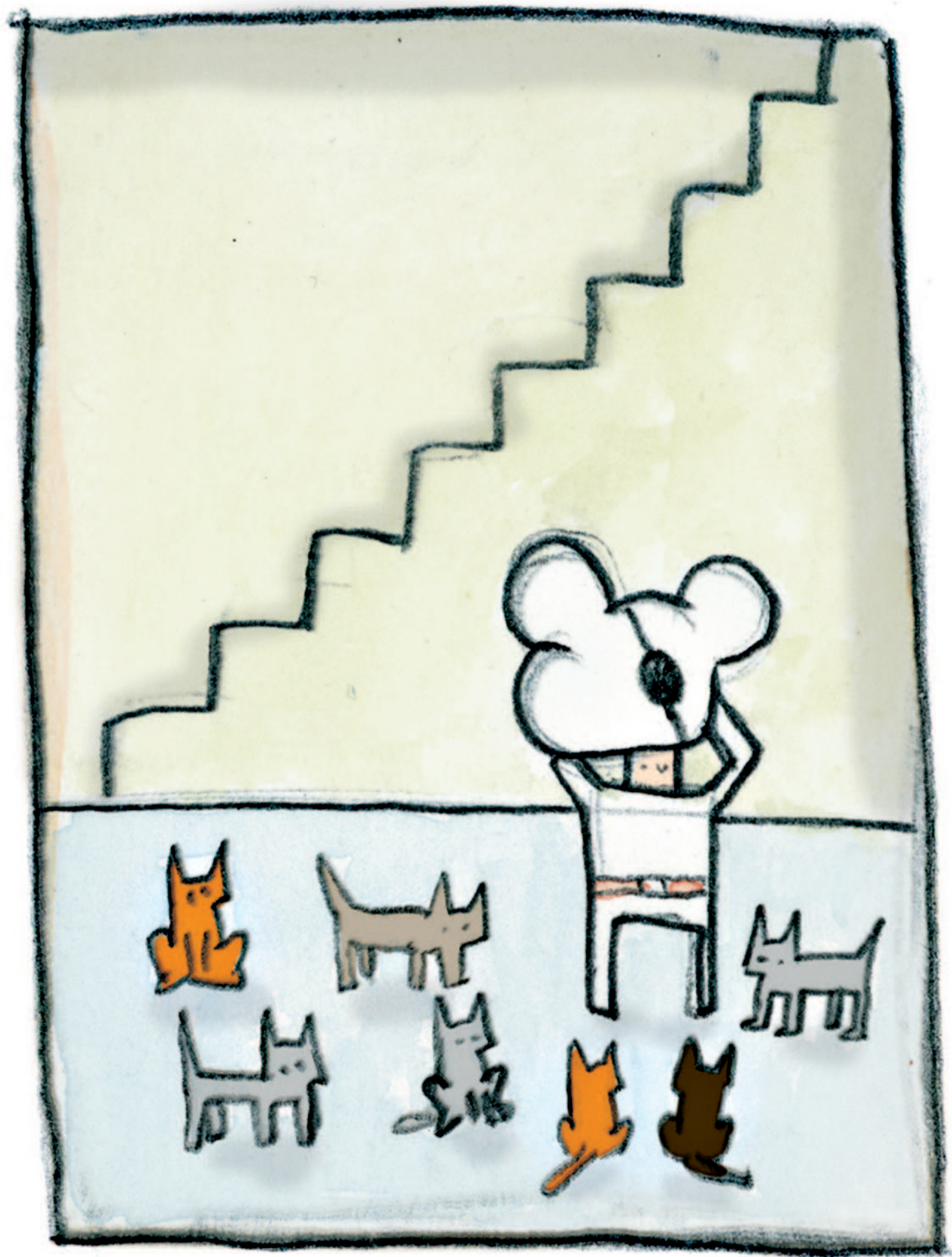


Annual Report + Accounts 2009





Trustee's report

Cats Protection is the UK's leading cat welfare charity. Founded in 1927, we are dedicated to cat welfare; we find good homes for cats in need, promote the benefits of neutering and provide education, information, advice and resources on cat care and welfare. In 2009, we directly helped over 215,000 cats (2008:193,000) and indirectly we help many more.

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

It is an ambitious vision, however, we truly believe it can be achieved because of our passion and professional approach.

Cats Protection will continue to help cats by **developing and growing** in all three of our objectives:

Homing – finding good homes for cats in need

Neutering – supporting and encouraging the neutering of cats

Information – improving people's understanding of cats and their care through education and advice

Our values, which underpin everything...

They shine through our work and provide the cornerstones of our charity, enabling us to grow and, as a result, to help more cats and kittens every year. Our values are simple;

- We care about cats
- We value and respect our volunteers, supporters and staff
- We are committed to providing a service of the highest quality
- We are open and honest



How did we do?

Homing

Cats Protection finds good homes for cats in need. We operate through a network of volunteer-led branches throughout the UK. These branches carry out approximately three quarters of our rehoming work. Branches are financed by their own local fundraising efforts and by funds received centrally.

In addition to the branch network, we have 29 purpose-built adoption centres and one homing centre. Branches and our centres work side by side to deliver cat work. For instance, adoption centres can provide a certain level of specialist pen facilities when branches run out of space. Adoption centres also provide support and increased visibility of Cats Protection in their local region.

Cats Protection rehomed and reunited over 55,100 cats and kittens in 2009 which is slightly more than in 2008. This was a considerable achievement when set in the context of an economic recession where people are less likely to be prepared to take on the financial responsibility of looking after a cat.

Around 7,000 cats are in our care at any given time – but there may be many more than this during the kitten season.

Our work with feral cats helped approximately 18,000 feral cats and kittens (2008 – 20,900) to have a better life through feeding programmes, neutering and, where appropriate, homing.

In line with the 2009 strategy we have looked to increase the accessibility of cats to be rehomed to the public through the development of the Ferndown Homing Centre. Longer opening hours were also piloted at a number of adoption centres allowing greater flexibility in meeting public demand.

