion of the fixed asset, or the obligation being met.

Income from Government grants is recognised when a claim has been made and entitlement is confirmed.

Gross proceeds from the People's Postcode Lottery are recorded as income in the SOFA.

Investment income is accounted for when receivable.

d) Recognition of expenditure

All expenditure is accounted for on an accruals basis and has been listed under the headings that aggregate all costs related to the category.

Costs of generating funds relate to those costs incurred to encourage donations and legacies and raise public awareness of the charity; those costs that enable us to trade goods and services; and those that relate to generating investment income.

Costs of charitable activities relate to those costs incurred in meeting the objectives of the charity and providing its public benefit.

Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of the resources. Overheads in support areas have been allocated to activities as outlined in note 3 to the financial statements.

Costs for future property dilapidations, in our estimate and judgement, are estimated based on the number of properties rented subject to dilapidation clauses, each having an expected future cost based on the average expected spends per property incurred in earlier years and the results of condition survey samples. Where the particular condition of an individual property means the use of an average spend would not be appropriate, the provision is estimated with reference to property survey information.

Donations and gifts costs are those incurred in seeking voluntary contributions for the charity. Governance costs are those incurred by Trustees, internal audit and fees charged by external auditors. Irrecoverable VAT is charged as a cost to the individual activity.

e) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £5,000 are capitalised and accounted for at cost, inclusive of any incidental expenses of acquisition.

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

Assets under course of construction	nil
Freehold land	nil
Freehold buildings	25-50 years
Long leasehold buildings	25 years
Short leasehold buildings	Remainder of lease
Pet Hospital buildings, freehold and leasehold	25 years
Furniture, fittings and equipment	3-8 years
Motor vehicles	5 years

The charity has a policy to conduct impairment reviews in accordance with the requirements of FRS 102.

f) Investment properties

In accordance with FRS 102 these properties are held for capital appreciation, initially recorded at cost and then subsequently at fair value. Revaluations are undertaken periodically by professionally qualified surveyors on the basis of open market value, which represents fair value. In our estimate and judgement these are revised in subsequent years by reference to published indices or comparative evidence and assessment of the circumstances of each property by PDSA's professional qualified surveyors.

g) Investments

Listed and other investments are initially shown at cost and then subsequently at fair value to reflect the market valuation as at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year.

Investments in subsidiaries are initially shown at cost and subsequently net of any impairment.

h) Stocks

Stocks are stated at the lower of cost and net realisable value. Donated goods are included at fair value on receipt, and the stock of donated goods represents the amount of goods donated by the general public which we hold at our shops at year-end. In our estimate and judgement, the value is calculated by applying an average sales value, adjusted for Gift Aided sales, to the volume of goods we have unsold at year-end.

i) Financial instruments

The PDSA Group only holds basic financial instruments. Investments are initially shown at cost and then measured at fair value and shown in Note 7 to the accounts. Financial instruments held within current assets and current liabilities are measured at the cash expected to be paid or received which is considered to be amortised cost and is shown in Notes 8 and 9.

The Group balances included in the accounts are as follows:

	2022 £'000	2021 £'000
Fixed Asset Investments	72,400	77,354
Debtors	42,615	40,085
Creditors: amounts falling due within one year	11,068	6,219

j) Taxation

As a registered charity, PDSA is exempt from taxation of income and gains falling within Chapter Three of Part II to the Corporation Tax Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charge has arisen in the year. No tax charge has arisen in any of its subsidiaries since they gift all taxable profits to PDSA.

k) Pension costs

For the defined benefit pension scheme, the amounts charged in resources expended are the current service costs and gains and losses on settlements and curtailments; these are included as part of staff costs. Past service costs are recognised immediately if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately and are shown separately in the SOFA. Defined benefit pension schemes are funded with the assets of the scheme held separately from those of the Group, in Trustee-administered funds.

These assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The valuation is obtained triennially but is updated each year and the resulting asset or liability is shown on the balance sheet.

l) Operating leases

Rentals paid under operating leases are charged to the SOFA on a straight-line basis over the lease-term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are credited to the SOFA over the period of the lease. Rentals receivable under operating leases are credited to the SOFA in the periods in which they become receivable. When a rental holiday has been granted, or rentals temporarily reduced, the reduction is accounted to that period of the reduction and is not spread over the lease-term.

m) Basis of consolidation

PDSA Group's financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated on a line-by-line basis for the periods from or to the date on which control passed.

PDSA Trading Limited, PDSA PetAid Enterprises Limited and PDSA Property Services Limited are consolidated within these accounts as PDSA holds 100% of the issued share capital of each company.

n) Provisions

Provisions for future liabilities are recognised when PDSA has a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that payment will be made. Estimation techniques involve assumptions, which are based on experience.

o) Accounting estimates and judgements

In preparing the financial statements, the Trustees are required to make estimates and judgements. The matters below are considered to be the most important in understanding the judgements that are involved in preparing the financial statements and the uncertainties that could impact the amounts reported.

Cost allocation

Support costs not attributable to a single activity are allocated or apportioned on a basis consistent with identified cost drivers for that cost category and can be seen in more detail in note 3.

Legacy income accrual and contingent asset

Legacy income is recognised in accordance with the income recognition policy detailed in note 1 (c). In calculating the level of legacy accrual, management is required to exercise estimation and judgement, particularly in determining the amount and probability of receipt.

A contingent asset is identified for legacies notified to the charity when the inflow of economic benefit is probable, but does not yet meet the criteria for income recognition identified in note 1 (c).

Investment properties

These are valued by professionally qualified surveyors, using estimation techniques identified in note 1 (f).

Stocks

Goods donated by the public for us to resell are valued using estimates identified in note 1 (h).

Actuarial assumptions for the defined benefit pension scheme

These are incorporated in the financial statements in accordance with FRS 102 using advice from independent qualified actuaries. Significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates. These are detailed in note 1 (k) and note 17.

Provisions

We hold specific provisions for several matters and these are individually described in note 10. We recognise a provision when it meets the tests identified in the policy in (n); the estimation techniques used are particular to each provision. The charity leases a large number of properties and our assumptions for property dilapidations are described in note 1 (d).



PDSA Order of Merit recipient Clive with owner Michelle

2. Income and endowments

£'000

	Group		Charity	
	2022	2021	**2022**	2021
Donations and legacies				
Legacies receivable	**51,114**	58,731	**51,114**	58,731
Donations and gifts	**22,163**	21,041	**22,163**	21,041
Gift Aid donation from subsidiaries	**–**	–	**4,580**	2,928
	73,277	79,772	**77,857**	82,700
Grant income				
Government Job Retention Scheme	**-**	619	**-**	619
Local Council Business Grants	**-**	1,207	**-**	1,207
	-	1,826	**-**	1,826
Other trading activities				
Lottery and similar income	**2,294**	2,083	**-**	-
Sales of donated goods*	**10,228**	7,034	**10,228**	7,034
Sale of new goods	**2,311**	1,736	**-**	-
Other income**	**4,845**	2,821	**3,637**	2,735
	19,678	13,674	**13,865**	9,769
Charitable trading activities				
Preventive services	**4,426**	2,549	**4,426**	2,549
Concessionary and other paid for services	**7,869**	6,192	**7,869**	6,192
	12,295	8,741	**12,295**	8,741
Investments				
Listed securities - dividends	**626**	620	**626**	620
Bank and other interest	**11**	58	**1**	52
Rents receivable	**366**	385	**366**	385
	1,003	1,063	**993**	1,057

* 2022 includes income of £3,431,000 of donations from supporters resulting from sale of their goods through PDSA's Retail Gift Aid scheme (2021: £2,519,000)

** 2022 Other income (Charity only) includes £3,553,000 (2021: £2,658,000) for the allocation of Retail costs from the Charity to its subsidiary, PDSA Trading Limited. These costs relate to the running of the Retail Gift Aid scheme, which is administered by the subsidiary.

3. Expenditure

£'000

	Group			
	Activities undertaken directly	**Support costs allocated**	**2022 Total**	2021 Total
Expenditure raising funds				
Legacies receivable	1,800	134	**1,934**	1,403
Donations and gifts	5,740	241	**5,981**	5,604
Raising public perception and awareness	1,754	110	**1,864**	1,314
	9,294	485	**9,779**	8,321
Expenditure on other trading activities				
Merchandising, charity shop and other trading	13,491	1,651	**15,142**	13,381
Lottery ticket sales	778	27	**805**	693
	14,269	1,678	**15,947**	14,074
Expenditure on investments	46	4	**50**	82
Expenditure on charitable activities				
Treatment at Pet Hospitals and by contracted services	67,606	7,809	**75,415**	66,229
Education: responsible pet ownership	975	83	**1,058**	1,106
Preventive services	2,702	127	**2,829**	1,902
	71,283	8,019	**79,302**	69,237
	94,892	10,186	**105,078**	91,714

Support costs breakdown by activity

Group

	Human Resources	**Property Services**	**Finance and Management**	**Information Technology**	**2022**	2021
Expenditure raising funds						
Legacies receivable	26	-	59	49	**134**	112
Donations and gifts	21	-	185	35	**241**	237
Raising public perception and awareness	22	-	56	32	**110**	83
Expenditure on other trading activities						
Merchandising, charity shop and other trading	230	471	436	514	**1,651**	1,193
Lottery ticket sales	2	-	25	-	**27**	25
Expenditure on Investments	-	2	2	-	**4**	6
Expenditure on charitable activities						
Treatment at Pet Hospitals and by contracted services	2,185	569	2,178	2,877	**7,809**	6,867
Education: responsible pet ownership	34	-	31	18	**83**	86
Preventive services	40	-	87	-	**127**	74
Total support costs	2,560	1,042	3,059	3,525	**10,186**	8,683

Governance costs in the year of £369,000 (2021: £342,000) are included within Finance and Management support costs.

Bases of allocation

Human Resources - staff costs
Property Services - property costs, excluding rent
Finance and Management - expenditure
Information Technology - number of IT devices

£'000

	Activities undertaken directly	Support costs allocated	2022 Total	2021 Total
			Charity	
Expenditure raising funds				
Legacies receivable	1,800	133	**1,933**	1,402
Donations and gifts	5,740	241	**5,981**	5,604
Raising public perception and awareness	1,754	110	**1,864**	1,313
	9,294	484	**9,778**	8,319
Expenditure on other trading activities				
Merchandising, charity shop and other trading	13,066	1,649	**14,715**	13,054
	13,066	1,649	**14,715**	13,054
Expenditure on investments	46	4	**50**	82
Expenditure on charitable activities				
Treatment at Pet Hospitals and by contracted services	67,606	7,799	**75,405**	66,221
Education: responsible pet ownership	975	83	**1,058**	1,106
Preventive services	2,702	127	**2,829**	1,902
	71,283	8,009	**79,292**	69,229
	93,689	10,146	**103,835**	90,684

Support costs breakdown by activity

	Human Resources	Property Services	Finance and Management	Information Technology	2022	2021
					Charity	
Expenditure raising funds						
Legacies receivable	26	-	58	49	**133**	111
Donations and gifts	21	-	184	36	**241**	237
Raising public perception and awareness	22	-	56	32	**110**	82
Expenditure on other trading activities						
Merchandising, charity shop and other trading	230	471	434	514	**1,649**	1,191
Expenditure on Investments	-	2	++2	-	**4**	6
Expenditure on charitable activities						
Treatment at Pet Hospitals and by contracted services	2,185	569	2,168	2,877	**7,799**	6,859
Education: responsible pet ownership	34	-	31	18	**83**	86
Preventive services	40	-	87	-	**127**	74
Total support costs	2,558	1,042	3,020	3,526	**10,146**	8,646

Governance costs in the year of £356,000 (2021: £331,000) are included within Finance and Management support costs.

Bases of allocation

Human Resources - staff costs
Property Services - property costs, excluding rent
Finance and Management - expenditure
Information Technology - number of IT devices

4. Net expenditure/income before other recognised gains and losses

£'000

			2022	2021
These are stated after charging:				
Auditor's remuneration	audit fees charity		**83**	72
	audit fees subsidiaries		**11**	7
	non-audit fees charity	- tax compliance services	**1**	1
		- other consultancy services	**49**	-
	non-audit fees subsidiaries	- tax services	**5**	4
Operating leases			**2,335**	2,520

5. Employees

	2022	2021
Employment costs		
Salaries	**50,092**	44,897
Social security costs	**4,796**	4,043
Defined benefit pension costs	**1,582**	1,533
Other employer pension costs	**4,528**	4,071
Redundancy and termination payments	**41**	93
Other staff costs	**248**	224
Apprentice Levy	**244**	215
Total	**61,531**	55,076

During 2022, 8 employees were made redundant (2021:29), this was as a result of shop and warehouse closures. There were no termination payments made through settlement agreements in the year (2021: one).

Average number of employees, calculated on a full-time equivalent basis		
Veterinary	**1,287**	1,162
Retail	**208**	199
Marketing and fundraising	**103**	139
Other	**105**	163
Total	**1,703**	1,663

	2022	2021
Employment costs		
The number of higher-paid employees whose emoluments were within the following scales was as follows:		
£60,001–£70,000	25	21
£70,001–£80,000	9	7
£80,001–£90,000	4	5
£90,001–£100,000	2	1
£100,001–£110,000	-	1
£110,001–£120,000	2	-
£120,001–£130,000	-	1
£130,001–£140,000	1	-
£140,001–£150,000	-	1
£150,001–£160,000	-	1
£180,001–£190,000	1	-
£190,001–£200,000	-	1
£200,001–£210,000	1	-

Emoluments include salary, allowances and benefits in kind, but exclude pension scheme contributions.

Thirty-four of the higher paid staff are members of the Group Personal Pension (GPP) Plan (2021: thirty). Eight of these staff members contribute to the Auto Enrolment section of the GPP (2021: six). Twenty-six of the staff members contribute to the GPP by paying contributions in excess of the Auto Enrolment minimum contribution rates (2021: twenty-four). Thirty-four of the higher paid staff members are employed in our Veterinary Services team (76%).

The total remuneration paid to the Executive team in 2022 (nine Directors) was £964,464 (2021: seven Directors, £819,000). Of the nine Directors who served during 2022, five served throughout the year, one retired in the first quarter of the year, one left in the third quarter of the year and two became Directors in the last quarter of the year.

The basic salary of the Director General, who is the highest paid employee, was £163,331 as at 31 December 2022 (£158,576 as at 31 December 2021). The Director General has elected to receive an additional cash payment in lieu of employer pension contributions.

The ratio between the highest and median contracted salary is 7:1 (2021: 7:1).

Members of Council do not receive any remuneration. They made donations to PDSA in 2022 totalling £1,500 (2021: £2,561).

Travel, accommodation, telecommunications, entertainment, and training costs incurred by Council members on charity business are reimbursed or are paid directly by the charity. This amounted to £2,051 during the year for six Council members (2021: £341 for two).

6. Fixed assets

£'000

	Assets under course of construction	Freehold land and buildings	Leasehold buildings Long lease	Leasehold buildings Short lease	Pet Hospital land and buildings Freehold	Pet Hospital land and buildings Long lease	Furniture fittings and equipment	Motor vehicles	Total
Cost									
At 1 January 2022	1,528	3,831	400	4,294	33,525	5,087	15,869	366	64,900
Reclassification	(3,255)	-	-	-	3,255	-	-	-	**-**
Additions	1,739	-	65	570	-	-	440	-	**2,814**
Disposals	-	-	(72)	(245)	-	(440)	(209)	(10)	**(976)**
At 31 December 2022	12	3,831	393	4,619	36,780	4,647	16,100	356	**66,738**
Depreciation									
At 1 January 2022	-	1,683	179	4,099	19,564	3,190	14,348	285	**43,348**
Charge for the year	-	84	12	65	874	126	403	49	**1,613**
Disposals	-	-	(38)	(245)	-	(367)	(202)	(10)	**(862)**
At 31 December 2022	-	1,767	153	3,919	20,438	2,949	14,549	324	**44,099**
Net book value									
At 31 December 2022	12	2,064	240	700	16,342	1,698	1,551	32	**22,639**
At 31 December 2021	1,528	2,148	221	195	13,961	1,897	1,521	81	**21,552**

The difference between the Group and charity fixed assets is the exclusion of the intra-group profit of £1,551,000. The intra-group profit arose from the construction and sale of PDSA Pet Hospital buildings by subsidiaries of the charity. Certain freehold assets are charged to provide security against specific liabilities. The net book value of these assets at 31 December 2022 is £5,999,000 (2021: £6,316,000).

7. Fixed asset investments

Group and charity	Listed investments	Other investments	Freehold investment properties	Total
At 1 January 2022	51,661	19,473	6,220	**77,354**
Additions	626	-	-	**626**
Net (losses)/gains on revaluations and disposals	(5,612)	372	(340)	**(5,580)**
At 31 December 2022	46,675	19,845	5,880	**72,400**

At 31 December 2022 and 2021 the charity had the following holdings constituting more than 5% of the portfolio market value:

	2022	2021
The Partners Fund	**19,845**	19,472
Schroders Diversified Growth Fund	**23,602**	26,624
Ninety One Diversified Growth Fund	**23,073**	25,038
The total of UK listed and other investments	**66,520**	71,134

Within fixed asset investments, investment properties are valued as at 31 December 2022 at £5,880,000. This represents four properties, all of which were valued by external RICS Registered Valuers. Properties are valued at fair value with reference to condition, location and market data. The charity is not aware of any material restrictions that might affect the realisation of any of its investment properties.

8. Debtors

£'000

	Group		Charity	
	2022	2021	**2022**	2021
Due within one year				
Accrued legacies	**38,907**	36,485	**38,907**	36,485
Amounts due from subsidiary undertakings	**-**	-	**3,515**	3,795
Income tax recoverable	**377**	557	**377**	557
Sundry debtors	**2,243**	1,907	**1,622**	1,668
Prepayments	**1,088**	1,136	**1,088**	1,135
Total	**42,615**	40,085	**45,509**	43,640

The charity has received notification of legacies amounting to approximately £18,729,000 (2021: £14,149,000).
This total has not been recognised as income at 31 December 2022, but represents a contingent asset that will be recognised in future years.
The charity has entered into indemnities with executors of Wills which allow repayment of legacy income in particular circumstances. These total £1,235,000 at the end of 2022 (2021: £1,090,000) and represent a contingent liability.

9. Creditors: amounts falling due within one year

	Group		Charity	
	2022	2021	**2022**	2021
Bank overdraft	**4,564**	428	**4,564**	428
Trade creditors	**1,497**	1,542	**1,497**	1,542
Taxation and social security	**1,509**	1,088	**1,509**	1,087
Sundry creditors	**975**	915	**975**	915
Deferred income	**87**	80	**-**	-
Accruals	**2,436**	2,166	**2,423**	2,155
	11,068	6,219	**10,968**	6,127

10. Provisions for liabilities

£'000

	2022	**2021**
Group and charity		
Obligations for dilapidations in respect of leased properties		
At the beginning of the year	**2,228**	1,809
Charged against provision in the year	**(174)**	(134)
Released in the year	**(16)**	(52)
Change in the year resulting from the number of properties and estimated cost per property	**121**	605
At the end of the year	**2,159**	2,228
Obligations for costs following closure of the Pet Practice Scheme		
At the beginning of the year	**7**	38
Charged against provision in the year	**(7)**	(31)
At the end of the year	**-**	7
Provision for future marketing and professional costs		
At the beginning of the year	**-**	86
Charged against provision in the year	**-**	(81)
Released in the year	**-**	(5)
At the end of the year	**-**	-

11. Analysis of Group net assets between funds

			2022			2021
Fund balances at 31 December are represented by:	**Restricted**	**General**	**Total**	**Restricted**	**General**	**Total**
Tangible fixed assets	**379**	**22,260**	**22,639**	1,920	19,632	21,552
Investments	**-**	**72,400**	**72,400**	-	77,354	77,354
Current assets	**2,741**	**44,995**	**47,736**	2,943	42,765	45,708
Creditors – amounts falling due within one year	**-**	**(11,068)**	**(11,068)**	-	(6,219)	(6,219)
Provisions for liabilities	**-**	**(2,159)**	**(2,159)**	-	(2,235)	(2,235)
Net assets excluding pension liability	**3,120**	**126,428**	**129,548**	4,863	131,297	136,160
Defined benefit pension Scheme liability	**-**	**(22,498)**	**(22,498)**	-	(41,100)	(41,100)
Net assets including pension liability	**3,120**	**103,930**	**107,050**	4,863	90,197	95,060

12. Statement of Group Funds

£'000

	At 1 January 2022	Income	Expenditure	Actuarial / investment gains	Transfers	At 31 December 2022
General fund	131,297	99,651	(98,441)	10,420	(16,499)	126,428
Unrestricted funds excluding pension reserve	**131,297**	99,651	(98,441)	10,420	(16,499)	**126,428**
Pension reserve	(41,100)	-	-	-	18,602	(22,498)
Total unrestricted funds	**90,197**	99,651	(98,441)	10,420	2,103	**103,930**
Restricted funds						
Permanent endowment						
AW Blackwell bequest	933	27	-	-	(27)	933
Total permanent endowment funds	**933**	27	-	-	(27)	**933**
Income funds						
Restricted legacies	2,986	6,177	(6,319)	-	(1,165)	1,679
Digital x–ray – appeal	60	112	-	-	(75)	97
Nottingham PDSA Pet Hospital - capital appeal	805	31	-	-	(836)	-
Manchester PDSA Pet Wellbeing Centre expansion - capital appeal	-	81	-	-	-	81
Homeless project - Manchester	3	-	7	-	-	10
Homeless project - UK	20	-	(6)	-	-	14
Brighton Pet Hospital - treatment of cats and dogs	-	48	(48)	-	-	-
Sunderland Pet Hospital - heating and cooling system replacement	-	201	-	-	-	201
Edinburgh Pet Hospital - general expenditure	-	21	-	-	-	21
Veterinary Care Assistant Salary Support	-	37	(37)	-	-	-
Veterinary Care Assistant Training Support	-	30	(30)	-	-	-
PetCheck Vehicle - general expenditure	2	-	-	-	-	2
Miscellaneous restricted donations less than £15,000	54	232	(204)	-	-	82
Total restricted income funds	**3,930**	6,970	(6,637)	-	(2,076)	**2,187**
Total restricted funds	**4,863**	6,997	(6,637)	-	(2,103)	**3,120**
Total funds excluding pension reserve	**136,160**	106,648	(105,078)	10,420	(18,602)	**129,548**
Total funds	**95,060**	106,648	(105,078)	10,420	-	**107,050**

The general fund represents the free funds of the group that are not designated for particular purposes.

The movement on the pension reserve represents the difference between the payments in the year by the employer towards the liabilities and the actuarial calculations of liabilities under FRS102.

The net transfer to the general reserve of £16,499,000 relates to the decrease in the pension reserve in the year of £18,602,000, income from endowment funds of £27,000, and restricted legacies and donations expended on capital items of £2,076,000.

Further information about the nature of some of the other restricted funds above is:

- The AW Blackwell endowment provided interest benefit of £27,000 to PDSA in 2022; the income is unrestricted and so is transferred.
- Some legators have specified restrictions for use within a specific geographical location or application. The balance carried forward comprises: PetCheck vehicle in the West Midlands £25,000, Helmsley/Kirbymoorside £333,000, Llanelli £258,000, Aberdeen £304,000, Isle of Wight £14,000, Brighton £34,000, Coventry £16,000, Dundee £366,000, Huddersfield £68,000, Hull £135,000, Leeds £53,000, Wiltshire £15,000, Colwyn Bay £42,000 and other restricted legacies individually below £10,000.

13. Related parties

£'000

	2022	2021
Sales from PDSA to PDSA Trading Limited		
Allocation of shared staff and overhead costs	**5,081**	3,531
	5,081	3,531
Sales from PDSA to PDSA PetAid Enterprises Limited		
Allocation of shared staff and overhead costs	**321**	252
	321	252
Sales from PDSA Trading Limited to PDSA		
Acquisition of donors and administration of the Retail Gift Aid sales Scheme	**3,656**	2,735
	3,656	2,735
Amounts owed to PDSA by subsidiary undertakings		
PDSA Trading Limited	**3,450**	3,715
PDSA PetAid Enterprises Limited	**39**	54
PDSA Property Services Limited	**26**	26
	3,515	3,795

14. Capital commitments

	2022	2021
Group and charity		
Contractually committed purchases of tangible fixed assets	**-**	1,549
Purchases of tangible fixed assets authorised but not contracted for	**10,477**	2,670
	10,477	4,219

15. Operating lease commitments

Total commitments not provided for in these financial statements under non-cancellable* operating leases are as follows:

	£'000	
	2022	**2021**
Group and charity		
Amounts payable		
Within one year	**1,968**	1,860
After one year but within five years	**3,641**	2,690
After more than five years	**578**	761
	6,187	5,311

For Retail shops occupied at year end, where the lease has gone beyond renewal date but a new lease has not been formally signed, the lease is assumed to be cancellable with three months' notice, rather than at the next renewal date.

16. Subsidiary undertakings

The charity holds 100% of the issued share capital of each of the following companies, all of which are registered in England.

	Company number	
PDSA Trading Limited	1595637	Principal activities are the operation of lotteries, sale of financial services and sale of new goods through PDSA's chain of shops and online.
PDSA Property Services Limited	2340793	The company is currently not trading but is intended for reactivation in 2023.
PDSA PetAid Enterprises Limited	4374375	Principal activity is the provision of commercial veterinary services.

The total taxable profits of the subsidiary undertakings are gifted to the charity. No loans are advanced by the charity to its subsidiaries.

A summary of the results of the subsidiaries — £'000

For the year ended 31 December	**PDSA Trading Limited**		**PDSA Property Services Limited**		**PDSA PetAid Enterprises Limited**	
	2022	2021	**2022**	2021	**2022**	2021
Income	**12,679**	9,026	**-**	-	**352**	277
Expenditure	**(8,125)**	(6,165)	**-**	-	**(326)**	(210)
Profit/(loss) for the year	**4,554**	**2,861**	**-**	**-**	**26**	**67**
Gifted to The People's Dispensary for Sick Animals	**(4,554)**	(2,861)	**-**	-	**(26)**	(67)
Retained loss	**-**	-	**-**	-	**-**	-

Aggregate of the assets and liabilities

	PDSA Trading Limited		**PDSA Property Services Limited**		**PDSA PetAid Enterprises Limited**	
	2022	2021	**2022**	2021	**2022**	2021
Assets	**3,553**	3,808	**10**	10	**43**	58
Liabilities	**(3,546)**	(3,801)	**(26)**	(26)	**(43)**	(58)
Net assets/(liabilities)	**7**	7	**(16)**	(16)	**-**	-

17. Defined benefit pension Scheme

The Society operates a defined benefit pension Scheme that pays out pensions at retirement based on service and final pay. It has applied Section 28 of FRS102 and the following disclosures relate to this standard. It recognises any gains and losses in each period within the Consolidated Statement of Financial Activities under the heading of 'Actuarial loss on defined benefit pension Scheme'. The funding policy is agreed between the Retirement Benefit Plan (1978) (RBP) Trustee and the Society and is formally set out in a Statement of Funding Principles, Schedule of Contributions and Recovery Plan following each full actuarial valuation. The latest such valuation was carried out as at 31 December 2020 and showed a deficit of £55.4 million. A future funding schedule has been agreed with the Trustee of the RBP to eliminate the deficit by 31 August 2032. An independent qualified actuary has calculated the RBP liabilities from data provided by the RBP administrators as at 31 December 2020.

Following a period of consultation with the active members over proposals to close the RBP Scheme to future accrual, the proposals were accepted on 30 June 2016 and the Scheme was closed to future accrual with effect from 5 April 2019.

In respect of the deficit arising from the 31 December 2020 Triennial Valuation of the RBP Scheme, the Society has entered into security arrangements with the RBP Trustee to support the deficit recovery plan agreed from the 2020 Triennial Valuation.

The amounts recognised in the balance sheet are as follows: £ millions

	2022	2021
Present value of funded obligations	**(114.6)**	(191.5)
Fair value of Scheme assets	**92.1**	150.4
Deficit recognised in scheme	**(22.5)**	(41.1)

The amounts recognised in the Consolidated Statement of Financial Activities as income and expenditure are as follows

	2022	2021
Scheme administration expenses	0.6	0.7
Net interest on the defined benefit liability	0.7	0.5
Total cost	**1.3**	1.2

The amounts recognised in the Consolidated Statement of Financial Activities as actuarial gains are as follows

	2022	2021
Actuarial gain/(loss)	**76.7**	(4.8)
Return on Scheme assets in excess of interest income	**(60.7)**	3.0
Total gain/(loss)	**16.0**	(1.8)

Sensitivity Analysis
At the reporting date, reasonable possible changes to one of the relevant actuarial assumptions, with the other assumptions held constant, would have affected the defined benefit obligation by the amounts shown below.

	31 December 2022(Decrease)/Increase in DBO (£m)
Discount rate +0.50%	**(9.1)**
Inflation +0.50%	**6.9**
Mortality +1 year life expectancy	**2.9**

The change to the inflation sensitivity allows for changes to pension increases in deferment and in payment. Although the analysis does not take account of the full distribution of cash flows expected, it does provide an approximation of the sensitivity of the assumptions shown.

Changes in defined benefit obligation during the year

	2022	2021
Opening defined benefit obligation at 1 January	**191.5**	187.3
Interest cost	**3.4**	2.4
Actuarial (gain)/loss	**(76.7)**	4.8
Benefit payments	**(3.6)**	(3.0)
Closing defined benefit obligation	**114.6**	191.5

Changes in fair value of scheme assets during the year £ millions

	2022	2021
Opening assets at 1 January	**150.4**	140.2
Interest income	**2.7**	1.9
Return on scheme assets in excess of interest income	**(60.7)**	3.0
Expenses paid	**(0.6)**	(0.7)
Employer contributions	**3.9**	9.0
Benefit payments	**(3.6)**	(3.0)
Closing assets	**92.1**	150.4

Projected income and expenditure

	2022	2021
Interest cost	**5.3**	3.5
Interest income	**(4.2)**	(2.7)
Administration expenses	**0.6**	0.7
Total	**1.7**	1.5

Fair value of scheme assets in each category

	2022	2021
Equities and property	**25.9**	58.6
Gilts	**36.4**	50.9
Insurance policy	**16.8**	25.2
Other credit	**11.9**	9.4
Cash	**1.1**	6.3

For the purposes of FRS102 Section 28 the asset values stated are at the balance sheet date. Market values of the Plan's assets, which are not intended to be realised in the short-term, may be subject to significant changes before they are realised.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2022		2021	
	Pensioner	Non Pensioner	Pensioner	Non Pensioner
Discount rate	**4.80%**	**4.65%**	1.85%	1.80%
Price inflation RPI	**3.25%**	**3.15%**	3.55%	3.25%
Price inflation CPI	**2.80%**	**2.70%**	3.05%	2.75%
Future pension increases RPI 5%	**2.95%**	**2.90%**	3.45%	3.15%
Future pension increases RPI 2.5%	**1.90%**	**1.85%**	2.30%	2.25%

Life Expectancy	**Years**	**Years**
Male (current age 45)	22.5	22.7
Male (current age 65)	21.2	21.4
Female (current age 45)	24.8	25.0
Female (current age 65)	23.3	23.5

Thank You

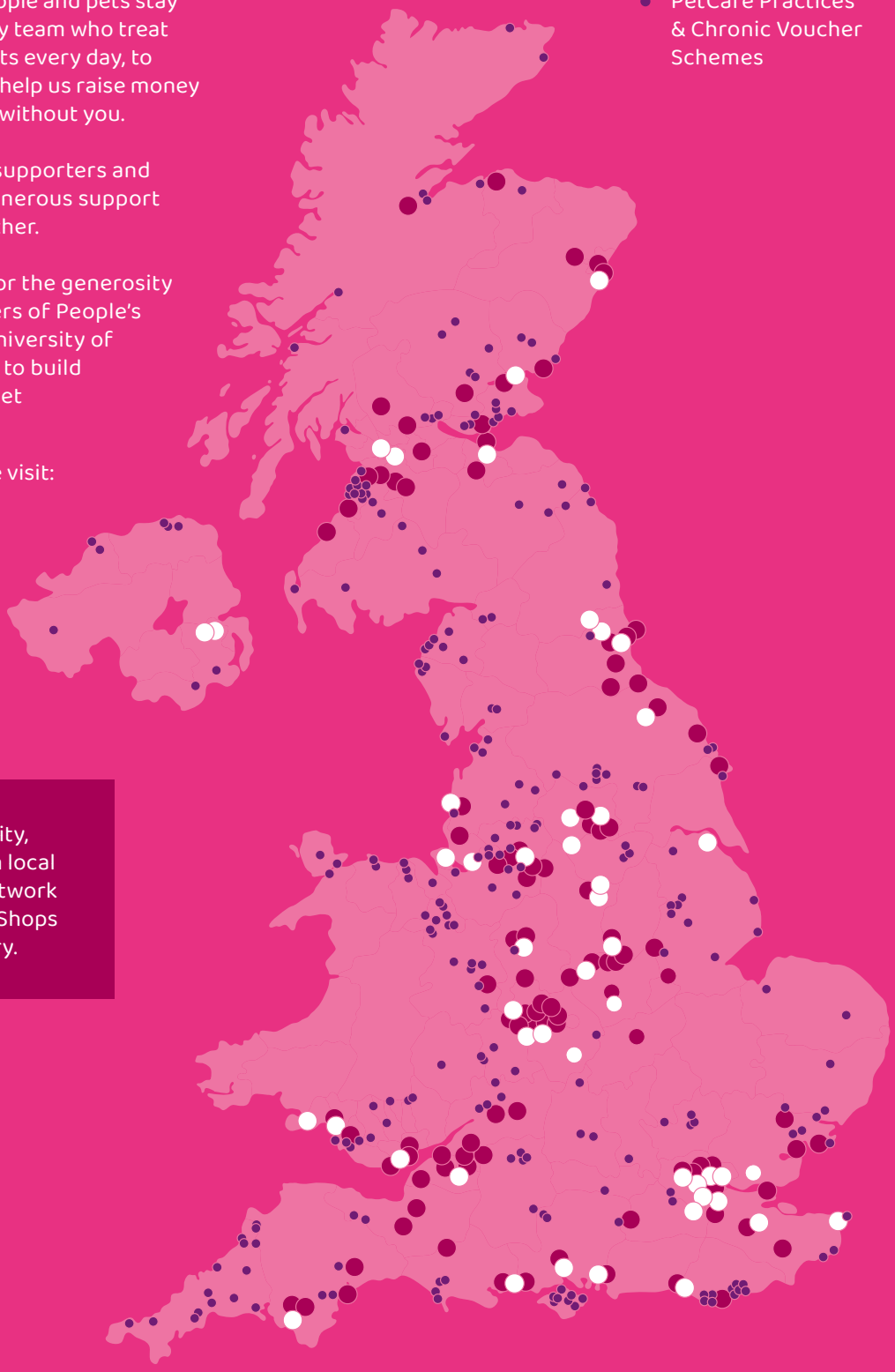
We couldn't do what we do without our wonderful staff and volunteers. We are incredibly thankful to have such an amazing team, who are passionate about helping people and pets stay together. From our veterinary team who treat countless sick and injured pets every day, to volunteers in our shops who help us raise money to carry on; we couldn't do it without you.

We are very grateful to our supporters and corporate partners. Their generous support keeps people and pets together.

We are especially thankful for the generosity of Mr and Mrs Ionescu, players of People's Postcode Lottery, and the University of Nottingham who enabled us to build our new Nottingham PDSA Pet Wellbeing Centre.

For more information, please visit:

pdsa.org.uk



While PDSA is a national charity, we are also embedded within local communities through our network of Pet Hospitals and Charity Shops located all around the country.

pdsa
THE VET CHARITY FOR PETS IN NEED

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www.pdsa.org.uk

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Patron: HRH Princess Alexandra, the Hon. Lady Ogilvy, KG, GCVO.
Registered charity nos. 208217 and SC037585

DMA Data & Marketing Association

FR Registered with FUNDRAISING REGULATOR

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS

England & Wales - Charity number 208217

Accounts

pdsa

THE VET CHARITY FOR PETS IN NEED



Trustees' Annual Report and Accounts 2021

Year ended 31 December 2021

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Chair's letter

After a second year of navigating the pandemic and all the challenges that we have had to deal with, PDSA has a lot to be thankful for.



> "In recognition of the crucial role that technology will play in the long-term future of PDSA, we have strengthened the Executive Leadership Team and created a new directorate to lead on our investment and focus in this area."

We are incredibly grateful that our supporters have stood by us during these challenging times. Our staff and volunteers have worked together, focusing our efforts to allow us to continue treating pets in need, while also maintaining the charity's financial health to ensure our future.

We appreciate every donation, but the ongoing support we receive from the players of the People's Postcode Lottery, along with Mr Marian Ionescu and the late Mrs Christina Ionescu, have been particularly important through this turbulent year.

The Ionescu's have made a significant contribution to help fund our new Nottingham Pet Wellbeing Centre. Breaking ground on the new facility in June was undoubtedly one of the highlights of the year. Sadly, Mrs Ionescu passed away in late 2021, before she could see the Centre open. We hope the hospital and the incredible impact it will have on the area's poorest communities, will be a fitting tribute to their love of animals and philanthropic aims, as well as providing a significant training Centre for future generations of veterinary surgeons.

Despite the many challenges we faced this year, we are pleased to report that our financial position remains strong. We saw lower than expected operational expenditure because some of our activities were restricted. However, once re-opened, our shops bucked the high street trend and ended the year in a strong position, while our e-commerce sales continued to grow. And our teams found new and innovative ways to boost our income, focusing on more digital channels as face-to-face activity remained limited.

In fact, our Digital & Technology teams have worked hard this year to digitise areas across the charity, including giving us new and more efficient ways to reach and support our beneficiaries. By the end of 2021, our veterinary teams had conducted over 1.2 million remote consultations, in accordance with Royal College of Veterinary Surgeons guidance. For the first time ever Pet Hospital appointments and registrations can now be booked and processed online, making it easier and safer for many owners to access our services. We still have some way to go before we become a truly digital-first organisation, but we have made great strides this year to use digital technology to simplify administration, reach more pets in need and increase our income. In recognition of the crucial role that technology will play in the long-term future of PDSA, we have strengthened the Executive Leadership Team and created a new directorate to lead on our investment and focus in this area.

Of course, none of what we achieved in 2021 would have been possible without our people. Supporting our people through the pandemic has been a key priority. We have continued to place our colleagues' personal health and wellbeing at the forefront of our decision-making and given them access to the support they need. We introduced Wellbeing Days for all employees, which enabled our teams to take additional time off so that they could focus on their personal mental health and wellbeing, and we piloted leader and manager mental health awareness training so they are better able to support their teams.

At the beginning of the year, we continued to utilise the Government's Job Retention Scheme while some of our work was suspended. We made sure we kept in regular contact with all our furloughed workers to ensure they still felt part of our team and conducted regular pulse surveys to take the temperature of our entire workforce.

Our Employee Engagement Survey, which we conducted in September, indicated that our focus on ensuring people feel valued had enabled us to retain strong levels of engagement. It was clear from the results that our people knew every decision we had made during the pandemic had been with their personal safety and wellbeing in mind. It was also encouraging to see our focus on leadership having a positive impact with our people having greater clarity of our plans and priorities whilst remaining highly engaged with PDSA's purpose. The vital insight from the survey will continue to help shape our people activities.

Last but certainly not least as I enter my last year as Chair, I would like to say that it has been my honour to work with an incredible Board of Trustees, who have all been hugely supportive throughout my 8 years in post and even more so during the unprecedented experience of the last 2 years. I have also been so fortunate to work with a Director General who has shown exceptional leadership and, together with her Executive Team, has guided PDSA through the recent difficulties without losing sight of our long-term charitable objectives. I would like to thank them and all our dedicated staff and volunteers for their hard work, and share with them my excitement that by working together we can ensure that PDSA will always be there to help as many pet owners in financial hardship as we possibly can.



John Smith
Chair

Director General's letter

Having navigated an immensely difficult two years dominated by the pandemic, it is wonderful to begin to see the light at the end of the tunnel as we move into 2022. Everyone at PDSA is eager to return to a more 'normal' way of life and embrace new opportunities available to us.

In March 2020, when the first UK lockdown began, we focussed on four key objectives to guide our decision-making: reducing risk to our people, protecting our front-line veterinary services, controlling our cash flow and communicating clearly and effectively. This focus has fulfilled its purpose; the charity is in a strong position to move forward to navigate the 'new normal'.

Restricting our Pet Hospital services during the pandemic allowed us to ensure our doors could remain open to treat pets most in need. But now our key priority is to expand our scope of service back to pre-pandemic levels; our remote services will continue at the same time as we welcome more owners and their pets back in to our Pet Hospitals.

We are also preparing for an increase in demand, should more households become eligible for our services, as the full financial fallout of the pandemic, and the ever-increasing cost of living, impacts pet owners across the UK. We know that our greatest impact comes from the vital role our Pet Hospitals play in the poorest of communities.

Our people are our greatest resource and competition for skills remains fierce, none more so than within the veterinary sector, and we are seeing this external challenge extend to other key skill sets. We continue our work to make PDSA an employer of choice and have embraced new models of working, including remote and hybrid options. Working with our employee representatives, who make up Our Forum, we are looking at other ways in which we can ensure PDSA continues to be a great place to work.

As well as focusing on our people, we must also continue to inspire new people to support PDSA. We are hugely grateful to our loyal supporters, who have continued to donate during this difficult time and strong legacy income demonstrates their lifetime of commitment; we are thankful for the generosity of our supporters who left us a gift in their Will.



"We are able to exit the pandemic with a sense of optimism, a strong financial position, and the strength and capability to extend our help to even more people in financial hardship."

Finally, I could not end this letter without thanking the Chair for all his support during his tenure, and all the Trustees, whose expert governance has seen us through another very challenging year.

It is testament to the hard work of the whole PDSA team, that we are able to exit the pandemic with a sense of optimism, a strong financial position, and the strength and capability to extend our help to even more people in financial hardship, realising our Vision of:

... a society in which no pet is denied veterinary care because their owner can't afford it.

With my thanks to you all,

Jan McLoughlin.

Jan McLoughlin BSc (Hons) FIoD
PDSA Director General

Our Vision & Mission

PDSA has always understood that it's often the people in society who are most in need, that need the love and companionship of a pet the most.

And no pet should have to suffer pain or ill-health, as a result of social inequality.

So every day, we work hard to keep alive the special bond that exists between pets and their owners.

pdsa
THE VET CHARITY FOR PETS IN NEED

VISION

A society in which no pet is denied veterinary care, because their owner can't afford it

MISSION

Provide compassionate veterinary **TREATMENT** for the sick and injured pets of people who otherwise couldn't afford to pay

Provide pet welfare **EDUCATION** and practical **PREVENTIVE** support to combat unnecessary illness, pain and suffering of pets in low income households

VALUES

HEAD & HEART
Expertise with Understanding

PASSION WITH PURPOSE
Driven in our Dedication

BETTER TOGETHER
Empowering through Unity

STRATEGIC OBJECTIVES

Deliver the best possible pet **WELLBEING** outcomes for people in need in the most cost effective way

Make PDSA better known, **LOVED** and understood

Grow **INCOME** to maximise pet wellbeing outcomes

Ensure PDSA has the underlying organisational **CAPABILITY** to achieve its core objectives



Trustees' report

Annual review

Within sections one to five of this report, we will outline the organisation's objectives, achievements and performance. The Trustees consider that due regard has been paid to the Public Benefit Guidance published by the Charity Commission in relation to section 4 of the Charities Act 2011.

With Covid-19 still a limiting factor on our activities in 2021, we reviewed our strategic approach to achieving our objectives, guided by four 'pandemic' principles:

- Reducing risk for our people
- Protecting our front-line veterinary services
- Preserving our long-term financial stability
- Communicating effectively across stakeholder groups

In 2020, we stopped all non-essential activity and kept tight control on expenses to minimise our deficit. We continued to use these guidelines to inform our decision-making through 2021, as Covid-19 restrictions were regularly adapted to fit the ever-changing situation.

Our pre-crisis strategy had been to generate annual operating surpluses to allow reinvestment into pet wellbeing and other key areas such as digital, retail and hospital estates, brand awareness, legacy marketing and supporter acquisition.

The underlying reasons for this need have not changed – increased demand for our services – but the economic backdrop certainly has. In light of the global recession, we have altered the way in which we will achieve growth and the timescale that will be involved.

During 2021, our focus has been on providing treatment to pets whose owners need our charitable service, in circumstances that have been very challenging for our veterinary teams. Other activities, such as providing information, support and education for pet owners, were predominantly delivered through our digital platforms.