Cats Protection never puts down a healthy cat; cats are only ever euthanased on veterinary advice when they no longer have an acceptable quality of life.



Neutering

Neutering actively prevents unplanned litters being born; so they do not become the unwanted cats of tomorrow. We achieve our objectives in this area by working with veterinary practices, other animal welfare organisations and cat owners to support and promote the benefits of neutering and responsible pet ownership. Financial assistance is also provided to enable owners, in genuine need, to have their cats neutered.

We carry out our neutering work through a voucher scheme for individuals, together with partnership working with organisations such as PDSA and a neutering consortium called C4. In 2009 the number of cats neutered with financial assistance from Cats Protection increased to 162,800 from 150,800 in 2008. Neutering costs have also increased by £1.8m (35 per cent) which primarily reflects the increase in the neutering provision to cover vouchers issued but not yet redeemed. The average cost per neutering has remained consistent between 2008 and 2009. The need to provide financial assistance to members of the public to help cover neutering costs was made even more prevalent by the effects of the economic recession and we are extremely pleased to have increased our level of support.

In line with our strategy for 2009, we launched a regional neutering campaign in Greater Manchester and Cheshire, reaching 3,000 cats, and relaunched the C4 scheme, which has grown over 40 per cent during the year. We also launched our neutering partnership with local councils and have agreed to collaborate with 48 local authorities.

In 2009, within our homing and neutering work, we helped over 215,000 cats, which is a 21,000 increase over last year.

Information

Cats Protection publishes a wide range of leaflets on cats and their care. Leaflet topics range from fleas and parasites to cat behavioural problems and legal issues. The series can be downloaded from our website at www.cats.org.uk or are available through the volunteer branches, our Helpline and veterinary clinics.

In line with our 2009 strategy we have undergone a review of our mediums for disseminating information. We have relaunched our website which offers a wider variety of information in a 'user friendly' format. We have also increased our presence on media forums such as Facebook where we have over 16,000 fans.

This change in approach has resulted in a reduction in the amount of leaflets, posters and factsheets issued through traditional methods to members of the public. The amount issued still remains close to 400,000.

We produce a full colour quarterly magazine, *The Cat*, which is available to members and subscribers. Each issue provides cat care information and fun and informative features on cats and cat ownership. It is also an important way of keeping our supporters up to date with our work.

We place an increasing emphasis on our education packs and this material is used in a significant number of schools in the UK. Educating future generations about the welfare of cats is a major priority for the charity.

Our Helpline service provides members of the public with advice and assistance by phone, letter and email.

All this is in addition to the huge amount of information work carried out by our branches, many of which publish their own newsletters and cat advice resources.

In line with our 2009 strategy we have embarked upon a number of new educational partnership and projects including the Magenta Project and a partnership with the Wakefield Wildcats rugby league side. We have also increased the availability of our resources by utilising the *Times Educational Supplement* website.

In support of our main objectives, we are proud of our achievements in the following areas:

Minimum Veterinary Standards – over the past 10 years the charity has ensured the highest quality of cat care has been introduced across all our facilities – both volunteer-run facilities and those that are centrally funded. We are now focused on veterinary care standards and ensuring that each cat we rehome receives the same high standard of veterinary care.

As a minimum standard, we aim for all cats to be: health checked by a vet, treated for fleas and worms, neutered, vaccinated with at least the first vaccination for cat flu and enteritis and blood tested for the feline leukaemia and FIV viruses if the cat is sick. In addition to these minimum standards, we also recommend microchipping. 99 per cent of all cats were treated to this level.

Volunteers – the Trustees would like to record their sincere thanks to the charity's 7,300 volunteers. Their professionalism and hard work means they play a major role in achieving our goals and, without them, we would not be able to care for as many cats as we do each year.

Volunteers are the lifeblood of the charity and around three quarters of the charity's cat welfare work is completed through our branches. All branches fundraise to generate funds (£7.3m in 2009) to support their own operating costs. Volunteers also work in our adoption centres and as fundraisers in their local area. We estimate that in 2009, our volunteers generously gave in the region of 3.4 million hours to Cats Protection's work; the value of these hours to the charity is close to £42m*.

This valuation does not take into account the fact that much of the work is carried out during evenings and weekends, nor does it reflect the dedication of volunteers working outside of the branch on Council, national initiatives, working groups and so on.

Employees – the Trustees acknowledge, with thanks, the professionalism and hard work of Cats Protection staff who contribute to the development of the charity year by year.

Partnerships with other animal welfare organisations – as the largest cat charity, Cats Protection is an active member of The Cat Group, The Microchip Advisory Group, The Society for Companion Animal Studies, the Association of Dogs and Cats Homes (ADCH) and the Pet Advertising Advisory Group (PAAG). We sponsor the International Companion Animal Welfare Conference (ICAWC) and work collaboratively with a number of other animal charities including: RSPCA, The Feline Advisory Bureau (FAB), PDSA, Blue Cross, Animal Health Trust and The Dogs Trust. In addition to these national organisations, we also work closely with many local independent animal welfare charities across the country, including the Assisi Animal Sanctuary in Northern Ireland and the neutering consortium C4 in London.

*The rate is based on the median gross hourly rate (excluding overtime) for full time workers (£11.87) from the 2009 Annual Survey of Hours and Earnings National Office of Statistics, November 2009

Capital projects – Our ambitious programme to increase our capacity and improve the quality of our rehoming facilities continued throughout the year.

The Ferndown, Bournemouth, 'Homing Centre' will, as planned, be open in the first half of 2010. This centre will pilot the concept of a Homing Centre with the aim of forming a template for future homing centres across the United Kingdom. It will allow for local branches to place 'ready to rehome' cats in a position where they can be seen by the public in an accessible and easy to reach location. The site will also provide information and advice to new cat adopters and the local community, and act as a central point for our volunteers and staff to meet.

Cats Protection has been successful in buying three sites over the last few years on which it intends to build new centres over the next 10 years. We aim to build two new centres within the next three year planning period.

The Belfast, Northern Ireland, adoption centre major refurbishment project was completed during 2009. This work is in addition to the general maintenance and refurbishment programme of all our adoption centres.

Fundraising – 2009 has proven to be very challenging for the Fundraising Team during a period of economic recession. Despite this, donated income was greater than that generated in 2008. While legacy income has fallen due to the fall in house and share prices, the number of legacies received has been maintained at 2008 levels.

Commercial partnerships – we work with Petplan, ensuring that new owners have insurance cover for the first few weeks that their new cat is with them. Adopters have an opportunity to continue with the insurance plan, and support Cats Protection at the same time, as we receive commission on new policies and renewals.

Our partnership with Purina PetCare continued through 2009 and was strengthened with the introduction of an online cat food store for our volunteers to take advantage of. We thank them for their continued support of our branches and adoption centres through the provision of subsidised food and for their sponsorship of fundraising and awareness events and campaigns.



Cats Protection... Into the future

For every cat we help in the UK there are many more that we cannot help. To be able to reach out to all the cats and kittens that need us, we must dramatically increase our ability to rehome, neuter and impart information. We cannot ask the cats to wait until we can help them. Their needs are paramount, as is our responsibility to be there for them.

This goal cannot be achieved without increasingly supporting our people, the volunteers and staff who carry out our vital work. We must invest in building a dynamic, go-ahead organisation that will attract further volunteers, more homes for cats and funds to pay for food, veterinary care and everything the cats in our care need.

The years ahead will bring many new opportunities and challenges. Cats Protection wants everyone to celebrate our achievements to date, and also to support us in achieving an even better future.

Cats Protection will continue to help cats by:

- Pulling together as 'one charity'
- Investing in our branches and volunteers so that we can help even more cats
- Becoming more effective and professional with consistent and high standards

Goals to achieve our strategy

Cats Protection developed a new Charity Plan during 2009 which captures our long term strategy and short term objectives as we work towards our vision of 'a world where every cat is treated with kindness and an understanding of its needs'. The Charity Plan includes a detailed, three year plan as the first stage of a 10 year strategy which is working towards our 50 year vision. The development of the plan has been a collaborative effort with involvement from all areas of the organisation. This has enabled it to be embedded within everyday management and ownership is shared across the whole charity.

The plan has identified strategic goals around six key themes:

- Brand development
- Homing
- Neutering
- Education and Information
- Partnerships
- Culture and Resources

Promoting and Developing our Brand

Cats Protection will continue to develop a high quality brand which encapsulates everything we do and believe in. It is important this is effectively communicated so the public are aware who they should contact and be assured in the level of service delivered. We will use 2010 to assess our current brand position and develop it further by utilising more varied and sophisticated means of communication while constantly seeking to improve in everything we do.

Homing

Cats Protection must look to reduce the number of cats in need of a good home by increasing the number it rehomes each year. We aim to increase this by the equivalent of 5 per cent per year throughout the planning period, which can be achieved by increasing our capacity to take in unwanted cats and by increasing the speed at which we find them good homes. We aim to build two new adoption centres over the next three years and reduce the time for a cat to be rehomed to less than 20 days. We also aim to achieve 100 per cent compliance of our veterinary standards.

Neutering

2008 and 2009 saw a huge increase in the number of cats neutered per year by Cats Protection. We intend to maintain neutering levels in 2010 while assessing our achievements and determining the next phase of development. We also plan to increase our partnerships with other organisations such as Wood Green Animal Shelter and target specific areas such as Glasgow for neutering campaigns.

Education and Information

The desire to improve how we provide information led to the development of a new Education and Information Team in 2009. They will focus on reaching a wider audience with our cat welfare messages. We want to change perceptions and behaviour towards cats. They intend to recruit volunteers to increase our ability to touch local communities as well as help form sustainable partnerships with various organisations that can help achieve our objectives. We will also assess the way we use and share information to ensure we are maximising the opportunities to spread our messages.

Partnerships

Cats Protection already has a number of partnerships with other organisations and we aim to consolidate these within an overarching framework. This framework will then be used to identify, create and manage new partnerships in the future.

Culture and Resources

For Cats Protection to deliver its charitable objectives it is essential we have the infrastructure and resources in place to support our activity. We must ensure our systems and procedures are adequate and we have the people to deliver our service.

We intend to complete regular reviews of our systems as well as develop a number of new systems which will support a greater level of efficiency and effectiveness.

We aim to increase the number of our volunteers by the equivalent of 10 per cent each year over the period of the plan, to support the charity's growth in activity. We plan to utilise the broad skill sets of our volunteers more effectively across a wider range of activities.

Public benefit

Under the charities legislation in England, Wales and Scotland the advancement of animal welfare is recognised as a distinct statutory charitable purpose. However, under the legislation, charities are also required to demonstrate that the work they do benefits the public in some way.

Ensuring the welfare of animals, preventing cruelty and relieving the suffering of animals has benefits for society as a whole; this is recognised in the passing of the Animal Welfare Acts.