As we look ahead to 2022 and beyond, our emphasis is on strengthening our organisational health. This will enable us to respond to the increased demand for our services that we have already begun to see.

Our year in numbers

9.3 million
users were supported through our services

This included:

Providing veterinary care to over
320,000 clients
who are eligible to access our veterinary services

Reaching over
8.8 million users
through digital engagement

Reaching over
164,000 children

1.8 million
total treatments in 2021

We saved the lives of
134,000
pets with life-threatening conditions

It cost
£69.2m
to run our UK services

In 2021, we had
828
vets and vet nurses

We treated over
370,000
pets in 2021

We provided over
1 million
consultations including **360,000 face-to-face** appointments and **660,000 remote consultations**

We have
48
Pet Hospitals and Clinics

In 2021, we performed
25,000
surgical operations on poorly pets

Behaviour



87%
of pet owners say owning a pet makes them mentally healthier*

* UK pet owners only. PDSA Animal Wellbeing (PAW) Report 2021

What we do

Animal Welfare Need #1: Behaviour

The freedom for pets to behave naturally

For more than a century – throughout two World Wars, numerous economic downturns, and now the Covid-19 pandemic – we have been saving pets and changing lives. We have held true to our founder's belief that pet care should not be a privilege, and that pets should not suffer because of their owners' financial difficulties or social hardship.

Pets are part of the family and for some people their only companion; they improve the health and quality of life for their owners.

Our vision is a society in which no pet is denied veterinary care because their owner can't afford it. We achieve this by treating sick and injured pets who live in some of the UK's most deprived communities and by providing pet welfare education and preventive support to combat unnecessary illness, pain and suffering.

Of course, we have had to adjust our plans to ensure we could continue to fulfil our mission over the past couple of years, with 2021 bringing many of the same challenges as 2020.

The government's Covid-19 restrictions limited our services, while we also saw increased demand from pet owners undergoing hardship, so we focused our efforts and resources on the Treat element of our mission.

PDSA's Strategic Objectives

We have outlined four strategic objectives which guide our activities, and we take a dynamic approach to their emphasis, dialling them up or down depending on our priorities and the pandemic-related restrictions that we face:

- Provide the best possible pet wellbeing outcomes for people in need in the most cost-effective way, so we can reach and help many more pets and their owners.
- Make PDSA better known, loved and understood to build understanding of what we do and the role we play in the lives of the poorest people in society.
- Increase support to raise the funds we need to grow our income. We rely on donations from pet lovers across the UK to fund the care we provide to those most in need.
- Ensure we have the organisational capability we need to achieve our objectives and increase our public benefit, investing in our people, processes, equipment and technology.

We believe that healthy pets make our world a better place, and that access to veterinary care and expertise should not be a privilege. We treat and care for pets, and support owners in ensuring the health and wellbeing needs of their companions are met, when they have nowhere else to turn – and, importantly, we will do so without judgement.

With Covid-19 impacting the finances of UK households, as well as the nation's mental health and wellbeing, our services have never been more important or in demand. Pets have an incredible ability to bring joy and comfort, even during the darkest of days, and we are committed to supporting these important relationships between animals and people, improving quality of life for all.

Our strategies bring to life how we will achieve our charitable objects, as described in the two Acts of Parliament (1949 and 1956) and the Parliamentary Scheme (2015) that govern PDSA. These define our objects as:

(a) The provision of free medical or surgical treatment, or such treatment at reduced charges, to animals belonging to persons who are unable to afford the services of a veterinary surgeon.

(b) The prevention of suffering of animals by the provision of preventive treatment, care and advice (whether free, at a reduced charge, or at full charge).

(c) The education of the public in matters concerning animal health and welfare in general.

(d) The advancement of animal welfare for the public benefit by any other means.

How we prevent illness and suffering

Our annual PAW (PDSA Animal Wellbeing) Report data has shown that pet owners who are not aware of the 5 Animal Welfare Needs (which form the basis of the Animal Welfare Acts 2006) are less likely to provide life-saving preventive care for their pets.

By educating owners we can improve the life of every pet. Our activities focus on areas highlighted as a priority by the PAW report, helping pet owners to understand:

- Normal behaviour patterns
- The need for housing with or apart from other animals
- What constitutes a suitable environment
- A suitable diet to feed
- How to ensure protection from pain, suffering and disease

The challenges encountered during 2020 continued into 2021, so we were unable to fully re-instate our education or preventive care programmes. Instead, we focused our efforts where we could have the greatest impact on pet welfare, for as many pets as possible.



Our Pet Hospitals remained open, although the restrictions necessary to ensure Covid-safe ways of working continued to hamper our ability to deliver preventive and routine care. Instead our focus remained on ensuring pets in need received the life-saving, emergency treatment they need. A small number of Pet Hospitals were able to trial reintroducing preventive services using a mixture of digital and face-to-face appointments.

Our remote consultations continued, to enable our vets to advise worried owners on how to ensure their pets remained healthy and happy.

While our 2020 preventive statistics reflected normal service provision up until the lockdown in March, the figures for 2021 show the impact of a full year's constraint on our preventive services. But, despite a full year of restrictions, we were able to achieve:

Over **2,800** neuters – averaging just over 55 per week (over 600 per week pre-pandemic)

Over **1,100** vaccinations – averaging just over 20 per week (over 1,600 per week pre-pandemic)

Nearly **1,300** microchips – averaging just over 25 per week (over 400 per week pre-pandemic)

The dispensing of **63,000** flea and **57,000** worming products

In comparison to our 2019 figures, this means that in 2021 we missed out on neutering around 27,000 pets, vaccinating over 83,000 pets and microchipping around 20,000 pets, all due to the impact of Covid-19.

Looking ahead to 2022, we are still actively encouraging owners to register with a vet, to help them identify any problems early, as well as getting access to treatment. We are very much looking forward to resuming our preventive services as soon as we have the capacity to safely do so.

Albert's story

One cold winter's day, eight-month-old kitten Albert found shelter under a stationary car bonnet.

The driver got into the vehicle, not realising he had a stowaway on board, and started the engine, trapping poor Albert. The car travelled around 20 minutes before the driver realised something wasn't right.

He found poor Albert terrified inside the car bonnet. The driver managed to rescue the frightened kitten, who was immediately taken to Sheffield PDSA Pet Hospital.

PDSA Vet, Jessica Stirling, said: "When Albert was rushed to the hospital we couldn't believe he had been trapped in a moving car for so long. We gave him pain relief and fluids right away to make him comfortable before he was anaesthetised so we could assess the full extent of his injuries.

"His wounds were very severe. He had lacerations over most of the left part of his body, with his front left leg almost completely severed. Astonishingly, x-rays showed no major trauma to his chest or internal organs. We had no choice but to amputate his leg and clean and repair the horrific injuries down his left side."

After surgery, Albert stayed at the Pet Hospital for four days receiving around-the-clock care, pain relief, fluids and antibiotics, before going home. However, Albert wasn't out of the woods just yet.

Unfortunately, while he was at home recovering, he developed an infection, which is a common complication during the healing of traumatic wounds. Albert needed further surgery to manage the infection.

After lots of treatment and care from the PDSA vet team, special care at home, and plenty of medications and pain relief, Albert is making a steady recovery and adapting well to life on three legs.

"Albert is doing well. Despite only having three legs now, he's running up and down the stairs and jumping on the sofa with ease. Even after his traumatic experience, he is so incredibly affectionate and loves nothing more than snuggling up on my lap. He's also very playful; he loves to play with his toys!"

Albert's owner

Putting our policy into action

The 11th PDSA Animal Wellbeing (PAW) Report

Our annual PAW Report, the UK's largest assessment of pet wellbeing, provides companion animal welfare surveillance to identify trends and priorities, and to promote and monitor change.

The Report allows us to gain insight into the current animal welfare situation, to estimate pet population numbers, and to understand how people are caring for their pets. This unique survey is undertaken in collaboration with YouGov, and its findings are used to stimulate collaborative working that informs government research, policy and legislation, and to inspire innovative approaches to tackling pet wellbeing issues in veterinary clinical practice.

Since 2011 we have surveyed more than 87,000 pet owners, vets, vet nurses and children to help us understand how owners are providing for the 5 Welfare Needs of dogs, cats and rabbits.

Our 2021 survey was completed in May, just as the UK was beginning to emerge from Covid-19 restrictions. We chose to build on the findings of our 2020 PAW Report, and focus on the welfare areas that it suggested would be particularly impacted by the pandemic:

- Pet population
- Pet acquisition
- Behaviour
- Obesity
- Preventive healthcare

Despite reported concerns about the negative impact of the pandemic on our pets, our Report found that pet populations have not exploded. Owners are mainly continuing to source their pets responsibly, and levels of essential preventive healthcare have been largely maintained or have recovered from the initial impact of restrictions in many areas.

However, areas of concern remain, in particular the rising numbers of pets sourced from abroad, continued issues around pet obesity and a range of behavioural problems, many of which may be associated with a lack of socialisation and positive life experience.

In line with our ongoing shift to digital engagement, for our 11th Report we trialled an interactive digital version of the Report with a downloadable PDF. This enabled us to reach more people than previously possible with our print version, with 3,500 unique visitors accessing the Report in 2021.

Our PAW Report methodology provides a robust, reputable and validated surveillance model through which we can monitor the ongoing impact of Covid-19 restrictions on the welfare of UK pets, comparing our findings with our previous results from the past decade. We will continue to use the data from the PAW Report to assess welfare impacts and guide our campaigns and activity to where they will have the most impact.



Population
No significant increase in pet populations

2 million
pets acquired since March 2020

47% of owners who acquired a pet since March 2020 had never owned this species as an adult before

95% of pet owners say that owning a pet makes them happy

Key findings

9.6 million
pet dogs are living in the UK

26%
of UK adults own a dog

14% of dogs
acquired since March 2020 came from abroad

2% of owners
who acquired from abroad said it was to get cropped ears

22% of dogs
owned before March 2020 are showing new behaviours

27% of dogs
owned since March 2020 are showing behaviours that could be related to a lack of socialisation

9% of owners
say their dog has gained weight since March 2020

23% of dogs
have not received regular boosters

10.7 million
pet cats are living in the UK

24%
of UK adults own a cat

17% of cats
owned before March 2020 are showing new behaviours

34% of cats
owned since March 2020 are showing behaviours that could be related to a lack of socialisation

5% of owners
say their cat has gained weight since March 2020

39% of cats
have not received regular boosters

10% of cats
have not been neutered

900,000
pet rabbits are living in the UK

2%
of UK adults own a rabbit

48% of rabbits
live alone

22% of new
rabbit owners say that owning rabbits makes them stressed

27% of owners
of single rabbits don't want to own more than one rabbit

6% of owners
say their rabbit has gained weight since March 2020

50% of rabbits
have not received regular boosters

63% of rabbits
have been neutered

Following on from the success of our PAW Report webinar in 2020 we repeated the event in 2021 to report the new findings.

A panel of speakers – including our Senior Veterinary Surgeon for Communication & Education Sean Wensley, and Director of Veterinary Services Richard Hooker, alongside a number of other leading veterinary experts – highlighted the key issues raised by the Report, with an engaging and lively discussion taking place afterwards.

The webinar was attended by more than 250 delegates, with over 550 additional stakeholders accessing the recording later. We had a very positive response to the event.

"Interactive and engaging."

"Clear, evidence-based, addressed important questions."

External activity and public affairs

Our important work in the public affairs arena has continued – and proven effective – during 2021, despite the challenges of the pandemic.

In May 2021, we joined the More For Scotland's Animals (MFSA) coalition, working with other organisations to keep animal welfare at the top of the agenda during the Scottish elections, resulting in 176 Candidate MSPs committing to 'do more for Scotland's animals,' with 40 of those later elected.

We continued our work with the Pet Advertising Advisory Group (PAAG), tackling the problem of fraudulent and low-welfare breeders hiding behind online sales. In addition, we joined a coalition of organisations dedicated to Tackling the Puppy Trade, investigating the scale of the problem and looking at ways to make a difference.

We also joined other charities to support the first ever Guinea Pig Awareness Week (GPAW), working to highlight their welfare needs, as well as supporting the long-running Rabbit Awareness Week (RAW).

The Good Practice Code for the Welfare of Rabbits was launched in 2021, by the Rabbit Awareness Action Group (RAAG), with our support, which aims to improve the lives of the UK's pet rabbits by raising awareness of their 5 Welfare Needs among both new and established owners.

Additionally, during 2021 we have formed part of two working groups looking at the barriers to pet ownership faced by elderly people and children in care, making sure that animal welfare remains a primary consideration.

We are continuing to support and press for positive change when it comes to the health and welfare of brachycephalic (flat-faced) dogs. We are helping drive strategy development as a founder member of the UK Brachycephalic Working Group.

These presentations have formed part of a wider set of activities in the area of One Health. Notably, our One Health project to increase uptake of NHS Health Checks amongst dog owners saw PDSA, together with our Salford City Council partner, shortlisted as a finalist for a prestigious Royal Society of Public Health (RSPH) Health and Wellbeing Award.

PDSA Pet Health Hub

Written by PDSA vets and nurses, our online Pet Health Hub contains free, reliable information about the most common conditions in dogs, cats and rabbits.

Throughout 2021 the Hub has been part of a wider organisational project to improve our website content, functionality and user experience. We have continued to integrate the Hub into our Pet Hospitals to support our veterinary staff with client conversations, and we have begun to promote the Hub to practices participating in our Pet Care Scheme.

The Hub now reaches an average of 400,000 people per month, and in total has reached 7.7 million since its launch in September 2018. Our impact measures remain high, with 95% of the 17,500 visitors who completed our user survey giving us a 'thumbs up'.

3 most popular pages in 2021

www.pdsa.org.uk/phh

300,000
visitors:

- Seasons in Dogs
- Diarrhoea in Dogs
- Whelping



The Good Practice Code for the Welfare of Rabbits launched in 2021, by the Rabbit Awareness Action Group (RAAG), which aims to improve the lives of the UK's pet rabbits.



Education

Our main focus this year has been on digital learning, as Covid restrictions prevented us doing face to face activity. In 2021 we delivered talks to more than 9,000 primary and secondary-aged children.

We also continued to deliver digital careers talks to colleges and universities, in order to promote recruitment at PDSA. In 2021, we reached almost 500 students through these live talks, and sent pre-recorded talks to more than 100 other educational establishments.

PetWise School Award

Our PetWise School Award is a fun, free educational award, aimed at primary-aged children, although anyone is welcome to take part. It teaches children how to ensure their pets are happy and healthy, how to stay safe around dogs, and about careers working with animals.

In 2021 the Award continued to grow in popularity. By the end of the year we had gained a further 17,500 participants, meaning we now have over 185,000 children who are either actively taking part in or have completed the Award. We also translated all of our resources into the Welsh language to ensure it is accessible to all schools in Wales.

The award was shortlisted for the highly regarded 'Teach Primary Award' in the 'Free Resources' category, demonstrating its quality and value.

Educational impact

This year we have worked on a new set of impact assessments to measure the success of our digital education resources.

We have also collaborated with other animal welfare charities – including Blue Cross, RSPCA, Cats Protection, Wood Green and Born Free – to measure our impact as a sector.

PetWise School Award

186,643 children taking part

17,446 new children signed up in 2021

2,024 school sign-ups

222 new schools signed up in 2021

'Live' digital talks

9,060 children

480 students (college/university)

50 adults

Environment



Who we help

Animal Welfare Need #2: Environment

About our Pet Hospitals and who we help

Pets thrive when they're in the right kind of setting. Our Pet Hospitals provide a caring environment for sick and injured pets, while also offering advice to owners about creating the right home surroundings for their cherished companions.

The idea of 'environment' is also behind the various locations chosen for our network of 48 PDSA Pet Hospitals – we go where we're needed most. The communities we work with are in some of the most deprived areas of the UK, where people rely on our charitable services to help keep their pets healthy and happy.

Over the past year we have again dedicated ourselves to keeping our Pet Hospitals open for pet owners in desperate need of veterinary care, while staying within Covid-19 restrictions.

In 2021, as in 2020, we made the difficult decision to only provide essential and emergency care, forgoing routine preventive treatments so we could ensure Covid-safe ways of working. We're looking forward to a time when we can begin to expand our services again.

Pet Hospitals

Bringing our veterinary services to the communities that need them is only made possible by our Pet Hospitals – so a long-term view on our estate is critical to ensure our ability to continue helping those people most in need and their pets.

Our estate strategy is focused on maintaining our existing Pet Hospitals (including replacing older buildings where necessary) and building new facilities in additional locations so we can grow our network to reach more of the UK's most deprived communities.

To keep energy costs low, and improve sustainability, all our new and replacement Pet Hospitals are designed to make use of the latest green building technologies, including a Variable Refrigerant Flow heating, ventilation and air conditioning system, solar panels and motion sensitive lighting.

Of course, buildings suitable for delivering specialist veterinary services don't come cheap. A PDSA Pet Hospital costs in the region of £2.5 million to build and £300,000 to equip, and this is in addition to the cost of the land.

A major focus for our fundraising going forward is to cement relationships with individuals and organisations who share our values, and who will work alongside us to help build and equip new Pet Hospitals in more deprived areas of the UK.

Once open, a Pet Hospital typically costs £1.2 million a year to run. We're very fortunate to have a community of committed supporters who generously donate – via regular giving, voluntary contributions at our Pet Hospitals and gifts in Wills – to cover our running costs. We find that beneficiaries who are later in a position to afford to 'give back' become some of our most dedicated supporters.

Nottingham Pet Wellbeing Centre

Our current Pet Hospital project is the build of our new Nottingham PDSA Pet Wellbeing Centre, The Marian and Christina Ionescu Hospital, in association with the School of Veterinary Medicine and Science, University of Nottingham.



How our Nottingham Pet Hospital looks today



New look Nottingham Pet Wellbeing Centre

This new Pet Hospital will help us fulfil our mission in the best possible environment: to provide compassionate veterinary treatment for the sick and injured pets of people who otherwise couldn't afford to pay. It will not only help us to deliver life-saving emergency and preventive care, but it will also play an important part in the training of next-generation vets, who will go on to help thousands of pets throughout their careers.

Our new building will have a big, bright waiting area, with separate spaces for cats and dogs to help reduce the stress involved in visiting the vet. It will also have better kennel facilities, to help pets recover from surgery more speedily. Seven consulting rooms will allow our team to offer even more support to pets and owners, while increased car parking space makes it easier for owners to access our services. Other essential features include two operating theatres, a diagnostic room, and digital x-ray facilities.

We broke ground in June 2021, and the project is on track to complete later this year. The total cost, including land purchase, will be £3.7 million. We have already secured £2.5 million thanks to generous donations from Mr and Mrs Ionescu (whom the centre will be named after), players of Peoples Postcode Lottery, and our own fundraising efforts. Our team continues to actively fundraise for this project, and we will be hosting events throughout 2022 in order to boost donations and meet our target.

Total cost of land purchase, build and to equip is
£3.7 million

To date we have raised
£2.5 million

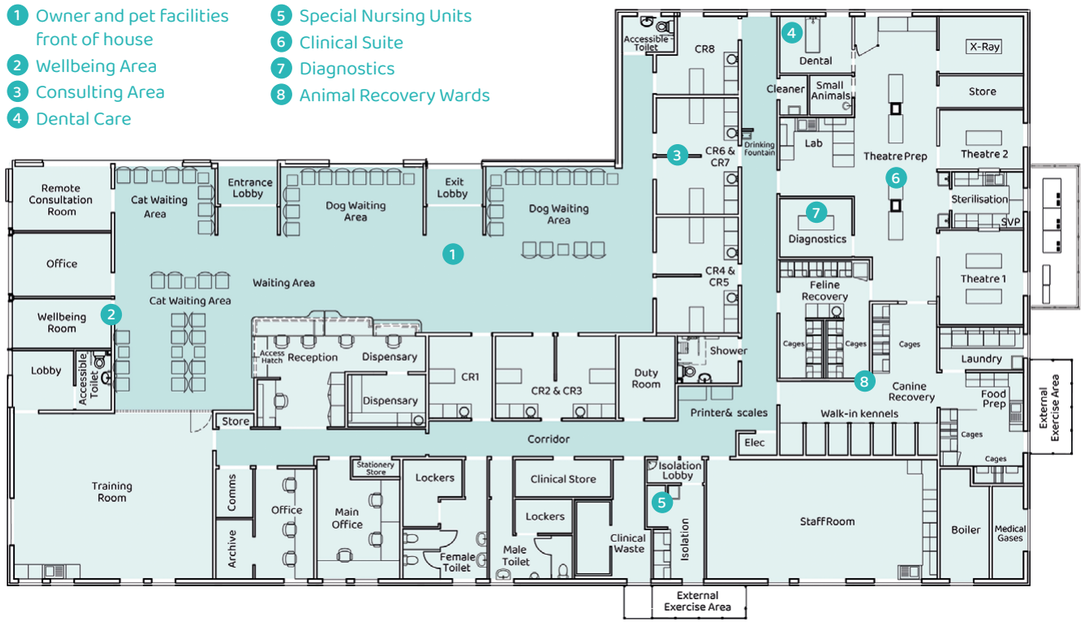
In 2021, our Nottingham veterinary team provided
over 19,000 consultations
including 13,000 remote consultations to pets in need, performed over 1,200 x-rays and 500 essential surgical operations

The new Centre is due to open in summer 2022, and we hope to help
over 7,000 owners
and 8,000 pets in the first year

The new Centre will be almost double the size of the current hospital, increasing from 450sqm to
892sqm

The floor plan for the new Nottingham PDSA Pet Wellbeing Centre

1. Owner and pet facilities front of house
2. Wellbeing Area
3. Consulting Area
4. Dental Care
5. Special Nursing Units
6. Clinical Suite
7. Diagnostics
8. Animal Recovery Wards



Pet Care Scheme

PDSA Pet Care is a membership scheme that helps eligible pet owners who fall outside of our Pet Hospital catchment areas to access reduced cost veterinary care for their pet. This scheme is available through a network of participating private vet practices.

During 2021, the main focus for our Pet Care Scheme has been to maintain services in the areas we currently cover, in the face of the restrictions and pressures caused by the pandemic. These challenges have sadly caused a number of practices to suspend taking on any new clients due to staff shortages.

To combat some of these difficulties, we introduced online registration and remote vet access to give more owners the chance to consult a professional about their pet's health. Since this launched in August, we have seen a steady increase in new applications.

OVERVIEW	END OF 2020	END OF 2021	% INCREASE/ DECREASE
Total postcodes covered	552	585	6% increase
Postcodes open to new clients	411	330	20% decrease
Postcodes closed to new (only existing clients)	141	255	81% increase
Number of participating practices	192	184	4% decrease
Eligible clients accessing online checker where service is open	7%	6%	1% decrease average over 2021

Retail

Our charity shops were closed for the first three months of 2021 due to the pandemic, reopening in April and remaining open for the rest of the year. At the end of 2021 we had an estate of 103 shops, having closed 9 during the year due to low surplus delivery.

After re-opening sales performance was ahead of budget, and we ended the year in a strong position.

We introduced branded goods within our ladies' and men's clothing accessories range, as well as a bespoke branded core range. This has improved the visual appeal within our shops while providing another way of communicating our key messages – through the PDSA branded packaging.

We have maintained very high levels of Covid-safe working throughout the year. As restrictions eased, we kept many measures in place, such as encouraging face coverings, because we wanted to provide a safe place to volunteer, work and shop.

E-commerce sales have also been very strong, driven by shoppers converting from bricks-and-mortar to online shopping during the pandemic, delivering a growth of 656% since the onset of Covid-19. Throughout the year many new processes have been introduced to improve service and lower costs.

Donations to PDSA shops saved
6 tonnes
of clothing going to landfill.



Making PDSA better known, loved and understood

As further uncertainty and change dominated 2021, we continued to work hard to ensure PDSA's activities, veterinary expertise and need for support were promoted through our PR and social media activity.

We launched our Winter Appeal, and secured widespread media coverage appealing for donations, receiving celebrity endorsement to help spread the word, including support on social media from Ricky Gervais, Johnny Vegas and Alesha Dixon.

Emergency case studies, highlighting why our service is so vital to pets in need and their owners, made it into the press and social media feeds. For example, Hugo the Staffie – who needed treatment after eating six bags of chocolate coins, complete with foil wrappers – received global media attention when we shared his story over Christmas, boosting our brand awareness and helping to warn other pet owners of the dangers of some festive foods.

Our Animal Awards Programme has made headlines throughout the year, as both the media and the public engaged with the inspirational stories of amazing animals who have gone above and beyond. We also enlisted celebrity support to deliver the recognition so richly deserved, including Michaela Strachan, Ben Fogle and Naga Munchetty.

Promoting our veterinary expertise on our social media channels and through the press took place throughout 2021, ensuring millions of pet owners saw our seasonal pet health advice on a wide range of topics including pet obesity (with our #WeighUp campaign) and preparing pets ahead of Bonfire Night and New Year's Eve firework displays (with our free downloadable Fireworks guide).

During 2021, we reached more than 400,000 pet lovers on our social media channels, enabling us to share expert pet health advice, showcase amazing stories of pets that we've helped, fundraise and to assist in communicating with more of our clients and supporters.

Brand Health Index Measure

We regularly survey public perception to understand awareness and understanding of PDSA as well as the general likelihood of making a donation. Working with research company YouGov we aggregate survey results to create a brand health index measure.

2021 target – 21
Target achieved – 20.7

As we began 2021, we needed to ensure our brand was aligned to our purpose in a post-Covid world. This meant delaying planned external brand activity until 2022, which resulted in decreased brand awareness - meaning that we narrowly missed our brand goal for the year.

The work that has been completed in 2021 on the new, refocused vision and mission will be integral to future brand impact and messaging, to both our existing and new audiences.

Winter Appeal - Give Pets a Fighting Chance

Our Fighting Chance Winter Appeal had a big job to do – the pandemic has left more people struggling financially and charities across the sector are having to work harder for their donations.

We launched Fighting Chance at the end of September. An initial digital warm up phase 'For Pets' highlighted the vital bond between pets and their owners, before the core appeal began - focusing on the uncertain times and how together PDSA and our supporters can be there to give desperately poorly pets a fighting chance.

We reached out to our current supporter base through traditional direct mail, email and calling, to help our valued donors understand the situation and gather even more support for our vital work. We were able to successfully shine a spotlight on the appeal to new audiences via high-profile TV coverage, celebrity endorsements and our own very active social media channels, raising over £500,000.





PDSA Medals and Awards Programme



Our founder, Maria Dickin, not only wanted to help pets in need, she also wanted to raise the status of animals in society. With this in mind, she established the PDSA Dickin Medal in 1943. Known as 'the animals' Victoria Cross', the Medal is awarded to recognise outstanding acts of bravery or devotion to duty displayed by animals serving with the Armed Forces or Civil Defence units.

Nearly 80 years later we continue to present the PDSA Dickin Medal, and we have added further Medals to our globally recognised awards programme:



The PDSA Gold Medal is the animal equivalent of the George Cross. Instituted in 2001, it is awarded for saving human or animal life through civilian acts of animal bravery and exceptional devotion to duty.



The PDSA Order of Merit is known as 'the animals' OBE'. Introduced in 2014, it recognises those that display outstanding devotion to their owner or wider society and represents an exceptional example of the special bond between animals and humans.

The PDSA Commendation was first awarded in 2001 and recognises animals for their acts of devotion or bravery. For example, pets receiving this award may have supported their owners through particularly challenging times, raised the alarm in an emergency, or simply made lives better through their love and loyalty.

Our awards programme helps us highlight the valuable contribution animals make to our lives. It also enables us to attract new potential supporters to our cause, by giving us a platform for reaching and engaging with audiences of varying ages and demographics around the world.

PDSA Animal Awards Programme 2021

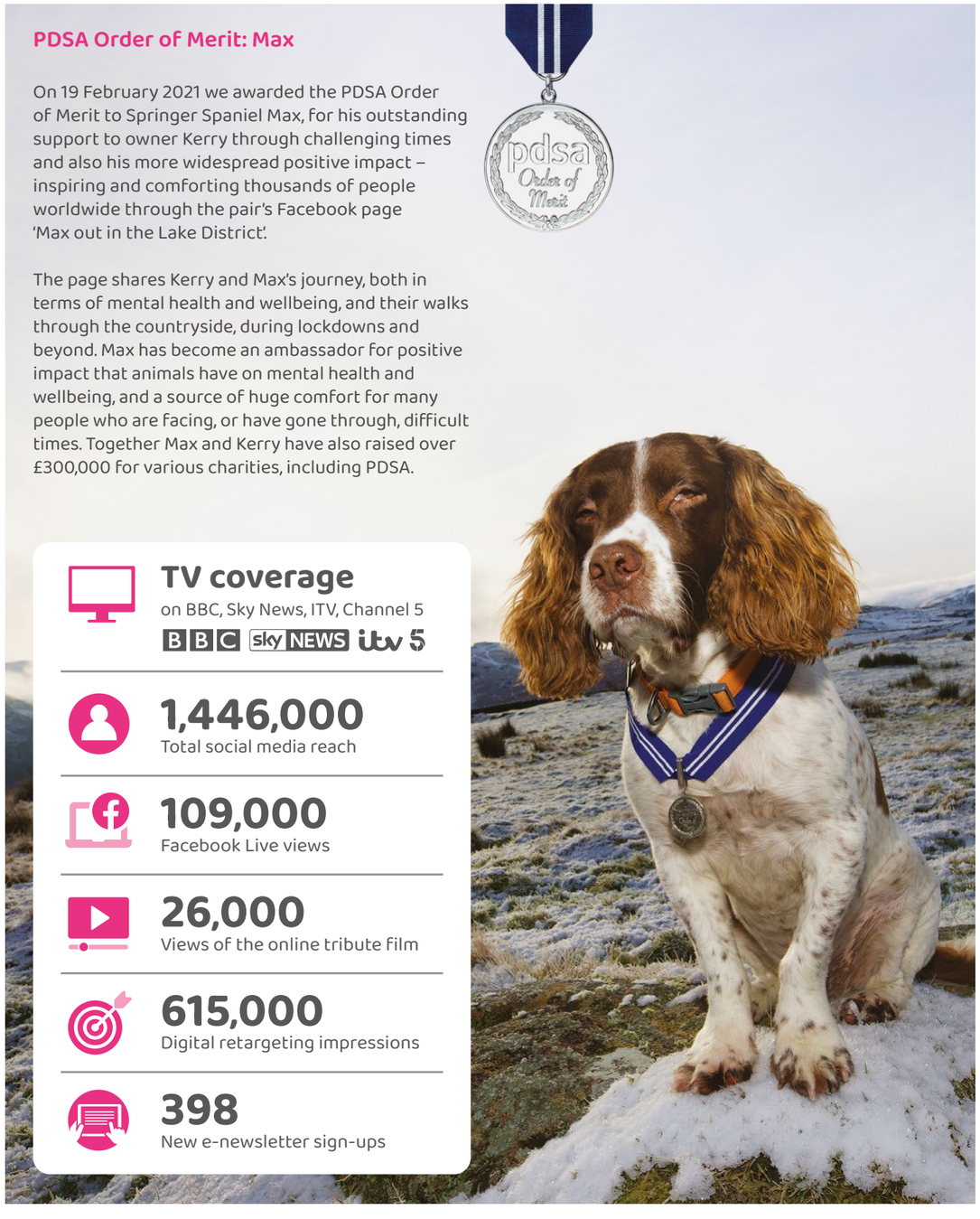
With Covid-19 still having a significant impact on everyone's day-to-day lives, we took the decision to hold online presentations for our three Medal recipients in 2021.

We also implemented a full PR campaign (national, regional, print and broadcast), social media coverage on all channels, a special takeover email out to all supporters, and digital retargeting activity on Google and YouTube for each recipient.

PDSA Order of Merit: Max

On 19 February 2021 we awarded the PDSA Order of Merit to Springer Spaniel Max, for his outstanding support to owner Kerry through challenging times and also his more widespread positive impact – inspiring and comforting thousands of people worldwide through the pair's Facebook page 'Max out in the Lake District'.

The page shares Kerry and Max's journey, both in terms of mental health and wellbeing, and their walks through the countryside, during lockdowns and beyond. Max has become an ambassador for positive impact that animals have on mental health and wellbeing, and a source of huge comfort for many people who are facing, or have gone through, difficult times. Together Max and Kerry have also raised over £300,000 for various charities, including PDSA.



TV coverage
on BBC, Sky News, ITV, Channel 5
BBC sky NEWS itv 5

1,446,000
Total social media reach

109,000
Facebook Live views

26,000
Views of the online tribute film

615,000
Digital retargeting impressions

398
New e-newsletter sign-ups

PDSA Dickin Medal: Leuk



On 23 April 2021 we awarded a posthumous PDSA Dickin Medal to French Navy Commando dog Leuk, for his outstanding gallantry and life-saving devotion to duty while on operation in Mali with the French Special Forces Commando Kieffer Unit. Sadly, Leuk's final mission took place on 2 May 2019, when he was killed by an enemy insurgent whose position he had single-handedly exposed.



PDSA Order of Merit: Alfie and AJ



On 11 August 2021 we awarded the PDSA Order of Merit to English Spaniel Alfie and Labrador AJ for their careers of exemplary service to society with Number 4 RAF Police (Typhoon) Squadron. The duo worked as Arms & Explosives Search Military Working Dogs between 2011-2017 and 2014-2019 respectively.

Alfie and AJ's records were the best in their Area of Operations in terms of number of search hours, searches, and operational finds. They regularly worked in severe threat level environments, locating arms, ammunitions, explosives and bomb-making equipment that posed a serious threat to life.





PR campaign impact 2021

BBC
News national coverage

73
Press articles

35,000
Instagram TV video reach

36,000
YouTube video views

4,800
Webpage views

116,300
Total social media reach

195,500
Digital retargeting impressions

PR campaign impact 2021

350
Press articles, across 225 media outlets

76,000
Organic social media reach

1,064,000
Paid social media reach

10,500
Webpage views

19.15%
Email open rate



Companionship

Working with others

2 million
owners acquired their cat, dog or rabbit between March 2020 and May 2021

47%
of these owners had never owned this species as an adult before

Animal Welfare Need #3: Companionship

Volunteers, pet owners and working together

Just like pets PDSA needs the right 'companions' to partner with. We cannot achieve our mission alone.

These partners include our supporters and donors, who provide vital funding; our staff, who work incredibly hard whether they're on the front line or carrying out their duties from home; and our volunteers, who put in many hours of work to support us in delivering our services. Last but certainly not least, we also partner with pet owners themselves, those who rely on our services, who work together with us to improve their pets' lives.

Throughout the pandemic, and despite all its challenges and restrictions, our team of partners has remained committed to striving towards our common goal.

People's Postcode Lottery

We're incredibly grateful for the generous support we've been receiving from players of People's Postcode Lottery since 2013 – our total funding received reached an amazing £13,655,124 in December 2021.

Thanks to this year's £1.8 million support we have been able to:

Provide life-saving medication to treat **over 9,000 pets** living with heart conditions and over 2,000 pets with diabetes, whose owners are living in financial hardship

Provide vital pain relief to over **100,000 pets**

Provide 35 different online training courses for our vets, with **2,356 courses** completed in 2021

Hit the milestone of **7.7 million** unique visitors to our Pet Health Hub since it launched in September 2018

Fund part of our new Nottingham Pet Wellbeing Centre

We were especially grateful to be the recipients of an 'Extra Award' of £2 million from People's Postcode Lottery's Postcode Animal Trust during 2021, which has been used to:

Cover the cost of screens in all of our Pet Hospitals and PPE (such as face masks) for our veterinary staff, increasing our capacity to help more pets and people while remaining safe from Covid-19.

Fund treatment for around **17,000 pets** during 2021 and the beginning of 2022, including planned surgeries, such as lump removals, and emergency surgeries such as fixing broken bones.

The continued support of players of People's Postcode Lottery made an incredible difference in 2021, and will continue to do so in 2022, enabling us to help the pets of those owners most in need.

AWARDED FUNDS FROM

POSTCODE ANIMAL TRUST

SUPPORT BY PLAYERS OF

PEOPLE'S POSTCODE LOTTERY

Volunteering

2021 was another challenging year for volunteering at PDSA. Our charity shops remained closed until April due to the pandemic and while our hospitals remained open to provide emergency and essential services, Covid-safe ways of working such as social distancing meant we were unable to accommodate volunteers within the space available.

Pet Hospital and Head Office volunteering has also been impacted as a result of the pandemic. In September 2021 we started returning hospital volunteers in restricted numbers and will continue to bring more back through 2022, depending on space and staffing numbers at different sites. Unfortunately, Head Office volunteering remains closed as most teams continue to work from home.

The situation in retail has been more positive; we were thrilled to welcome back more than 60% of our retail volunteers, who returned when our shops re-opened in April, with numbers remaining stable throughout the remainder of the year. Retail has since gone from strength to strength, with shops reporting strong trading numbers – which is in no small part due to the hard work and commitment of our volunteers.

Despite the long-term closures, challenges and uncertainty, our volunteers have still continued to show tremendous support and loyalty. We set up a private Facebook group so our valued volunteer community would be able to keep in touch, support and encourage each other. Many of them also sent messages of support to staff, especially those working in our Pet Hospitals, which boosted morale at a very challenging time.

2021 has also been a year of continuous improvement and development for volunteering. We rolled out two new and two refresher training modules for our volunteers, and have seen record completion levels well above our targets. We continue to grow and embed the Volunteer Hub, where our volunteers can access free training, health and wellbeing resources. Many more volunteers are now developing their digital skills and utilising the Hub.

Volunteering continues to be a great pipeline for developing and identifying talent, in a challenging recruitment market. We saw four previous volunteers successfully recruited into the new Cluster Manager role when we restructured retail. We also launched a new Lead Volunteer selection and training module, and now have one or two volunteers in each shop working through this development programme (which is a key stepping-stone towards taking on a paid Assistant Shop Manager role).

Total number of volunteers during 2021	2,842
How many volunteers have been with us for more than 1 year	1,225
How many volunteers have been with us for more than 5 years	655
How many volunteers have been with us for more than 10 years	316
How many volunteers have been with us for more than 25 years	20
Total volunteer numbers across PDSA on the day of providing this information	1,758



Sweetie, Cupcake, Flower, Daisy, Cookie and Potato

When Lindsay Andrews grew increasingly concerned about her pet rats she turned to PDSA for help.

Her pets, Sweetie, Cupcake, Flower, Daisy, Cookie and Potato were having difficulty breathing. After a remote consult, Lindsay was advised to bring them all for a face-to-face appointment at Gillingham PDSA Pet Hospital. Once at the hospital the vet team provided treatment to help with their chests and breathing.

Lindsay said: "They're a very misunderstood species, people think they're dirty and carry disease, but they're actually really clean animals. They are all litter trained and they spend ages each day cleaning themselves, they don't smell either.

Thanks to PDSA, Lindsay's rats went on to make a full recovery.

> "Sweetie is a hairless rat, so just has a couple of short, curly whiskers. Daisy and Flower are patchwork double Rex Rats, its normal for them to have bald patches and fur. The final 2, Cookie and Potato, are Rex Rats so have curly coats."
>
> Lindsay Andrews

Diet
Our fundraising

In total,

£2.02 million

was raised by donations in 2021, a £299,000 increase on 2020

Animal Welfare Need #4: Diet

The key to pets' health and happiness

Pets need the right diet to stay healthy, and similarly PDSA needs the right funding to be fed in, to achieve the healthiest outcomes – keeping our vital services running, helping as many pets and owners in need as possible.

This year has been a difficult one for the whole charity sector, with Covid-19 restricting many traditional fundraising activities. We've had to work harder and smarter. Pivoting to match the shift in economic climate being felt by our supporters as well as ourselves, we have invested in improving awareness of our work – aiming to become better known, loved and understood – in order to attract new long-term supporters, and of course more immediately to boost fundraising for our vital work.

We are delighted that our hard work has paid off. Our growth in income since 2020 is testament to the loyalty of our supporters, the dedication of our team, and the worthiness of our cause.

Individual Giving

Sustained investment enabled us to acquire new supporters and grow predictable income during 2021, with a focus on acquiring committed supporters donating to our Regular Giving and Weekly Lottery products.



Once acquired, our focus for all supporters has been to ensure we retain them, and encourage greater engagement with the charity, by building a mutually rewarding relationship.

Our engagement activity – including a newsletter, magazine and email programme – has successfully re-affirmed our relationship with our supporters. Making efficient use of our resources, we have shared content from these activities to further connect with other audiences, such as our mid-level donors and volunteers.

Three donation campaigns have been successfully delivered, which have all focused on our continued need for support owing to the economic constraints of the pandemic, and emphasised how both new and existing pet owners and their pets rely upon PDSA. In total, £2.02 million was raised by donations in 2021, a £299,000 increase on 2020.

Our existing gaming propositions – the Raffle and Weekly Lottery – have been promoted throughout the year. Our Raffle campaigns raised £1.34 million income in 2021, an increase of £83,000 on 2020, achieving a surplus of £1.03 million. Weekly Lottery raised £1.22 million income in 2021, an increase of £257,000 on 2020. However, we moved from a surplus of £487,000 in 2020 to a deficit of £276,000 in 2021. This was due to investment in the recruitment of players, increasing expenditure by £1 million in comparison to 2020 to support our strategy of growing future predictable income and our database of supporters.

Our new data and insight agency Adroit have been working to improve insight, reporting and campaign delivery since coming on board in April. The roadmap we have developed with them will enable us to continue to acquire, develop and steward our supporters, building upon our successful approach to individual giving in 2021 – which achieved a total income of £11.054 million, a £700,000 increase on 2020.

Public Fundraising

PDSA only works with companies and commercial participators of repute and whose activities do not have an adverse impact on the charity's objectives, and we regularly review the relationships we have. We have policies, robust processes and monitoring in place to ensure those who fundraise on our behalf operate at the highest standards, to ensure that our fundraising is not intrusive, persistent, does not put any individual under undue pressure and protects the vulnerable.

We work with fundraising agencies who engage the public on our behalf to explain the impact and benefit of our services and ask for their support through regular donations. We place our fundraisers in sites such as shopping centres, malls and private sites. PDSA does not conduct door to-door or street fundraising.

We have a fundraising manager dedicated to working with our partners and ensuring the public have a positive experience when engaging with a PDSA fundraiser. Our monitoring includes an active mystery shopping and sampling programme, supported by quality assurance checks such as call listening and video of live conversations. Our fundraising manager deals with any complaint or expression of dissatisfaction we receive relating to our public fundraising, working closely with our partners. During 2021 we received two complaints regarding public fundraising.

Our quality and assurance programme is monitored by the Audit and Risk Committee. We only work with agencies which fully comply with the Fundraising Code of Practice, are members of the Chartered Institute of Fundraising, and engaged with the Institute's compliance programme. We believe that engaging conversations with a fundraiser will continue to play an important part in building public understanding of, and support for, PDSA.

Challenge and community fundraising

As in 2020, many of our challenge and individual fundraising events had to be cancelled in the first half of the year. However, following restrictions being lifted in July, we saw an increase in our supporters taking part in challenge and individual fundraising. The London Marathon went ahead in October for the first time since 2019. While many runners chose to defer their places until 2022, celebrity Gemma Merna was joined by three other runners to complete the 26.2 mile course to raise funds and awareness for PDSA.

We continue to see an upward trend in Facebook Giving fundraising, with supporters choosing to raise money by holding special events in aid of the charity (from birthday fundraisers to sponsored activities), and we plan to test our first Facebook virtual event in 2022.

Individual fundraising continues to be popular, especially as the risk of Covid-19 remains. With this in mind, we are continuously reviewing our challenge and individual fundraising in order to adapt our offering as the pandemic situation evolves.

Legacy

Legacy continues to be PDSA's most important source of income, with two in three treatments performed at our Pet Hospitals funded by Gifts in Wills. Thankfully, for many of our loyal supporters leaving a legacy to PDSA is a natural next step, and a way for them to let their love of pets live on.

We have been fortunate over the past 30 years that we have received so many Gifts from Wills, but our supporter database is ageing, and it's vital we act now to connect with supporters and grow our legacy income for the future.

While Covid-19 has impacted our legacy stewardship programme by removing the possibility of face-to-face events, we have been working hard to prepare for accelerated legacy activity in 2022.

Thanks to our 2020 legacy research, undertaken with both current and potential supporters, we now have a clearer understanding of attitudes to legacy giving. In light of this, our legacy stewardship communication journey is currently being redesigned, new creative is being tested, a new model to predict future potential income is being built, increased tracking to better understand activity performance better is underway, and we are working to expand our Free Wills offering by introducing a new online Wills supplier.

2022 is set to be a busy year for Legacy, with continued investment, awareness raising and increased activity will drive the growth of our future legacy income, allowing us to continue providing vital treatment for pets in years to come.



National Customer Service Centre

This year our National Customer Service Centre (NCSC) received 218,770 calls, a huge 39.5% increase from 2020.

This demand was largely driven from NCSC supporting our Pet Hospitals by diverting traffic from their reception areas. Initiatives are also underway to encourage our clients and supporters to access support through our digital channels to help decrease phone traffic, but this transformation is still in its early stages.

We know that around 72% of our calls are veterinary enquiries, with the other 28% calls from existing supporters wishing to make a donation, talk about fundraising, raise a complaint, discuss legacy information, or simply make a change to the personal details we have on file for them.

During 2021 we also handled more than 40,000 email enquiries, which again mainly related to veterinary issues. The NCSC now also handles all responses to queries raised through social media, including Facebook, Twitter, Instagram, LinkedIn and YouTube channels. In 2021 we received over 36,900 notifications, although not all of these were of the nature that required a response. Additionally, this year the team took responsibility for e-commerce admin enquiries, which totalled more than 800.

A total of 113 fundraising complaints were handled this year, compared to last year's 158. Complaints have fallen in line with the decrease in fundraising activities. As these activities increase next year, we could expect to see a small proportionate rise in complaints, although numbers remain relatively consistent in this area year to year.

Strategic partnerships

During 2021 we secured strategic multi-year partnerships with corporate organisations aligned to the 5 Animal Welfare Needs. Our largest partnership is with Royal Canin – a global leader in tailored health and nutrition products for dogs and cats – who we are working with to improve nutrition and welfare for the UK's pets through a series of campaigns and promotions.

In 2022 we will continue to grow our various existing strategic partnerships and find new partners who align with our strategic aims, as well as work with companies that wish to support us through traditional fundraising methods.

Vet Care

Our range of pet products, developed using our extensive veterinary expertise, continues to generate sales through our Pet Hospitals and e-commerce. The range includes shampoo, joint supplements, ear cleaners, flea spray and probiotic paste to promote digestive health. Through our online pet store, our Vet Care range experienced 11.26% growth during 2021.

PETSURANCE from pdsa

PDSA Petsurance remains a key growth area for us. As well as aligning perfectly with our charitable activities, it helps the charity to become better known, loved and understood by introducing more pet owners to our brand. In 2021 we increased the number of live policies by 18% and the income generated grew to £2.15 million. We also concluded a strategic review of our partnership, taking into account of our organisation's business plan and strategic objectives.



Dallace is saved from a life-threatening intestinal condition

When five-month-old Doberman Dallace went off her food, began suffering from severe, bloody diarrhoea, and was lethargic, her owner Laura began to worry.

Laura said: "Dallace was diagnosed with Haemorrhagic Gastroenteritis (HGE) at a private vet when she was passing diarrhoea containing blood after she had accidentally got her paws on a jumbo bone. She was treated and appeared to improve initially, but then suddenly deteriorated.

"I was worried about affording further vet bills but was desperate to get Dallace the help she needed, so I called PDSA for help. To my relief, I was eligible for their services. After I explained Dallace's previous diagnosis and the recurrence of worsening symptoms, the vet team at Wolverhampton PDSA asked me to bring her to the Pet Hospital."



> **"Dallace is doing really well thanks to PDSA. The whole team were truly phenomenal. They were caring and compassionate, which really helped. I'm so thankful to them for saving Dallace's life."**

PDSA Vet, Jane Trinder, said: "When Dallace arrived, we were concerned that her symptoms had come back despite initially effective treatment. We felt a hard mass in her tummy that wasn't there before, so we performed further tests to help us identify the cause.

"X-rays revealed a blockage, which could have been a foreign body or condition called intussusception. We needed to operate immediately to confirm the problem and fix it.

"During surgery, we found Dallace was suffering from intussusception – a life-threatening intestinal condition which can happen in young puppies as a result of diarrhoea. We needed to perform intricate surgery to remove the affected part of the intestines right away."

Laura said: "When Dallace was in surgery, the wait was agonising. It was all so daunting and worrying, but the team at PDSA let me know what was happening. They were all rooting for Dallace to pull through, which gave me hope."

Once Dallace had come around from the anaesthetic, vets explained to Laura that her beloved pup wasn't out of the woods yet. She had undergone major surgery and, due to the nature of the condition and the complex surgical procedure, there was a risk of complications. Dallace was referred for around-the-clock postoperative care at Oldbury PDSA.

Laura said: "Despite PDSA's amazing work, I was apprehensive Dallace might not make it. She'd overcome one hurdle, but vets explained there were still many more to overcome.

"Thankfully, after a night's rest and recovery at the Pet Hospital, I got the call to say I could collect Dallace! The vets were astonished at how well she was recovering after major surgery."

Dallace returned home to her loving owner with pain relief, antibiotics and probiotics. A bland diet was recommended, and she was under strict instructions to get plenty of rest.

Laura said: "Dallace is doing really well thanks to PDSA. The whole team were truly phenomenal. They were caring and compassionate, which really helped. I'm so thankful to them for saving Dallace's life; I'm hoping to take on a fundraising challenge soon to say thank you."



Health

Investing in our people

73% of our employees completed the survey – giving us a prime opportunity to build on our existing success by using data and specific feedback to help shape and inform our culture

Animal Welfare Need #5: Health

Investing in our organisational capability

To help as many sick and injured pets as possible, we need to ensure PDSA is strong and healthy. Throughout the pandemic we have concentrated on pets needing emergency and essential care, but we have also put additional focus on looking after our people and our infrastructure.

This year, we have invested in making sure our people are supported in their mental wellbeing, and are well-versed in important aspects of their roles such as safety and inclusion. In addition, we have been putting in place the right technologies and processes to take our organisation forward.

With this dual focus, we have laid the groundwork for PDSA to remain a healthy and competitive workplace for years to come.

Our aim

Employee engagement

We want PDSA to be a great place to work.

We started our people-centric journey long before the pandemic, and back in 2019 we were named in The Sunday Times Top 100 Best Not-for-Profit Organisations to Work For.

In 2021 we carried out another employee engagement survey to get an insight into how our people are feeling. Despite the upheaval and change we've all experienced during the pandemic, we once again received 'One to Watch' accreditation by employee engagement experts Best Companies. This indicates that we are a good place to work and that there are further promising signs for the future of our workplace engagement. We could not have been closer to achieving 'One Star' (very good) accreditation, missing out by just 0.1 of a point!

The fact that more than 1,400 people took part in our survey this year demonstrates that employee voice is important to PDSA's people. This level of engagement – 73% of our total workforce – gives us a prime opportunity to build on our existing success by using data and specific feedback to help shape and inform our culture.

The survey results told us that our people are proud to work for PDSA and are highly engaged with the organisation, our history and our cause. It's an exciting time to be part of the PDSA team and we'll be working with colleagues from across the organisation to identify how we can continue our journey to be an even better place to work.

Wellbeing

Putting our employees' and volunteers' wellbeing at the heart of what we do is really important to us. After all, the wellbeing of people is a key part of our charitable activities – we support owners, as well as saving pets.

In particular, we want to create a culture and environment where 'it's okay not to be okay' and where people can feel comfortable enough to talk openly about how they feel.

For a number of years we've had a range of tools and resources in place to support our people's wellbeing, including our Employee Assistance Programme, where colleagues (and their families) can access expert support on a range of issues, at any time.

In May 2021, we signed up to Mind's Mental Health at Work Commitment, which is a public pledge that our people's mental health is important. It demonstrates that we have pledged to continually work towards creating a safe environment where people feel supported, and are able to reach out for help if they need it. This Commitment is part of an ongoing journey where we'll continue to put our people's wellbeing at the heart of the decisions we make, and try to develop a culture where people can be open and honest about how they feel.

We'll continue to measure our progress as an organisation against the voluntary framework of the Commitment.

As part of that Commitment, we are also, for the first time, publishing our sickness absence rates for mental health conditions. As at the end of 2021, average sickness days per employee, across the organisation, ran at 4 days. Of those, 1 day was, on average, due to mental health (25% of all sickness absence in total).

Evidence suggests that nearly 1 in 3 people in the UK are still unlikely to speak about their mental health at work, meaning that there is likely to be an under-reporting of mental health as a reason for sickness absence. So, whilst we've made good progress in helping to break the stigma associated with mental health in the workplace, we know there's still much work to do.

Part of our future work on this issue includes making sure our line managers are confident and equipped to have proactive wellbeing conversations with their teams. To help them do this, we've teamed up with not-for-profit mental health training experts ReThink Mental Illness to launch a pilot line manager training scheme. We hope to progress this into 2022 and beyond.

In recent years we've also looked to support people's financial wellbeing. Our employee benefits platform has so far helped colleagues collectively save more than £50,000. During the pandemic we also launched a new employee financial wellbeing benefit, through a payroll partnership with TransaveUK credit union. This partnership allows colleagues to transfer money into a savings account directly from their pay packet, as well as access ethical and affordable lending if they need to. To date, nearly 100 colleagues are now saving monthly – with more than £100,000 in total savings and around £8,000 in loans. We also teamed up with Barclays to provide online one-to-one financial awareness training for colleagues.

Of course, we've also continued to put the wellbeing of our teams, volunteers, clients and customers at the heart of our pandemic response by creating safe working spaces.

In addition, we made more than 3,000 wellbeing days available to our teams, helping them to take some time away from work to focus on their own wellbeing, after one of the most challenging years any of us have ever faced. We also introduced extended paid Dependency Leave – helping to support working parents when schools and childcare facilities were closed.

Equity, Diversity and Inclusion

We value and respect the diversity of the world around us and, as a values-led organisation, we're committed to creating an environment where diversity and inclusion are at the heart of all we do, both as an employer and in the service we provide.

In 2021 we began work with our Trustees and our employee-led Diversity & Inclusion Working Group to define our approach to achieve our goal.

We are taking proactive steps to broaden the diversity of our Board. We've been looking to do this in 2022 when we recruit new Trustees as the terms of office for existing Trustees come to an end. By widening the pool of candidates through using effective diversity and inclusion recruitment practices, we hope to ensure that our Board becomes more representative of the communities we serve.



Our employee benefits platform Fetch has so far helped colleagues save more than **£50,000**

We have also started looking at how we can reduce subconscious bias at recruitment stage, by reviewing aspects such as the language we use in job descriptions and adverts.

We are also proactively celebrating the diversity which currently exists within the organisation by supporting campaigns around LGBT History Month, Pride, Black History Month and Disability History Month. In addition, we've supported the campaign by the British Veterinary Association to raise awareness of micro-aggressions, and the impact that the language we use can have on those around us.

Moving into 2022 we'll continue to raise awareness, educate and celebrate our diversity, as well as put into place a robust programme for change, to help us become a more diverse and inclusive organisation over the coming years.

Our focus for the short term will be around:

- Improving our data to better understand our organisation and the progress we are making.
- Strengthening our key policies and processes.
- Continuing to refine our recruitment activities.
- Making sure our values reflect our commitment to diversity and inclusion.

Our offices and the future of work

One of the big changes we have seen over the past two years has been that many more people have worked from home. The pandemic has transformed how and where people work; PDSA is no different.

For most of 2021, the majority of our support service teams – who would normally have been based at our main offices in Telford and Sunderland – have been working from home. This has presented brand-new opportunities for the future for many of our colleagues.

As people's approach to work has evolved, we've continued to provide flexibility to help our teams operate in a way which helps them to achieve a healthy work-life balance.

A large number of our support teams are now classed as 'hybrid' workers, which means that they have a choice as to where they work on a daily basis – they can either work in an office, or from home. Over the coming months we will continue to look at how we can provide more flexible working opportunities for teams across the organisation.

We have also been able to make sure that when teams have been able to return to our offices, Pet Hospitals and charity shops, they've been able to do so safely through a series of Covid-safe ways of working, including social distancing and enhanced cleaning schedules.

Remote Vets

This year saw a new 'first' for PDSA, the introduction of Remote Vets. Whenever and wherever we were unable to physically treat pets because of the pandemic, we used remote consultations, predominantly via telephone, to support our clients. During 2021, we held 660,000 consultations this way.

Through this new initiative, we were able to attract a range of experienced vets otherwise not accessible to PDSA. We could offer flexible working for those with families and caring responsibilities, while also being flexible to the needs of our clients.

This addition to our service really helped us to think differently about what the future world of work might look like at PDSA.

Despite the challenging labour market we feel very much on the front foot, finishing the year with more vets in post than we had pre-pandemic.



Introduction of Apprentice Veterinary Nurses Cohorts

Apprenticeships have always been key to our resourcing strategy, so this year we decided to strengthen this approach by introducing a new programme to support the career development of our internal nursing talent.

Launching our first two cohorts for Apprentice Veterinary Nurses (AVNs) brought a more structured approach to our internal apprenticeships. We are now able to support Pet Hospitals with the identification and selection of our Veterinary Care Assistants (VCAs) who might be ready to take the next step in their career. We are also able to choose colleges and training providers, with start dates relevant to our learners, as they move onto their apprenticeship, as well as clearly report on our AVNs' progress and development. We will also have a clearer idea of where and when we will need to recruit for the future, enabling us to achieve a consistent flow of talent through the organisation.

Reintroduction of Graduates

2021 also saw the return of our Veterinary Graduate Programme, with 23 new graduates recruited in April for a September start date. As with our AVN cohort, our aim was to start our new graduates together, to allow them to support each other as they progress through their first year at PDSA. We also implemented some changes to how we support our graduates, with the introduction of the RCVS Vet GDP Advisor Programme. This saw 23 of our veterinary surgeons undertake CPD to become mentors and coaches to our graduates, to give them the very best start at PDSA.

Resource Planning

In recognition of the challenging Vet Surgeon and Vet Nurse labour market, we continued to strengthen our resourcing activities in 2021. To help us be more effective in resource planning, we have developed tools which can analyse historic and current data to predict our hospitals' staffing levels, up to 12 months



2021 saw the return of our Veterinary Graduate Programme, with 23 new graduates recruited in April

in advance. It does this by using our people data to tell us when we are likely to have leavers and new joiners, when temporary contracts will end, and when we will have maternity leavers and returners.

This technological innovation allows us to increase our efficiency in both recruitment and retention. We can also undertake better targeted early recruitment activity, which helps to increase staffing level stability within our Pet Hospitals.

Total number of PDSA staff as at 31 December 2021 **2,073**

- **396** Veterinary Nurses
- **432** Veterinary Surgeons
- **212** Central Support Function Staff
- **243** Retail Staff
- **790** Veterinary Support Staff

Safeguarding

At PDSA we are committed to creating an environment where everyone who comes into contact with us feels, and is, safe. This includes our employees and volunteers, as well as members of the public such as clients, customers and supporters.

This year we have focused on ensuring that all our people receive safeguarding induction training, covering what safeguarding is, what to do about any concerns, and how positive and appropriate behaviour creates safe workplace cultures.

We reviewed and updated our safeguarding Risk Register, which helps us to track and monitor organisational safeguarding risks and controls. We also developed practical guidance and resources to support our teams in responding to any safeguarding concerns.

During 2021 we have been supported in our safeguarding work by a volunteer social work student, who worked with us as part of her Master's placement.

Our Safeguarding Committee continues to meet quarterly, chaired by our Designated Safeguarding Officer, with input from our Safeguarding Manager. We continue to collate quarterly safeguarding reports, regularly analysing safeguarding case data. This information is reported to Trustees (which include a Trustee Safeguarding Champion) and the Executive team.

We are currently in the process of developing our Safeguarding Strategy which will be rolled out in 2022. This strategy will examine how we can build on the substantial body of work already completed, to continue to create a positive and safe workplace culture.

Technology

Many key technology projects have been delivered by our IS team during 2021. Highlights include the migration of our core information system, 'Phoenix', from older technology to Microsoft's Cloud, which offers improved security, performance and reliability. The new finance system, built on the Microsoft Dynamics platform, not only enables better integration with existing systems and processes, but offers further flexibility in the future.

One of our key priorities is keeping our organisation safe and secure in the digital world – especially given the need for remote working – and we've made further improvements during 2021. We created a simpler process for colleagues to update their security credentials, which, coupled with the wider adoption of multi-factor authentication, makes it more difficult for unauthorised parties to access our systems and data.

Colleagues working on digital transformation have responded to the growing challenges and demands of the online world, delivering benefits and improved experiences for both clients and supporters. The introduction of simpler, more effective registration processes for pet owners and an easier-to-navigate website are just a couple of examples of the brilliant work underway.

This year we made a significant change in our mindset and strategy when it comes to digital transformation, with the appointment of our first Director of Digital, Data & Technology. With this new appointment, we seek to accelerate and widen the scope of digital transformation, unlocking the potential for data and digital technologies to better support our ambitions and objectives.

As we look to 2022, we will launch new strategies and plans for Digital, Data and Technology, to bring our vision of the future to life. We will work with clients, supporters, customers, volunteers and colleagues to better understand their worlds, and ensure our systems and processes create positive, frictionless user experiences in every way possible.

Data Protection

The world has changed in so many ways over the last 18 months of the pandemic, but Data Protection law has remained constant. In June this year the UK successfully obtained an 'Adequacy Decision' from the European Commission, ensuring we could continue to share data with EU-based organisations without additional controls. This has meant that the UK must follow GDPR rules, at least for the time being.

Throughout 2021 we have continued to transition more of our products and services online as part of our ongoing digital transformation strategy. This is a complex area where data protection regulation, sophisticated technology, and social changes all come together. We have strived to ensure our organisation is compliant with online marketing laws, and the use of the telephone for marketing purposes. This is an area where we see the most regulatory fines implemented, and it pays to keep on top of compliance – recent proposals from the government suggest that these types of breaches may attract much larger fines in the future.

Environmental Statement

PDSA is still committed to reducing the charity's impact on the environment. We are dedicated to reducing our energy, water and fuel use, as well as waste.

The Covid-19 pandemic changed the way that many of our staff work, and carbon emissions from business travel and commuting were significantly reduced. In 2021 we decided that we wanted to support our staff, where appropriate, to adopt hybrid or remote working in the longer term. This has enabled us to achieve a continued reduction in carbon emissions associated with a daily commute.



The need for a pandemic response meant that we had to shift some of our focus away from our sustainability-related ambitions. We haven't yet set targets with regards to environment, as a result, but we are planning to do so in 2022/23. This is something that our people fully support, and we are looking forward to re-igniting our efforts towards becoming a more environmentally friendly organisation.

We have been able to continue embedding good environmental practice in all our built environment design. Any new boilers we install are energy efficient, and we are gearing up to deliver an energy efficient lighting project across our estate.

Our methodology for calculating our greenhouse gas impact takes our total energy usage – including electric, gas and bottled gas use, as well as transport – and converts this into our organisation-wide carbon footprint. This figure can then be divided by our total head count for the same period, giving us our intensity ratio.

Energy Use and GHG (KgCO2e) emissions:

	2021				2020			
Site	kWh	%	Kg CO_2e	%	kWh	%	Kg CO_2e	%
Electricity	4,586,602	87%	973,873	87%	4,048,896	81%	943,960	81%
Gas	453,264	9%	94,638	8%	376,616	8%	77,970	7%
Transport	224,840	4%	56,515	5%	565,795	11%	142,215	12%
Total	5,264,706		1,125,026		4,991,307		1,164,145	
Total Kg CO2e	1,125,026				1.164,145			
	The total carbon is 1,125,026 Kg CO2e divided by the business metric 2,058 staff.				The total carbon is 1,164,145 Kg CO2e divided by the business metric 2,233 staff.			
Intensity ratio	546.66 Kg CO_2e / staff				521.34 Kg CO_2e / staff			



> **"I thought we were going to lose him, so to have him home for Christmas was a miracle."**
> Amie, Hugo's owner

Hugo's story

Six-year-old Staffordshire Bull Terrier from Plymouth called Hugo narrowly avoided a Christmas catastrophe after eating six packets of milk chocolate coins, including their foil wrappers.

Hugo's owner, Amie, said: "I'd only been to the shops briefly and came back to find torn up packets and bits of foil all over the floor, with the chocolate gone! At first, Hugo seemed fine, but I felt sick with worry when he began vomiting blood. He then had a seizure which was terrifying, so I called PDSA immediately."

Amie contacted the Plymouth PDSA Pet Hospital, The Gwen Rees Centre and PDSA vets advised her to bring Hugo in. She rushed Hugo to the Pet Hospital where he was assessed, sedated and x-rayed. X-rays revealed his stomach was full of foil, and the decision was made that he needed emergency surgery. An intricate and lengthy operation confirmed his stomach was full of foil wrappers, which were causing severe damage and had to be removed.

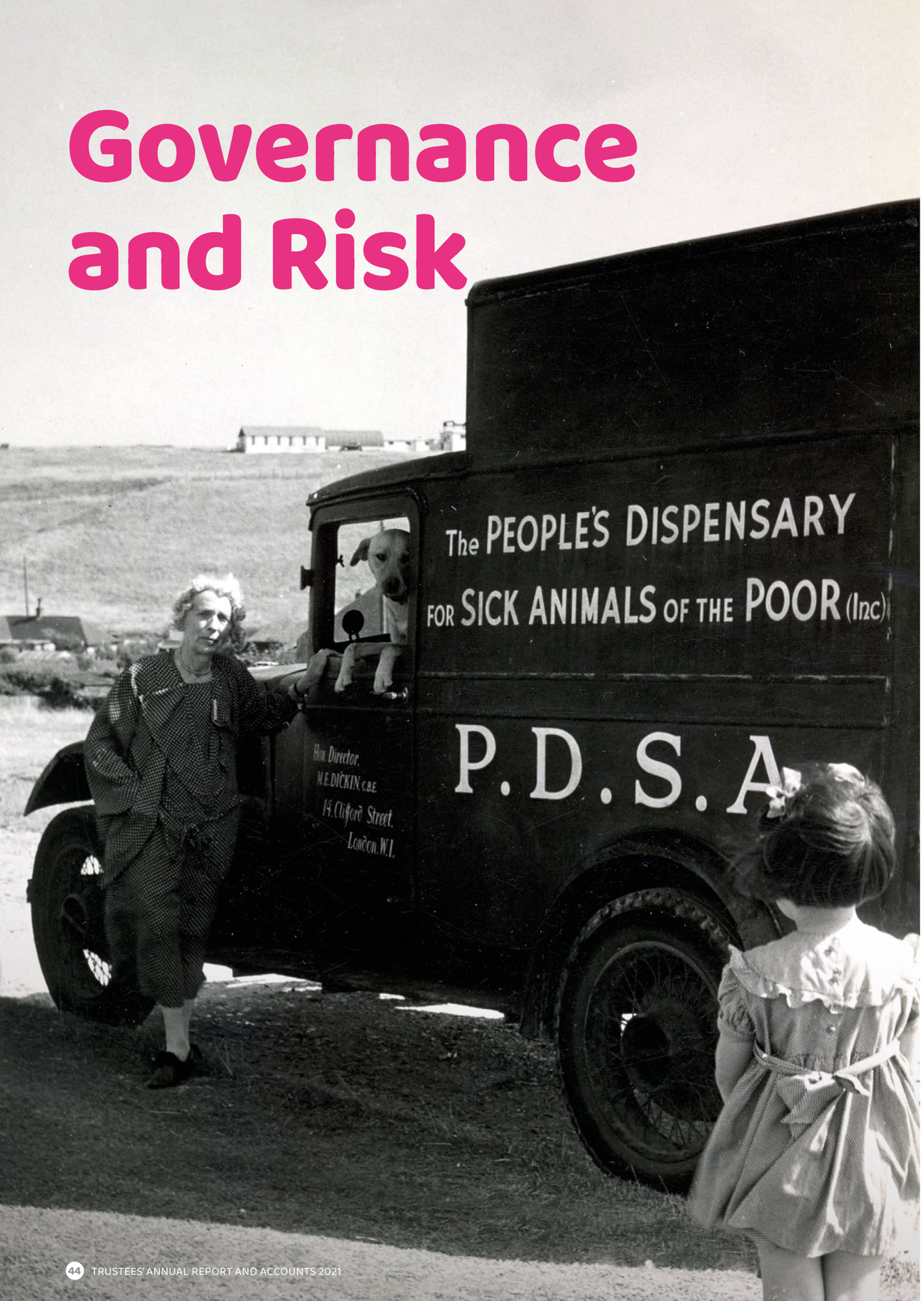
PDSA Vet Nurse Donna Southwould, who helped look after Hugo, said: "Hugo was kept in overnight after his major surgery. He needed an intravenous fluid drip, medication and intensive nursing care to aid his recovery. He was very lucky and could have died without PDSA.

"Many of us have treats, sweets and chocolates in the house, and while the festive period can be a time for indulgence, it's important to remember that some of these foods are very harmful to our pets."

Amie said: "I don't know what I would have done without the incredibly kind and caring staff at PDSA – they were amazing. I honestly don't think Hugo would be here without them.

They went above and beyond for him, and I will be forever grateful. There were a number of times I thought we were going to lose him, so to have him home for Christmas was a miracle."

Governance and Risk



Administrative Details

The People's Dispensary for Sick Animals (PDSA) | Founded in 1917 by Maria Dickin, CBE		
Incorporated by Acts of Parliament	**Head Office**	**Patron**
(PDSA Act 1949, 12 & 13 Geo. 6, Ch. xv) (PDSA Act 1956, 4 & 5 Eliz. 2, Ch.1xvii) (as amended by the Scheme set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015) Registered charity nos. 208217 & SC037585	Whitechapel Way, Priorslee, Telford, Shropshire TF2 9PQ Telephone: 01952 290999 Website: www.pdsa.org.uk	HRH Princess Alexandra, the Hon. Lady Ogilvy, KG, GCVO

Principal professional advisors	
Bankers	Lloyds Bank plc, 25 Gresham Street, London EC2V 7AE
Investment Managers	Schroder Unit Trusts Limited, 1 London Wall Place, London EC2Y 5AU Ninety One, 55 Gresham Street, London C2V 7EL Partners Group (UK) Limited, 14th Floor, 110 Bishopsgate, London EC2N 4AY
External Auditor	BDO LLP, Two Snowhill, Birmingham B4 6GA
Actuaries	Iseran Bidco Ltd t/a Isio, One Snowhill Queensway, Birmingham, B4 6GH
Solicitors	Sacker & Partners LLP, 20 Gresham Street, London, EC2V 7JE Bates Wells London LLP, 10 Queen Street Place, London EC4R 1BE Brabners LLP, Horton House, Exchange Flags, Liverpool L2 3YL Wright Hassall LLP, Olympus Avenue, Leamington Spa, Warwickshire, CV34 6BF Addleshaw Goddard LLP, Cornerstone, 107 West Regent Street, Glasgow G2 2BA Wilsons Solicitors LLP, Alexandra House, St. Johns Street, Salisbury, SP1 2SB DLA Piper UK LLP, Two Chamberlain Square Paradise, Birmingham, B3 3AX
Trustees	Details in Governance section overleaf.

Governance

Governing documents and registration

The charity is incorporated under The People's Dispensary for Sick Animals Acts 1949 and 1956 as amended by a Parliamentary Scheme and set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015. Its constitution comprises the detailed clauses of these two Acts of Parliament plus supplementary Byelaws, which have been subsequently revised by the governing body. The charity is registered with both the Charity Commission in England & Wales and the Office of the Scottish Charity Regulator.

Governing body – Council

The Trustees form the governing body of the charity, known collectively as Council and are legally responsible for the overall management and control of PDSA. Council sets the strategic direction, shapes policies and approves major expenditure programmes but delegates certain decisions to Committees.

Maria Dickin by 1st horse-drawn caravan 1923 - Mr Dickin is on the left



The total number of Trustees is currently 12 and they are listed below along with their committee membership.

Chair Mr John Smith, FCA	**F G**
Deputy Chair Mr John Miller, BSc, MCIPD, AFBPsS	**G**
Professor Gary England, BVetMed, PhD, DVetMed, CertVA, DVR, DVRep, DipECAR, DipACT, FHEA, FRCVS	**A**
Mr Gordon Hockey	**A**
Mr David Lister, BA (Hons), Solicitor	**F**
Ms Laurie Mayers, BA, MA (to 9 June 2022)	**F G**
Mr David Morgan, BSC (Hons)	**F**
Mr Ian Phoenix	**A**
Mrs Carole Pomfret, MA, ACA	**F**
Mrs Mary Reilly, BA (Hons), FCA	**A G**
Mrs Alison Tattersall, BA (Hons), Postgrad Diploma in Marketing	**A**
Ms Alison Ross-Green, BA (Hons), Fellow of the Chartered Institute of Personnel Management (from 8 July 2022)	
Ms Elizabeth Hutchinson, BA (Hons) (from 8 July 2022)	

F – Member of the Finance & Investment Committee
A – Member of the Audit & Risk Committee
G – Member of the Governance & Remuneration Committee

Trustees are experienced leaders from a range of professional backgrounds who provide valuable experience to guide the charity.

Council approves new Trustees whose appointment is then ratified at a General Meeting. All Trustee recruitment is subject to a rigorous and transparent process. Qualifications for Trusteeship include commitment to the relief of poverty and to animal welfare, plus specialist expertise or knowledge considered to be of benefit to PDSA. It is Council's policy for the governing body to consist of ten to twelve Trustees. However, Council may plan to increase this number to take account of planned retirements while maintaining an appropriate range of skills and expertise.

Committees

There are four Committees and each has specific terms of reference.

The Finance & Investment Committee reviews the Fund Managers' performance, the budget and most other financial matters.

The Audit & Risk Committee considers risk and internal and external audit matters. It looks at health and safety management and all aspects of our clinical governance framework, thereby giving a holistic view as to the quality assurance of the veterinary service. It also receives regular updates on compliance in respect of our fundraising governance framework. This Committee also provides oversight of the Risk Management approach at PDSA.

The role of the Governance & Remuneration Committee includes determining the Remuneration Policy for the whole organisation and in particular, the total remuneration packages of senior executives which it recommends to Council. It also provides oversight of governance, for example monitoring changes in external codes of good practice and considering PDSA's response, advising on the approach to reviews of Board effectiveness, Trustee appointment and succession, and diversity & inclusion.

The Special Purposes Committee approves items relating to property transactions, lease agreements, certain legacy matters and approval of contracts and other specific items as defined in the Terms of Reference. Membership is made up of the Directors. The Chair of Council, the Deputy Chair, the Chair of the Finance & Investment Committee and the Chair of the Audit & Risk Committee receive the agenda and summary of items in advance and can request papers or elect to attend if they wish. Members of Council receive copies of minutes from all meetings of the Committee.

Oversight of the Charity's safeguarding policies, activities and incidents is provided by Trustees. A quarterly safeguarding report is reviewed at each Council meeting.

In addition to the Committees in operation, during 2020 a number of Working Groups were established in order to provide oversight and guidance on the response to the pandemic. These included groups considering impacts of the pandemic on our Veterinary service provision, our People, Financial Resilience, Brand and Digital Working. The Working Groups included senior managers and Trustees with expertise in each of these areas. These Working Groups have remained in place during 2021, so that the relevant expertise can be called upon at short notice if required, although the Groups no longer meet regularly.

Charity Governance Code

PDSA remains committed to good governance.

Although the impact of Covid-19 continued to affect our ways of working in 2021, we had updated our Byelaws and Scheme of Delegation in 2020 and were therefore able to maintain governance over decision-making, approvals and execution of transactions.

Some of the pre-existing arrangements in place to meet the Code requirements are:

- There are established processes for Board recruitment, induction, Trustee appraisal and Trustee training. Due to a number of Trustee retirements due to take place in 2022, we will be carrying out a programme to recruit new Trustees during the year.
- New Trustees are familiarised with the workings of PDSA, Council Policies & Procedures and Governance. We have a comprehensive Trustee induction programme which includes visits to Head Office, PDSA Pet Hospitals and our retail shops, along with meetings with Directors and key members of staff. No new Trustees joined Council during the year.
- A skills audit is carried out every three years to identify potential gaps in the Trustee Board's collective skills, competencies and experience. This was last carried out in 2017 and was updated in 2021. The results of the skills audit in 2021 will be used to inform our recruitment needs for new Trustees.
- Trustees normally undertake a regular programme of visits to 'front-line' locations enabling them to lead by example in demonstrating PDSA's values. Site visits were not possible during 2021 due to restrictions on movement and social distancing requirements during the Covid-19 pandemic.
- Third parties are selected to provide specialist seminars and lectures when required, which Trustees attend as appropriate. Subjects covered in the past include: charity law and governance, pension law and administration, investment practice and safeguarding. No specific training had been arranged for Trustees during 2021, where necessary and appropriate, individual Trustees have continued to maintain their own professional development as required. The Trustee skills audit carried out in 2021 will also be used to identify areas where further training or information may be useful for Trustees.
- Registers of interests are maintained for Trustees and senior members of staff to identify possible conflicts and there are processes in place to manage such conflicts.
- Council holds an annual strategy review to consider short, medium and long-term strategies for effective delivery of our charitable purposes.
- Council receives regular performance reports indicating the extent to which strategies are being achieved and the extent to which they are having the desired / expected outcomes.
- A governance guide is provided to all Trustees, which sets out the key governance arrangements that are in place. This includes details of matters reserved for Council, and terms of reference for all Committees.
- Minutes are maintained of all meetings of Council and Committees.
- Responsibility for ensuring there are succession plans for key leadership roles is clearly defined.
- The purpose and objectives of subsidiaries and their relationship to the parent charity are set out in their articles of association.
- Key policies are in place and are reviewed regularly, including the Reserves Policy. The Reserves Policy was reviewed and updated during 2020 and is regularly reviewed.
- Trustees carry out a review of Board effectiveness every two years under the coordination of the Deputy Chair. This review was last conducted in January 2020 and the results were reported to Council. The next review is planned for completion in early 2022. Results will again be shared with Council and, if necessary, actions will be put in place to address any items identified as requiring improvement.
- There is a risk management process in place, which is regularly reviewed by Audit & Risk Committee. The Audit & Risk Committee normally reviews significant risks twice per year. During 2021, the regular cycle of Risk Deep Dives was re-commenced (with these Deep Dives having focused on risks associated with the pandemic and recovery from the pandemic during 2020 and the first part of 2021). The Audit & Risk Committee also agrees the Trustees' Risk Appetite statements, which are reviewed and approved by Council.
- Council appoints independent auditors and their work is overseen by the Audit & Risk Committee, who have an opportunity for closed meetings with the auditors twice a year.
- There is a process for ensuring all colleagues have agreed objectives which are cascaded down the organisation and that performance against these objectives is reviewed.
- The Executive Leadership Team Governance Committee has continued meeting, to provide oversight of Governance matters at a Directorate level.
- There is a Whistleblowing Policy and procedure in place, processes for investigating whistleblowing complaints have been established and any whistleblowing incidents are reported to Audit & Risk Committee.
- We have an extensive suite of policies, procedures and controls designed to protect the health and wellbeing of all people who come into contact with PDSA, including safeguarding of young people and adults at risk. These are continuously reviewed and updated as necessary. (See Health Section for further details).

As a values-led organisation, we are committed to creating an environment where diversity and inclusion are at the heart of all we do both as an employer and in the service we provide.

Our Trustees are committed to ensuring equity in the accessibility, delivery and outcomes of our public benefit. All eligible pet owners regardless of their backgrounds should be aware of and feel able to access our services.

Equally, we embrace the different skills and experiences our Trustees, employees and volunteers bring to the charity recognising the positive benefits that a diverse and inclusive workforce has on PDSA's performance and public benefit impact. We want to cultivate a culture where people feel they belong, where they can be authentic and bring their whole self to work.

In 2021, we worked with Trustees and a Diversity & Inclusion Working Group, made up of representatives from across the organisation, to define our approach in realising this ambition. This included a review of the Trustees' own practice, which identified a need to broaden the diversity of the Board so that it is more representative of the communities we serve. In 2022, we are undertaking recruitment activity for new Trustees to replace those whose terms of office is expiring. Proactive action will be taken to widen the talent pool of candidates and we will deploy recognised diversity and inclusion recruitment best practices.

We do not tolerate any form of discrimination in our recruitment or employment practices. We recognise all employees, volunteers and applicants as individuals and they are valued for the contribution they make. They have fair access to training, development, reward and progression opportunities.

Trustees have also committed to carrying out a biennial self-assessment of compliance with the Charity Governance Code and the first of these was carried out in early 2021, under the coordination of the Deputy Chair. Going forward, these reviews will be carried out in alternate years to the current evaluation of Board effectiveness. The results of the review undertaken in 2021 were reported to Council. Members of the Governance & Remuneration Committee receive information on the requirements of the Charity Governance Code including briefings on consultations or changes in relation to the Code and will use the results of the biennial survey to help develop action plans where necessary.

One area where PDSA does not apply the guidance contained in the Charity Governance Code is in relation to Trustee terms of office. The terms of office for Trustees are three terms of four years. After each term of four years, individual Trustees discuss with the Chair whether they should continue.

Factors taken into account include: skills requirements, whether the Trustee wishes to and is able to continue to commit to time requirements and whether the Trustee and Chair believe they are still adding value to the Board. In exceptional circumstances, at the request of the Chair and Deputy Chair, Trustees may be asked to stay on beyond the maximum term of 12 years, to provide continuity.

PDSA considers that these terms of office are appropriate to provide a balance of experience, and to allow Trustees to gain the depth of understanding of the charity which is needed, whilst still ensuring that Trustee tenure is limited.

At present none of the Trustees have served more than the maximum 12 years of office.

Remuneration Statement

Council has overall responsibility for determining the Remuneration Policy for the whole organisation and, in particular, the total remuneration packages of senior executives. It delegates this responsibility to the Governance & Remuneration Committee, which makes recommendations to Council.

PDSA is a large organisation with over 2,000 employees and the support of over 1,700 volunteers. Working together, it is the combined effort of all our people that delivers our mission of providing compassionate veterinary care in the communities we serve for pet owners who can't afford the care their pets need.

The nature of our public benefit means that we are one of the UK's largest employers of veterinary professionals and, as a complex and diverse organisation, we compete in different job markets for a wide range of skills and experience. Our Pay Policy must therefore be sufficiently flexible to ensure we can attract and retain the right people with the right skills to be able to deliver our vital services whilst meeting our supporters' expectations that the money they entrust to us will be used wisely.

The Governance & Remuneration Committee has established the following guiding principles that underpin our approach to reward and recognition. The same guiding principles underpin its approach to senior executive remuneration.

- To have understandable, equitable and transparent reward policies that enable our strategy and reflect our culture
- To apply a common framework for managing reward decisions, whilst providing flexibility to meet differing organisational needs within PDSA
- To provide a competitive and market responsive total reward package that enables PDSA to attract, recruit and retain employees from the not-for-profit or private sector as appropriate
- To apply a robust system for comparing jobs internally, which can be used to clarify career paths and support career development discussions
- To value the contribution that an individual makes in their job and recognise that experience can enhance this contribution
- To provide a comprehensive core set of benefits for all employees whilst giving some flexibility within the total reward package to enable employees to meet their differing personal needs and preferences
- To ensure we meet our legal obligations and that all employees receive fair pay.

In determining overall pay levels for all our staff including senior executives, we take account of pay practice in other similarly sized charities and, where appropriate, private sector organisations. Benchmarking activity takes place on an annual basis. Annual pay reviews take into consideration affordability, economic trends and external market movements. It is the view of the Governance & Remuneration Committee supported by Council, that, given the size, complexity and substantial public benefit provided by PDSA on a national scale, the remuneration of its senior executives is fair and proportionate.

In 2019, we made changes to PDSA's pay, defined contribution pension and benefits arrangements following consultation with all staff members including senior executives. The organisational focus required to deal with the impact of the pandemic meant that changes scheduled for implementation in 2020 were deferred and not implemented until 2021. The Governance & Remuneration Committee continues to preside over this work and reports progress to Council.

Alongside the national shortage of veterinary surgeons and veterinary nurses, the pandemic has also led to changes in the wider employment market, which is driving strong competition for talent. We have implemented a wide range of measures to enable us to attract, engage and retain the key skills we need to deliver our public benefit including closely monitoring pay levels to ensure we remain competitive in a range of challenging, dynamic labour markets.

We continued to navigate the pandemic in 2021, following Government and regulatory body guidance and putting arrangements in place to keep our colleagues safe. We furloughed colleagues where we had no work for them and accessed the Government's Coronavirus Job Retention Scheme. We continually reviewed and revised our pay and benefit arrangements to ensure they remained fit for purpose balancing the need to support our colleagues and protect the resources required to deliver our public benefit. The Governance & Remuneration Committee had oversight of these activities and provided updates to Council.

Our Gender Pay Report is available on our website in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The overall difference between men's and women's earnings is 28.6% (mean) or 36.4% (median) based on hourly rates of pay at the snapshot date of 2021. Research suggests that fewer men in the lower pay quartiles drive our gender pay gap, this is likely to worsen due to removal of some lower paid roles which were predominantly held by men. We are proud to share that our female employees are well represented across all pay quartiles.

Group structure

PDSA undertakes charitable service delivery and fundraising. Trading activities are carried out through three wholly owned subsidiary companies: PDSA Trading Limited, PDSA PetAid Enterprises Limited and PDSA Property Services Limited.

Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice. Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and charity, and of the incoming resources and application of resources, including the income and expenditure, of the Group and charity for that period.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, to disclose with reasonable accuracy at any time the financial position of the charity, and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of The People's Dispensary for Sick Animals Acts 1949 and 1956 as amended by a Parliamentary Scheme and set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that the financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Executive Staff

Council delegates policy and strategy implementation to the Director General. The Director General manages PDSA through the Executive Leadership Team. The Director General and Directors together constitute the Special Purposes Committee.

Director General	Jan McLoughlin, MSc, CBiol, MSB, FIoD
Director of Veterinary Services	Richard Hooker, BVMS (Hons), MRCVS
Director of Finance & Resources	Andrew Willetts, BA, ACA
Director of People	Karen Hailes, FCIPD
Director of Fundraising & Engagement	Nigel Spencer, ACIB, MCIM, MInstF (to 31 March 2022)
Director of Digital, Data & Technology	Matthew Green (from 18 October 2021)
Director of Income & Engagement	Claire Rowcliffe (from 6 December 2021)

During 2021, a new Director of Digital, Data & Technology was appointed in recognition of the crucial role that technology will play in the long-term future of PDSA.

A new Director of Income & Engagement was also appointed which combines the roles of Commercial Director and Director of Fundraising & Engagement following the decision of our existing Director of Fundraising & Engagement to retire in March 2022. The role brings together all income-generating activities and will be critical in shaping our income generation, brand position and marketing strategies.

Risk

PDSA has established management processes to mitigate risks that would prevent us from fulfilling our strategic goals. In particular, the Trustees seek to ensure that:

- Risks are identified, assessed and controls established to mitigate them;
- The risk exposure profile is acceptable at all levels; and
- The risk management process is embedded in operational and management procedures.

The Audit & Risk Committee, assisted by the Executive Leadership Team and Internal Audit department, considers risk in detail. Key risks are considered at each meeting of the Audit & Risk Committee. Audit & Risk Committee ordinarily also conducts a Deep Dive into one or two of the risks. During 2021, the regular cycle of Deep Dives recommenced. Trustees' Risk Appetite is considered and updated annually. The Committee regularly reviews the Risk Management processes in place.

Council considers its key risk factors to be those identified below:

Area of risk	How the risk might affect PDSA	Key mitigation plans and strategies
Recovery from Coronavirus Covid-19 pandemic	The pandemic continues to affect our ability to deliver services and to generate income. For example, during 2021 increased sickness absence in our Pet Hospitals affected ability to deliver services, whilst shop closures and restrictions on in-person activity affected income. We expect some risk to remain in 2022, for example, changes to remote prescribing rules for vets which will impact our ability to continue to offer some services remotely. At the same time additional pressures may be placed on our services as clients request more non-urgent cases to be seen which were not brought to us during the pandemic, and a shortage of clinical skills across the UK may continue to impact our ability to expand the scope of services offered to clients.	We have continued to adapt our ways of working throughout the year in response to the changing situation. We have continued to use remote consults where possible in line with RCVS regulations in order to maximise the provision of services available and we are slowly opening up more in-person services at our Pet Hospitals, ensuring that an incremental approach is taken to keep both our clients and our colleagues safe at all times. The pandemic impacted on our volunteer resources, this continued in 2021 and is likely to continue to affect resourcing, particularly in our retail shops during 2022. We have identified this as one of our organisational priorities and are changing our systems and processes to streamline the application process for volunteers and providing more training to our shop managers to help them find and recruit volunteer resources.
Skills shortages	There is a shortage of certain roles and types of roles across the UK. This is particularly impacting our clinical resources where registrations with RCVS are decreasing while at the same time we could still see an increased demand for our services.	We anticipate that there will be an increasingly competitive market for certain types of skills and our HR team are proactively taking action to address this. We have already introduced more flexible (hybrid) working for our office-based colleagues. We develop resourcing plans for each clinical vacancy and deploy a range of methods to attract candidates. We anticipate that as our scope of services increases, the mix of work carried out in our Pet Hospitals will help retention and attraction.