Cats Protection – public benefit

Research indicates that companion animals, and cats in particular, provide measurable benefits to people's physical and mental health, especially children, the elderly and the sick. We continue our involvement with and support for various animal welfare groups including:

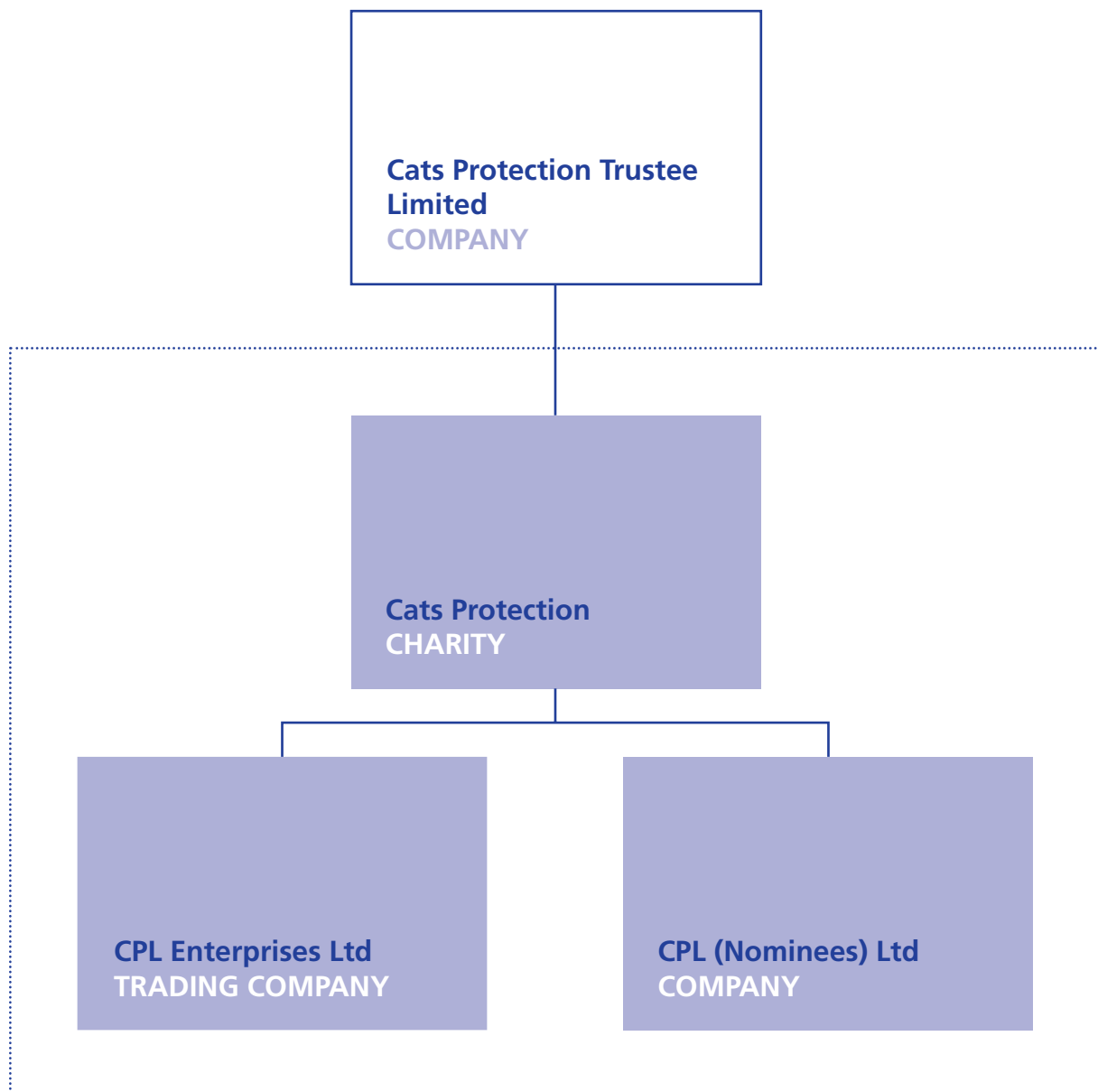
- The Society for Companion Animal Studies (SCAS) which exists to promote the study of human-companion animal interactions and raise awareness of the importance of pets in society
- The Companion Animal Welfare Council (CAWC) which currently has a working group researching the benefits of companion animals in health and social care institutions
- Pathway and the Pet Advisory Committee (PAC). The group's report for Housing Providers looks at the role of pets in society and provides guidance on keeping pets to providers of housing facilities, such as homeless hostels and sheltered accommodation

By helping cats and kittens we believe that our work also benefits the public at large in a variety of specific ways, including:

- Providing cats to those who can and want to provide a good home for them
- Providing companionship for individuals, families, the sick and the elderly
- Providing a service and reassurance to cat owners that their cats will be cared for and rehomed when they become incapable of looking after them either through illness, death or other reasons
- Reuniting lost and stray cats with their owners
- Taking care of stray cats reported to us and finding new homes for them if we are unable to locate the original owner
- Responding to complaints from the public about colonies of feral cats
- Helping to control the cat population (both feral and domestic) through neutering
- Helping to control the incidence and spread of disease and suffering in cat populations through vaccination and neutering
- Providing assistance to those on low incomes with the cost of neutering through our voucher scheme
- Providing assistance to local authorities and others by taking in and rehoming stray, lost or abandoned cats and by controlling feral populations
- Providing volunteering opportunities for those who wish to support our work
- Providing information and advice on the care of cats and promoting the welfare of cats generally
- Working with other animal welfare organisations to provide advice to government departments on animal welfare legislation

Structure, governance and management

Legal Structure



These consolidated accounts incorporate the entities shown within the dotted lines

Cats Protection is an unincorporated charitable association. It was founded on 16 May 1927. The charity's constitution is set out in the 'Rules and Byelaws' of the charity. Cats Protection has a Corporate Trustee, a company set up to act as Trustee, Cats Protection Trustee Ltd.

Cats Protection Trustee Ltd has a board of eight unpaid directors who are either elected by the Council or nominated to the Board.

Governance

The board meets at least eight times a year to administer the affairs of the charity, set policies and approve all major expenditure programmes. Directors of the Corporate Trustee Company serve for a period of five years and are then eligible for re-election.

At the Annual General Meeting, a Council is elected with between 10 and 22 members. The functions of Council are to elect five directors to the board of the corporate trustee company from amongst its members and to advise the board. All directors of the Corporate Trustee Company are also Council members. Council meets at least three times a year.

The board comprises the following:

- those members elected by Council; and
- up to four directors appointed by the board for their specific skills

New directors are familiarised with the workings of the charity and its policies through induction training, visits to branches and adoption centres and meetings with the other directors and the Chief Executive. On-going training and support for all directors is provided through formal briefings from the Chief Executive, Executive Management Team, third-party specialists or external courses as appropriate.