Area of risk	How the risk might affect PDSA	Key mitigation plans and strategies
Employee wellbeing issues	The pandemic has affected everyone's wellbeing, but particularly for our Veterinary teams who have remained in the 'front line' supporting in person services whilst managing resource constraints, for example absences due to illness or self-isolation.	We have developed a Wellbeing Strategy. In 2021 this focussed on mental health and we ran a number of internal communications campaigns highlighting that "It's OK not to be OK" and encouraging colleagues to seek help if they need it. We already had an Employee Assistance Programme in place, which provides free confidential counselling and advice on a wide range of work and personal issues for employees and their families. We have also made additional resources available to support colleagues' emotional, physical and financial wellbeing.
Legacy income	This represents approximately 55.7% of our total income and there is a risk that reductions in this income source could materially affect PDSA's financial position.	We monitor the legacy pipeline and continue to receive regular updates from an external agency to help us predict potential future income. We are maintaining both acquisition and retention campaigns for legacy gifts and we will continue to seek to diversify and strengthen our income base, and to periodically take expert guidance on the legacy environment from an external consultancy.
Investment Portfolio	This can be subject to volatility from time to time which can impact the value of PDSA's Reserves.	Our investment strategy is overseen by the Finance & Investment Committee. Details of our Investment Strategy are set out in the 'Investment' section in our Financial Review below. We also have a £10m unsecured bank overdraft facility, which we extended in June 2022, that reduces the risk of having to draw down on investments at times of market volatility.
Fundraising	Our ability to raise the funds we need to continue our work can be affected by many factors including the impacts of the Covid-19 pandemic, but also by more general factors such as our ability to respond to changing supporters' expectations and preferences, activities of other charities, regulatory changes and economic conditions, all of which can lead to reductions in income or increased costs.	We have a three-year Business Plan in place that outlines the investment in growing our supporter base, and we are continuing with our strategy to target audiences who are likely to have a higher interest in our cause. We have a broad range of fundraising campaigns, and during the year we have continued with our programme to grow the strength of our digital fundraising activities, which we will continue to strengthen in future years. We have regular monitoring in place both of individual campaign results and of the overall strength of our brand and overall position of our supporter database. We are continuing to evolve our Brand working with external partners and focus groups, to increase the number of people who know about PDSA and understand the impact of our work.

Area of risk	How the risk might affect PDSA	Key mitigation plans and strategies
Number of pets	Demand for our services can fluctuate over short periods of time and in line with general economic conditions. This can result in significant cost increases.	We monitor demand for our service, including considering which areas of the country have greatest demand so that we can address our resources to the areas of greatest need. For example, during the year we started to build our new Nottingham Pet Hospital, which will provide greater capacity and an improved environment for our clients and their pets. As noted above, clinical skills shortages may impact our ability to provide services in some places and at some times. Our business plans have been developed including these additional costs and we monitor both income and expenditure in order that we can ensure the ongoing sustainability of services.
Service infrastructure	PDSA is a large and complex service operation over a wide geographical area. Risk factors include cost increases due to service growth and inflation, the PDSA Pet Hospital replacement programme, the national distribution of services and retaining/ recruiting qualified veterinary staff. Service provisions need a long turnaround period in order to downsize operations should financial constraints require and this ought to be reflected in the Reserves Policy.	The Reserves Policy was reviewed in 2020 in light of our experience during the Covid-19 pandemic. Further details are included in the section on Reserves in our Financial Review below. Where service delivery involves external costs, we carry out competitive tendering and where possible we seek to avoid fixed costs, for example by sourcing some services externally, in order to allow greater control over our spending.
Pensions	Although we have closed our defined benefit scheme to new members and to future accrual, the requirement to fund pension promises could impact our financial position.	There are regular actuarial reviews of scheme performance and following the completion of the 2020 triennial pension review, we have agreed with the pension scheme Trustee the revised Schedule of Contributions and Recovery Plan. Independent professional advice is taken in respect of pensions funding requirements. Further details are set out below in our Financial Review.
IT Security	We depend upon the integrity and availability of our systems and the accuracy of our databases to operate the charity effectively.	We recognise this is a complex and rapidly changing environment and we commission regular penetration tests to check our security controls. We have technical controls in place including firewalls, anti-virus, multi-factor authentication for remote access and patch management to ensure vendor security updates are applied. During 2021, we implemented an improved threat detection and response platform to enhance our protection from external attacks. We also include mandatory training on information security as part of our annual data protection refresher training which must be completed by all colleagues.

Area of risk	How the risk might affect PDSA	Key mitigation plans and strategies
Potential failure to update processes and systems to keep pace with changing needs and expectations	We operate in an environment where stakeholder and regulatory expectations are constantly evolving and we must ensure that our processes remain in step with these requirements in order to avoid client, supporter or customer dissatisfaction, regulatory censure or action or possible damage to the reputation of the charity.	We recognise that we need to ensure processes and systems remain in step with requirements and we monitor the external environment including for regulatory changes. For example, during the year we have been progressing our digital fundraising capability and our Data Protection Officer is closely involved to ensure we comply with rules on digital marketing and use of cookies. We also recognise that we must continue to provide training to our colleagues to ensure everyone is aware of what is expected of them. For example, all colleagues must complete annual data protection training, as well as regular updates in relation to Health & Safety and regular safeguarding training, which is required learning for all colleagues. We have a matrix of required learning in place based on job role to ensure that all colleagues complete their regular refreshers as they become due. We monitor the external regulatory environment in order to identify where changes may impact on our processes and ways of working and take the necessary action. We also consider how compliance requirements may impact on new projects and processes.

Council is satisfied that controls and actions have been put in place to mitigate the major risks identified. However, it recognises that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Financial review



Headlines

As discussed earlier in the Trustees' Report, 2021 continued the extraordinary circumstances of the pandemic. At the end of the year PDSA's finances remain stable, however, we are anticipating a tougher financial outlook for 2022 which is discussed in our going concern assessment.

We have continued to bear the effects of the pandemic and with it a further year of financial uncertainty and volatility. We had expected another year of reduced income, while planning to increase charitable activity spending and investing to drive future income. In reality, our income significantly exceeded expectations, while the scale of our charitable activities was constrained by pandemic restrictions and challenges to recruit and retain clinical staff. Similarly, investment in face-to-face donor recruitment was limited by the effects of the pandemic; we also paused work on brand development. The combined effect of this was to produce a large and unexpected net income of £18.7 million (£3.7 million in 2020).

Our total income increased substantially: by 14.3% to £105.4 million (2020: £92.2 million) following on from a significant reduction in the severely pandemic-constrained 2020. Legacy income, our largest single source, remained strong. It was 46.3% above 2020, despite some continued disruption in legacy estate settlements, which in part were due to probate administrative changes. Our trading income has continued to be disrupted by shops being closed, but was helped by £1.8 million of government support (from both the Job Retention Scheme and various Retail-related grants) compared to £5.1m of total support in 2020.

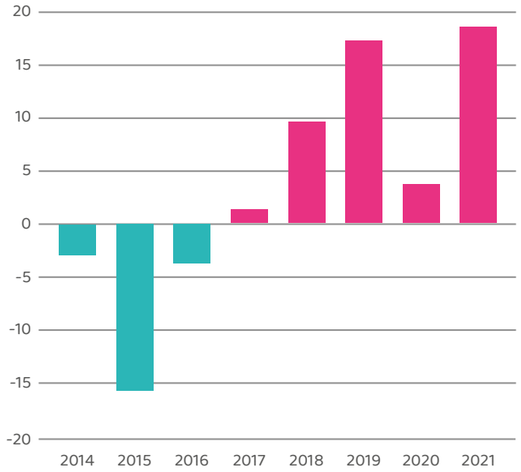
We spent £69.2 million on public benefit in the areas of prevention, education and treatment which was £4.0 million (6.1%) higher than in 2020 (£65.3 million). Operating circumstances have remained difficult, and we have maintained treatment as our priority area. This has meant we have continued to restrict the number of pets being offered preventive services. Unfortunately, in these challenging times we have not achieved our ambitions for reach in 2021. However, utilising technology helps us to provide online consultations which were able to replace some hospital consultations. We maintain our aim to increase our public benefit in 2022.

Investment markets were much more favourable in 2021, though still showed some volatility. There was a gain of £5.1 million in 2021 with a total return on the managed portfolio of approximately 8.8%, compared to a gain of £2.9 million in 2020. Positive returns across all funds can be considered in the context of wider financial market performance, with returns of 18% and 15% in the year for the FTSE 100 and 250 indices respectively, and an average return for the Diversified Growth Funds sector of 4.8% over the 12-month period. Our targeted return is RPI + 3.0%, and the 12-month increase in the RPI index was 7.5%.

Overall, there was a large increase in our operating results: a net income of £18.7 million this year compared to £3.7 million in 2020.

Net Income

deficit 2014 - 2021 £m



The accounting for our defined benefit pension scheme always has a material effect on our results. This year there was an actuarial loss of £1.8 million (2020: loss of £12.8 million) and the deficit decreased from £47.1 million to £41.1 million. Actuarial assumptions can vary from year-to-year and the main reasons for this year's loss were improved corporate bond yields, partially offset by increased inflation assumptions. Over five years (2017-21) there has been some volatility in actuarial gains and losses, but these have broadly balanced out.

Income and costs in more detail

We receive no ongoing HM Government or National Lottery funding for our veterinary services and therefore we rely on generating our income from our supporters by voluntary donations and trading activities. In the table below, we present the financial results in a different way, which we believe gives more clarity on the sources of net income. In 2021 and for a second year, we benefitted from grants received from national and local government to support organisations during the pandemic, though at a lower level than previously. In 2021 the income primarily helped to mitigate losses in our trading activities.

	2021		2020	
	£ MILLION	COST/£	£ MILLION	COST/£
Donations and legacy net income	71.5	0.10	50.1	0.13
Other trading net income	(0.4)	1.03	(2.2)	1.13
Asset-related net income	1.3	0.06	4.0	0.01
Grant Income	1.8		5.1	
Charitable trading gross income	8.7		9.1	
Net income available for charitable activities	82.9	0.23	66.1	0.31

The income we receive from donations and legacies forms the largest portion of our overall income and we need to spend on marketing and management in this area to attract supporters and protect future revenue. We must ensure that we invest carefully and cost-effectively to generate awareness and income both in the short and long-term. The table above shows that the cost of raising donations and legacy income overall from our supporters was reduced from 13p per pound in 2020 to 10p per pound (£).

Legacies continue to be our most important source of income, generating £58.7million. This income grew substantially after experiencing a 20% fall in 2020. Legacies provided 69.1% of our net income available for charitable activities (2020: 58.8%). We aim to invest in growing our legacy donations while also seeking to broaden income from other sources. We plan to do this by growing our supporter base, through promotion and using innovative approaches to generate donations; we also aim to grow trading income in retail as we emerge from the pandemic.

Our supporters have continued to respond to our appeals and with regular gifts. As we were able to reopen our Pet Hospitals donations increased by 13.7% in the year, though this was from a reduced base in 2020. Overall, donations were 20.3% higher than in 2020, which now includes a generous donation from the players of People's Postcode Lottery (see below).

We offer services to our clients in addition to free treatment, and this charitable trading is an important income stream and one we aim to grow. This year, our concessionary (low-cost) service sales were £6.2 million compared to £5.3 million in 2020, 17% higher. As described above, we deprioritised our preventive services and so income was 33% lower at £2.5m.

Other trading net income includes gaming products, sales from our retail division (donated and new goods) and miscellaneous sales, commissions and licensing income. PDSA Trading Limited provide almost all trading income, excluding donated goods, which are sold by the charity; this subsidiary's full results can be seen in the notes to the financial statements.

Our retail activities provide the largest proportion of trading income. Despite some shop closures in recent years, we remain one of the largest retailers in the very competitive charity retail sector; we have continued to ensure we manage shops profitably and in 2021 closed 9 sites with a poor financial outlook and relocated one other. It is our intention to seek to open new shops where commercial opportunities are attractive and are targeting 15 openings in 2022. In 2021, our shops were not open for the full year due to pandemic lockdowns, however, we continued to grow our online sales during the year and put in place more efficient logistics arrangements to improve profitability.

Our shops were open for a longer period than in 2020 and donated goods sales increased by 41% year on year, but note still this did not recover the previous year decline of 58%. New goods sales increased by 25% over 2020, boosted by online sales. The costs of generating income in retail are high with much fixed cost. In 2021, some of these fixed costs were mitigated by negotiated rent holidays, business rates reductions and by Government grant support. Nonetheless, retail was the key factor in the trading losses shown in the table above, though these were at a much lower level than in 2020.

Our Pet insurance products are providing an increased net income source. We have engaged a new partner for 2022 to develop this income stream further.

Trading income for 2021 no longer includes income from the players of People's Postcode Lottery; in 2020 we had a gross income of £5.9 million (£1.9 million net after cost to run and prizes). In 2021 we instead benefitted from a donation of £2.0m. This income has funded PPE, screens in Pet Hospitals, expanding our scope of service and emergency surgeries. Our partnership with the players of People's Postcode Lottery continues in 2022 and we are grateful for their ongoing support.

Asset-related net income is investment income and gains on disposals of fixed assets.

We organise our public benefit expenditure into three areas. The largest is for treatment at Pet Hospitals and contracted services that increased to £66.2 million (2020: £61.0 million), which includes substantial fixed costs. We reduced spending in preventive services to £1.9 million, as explained above (2020: £2.5 million). The amount we spend on education and responsible pet ownership can vary based on the specific activities we undertake and was £1.1 million (2020: £1.8 million).

Investments

At the end of 2021 our investments totalled £77.4 million (2020: £71.7 million). This is primarily an investment portfolio of externally managed investment funds, along with some investment properties managed by the charity.

We delegate day-to-day management of the investment portfolio to professional fund managers. We have an Ethical Investment Policy that precludes investing directly in those organisations involved in testing on animals for cosmetic and other non-medical purposes.

Performance is measured on a total return basis and the Finance & Investment Committee regularly reviews the fund managers' performance.

The Society's investment strategy focuses on capital preservation, while providing opportunities for increased returns through diversification of the asset base, without a significant increase in risk; the strategy remains subject to the Society's Ethical Investment Policy. It was our intention to review our investment principles during 2021, but this has been deferred until 2022.

We spread our investment holdings across three investment managers and invest in funds rather than direct investments. Broadly, our intention is to hold 37.5% each in both Schroder Unit Trusts and Ninety One, and the remaining 25% in Partners Group (UK). Funds provide greater stability than direct market investments and are sufficiently liquid to meet any short-term operational cash needs as well as supporting the Business Plan to maintain and expand the delivery of our charitable services.

Overall, there was a gain of £5.1 million on our investment portfolio (2020: £2.9 million gain).

The Society and its investment managers have been closely monitoring developments in the Ukraine since the year-end, and the level of exposure to Russian investments in each of the three funds is nil or negligible.

Investment properties are revalued each year. The value at 31 December 2021 was £6.2 million (2020: £6.3 million).

Reserves

Council considers reserves regularly as part of its business planning process. It seeks to ensure that sufficient reserves are available to fund planned activity and public benefit levels agreed in the Business Plan, to be responsive to unforeseen and unplanned activity and to protect PDSA from unexpected events, such as fluctuations in income and costs not anticipated in the Business Plan.

The policy reflects the Charity Commission's guidance on Reserves Policies in its publication CC19.

Our Reserves Policy is supported by scenario and contingency planning to determine the potential impact on the level of reserves of defined risk factors. Our contingency strategic planning determines the level of reserves that we consider necessary to protect us from any prolonged financial risks and considers any measures that may need to be addressed should reserves fall below agreed levels.

Council has determined that the level of free reserves needed should fall within the range £45 million to £60 million. The policy should allow continuity for a minimum period of 18 months and for a maximum of three years. During this period the charity would aim to restabilise itself and become sustainable for the future.

Free Reserves

£ millions	2021	2020
Total charity funds	95.1	78.1
Pension reserve	41.1	47.1
Endowment funds	(0.9)	(0.9)
Restricted funds	(4.0)	(2.4)
Unrestricted funds	**131.3**	**121.9**
Pension funding commitments	(36.3)	(27.6)
Carrying value of functional assets	(21.5)	(21.5)
Legacy contingent asset	11.3	13.0
Free reserves	**84.8**	**85.8**

At 31 December 2021 the charity had free reserves of £84.8 million (2020: £85.8 million), as calculated in the table above which shows that reserves have decreased by £1.0 million. We have had better than expected financial results - income was not as severely affected by the coronavirus pandemic as anticipated and we have lower than planned levels of expenditure in part due to pandemic restrictions. Furthermore, our results have been enhanced by strong investment returns and Government support. However, our legacy contingent asset has reduced by £1.7 million and there is an increased pension deficit funding plan. In combination, these factors have meant that free reserves reduced, but have ended the year beyond the range set by Council.

In considering the reserves level, Council recognises that our final projections for 2022 and 2023 (detailed below in Going Concern) mean that reserves will reduce as the charity recovers from the pandemic and seeks to increase its spending on public benefit from this year's reduced level in the face of anticipated significant additional demand for its services. Furthermore, some of the income we raise in each year is earmarked for future spending, though it is not formally restricted, for example the net surpluses from the People's Postcode Lottery which we agree to spend on specific projects in the subsequent year. We forecast that free reserves will fall to be closer to the range set by Trustees by the end of 2023.

The pension funding commitment represents the cash value of payments scheduled to August 2032 for the defined benefit pension scheme; the legacy contingent asset represents 80% of the value of the legacy pipeline.

The total funds of the Group at the end of 2021 were £95.1 million (2020: £78.1 million). Of these funds, £4.9 million were restricted income funds or endowments (2020: £3.4 million).

Our investment funds have sufficient liquidity to provide the flexibility to manage any potential downturn in income: access to the two larger funds is a matter of days and for the other within two to three months.

During the year, the charity has renewed its £10 million unsecured overdraft with Lloyds Bank plc as a precaution and this was only partially used towards the end of the year. This facility was renewed in June 2022.

At the date of signing, our most recent calculation of free reserves stood at £81.8m. We have considered future activities and outlook and have created financial projections accordingly. Our current view is that our free reserves could reduce to £79.0 million by December 2023, which is above the upper end of the Reserves Policy range set by Trustees. Accordingly, Trustees will be considering future investment opportunities at the next business planning round.



Going Concern

Council regularly reviews financial performance, forecasts and projections, taking account of the potential impact on future public benefit and this is an important element of Group financial management.

In the first few months of 2022, operational disruption from the Covid-19 pandemic has been significantly reduced and progressively we are returning to 'business as usual'. Our operating results in the first three months of 2022 showed an approximately break-even financial position which was better than budgeted, though we saw investment losses of around 3% as a result of the market reactions to the Ukraine crisis.

The investment portfolio formed approximately 75% of the charity's net assets at the end of 2021. The charity recognises that relatively small movements in the investment markets can create significant movements in its net assets and so its free reserves.

Legacies, our largest source of income, have proved to be resilient – we have seen our pipeline reach an even higher level at June 2022 than at year end and cash receipts are close to budget levels. Our external expert advisors have given us comfort for our legacy income projections.

Trustees have reviewed projections of cash flow and profitability for the period to December 2023 considering sensitivities to income and costs and how much it wishes to spend in discretionary areas.

The Group has renewed its overdraft facility, which is a precaution to maintain liquidity. This level of overdraft facility (£10m) is assessed sufficient for 2022 and 2023.

Our latest expectation is that the Group will produce a total surplus of £1.3m in 2022 and a £1.7m total deficit in 2023, which our strong level of free reserves would be able to withstand. In cash terms, we expect to have a net overdraft of £4.8m at the end of December 2022 and of £1.2m at the end of 2023. However, we intend to withdraw £5m in 2022 and £16m in 2023 from our investment portfolio to support our cash needs for planned capital and other investments.

The Trustees recognise that there remains a degree of uncertainty as a result of the pandemic and the current economic environment, however this does not pose a material uncertainty that would cast doubt on the charity's ability to continue as a going concern.

After considering the projections of cash flow and profitability and the ability to liquidate the investment portfolio to support cash balances, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, which is a period of at least 12 months from the signing of the accounts and audit report. They therefore consider that it is appropriate for the financial statements to be prepared on the going concern basis.

Pension Plans

PDSA has a defined benefit pension scheme, The People's Dispensary for Sick Animals Retirement Benefits Plan (RBP) (1978) and a Group Personal Pension (GPP) Plan.

The defined benefit pension scheme has been closed to new employees since 2006 and since April 2019 has been closed to future accrual. The GPP Plan was opened in January 2008 for new and existing employees. The charity is committed to ensuring it will continue to offer suitable pension benefits for employees.

The RBP scheme had a deficit, as calculated under the provisions of FRS 102, of £41.1 million at 31 December 2021 (2020: £47.1 million). The latest triennial actuarial valuation was carried out as at 31 December 2020 and this showed a deficit of £55.4 million. Revised deficit funding contributions were agreed between PDSA and the RBP Trustee in December 2021.

These liabilities have been revised to reflect some key assumption changes: increased bond yields, which were partially offset by an increase in inflation expectations. The next triennial valuation of the Scheme is due at 31 December 2023.

The Plan held a number of investments at 31 December 2021 at fair value. As a result of economic uncertainty due to current geopolitical uncertainties, we would expect the value of the Plan's assets to have reduced since the balance sheet date. Similarly, since the balance sheet date, the Plan's liabilities would be expected to reduce due to an increase in corporate bond yields over the period, although this reduction has been offset to an extent by a rise in inflation expectations since the balance sheet date.

Approved by Council and signed on its behalf by:



John Smith, Chair
21 July 2022

Auditor's Report to Council

Independent Auditor's Report to the Trustees
of the People's Dispensary for Sick Animals

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 December 2021 and of the Group and Parent Charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 as amended, and the People's Dispensary for Sick Animals Acts 1949 and 1956.

We have audited the financial statements of The People's Dispensary for Sick Animals ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 December 2021 which comprise the consolidated and parent statement of financial activities, the consolidated and parent balance sheet, the consolidated 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Charity in accordance with the ethical requirements 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.

Conclusions related 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 Group and the Parent Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion;

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is inconsistent in any material respect with the financial statements; or
- adequate and proper accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; 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, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

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:

We made enquiries of management, and the Audit and Risk Committee. This included the following:

- how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
- their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charity. These include, but are not limited to, compliance with, Charities Act 2011, Charities and

Trustee Investment (Scotland) Act 2005, regulation 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended, People's Dispensary for Sick Animals Acts 1949 and 1956, UK GAAP, Charities SORP, Fundraising regulations and tax legislation.

In addition, the Charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation.

We identified the following areas as those most likely to have such an effect: employment law and data protection. In order to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, we made enquiries of management and those charged with Governance about whether the entity is in compliance with such laws and regulations and we inspected any relevant regulatory and legal correspondence.

We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Audit response to risks identified

- We reviewed the financial statement disclosures and sample tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Audit and Risk Committee, management and internal audit;
- We reviewed the Fraud log and Serious incident log submitted to the Audit and Risk Committee which includes instances of fraud and non-compliance with laws and regulations and we read minutes of meetings of those charged with governance;
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- We challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to, the defined benefit scheme valuation (FRS 102 Section 28), accrued legacy income and provisions.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Kyla Bellingall

Kyla Bellingall
BDO LLP, statutory auditor
Birmingham
25 July 2022

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Financial Activities
(incorporating an income and expenditure account)

For the years ended 31 December	Note	Unrestricted funds	Restricted funds and endowments	Group £'000 Total 2021	Unrestricted funds	Restricted funds and endowments	Group £'000 Total 2020
Income and endowments from							
Donations and legacies	2	73,832	5,940	**79,772**	53,207	4,415	57,622
Grant income	2	1,826	-	**1,826**	5,081	-	5,081
Other trading activities	2	13,674	-	**13,674**	16,385	-	16,385
Charitable trading activities	2	8,741	-	**8,741**	9,060	-	9,060
Investments	2	1,063	-	**1,063**	1,206	-	1,206
Net gain on disposal of fixed assets		305	-	**305**	2,814	-	2,814
Total income		99,441	5,940	**105,381**	87,753	4,415	92,168
Expenditure on raising funds							
Donations and legacies	3	8,321	-	**8,321**	7,472	-	7,472
Other trading activities	3	14,073	1	**14,074**	18,576	1	18,577
Investments	3	82	-	**82**	41	-	41
Total expenditure on raising funds		22,476	1	**22,477**	26,089	1	26,090
Net income available for charitable activities		76,965	5,939	**82,904**	61,664	4,414	66,078
Charitable activities							
Treatment at Pet Hospitals and by contracted services	3	61,805	4,424	**66,229**	56,461	4,498	60,959
Education: responsible pet ownership	3	1,106	-	**1,106**	1,755	-	1,755
Preventive services	3	1,902	-	**1,902**	2,539	-	2,539
Total expenditure on charitable activities		64,813	4,424	**69,237**	60,755	4,498	65,253
Total expenditure		87,289	4,425	**91,714**	86,844	4,499	91,343
Net gains on investments	7	5,058	-	**5,058**	2,902	-	2,902
Net income/(deficit)		17,210	1,515	**18,725**	3,811	(84)	3,727
Transfers between funds	12	2	(2)	**-**	16	(16)	-
Actuarial loss on defined benefit pension Scheme	17	(1,800)	-	**(1,800)**	(12,800)	-	(12,800)
Net movement in funds		15,412	1,513	**16,925**	(8,973)	(100)	(9,073)
Reconciliation of funds							
Total funds brought forward		74,785	3,350	**78,135**	83,758	3,450	87,208
Total funds carried forward	12	90,197	4,863	**95,060**	74,785	3,350	78,135

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

Charity Statement of Financial Activities

(incorporating an income and expenditure account)

For the years ended 31 December	Note	Unrestricted funds	Restricted funds and endowments	Charity £'000 Total 2021	Unrestricted funds	Restricted funds and endowments	Charity £'000 Total 2020
Income and endowments from							
Donations and legacies	2	76,760	5,940	**82,700**	57,173	4,415	61,588
Grant income	2	1,826	-	**1,826**	5,081	-	5,081
Other trading activities	2	9,769	-	**9,769**	7,970	-	7,970
Charitable trading activities	2	8,741	-	**8,741**	9,060	-	9,060
Investments	2	1,057	-	**1,057**	1,196	-	1,196
Net gain on disposal of fixed assets		305	-	**305**	2,814	-	2,814
Total income		98,458	5,940	**104,398**	83,294	4,415	87,709
Expenditure on raising funds							
Donations and legacies	3	8,319	-	**8,319**	7,470	-	7,470
Other trading activities	3	13,053	1	**13,054**	14,248	1	14,249
Investments	3	82	-	**82**	41	-	41
Total expenditure on raising funds		21,454	1	**21,455**	21,759	1	21,760
Net income available for charitable activities		77,004	5,939	**82,943**	61,535	4,414	65,949
Charitable activities							
Treatment at Pet Hospitals and by contracted services	3	61,797	4,424	**66,221**	56,452	4,498	60,950
Education: responsible pet ownership	3	1,106	-	**1,106**	1,755	-	1,755
Preventive services	3	1,902	-	**1,902**	2,418	-	2,418
Total expenditure on charitable activities		64,805	4,424	**69,229**	60,625	4,498	65,123
Total expenditure		86,259	4,425	**90,684**	82,384	4,499	86,883
Net gains on investments	7	5,058	-	**5,058**	2,902	-	2,902
Net income/(deficit)		17,257	1,515	**18,772**	3,812	(84)	3,728
Transfers between funds	12	2	(2)	**-**	16	(16)	-
Actuarial loss on defined benefit pension Scheme	17	(1,800)	-	**(1,800)**	(12,800)	-	(12,800)
Net movement in funds		15,459	1,513	**16,972**	(8,972)	(100)	(9,072)
Reconciliation of funds							
Total funds brought forward		76,298	3,350	**79,648**	85,270	3,450	88,720
Total funds carried forward		91,757	4,863	**96,620**	76,298	3,350	79,648

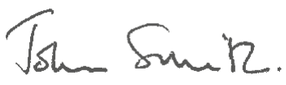
All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

Balance Sheets

£'000

At 31 December		Group 2021	Group 2020	Charity 2021	Charity 2020
Fixed assets	Note				
Tangible assets	6	**21,552**	21,468	**23,103**	22,972
Investments	7	**77,354**	71,676	**77,354**	71,676
Total fixed assets		**98,906**	93,144	**100,457**	94,648
Current assets					
Stocks - finished goods and goods for resale		**2,238**	2,431	**1,913**	2,042
Debtors	8	**40,085**	29,675	**43,640**	34,084
Cash at bank and in hand		**3,385**	7,919	**72**	3,767
Total current assets		**45,708**	40,025	**45,625**	39,893
Creditors - amounts falling due within one year	9	**(6,219)**	(6,001)	**(6,127)**	(5,860)
Net current assets		**39,489**	34,024	**39,498**	34,033
Total assets less current liabilities		**138,395**	127,168	**139,955**	128,681
Provisions for liabilities	10	**(2,235)**	(1,933)	**(2,235)**	(1,933)
Net assets excluding pension liability		**136,160**	125,235	**137,720**	126,748
Defined benefit pension scheme liability	17	**(41,100)**	(47,100)	**(41,100)**	(47,100)
Total net assets		**95,060**	78,135	**96,620**	79,648
The funds of the charity					
Endowment funds	12	**933**	933	**933**	933
Restricted income funds	12	**3,930**	2,417	**3,930**	2,417
Unrestricted funds	12	**131,297**	121,885	**132,857**	123,398
Pension reserve	12	**(41,100)**	(47,100)	**(41,100)**	(47,100)
Total unrestricted funds		**90,197**	74,785	**91,757**	76,298
Total charity funds		**95,060**	78,135	**96,620**	79,648

Approved by Council and signed on its behalf on



John Smith
Chair
21 July 2022

Consolidated Statement of Cash Flows

			£'000
For the year ended 31 December		Group	
	Note	2021	2020
Net cash (used in) operating activities	a	**(4,005)**	(3,182)
Cash flows from investing activities			
Dividends, interest and rents from investments		**1,063**	1,206
Purchase of property, plant and equipment		**(1,757)**	(668)
Proceeds from the sale of property, plant and equipment		**357**	3,161
Purchase of investments		**(620)**	(777)
Proceeds from the sale of investments		**-**	295
Net cash (used in) / provided by investing activities		**(957)**	3,217
Change in cash and cash equivalents in the reporting period		**(4,962)**	35
Cash and cash equivalents at the beginning of the reporting period	b	**7,919**	7,884
Cash and cash equivalents at the end of the reporting period	b	**2,957**	7,919

Note a. Reconciliation of net income to net cash (used in) operating activities

Net income for the reporting period	**18,725**	3,727
Adjustments for:		
Investment income	**(1,063)**	(1,206)
Net (gain) on disposal of tangible fixed assets	**(305)**	(2,814)
Depreciation	**1,621**	1,743
Movements on investments	**(5,058)**	(2,902)
Increase in pension provision excluding actuarial loss	**700**	1,100
Pension deficit contributions	**(8,500)**	(2,500)
Decrease/(Increase) in stocks	**193**	(98)
(Increase)/decrease in debtors	**(10,410)**	1,032
(Decrease) in creditors	**(210)**	(726)
Increase/(decrease) in provisions	**302**	(538)
Net cash (used in) operating activities	**(4,005)**	(3,182)

Note b. Analysis of cash and cash equivalents

Cash at bank and in hand	**3,385**	7,919
Overdraft	**(428)**	-
Total	**2,957**	7,919

As the group has no external debt a net debt reconciliation is not required.

Notes to the financial statements for the year ended 31 December 2021

1. Accounting policies

a) Accounting basis

The financial statements have been prepared under the historical cost convention, with the exception of investments that are included at market value.

The financial statements have been prepared in accordance with the Charities Act 2011, the Charities and Trustees Investment (Scotland) Act 2005, the Charities SORP (FRS 102) - 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.

Trustees have reviewed projections of cash flow and profitability for the period to 31 December 2023 considering sensitivities to income and costs and how much they wish to spend in discretionary areas.

We expect that the Group will produce a total surplus of £1.3m in 2022 and a £1.7m total deficit in 2023. Based on this forecast we anticipate holding cash and liquid investments of £53.9m at 31 December 2023.

The Group had investments with a value of £69.4m at 31 March 2022 that are sufficiently liquid to be realised quickly (two funds have daily access, the third within a month). This gives the Group significant headroom in the cash flow forecasts. As a precaution the Group has also renewed its overdraft facility from 1 July 2022.

The Trustees recognise that there remains a degree of uncertainty as a result of the pandemic, however this does not pose a material uncertainty that would cast doubt on the charity's ability to continue as a going concern.

After considering the projections of cash flow and profitability and the ability to liquidate the investment portfolio to support cash balances the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, which is a period of at least 12 months from the signing of the accounts and audit report. For this reason, it continues to adopt the going concern basis in the financial statements.

b) Fund accounting

General funds are unrestricted funds that are available for use at the discretion of Council in furtherance of the general objectives of the charity, which have not been designated for other purposes.

Restricted funds are funds that are used in accordance with specific restrictions imposed by donors.

The aim and use of each restricted fund is set out in Note 12 to the financial statements. Income received less than £15,000, unless part of a larger project, is reported in aggregate.

Investment income and gains are allocated to the appropriate fund.

c) Income

Income is recognised in the SOFA when the charity has evidence of entitlement, receipt is probable and its amount can be measured reliably.

Legacies

Both pecuniary and residuary legacies are recognised at the earlier of probate being granted or the charity being advised, in writing, by the personal representative of an estate that payment will be made or assets transferred and when, in the opinion of management, the amount can be quantified with reasonable accuracy and will probably be received.

This estimate includes a reduction to reflect the proportion of the prior year opening debtors not received in subsequent years and so allows for the potential variation in settlement values and the risk of a Will being contested.

Where part or all of a legacy has a claim against it, the disputed amount is not recognised as income, but is included as a contingent asset.

Reversionary interests involving a life tenant are not recognised.

Other income

Income from charitable trading, sales of new goods and other sales income are recognised when the goods or services are sold. The value recognised excludes VAT.

Donated goods are included in income when received and are measured at sales value, which is considered fair value.

Donation income is credited when received, except where fundraising campaigns are based around a specific event date, in which case the accruals basis is used.

Grants and donations in respect of capital expenditure are credited to restricted income at the point of recognition and are released to unrestricted funds on the later date of completion of the fixed asset, or the obligation being met.

Income from Government grants is recognised when a claim has been made and entitlement is confirmed.

Gross proceeds from the People's Postcode Lottery are recorded as income in the SOFA.

Investment income is accounted for when receivable.

d) Recognition of expenditure

All expenditure is accounted for on an accruals basis and has been listed under the headings that aggregate all costs related to the category.

Costs of generating funds relate to those costs incurred to encourage donations and legacies and raise public awareness of the charity; those costs that enable us to trade goods and services; and those that relate to generating investment income.

Costs of charitable activities relate to those costs incurred in meeting the objectives of the charity and providing its public benefit.

Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of the resources. Overheads in support areas have been allocated to activities as outlined in Note 3 to the financial statements.

Costs for future property dilapidations, in our estimate and judgement, are estimated based on the number of properties rented subject to dilapidation clauses, each having an expected future cost based on the average expected spends per property incurred in earlier years and the results of condition survey samples. Where the particular condition of an individual property means the use of an average spend would not be appropriate, the provision is estimated with reference to property survey information.

Donations and gifts costs are those incurred in seeking voluntary contributions for the charity. Governance costs are those incurred by Trustees, internal audit and fees charged by external auditors. Irrecoverable VAT is charged as a cost to the individual activity.

e) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £5,000 are capitalised and accounted for at cost, inclusive of any incidental expenses of acquisition.

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

Assets under course of construction	nil
Freehold land	nil
Freehold buildings	25-50 years
Long leasehold buildings	25 years
Short leasehold buildings	Remainder of lease
Pet Hospital buildings, freehold and leasehold	25 years
Furniture, fittings and equipment	3-8 years
Motor vehicles	5 years

The charity has a policy to conduct impairment reviews in accordance with the requirements of FRS 102.

f) Investment properties

In accordance with FRS 102 these properties are held for capital appreciation, initially recorded at cost and then subsequently at fair value. Revaluations are undertaken periodically by professionally qualified surveyors on the basis of open market value, which represents fair value. In our estimate and judgement these are revised in subsequent years by reference to published indices or comparative evidence and assessment of the circumstances of each property by PDSA's professional qualified surveyors.

g) Investments

Listed and other investments are initially shown at cost and then subsequently at fair value to reflect the market valuation as at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year.

Investments in subsidiaries are initially shown at cost and subsequently net of any impairment.

h) Stocks

Stocks are stated at the lower of cost and net realisable value. Donated goods are included at fair value on receipt, and the stock of donated goods represents the amount of goods donated by the general public which we hold at our shops at year-end. In our estimate and judgement, the value is calculated by applying an average sales value, adjusted for Gift Aided sales, to the volume of goods we have unsold at year-end.

i) Financial instruments

The PDSA Group only holds basic financial instruments. Investments are initially shown at cost and then measured at fair value and shown in Note 7 to the accounts. Financial instruments held within current assets and current liabilities are measured at the cash expected to be paid or received which is considered to be amortised cost and is shown in Notes 8 and 9.

The Group balances included in the accounts are as follows:

	2021 £'000	2020 £'000
Fixed Asset Investments	77,354	71,676
Debtors	40,085	29,675
Creditors: amounts falling due within one year	6,219	6,001

j) Taxation

As a registered charity PDSA is exempt from taxation of income and gains falling within Chapter Three of Part II to the Corporation Tax Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charge has arisen in the year. No tax charge has arisen in any of its subsidiaries since they gift all taxable profits to PDSA.

k) Pension costs

For the defined benefit pension scheme, the amounts charged in resources expended are the current service costs and gains and losses on settlements and curtailments; these are included as part of staff costs. Past service costs are recognised immediately if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately and are shown separately in the SOFA. Defined benefit pension schemes are funded with the assets of the scheme held separately from those of the Group, in Trustee-administered funds.

These assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The valuation is obtained triennially but is updated each year and the resulting asset or liability is shown on the balance sheet.

l) Operating leases

Rentals paid under operating leases are charged to the SOFA on a straight-line basis over the lease-term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are credited to the SOFA over the period of the lease. Rentals receivable under operating leases are credited to the SOFA in the periods in which they become receivable. When a rental holiday has been granted, or rentals temporarily reduced, the reduction is accounted to that period of the reduction and is not spread over the lease-term.

m) Basis of consolidation

PDSA Group's financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated on a line-by-line basis for the periods from or to the date on which control passed.

PDSA Trading Limited, PDSA PetAid Enterprises Limited and PDSA Property Services Limited are consolidated within these accounts as PDSA holds 100% of the issued share capital of each company.

n) Provisions

Provisions for future liabilities are recognised when PDSA has a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that payment will be made. Estimation techniques involve assumptions, which are based on experience.

o) Accounting estimates and judgements

In preparing the financial statements, the Trustees are required to make estimates and judgements. The matters below are considered to be the most important in understanding the judgements that are involved in preparing the financial statements and the uncertainties that could impact the amounts reported.

Cost allocation

Support costs not attributable to a single activity are allocated or apportioned on a basis consistent with identified cost drivers for that cost category and can be seen in more detail in note 3.

Legacy income accrual and contingent asset

Legacy income is recognised in accordance with the income recognition policy detailed in (c) above. In calculating the level of legacy accrual, management is required to exercise estimation and judgement, particularly in determining the amount and probability of receipt.

A contingent asset is identified for legacies notified to the charity when the inflow of economic benefit is probable, but does not yet meet the criteria for income recognition identified in (c) above.

Investment Properties

These are valued by professionally qualified surveyors, using estimation techniques identified in (f) above.

Stocks

Goods donated by the public for us to resell are valued using estimates identified in (h) above.

Actuarial assumptions for the defined benefit pension scheme

These are incorporated in the financial statements in accordance with FRS 102 using advice from independent qualified actuaries. Significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates. These are detailed in (k) above and note 17.

Provisions

We hold specific provisions for several matters and these are individually described in note 10. We recognise a provision when it meets the tests identified in the policy in (n); the estimation techniques used are particular to each provision. The charity leases a large number of properties and our assumptions for property dilapidations are described above in (d).



2. Income and endowments

£'000

	Group		Charity	
	2021	2020	**2021**	2020
Donations and legacies				
Legacies receivable	**58,731**	40,135	**58,731**	40,135
Donations and gifts	**21,041**	17,487	**21,041**	17,487
Gift Aid donation from subsidiaries	**–**	–	**2,928**	3,966
	79,772	57,622	**82,700**	61,588
Grant income				
Government Job Retention Scheme	**619**	4,373	**619**	4,373
Local Council Business Grants	**1,207**	708	**1,207**	708
	1,826	5,081	**1,826**	5,081
Other trading activities				
Lottery and similar income*	**2,083**	7,710	**-**	-
Sales of donated goods**	**7,034**	4,973	**7,034**	4,973
Sale of new goods	**1,736**	1,389	**-**	-
Other income***	**2,821**	2,313	**2,735**	2,997
	13,674	16,385	**9,769**	7,970
Charitable trading activities				
Preventive services	**2,549**	3,789	**2,549**	3,789
Concessionary and other paid for services	**6,192**	5,271	**6,192**	5,271
	8,741	9,060	**8,741**	9,060
Investments				
Listed securities - dividends	**620**	777	**620**	777
Bank and other interest	**58**	14	**52**	4
Rents receivable	**385**	415	**385**	415
	1,063	1,206	**1,057**	1,196

* 2020 lottery income includes £5,879,000 received from players of the People's Postcode Lottery for lotteries drawn in 2020.
** 2021 includes income of £2,519,000 of donations from supporters resulting from sale of their goods through PDSA's Retail Gift Aid programme (2020: £1,734,000)
*** 2021 Other income (Charity only) includes £2,658,000 for the allocation of retail costs from the Charity to its subsidiary, PDSA Trading Limited. These costs relate to the running of the Retail Gift Aid Scheme, which is administered by the subsidiary. In previous years, this allocation was incorrectly shown as a cost reduction in the Charity. 2020 Charity only income and costs have been restated, each being adjusted by £2,749,000.

3. Expenditure

£'000

	Group			
	Activities undertaken directly	Support costs allocated	2021 Total	2020 Total
Expenditure raising funds				
Legacies receivable	**1,291**	**112**	**1,403**	1,311
Donations and gifts	**5,367**	**237**	**5,604**	4,671
Raising public perception and awareness	**1,231**	**83**	**1,314**	1,490
	7,889	432	**8,321**	7,472
Expenditure on other trading activities				
Merchandising, charity shop and other trading	**12,188**	**1,193**	**13,381**	13,847
Lottery ticket sales	**668**	**25**	**693**	4,730
	12,856	1,218	**14,074**	18,577
Expenditure on investments	76	6	**82**	41
Expenditure on charitable activities				
Treatment at Pet Hospitals and by contracted services	**59,362**	**6,867**	**66,229**	60,959
Education: responsible pet ownership	**1,020**	**86**	**1,106**	1,755
Preventive services	**1,828**	**74**	**1,902**	2,539
	62,210	7,027	**69,237**	65,253
	83,031	8,683	**91,714**	91,343

£'000

	Charity			
	Activities undertaken directly	Support costs allocated	2021 Total	2020 Total
Expenditure raising funds				
Legacies receivable	**1,291**	**111**	**1,402**	1,310
Donations and gifts	**5,367**	**237**	**5,604**	4,670
Raising public perception and awareness	**1,231**	**82**	**1,313**	1,490
	7,889	430	**8,319**	7,470
Expenditure on other trading activities				
Merchandising, charity shop and other trading***	**11,863**	**1,191**	**13,054**	14,249
	11,863	1,191	**13,054**	14,249
Expenditure on investments	76	6	**82**	41
Expenditure on charitable activities				
Treatment at Pet Hospitals and by contracted services	**59,362**	**6,859**	**66,221**	60,950
Education: responsible pet ownership	**1,020**	**86**	**1,106**	1,755
Preventive services	**1,828**	**74**	**1,902**	2,418
	62,210	7,019	**69,229**	**65,123**
	82,038	8,646	**90,684**	86,883

*** see note 2 regarding adjustment to 2020 costs

Support costs breakdown by activity

	Group					
	Human Resources	Property Services	Finance and Management	Information Technology	2021	2020
Expenditure raising funds						
Legacies receivable	**23**	**-**	**44**	**45**	**112**	122
Donations and gifts	**17**	**-**	**182**	**38**	**237**	210
Raising public perception and awareness	**20**	**-**	**42**	**21**	**83**	90
Expenditure on other trading activities						
Merchandising, charity shop and other trading	**205**	**224**	**398**	**366**	**1,193**	1,194
Lottery ticket sales	**2**	**-**	**23**	**-**	**25**	149
Expenditure on Investments	**-**	**3**	**3**	**-**	**6**	2
Expenditure on charitable activities						
Treatment at Pet Hospitals and by contracted services	**1,974**	**394**	**2,017**	**2,482**	**6,867**	6,228
Education: responsible pet ownership	**31**	**-**	**34**	**21**	**86**	128
Preventive services	**12**	**-**	**62**	**-**	**74**	108
Total support costs	2,284	621	2,805	2,973	**8,683**	8,231

Governance costs in the year of £342,000 (2020: £364,000) are included within Finance and Management support costs

Bases of allocation

Human Resources - staff costs
Property Services - property costs, excluding rent
Finance and Management - expenditure
Information Technology - number of IT devices

Support costs breakdown by activity

	Charity					
	Human Resources	Property Services	Finance and Management	Information Technology	2021	2020
Expenditure raising funds						
Legacies receivable	**23**	**-**	**43**	**45**	**111**	122
Donations and gifts	**17**	**-**	**181**	**39**	**237**	209
Raising public perception and awareness	**20**	**-**	**41**	**21**	**82**	90
Expenditure on other trading activities						
Merchandising, charity shop and other trading	**205**	**224**	**396**	**366**	**1,191**	1,193
Expenditure on Investments	**-**	**3**	**3**	**-**	**6**	2
Expenditure on charitable activities						
Treatment at Pet Hospitals and by contracted services	**1,974**	**394**	**2,009**	**2,482**	**6,859**	6,219
Education: responsible pet ownership	**31**	**-**	**34**	**21**	**86**	127
Preventive services	**12**	**-**	**62**	**-**	**74**	108
Total support costs	2,282	621	2,769	2,974	**8,646**	8,070

Governance costs in the year of £331,000 (2020: £352,000) are included within Finance and Management support costs

Bases of allocation

Human Resources – staff costs
Property Services – property costs, excluding rent
Finance and Management – expenditure
Information Technology – number of IT devices

4. Net income before other recognised gains and losses

£'000

			2021	2020
These are stated after charging:				
Auditor's remuneration	audit fees charity		72	73
	audit fees subsidiaries		7	7
	non-audit fees charity	- tax services	1	2
		- other consultancy services	-	5
	non-audit fees subsidiaries	- tax services	4	5
Operating leases			2,520	2,970

5. Employees

	2021	2020
Employment costs		
Salaries	44,897	44,944
Social security costs	4,043	4,015
Defined benefit pension costs	1,533	1,499
Other employer pension costs	4,071	4,012
Redundancy and termination payments	93	410
Other staff costs	224	215
Apprentice Levy	215	217
Total	55,076	55,312

During 2021, 29 employees were made redundant (99 in 2020), this was as a result of shop closures, a restructure at a Pet Hospital and within some of our support functions. In addition, one individual received a termination payment through a settlement agreement (2020: four).

Average number of employees, calculated on a full-time equivalent basis		
Veterinary	1,162	1,156
Retail	199	229
Marketing and fundraising	139	116
Other	163	161
Total	1,663	1,662

	2021	2020
Employment costs		
The number of higher-paid employees whose emoluments were within the following scales was as follows:		
£60,001–£70,000	21	20
£70,001–£80,000	7	10
£80,001–£90,000	5	6
£90,001–£100,000	1	2
£100,001–£110,000	1	-
£110,001–£120,000	-	1
£120,001–£130,000	1	-
£130,001–£140,000	-	1
£140,001–£150,000	1	1
£150,001–£160,000	1	-
£180,001–£190,000	-	1
£190,001–£200,000	1	-

Emoluments include salary, allowances and benefits in kind, but exclude pension scheme contributions.

Thirty of the higher paid staff are members of the Group Personal Pension (GPP) Plan (2020: thirty-nine). Six of these staff members contribute to the Auto Enrolment section of the GPP (2020: seven). Twenty-four of the staff members contribute to the GPP by paying contributions in excess of the Auto Enrolment minimum contribution rates (2020: thirty-two). Twenty-seven of the higher paid staff members are employed in our Veterinary Services team (69%).

The Director General and Directors elected to have a 10% reduction in their basic salaries for six months during 2020 in recognition of the impact of the pandemic on our people. The total compensation paid to the Executive team in 2021 (seven Directors) was £819,000 (2020: six Directors, £778,000). Of the seven Directors who served during 2021, five served throughout the year, and two joined in the last quarter of the year. One Director retired from PDSA in March 2022.

The basic salary of the Director General, who is the highest paid employee, was £158,576 as at 31 December 2021 (£155,468 as at 31 December 2020). The Director General has elected to receive an additional cash payment in lieu of employer pension contributions.

The ratio between the highest and median contracted salary is 7:1 (2020: 7:1).

Members of Council do not receive any remuneration. They made donations to PDSA in 2021 totalling £2,561 (2020: £1,732).

Travel, accommodation, telecommunications, entertainment and training costs incurred by Council members on charity business are reimbursed or are paid directly by the charity. This amounted to £341 during the year for two Council members (2020: £500 for two).

6. Fixed assets

£'000

	Assets under course of construction	Freehold land and buildings	Leasehold buildings Long lease	Leasehold buildings Short lease	Pet Hospital land and buildings Freehold	Pet Hospital land and buildings Long lease	Furniture fittings and equipment	Motor vehicles	Total
Cost									
At 1 January 2021	225	3,875	400	4,517	33,854	5,087	15,591	366	63,915
Additions	1,303	-	-	21	51	-	382	-	1,757
Disposals	-	(44)	-	(244)	(380)	-	(104)	-	(772)
At 31 December 2021	**1,528**	**3,831**	**400**	**4,294**	**33,525**	**5,087**	**15,869**	**366**	**64,900**
Depreciation									
At 1 January 2021	-	1,635	165	4,219	18,962	3,063	14,167	236	42,447
Charge for the year	-	85	14	124	937	127	285	49	1,621
Disposals	-	(37)	-	(244)	(335)	-	(104)	-	(720)
At 31 December 2021	**-**	**1,683**	**179**	**4,099**	**19,564**	**3,190**	**14,348**	**285**	**43,348**
Net book value									
At 31 December 2021	**1,528**	**2,148**	**221**	**195**	**13,961**	**1,897**	**1,521**	**81**	**21,552**
At 31 December 2020	225	2,240	235	298	14,892	2,024	1,424	130	21,468

The difference between the Group and charity fixed assets is the exclusion of the intra-group profit of £1,551,000. The intra-group profit arose from the construction and sale of PDSA Pet Hospital buildings by subsidiaries of the charity. Certain freehold assets are charged to provide security against specific liabilities. The net book value of these assets at 31 December 2021 is £6,316,000 (2020: £6,657,000)

7. Fixed asset investments

Group and charity	Listed investments	Other investments	Freehold investment properties	Total
At 1 January 2021	48,959	16,427	6,290	71,676
Additions	620	-	-	620
Net gains/(losses) on revaluations and disposals	2,082	3,046	(70)	5,058
At 31 December 2021	51,661	19,473	6,220	77,354

At 31 December 2021 and 2020 the charity had the following holdings constituting more than 5% of the portfolio market value:

	2021	2020
The Partners Fund	19,472	16,427
Schroders Diversified Growth Fund	26,624	24,844
Ninety One Diversified Growth Fund	25,038	24,115
The total of UK listed and other investments	71,134	65,386

Within fixed asset investments, investment properties are valued as at 31 December 2021 at £6,220,000. This represents four properties, all of which were valued by external RICS Registered Valuers. Properties are valued at fair value with reference to condition, location and market data.
The charity is not aware of any material restrictions that might affect the realisation of any of its investment properties.

8. Debtors

£'000

	Group		Charity	
	2021	2020	2021	2020
Due within one year				
Accrued legacies	36,485	26,085	36,485	26,085
Amounts due from subsidiary undertakings	-	-	3,795	4,824
Income tax recoverable	557	331	557	331
Sundry debtors	1,907	2,051	1,668	1,882
Prepayments	1,136	962	1,135	962
	40,085	29,429	43,640	34,084
Due after more than one year				
Other loans	-	246	-	-
Total	40,085	29,675	43,640	34,084

The charity has received notification of legacies amounting to approximately £14,149,000 (2020: £16,216,000). This total has not been recognised as income at 31 December 2021, but represents a contingent asset that will be recognised in future years. The charity has entered into indemnities with executors of Wills which allow repayment of legacy income in particular circumstances. These total £1,090,000 at the end of 2021 (2020: £1,360,000) and represent a contingent liability.

9. Creditors: amounts falling due within one year

	Group		Charity	
	2021	2020	2021	2020
Bank overdraft	428	-	428	-
Trade creditors	1,542	1,818	1,542	1,818
Taxation and social security	1,088	1,093	1,087	1,093
Sundry creditors	915	913	915	865
Deferred income	80	82	-	-
Accruals	2,166	2,095	2,155	2,084
	6,219	6,001	6,127	5,860

10. Provisions for liabilities

	2021	2020
Group and charity		
Obligations for dilapidations in respect of leased properties		
At the beginning of the year	1,809	1,903
Charged against provision in the year	(149)	(122)
Change in the year resulting from the number of properties and estimated cost per property	568	28
At the end of the year	2,228	1,809
Obligations for costs following closure of the Pet Practice Scheme		
At the beginning of the year	38	79
Charged against provision in the year	(31)	(63)
Extended duration of provision / (unused amounts released in the year)	-	22
At the end of the year	7	38
Provision for future marketing and professional costs		
At the beginning of the year	86	489
Charged against provision in the year	(81)	(91)
Released in the year	(5)	(312)
Additions during the year		-
At the end of the year	-	86

11. Analysis of Group net assets between funds

£'000

	2021			2020		
Fund balances at 31 December are represented by:	**Restricted**	**General**	**Total**	**Restricted**	**General**	**Total**
Tangible fixed assets	1,920	19,632	21,552	1,431	20,037	21,468
Investments	-	77,354	77,354	-	71,676	71,676
Current assets	2,943	42,765	45,708	1,919	38,106	40,025
Creditors – amounts falling due within one year	-	(6,219)	(6,219)	-	(6,001)	(6,001)
Creditors – amounts falling due after more than one year	-	-	-	-	-	-
Provisions for liabilities	-	(2,235)	(2,235)	-	(1,933)	(1,933)
Net assets excluding pension liability	4,863	131,297	136,160	3,350	121,885	125,235
Defined benefit pension Scheme liability	-	(41,100)	(41,100)	-	(47,100)	(47,100)
Net assets including pension liability	4,863	90,197	95,060	3,350	74,785	78,135

12. Statement of group funds

	At 1 January 2021	Income	Expenditure	Actuarial / investment gains	Transfers	At 31 December 2021
General fund	121,885	99,441	(87,289)	3,258	(5,998)	131,297
Unrestricted funds excluding pension reserve	121,885	99,441	(87,289)	3,258	(5,998)	131,297
Pension reserve	(47,100)	-	-	-	6,000	(41,100)
Total unrestricted funds	785	99,441	(87,289)	3,258	2	90,197
Restricted funds						
Permanent endowment						
AW Blackwell bequest	933	2	-	-	(2)	933
Total permanent endowment funds	933	2	-	-	(2)	933
Income funds						
Restricted legacies	1,826	5,261	(4,101)	-	-	2,986
Digital x-ray – appeal	56	4	-	-	-	60
Nottingham PDSA Pet Hospital - capital appeal	420	385	-	-	-	805
Homeless project - Manchester	22	-	(19)	-	-	3
Homeless project - UK	29	-	(9)	-	-	20
PetCheck Vehicle - general expenditure	2	-	-	-	-	2
Miscellaneous restricted donations less than £15,000	62	288	(296)	-	-	54
Total restricted income funds	2,417	5,938	(4,425)	-	-	3,930
Total restricted funds	3,350	5,940	(4,425)	-	(2)	4,863
Total funds excluding pension reserve	125,235	105,381	(91,714)	3,258	(6,000)	136,160
Total funds	78,135	105,381	(91,714)	3,258	-	95,060

The general fund represents the free funds of the group that are not designated for particular purposes.

The movement on the pension reserve represents the difference between the payments in the year by the employer towards the liabilities and the actuarial calculations of liabilities under FRS102.

Further information about the nature of some of the other restricted funds above is

- The AW Blackwell endowment provided interest benefit of £2,000 to PDSA in 2021; the income is unrestricted and so is transferred.
- Some legators have specified restrictions for use within a specific geographical location or application. The balance carried forward comprises: PetCheck vehicle in the West Midlands £25,000, Helmsley/Kirbymoorside £333,000, Llanelli £355,000, Aberdeen £23,000, Isle of Wight £14,000, Swansea £896,000, Plymouth £293,000 and other restricted legacies individually below £10,000.

Also included in restricted legacies is a gift of £1,030,000 from the Estate of E Hallam which will contribute towards the building of a new Pet Hospital in Nottingham.

13. Related parties

	£'000	
	2021	2020
Sales from PDSA to PDSA Trading Limited		
Allocation of shared staff and overhead costs	**3,531**	3,820
	3,531	3,820
Sales from PDSA to PDSA PetAid Enterprises Limited		
Allocation of shared staff and overhead costs	**252**	244
	252	244
Sales from PDSA Trading Limited to PDSA		
Acquisition of donors and administration of the Retail Gift Aid sales Scheme	**2,735**	2,828
	2,735	2,828
Amounts owed to PDSA by subsidiary undertakings		
PDSA Trading Limited	**3,715**	4,780
PDSA PetAid Enterprises Limited	**54**	18
PDSA Property Services Limited	**26**	26
	3,795	4,824

14. Capital commitments

	2021	**2020**
Group and charity		
Contractually committed purchases of tangible fixed assets	**1,549**	-
Purchases of tangible fixed assets authorised but not contracted for	**2,670**	5,704
	4,219	5,704

15. Operating lease commitments

	£'000	
	2021	**2020**
Group and charity		
Total commitments not provided for in these financial statements under non-cancellable* operating leases are as follows:		
Amounts payable		
Within one year	**1,860**	2,102
After one year but within five years	**2,690**	3,401
After more than five years	**761**	936
	5,311	6,439

For retail shops occupied at year end, where the lease has gone beyond renewal date but a new lease has not been formally signed, the lease is assumed to be cancellable with three months' notice, rather than at the next renewal date.

16. Subsidiary undertakings

The charity holds 100% of the issued share capital of each of the following companies, all of which are registered in England

	Company number	
PDSA Trading Limited	1595637	Principal activities are the operation of lotteries, sale of financial services and sale of new goods through PDSA's chain of shops and online.
PDSA Property Services Limited	2340793	The company is currently not trading but is intended for reactivation in 2022
PDSA PetAid Enterprises Limited	4374375	Principal activity is the provision of commercial veterinary services

The total taxable profits of the subsidiary undertakings are gifted to the charity. No loans are advanced by the charity to its subsidiaries.

A summary of the results of the subsidiaries

For the year ended 31 December	**PDSA Trading Limited**		**PDSA Property Services Limited**		**PDSA PetAid Enterprises Limited**	
	2021	2020	2021	2020	**2021**	2020
Income	**9,026**	13,741	-	-	**277**	261
Expenditure	**(6,165)**	(9,785)	-	(1)	**(210)**	(250)
Profit/(loss) for the year	**2,861**	3,956	-	(1)	**67**	11
Gifted to The People's Dispensary for Sick Animals	**(2,861)**	(3,956)	-	-	**(67)**	(11)
Retained loss	-	-	-	(1)	-	-

Aggregate of the assets and liabilities

	PDSA Trading Limited		**PDSA Property Services Limited**		**PDSA PetAid Enterprises Limited**	
	2021	2020	**2021**	2020	**2021**	2020
Assets	**3,808**	4,876	**10**	11	**58**	68
Liabilities	**(3,801)**	(4,869)	**(26)**	(27)	**(58)**	(68)
Net assets/(liabilities)	**7**	7	**(16)**	(16)	**-**	-

17. Defined benefit pension Scheme

The Society operates a defined benefit pension Scheme that pays out pensions at retirement based on service and final pay. It has applied Section 28 of FRS102 and the following disclosures relate to this standard. It recognises any gains and losses in each period within the Consolidated Statement of Financial Activities under the heading of 'Actuarial loss on defined benefit pension Scheme'. The funding policy is agreed between the Retirement Benefit Plan (1978) (RBP) trustee and the Society and is formally set out in a Statement of Funding Principles, Schedule of Contributions and Recovery Plan following each full actuarial valuation. The latest such valuation was carried out as at 31 December 2020 and showed a deficit of £55.4 million. A future funding schedule has been agreed with the trustee of the RBP to eliminate the deficit by 31 August 2032. An independent qualified actuary has calculated the RBP liabilities from data provided by the RBP administrators as at 31 December 2020.

Following a period of consultation with the active members over proposals to close the RBP Scheme to future accrual, the proposals were accepted on 30 June 2016 and the Scheme was closed to future accrual with effect from 5 April 2019.

In respect of the deficit arising from the 31 December 2020 Triennial Valuation of the RBP Scheme, the Society has entered into security arrangements with the RBP trustee to support the deficit recovery plan agreed from the 2020 Triennial Valuation.

The amounts recognised in the balance sheet are as follows: £ millions

	2021	2020
Present value of funded obligations	**(191.5)**	(187.3)
Fair value of Scheme assets	**150.4**	140.2
Deficit recognised in scheme	**(41.1)**	(47.1)

The amounts recognised in the Consolidated Statement of Financial Activities as income and expenditure are as follows

	2021	2020
Past service cost	-	0.1
Scheme administration expenses	0.7	0.7
Net interest on the defined benefit liability	0.5	0.7
Total cost	**1.2**	1.5

The amounts recognised in the Consolidated Statement of Financial Activities as actuarial gains are as follows

	2021	2020
Actuarial losses	**(4.8)**	(27.5)
Return on Scheme assets in excess of interest income	**3.0**	14.7
Total loss	**(1.8)**	(12.8)

Sensitivity Analysis
At the reporting date, reasonable possible changes to one of the relevant actuarial assumptions, with the other assumptions held constant, would have affected the defined benefit obligation by the amounts shown below.

	31 December 2021 Increase in DBO (£m)
Discount rate +0.10%	**(4.1)**
Inflation +0.10%	**2.8**
Mortality +1 year life expectancy	**8.6**

The change to the inflation sensitivity allows for changes to pension increases in deferment and in payment. Although the analysis does not take account of the full distribution of cash flows expected, it does provide an approximation of the sensitivity of the assumptions shown.

Changes in defined benefit obligation during the year

	2021	2020
Opening defined benefit obligation at 1 January	**187.3**	159.8
Past service cost	**-**	0.1
Interest cost	**2.4**	3.2
Actuarial losses	**4.8**	27.5
Benefit payments	**(3.0)**	(3.3)
Closing defined benefit obligation	**191.5**	187.3

Changes in fair value of scheme assets during the year £ millions

	2021	2020
Opening assets at 1 January	**140.2**	124.1
Interest income	**1.9**	2.5
Return on scheme assets in excess of interest income	**3.0**	14.7
Expenses paid	**(0.7)**	(0.7)
Employer contributions	**9.0**	2.9
Benefit payments	**(3.0)**	(3.3)
Closing assets	**150.4**	140.2

Projected income and expenditure

	2021	2020
Interest cost	**3.5**	2.4
Interest income	**(2.7)**	(1.8)
Administration expenses	**0.7**	0.7
Total	**1.5**	1.3

Fair value of scheme assets in each category

	2021	2020
Equities and property	**58.6**	57.0
Gilts	**50.9**	49.9
Insurance policy	**25.2**	27.0
Other credit	**9.4**	5.9
Cash	**6.3**	0.4

For the purposes of FRS102 Section 28 the asset values stated are at the balance sheet date. Market values of the Plan's assets, which are not intended to be realised in the short-term, may be subject to significant changes before they are realised.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2021		2020	
	Pensioner	Non Pensioner	Pensioner	Non Pensioner
Discount rate	**1.85%**	**1.80%**	1.25%	1.30%
Price inflation RPI	**3.55%**	**3.25%**	3.05%	2.90%
Price inflation CPI	**3.05%**	**2.75%**	2.45%	2.30%
Future pension increases RPI 5%	**3.45%**	**3.15%**	3.00%	2.85%
Future pension increases RPI 2.5%	**2.30%**	**2.25%**	2.15%	2.10%

Life Expectancy	Years	Years
Male (current age 45)	22.7	23.0
Male (current age 65)	21.4	21.6
Female (current age 45)	25.0	25.1
Female (current age 65)	23.5	23.5

pdsa

THE VET CHARITY FOR PETS IN NEED

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Telford, Shropshire TF2 9PQ

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www.pdsa.org.uk

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Patron: HRH Princess Alexandra, the Hon. Lady Ogilvy, KG, GCVO.
Registered charity nos. 208217 and SC037585

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THE PEOPLE'S DISPENSARY FOR SICK ANIMALS

England & Wales - Charity number 208217

Accounts



pdsa
SAVING PETS CHANGING LIVES

Annual Trustees' Report and Accounts 2020

Year ended
31 December 2020

Our 2020 Covid-19 response

WE KEPT ALL
48
PET HOSPITALS
OPEN FOR EMERGENCY TREATMENT

WE RAN AN AVERAGE OF
2,300
REMOTE CONSULTATIONS EVERY DAY

WE PROTECTED
THE HEALTH AND WELLBEING OF OUR PEOPLE

WE PROVIDED
2.8
MILLION
TREATMENTS

WE SAVED
THE LIVES OF
120,000
MUCH-LOVED PETS

WE SUPPORTED
6.6
MILLION
PEOPLE

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@_pdsa @pdsa_ne

CHAIR'S LETTER



John Smith
Chair

Sitting down to write this, I recalled the reaction of our founder, Maria Dickin, to the anguished sob of her sick pet dog. She was struck by how similar her dog's cry was to the cry of a human in pain. It was this vivid connection that inspired Maria and her legacy inspires PDSA to this day.

2020 felt like a cry of pain from so many all around the world. Covid-19 impacted every single one of us and PDSA has seen that impact in very real terms. Increasing numbers of people turned to us due to financial hardship in the wake of the pandemic, desperate not to let their beloved pets suffer.

Just as pets have been a lifeline for many people during Covid-19, so PDSA has been a lifeline for pets and their owners in need.

Our 48 Pet Hospitals remained open throughout the pandemic. Delivering our care in a Covid-19 safe way has been challenging. Tough decisions had to be made and we prioritised emergency treatment, ensuring that immediate animal welfare needs were not compromised.

In order to focus on pets in need of urgent treatment and care, we suspended the majority of our preventive and educational work. Nevertheless, our strategy remains unchanged and we are committed to improving pet wellbeing through our holistic approach of:

- Preventing illness through vaccination and other protective measures
- Educating owners to be able to better care for their pets
- Providing free and subsidised veterinary treatment to pets in our most deprived communities
- Supporting pet owners in financial hardship to protect the companionship a pet offers those most in need.

I know how hard it is to deliver veterinary care whilst maintaining social distancing measures and keeping staff and visitors safe. My sincere and heartfelt thanks goes to all our frontline clinical and support staff, and to all the loving pet owners who brought their pets to us despite their own anxiety and concern.

Although Covid-19 forced us to adopt new ways of working, it did not stop our Animal Awards Programme which recognises the contribution of animals to the human world. Our awards attract global media attention and public interest.

In 2020, we were proud to award the first prestigious PDSA Dickin Medal for two years, to military service dog Kuno. The PDSA Dickin Medal is our highest honour and we had no hesitation in recognising the extraordinary bravery and service of Kuno. Even under enemy gunfire, Kuno never faltered in his mission. Despite sustaining severe injuries and eventual loss of his hind leg, Kuno stayed positive. Now enjoying a peaceful retirement, Kuno is an incredible example of how animals give so much.

We were also delighted to honour Cambodian landmine detection rat, Magawa. The first rat to receive a PDSA award, Magawa has discovered 39 landmines and helped clear more than 141,000m2 of land to make it safe for local people. Magawa is known as a HeroRAT and for each landmine he finds, he saves a life. We can't think of a more deserving candidate for our PDSA Gold Medal.

It's right that I take this opportunity to recognise the particular contribution of many colleagues during Covid-19:

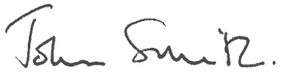
- All our vets, nurses and support staff who have risked infection daily in order to continue caring for pets in need.
- The front-line heroes across our Pet Hospitals, as seen in Channel 4's Britain's Unsung Heroes.
- Every single member of our support team who adapted, innovated and collaborated as home-working became our normal.
- Our 1,000+ colleagues placed on furlough, including our retail teams who coped with a frustrating cycle of opening and closing our shops. We understand how difficult this uncertainty has been for you all.
- Our amazing volunteers who have remained loyal to PDSA throughout. We look forward to welcoming you back as soon as it is safe to do so.

What everyone at PDSA has achieved in the face of such adversity is astonishing and you are all a credit to our organisation. Thank you.

Supporters remain the lifeblood of PDSA and this year has been no exception. With so many of our fundraising activities curtailed by Covid-19, and the closure of our charity shops during lockdown, the impact on our income has been hard.

Our total donations and income of £92.2 million have dropped 18% from a period of steady growth to 2019. At the beginning of Covid-19, we took steps to protect our financial health and minimise the impact of our sudden loss of income. We ended the year with an overall deficit of £9.1 million. Despite our swift action and support from the UK Government, a return to normality remains some distance away and the future is far from certain.

It's clear that we have further challenges ahead but our mission is strong. Going forwards, we pledge to continue treating the pets who need us and supporting the families whose lives they enrich. Together, with the help of our amazing supporters, we will continue to develop our role as the UK's first and foremost vet charity for pet owners who can't afford the care their pet needs.



John Smith
Chair

DIRECTOR GENERAL'S LETTER

A message from PDSA's Director General, Jan McLoughlin



Jan McLoughlin
Director General

At the beginning of 2020, we were all filled with excitement at our plans to reach more pets and people in need. Three years of steady growth in income had given us the confidence for investment in owner education and preventive care programmes. We had plans for new ways to engage the public in PDSA's work and for us to become better known, loved and understood.

However, Covid-19 changed all those plans. Thankfully, we were able to react quickly and entered the first lockdown with a detailed continuity plan across the organisation. As the year progressed, the duration and severity of the crisis threw new obstacles in our path but we never ceased to be there for struggling pet owners who needed us more than ever.

How we delivered our care was our biggest challenge. We had to review our entire veterinary service and ways of working across the organisation, guided throughout by the four areas of focus we established in March 2020:

- To reduce the risk to our people.
- To protect our front-line service.
- To closely control our cash flow.
- To communicate clearly and effectively.

By far the most significant impact of Covid-19 was the need to prioritise emergency and essential treatment of sick and injured pets through our Pet Hospitals, which remained open throughout 2020.

It has been challenging for our colleagues to continue to deliver outstanding veterinary care in a Covid-19 safe way. It has also been challenging for owners who have not been able to be with their pets in our consultation rooms. I know how difficult and worrying this must have been and I am so grateful to everyone for their patience and resilience throughout the crisis.

We have seen first-hand the economic impact of Covid-19. Not long into the first lockdown, requests for our help increased by 81%. Without the ability to meet this increased demand face-to-face, we accelerated our digital services. We invested in technology to enable online consultations and prescribing of vital medicines, together with online triage so our clinical staff could prioritise cases. Since March 2020, we averaged 2,300 remote consultations a day and developed our online Pet Health Hub to signpost worried owners to important information.

It is inevitable that the true financial impact from 2020 will only become apparent over the coming months. Loss of income, long term unemployment, poverty and financial hardship across many sectors of society will bring an even greater need for our charitable care and support. We are committed to expanding our digital veterinary services in order to meet this increased need.

Whilst we have taken action to protect the financial health of PDSA as much as possible, we need the support of our donors and supporters now more than ever. Even in these times of hardship, we are immensely proud that our individual donation income in 2020 matched that of 2019. I am so grateful to our clients who support PDSA by contributing what they can to the cost of the care their pets need so we can be there for them and other loving pet owners. Thank you.

However, there is no avoiding the fact that Covid-19 has had a significant impact on our income and, for us to meet the increasing demands on our services, we need to attract new supporters who believe in the work that we do.

Achieving this is a focus for our incredible employees and volunteers, each of whom has had their own journey throughout Covid-19. It is testament to this wonderful team that so much has been achieved. My heartfelt thanks go to all my colleagues and my warmest wishes to those loyal PDSA colleagues who have sadly experienced redundancy.

Our vision for the future is as ambitious as ever. We want to be there for many more pets and owners when they need us. We want more people to know about us and choose to support us. Believing in a lifetime of wellbeing for every pet continues to guide and drive us, and we will achieve this through our four strategic objectives:

1. To improve pet wellbeing through an holistic approach to prevent illness, provide education and support for pet owners to give better care, and to deliver life-saving free and subsidised care for those pets whose owners can't afford the care they need.
2. To make more people aware and engaged in the work we do, and the difference we make, enabling PDSA to become better known, loved and understood.
3. To increase support and grow our income so we are able to reach more pets and people in desperate need.
4. To grow our organisational capability, investing in the skills, systems and technologies we need.

We are committed to investing in our Pet Hospitals, and I am therefore delighted to share news of our plans to build a new Pet Hospital in Nottinghamshire, beginning in 2021.

In a year like no other, I have been humbled by our loyal and dedicated colleagues, by the public for their generous support and by loving pet owners who rely on PDSA when they have nowhere else to turn.

Whilst the coming months will continue to challenge us financially and operationally, we will get through this. We hold a unique position in society as the charity that strives to relieve poverty whilst advancing animal welfare.

We are living in the most extraordinary times and whilst there are many unanswered questions, the one thing I am sure of is that we will be facing the effects of this pandemic for a protracted period of time. And when we come out of it, we will find ourselves in a period of economic turmoil, where many people will need our help.

However, PDSA is a strong organisation and it's at times like this that I draw on the strength of the past (what would Maria Dickin have done) and the hope for the future, given the phenomenal people we have in all areas of PDSA.

In 2021 and beyond, we will not cease in our efforts to help those in society most in need and hope that because of this, the kindness, support and generosity we so desperately need will be given like never before.

With my thanks to you all.



Jan McLoughlin
Director General

TRUSTEES' REPORT

Annual Review

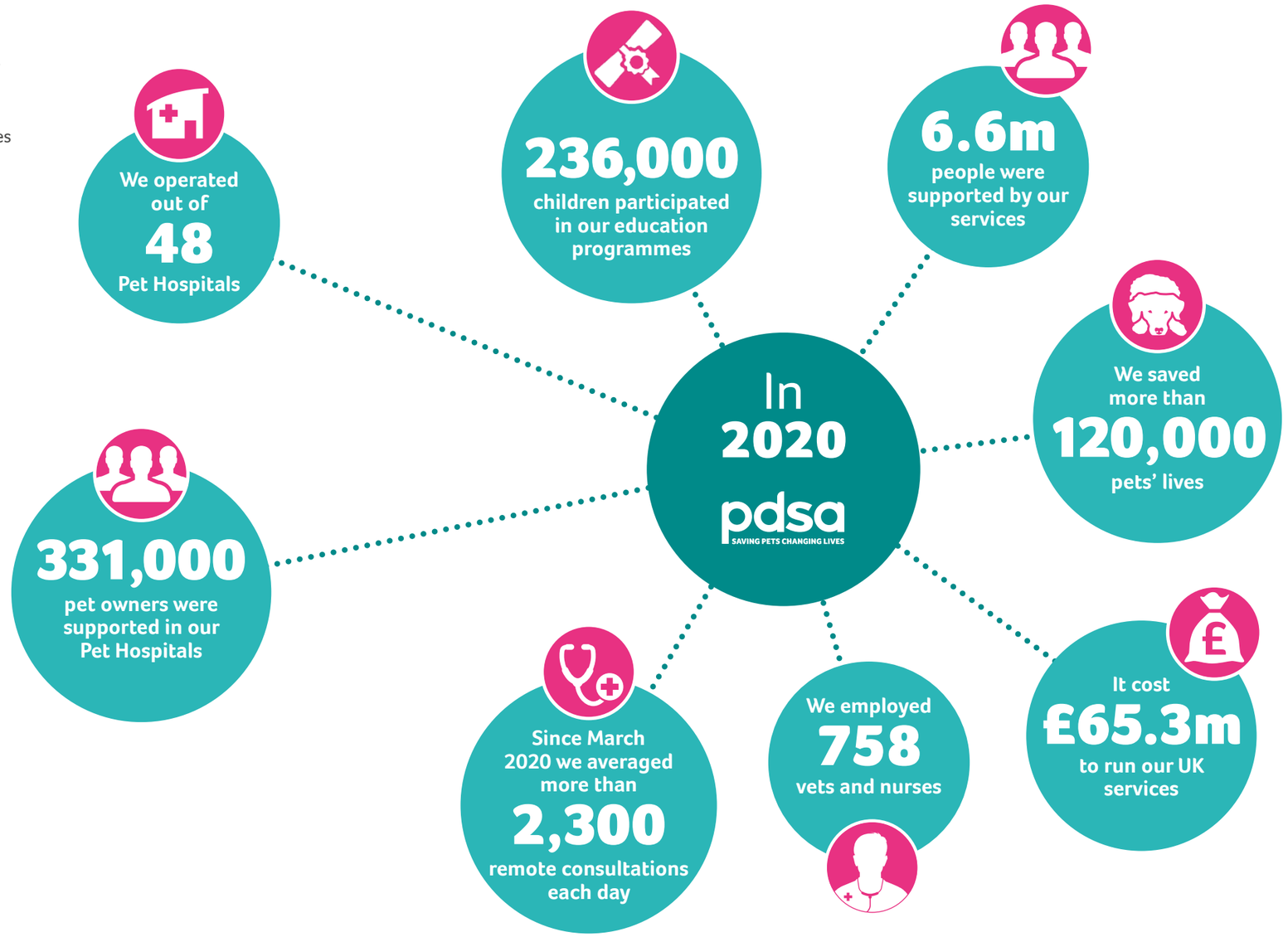
Within sections one to five of this report, we will outline the organisation's objectives, achievements and performance. The Trustees consider that due regard has been paid to the Public Benefit Guidance published by the Charity Commission in relation to section 4 of the Charities Act 2011.

The last year has been like no other. We entered 2020 with plans for greater education and preventive care programmes but instead, quickly faced the difficult decision to furlough many of our colleagues. As Covid-19 placed the country into lockdown, we deployed an action plan with four key areas of focus:

- **To reduce the risk to our people** Volunteering was paused from March and we look forward to their return when it is safe to do so. We prioritised the mental health and wellbeing support for our employees and volunteers, all of whom are a credit to the organisation.
- **To protect our front-line service.** We remained open for essential and emergency care only, accelerating our digital service to reach as many pets as possible via remote consultation. We were able to transition our operational support across to working from home quickly.
- **To closely control our cash flow.** We took proactive steps to reduce our costs and protect our cash. Working with the support of our bank and the Government, together with landlords on our rents, we were able to protect our cashflow enough to weather the financial uncertainty and disruption caused by the pandemic.
- **To communicate clearly and effectively.** By introducing regular updates, improving our online platform and communicating clearly with our supporters, colleagues and volunteers, we ensured that everyone was kept informed during uncertain times.

The economic consequences of Covid-19 will be significant and long-lasting, and our focus for 2021 and beyond is on those in financial hardship and poverty. PDSA is the only national safety net and emergency service for pet owners who struggle to afford the care their pet needs.

Covid-19 has impacted our income significantly. The cashflow actions we took, along with prudent use of our reserves, gave us capacity to cope with reduced income but now we have a backlog of preventive care to address, an increased demand for our services and a need to build greater awareness of the vital work PDSA does. As we move into 2021, our focus on treatment, support and care is greater than ever.



1. BEHAVIOUR

What we do

Animal Welfare Need #1: Behaviour The freedom for pets to behave naturally

Saving pets. Changing lives. It's what we do. It's why we exist.

The way that PDSA delivered care changed dramatically in 2020. Our 'behaviour' to deliver that care with compassion didn't. For every emergency procedure in our Pet Hospitals, and for every remote consultation, our dedicated employees worked to save pets from pain, injury and suffering while supporting pet owners in need. What's more, our teams delivered this care in the most challenging circumstances to ensure the safety of our colleagues and our clients.

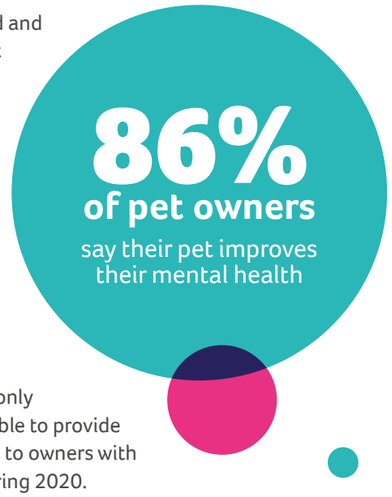
Our aim is to achieve the best pet wellbeing outcomes by helping more pets and owners in need. We are here for pet owners who have nowhere else to turn for help with their sick and injured pets. Across our hospitals and digital services, we supported 6.6 million people in 2020. This comprised those in hardship seeking charitable veterinary care, together with pet owners seeking information and help during periods of lockdown.

Our mission is to work with pet owners to improve the life of their pets. We describe this as:

Prevent
Educate
Treat
Support

- **Preventing** illness, suffering and the unnecessary deaths of pets
- **Educating** people about the five animal welfare needs and raising the status of animals in society
- **Treating** sick and injured pets in deprived communities across the UK
- **Supporting** the bond and companionship a pet provides its owners and recognising the importance of this to those most in need.

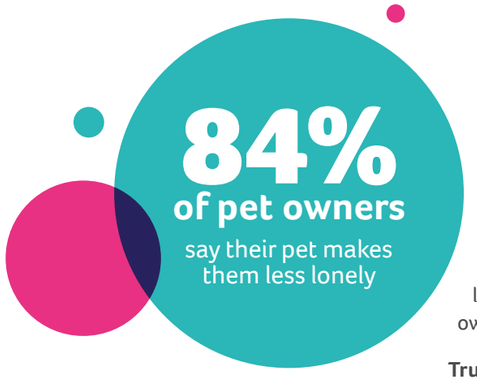
These four pillars continue to underpin how we deliver our mission.



Whilst our Pet Hospitals switched to emergency only provision, we were still able to provide essential veterinary care to owners with nowhere else to turn during 2020.

We understand that pets are part of the family. In lockdown perhaps more than ever, the unconditional love and companionship of our four-legged friends was vital. For many, pets were their only companion. They don't deserve to suffer due to financial hardship, so we are proud to continue providing the treatment and care they deserve.

For over a century, through two World Wars, the Great Depression and now Covid-19, PDSA has remained true to its purpose and mission.



PDSA's Strategic Objectives

1. Provide the best possible pet wellbeing outcomes for people in need in the most cost-effective way, so we can reach and help more pets and their owners.
2. Make PDSA better known, loved and understood to build understanding of what we do and the role we play in the lives of the poorest people in our society.
3. Increase support to raise the funds we need to grow our income. We rely on donations from pet lovers across the UK to fund the care we provide to those most in need.
4. Ensure we have the organisational capability we need to achieve our objectives and increase our public benefit, investing in our people, processes, equipment and technology.

We believe that:

Healthy pets make our world a better place

Pets enrich our lives and our wellbeing. They give companionship and love, without question. And their service to humankind strengthens our families and communities. This special bond between pets and owners is worth protecting.

Pet care should not be a privilege

All pets deserve a happy and healthy life. We will care for them when their owner has nowhere else to turn.

True care is unquestioning

The best way to help people is not to judge them, but to understand their unique circumstances and support them in taking better care of their pets.

These beliefs have served us well for more than one hundred years and remain relevant today as we see the financial, emotional and mental health impact of the Covid-19 pandemic. As thoughts turn towards regaining normal life, our services are needed more than ever as poverty and financial uncertainty hit the most vulnerable communities hardest.

For many pet owners, their four-legged friends were a key source of joy and comfort during the national lockdowns. They got us outdoors, providing a valuable chance to exercise and enjoy the fresh air. They gave us unquestioning love and companionship on the hardest and loneliest of days. They perhaps made us all realise how vital our pets are to making our world a better place.



1. BEHAVIOUR

What we do

Our strategies bring to life how we will achieve our charitable objects, as described in the two Acts of Parliament (1949 and 1956) and the Parliamentary Scheme (2015) that govern PDSA. These define our objects as:

(a) The provision of free medical or surgical treatment, or such treatment at reduced charges, to animals belonging to persons who are unable to afford the services of a veterinary surgeon.

(b) The prevention of suffering of animals by the provision of preventive treatment, care and advice (whether free, at a reduced charge, or at full charge).

(c) The education of the public in matters concerning animal health and welfare in general.

(d) The advancement of animal welfare for the public benefit by any other means.

How we prevent illness and suffering

Many pet owners aren't aware of the Five Animal Welfare Needs which are enshrined in the Animal Welfare Acts. This means they are less likely to provide vital life-saving preventive care for their pets.

We are helping to drive positive change by educating owners about their pets' behaviour, environment, companionship, diet and health. That means they can identify the need for:

- exhibiting normal behaviour patterns
- housing with or apart from other animals
- a suitable environment
- a suitable diet
- protection from pain, suffering and disease.

Perhaps our biggest challenge during 2020 was that we were forced to halt our preventive care programme. Our Pet Hospitals remained open, but only for essential care and emergency treatments. However, our remote online consultations enabled our vets to advise worried owners on how to ensure their pets remained healthy and happy.

Despite the challenges of lockdown from March 2020 which inevitably caused our preventive care volumes to drop, we were still able to achieve:

- 9,800 neuters
- 17,300 vaccinations
- 6,245 microchips
- 115,600 flea and 77,153 worming products

In 2020, we missed out on neutering around 24,000 pets, vaccinating around 60,000 pets and microchipping around 17,000 pets compared to 2019 due to the impact of Covid-19. Looking ahead to 2021, we still encourage owners to register with a vet to ensure early detection of any potential problems and subsequent treatment. We are also looking forward to resuming our preventive services when safe to do so.

69%
of pet parents
said having a pet during lockdown had benefitted their children*

*UK pet owners only. PDSA Animal Wellbeing (PAW) Report 2020

CASE STUDY

How PDSA was a Covid-19 lifeline for seriously ill Skye and her owner, Sophie

When 11-year-old rescue dog and beloved family pet, Skye, ruptured her gallbladder during lockdown, owner Sophie feared the worst. Having lost her Teaching Assistant job in March due to the pandemic, Sophie said: "I had no money left, I had borrowed all I could earlier in the year when Skye needed urgent treatment for pancreatitis. I was facing having to put her to sleep, which was heart-breaking, but then PDSA came to our rescue and offered us a lifeline."

Rhian, Vet Surgeon Team Leader at Sophie's local Pet Hospital in Hendon, said: "It was clear in this case that poor Skye was desperately in need of our help. A ruptured gallbladder can very quickly become fatal and Skye's condition was severe – it was a miracle she was still alive. She was weak and the operation was complex and risky but without it, we knew she would die."

Sophie got Skye from a rescue shelter after her own mother had died suddenly. The two formed an instant bond that helped Sophie and her children cope with their grief. They were distraught at the thought of losing her too.

Vets had to drain more than three litres of fluid from Skye's swollen abdomen before they were able to go ahead with the complicated surgery to remove her gallbladder.

Sophie's experience means she is now an even more ardent supporter of the charity that saved Skye's life and that, for many pet owners, PDSA is their only emergency service.

Sophie said:

"I knew there was a good chance she wouldn't be coming home - it was an awful day waiting for news, but when we received the call to say it was a success we were over the moon. Skye is now fully recovered and I'm forever grateful to the amazing staff at PDSA for saving her life. Their dedication, professionalism and empathy meant we survived this crisis within a crisis, when all other doors were closed to us."

1. BEHAVIOUR

Putting our policy into action

The PDSA Animal Wellbeing (PAW) Report celebrates its 10th anniversary

2020 marked a milestone tenth year of our PDSA Animal Wellbeing (PAW) Report, the UK's largest assessment of pet wellbeing. Over the last decade, we have been providing UK companion animal welfare surveillance to identify trends and priorities, and to promote and monitor change.