At the start of 2009, the board had one sub-committee, the Investment Committee, which assists the board in safeguarding the charity's financial assets and in determining investment policy. It meets at least twice annually with investment managers, advisors and relevant staff. In 2009 the Trustees agreed to set up an Audit Committee to assist the board in fulfilling its obligations on financial reporting. It will meet at least twice annually and the committee will comprise three directors, at least one CP volunteer and at least one external independent member, both with relevant skills.

Management

The implementation of policies, control of approved financial programmes and day-to-day operations are the responsibility of the Chief Executive, who is assisted by a management team.

For operational effectiveness, the United Kingdom is split into regions. Regional staff are responsible for developing the activities of volunteer-led branches and establishing new ones in areas of need. We have 12 regions in total. As part of our commitment to supporting local branches some of our management is located away from the National Cat Centre and nearer to our branches and centres across the UK. This gives more focus and support for the branches and helps provide an integrated service across branches and adoption centres.

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

Financial review

Income and expenditure

Key features of financial activity for the year ended 31 December 2009 are as follows:

- Income decreased by £1.7m (4.7 per cent) compared to 2008
- Legacy income decreased by £1.5m (7 per cent) and investment income decreased by £1.1m (62 per cent) compared to 2008. These income streams were primarily affected by the fall in equity and house prices during the first quarter of the year. The number of legacies received remained consistent with 2008
- Other fundraised income increased by £242k (0.7 per cent) compared to 2008 despite the economic recession
- Expenditure increased by £2.9m (8 per cent) in line with CP's plan to increase operational infrastructure in support of charitable activity
- Neutering expenditure has increased by £1.8m (35 per cent) which reflects the growth in the scheme over the last three years and our commitment to redeem issued vouchers in future years
- Rescue and rehoming expenditure has increase by £0.9m (4.4 per cent) which reflects the plan to increase operational infrastructure in support of a key charitable activity
- Net resources, before asset revaluations and disposals are accounted for, have decreased by £4.2m, reflecting the poor economic conditions coinciding with planned growth
- The increase in value of investments during the second half of the year and the receipt of funds from KSF has resulted in overall funds increasing by £1.5m during 2009

Balance sheet

Key features of balance sheet figures for the year ended 31 December 2009 are as follows:

- Tangible Fixed Assets have increased by £2.4m (9 per cent) primarily due to the development of the Ferndown Homing Centre
- Investments have decreased by £1m (3.5 per cent) and short term deposits have increased by £1.1m (104 per cent) as funds are made available for imminent development projects
- Provisions for liabilities and charges have increased by £1.4m (181 per cent) to account for the growth of the neutering scheme and an increase in vouchers issued but not yet redeemed
- Overall Net Assets of the charity at 31 December 2009 were £55.7m (2008: £54.2m)

Scotland

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

Cats Protection undertakes about 14 per cent of its rehoming (2008: 14 per cent) and 10 per cent of its neutering work (2008: 10 per cent) in Scotland.

The work is done through five adoption centres, 49 branches and nine shops, using around 14 per cent of our volunteer workforce, approximately 1,000 people, and 22 employed staff.

Investment and cash management policy

Our investments are broken down into the following categories:

- An investment portfolio held in equities, cash equivalents and similar investments, long-term in nature, administered by investment managers on a discretionary basis
- Short-term working capital in term deposit accounts

The policy for the investment portfolio is to provide a positive investment return to the charity without exposing the charity to undue risk. Despite having a well diversified portfolio, this was insufficient to prevent a significant fall in value during 2008 due to the exceptional economic environment, when there was a widespread fall in the majority of asset values. At the time of the banking crisis during October 2008, the investment managers were instructed to keep surplus cash funds in government gilts to ensure the security of these funds. This restriction was removed in January 2009, as the banking situation stabilised. Almost 65 per cent of the value lost during 2008 was regained during 2009.

The policy for the short-term working capital portfolio is to provide a reasonable return from cash deposits in relation to market rates. Cats Protection appointed Royal London Cash Management (RLCM) at the end of 2009 to manage a large portion of the short-term working capital. Their expertise will enable these funds to be diversified across a large number of deposits, ensuring risk to the funds is minimised.

Kaupthing Singer & Friedlander (KSF) (in administration)

KSF was placed in administration on 8 October 2008 and our members were informed of the situation at the AGM on 12 October 2008. Members, volunteers, supporters and staff were also made aware of the situation immediately by post and email.

In the 2008 financial statements, a £9.1m provision for 80 per cent of the cash deposited at KSF was made. This represented the balance of funds not included in the first distribution. A further 10 per cent distribution of £1.14m was made during 2009 and a 5 per cent distribution of £0.57m has been received up to the date of signing in 2010. The administrators forecast 65-78p in £1 in total will be distributed over the whole course of the administration.

Thank you for the enormous level of support you continue to provide with regards to this difficult issue. We are doing all we can to seek the return of all these funds.

Ethical (investment) policy

During 2009, the directors agreed to an Ethical Policy which will encompass all areas of our work. This has replaced the Ethical Investment Policy and states the following:

Cats Protection will not knowingly deal with companies or individuals involved in:

- animal testing, both invasive and non-invasive, for cosmetic or other non-medical purposes
- any aspect of the fur trade

Donations from such companies or individuals will be refused.

Cats Protection fully supports the aims of reduction, refinement and replacement of all laboratory studies on animals.

Non-medical palatability and behavioural testing and studies for products for animal use are deemed acceptable.

This policy applies to companies that we deal with, and their immediate parent company.

The policy to review the investment portfolio biennially to ensure compliance with the Ethical Policy remains, with the next review due in 2010.

Reserves policy

The aim of Cats Protection's reserves policy is to ensure that its ongoing and future activities are reasonably protected from unexpected variances in income and expenditure.