Our annual PAW Reports have allowed us to track trends and provide insight into animal welfare issues, estimate pet population numbers and understand how people care for their pets. Produced in collaboration with YouGov, the findings are used to stimulate collaborative working, inform Government research, policy and legislation and to inspire innovative approaches in veterinary clinical practice.

Since 2011 we have surveyed more than 83,000 pet owners, vets, vet nurses and children to help understand how owners are providing for the Five Welfare Needs of dogs, cats and rabbits.

This project was funded by the players of the People's Postcode Lottery in 2020.

Our initial dataset was collected from both a representative sample of UK pet owners and the veterinary profession in February. However, it quickly became clear that the Covid-19 pandemic and UK-wide lockdown were likely to have an impact on the wellbeing of our nation's pets. Therefore, a second survey of pet owners was conducted in August 2020 to enable this comparison, predominantly focused on subject areas thought to be most affected by restrictions: pet population, pet acquisition, diet, preventive healthcare and behaviour.

The PAW Report methodology provided a robust, reputable and validated surveillance model through which to monitor the impact of Covid-19 restrictions on the welfare of UK pets and compare them against trends across the past decade. Thanks to the players of the People's Postcode Lottery, the funding was already in place to facilitate this project.



COVID-19 Significant differences between pre and post-lockdown surveys:

- ↑ **16%** to **22%** of owners who have had their rabbit for less than a year
- ↓ **58%** to **49%** of rabbits receiving regular booster vaccinations
- ↓ **72%** to **66%** of rabbits currently registered with a vet

Rabbit owners say

- **14%** of owners have fed more treats since the start of lockdown
- **3%** of owners say their rabbit has gained weight in lockdown

- ↑ **36%** to **41%** of cats insured
- **No change** in number of cats neutered

Cat owners say

- **6%** of cats gained weight during lockdown
- **17%** of owners fed more treats during lockdown
- **23%** of cats have started to show new behaviours
- **15%** of cats spent more time outdoors during lockdown

- ↓ **20%** to **11%** of dogs left for five hours or more
- ↓ **81%** to **78%** of dogs primary vaccinations when young
- ↓ **82%** to **77%** of dogs booster vaccinations

Dog owners say

- **8%** of dogs have put on weight since the start of lockdown
- **20%** of dogs have started to show new behaviours*
- **5%** of dogs have started to show signs of distress when left alone

KEY FINDINGS:

the wellbeing of dogs

- **89%** of owners say owning their pet dog makes them mentally healthier
- **13%** of dogs aren't walked every day
- **12%** of owners haven't trained their dog in any way
- **44%** of owners weigh their dog to check they are the correct weight
- **23%** of dogs are not receiving regular vaccination boosters
- **92%** of dogs are microchipped

COVID-19 findings from dog owners

- **5%** of dogs have started to show signs of distress when left alone
- **8%** of dogs have put on weight since the start of lockdown
- **20%** of dogs have started to show new behaviours*

*post-lockdown survey, dogs owned prior to lockdown

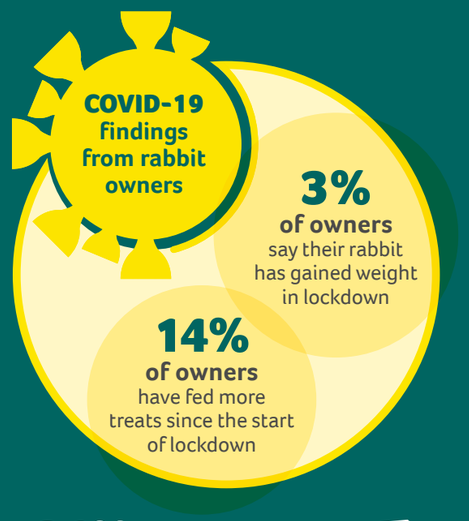
the wellbeing of cats

COVID-19 findings from cat owners

- **6%** of cats gained weight since the start of lockdown
- **15%** of cats spent more time outdoors during lockdown
- **23%** of cats have started to show new behaviours

- **26%** of cats live indoors only
- **64%** of owners of two or more cats provided no or just one litter tray
- **73%** of owners say that their cat is an ideal weight
- **77%** of owners would like to change at least one behaviour
- **42%** of cats live with one or more cats
- **20%** of cats live with one or more cats who they don't get on with
- **74%** of cats are microchipped

KEY FINDINGS:
the wellbeing of rabbits



26% of rabbits are kept in inadequate housing conditions

18% of rabbits are fed muesli-type food

42% of rabbits live alone

14% of rabbits receive no preventive healthcare at all (post-lockdown research)

56% of owners want to change at least one of their rabbit's behaviours

Our plans for an event to launch the 10th PAW Report were significantly affected by the pandemic, with a face-to-face launch event and follow up activity at various veterinary congresses impossible.

However, the shift to online engagement provided us with an opportunity to trial new ways to engage with key stakeholders. We presented our PAW Report 2020 findings through an online launch event with a panel of expert speakers to discuss the key issues raised by the two 2020 research surveys, also funded by the players of the People's Postcode Lottery.

The live event was attended by over 200 delegates with nearly 200 additional stakeholders watching the recording again, and the Report being downloaded over 800 times from the website, thereby reaching far more people than we would have been able to at a physical event.

> "Walking the dogs twice a day has helped reduce my family's stress levels."
>
> **Nico, London**

1. BEHAVIOUR
Putting our policy into action

External activity and public affairs

Our 2020 PAW Report provides an evidence-base to use for working with partners and stakeholders across the veterinary professions, animal welfare sector and Government. Its findings address the key issues affecting pets, in particular around the impact that the Covid-19 restrictions had in 2020, and their continuing effect into 2021.

Examples of this include:

- Our work with the Pet Advertising Advisory Group (PAAG), the Dog Breeding Reform Group (DBRG), and the Brachycephalic Working Group (BWG). This focused on tackling the surge in people breeding and selling 'pandemic puppies', especially the 'popular' flat-faced breeds such as Pugs and French Bulldogs who are most likely to fetch a high price, but suffer health issues due to their exaggerated looks.
- Our ongoing work with The Links Group, which raises awareness of the link between abuse of animals and abuse of people. This included chairing an online expert panel in July to discuss the impact of the Covid-19 lockdown on increasing levels of reports of domestic abuse, and how vet teams can recognise and act on concerns about non-accidental injuries in pets. This webinar has now been accessed by over 1,000 attendees, demonstrating the concern about this issue across the profession.

We also had to work reactively, as press stories raising concerns about the potential role of pets in the spread of Covid-19, based on early speculative research released without proper academic scrutiny, caused much alarm in the media and online.

Members of the Canine and Feline Sector Group (CFSG), Companion Animal Welfare Group for Wales (CAWGW) and PDSA were able to work with Defra to counter this misinformation and produce advice for owners and pet care businesses during the pandemic.

In addition to this, we've used our policy framework and PAW Report data to respond to Government consultations and requests for evidence, which have included:

- Defra Call for Evidence regarding microchipping in cats
- The Scottish Government's consultation on the Control of Dogs (Scotland) Act
- The Animal Welfare Committee's (AWC) First and Second Reports on the Impact of Covid-19 on animal welfare
- Providing feedback to the Scottish Government on proposed legislation on the breeding of pet dogs, cats and rabbits
- The Welsh Government's consultation on Third Party Sales of Puppies and Kittens, which included a Youth Report.
- The UK Government's Petfished campaign to support the ban on third party sale of puppies and kittens
- The Scottish Government's Buy a Puppy Safely campaign.

Other key joint sector campaigns such as Rabbit Awareness Week and the work of the Cat Population Control Group, which rely heavily on frontline support of the veterinary profession, switched to be run via digital channels in 2020.

We had two research papers accepted for peer-reviewed publication in the leading veterinary journal, Vet Record. The first reported the work of our Pet Wellbeing Task Force and how it has demonstrably helped advance animal welfare and ethics in our Pet Hospitals since 2013. The second conveyed how the PAW Report has helped drive evidence-based improvements for the UK's companion animals. Further publishing activity included chapters in two forthcoming books on the health and welfare of brachycephalic (flat-faced) companion animals and on sustainable companion animal ownership.

As the UK's leading veterinary charity, we can make a positive difference to animal welfare generally through working with others.

1. BEHAVIOUR

Putting our policy into action

Pet Health Hub had over 3 million users by the end of 2020

PDSA Pet Health Hub

Written by PDSA vets and vet nurses, our online PDSA Pet Health Hub contains free, reliable, easy-to-read information supported by photographs, illustrations and videos covering the most common clinical conditions and symptoms in dogs, cats and rabbits.

New information specific to Covid-19 was rapidly created and regularly updated, while existing pages were reviewed and amended to ensure we were providing advice suitable to 'the new normal', including when owners should visit their vet and what constituted an 'emergency'

The number of users has continued to grow month on month and passed 3 million in total at the end of Quarter 4 since launch in September 2018. Our 'Coronavirus and Covid-19 in pets' page has been the fourth most popular page in 2020 with 94,000 visitors in total, and our impact measures across the Hub remain high with 94% of the 13,000 visitors who completed our user survey giving us a 'thumbs up'.
You can access our Pet Health Hub at pdsa.org.uk/phh

Education

Prior to the pandemic, our face-to-face schools programme reached in excess of 26,000 children across 131 schools.
In February 2020, we reached a further 1,229 children through our new Pet First Aid for Kids programme, delivered sessions at KidZania and attended the hugely successful 'Celebrate' Girl Guiding event at the NEC, where we delivered almost 3,000 activities.

PetWise School Award

The PetWise School Award programme comprises an initial launch day and three main levels: Bronze, Silver and Gold. To pass each level, participants need to earn 1,000 points through presentations, activities and worksheets.

Each stage of the award is packed with curriculum-linked resources; from card games and quizzes to newspaper reports and diary entries covering topics such as The History of PDSA, A Day in a PDSA Pet Hospital, The 5 Welfare Needs, Careers, Stereotypes and Canine Communication.

In March 2020, we were able to respond to the announcement of school closures quickly and adapt our award to make it available for parents who found that they had become educators overnight.

During the first lockdown, our normal school audience could be categorised into three areas:

- Teachers working remotely, educating children from their own homes via an online system
- Teachers continuing to work in schools with the children of key workers and children from disadvantaged backgrounds or with special educational needs
- Parents who were looking for educational resources that they could deliver themselves at home.

The number of sign-ups achieved in 2020 was almost three times that of the previous year (2020: 1,315, 2019: 441) and our content was used by more than 1,000 homeschooling families all over the country.



Educational impact

Prior to the onset of the pandemic, we measured children's learning using our newly developed C.A.K.E. acronym (confidence, attitude, knowledge and empathy). Measurements from our Canine Communication session showed that every child had gained knowledge during our interventions, with 82% scoring 100% in the post test, a rise of 47%.

CASE STUDY

Ralph's lucky escape after eating a face mask

When owner Julie noticed that her one-year-old Cocker Spaniel Ralph had been sick overnight, she kept an eye on him. After he refused his favourite treat and was unable to keep water down, Julie knew something was wrong so she contacted PDSA and arranged to take him straight to her local Pet Hospital.

Vet Lizzie could feel something in Ralph's tummy and when she x-rayed him, it confirmed there was a blockage in his intestines. This can quickly become fatal so Lizzie and the team took Ralph in for emergency surgery. Lizzie said: "Thankfully Ralph's operation went very well. However, we were all shocked when we removed a face mask from inside him!"

Julie couldn't believe what had happened and thinks Ralph must have stolen the face mask from her handbag. He'd always liked chewing socks but no-one thought he'd go this far!

Thankfully, Ralph is now fully recovered from his ordeal and back home with Julie who says: "PDSA was amazing, they were so quick to respond and so caring – they have literally saved his life."

> "PDSA was amazing, they were so quick to respond and so caring – they have literally saved his life."



2. ENVIRONMENT

About our Pet Hospitals and who we help

Animal Welfare Need #2: Environment

Pets need a suitable environment to live in. This should include the right type of housing with a comfortable place to rest and hide as well as appropriate space to exercise and explore.

Our 'environment' is spread across the UK through our network of 48 PDSA Pet Hospitals. We go where we're needed most and that means being in communities where deprivation levels are at their highest and the need for our charitable services is greatest.

It was a particularly difficult decision to only provide essential and emergency care at our Pet Hospitals due to the safe working practices and social distancing restrictions required but we are proud that we managed to keep Pet Hospitals open for pet owners in desperate need of veterinary care.

Pet Hospitals

Maintaining and replacing existing, and building new, Pet Hospitals is a core part of our wider estate strategy. Currently, we have 48 Pet Hospitals located in some of the most deprived communities across the UK. The new and replacement Pet Hospitals we build are designed to make use of the latest technologies in heat exchange, solar power and insulation, thereby reducing the energy we use.

A PDSA Pet Hospital currently costs in the region of £2.5 million to build and £300,000 to equip, in addition to the cost of purchasing land. Once up and running, a Pet Hospital typically costs £1.2 million a year to run.

Running costs are generously gifted through a community of committed supporters. This includes individual regular giving, voluntary donations from hospital users and from gifts in Wills. Much of the income comes from people who have had times in their lives when they have needed and used PDSA. When they are able to, they 'give back'. What these core supporters lack is the money to build new Pet Hospitals so we are looking for people who might share our values, work alongside us in our community and help to build and equip new Pet Hospitals.





Our next significant Pet Hospital project will be to build and equip a new Nottingham PDSA Pet Wellbeing Centre, The Marian and Christina Ionescu Hospital, in association with the School of Veterinary Medicine and Science, University of Nottingham. Not only will it deliver life-saving emergency and preventive care to sick and injured pets but it will also be unique in providing training facilities for the vets of the future.

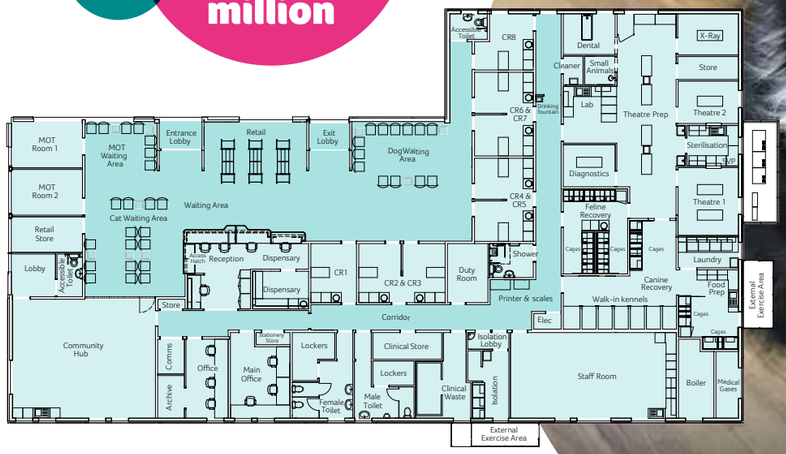
This is a true embodiment of our mission for a lifetime of wellbeing for every pet. It will help us to reach out to many people in the city who may not be able to afford veterinary care for their pet. It will have a big, bright waiting area, with separate areas for cats and dogs to help make visiting the vet stress free. It also houses improved kennel facilities to allow pets a speedier recovery from surgery. Nine consulting rooms allow our team to give more support, preventive care and education to pets and owners and more car parking allows easier access for clients bringing their sick and injured pets. Other features include two theatres, a diagnostic room and digital x-ray facilities and the entire Pet Hospital provides a tailor-made environment to allow vet students to experience first-hand delivery of prevention, education and treatment services.

We have recently secured the land and plan to begin building in Spring 2021. The project will cost £3.7 million and we have allocated £1.2 million from PDSA funds to kick start this project. We are also grateful for the generous financial support of Mr & Mrs Ionescu whom the centre will be named after. We are actively fundraising for this project.

Total cost of land purchase, build and to equip is **£3.6 million**

Public fundraising target is **£1.3 million**

To date we have raised **£2.3 million**



2. ENVIRONMENT

2020 Pet Care

PDSA Pet Care is a membership scheme that helps eligible pet owners who fall outside of our Pet Hospital catchment areas to access reduced cost veterinary care for their pet. This scheme is available through a network of participating vet practices.

During 2020 our goal was to expand the number of private practices participating in our Pet Care Scheme. We now support around 2,500 clients through the Pet Care scheme in partnership with 192 participating veterinary practices.

Chronic Voucher Scheme

In addition to the PDSA Pet Care Scheme, we offer support to previous Pet Practice clients with pets that have long-term health conditions. Each client is provided with an annual book of vouchers, worth £25 per month, for use in their practice towards the ongoing care of the chronic condition of their pet.

In 2019 we supported a total number of 663 clients who redeemed 4,563 vouchers. By the end of 2020 we had supported a total number of 508 clients who redeemed 3,397 vouchers. This 23% decrease in clients accessing the scheme is sadly due to their pets passing away.



Retail

Our key measure of success for our charity shops is the income raised through selling donated and new goods. Our income targets for 2020 were suspended as the UK endured national and local lockdowns.

PDSA has 113 high street shops throughout the UK along with a donation centre and fulfilment centres that are supplying new goods to our shops and managing our eBay operations. During 2020, we closed nine shops as we reacted to the impact of Covid-19 on PDSA and the high street. To keep our shops stocked and open required one million charity bags in 2020.

Our high street presence allows us to engage with local communities across the country, raising our profile and delivering income and surplus. We had planned to open six additional shops during 2020 but this expansion was cancelled with the onset of Covid-19.

As we reopened our high street shops after lockdown, we also opened five 'pop-ups' in large cities.



These pop-up shops were opened at a very low cost, allowing us to exit at short notice should market conditions change.

Our plans for 2020 were to focus on optimising the value of our current retail network and invest in refitting existing shops to improve the shopper experience. However, with the Government restricting retail outlets to essential goods and services only, we had no choice but to close our charity shops from March 2020. Since then, we have had to adapt to different rules across the four nations, regional tiering and further lockdowns. This has reduced our income and surplus from our shops and has been operationally challenging.

Within the digital arena, we are active on eBay and also with our growing online shop. Online sales have seen significant growth during 2020 and we have reacted and invested in this area, outsourcing our online fulfilment operation and expanding our product range to meet customer demand.

Donating goods to charity shops remains a very popular way of supporting good causes, particularly as people become more aware of the need to reduce waste and recycle more. Donations to PDSA shops in 2020 saw eight tonnes of goods coming to PDSA rather than going to landfill sites.

Making PDSA better known, loved and understood

We regularly survey public perception to understand awareness and understanding of PDSA as well as the general likelihood of making a donation. Working with research company YouGov we aggregate survey results to create a brand health index measure.

2020 brand index target = **20.6**
2020 brand index achieved = **20.6**
2021 brand index target = **21**

As we entered 2020, our plans to engage the public and make PDSA better known, loved and understood were defined. However, as Covid-19 gathered pace, we quickly pivoted our campaigns in response and switched to focus on an emergency appeal. Over the second half of 2020, our entire focus was on the growing pet health emergency in the wake of the Covid-19 human health crisis. This activity culminated in our winter fundraising appeal, firmly securing PDSA as the only national charity for pet owners who are unable to afford the care their pets need.

Crufts

We attended Crufts, giving us a great opportunity to talk to pet owners and help share our veterinary expertise.

PDSA had a stand at the event and there were numerous features during the live TV coverage with PDSA Vet and guest presenter Paul Manktelow. The stand ran pet first aid demos, encouraged people to support PDSA, and had expert vets and nurses on hand to talk to pet owners.

Their Only Emergency Service and Pet Care Crisis Appeal

PET CARE CRISIS

We launched our Pet Care Crisis Winter Appeal at the end of September, highlighting that for our clients, we are often their only emergency service. We were able to shine a spotlight on our cause through securing high profile TV coverage and on our social media channels, helping people understand the situation and support our vital work. The appeal then supported our fundraising activity, having built increased awareness of PDSA.





Britain's Unsung Heroes

Aired on primetime Channel 4 in May, the programme followed a day in the life of PDSA vet Hermione Hillen from our Croydon PDSA Pet Hospital. Hermione highlighted the vital role vets play and how PDSA was still there to provide life-saving treatment for our clients' much-loved pets.



2. ENVIRONMENT

PDSA Medals and Awards Programme

PDSA's internationally acclaimed awards programme attracts global interest. Through our animal awards, we showcase the valuable contribution animals make to human life and bring PDSA to the attention of millions of people.

Our programme of medal presentations was inevitably impacted by the Covid-19 pandemic. With four medal presentations planned, an early decision was taken to postpone all scheduled awards.

At the end of July 2020, we decided to move our awards online and set a goal to deliver two high profile awards before the year-end. We wanted to use these two virtual medal presentations to help drive awareness of PDSA.

The virtual presentations were hosted on PDSA's website, allowing more people than ever before to be involved.



PDSA Order of Merit recipient Max with owner Kerry Irving



In September 2020, we awarded the PDSA Gold Medal to landmine detection rat, Magawa. Trained by the charity APOPO, Magawa is their most successful 'HeroRAT', having found over 60 pieces of ordnance in Cambodia preventing death or serious injury to local people. Magawa is the first ever rat to receive a PDSA Medal and his incredible story captured the imagination of the world's media, with coverage spanning 55 countries. Over 130,000 people watched our tribute film, making our first ever virtual presentation one of the most successful medal campaigns to date.



In November 2020, we honoured the devotion to duty of British Military Working Dog, Kuno, who played a key role protecting the lives of British Troops on a mission in Afghanistan. While performing his duties, Kuno was shot multiple times in his back legs, requiring extensive surgery and removal of his paw. Kuno became the first British Military Working Dog to be fitted with a prosthetic foot and his story was covered across every major news bulletin on the BBC and ITV on presentation day.

The delivery of these important stories about animal bravery, devotion and positive impact on human life came during a time when the public were in need of hope. We will continue to present PDSA medals and recognise the multitude of ways that animals enrich our lives and play a vital role in our society.

Our first award in 2021 is an Order of Merit to Max the miracle dog, recognising his contribution as a therapy dog to human mental health and wellbeing.



3. COMPANIONSHIP

Volunteers, pet owners and working together

Animal Welfare Need #3: Companionship

Our two key measures of companionship are:

1. **The number of pet owners who benefit from PDSA services where our goal is to reach more people and pets.**
2. **The number of volunteers and volunteering hours given.**

We suspended these goals for 2020 as we responded to the Covid-19 crisis with restricted clinical services and charity shops closing due to local and national lockdowns.

Just as pets should be housed with, or apart from, other animals as appropriate for the species, we too need 'companionship'.

By working together with our companions – volunteers, colleagues, pet owners and supporters, we share a drive and dedication to help sick and injured pets.

Our vision is to achieve a lifetime of wellbeing for every pet by working in partnership with pet owners, supporters and partners. And for PDSA to be the best place to volunteer. We can only achieve our vision of a lifetime of wellbeing for every pet by working in partnership with others who share our beliefs.

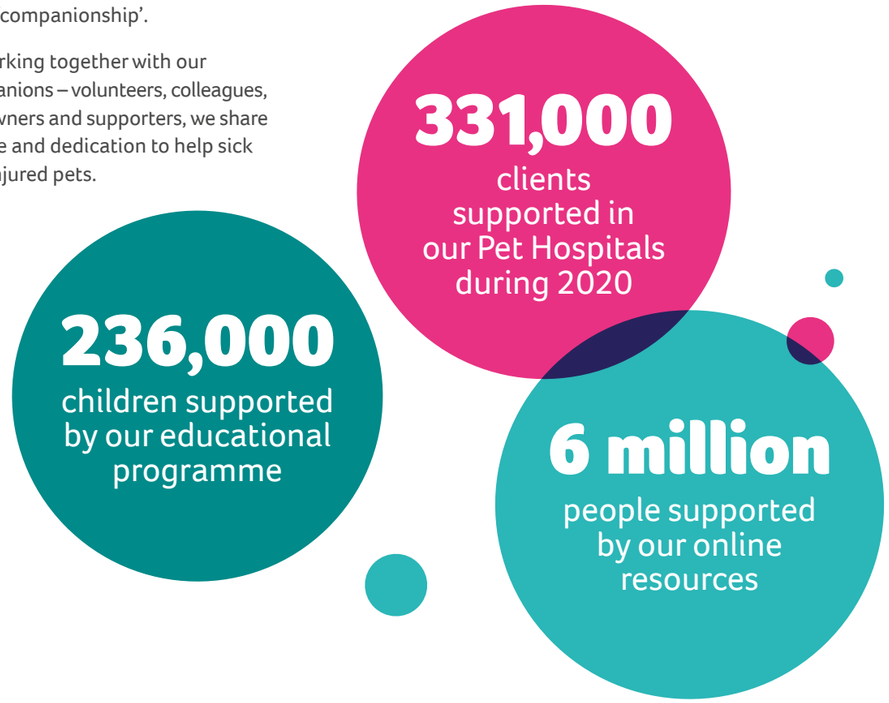
Pet owners

PDSA provides charitable veterinary care for hundreds of thousands of loving pet owners who struggle to pay for the care their pet needs. Additionally, we provide education and advice to all pet owners to help them take better care of their pet.

We rely on the support and donations of pet lovers across the UK, without which we couldn't deliver our vital services.

The importance of the bond between pet and owner was highlighted like never before in 2020. Through lockdown, we saw how much pets enrich our lives and are good for our health and wellbeing. In particular, those who were shielding, isolating, sick or alone often became entirely reliant on the companionship of their pet.

As our Winter Appeal, 'Their Only Emergency Service' highlighted, increased uncertainty and hardship meant that PDSA's essential services and support were vital to the many that desperately needed our help.



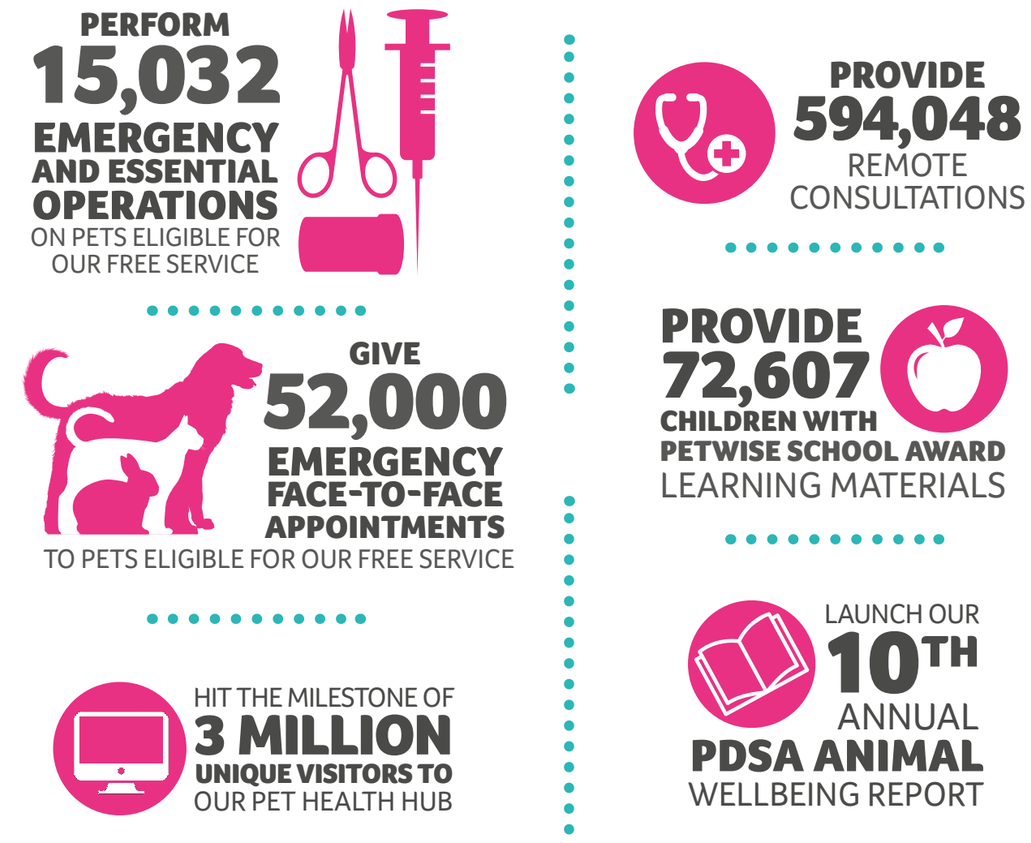
People's Postcode Lottery

Since 2013 we've been incredibly grateful for the generous support we've received from players of People's Postcode Lottery.

In March 2020 we passed the significant milestone of £10 million raised by players and, by the end of 2020, the total raised by players had reached £11,655,124. This incredible amount has enabled PDSA to do so much to improve pet wellbeing. Thanks to this year's £1.9 million support from players of People's Postcode Lottery, we have been able to adapt to national and local lockdowns, and the ongoing impacts and restrictions of the pandemic.

The support of players of People's Postcode Lottery made an incredible difference in 2020, helping us to continue reaching the pets of those most in need during the pandemic.

Players of People's Postcode Lottery have enabled us to:



3. COMPANIONSHIP

Volunteering

2020 was an unprecedented year for volunteering at PDSA – as it was for so many other charities.

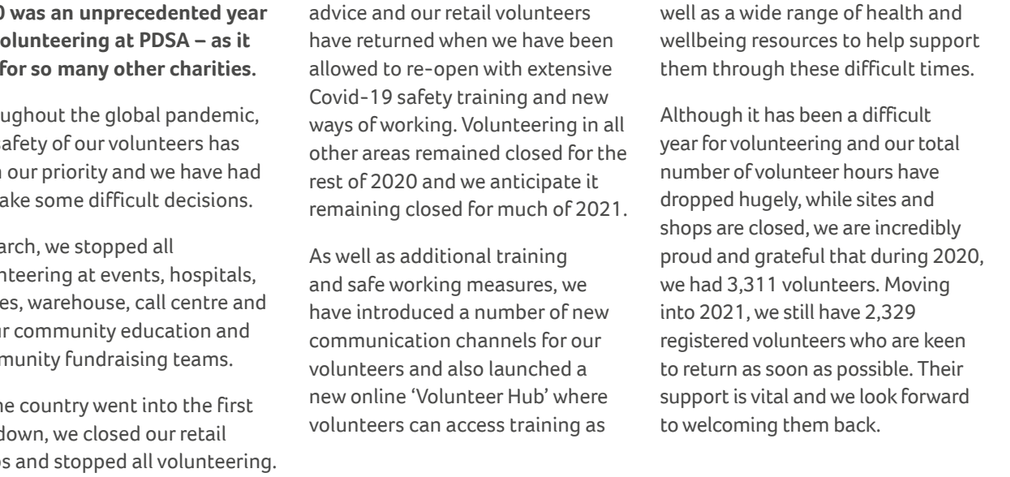
Throughout the global pandemic, the safety of our volunteers has been our priority and we have had to make some difficult decisions.

In March, we stopped all volunteering at events, hospitals, offices, warehouse, call centre and in our community education and community fundraising teams.

As the country went into the first lockdown, we closed our retail shops and stopped all volunteering. Throughout the rest of the year, we have followed Government advice and our retail volunteers have returned when we have been allowed to re-open with extensive Covid-19 safety training and new ways of working. Volunteering in all other areas remained closed for the rest of 2020 and we anticipate it remaining closed for much of 2021.

As well as additional training and safe working measures, we have introduced a number of new communication channels for our volunteers and also launched a new online 'Volunteer Hub' where volunteers can access training as well as a wide range of health and wellbeing resources to help support them through these difficult times.

Although it has been a difficult year for volunteering and our total number of volunteer hours have dropped hugely, while sites and shops are closed, we are incredibly proud and grateful that during 2020, we had 3,311 volunteers. Moving into 2021, we still have 2,329 registered volunteers who are keen to return as soon as possible. Their support is vital and we look forward to welcoming them back.



3,311 total number of volunteers during 2020

1,174 volunteers have been with us for more than **five** years

79% of volunteers have been with us for more than a year

32 volunteers have been with us for more than **25** years

550 volunteers have been with us for more than **ten** years



4. DIET

Diet – The key to pets' health and happiness

Our key non-financial measure of support is the change in the number of active donors, people who have made a contribution to PDSA. **At the end of 2020 we had benefitted from the generous support of nearly 200,000 people.**

Welfare Need #4: Diet

Pets need a suitable diet. This can include feeding appropriately for the pet's life stage and feeding a suitable amount to prevent obesity or malnourishment, as well as providing access to fresh, clean water.

We too need the right 'diet' to survive, the funds needed to fuel our services. Without the generosity and kindness of our supporters, we would not be able to provide our vital veterinary service that so many struggling pet owners depend on.

Our aim is to be better known, loved and understood. We will invest in building public awareness of our impact and the need for our services by informing the general public, engaging pet owners and getting the attention of new supporters and donors. With a growing pet care crisis due to the hardship, poverty and uncertainty following Covid-19, we will inspire people to strengthen their relationship with us and the charitable work we do. We know the importance of our public perception and will inspire people by the difference we make.



While we have benefited from Government support to alleviate the impact of Covid-19, PDSA receives no ongoing Government support or local authority funding. We depend entirely on donations. It costs around £250,000 per working day to keep our services running, mostly spent keeping our 48 Pet Hospitals open. Fundraising is vital to gain the public support that maintains our charitable service. We invest around 13p in every pound donated to generate this income and future support.

Public Fundraising

In March, as the nation entered national lockdown, we suspended all of our public fundraising for the safety of our third party fundraisers, supporters and the wider general public.

As lockdown measures were eased and non-essential businesses began to reopen, we started to scope out a return to public fundraising that was safe and secure. We took learnings from other charities, including organisations from overseas where restrictions had already eased significantly.

Confident we could have these fundraising conversations safely, we restarted in October where local tiering rules allowed. However, this was paused again in November as we went into a second national lockdown and recommenced with our full set of measures for the duration of December, until the third national lockdown was brought in. As we prepare for lockdown to be eased, our measures remain in place to ensure consistent safety and security.

PDSA only works with companies and commercial participators of repute and whose activities do not have an adverse impact on the charity's objectives. And we regularly review the relationships we have.

We have policies and robust processes in place to ensure those who fundraise on our behalf operate at the highest standards, to ensure that our fundraising is not intrusive, persistent, does not put any individual under undue pressure and protects the vulnerable.

We work with fundraising agencies who engage the public on our behalf to explain the impact and benefit of our services and ask for their support through regular donations. We place our fundraisers in sites such as shopping centres, malls and private sites. PDSA does not conduct door-to-door or street fundraising.

We have a fundraising manager dedicated to working with our partners and ensuring the public enjoy a great experience when engaging with a PDSA fundraiser. This monitoring includes an active mystery shopping and sampling programme, supported by quality assurance checks such as call listening and video of live conversations. Any complaint or expression of dissatisfaction relating to our Public Fundraising is dealt with personally by our fundraising manager working closely with our partners. During 2020 we received five complaints regarding public fundraising. Our quality and assurance programme is monitored by the Audit and Risk Committee.

We only work with agencies which fully comply with the Fundraising Code of Practice, are members of the Institute of Fundraising, and engaged with the Institute's accreditation and compliance programme.

We believe that engaging conversations with a fundraiser will continue to play an important part in building public understanding of, and support for, PDSA. We plan to restart our public fundraising as soon as it is legal and safe to do so.

Challenge and community fundraising

The majority of our challenge and community fundraising events were cancelled in 2020 due to the impact of Covid-19 and are not expected to restart until later in 2021. However, 2020 saw an increase in supporters raising funds via methods such as Facebook giving and individual fundraising events. Facebook giving was the main income stream with more than £85,000 of income raised.



4. DIET

Individual Giving

We started 2020 with clear plans to invest in marketing and fundraising to increase awareness and understanding of PDSA, and in turn to recruit new donors. However, when Covid-19 hit we had to make rapid adjustments to this plan. We removed much activity to save cash and switched to an emergency appeal focused on our need for funds today. We reviewed our different communications to see where we could be more effective and efficient.

Our fundraising and communications were refocused around two key themes. First, to use our vet and pet health expertise to support, educate and engage pet owners experiencing lockdown. Secondly, to use this engagement to grow understanding of PDSA and invite a donation.

Our pandemic based Emergency Appeal was a great success, as was our Winter Appeal which focused on the crisis the nation's pets are facing as more people fall into financial difficulty due to the impact of Covid-19. This approach was successful and, despite a difficult year for the UK, individual donations to PDSA matched the level seen in 2019.

Legacy

Gifts in Wills continue to be PDSA's most important source of income and have been a lifeline in keeping the doors of our Pet Hospitals open for those who needed us most in 2020. Almost two thirds of the 384,972 pets treated in Pet Hospitals by our vets and nurses are funded by gifts in Wills. This very special way of giving to PDSA ensures our supporters' love of animals lives on through our work.

In order to continue providing our vital services, PDSA must inspire new generations of legacy givers to include a gift in their Will. 2020 began with us embarking on a new legacy strategy with an objective of raising the profile of legacies at PDSA, thereby increasing legacy giving from supporters, clients and the general public.

Whilst Covid-19 and the initial lockdown period delayed our plans with our focus switching to our emergency appeal, we were able to begin working on projects to underpin our strategy.

Research was undertaken with current and potential supporters to help understand attitudes towards leaving a gift to PDSA. This work will help shape our future legacy communications.

Due to Covid-19 our legacy event programme was cancelled. We are developing an online event in 2021 and hope to open our doors virtually to those who want to learn more about our work and leave a gift in their Will to support us in the future.

National Customer Service Centre

During 2020, our National Customer Service Centre (NCSC) in Sunderland handled over 157,000 inbound phone calls and 35,000 emails, covering a wide range of topics. From November 2020, our Customer Service team also started to respond to messages received through social media. This is an increasingly popular way for clients and supporters to contact us, with around 2,000 messages received each month.

Overall, telephone call numbers were lower than 2019 due to the end of a trial in March of centralising calls for appointment booking in our Pet Hospitals.

We have seen average call duration extend to eight minutes (from 3.5 minutes) as Covid-19 restrictions impacted on our services.

We recorded 574 fundraising complaints during 2019, we have seen that number reduce to 158 during 2020. The reason for this drop is two-fold. First, as explained in last year's report, there was an oversight in reporting methodology which saw 2019 numbers inflated by around 300. Second, fundraising complaints have also decreased proportionately in line with the reduction in fundraising activity due to the pandemic.

Strategic partnerships

During 2020, we secured strategic multi-year partnerships with corporate organisations aligned to the Five Animal Welfare Needs, including Vax and Krka. We will continue this work in 2021, finding partners who align to our strategic aims, as well as companies that wish to support us through more traditional fundraising practices, such as employee fundraising.

policies increased by **35%** during the year

income increased to almost **£1.4 million**

PETSURANCE *from* pdsa

Pet insurance remains a key product for PDSA. As well as providing a vital revenue stream to fund our charitable activities, it also closely aligns to our vision of a lifetime of wellbeing for every pet – not only those belonging to our clients. We began 2020 with ambitious plans in place to grow our customer base during the year. Despite the challenges and financial pressures caused by Covid-19, the number of live policies increased by 35% during the year and income increased to almost £1.4 million.

pdsa VET CARE

Vet Care range

We offer a range of products, developed using our extensive veterinary expertise. The range includes joint supplements, ear cleaners, probiotic products for good digestive health, flea spray and a selection of dog shampoos. Our probiotic paste and joint care for dogs are some of the most advanced products in the marketplace.

We generate sales through our PDSA Pet Hospital network and online pet store.



Our relationship with KidZania, an 'edutainment' centre for children in London continued in 2020. With the centre closed for the majority of the year, in line with Government Covid-19 restrictions, we were not able to reach as many children as hoped but we are continuing to work closely with KidZania in 2021 to re-establish the activity when the attraction can be reopened safely and in accordance with Government guidelines.

KidZania London

5. HEALTH

Health – Investing in our organisational capability

Animal Welfare Need #5: Health

Every day in our Pet Hospitals, we see pets in desperate need, suffering from pain, injury and disease. It is only by having a 'healthy' organisation that we can ensure the pets who need us most are treated with the utmost care.

The health of our organisation relies on our organisational capability. By continually improving our effectiveness through new ways of working, updating our technologies, simplifying processes and investing in our people, we can achieve more with the investments we make.

Our aim

We want PDSA to be a great and enjoyable place to work where we attract, develop and keep talented people.

We depend on the commitment and energy of our people alongside the effectiveness of our technology and processes to help us achieve those ambitions.

By utilising the data and digital technologies we have, we're always striving to be more efficient and improve what we offer to our people, volunteers, supporters and pet owners.

Yet it's fair to say that 2020 proved to be one of, if not the, most challenging year for our people.

Almost overnight, Covid-19 forced us to rapidly adapt to new ways of working.

We use Net Promoter Score as the key indicator of how our colleagues feel about working at PDSA. We seek this feedback through quarterly surveys.

2020 to 2021 target range +10 to -20

2020 achieved range +16 to -3

Our people and culture

In 2020, our values continued to guide how we went about our work:

Head and Heart
We combine expertise with understanding to help keep owners and their pets together.

Better Together
We can achieve more if we work in partnership with everyone who touches the life of a pet.

Passion with Purpose
Our dedication to creating a world where no pet suffers drives us to deliver more for every pound we are given.

Total number of PDSA staff as at 31 December 2020: **1,978**

- **366** Veterinary Nurses
- **392** Veterinary Surgeons
- **207** Central Support Function Staff
- **245** Retail Staff
- **768** Veterinary Support Staff

Our support services were forced to work from home.

Our clinical teams adapted to remote consultations whilst continuing to provide emergency and essential treatment from our Pet Hospitals at a time when the country was being told to stay at home.

Our shops were forced to close and, at its peak, more than 1,000 people were placed on furlough.

Wherever our people were based, they had to get to grips with new ways of working, rapidly deployed new technologies and overcome the challenges of things like social distancing to help keep them, and our clients, safe.

From the outset of the pandemic, one of our key principles was to make sure that the decisions we made would help keep our people safe and put our teams' wellbeing at the forefront of our plans and ways of working.

Safe ways of working

Like many other charities, the UK Government's response to this pandemic has had a significant effect on PDSA's operations and people. Within days of the initial lockdown in March 2020, guidance and advice was being implemented across our organisation. We introduced Covid-19 risk assessments and new ways of Covid-secure working, we further risk assessed those who were deemed more vulnerable to the virus and put in place further measures to ensure their safety.

Our front-line veterinary staff continued to deliver essential services, dealing with emergencies, while following social distancing and other measures to protect themselves and our clients. In addition, we required many of our Pet Hospital teams to work from home, answering the telephone and conducting remote consultations.

Our retail staff had to overcome lots of challenges; shop closures, reopening closed shops, furloughing staff, shielding volunteers and keeping our customers and teams safe and happy.

Overnight, we had to shift our support services and central operations to remote home working with teams dispersed. For those who had to work from home, we gave advice and guidance on not only how to make their home workspace safe, but also to ensure that they kept physically and mentally fit during this time.

We created working groups to give continuity across all areas of PDSA, we consulted and engaged with our people at all levels throughout this process, making sure their voice was heard and concerns addressed. We revised our Health and Safety policies in line with Government guidelines. The fluid nature of Governmental advice on Covid-19 has meant lots of changes along the way and these will continue to be monitored as we work into 2021.

5. HEALTH

We have an established consultative, communications group called Our Forum which provides representatives elected by our employees and Senior Leaders with the opportunity to discuss strategic matters. Listening to our employees' voice is an integral part of our vision to make PDSA a great place to work.

We're well on our way to achieving that vision and in February 2020 we were named as one of the best not-for-profit companies to work for in the UK. We were placed 85th in the prestigious Sunday Times Best 100 Not-for-Profit Companies list for 2020.

However, the pandemic forced us to find new and innovative ways to engage and communicate with our people. With teams forced to work remotely and large numbers of people placed on furlough, the established ways of engaging with our people became much more challenging.



From the outset of the pandemic, one of our guiding principles was to ensure we continued to provide timely and effective communication. Hundreds of colleagues dialled in via Microsoft Teams to regular Live Q&As with our senior leaders, giving our people the opportunity to ask questions and provide feedback. Our Covid-19 intranet page was viewed more than 10,000 times and the webpage which was set up to support our colleagues on furlough had more than 6,000 visits. We also sent more than 13,000 text messages to our teams on furlough to keep them updated and engaged whilst they were away from work.

And whilst the pandemic has given us a number of communication challenges, we have continued to listen to our people through regular pulse surveys to help us better understand how our teams are feeling.

The surveys have helped provide invaluable insight into how our people are coping with the ongoing disruption caused by Covid-19 and what steps we can take to help support them more.

In our most recent survey, nearly three-quarters of our people said that we were communicating well whilst a similar number said that they were proud to work for PDSA.

However, the surveys do also indicate that people are increasingly concerned about their mental wellbeing and this is an area we're continuing to develop so that we can support our people in the best possible way.

The pandemic and the restrictions put in place to protect the public have had a significant effect on our operations and our income. As we have responded to this to reduce costs and prioritise our activity, we have had to reorganise many of our teams and sadly have made 99 roles redundant. We understand that this has been a difficult time for colleagues and we wish those that had to leave PDSA as a result the very best for the future.

Keeping our people safe

In recent years we've made huge strides to put our people's health and wellbeing at the forefront of our culture.

Throughout 2020, we've continued to encourage colleagues to share their stories and experiences of mental health as we strive to create an environment where anyone at PDSA is comfortable to talk openly about how they feel, with no shame or stigma to say 'It's OK not to be OK'.

Our people can access our free and confidential Employee Assistance Programme 24/7 where they can speak to trained counsellors and get more information and advice about a range of issues which might affect their wellbeing. Our teams are continuing to use this support, with our usage being well above the industry benchmark.

We've also continued to roll-out new wellbeing resources and support throughout 2020.

For example, more than 1,000 people accessed our new 'It's OK not to be OK' webinar which outlines all of the wellbeing support we offer as an employer.

We've continued to support our people's wellbeing through our employee benefits platform, called Fetch. Fetch hosts all of our employee benefits as well as a Wellbeing Centre which offers support on a range of mental, physical and financial wellbeing issues. In 2020, that information was accessed more than 4,000 times.

The ongoing pandemic has impacted everyone's wellbeing in some shape or form. We recognise this and were pleased to announce that in 2021, all of our colleagues will be entitled to at least one 'Wellbeing Day'. By releasing more than 3,000 Wellbeing Days, our teams will have the opportunity to take some time away from work to concentrate on their own wellbeing after what was an emotionally draining year.

In 2020 we introduced our wellbeing strategy which, in 2021, will focus on how we can better equip our managers to support their team members with their mental wellbeing.

We understand that the social distancing and isolation required to address the Covid-19 pandemic will continue to impact on the mental health of our staff, especially those dealing with the emotional demands of delivering veterinary services on the frontline, and those who find themselves on extended furlough. We will continue to support our staff at this extremely challenging time.

More than 1,000 people accessed our new webinar **'It's OK not to be OK'**

Safeguarding

At PDSA we are committed to creating an environment where everyone who comes into contact with us feels and is safe, whether this be our employees, volunteers or members of the public such as clients, customers or supporters.

The impact of Covid-19 on the lives of vulnerable people makes good safeguarding practice at PDSA even more important. We have therefore reviewed and reinforced our Safeguarding Policy and developed a Code of Conduct to outline expected behaviours that keep us all safe.

An internal safeguarding hub has been established (on our intranet, Pawtal), containing useful resources and documents, and a safeguarding induction course has been developed for all colleagues to understand how to recognise, respond to and report concerns. Safeguarding incidents are now collated into a quarterly Dashboard which is reported to Trustees (including to the Trustee Safeguarding Champion) and the Executive team along with a quarterly report of safeguarding activity at PDSA and external updates.

Our Safeguarding Committee continues to meet quarterly, chaired by our Designated Safeguarding Officer with input from our Safeguarding Manager. The Committee regularly reviews the Safeguarding Risk Register to track and monitor organisational safeguarding risks and review controls.

Equality, Diversity & Inclusion

As a values-led organisation, we are committed to creating an environment where diversity and inclusion are at the heart of all we do both as an employer and in the service we provide. We are currently working with Trustees and a Diversity & Inclusion Working Group made up of representatives from across the organisation to define our approach in realising this ambition.

The Diversity & Inclusion Working Group are helping us to better understand what we do well and what we need to improve. They are working with us to identify priority areas of focus and are helping to raise awareness of diversity and inclusion across the organisation by encouraging involvement and experience sharing.

Early in 2021, Trustees will be assessing their compliance against the new Charity Governance Code and in particular the new principle relating to Equality, Diversity & Inclusion. Exploration of the outcomes of this assessment will provide a useful platform for work that, together with the outputs of the Diversity & Inclusion Working Group, will inform our approach to supporting equality, diversity and inclusion throughout the organisation. The Trustees will also be considering the board's own practice.

5. HEALTH

Technology

We continue to keep a close eye on developments in the wider technical and digital arenas with a view to taking advantage of those we feel will allow us to deliver better services and greater public benefit to our customers, clients and supporters.

During 2020, we further progressed developments in our strategic approach to use Cloud services with initial moves made to migrate our core data systems to the Microsoft Azure Cloud. After some significant challenges, particularly relating to data migration, we are now very close to finalising the migration of our Finance System to the Microsoft Dynamics Software as a Service (SaaS) platform.

Due to the Covid-19 pandemic, many of our projects were put on hold and this included the migration of our key network and security infrastructure to a new platform with our partner Maintel. However, we were able to recommence this project towards the end of 2020 and have made significant progress with completion now expected in Quarter 2 of 2021.

The implementation of new collaboration software in the form of Microsoft Teams (building on our continued upgrade to Windows 10 and expanded use of tools as part of Office 365) across our sites enabled remote working and the ability to access systems and services from any location and at any time. This enabled us to achieve a remarkable transformation in record time, immediately meeting the need to work from home during lockdown.

Our digital transformation plans to deliver services to our clients and customers in different and more mobile ways has also been fast-tracked, automating many of our previously manual processes.

In March 2020, we saw PDSA move from a mainly office-based workforce to one that was dispersed, working remotely from home. This has tested our technology infrastructure which has proved its resilience and the benefits from the changes we began in 2019. In many ways, the processes we have developed due to this enforced working pattern will benefit the organisation in the future.

Data Protection

The global pandemic introduced many new challenges. We have seen the development of new business processes, an increase in home working, and a rapid shift in the use of new technology. Our clients, donors, and customers have moved quickly to online channels and we have had to adapt.

Throughout 2020, we developed new business practices, moved clients and supporters to online channels while maintaining high levels of legal and regulatory compliance. We adopted the principle of privacy by design to ensure that new products and services include privacy at their design stage, and also extended the scope of our data protection training.



Environmental Statement

PDSA recognises the challenges presented by climate change and is keen to reduce the charity's impact on the environment. We are committed to reducing our energy, water and fuel use as well as waste.

The Covid-19 pandemic has changed the way that many of our staff work; carbon emissions from business travel and commuting have significantly reduced. Going forward we'll look to understand those impacts and where possible maintain new working practices so as to continue to lessen our impact on the environment.

We're going to set some new targets which will be continually monitored. We will be:

- Working to increase colleague awareness of environmental good practice
- Identifying opportunities for reduced environmental impact
- Rolling out sustainable lighting, heating and other solutions.

Over the last 10 years, we have included the following initiatives in a number of our new build Pet Hospitals:

- Solar heating panels
- Rainwater harvesting
- Heating and cooling systems with heat recovery
- Building Management Systems

We will continue to embed good environmental practice in all of our built environment design going forward.

SECR (Streamlined Energy and Carbon Reporting) Report

While PDSA is not required by SECR to report we have decided to do so as it helps us understand our emissions and take actions to improve our commitment to helping the environment.

During 2020 our energy efficiency has improved with regards to the running of our vehicle fleet. The Covid-19 pandemic has changed the way that many of our colleagues work; carbon emissions from business travel and commuting have significantly reduced. We will aim to maintain these new working practices where it is reasonable to do so, so as to lessen our fuel consumption.

In addition, where boilers have failed they have been replaced with new A-rated boilers.

Our methodology for calculating Greenhouse Gases takes our total energy usage including electric, gas, bottled gas, transport and converts this to carbon used. This figure was then divided by the total head count for the same period giving us our intensity ratio.

Energy Use and GHG (KgCO2e) emissions:

Site	kWh	%	kg CO2e	%
Electricity	4,048,896	81%	943,960	81%
Gas	376,616	8%	77,970	7%
Transport	565,795	11%	142,215	12%
Total	**4,991,307**		**1,164,145**	
Total kg CO2e for 2020				**1,164,145**

Intensity Ratio:		
2020	2,233	Number of staff
Intensity ratio	**521.34**	**Kg CO2e / staff**

The period covered is 1 January to 31 December 2020. It is total energy usage across our entire estate.

GOVERNANCE AND RISK STATEMENTS

Administrative Details

The People's Dispensary for Sick Animals (PDSA)		
Founded in 1917 by Maria Dickin, CBE		
Incorporated by Acts of Parliament	**Head Office**	**Patron**
(PDSA Act 1949, 12 & 13 Geo. 6, Ch. xv) (PDSA Act 1956, 4 & 5 Eliz. 2, Ch.1xvii) (as amended by the Scheme set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015) Registered charity nos. 208217 & SC037585	Whitechapel Way, Priorslee, Telford, Shropshire TF2 9PQ Telephone: 01952 290999 Website: www.pdsa.org.uk	HRH Princess Alexandra, the Hon. Lady Ogilvy, KG, GCVO

Principal professional advisors					
Bankers	**Investment Managers**	**External Auditor**	**Actuaries**	**Solicitors**	**Trustees**
Lloyds Bank plc, 25 Gresham Street, London EC2V 7AE	Schroder Unit Trusts Limited, 1 London Wall Place, London EC2Y 5AU Investec Asset Management Limited, Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA (until 15 March 2020) Ninety One Woolgate Exchange, 25 Basinghall Street London EC2V 5HA (from 16 March 2020) Partners Group (UK) Limited, 14th Floor, 110 Bishopsgate, London EC2N 4AY	BDO LLP, Two Snowhill, Birmingham B4 6GA	KPMG LLP, One Snowhill Queensway, Birmingham B4 6GH (until 1 March 2020) Iseran Bidco Ltd t/a Isio, One Snowhill Queensway, Birmingham B4 6GH (from 2 March 2020)	Sacker & Partners LLP, 20 Gresham Street, London, EC2V JE Bates Wells London LLP, 10 Queen Street Place, London EC4R 1BE Brabners LLP Horton House, Exchange Flags, Liverpool L2 3YL Wright Hassall LLP, Olympus Avenue, Leamington Spa, Warwickshire, CV34 6BF Wilsons Solicitors LLP, Alexandra House, St. Johns Street, Salisbury SP1 2SB	Details in Governance section overleaf.

1. Governance

Governing documents and registration

The charity is incorporated under The People's Dispensary for Sick Animals Acts 1949 and 1956 as amended by a Parliamentary Scheme and set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015. Its constitution comprises the detailed clauses of these two Acts of Parliament plus supplementary Byelaws, which have been subsequently revised by the governing body. The charity is registered with both the Charity Commission in England & Wales and the Office of the Scottish Charity Regulator.

Governing body – Council

The Trustees form the governing body of the charity, known collectively as Council and are legally responsible for the overall management and control of PDSA. Council sets the strategic direction, shapes policies and approves major expenditure programmes but delegates certain decisions to Committees.

Council approves new Trustees whose appointment is then ratified at a General Meeting. All Trustee recruitment is subject to a rigorous and transparent process. Qualifications for Trusteeship include commitment to the relief of poverty and to animal welfare, plus specialist expertise or knowledge considered to be of benefit to PDSA. It is Council's policy for the governing body to consist of ten to twelve Trustees. However, Council may plan to increase this number to take account of planned retirements while maintaining an appropriate range of skills and expertise.

The total number of Trustees is currently 11 and they are listed below along with their committee membership.

Chair **Mr John Smith** FCA	F G
Deputy Chair **Mr John Miller** BSc, MCIPD, AFBPsS	G
Professor Gary England BVetMed PhD DVetMed CertVA DVR DVRep DipECAR DipACT FHEA FRCVS	A
Mr Gordon Hockey	A
Mr David Lister BA (Hons) Solicitor	F
Ms Laurie Mayers BA, MA	F G
Mr David Morgan BSC Hons	F
Mr Ian Phoenix	
Mrs Carole Pomfret MA ACA	F
Mrs Mary Reilly BA (Hons), FCA	A G
Mrs Alison Tattersall BA (Hons), Postgrad Diploma in Marketing	A

F - Member of the Finance & Investment Committee
A - Member of the Audit & Risk Committee
G - Member of the Governance & Remuneration Committee

Trustees are experienced leaders from diverse backgrounds who provide valuable experience to guide the charity.

GOVERNANCE AND RISK STATEMENTS

Administrative Details

Committees

There are four committees and each has specific terms of reference.

1 The Finance & Investment Committee reviews the Fund Managers' performance, the budget and most other financial matters.

2 The Audit & Risk Committee considers risk and internal and external audit matters. It looks at health and safety management and all aspects of our clinical governance framework, thereby giving a holistic view as to the quality assurance of the veterinary service. It also receives regular updates on compliance in respect of our fundraising governance framework. The Committee also provides oversight to the Risk Management approach at PDSA.

3 The role of the Governance & Remuneration Committee includes determining the Remuneration Policy for the whole organisation and in particular, the total remuneration packages of senior executives which it recommends to Council. It also provides oversight of governance, for example monitoring changes in external codes of good practice and considering PDSA's response, advising on the approach to reviews of Board effectiveness, Trustee appointment and succession, and diversity issues.

4 The Special Purposes Committee approves items relating to property transactions, lease agreements, certain legacy matters and approval of contracts and other specific items as defined in the Terms of Reference. The Chair of Council, the Deputy Chair, the Chair of the Finance & Investment Committee and the Chair of the Audit & Risk Committee receive the agenda and summary of items in advance and can request papers or elect to attend if they wish. Members of Council receive copies of minutes from all meetings of the Committee.

Oversight of the Charity's safeguarding policies and incidents is provided by the Trustees.

During 2020, in addition to the Committees in operation, a number of Trustee Working Groups were established in order to provide oversight and guidance to the pandemic response. These included groups considering impacts of the pandemic on our Veterinary service provision, our People, Financial Resilience, Brand and Digital Working. The Working Groups included senior managers and Trustees with expertise in each of these areas.

Charity Governance Code

PDSA remains committed to good governance.

The impact of the Covid-19 pandemic affected the way in which we work, and we therefore reviewed and updated our Byelaws to ensure they reflect the needs of the organisation in holding meetings remotely, and the constraints on people coming together to formally execute transactions. We also updated our Scheme of Delegation which sets out all matters where Council have delegated authority for decision-making to reflect the needs of remote working and increased levels of absences.

Some of the pre-existing arrangements in place to meet the Code requirements are:

- There are established processes for Board recruitment, induction, Trustee appraisal and Trustee training.
- New Trustees are familiarised with the workings of PDSA, Council Policies & Procedures and Governance. We have a comprehensive Trustee induction programme which includes visits to Head Office, PDSA Pet Hospitals and our retail shops, along with meetings with Directors and key members of staff. No new Trustees joined Council during the year.
- A skills audit is carried out every three years to identify potential gaps in the Trustee Board's collective skills, competencies and experience. This was last carried out in 2017 and was refreshed in early 2020. Following the Covid-19 pandemic, the skills audit will be refreshed again in 2021.
- Trustees normally undertake a regular programme of visits to 'front-line' locations enabling them to lead by example in demonstrating PDSA's values. Site visits have not been possible during 2020 due to national restrictions.
- Third parties are selected to provide specialist seminars and lectures when required, which Trustees attend as appropriate. Subjects covered in the past include: charity law and governance, pension law and administration, investment practice and safeguarding. Whilst no specific training was arranged for Trustees during 2020, individual Trustees have maintained their own professional development as required.
- Registers of interests are maintained for Trustees and senior members of staff to identify possible conflicts and there are processes in place to manage such conflicts.
- Council holds an annual strategy review to consider short, medium and long-term strategies for effective delivery of our charitable purposes.
- Council receives regular performance reports indicating the extent to which strategies are being achieved and the extent to which they are having the desired / expected outcomes.
- A governance guide is provided to all Trustees, which sets out the key governance arrangements that are in place. This includes details of matters reserved for Council, and terms of reference for all Committees.
- Minutes are maintained of all meetings of Council and committees.
- Responsibility for ensuring there are succession plans for key leadership roles is clearly defined.
- The purpose and objectives of subsidiaries and their relationship to the parent charity are set out in their articles of association.
- Key policies are in place and are reviewed regularly, including the Reserves Policy. The Reserves Policy was reviewed and updated during the year to provide additional clarity on actions to be taken when reserves fall below or exceed certain thresholds.
- Trustees carry out a review of Board effectiveness every two years under the coordination of the Deputy Chair. This review was conducted in January 2020 and the results were reported to Council.
- There is a risk management process in place, which is regularly reviewed by Audit & Risk Committee. The Audit & Risk Committee normally reviews significant risks twice per year. During 2020, risk updates to the Audit & Risk Committee focused on risks associated with the unfolding response to the pandemic and the actions being taken to mitigate the effects on PDSA. The Audit & Risk Committee also agrees the Trustees' Risk Appetite statements which are reviewed and approved by Council.
- Council appoints independent auditors and their work is overseen by the Audit & Risk Committee, who have an opportunity for closed meetings with the auditors twice a year.

GOVERNANCE AND RISK STATEMENTS

Administrative Details

- There is a process for ensuring all colleagues have agreed objectives which are cascaded down the organisation and that performance against these objectives is reviewed.
- During the year the Executive-level Governance has continued meeting, to provide oversight of Governance matters at a Directorate level.
- There is a Whistleblowing Policy and procedure in place, processes for investigating whistleblowing complaints have been established and any whistleblowing incidents are reported to Audit & Risk Committee.
- We have an extensive suite of policies, procedures and controls designed to protect the health and wellbeing of all people who come into contact with PDSA, including safeguarding of young people and adults at risk. These are continuously reviewed and updated as necessary. (See Health Section for further details).

PDSA remains committed to encouraging equality, diversity and inclusion across the organisation, including encouraging diversity in applications for new roles or Trustee positions.

We embrace the different skills and experiences our Trustees, employees and volunteers bring to the charity recognising the positive benefits that a diverse and inclusive workforce has on PDSA's performance and public benefit impact.

As a values-led organisation, we are committed to creating an environment where diversity and inclusion are at the heart of all we do both as an employer and in the service we provide. We want to cultivate a culture where people feel they belong, where they can be authentic and bring their whole self to work. We are currently working with Trustees and representatives from across the organisation to define our approach in realising this ambition.

PDSA is committed to employment policies, which follow best practice and are based on equal opportunity for all. We believe that every person has the right to be treated fairly and with dignity and respect irrespective of sexuality, gender, disability, race, religion and belief, gender reassignment, age, pregnancy or maternity, marriage and civil partnerships, or socio-economic background. We do not tolerate any form of discrimination in our recruitment or employment practices.

We recognise all employees, volunteers and applicants as individuals and they are valued for the contribution they make. They have fair access to training, development, reward and progression opportunities.

Trustees have also committed to carrying out a biennial self-assessment of compliance with the Charity Governance Code. This will commence in 2021 and will be carried out in alternate years to the current evaluation of Board effectiveness. The review will be carried out under the coordination of the Deputy Chair and will take into account the recent changes to the Code. The results will be reported to Council and any improvement actions identified will be monitored through the Governance & Remuneration Committee. Members of the Governance & Remuneration Committee receive information on the requirements of the Charity Governance Code including briefings on consultations or changes in relation to the Code and will use the results of the biennial survey to help develop action plans where necessary.

One area where PDSA does not apply the guidance contained in the Charity Governance Code is in relation to Trustee terms of office. The terms of office for Trustees are three terms of four years. After each term of four years, individual Trustees discuss with the Chair whether they should continue.

Factors taken into account include: skills requirements, whether the Trustee wishes to and is able to continue to commit to time requirements and whether the Trustee and Chair believe they are still adding value to the Board. In exceptional circumstances, at the request of the Chair and Deputy Chair, Trustees may be asked to stay on beyond the maximum term of 12 years, to provide continuity.

PDSA considers that these terms of office are appropriate to provide a balance of experience, and to allow Trustees to gain the requisite depth of understanding of the charity, whilst still ensuring that Trustee tenure is limited.

At present none of the Trustees have served more than the maximum 12 years of office.

Annual Remuneration Statement

Council has overall responsibility for determining the Remuneration Policy for the whole organisation and, in particular, the total remuneration packages of senior executives. It delegates this responsibility to the Governance & Remuneration Committee, which makes recommendations to Council.

PDSA is a large organisation with over 1,900 employees and the support of over 2,300 volunteers. Working together, it is the combined effort of all our people that delivers the impact of our mission for the communities within which we work that enables us to provide compassionate vet care for pet owners who can't afford the care their pets need. We are here for the person and their pet, as a family, delivering our mission of improving the life of every pet in the communities within which we serve.

The nature of our public benefit means that we are one of the UK's largest employers of veterinary professionals and, as a complex and diverse organisation, we compete in different job markets for a wide range of skills and experience. Our Pay Policy must therefore be sufficiently flexible to ensure we can attract and retain the right people with the right skills to be able to deliver our vital services whilst meeting our supporters' expectations that the money they entrust to us will be used wisely.

The Governance & Remuneration Committee has established the following guiding principles that underpin our approach to reward and recognition. The same guiding principles underpin its approach to senior executive remuneration.

- To have understandable, equitable and transparent reward policies that enable our strategy and reflect our culture
- To apply a common framework for managing reward decisions, whilst providing flexibility to meet differing organisational needs within PDSA
- To provide a competitive and market responsive total reward package that enables PDSA to attract, recruit and retain employees from the not-for-profit or private sector as appropriate
- To apply a robust system for comparing jobs internally, which can be used to clarify career paths and support career development discussions
- To value the contribution that an individual makes in their job and recognise that experience can enhance this contribution
- To provide a comprehensive core set of benefits for all employees whilst giving some flexibility within the total reward package to enable employees to meet their differing personal needs and preferences
- To ensure we meet our legal obligations and that all employees receive fair pay.

In determining overall pay levels for all our staff including senior executives, we take account of pay practice in other similarly sized charities and, where appropriate, private sector organisations. Benchmarking activity takes place on an annual basis. Annual pay reviews take into consideration affordability, economic trends and external market movements. It is the view of the Governance & Remuneration Committee supported by Council, that, given the size, complexity and substantial public benefit provided by PDSA on a national scale, the remuneration of its senior executives is fair and proportionate.

In 2019, we closed PDSA's defined benefit pension scheme to future accrual. We also made changes to PDSA's pay, defined contribution pension and benefits arrangements following consultation with all staff members including senior executives. The organisational focus required to deal with the impact of the pandemic meant that changes scheduled for implementation in 2020 were deferred until 2021. The Governance & Remuneration Committee continues to preside over this work and report progress to Council.

The review of our pay, pension and benefits' arrangements took into consideration the fact that there is a national shortage of veterinary surgeons and veterinary nurses. We have implemented a wide range of measures to enable us to attract, engage and retain the key skills we need to deliver our public benefit including closely monitoring pay levels to ensure we remain competitive in this challenging, dynamic labour market.

In navigating the pandemic, we followed Government and regulatory body guidance. We closed our shops, helped our clinically vulnerable colleagues to shield and reviewed our ways of working so that, where possible, colleagues could work remotely. We furloughed colleagues where we had no work for them and accessed the Government's Coronavirus Job Retention Scheme. We continually reviewed and revised our pay and benefit arrangements to ensure they remained fit for purpose balancing the need to support our colleagues and protect the resources required to deliver our public benefit. Included in this were arrangements such as 'top-up' pay for furloughed colleagues, sick pay, dependents leave and holiday. We established a People Trustee Working Group, which acted as a sounding board, had oversight of these activities and provided updates to the Governance & Remuneration Committee and Council.

Our Gender Pay Report is available on our website in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

The overall difference between men's and women's earnings is 26.5% (mean) or 32.8% (median) based on hourly rates of pay at the snapshot date of 2020. Research suggests that fewer men in the lower pay quartiles drive the gender pay gap. We are proud to share that our female employees are well represented across all pay quartiles and we are encouraged to see that our median pay gap has reduced by 3.5% since April 2019.

Group structure

PDSA undertakes charitable service delivery and fundraising.

Trading activities are carried out through three wholly owned subsidiary companies:

PDSA Trading Limited, PDSA PetAid Enterprises Limited and **PDSA Property Services Limited.**

Executive Staff

Council delegates policy implementation to the Director General. The Director General manages PDSA through the Executive Leadership Team. The Director General and Directors together constitute the Special Purposes Committee.

Director General	Jan McLoughlin, MSc, CBiol, MSB, FIoD
Director of Veterinary Services	Richard Hooker, BVMS (Hons), MRCVS
Director of Finance & Resources	Andrew Willetts, BA, ACA
Director of People	Karen Hailes, FCIPD
Director of Fundraising & Engagement	Nigel Spencer, ACIB, MCIM, MInstF
Commercial Director	Annette Spindler (to 27 April 2020)

Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice. Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and charity, and of the incoming resources and application of resources, including the income and expenditure, of the Group and charity for that period.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, to disclose with reasonable accuracy at any time the financial position of the charity, and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of The People's Dispensary for Sick Animals Acts 1949 and 1956 as amended by a Parliamentary Scheme and set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that the financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Risk

PDSA has established management processes to mitigate risks that would prevent us from fulfilling our strategic goals. In particular, the Trustees seek to ensure that:

- Risks are identified, assessed and controls established to mitigate them;
- The risk exposure profile is acceptable at all levels ; and
- The risk management process is embedded in operational and management procedures.

The Audit & Risk Committee, assisted by the Executive Leadership Team and Internal Audit department, considers risk in detail. Key risks are considered at each meeting of the Audit & Risk Committee. Audit & Risk Committee ordinarily also conducts a Deep Dive into one or two of the risks. During 2020, Deep Dives have focused on risks associated with the pandemic and PDSA's response to these risks. Trustees' Risk Appetite is considered and updated annually. The Committee regularly reviews the Risk Management processes in place.

Council considers its key risk factors to be those identified below:

Area of risk: Coronavirus Covid-19 pandemic

How the risk might affect PDSA:
The pandemic significantly disrupted both our service delivery and our income-generating activities in 2020, and the impact of restrictions at national and local level is likely to continue throughout much of 2021. The pandemic may also impact on resourcing if colleagues are ill or self-isolating for example. This could restrict the services we are able to offer to our beneficiaries and could have a significant impact on our financial position.

Key mitigation plans and strategies:
As outlined in our Governance section, we have adapted our ways of working where required and have set up a number of new working groups to help to shape our response to the pandemic.

We have restricted the provision of services in person at our Pet Hospitals, but have introduced new digital consults. facilitated by an interim change in RCVS prescribing regulations. However we keep our service provision under regular review, and will open up more in-person services as Government restrictions ease and as our on-site capacity allows. aligning with RCVS regulations.

One area where the pandemic has particularly impacted on resources is in relation to volunteers who are essential to the work of PDSA, particularly in running our retail shops. A volunteering strategy is in place and we have an ongoing communication programme with our volunteers and strong Covid-secure ways of working in our shops to keep everyone safe when shops re-open.

We have also focused on the wellbeing of our people during this time and we have a Wellbeing Strategy in place, which in its first year is focusing on mental health issues.

Area of risk: Legacy income

How the risk might affect PDSA:
This represents approximately 44% of our total income and there is a risk that reductions in this income source could materially affect PDSA's financial position.

Key mitigation plans and strategies:
We monitor the legacy pipeline and periodically undertake reviews to forecast future income. We are maintaining both acquisition and retention campaigns for legacy gifts and we have a legacy growth group who are looking at recommendations from a recently commissioned review by an external agency. We are continuing to seek to diversify and strengthen our income base, and we periodically take expert guidance on the legacy environment from an external consultancy.

Area of risk: Investment Portfolio

How the risk might affect PDSA:
This can be subject to volatility from time to time which can impact the value of PDSA's Reserves.

Key mitigation plans and strategies:
Our investment strategy is overseen by the Finance & Investment Committee. Details of our Investment Strategy are set out in the 'Investment' section in our Financial Review below. We also have a £10m unsecured bank overdraft facility, which we will seek to extend in June 2021, that reduces the risk of having to draw down on investments at times of market volatility.

Area of risk: Number of pets

How the risk might affect PDSA:
Demand for our services can fluctuate over short periods of time and in line with general economic conditions, including the impacts of the Covid-19 pandemic which is forecast to result in increased unemployment. This can result in significant cost increases.

Key mitigation plans and strategies:
We monitor demand for our service including considering which areas of the country have greatest demand so that we can address our resources to the areas of greatest need. Following the coronavirus pandemic, we are recruiting additional veterinary staff in anticipation of increased demand. Our business plans have been developed including these additional costs and we monitor both income and expenditure in order that we can ensure the ongoing sustainability of services.

Area of risk: Service infrastructure

How the risk might affect PDSA:
PDSA is a large and complex service operation over a wide geographical area. Risk factors include cost increases due to service growth and inflation, the PDSA Pet Hospital replacement programme, the national distribution of services and retaining/recruiting qualified veterinary staff. Service provisions need a long turnaround period in order to downsize operations should financial constraints require and this ought to be reflected in the Reserves Policy.

Key mitigation plans and strategies:
The Reserves Policy has been reviewed in light of our experience during the coronavirus pandemic. Further details are included in the section on Reserves in our Financial Review below.

Where service delivery involves external costs, we carry out competitive tendering and where possible we seek to avoid fixed costs, for example by sourcing some services externally, in order to allow greater control over our spending.

Area of risk: Fundraising

How the risk might affect PDSA:
Our ability to raise the funds we need to continue our work can be affected by many factors including the impacts of the Covid-19 pandemic, but also by more general factors such as our ability to respond to changing supporters' expectations and preferences, activities of other charities, regulatory changes and economic conditions, all of which can lead to reductions in income or increased costs.

Key mitigation plans and strategies:
We have a business plan in place that outlines the investment in growing our supporter base, and a strategy has been agreed to continue to target audiences who are likely to have a higher interest in our cause. We have a broad range of fundraising campaigns, and we have a programme in place to grow the strength of our digital fundraising activities.

We have regular monitoring in place both of individual campaign results and of the overall strength of our brand and overall position of our supporter database. We are also planning to further strengthen our brand in the second half of 2021 to increase the number of people who know about PDSA and understand the impact of our work.

Area of risk: Pensions

How the risk might affect PDSA:
Although we have closed our defined benefit scheme to new members and to future accrual, the requirement to fund pension promises could impact our financial position.

Key mitigation plans and strategies:
There are regular actuarial reviews of scheme performance and 2021 will be the point of the triennial pension review. An agreed recovery plan is in place, and independent professional advice is taken in respect of pensions funding requirements. Further details are set out below in our Financial Review.

Risk

Area of risk: IT Security

How the risk might affect PDSA:
We depend upon the integrity and availability of our systems and the accuracy of our databases to operate the charity effectively.

Key mitigation plans and strategies:
We recognise this is a complex and rapidly changing environment and we therefore have a small team in place dedicated to Information Security whose role includes continuous improvement of our controls. We commission regular penetration tests to check our security controls and we have technical controls in place including firewalls, anti-virus, multi-factor authentication for remote access and patch management to ensure vendor security updates are applied. We also include mandatory training on information security as part of our annual data protection refresher training which must be completed by all colleagues.

Area of risk: Potential failure to update processes and systems to keep pace with changing needs and expectations

How the risk might affect PDSA:
We operate in an environment where stakeholder and regulatory expectations are constantly evolving and we must ensure that our processes remain in step with these requirements in order to avoid client, supporter or customer dissatisfaction, regulatory censure or action or possible damage to the reputation of the charity.

Key mitigation plans and strategies:
We recognise that we need to ensure processes and systems remain in step with requirements and we monitor the external environment including for regulatory changes. We also recognise that we must continue to provide training to our colleagues to ensure everyone is aware of what is expected of them. For example, all colleagues must complete annual data protection training, as well as regular updates in relation to Health & Safety and we have introduced mandatory safeguarding training for all colleagues. We are reviewing our matrix of mandatory training based on job role to ensure that all colleagues complete their regular refreshers as they become due.

We monitor the external regulatory environment in order to identify where changes may impact on our processes and ways of working and take the necessary action. We also consider how compliance requirements may impact on new projects and processes.

For example, we are carrying out a digital transformation process to increase our use of digital tools and ways of working, and as part of this programme we will conduct a compliance review on use of cookies and digital marketing as part of our wider digital transformation programme to ensure that all new activities remain compliant.

Area of risk: Leaving the European Union

How the risk might affect PDSA:
Although the outcome of trade negotiations is now known, there remains a risk of economic effects constricting legacy income, and operational continuity in the form of pharmaceutical supplies from the EU and veterinary staff from the EU (although this risk may be reduced by the inclusion of veterinary staff on the list of skills shortages for the UK).

Key mitigation plans and strategies:
We continue to monitor emerging risks arising from leaving the European Union, and we worked with other employers to have veterinary staff added to the list of UK skills shortages. However, we continue to monitor recruitment activity to identify whether Britain's departure from the European Union is having an impact on our ability to recruit and retain key skills.

We have established relationships with our key pharmaceutical suppliers which include regular meetings to discuss performance and issues, and we have established contingency plans in place for provision of drugs to allow for treatment of pets.

Council is satisfied that controls and actions have been put in place to mitigate the major risks identified. However, it recognises that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

FINANCIAL REVIEW

Headlines

As discussed earlier in the Trustees' Report, 2020 was an extraordinary period for the charity. At the end of the year PDSA's finances remain stable, however, we are anticipating a tougher financial outlook for 2021 which is discussed in our going concern assessment.

We had expected a year choosing between options for further spending on charitable activities and investment to drive future income, as we have had several years of favourable net income and have grown our free reserves (Figure 1).

Unfortunately, the pandemic has meant the opposite has been true: we have had to reduce activities and spending; our income generation has been severely reduced in trading and charitable areas and we reduced discretionary spending to conserve resources. So far during the pandemic, we have managed to weather the storm - helped by £5.1 million of Government support (from both the Coronarvirus Job Retention Scheme and various Retail-related grants), re-prioritising our expenditure and benefiting from the sale of a property asset.

Our total income reduced by 18% to £92.2 million (2019: £112.7 million). Legacy income, our largest single source, continued to see disruption in legacy estate settlements, in part due to probate administrative changes, and was 20% below that of 2019. Our trading income has been severely disrupted by shops being closed and reduced by 34%.

We spent £65.3 million on prevention, education and treatment which was £5.8 million (8.2%) lower than in 2019 (£71.1 million). We have had to re-prioritise our public benefit spending in difficult operating circumstances and have given priority to treatment activities. Consequently, we have reduced the number of pets being offered preventive services. In 2020 our aim was to increase the number of pets we reach and reduce the average cost per pet, with effective management of costs and the use of digital technology. Unfortunately, we have not achieved these ambitions and the number of pets we reached declined by 11%; however, we have harnessed digital technology to allow us to provide online consultations for the first time to replace some hospital consultations. We maintain our aim to reduce average costs per pet and increase our reach in 2021.

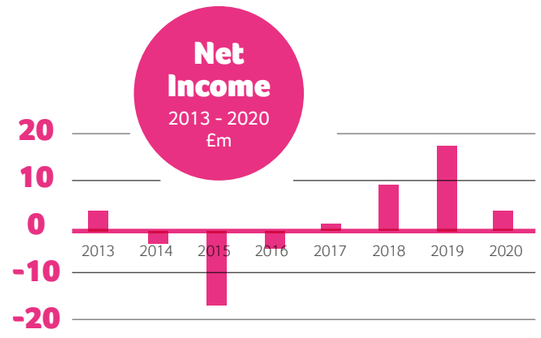


Figure 1

During the year we considered our costs in depth. We reduced spending in support areas by £0.5 million during the year (6%) and restructured our support teams to focus on revised priorities and reduce costs.

Despite market turbulence during the year, our investments still showed a gain of £2.9 million in 2020, whereas in 2019 we saw a gain of £6.7 million. The total return on the managed portfolio element was around 6%. Positive returns across all funds contrast with negative returns of 14% and 6% in the year for the FTSE 100 and 250 indices respectively. Our targeted return is RPI + 0.5% and the average return for the Diversified Growth Funds sector was 5.6%.

During the year we sold the freehold of our Thamesmead PDSA Pet Hospital, The Freda Powell Centre and this produced a large gain - the most part of the £2.8m total gains on disposal of fixed assets for the year. As part of the arrangement the developer will be building a new hospital at the site during 2021/2.

Overall, there was a large decrease in our operating results: a net income of £3.7 million this year compared to £17.4 million in 2019. It is important to note that without Government support, unexpected investments gains and a large gain from the disposal this year we would have shown a substantial loss of around £7.1 million.

Finally, our defined benefit pension scheme had an actuarial loss of £12.8 million (2019: loss of £3.8 million) and the deficit increased from £35.7 million to £47.1 million. Actuarial assumptions can vary from year-to-year and this is discussed in more detail below.

Income and costs in more detail

We receive no ongoing HM Government or National Lottery funding for our veterinary services and therefore we rely on generating our income from our supporters by voluntary donations and trading activities. In the table below, we present the financial results in a different way, which we believe gives more clarity on the sources of net income. In 2020 we benefitted from grants received from national and local Government to support organisations during the pandemic

Other trading net income includes gaming products, sales from our retail division (donated and new goods) and miscellaneous sales, commissions and licensing income. Asset-related net income is investment income and gains on disposals of fixed assets. PDSA Trading Limited provides almost all trading income, excluding donated goods, which are sold by the charity; this subsidiary's full results can be seen in the notes to the financial statements.

The income we receive from donations and legacies forms the largest portion of our overall income and we need to spend on marketing and management in this area to attract supporters and protect future revenue. We must ensure that we invest carefully and cost-effectively to generate awareness and income both in the short and long-term. The table below shows that the cost of raising donations and legacy income overall from our supporters was maintained in 2020 at 13p per pound (£).

Legacies continue to be our most important source of income, generating £40.1 million. Unfortunately, this income was 20% lower than in 2019, though it still provided 59% of our net income available for charitable activities (2019: 59%). We aim to invest in growing our legacy donations while also seeking to broaden income from other sources. We plan to do this by growing our supporter base, through promotion and using innovative approaches to generate donations; we also aim to re-establish and grow trading income in retail and veterinary commercial activities as the pandemic period recedes.

Our supporters continued to be generous during the year and responded to our appeals and continued with regular gifts, though donations at our hospitals declined as a result of reduced operating activity. Overall, donations were 22% lower than in 2019, which had also benefited from a notable one-off gift.

Charitable trading, in which we offer services to our clients in addition to free treatment, has become an important income stream. This year, our concessionary (low-cost) service sales were £5.3 million compared to £5.6 million in 2019, 7% lower. As described above, we deprioritised our preventive services and so income was 57% lower at £3.8m.

We are one of the largest retailers in the very competitive charity retail sector and usually the largest share of our trading income comes from our retail division. However in 2020, our shops were only open for part of the year due to various phases of pandemic lockdown. We focused attention to grow our online offering during the year and also considered the future estate: we have closed 17 sites with a poor financial outlook.

The scale of our retail operation is large and costs of generating income in this area are high with much fixed cost. In 2020, some of these fixed costs were mitigated by negotiated rent holidays, business rates reductions and by substantial Government grant support. We also mitigated costs by restructuring our Retail teams. However, the effect of lockdown was considerable: our donated goods sales declined by 58% year-on-year and our new goods sales were 25% lower than 2019, helped by online sales. This meant that Retail was the key factor in the trading losses shown in the table.

In our trading income, we have continued to enjoy support from the players of the People's Postcode Lottery. We had a gross income of £5.9 million (£1.9 million net after cost to run and prizes) - though this was lower than last year's £7.2 million gross (£2.3 million net). This income will fund treatment costs for certain clinical conditions at our hospitals (such as diabetes) and towards the new Nottingham PDSA Pet Wellbeing Centre The Marian and Christina Ionescu Hospital. Our partnership with the People's Postcode Lottery continues in 2021 and we are so very grateful for the ongoing support of players. Also within trading, we have grown income from our Pet Insurance products from £1.1 million to £1.4 million.

We organise our public benefit expenditure into three areas. The largest is for treatment at Pet Hospitals and contracted services that decreased slightly to £61.0 million (2019: £63.1 million), which includes substantial fixed costs. We reduced spending in preventive services to £2.5 million (2019: £5.4 million). The amount we spend on education and responsible pet ownership can vary based on the specific activities we undertake and was £1.8 million (2019: £2.6 million).

There was an actuarial loss of £12.8 million in our defined benefit pension scheme, The People's Dispensary for Sick Animals Retirement Benefits Plan (1978) (RBP). This compared to the 2019 loss of £3.8 million. The main reasons for this year's loss were assumptions relating to liabilities following reduced corporate bond yields. Over three years (2018-20) there has been some volatility in actuarial gains and losses but these have broadly balanced out.

	2020		2019	
	£ millions	Cost / £	£ millions	Cost / £
Donations and legacy net income	50.1	0.13	63.2	0.13
Other trading net income	(2.2)	1.13	3.2	0.87
Asset-related net income	4.0	0.01	0.9	0.05
Grant Income	5.1		0.0	
Charitable trading gross income	9.1		14.5	
Net income available for charitable activities	66.1	0.31	81.8	0.32

Investments

At the end of 2020 our investments totalled £71.7 million (2019: £68.3 million). This is primarily an investment portfolio of externally managed investment funds, along with some investment properties managed by the charity.

We delegate day-to-day management of the investment portfolio to professional fund managers. We have an Ethical Investment Policy that precludes investing directly in those organisations involved in testing on animals for cosmetic and other non-medical purposes. Performance is measured on a total return basis and the Finance & Investment Committee regularly reviews the fund managers' performance.

The Society's investment strategy focuses on capital preservation, while providing opportunities for increased returns through diversification of the asset base, without a significant increase in risk; the strategy remains subject to the Society's Ethical Investment Policy. It was our intention to review our investment principles during 2020 but this has been deferred until 2021.

We spread our investment holdings across three investment managers and invest in funds rather than direct investments. Broadly, our intention is to hold 37.5% each in both Schroder Unit Trusts and Ninety One, and the remaining 25% in Partners Group (UK). Funds provide greater stability than direct market investments and are sufficiently liquid to meet any short- term operational cash needs as well as supporting the Business Plan to maintain and expand the delivery of our charitable services.

Overall, there was a gain of £2.9 million on our investment portfolio (2019: £6.1 million gain).

Investment properties are re-valued each year. The value at 31 December 2020 was £6.3 million (2019: £6.6 million). There was one property sold within the year.

Reserves

Council considers reserves regularly as part of its business planning process. It seeks to ensure that sufficient reserves are available to fund planned activity and public benefit levels agreed in the Business Plan, to be responsive to unforeseen and unplanned activity and to protect PDSA from unexpected events, such as fluctuations in income and costs not anticipated in the Business Plan.

The policy reflects the Charity Commission's guidance on Reserves Policies in its publication CC19.

Our Reserves Policy has been reviewed and revised during 2020. It is supported by scenario and contingency planning to determine the potential impact on the level of reserves of defined risk factors. Our contingency strategic planning determines the level of reserves that we consider necessary to protect us from any prolonged financial risks and considers any measures that may need to be addressed should reserves fall below agreed levels.

Council has determined that the level of free reserves needed should fall within the range £45 million to £60 million. Amongst other factors, Council has noted the importance of reserves covering at least a year's expenditure in our veterinary areas and supporting costs, which, based on our original 2020 plans, would amount to approximately £48 million. It should allow continuity for a minimum period of 18 months and for a maximum of three years. During this period the charity would aim to restabilise itself and become sustainable for the future.

At 31 December 2020 the charity had free reserves of £85.8 million (2019: £79.7 million), as calculated in the table below. This year reserves have increased - we have had better than expected financial results and have not been as severely affected by the coronavirus pandemic in the short-term as initially anticipated. As discussed above, our results have been enhanced by strong investment returns, disposal of assets and Government support. Furthermore, our legacy contingent asset has grown by £2.3 million (see table below). These factors have meant that free reserves have ended the year beyond the range set by Council.

However, in considering the reserves level, Council recognises that our final projections for 2021 and 2022 (detailed below in Going Concern) mean that reserves will significantly reduce as the charity recovers from the pandemic and seeks to increase its spending on public benefit from this year's reduced level in the face of anticipated significant additional demand for its services. Furthermore, some of the income we raise in each year is earmarked for future spending, though it is not formally restricted, for example the net surpluses from the People's Postcode Lottery which we agree to spend on specific projects in the subsequent year. We forecast that free reserves will fall to be much closer to the range set by Trustees by the end of 2022.

The pension funding commitment represents the cash value of 10 years of future funding commitments to the defined benefit pension scheme - The People's Dispensary for Sick Animals Retirement Benefits Plan (1978); the legacy contingent asset represents 80% of the value of the legacy pipeline.

The total funds of the Group at the end of 2020 were £78.1 million (2019: £87.2 million). Of these funds, £3.4 million were restricted income funds or endowments (2019: £3.4 million).