The Trustee reviews the level of reserves on a regular basis. At the year end the general reserves for the charity were £17.6m (2008: £15.73m), equivalent to just over five months' operating expenditure. The aim is for general reserves to be maintained at a level that ensures the work of the charity can continue without disruption in adverse circumstances.

Designated funds – detailed in the notes to the accounts, funds set aside for specific purposes such as new site acquisition and development.

Restricted funds – represent funds which are to be used in accordance with specific restrictions imposed by the donors, or which have been raised for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

Risk

The Charity Commission defines a risk as 'that which, if it occurs, would have a severe impact on operational performance, objectives or reputation and which has a high chance of occurring'. Risks can be operational, financial, legal and regulatory, public perception or people-based in nature.

The Trustees have reviewed their major risks and the risk management processes within the charity, and concluded that operational and financial controls, together with the internal audit programme, are sufficient to mitigate such risks.

Managers review risk regularly, reassessing the significance and probability of individual risks, the actions that can be taken to mitigate or control risks, the effectiveness of our risk management controls and whether there are new risks for the organisation that need to be considered. Actions taken during the course of the year have served to either increase the strength of our risk management, or to reduce the probability of the risk occurring, and served to embed the management of risk throughout the organisation.

It is recognised that systems can only provide reasonable, and not absolute, assurance that major risks have been adequately managed.

Review of subsidiaries' activities

The charity has two wholly owned subsidiaries: Cats Protection Enterprises Ltd, which undertakes non-charitable trading activities for the charity and CP (Nominees) Ltd, which acts as nominee in respect of the charity's investments.

The names of these companies were changed in 2010 by the time of signing this report to Cats Protection Enterprises Ltd and CP (Nominees) Ltd from CPL Enterprises Ltd and CPL (Nominees) Ltd respectively.

Cats Protection Enterprises Ltd undertakes the following trading activity:

- Sale of goods to branches for onward resale at fundraising events and through shops
- Sale of goods to the general public, both online and through mail order catalogues
- Sale of pet insurance services through branches and adoption centres

The company uses a mixture of in-house sales and external fulfilment to meet demand. Turnover was £752k, a 42 per cent decrease (2008: £1.29m) and cost of sales down to 61 per cent (2008: 69 per cent). Turnover and cost of sales have decreased due to an arrangement with one of our corporate partners being classified as an agency relationship. This reduces the risk to the company and gross profit has not been affected. Cats Protection Enterprises Ltd generated profits of £12k (2008: £113k) for the benefit of Cats Protection. Profit has decreased due to the disposal and write-off of old stock.

CP (Nominees) Ltd is a wholly owned subsidiary which was established as a nominee company for the charity's investments. It is not a trading company – its purpose is purely administrative, and there were no transactions during the year.



Statement of the Trustee's responsibilities in respect of the Trustee's annual report and the financial statements

Under charity law, the Trustee is responsible for preparing the Trustee's Annual Report and the financial statements for each financial year which show a true and fair view of the state of affairs of the group and the charity and of the group's excess of income over expenditure for that period.

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

- selects suitable accounting policies and then applies them consistently
- makes judgements and estimates that are reasonable and prudent
- states whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements
- states whether the financial statements comply with the governing document;
- prepares the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charity will continue its activities

The Trustee is required to act in accordance with the rules of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustee to ensure that, where any statements of accounts are prepared by it under section 42(1) of the Charities Act 1993, those statements of accounts comply with the requirements of regulations under that provision.

It has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Legal and administrative information

Registered charity number:

203644 (England and Wales)
SC037711 (Scotland)

Registered address:

National Cat Centre
Chelwood Gate
Haywards Heath
RH17 7TT

Administration: 08707 708 649
Facsimile: 08707 708 265
Helpline: 03000 12 12 12
Email: cp@cats.org.uk
Website: www.cats.org.uk

Trustee:

Cats Protection Trustee Ltd

Directors of Cats Protection Trustee Ltd:

| | |
|--|-----------------|
| Ms H McCann | Chairman |
| Professor T Gruffydd-Jones (BVetMed PhD DipECVIM MRCVS) | Deputy Chairman |

Ms W Bosler
Ms N Holloway
Mr P Sheehan
Mr J Stoker (resigned 16/12/09)
Mrs J Toben
Mrs PE Walls MBE

Council Members:

| | |
|--------------------------------|------------------------------|
| Ms J Eyres (elected 19/09/09) | Mrs L Glaze |
| Ms P Godfrey | Mrs J Harbour |
| Ms C Loy | Ms S Wood (elected 19/09/09) |
| Mrs C Osborne | Mr P Roberts |
| Mrs A Ryan | Mr P Syvret |
| Ms L Upson | Mrs E Watson |
| Mr C Watson (elected 19/09/09) | Mrs P Cameron |

Chief Executive and Executive Management Team

Chief Executive

Mr P Hepburn BSc, FCCA, FRSA

Executive Management Team

Mr M Henley ACIB; Director of Operations South

Mrs H Jacobs MSc, FCMA, ACIS; Director of Central Services (Appointed 14/04/09)

Mr M Rawden MBA, Dip (Mgmt), FInstLM, FCMI, MInstF (Cert); Director of Operations North

Ms M Roberts BVM&S MRCVS; Director of Veterinary Services

Mr D Sullivan LLB (Hons); Director of Legal Services

Ms J Wickens MInstF (Cert); Director of Fundraising and Communications (Resigned 30/11/09)

Auditors:

KPMG LLP
1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

Internal Auditors:

BDO Stoy Hayward
Emerald House
East Street
Epsom
Surrey
KT17 1HS

Bankers:

Barclays Bank plc
2 Carfax
Horsham
West Sussex
RH12 1DN

Investment Advisers:

Rathbones Investment
Management Limited
159 New Bond Street
London
W1S 2UD

UBS AG
1 Curzon Street
London
W1J 5UB

Royal London Cash
Management (RLCM)
55 Gracechurch Street
London
EC3V 0UF

Insurance Brokers:

Aon Limited
Somerset House
47-49 London Road,
Redhill
RH1 1LU

Disclosure of information to auditors

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

Auditors

The Trustee will place a resolution before the Annual General Meeting to reappoint KPMG LLP as auditors for the next year.