Our investment funds have sufficient liquidity to provide the flexibility to manage any potential downturn in income: access to two of the funds is a matter of days and for the other it is a month.

During the year, the charity has increased its unsecured overdraft with Lloyds Bank plc to £10 million as a precaution. The bank has indicated that further funding will be available, if necessary, and we anticipate this facility will be renewed in July 2021.

At the date of signing, our most recent calculation of free reserves stood at £88.8m. We have considered future activities and outlook and have created financial projections accordingly. Our current view is that our free reserves could reduce to £69.5m by December 2022, which is above the upper end of the Reserves Policy range set by Trustees. Accordingly, Trustees will be considering future investment opportunities at the next business planning round.

Free reserves at 31 December 2020

£ millions	2020	2019
Total charity funds	78.1	87.2
Pension reserve	47.1	35.7
Endowment funds	(0.9)	(0.9)
Restricted income funds	(2.4)	(2.5)
Unrestricted funds	**121.9**	**119.5**
Pension funding commitments	(27.6)	(27.6)
Carrying value of functional assets	(21.5)	(22.9)
Legacy contingent asset	13.0	10.7
Free reserves	**85.8**	**79.7**

Going Concern

Council regularly reviews financial performance, forecasts and projections, taking account of the potential impact on future public benefit and this is an important element of Group financial management.

Clearly the Covid-19 pandemic continues to be a significant disruptive factor. Since the end of 2020, PDSA has followed UK Government guidelines: our Retail operations were mainly closed during Quarter 1 and the narrowed focus of Veterinary operations has been maintained.

Despite the pandemic affecting trading performance and public benefit delivery, our operating results in the first three months of 2021 showed a surplus and were better than budgeted. This was in part due to further Government financial assistance. The charity has continued to utilise the Government's Coronavirus Job Retention Scheme during 2021; in addition, our trading activities have been supported by further non-domestic rates reductions and grants through local Government – cumulatively, we have now claimed the maximum amount we consider that we are eligible for under revised state-aid rules (£1.9m). Most of these claims had been paid by mid-April 2021.

Legacies, our largest source of income, have proved to be resilient in terms of cash received and new notifications. Legacy cash income exceeded expectations for Quarter 1 of 2021 and at the end of March our legacy pipeline stood at a record value. Our external expert advisors have given us comfort for our legacy income projections.

Since the year-end, the investment portfolio valuation has increased by 1%. The portfolio formed 84% of the charity's net assets at the end of 2020. The charity recognises that relatively small movements in the investment markets can create significant movements in its net assets and so its free reserves.

Trustees have reviewed projections of cash flow and profitability for the period to December 2022 considering sensitivities to income, cost reductions and Government support and how much it wishes to spend in discretionary areas. The Group has applied to renew its overdraft facility, which is a precaution to maintain liquidity and an alternative to partial liquidation of our investments at a time of potential market volatility. This level of overdraft (£10m) should meet our cash requirements during 2021 and 2022.

Our latest expectation is that the Group will produce net deficits of £0.6m in 2021 and £4.2m in 2022, which our strong level of free reserves would be able to withstand. In cash terms, we expect to have an overdraft of £9.7m at the end of December 2022 and to draw down £2.8m from our investment portfolio to support cash balances.

The Trustees recognise that there remains a degree of uncertainty as a result of the pandemic however this does not pose a material uncertainty that would cast doubt on the charity's ability to continue as a going concern. After considering the projections of cash flow and profitability and the ability to liquidate the investment portfolio to support cash balances the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, which is a period of at least 12 months from the signing of the accounts and audit report. They therefore consider that it is appropriate for the financial statements to be prepared on the going concern basis.

Pension Plans

PDSA has a defined benefit pension scheme, The People's Dispensary for Sick Animals Retirement Benefits Plan (RBP) (1978) and a Group Personal Pension (GPP) Plan.

The defined benefit pension scheme has been closed to new employees since 2006 and since April 2019 has been closed to future accrual. The GPP Plan was opened in January 2008 for new and existing employees. The charity is committed to ensuring it will continue to offer suitable pension benefits for employees.

The RBP scheme had a deficit, as calculated under the provisions of FRS 102, of £47.5 million at 31 December 2020 (2019: £35.7 million). The latest triennial actuarial valuation was carried out as at 31 December 2017 and this showed a deficit of £46.2 million. Revised deficit funding contributions were agreed between PDSA and the RBP Trustee in December 2018 and further contributions were agreed in December 2019.

The liabilities of the RBP have been adversely impacted by falling yields and by stock market volatility in the face of the Covid-19 pandemic (see note 19). The next triennial valuation of the Scheme is due at 31 December 2020. Any increase in the funding deficit as a result of this will be taken into account in the agreement of a revised schedule of contributions between the RBP Trustee and the Society, which is anticipated will take place during 2021.

Approved by Council and signed on its behalf by:



John Smith Chair
7 June 2021



Independent Auditor's Report to Council

of the People's Dispensary for Sick Animals

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 December 2020 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010 and the People's Dispensary for Sick Animals Acts 1949 and 1956.

We have audited the financial statements of The People's Dispensary for Sick Animals ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 December 2020 which comprise the consolidated statement of financial activities, the consolidated and parent balance sheet, the consolidated 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).

Basis for opinion

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: The Chair's letter, the Director General's letter and the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate/proper accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; 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, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

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:

We made enquiries of management, and the Audit and Risk Committee. This included the following:

- how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
- their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charity. These include, but are not limited to, compliance with, Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010, People's Dispensary for Sick Animals Acts 1949 and 1956, UK GAAP, Charities SORP, fundraising regulations and tax legislation.

In addition, the Charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.

We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Audit response to risks identified

- We reviewed the financial statement disclosures and sample tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Audit and Risk Committee, management and internal audit;
- We reviewed the Fraud log and Serious incident log submitted to the Audit and Risk Committee which includes instances of fraud and non-compliance with laws and regulations and we read minutes of meetings of those charged with governance;
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- We challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to, the defined benefit scheme valuation (FRS 102 Section 28), accrued legacy income and provisions.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Kyla Bellingall
BDO LLP, statutory auditor
Birmingham, UK
8 June 2021

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Financial Activities
(incorporating an income and expenditure account)

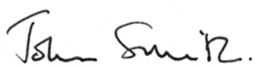
				£'000			£'000
For the years ended 31 December		**Unrestricted funds**	**Restricted funds and endowments**	**Total 2020**	**Unrestricted funds**	**Restricted funds and endowments**	**Total 2019**
Income and endowments from	Note						
Donations and legacies	1,2	53,207	4,415	**57,622**	65,234	7,412	72,646
Grant income	2	5,081	-	**5,081**	-	-	-
Other trading activities	2	16,385	-	**16,385**	24,641	-	24,641
Charitable trading activities	2	9,060	-	**9,060**	14,469	-	14,469
Investments	2	1,206	-	**1,206**	935	-	935
Net gain/(loss) on disposal of fixed assets		2,814	-	**2,814**	(2)	-	(2)
Total income		**87,753**	**4,415**	**92,168**	105,277	7,412	112,689
Expenditure on raising funds							
Donations and legacies	3	7,472	-	**7,472**	9,475	-	9,475
Other trading activities	3	18,576	1	**18,577**	21,402	6	21,408
Investments	3	41	-	**41**	51	-	51
Total expenditure on raising funds		**26,089**	**1**	**26,090**	30,928	6	30,934
Net income available for charitable activities		**61,664**	**4,414**	**66,078**	74,349	7,406	81,755
Charitable activities							
Treatment at Pet Hospitals and by contracted services	3	56,461	4,498	**60,959**	56,785	6,291	63,076
Education: responsible pet ownership	3	1,755	-	**1,755**	2,530	89	2,619
Preventive services	3	2,539	-	**2,539**	5,395	-	5,395
Total expenditure on charitable activities		60,755	4,498	**65,253**	64,710	6,380	71,090
Total expenditure		**86,844**	**4,499**	**91,343**	95,638	6,386	102,024
Net gains on investments	7	2,902	-	**2,902**	6,707	-	6,707
Net income/(deficit)		3,811	(84)	**3,727**	16,346	1,026	17,372
Transfers between funds	14	16	(16)	**-**	1,645	(1,645)	-
Actuarial loss on defined benefit pension Scheme	19	(12,800)	-	**(12,800)**	(3,800)	-	(3,800)
Net movement in funds		(8,973)	(100)	**(9,073)**	14,191	(619)	13,572
Reconciliation of funds							
Total funds brought forward		83,758	3,450	**87,208**	69,567	4,069	73,636
Total funds carried forward	14	**74,785**	**3,350**	**78,135**	83,758	3,450	87,208

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

Balance Sheets

					£'000
At 31 December		**Group**	Group	**Charity**	Charity
	Note	**2020**	2019	**2020**	2019
Fixed assets					
Tangible assets	6	**21,468**	22,890	**22,972**	24,394
Investments	7	**71,676**	68,292	**71,676**	68,292
Total fixed assets		**93,144**	91,182	**94,648**	92,686
Current assets					
Stocks – finished goods and goods for resale		**2,431**	2,333	**2,042**	1,919
Debtors	8	**29,675**	30,707	**34,084**	34,968
Investments	9	**-**	19	**-**	19
Cash at bank and in hand		**7,919**	7,865	**3,767**	3,908
Total current assets		**40,025**	40,924	**39,893**	40,814
Creditors – amounts falling due within one year	10	**(6,001)**	(6,609)	**(5,860)**	(6,491)
Net current assets		**34,024**	34,315	**34,033**	34,323
Total assets less current liabilities		**127,168**	125,497	**128,681**	127,009
Creditors – amounts falling due after more than one year	11	**-**	(118)	**-**	(118)
Provisions for liabilities	12	**(1,933)**	(2,471)	**(1,933)**	(2,471)
Net assets excluding pension liability		**125,235**	122,908	**126,748**	124,420
Defined benefit pension Scheme liability	19	**(47,100)**	(35,700)	**(47,100)**	(35,700)
Total net assets		**78,135**	87,208	**79,648**	88,720
The funds of the charity					
Endowment funds	14	**933**	933	**933**	933
Restricted income funds	14	**2,417**	2,517	**2,417**	2,517
Unrestricted income funds					
Unrestricted funds	14	**121,885**	119,458	**123,398**	120,970
Pension reserve	14	**(47,100)**	(35,700)	**(47,100)**	(35,700)
Total unrestricted funds		**74,785**	83,758	**76,298**	85,270
Total charity funds		**78,135**	87,208	**79,648**	88,720

Approved by Council and signed on its behalf on 7 June 2021



John Smith,
Chair

Consolidated Statement of Cash Flows

			£'000
For the year ended 31 December		**2020**	**2019**
	Note		
Net cash (used in) / provided by operating activities	a	**(3,182)**	4,037
Cash flows from investing activities			
Dividends, interest and rents from investments		**1,206**	935
Purchase of property, plant and equipment		**(668)**	(2,827)
Proceeds from the sale of property, plant and equipment		**3,161**	-
Purchase of investments		**(777)**	(450)
Proceeds from the sale of investments		**295**	-
Net provided by / (used in) cash used in investing activities		**3,217**	(2,342)
Change in cash and cash equivalents in the reporting period		**35**	1,695
Cash and cash equivalents at the beginning of the reporting period	b	**7,884**	6,189
Cash and cash equivalents at the end of the reporting period	b	**7,919**	7,884

Note a. Reconciliation of net income to net cash (used in) / provided by operating activities

	2020	**2019**
Net income for the reporting period	**3,727**	17,372
Adjustments for:		
Investment income	**(1,206)**	**(935)**
Net (gain)/ loss on disposal of tangible fixed assets	**(2,814)**	2
Depreciation	**1,743**	1,965
Movements on investments	**(2,902)**	(6,707)
Pension deficit contributions	**(2,500)**	(2,700)
Increase in pension provision excluding actuarial loss	**1,100**	2,500
Increase in stocks	**(98)**	(466)
Decrease/(Increase) in debtors	**1,032**	(6,574)
Decrease in creditors	**(726)**	(441)
(Decrease)/Increase in provisions	**(538)**	21
Net cash (used in) / provided by operating activities	**(3,182)**	4,037

Note b. Analysis of cash and cash equivalents

	2020	**2019**
Current asset investments	**-**	19
Cash at bank and in hand	**7,919**	7,865
Total	**7,919**	7,884

As the charity has no external debt a net debt reconciliation is not required.

A prior period adjustment has been made to the cashflow statement to reclassify £2.7m of voluntary pension contributions from investing activities to operating activities.

Notes to the financial statements for the year ended 31 December 2020

Accounting policies

a) Accounting basis

The financial statements have been prepared under the historical cost convention, with the exception of investments that are included at market value.

Trustees have reviewed projections of cash flow and profitability for the period to 31 December 2022 considering sensitivities to income, cost reductions and Government support and how much it wishes to spend in discretionary areas.

We expect that the Group will produce a net deficit of £0.6m in 2021 and a further net deficit in 2022 of £4.2m. Based on this forecast we anticipate holding cash and liquid investments of £58.8m at 31 December 2022.

The Group had investments with a value of £65.9m at 31 March 2021 that are sufficiently liquid to be realized quickly (two funds have daily access, the third within a month). This gives the group significant headroom in the cash flow forecasts. As a precaution the Group has also applied to renew its overdraft facility from 1 July 2021, and Lloyds Bank has confirmed its intention to renew.

The Trustees recognise that there remains a degree of uncertainty as a result of the pandemic, however this does not pose a material uncertainty that would cast doubt on the charity's ability to continue as a going concern.

After considering the projections of cash flow and profitability and the ability to liquidate the investment portfolio to support cash balances the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, which is a period of at least 12 months from the signing of the accounts and audit report. For this reason, it continues to adopt the going concern basis in the financial statements.

b) Fund accounting

General funds are unrestricted funds that are available for use at the discretion of Council in furtherance of the general objectives of the charity, which have not been designated for other purposes.

Restricted funds are funds that are used in accordance with specific restrictions imposed by donors. The aim and use of each restricted fund is set out in Note 14 to the financial statements. Income received less than £15,000, unless part of a larger project, is reported in aggregate.

Investment income and gains are allocated to the appropriate fund.

c) Income

Income is recognised in the SOFA when the charity has evidence of entitlement, receipt is probable and its amount can be measured reliably.

Legacies

Both pecuniary and residuary legacies are recognised at the earlier of probate being granted or the charity being advised, in writing, by the personal representative of an estate that payment will be made or assets transferred and when, in the opinion of management, the amount can be quantified with reasonable accuracy and will probably be received.

This estimate includes a reduction to reflect the proportion of the prior year opening debtors not received in subsequent years and so allows for the potential variation in settlement values and the risk of a Will being contested.

Where part or all of a legacy has a claim against it, the disputed amount is not recognised as income, but is included as a contingent asset.

Reversionary interests involving a life tenant are not recognised.

Other income

Income from charitable trading, sales of new goods and other sales income are recognised when the goods or services are sold. The value recognised excludes VAT.

Donated goods are included in income when received and are measured at sales value, which is considered fair value.

Donation income is credited when received, except where fundraising campaigns are based around a specific event date, in which case the accruals basis is used.

Grants and donations in respect of capital expenditure are credited to restricted income at the point of recognition and are released to unrestricted funds on the later date of completion of the fixed asset, or the obligation being met.

Income from Government grants is recognised when a claim has been made and entitlement is confirmed.

Accounting policies

Gross proceeds from the People's Postcode Lottery are recorded as income in the SOFA.

Investment income is accounted for when receivable.

d) Recognition of expenditure

All expenditure is accounted for on an accruals basis and has been listed under the headings that aggregate all costs related to the category.

Costs of generating funds relate to those costs incurred to encourage donations and legacies and raise public awareness of the charity; those costs that enable us to trade goods and services; and those that relate to generating investment income.

Costs of charitable activities relate to those costs incurred in meeting the objectives of the charity and providing its public benefit.

Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of the resources. Overheads in support areas have been allocated to activities as outlined in Note 3 to the financial statements.

Costs for future property dilapidations, in our estimate and judgement, are estimated based on the number of properties rented subject to dilapidation clauses, each having an expected future cost based on the actual average spends per property incurred in earlier years. Where the particular condition of an individual property means the use of an average spend would not be appropriate, the provision is estimated with reference to property survey information.

Donations and gifts costs are those incurred in seeking voluntary contributions for the charity. Governance costs are those incurred by Trustees, internal audit and fees charged by external auditors. Irrecoverable VAT is charged as a cost to the individual activity.

e) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £5,000 are capitalised and accounted for at cost, inclusive of any incidental expenses of acquisition.

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

Assets under course of construction	nil
Freehold land	nil
Freehold buildings	25–50 years
Long leasehold buildings	25 years
Short leasehold buildings	Remainder of lease
Pet Hospital buildings, freehold and leasehold	25 years Furniture
Fittings and equipment	3–8 years
Motor vehicles	5 years

The charity has a policy to conduct impairment reviews in accordance with the requirements of FRS 102.

f) Investment properties

In accordance with FRS 102 these properties are initially recorded at cost and then subsequently at fair value. Revaluations are undertaken periodically by professionally qualified surveyors on the basis of open market value, which represents fair value. In our estimate and judgement these are revised in subsequent years by reference to published indices or comparative evidence and assessment of the circumstances of each property by PDSA's professional qualified surveyors.

g) Investments

Listed and other investments are initially shown at cost and then subsequently at fair value. to reflect the market valuation as at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year.

Investments in subsidiaries are initially shown at cost and subsequently net of any impairment.

Accounting policies

h) Stocks

Stocks are stated at the lower of cost and net realisable value. Donated goods are included at fair value on receipt, and the stock of donated goods represents the amount of goods donated by the general public which we hold at our shops at year-end. In our estimate and judgement, the value is calculated by applying an average sales value, adjusted for Gift Aided sales, to the volume of goods we have unsold at year- end.

i) Financial instruments

The PDSA Group only holds basic financial instruments. Investments are initially shown at cost and then measured at fair value and shown in Note 7 to the accounts. Financial instruments held within current assets and current liabilities are measured at the cash expected to be paid or received which is considered to be amortised cost and is shown in Notes 8, 9 and 10.

The Group balances included in the accounts are as follows:

	2020 £'000	2019 £'000
Fixed Asset Investments	71,676	68,292
Debtors	29,675	30,707
Current Asset Investments	nil	19
Creditors: amounts falling due within one year	6,001	6,909

j) Taxation

As a registered charity PDSA is exempt from taxation of income and gains falling within Chapter Three of Part II to the Corporation Tax Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charge has arisen in the year. No tax charge has arisen in any of its subsidiaries since they gift all taxable profits to PDSA.

k) Pension costs

For the defined benefit pension scheme, the amounts charged in resources expended are the current service costs and gains and losses on settlements and curtailments; these are included as part of staff costs. Past service costs are recognised immediately if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately and are shown separately in the SOFA. Defined benefit pension schemes are funded with the assets of the scheme held separately from those of the Group, in Trustee-administered funds.

These assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The valuation is obtained triennially but is updated each year and the resulting asset or liability is shown on the balance sheet

l) Operating leases

Rentals paid under operating leases are charged to the SOFA on a straight-line basis over the lease- term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are credited to the SOFA over the period of the lease. Rentals receivable under operating leases are credited to the SOFA in the periods in which they become receivable. When a rental holiday has been granted, or rentals temporarily reduced, the reduction is accounted to that period of the reduction and is not spread over the lease-term.

m) Basis of consolidation

PDSA Group's financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated on a line-by-line basis for the periods from or to the date on which control passed.

PDSA Trading Limited, PDSA PetAid Enterprises Limited and PDSA Property Services Limited are consolidated within these accounts as PDSA holds 100% of the issued share capital of each company.

n) Provisions

Provisions for future liabilities are recognised when PDSA has a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that payment will be made. Estimation techniques involve assumptions, which are based on experience.

o) Accounting estimates and judgements

In preparing the financial statements, the Trustees are required to make estimates and judgements. The matters below are considered to be the most important in understanding the judgements that are involved in preparing the financial statements and the uncertainties that could impact the amounts reported.

Cost allocation

Support costs not attributable to a single activity are allocated or apportioned on a basis consistent with identified cost drivers for that cost category and can be seen in more detail in note 3.

Legacy income accrual and contingent asset

Legacy income is recognised in accordance with the income recognition policy detailed in (c) above. In calculating the level of legacy accrual, management is required to exercise estimation and judgement, particularly in determining the amount and probability of receipt.

A contingent asset is identified for legacies notified to the charity when the inflow of economic benefit is probable, but does not yet meet the criteria for income recognition identified in (c) above.

Investment Properties

These are valued by professionally qualified surveyors, using estimation techniques identified in (f) above.

Stocks

Goods donated by the public for us to resell are valued using estimates identified in (h) above.

Actuarial assumptions for the defined benefit pension scheme

These are incorporated in the financial statements in accordance with FRS 102 using advice from independent qualified actuaries. Significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates. These are detailed in (k) above and note 19.

Provisions

We hold specific provisions for several matters and these are individually described in note 12. We recognise a provision when it meets the tests identified in the policy in (n); the estimation techniques used are particular to each provision. The charity leases a large number of properties and our assumptions for property dilapidations are described above in (d).

2. Income and endowments	2020 £'000	2019 £'000
Donations and legacies		
Legacies receivable	**40,135**	50,215
Donations and gifts	**17,487**	22,431
	57,622	72,646
Grant income		
Government Job Retention Scheme	**4,373**	-
Local Council Business Grants	**708**	-
	5,081	-
Other trading activities		
Lottery and similar income*	**7,710**	8,987
Sales of donated goods**	**4,973**	11,758
Sale of new goods	**1,389**	1,862
Other sales income	**2,313**	2,034
	16,385	24,641
Charitable trading activities		
Preventive services	**3,789**	8,824
Concessionary and other paid for services	**5,271**	5,645
	9,060	14,469
Investments		
Listed securities – dividends	**777**	450
Bank and other interest	**14**	38
Rents receivable	**415**	447
	1,206	935

* 2020 lottery income includes £5,879,000 received from players of the People's Postcode Lottery for lotteries drawn in 2020 (2019: £7,181,000)
** 2020 includes income of £1,734,000 of donations from supporters resulting from sale of their goods through PDSA's Retail Gift Aid programme (2019: £3,444,000)

3. Expenditure	Activities undertaken directly	Support costs allocated	2020 Total £'000	2019 Total £'000
Expenditure raising funds				
Legacies receivable	1,189	122	**1,311**	1,763
Donations and gifts	4,461	210	**4,671**	5,768
Raising public perception and awareness	1,400	90	**1,490**	1,944
	7,050	422	**7,472**	9,475
Expenditure on other trading activities				
Merchandising, charity shop and other trading	12,653	1,194	**13,847**	15,118
Lottery ticket sales	4,581	149	**4,730**	6,290
	17,234	1,343	**18,577**	21,408
Expenditure on investments	39	2	**41**	51
Expenditure on charitable activities				
Treatment at Pet Hospitals and by contracted services	54,731	6,228	**60,959**	63,076
Education: responsible pet ownership	1,627	128	**1,755**	2,619
Preventive services	2,431	108	**2,539**	5,395
	58,789	6,464	**65,253**	71,090
	83,112	**8,231**	**91,343**	102,024

Support costs breakdown by activity	Human Resources	Property Services	Finance and Management	Information Technology	2020 £'000	2019 £'000
Expenditure raising funds						
Legacies receivable	25	-	38	59	**122**	143
Donations and gifts	34	-	144	32	**210**	241
Raising public perception and awareness	26	-	45	19	**90**	122
Expenditure on other trading activities						
Merchandising, charity shop and other trading	255	201	400	338	**1,194**	1,301
Lottery ticket sales	2	-	147	-	**149**	180
Expenditure on Investments	-	1	1	-	**2**	3
Expenditure on charitable activities:						
Treatment at Pet Hospitals and by contracted services	1,969	296	1,766	2,197	**6,228**	6,308
Education: responsible pet ownership	54	-	53	21	**128**	166
Preventive services	30	-	78	-	**108**	262
Total support costs	**2,395**	**498**	**2,672**	**2,666**	**8,231**	8,726

Governance costs in the year of £364,000 (2019: £222,000) are included within Finance and Management support costs

Bases of allocation

Human Resources	staff costs	**Property Services**	property costs, excluding rent
Finance and Management	expenditure	**Information Technology**	number of IT devices

4. Net income before other recognised gains and losses			2020 £'000	2019 £'000
These are stated after charging				
Auditor's remuneration	audit fees charity		**73**	62
	audit fees subsidiaries		**7**	6
	non-audit fees charity	- tax services	**2**	1
		- other consultancy services	**5**	10
	non-audit fees subsidiaries	- tax services	**5**	3
Operating leases			**2,970**	3,074

£'000

5. Employees	2020	2019
Employment costs		
Salaries	**44,944**	45,109
Social security costs	**4,015**	4,013
Defined benefit pension costs	**1,499**	3,556
Other employer pension costs	**4,012**	3,741
Redundancy and termination payments	**410**	33
Other staff costs	**215**	204
Apprentice Levy	**217**	217
	55,312	56,873

During 2020, 99 employees were made redundant (17 in 2019), this was as a result of 26 shop closures and a restructure across our support functions. In addition, four individuals received termination payments through settlement agreements.

Average number of employees, calculated on a full-time equivalent basis		
Veterinary	**1,156**	1,150
Retail	**229**	239
Marketing and fundraising	**116**	120
Other	**161**	161
Total	**1,662**	1,670

Employment costs	2020	2019
The number of higher-paid employees whose emoluments were within the following scales was as follows:		
£60,001–£70,000	**20**	15
£70,001–£80,000	**10**	10
£80,001–£90,000	**6**	9
£90,001–£100,000	**2**	3
£100,001–£110,000	**-**	1
£110,001–£120,000	**1**	-
£130,001–£140,000	**1**	-
£140,001–£150,000	**1**	1
£170,001–£180,000	**-**	1
£180,001–£190,000	**1**	-

Emoluments include salary, allowances and benefits in kind, but exclude pension scheme contributions.

Thirty-nine of the higher paid staff are members of the Group Personal Pension (GPP) Plan (2019: thirty-seven). Seven of these staff members contribute to the Auto Enrolment section of the GPP (2019: eight). Thirty-two of the staff members contribute to the GPP by paying contributions in excess of the Auto Enrolment minimum contribution rates (2019: twenty-nine). Twenty-nine of the higher paid staff members are employed in our Veterinary Services team (69%).

The total compensation paid to the Executive team in 2020 (6 Directors) was £778,000 (2019: 6 Directors, £914,000). One of the six directors left service part-way through 2020 as their fixed-term contract came to an end. The Director General and Directors elected to have a 10% reduction in their basic salaries for six months during 2020 in recognition of the impact of the pandemic on our people.

The basic salary of the Director General, who is the highest paid employee, was £155,468 as at 31 December 2020 (£155,468 as at 31 December 2019). The Director General has elected to receive an additional cash payment in lieu of employer pension contributions.

The ratio between the highest and median contracted salary is 7:1 (2019: 7:1).

Members of Council do not receive any remuneration. They made donations to PDSA in 2020 totalling £1,732 (2019: £1,464)

Travel, accommodation, telecommunications, entertainment and training costs incurred by Council members on charity business are reimbursed or are paid directly by the charity. This amounted to £500 during the year for two Council members (2019: £9,750 for eleven).

£'000

6. Fixed assets	Assets under course of construction	Freehold land and buildings	Leasehold buildings		Pet Hospital land and buildings		Furniture fittings and equipment	Motor vehicles	Total
			Long lease	Short lease	Free-hold	Long lease			
Cost									
At 1 January 2020	95	3,853	400	5,101	34,891	5,087	15,505	366	65,298
Additions	130	22	-	71	-	-	445	-	668
Disposals	-	-	-	(655)	(1,037)	-	(359)	-	(2,051)
At 31 December 2020	**225**	**3,875**	**400**	**4,517**	**33,854**	**5,087**	**15,591**	**366**	**63,915**
Depreciation									
At 1 January 2020	-	1,549	151	4,730	18,659	2,936	14,195	188	42,408
Charge for the year	-	86	14	144	994	127	330	48	1,743
Disposals	-	-	-	(655)	(691)	-	(358)	-	(1,704)
At 31 December 2020	**-**	**1,635**	**165**	**4,219**	**18,962**	**3,063**	**14,167**	**236**	**42,447**
Net book value									
At 31 December 2020	**225**	**2,240**	**235**	**298**	**14,892**	**2,024**	**1,424**	**130**	**21,468**
At 31 December 2019	95	2,304	249	371	16,232	2,151	1,310	178	22,890

The difference between the Group and charity fixed assets is the exclusion of the intra-group profit of £1,504,000. The intra-group profit arose from the construction and sale of PDSA Pet Hospital buildings by subsidiaries of the charity. Certain freehold assets are charged to provide security against specific liabilities. The net book value of these assets at 31 December 2020 is £6,657,000 (2019: £6,997,000)

£'000

7. Fixed asset investments Group and charity	Listed investments	Other investments	Freehold Investment Properties	Total
At 1 January 2020	46,513	15,179	6,600	68,292
Additions	777	-	-	777
Disposals	-	-	(295)	(295)
Net gains/(losses) on revaluations and disposals	1,669	1,248	(15)	2,902
At 31 December 2020	**48,959**	**16,427**	**6,290**	**71,676**

At 31 December 2020 and 2019 the charity had the following holdings constituting more than 5% of the portfolio market value:	2020	2019
The Partners Fund	**16,427**	15,179
Schroders Diversified Growth Fund	**24,844**	23,164
Ninety One (formerly Investec) Diversified Growth Fund	**24,115**	23,349
The total of UK listed and other investments	**65,386**	61,692

Within fixed asset investments, investment properties are valued as at 31 December 2020 at £6,290,000. This represents four properties, all of which were valued by external RICS Registered Valuers. Properties are valued at fair value with reference to condition, location and market data. The charity is not aware of any material restrictions that might affect the realisation of any of its investment properties.

8. Debtors	Group 2020	Group 2019	Charity 2020	Charity 2019
				£'000
Due within one year				
Accrued legacies	**26,085**	28,062	**26,085**	28,062
Amounts due from subsidiary undertakings	**-**	-	**4,824**	4,723
Income tax recoverable	**331**	455	**331**	455
Sundry debtors	**2,051**	834	**1,882**	531
Prepayments	**962**	1,197	**962**	1,197
	29,429	30,548	**34,084**	34,968
Due after more than one year				
Other loans	**246**	159	**-**	-
Total	**29,675**	30,707	**34,084**	34,968

The charity has received notification of legacies amounting to approximately £16,216,000 (2019: £13,386,000).

This total has not been recognised as income at 31 December 2020, but represents a contingent asset that will be recognised in future years.

The charity has entered into indemnities with executors of Wills which allow repayment of legacy income in particular circumstances. These total £1,360,000 at the end of 2020 (2019: £1,390,000) and represent a contingent liability.

9. Current asset investments Group and charity	Interest bearing deposit accounts £'000
At 1 January 2020	**19**
Amounts withdrawn in the year	(19)
At 31 December 2020	**-**

10. Creditors: amounts falling due within one year	Group 2020	Group 2019	Charity 2020	Charity 2019
				£'000
Trade creditors	**1,818**	2,080	**1,818**	2,079
Taxation and social security	**1,093**	1,561	**1,093**	1,561
Sundry creditors	**913**	732	**865**	684
Deferred income	**82**	60	**-**	-
Accruals	**2,095**	2,176	**2,084**	2,167
Total	**6,001**	6,609	**5,860**	6,491

11. Creditors: amounts falling due after more than one year Group and charity	2020	2019 £'000
Sundry creditors	**-**	118
	-	118

12. Provisions for liabilities Group and charity	2020	2019
Obligations for dilapidations in respect of leased properties		
At the beginning of the year	**1,903**	946
Charged against provision in the year	**(122)**	(12)
Change in the year resulting from the number of properties and estimated cost per property	**28**	969
At the end of the year	**1,809**	1,903
Obligations for costs following closure of the Pet Practice Scheme		
At the beginning of the year	**79**	304
Charged against provision in the year	**(63)**	(126)
Extended duration of provision / (unused amounts released in the year)	**22**	(99)
At the end of the year	**38**	79
Provision for future marketing and professional costs		
At the beginning of the year	**489**	977
Charged against provision in the year	**(91)**	(977)
Released in the year	**(312)**	-
Additions during the year	**-**	489
At the end of the year	**86**	489

13. Analysis of Group net assets between funds			2020			2019
Fund balances at 31 December are represented by	**Restricted**	**General**	**Total**	Restricted	General	Total
						£'000
Tangible fixed assets	**1,431**	**20,037**	**21,468**	443	22,447	22,890
Investments	**-**	**71,676**	**71,676**	-	68,292	68,292
Current assets	**1,919**	**38,106**	**40,025**	3,007	37,917	40,924
Creditors – amounts falling due within one year	**-**	**(6,001)**	**(6,001)**	-	(6,609)	(6,609)
Creditors – amounts falling due after more than one year	**-**	**-**	**-**	-	(118)	(118)
Provisions for liabilities	**-**	**(1,933)**	**(1,933)**	-	(2,471)	(2,471)
Net assets excluding pension liability	**3,350**	**121,885**	**125,235**	3,450	119,458	122,908
Defined benefit pension Scheme liability	**-**	**(47,100)**	**(47,100)**	-	(35,700)	(35,700)
Net assets including pension liability	**3,350**	**74,785**	**78,135**	3,450	83,758	87,208

14. Statement of funds

£'000

	At 1 January 2020	Income	Expenditure	Actuarial/ investment gains	Transfers	At 31 December 2020
General fund	119,458	87,753	(86,844)	(9,898)	11,416	121,885
Pension reserve	(35,700)	-	-	-	(11,400)	(47,100)
Total unrestricted funds	**83,758**	**87,753**	**(86,844)**	**(9,898)**	**16**	**74,785**
Restricted funds						
Permanent endowment						
A.W. Blackwell bequest	933	1	-	-	(1)	933
Total permanent endowment funds	**933**	**1**	**-**	**-**	**(1)**	**933**
Income funds						
Restricted legacies	1,984	4,000	(4,158)	-	-	1,826
Digital x–ray – appeal	61	10	-	-	(15)	56
Nottingham PDSA Pet Hospital - capital appeal	357	63	-	-	-	420
Homeless project - Manchester	24	-	(2)	-	-	22
Homeless project - UK	31	-	(2)	-	-	29
PetCheck Vehicle - general expenditure	2	-	-	-	-	2
Miscellaneous restricted donations less than £15,000	58	341	(337)	-	-	62
Total restricted income funds	**2,517**	**4,414**	**(4,499)**	**-**	**(15)**	**2,417**
Total restricted funds	**3,450**	**4,415**	**(4,499)**	**-**	**(16)**	**3,350**
Total funds excluding pension reserve	**122,908**	**92,168**	**(91,343)**	**(9,898)**	**11,400**	**125,235**
Total funds	**87,208**	**92,168**	**(91,343)**	**(9,898)**	**-**	**78,135**

The general fund represents the free funds of the charity that are not designated for particular purposes.

The movement on the pension reserve represents the difference between the payments in the year by the employer towards the liabilities and the actuarial calculations of liabilities under FRS102.

Further information about the nature of some of the other restricted funds above is

- The AW Blackwell endowment provided interest benefit of £1,000 to PDSA in 2020; the income is unrestricted and so is transferred.
- Some legators have specified restrictions for use within a specific geographical location or application. The balance carried forward comprises:

PetCheck vehicle in the West Midlands £25,000, Helmsley/Kirbymoorside £333,000, Llanelli £446,000, Aberdeen £65,000, Isle of Wight £12,000, Wilshire £10,000, and other restricted legacies individually below £10,000.

Also included in restricted legacies is a gift of £930,000 from the Estate of E Hallam which will contribute towards the building of a new Pet Hospital in Nottingham.

£'000

15. Related parties	2020	2019
Sales from PDSA to PDSA Trading Limited		
Allocation of shared staff and overhead costs	**3,820**	5,501
	3,820	5,501
Sales from PDSA to PDSA PetAid Enterprises Limited		
Allocation of shared staff and overhead costs	**244**	303
	244	303
Sales from PDSA Trading Limited to PDSA		
Acquisition of donors and administration of the Retail Gift Aid sales Scheme	**2,828**	3,450
	2,828	3,450
Amounts owed to PDSA by subsidiary undertakings		
PDSA Trading Limited	**4,780**	4,472
PDSA PetAid Enterprises Limited	**18**	225
PDSA Property Services Limited	**26**	26
	4,824	4,723

16. Capital commitments Group and charity	2020	2019
Contractually committed purchases of tangible fixed assets	**-**	-
Purchases of tangible fixed assets authorised but not contracted for	**5,704**	4,320
	5,704	4,320

17. Operating lease commitments Group and charity	2020	2019
Total commitments not provided for in these financial statements under non-cancellable operating leases are as follows:		
Amounts payable		
Within one year	**2,102**	2,390
After one year but within five years	**3,401**	4,732
After more than five years	**936**	1,096
	6,439	8,218

For retail shops occupied at year end, where the lease has gone beyond renewal date but a new lease has not been formally signed, the lease is assumed to be cancellable with three months' notice, rather than at the next renewal date.

18. Charity and subsidiary undertakings

The charity holds 100% of the issued share capital of each of the following companies, all of which are registered in England

Company Name	Company number	Activity
PDSA Trading Limited	1595637	Principal activities are the operation of lotteries, mail order catalogues, sale of financial services and new goods through PDSA's chain of shops.
PDSA Property Services Limited	2340793	The company is currently not trading but is intended for reactivation in 2021
PDSA PetAid Enterprises Limited	4374375	Principal activity is the provision of commercial veterinary services

The total taxable profits of the subsidiary undertakings are gifted to the charity. No loans are advanced by the charity to its subsidiaries.

A Statement of Financial Activities for the charity only (presented in summary form to aid the understanding of the reader).

£'000

	Unrestricted funds	Restricted funds and endowments	Total 2020	Unrestricted funds	Restricted funds and endowments	Total 2019
Total income	80,545	4,415	**84,960**	96,078	7,412	103,490
Total expenditure	(79,635)	(4,499)	**(84,134)**	(86,439)	(6,386)	(92,825)
Net gain on investments	2,902	-	**2,902**	6,708	-	6,708
Net income / (expenditure)	**3,812**	**(84)**	**3,728**	16,347	1,026	17,373
Transfers between funds	16	(16)	**-**	1,645	(1,645)	-
Actuarial loss on defined benefit pension Scheme	(12,800)	-	**(12,800)**	(3,800)	-	(3,800)
Net movement in funds	**(8,972)**	**(100)**	**(9,072)**	14,192	(619)	13,573
Reconciliation of funds						
Total funds brought forward	85,270	3,450	**88,720**	71,078	4,069	75,147
Total funds carried forward	**76,298**	**3,350**	**79,648**	85,270	3,450	88,720

A summary of the results of the subsidiaries

For the year ended 31 December	PDSA Trading Limited		PDSA Property Services Limited		PDSA PetAid Enterprises Limited	
	2020	2019	**2020**	2019	**2020**	2019
Income	**13,741**	15,773	**-**	-	**261**	574
Expenditure	**(9,785)**	(12,178)	**(1)**	(1)	**(250)**	(469)
Profit/(loss) for the year	**3,956**	3,595	**(1)**	(1)	**11**	105
Gifted to The People's Dispensary for Sick Animals	**(3,956)**	(3,595)	**-**	-	**(11)**	(105)
Retained loss	**-**	**-**	**(1)**	(1)	**-**	-

Aggregate of the assets and liabilities

	PDSA Trading Limited		PDSA Property Services Limited		PDSA PetAid Enterprises Limited	
	2020	2019	**2020**	2019	**2020**	2019
Assets	**4,876**	4,544	**11**	12	**68**	276
Liabilities	**(4,869)**	(4,537)	**(27)**	(27)	**(68)**	(276)
Net assets/(liabilities)	**7**	7	**(16)**	(15)	**-**	-

19. Defined benefit pension Scheme

The Society operates a defined benefit pension Scheme that pays out pensions at retirement based on service and final pay. It has applied Section 28 of FRS102 and the following disclosures relate to this standard. It recognises any gains and losses in each period within the Consolidated Statement of Financial Activities under the heading of 'Actuarial loss on defined benefit pension Scheme'. The funding policy is agreed between the Retirement Benefit Plan (1978) (RBP) trustees and the Society and is formally set out in a Statement of Funding Principles, Schedule of Contributions and Recovery Plan following each full actuarial valuation. The latest such valuation was carried out as at 31 December 2017 and showed a deficit of £46.2 million. A future funding schedule has been agreed with the trustee of the RBP to eliminate the deficit by 31 December 2032. An independent qualified actuary has calculated the RBP liabilities from data provided by the RBP administrators as at 31 December 2018.

Following a period of consultation with the active members over proposals to close the RBP Scheme to future accrual, the proposals were accepted on 30 June 2016 and the Scheme was closed to future accrual with effect from 5 April 2019.

In respect of the deficit arising from the 31 December 2017 Triennial Valuation of the RBP Scheme, the Society has entered into security arrangements with the RBP trustee to support the deficit recovery plan agreed from the 2017 Triennial Valuation.

£ millions

The amounts recognised in the balance sheet are as follows:	**2020**	2019
Present value of funded obligations	**(187.3)**	(159.8)
Fair value of Scheme assets	**140.2**	124.1
Deficit recognised in scheme	**(47.1)**	(35.7)

The amounts recognised in the Consolidated Statement of Financial Activities as income and expenditure are as follows

Current service cost	**-**	0.2
Past service cost	**0.1**	1.4
Scheme administration expenses	**0.7**	0.6
Net interest on the defined benefit liability	**0.7**	0.9
Total cost	**1.5**	3.1

The amounts recognised in the Consolidated Statement of Financial Activities as actuarial gains are as follows

Actuarial losses	**(27.5)**	(15.0)
Return on Scheme assets in excess of interest income	**14.7**	11.2
Total loss	**(12.8)**	(3.8)

Sensivity Analysis

At the reporting date, reasonable possible changes to one of the relevant actuarial assumptions, with the other assumptions held constant, would have affected the defined benefit obligation by the amounts shown below.

	31 December 2020 Increase in DBO (£m)
Discount rate +0.10%	**(4.0)**
Inflation +0.10%	**3.3**
Mortality +1 year life expectancy	**7.5**

The change to the inflation sensitivity allows for changes to pension increases in deferment and in payment. Although the analysis does not take account of the full distribution of cash flows expected, it does provide an approximation of the sensitivity of the assumptions shown.

Changes in defined benefit obligation during the year	2020	£ millions 2019
Opening defined benefit obligation at 1 January	**159.8**	142.9
Total current service cost	**-**	0.2
Past service cost	**0.1**	**1.4**
Interest cost	**3.2**	4.0
Actuarial losses	**27.5**	15.0
Benefit payments	**(3.3)**	(3.7)
Closing defined benefit obligation	**187.3**	**159.8**

Changes in fair value of scheme assets during the year		
Opening assets at 1 January	**124.1**	110.8
Interest income	**2.5**	3.1
Return on scheme assets in excess of interest income	**14.7**	11.2
Expenses paid	**(0.7)**	(0.6)
Employer contributions	**2.9**	3.3
Benefit payments	**(3.3)**	(3.7)
Closing assets	**140.2**	**124.1**

Projected income and expenditure		
Interest cost	**2.4**	3.2
Interest income	**(1.8)**	(2.5)
Administration expenses	**0.7**	0.4
Total	**1.3**	**1.1**

Fair value of scheme assets in each category		
Equities and property	**57.0**	57.2
Gilts	**49.9**	35.3
Insurance policy	**27.0**	26.2
Other credit	**5.9**	4.6
Cash	**0.4**	0.8

For the purposes of FRS102 Section 28 the asset values stated are at the balance sheet date. Market values of the Plan's assets, which are not intended to be realised in the short-term, may be subject to significant changes before they are realised.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

		2020		2019	
		Pensioner	**Non Pensioner**	Pensioner	Non Pensioner
Discount rate (pre-retirement)			**1.30%**		2.05%
Discount rate (post-retirement)		**1.25%**	**1.30%**	1.95%	2.05%
Price inflation	RPI	**3.05%**	**2.90%**	3.10%	2.95%
	CPI	**2.45%**	**2.30%**	2.10%	1.95%
Future salary increases			**0.00%**		0.00%
Future pension increases	RPI max 5%	**3.00%**	**2.85%**	3.05%	2.90%
	RPI max 2.5%	**2.15%**	**2.10%**	2.20%	2.15%

Life Expectancy	Years	Years
Male (current age 45)	**22.9**	22.8
Male (current age 65)	**21.6**	21.5
Female (current age 45)	**25.1**	24.9
Female (current age 65)	**23.5**	23.4



pdsa

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