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

Approved and signed on behalf of the Trustee by:

A handwritten signature in blue ink that reads "Heather McCann". The signature is written in a cursive style and is positioned above a horizontal dotted line.

Ms. H. McCann
Chairman

Date: 28 May 2010

Independent auditors' report to the Trustee of Cats Protection

We have audited the group and charity financial statements (the 'financial statements') of Cats Protection for the year ended 31 December 2009 which comprise the group Statement of Financial Activities, the group and charity Balance Sheets, and the group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's Trustee, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act and section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustee 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 its trustee, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustee and auditors

The Trustee's responsibilities for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Trustee's Responsibilities on page 17.

We have been appointed as auditors under section 43 of the Charities Act 1993 and section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993 and the Charities and Trustee Investment (Scotland) Act 2005. We also report to you if, in our opinion, the Trustee's Annual Report is not consistent with the financial statements, if the charity has not kept sufficient

accounting records, if the charity's financial statements are not in agreement with these accounting records or if we have not received all the information and explanations we require for our audit.

We read the Trustee's Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

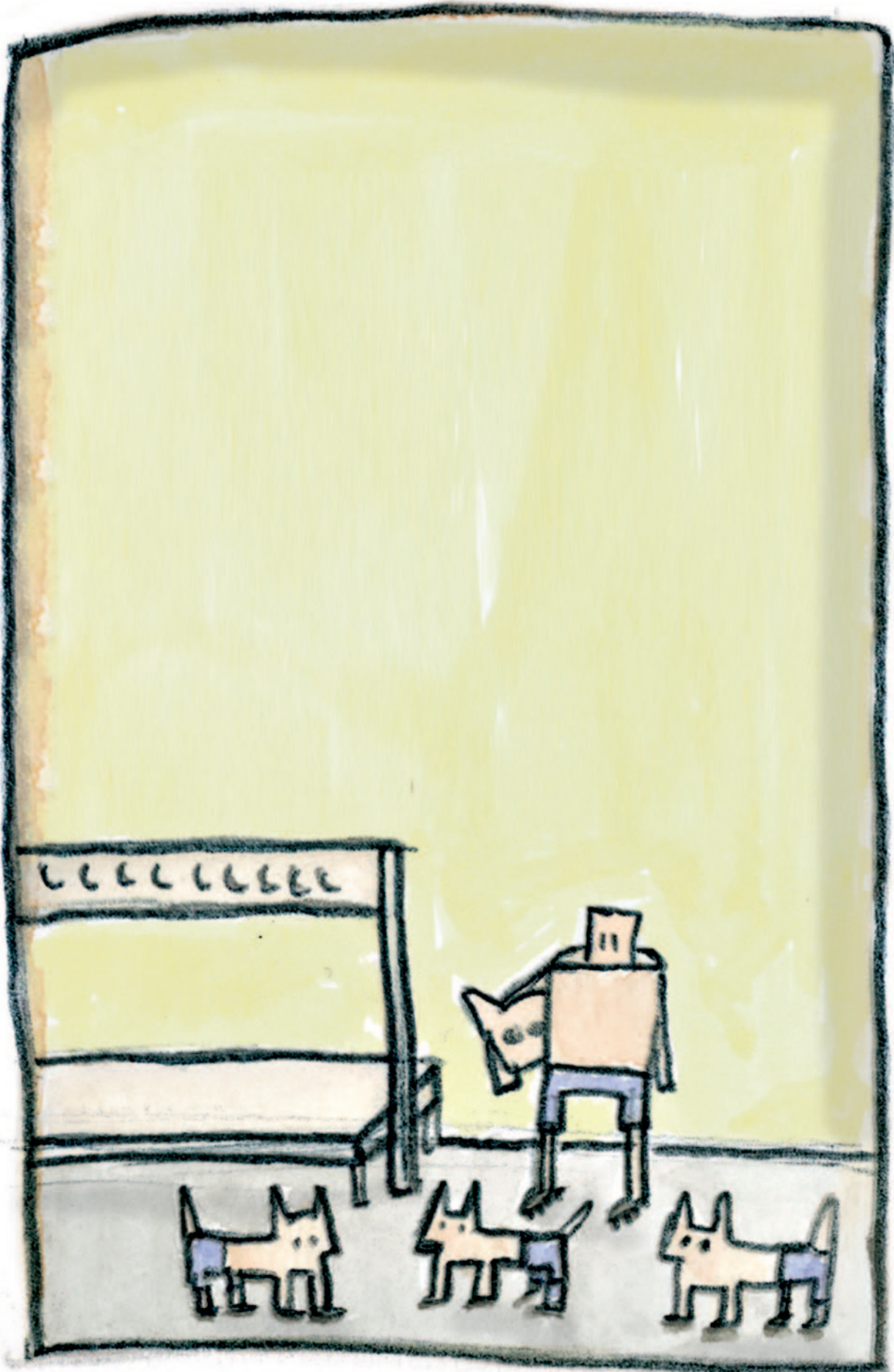
In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and charity's affairs as at 31 December 2009 and of the group's incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993 and the Charities and Trustee Investment (Scotland) Act 2005.

M G Fallon (Senior Statutory Auditor)
for and on behalf of **KPMG LLP, Statutory Auditor**
Chartered Accountants
Registered Auditor
1 Forest Gate, Brighton Road, Crawley, RH11 9PT

4 June 2010





Cats Protection Report and Financial Statements

Year Ended 31 December 2009

| | Note | Unrestricted funds £000 | Restricted funds £000 | Total 2009 £000 | Total 2008 £000 |
|--|-------|----------------------------|--------------------------|-----------------------|-----------------------|
| Incoming resources | | | | | |
| <i>Incoming resources from generated funds:</i> | | | | | |
| Voluntary income: | | | | | |
| Legacies | 2 | 18,474 | 728 | 19,202 | 20,662 |
| Subscriptions & donations | 3 | 9,038 | - | 9,038 | 8,688 |
| Activities for generating funds: | | | | | |
| Events | | 2,579 | - | 2,579 | 2,162 |
| Trading company | 20 | 752 | - | 752 | 1,286 |
| Charity trading | | 1,808 | - | 1,808 | 1,798 |
| Investment income | 5 | 643 | 28 | 671 | 1,780 |
| Other incoming resources | 6 | 686 | - | 686 | 102 |
| Total incoming resources | | 33,980 | 756 | 34,736 | 36,478 |
| Resources expended | | | | | |
| <i>Cost of generating funds:</i> | | | | | |
| Costs of generating voluntary income | | | | | |
| | 7 | 3,919 | - | 3,919 | 4,227 |
| Costs of activities for generating funds | | | | | |
| | 7 | 4,053 | - | 4,053 | 3,151 |
| Investment management costs | 7 | 81 | - | 81 | 106 |
| | | 8,053 | - | 8,053 | 7,484 |
| <i>Charitable activities:</i> | | | | | |
| Rescue & rehoming | 7 | 20,667 | 1,050 | 21,717 | 20,805 |
| Neutering schemes | 7 | 6,883 | - | 6,883 | 5,086 |
| Information & education | 7 | 2,159 | - | 2,159 | 2,412 |
| | | 29,709 | 1,050 | 30,759 | 28,303 |
| <i>Governance costs</i> | | 167 | | 167 | 275 |
| Total resources expended | | 37,929 | 1,050 | 38,979 | 36,062 |
| Net (outgoing)/incoming resources before transfers | 8, 18 | (3,949) | (294) | (4,243) | 416 |
| Transfers between funds | | - | - | - | - |
| Net (outgoing)/incoming resources before asset revaluations and disposals | 16 | (3,949) | (294) | (4,243) | 416 |
| Revaluation gains/(losses) | | 4,063 | - | 4,063 | (6,393) |
| Proceeds from administration/ (impairment) to investment assets | 11 | 1,710 | - | 1,710 | (9,129) |
| Gain/(loss) on investment assets | | 5,773 | - | 5,773 | (15,522) |
| Net movement in funds | 17 | 1,824 | (294) | 1,530 | (15,106) |
| Reconciliation of funds | | | | | |
| Total funds brought forward at 1 January | 17 | 52,332 | 1,855 | 54,187 | 69,293 |
| Total funds carried forward at 31 December | 16 | 54,156 | 1,561 | 55,717 | 54,187 |

The consolidated statement of financial activities includes all gains and losses recognised in the year. All of the above results are derived from continuing activities.

The notes on pages 26 to 39 form part of these accounts.

Cats Protection Report and Financial Statements

Year Ended 31 December 2009

BALANCE SHEETS

| | Note | Group | | Charity | |
|--|------|---------------|---------------|---------------|---------------|
| | | 2009 £000 | 2008 £000 | 2009 £000 | 2008 £000 |
| Fixed assets | | | | | |
| Tangible assets | 10 | 27,287 | 24,929 | 27,287 | 24,929 |
| Investments | 11 | 27,501 | 28,457 | 27,501 | 28,457 |
| | | <u>54,788</u> | <u>53,386</u> | <u>54,788</u> | <u>53,386</u> |
| Current assets | | | | | |
| Stocks | 12 | 69 | 179 | 27 | 10 |
| Debtors | 13 | 837 | 853 | 964 | 1,067 |
| Short term deposits | | 2,257 | 1,108 | 2,062 | 1,108 |
| Cash at bank & in hand | | 2,885 | 2,185 | 2,882 | 2,050 |
| | | <u>6,048</u> | <u>4,325</u> | <u>5,935</u> | <u>4,235</u> |
| Creditors: | | | | | |
| Amounts falling due in one year | 14 | 2,997 | 2,768 | 2,884 | 2,678 |
| Net current assets | | 3,051 | 1,557 | 3,051 | 1,557 |
| Provision for liabilities & charges | 15 | 2,122 | 756 | 2,122 | 756 |
| Net assets | | <u>55,717</u> | <u>54,187</u> | <u>55,717</u> | <u>54,187</u> |
| Funds | | | | | |
| Unrestricted funds | | | | | |
| General funds | 16 | 17,556 | 15,732 | 17,556 | 15,732 |
| Designated funds | 16 | 36,600 | 36,600 | 36,600 | 36,600 |
| Restricted funds | 16 | 1,561 | 1,855 | 1,561 | 1,855 |
| Total funds | | <u>55,717</u> | <u>54,187</u> | <u>55,717</u> | <u>54,187</u> |

The financial statements were approved and signed on behalf of the Trustees by:



Ms H McCann
Chairman
28 May 2010

The notes on pages 26 to 39 form part of these accounts.

Cats Protection Report and Financial Statements Year Ended 31 December 2009

CONSOLIDATED CASHFLOW STATEMENT

| | Note (see below) | 2009 £000 | 2008 £000 |
|---|-------------------------------|----------------------|---------------------------------|
| Net cash (outflow)/inflow from operating activities | a | <u>(2,905)</u> | <u>644</u> |
| Return on investments and servicing of finance | | | |
| Interest received | | 66 | 1,181 |
| Dividends received | | 605 | 605 |
| Net cash inflow for returns on investments and servicing of finance | | <u>671</u> | <u>1,786</u> |
| Capital expenditure & financial investment | | | |
| Purchase of tangible fixed assets | | (3,567) | (3,637) |
| Sale of tangible fixed assets | | 921 | 57 |
| Purchase of investments | | (4,351) | (10,260) |
| Sales of investments | | 11,080 | 9,465 |
| Net cash inflow/(outflow) for capital expenditure and financial investments | | <u>4,083</u> | <u>(4,375)</u> |
| Increase/(decrease) in cash and cash equivalents in the year | b | <u>1,849</u> | <u>(1,945)</u> |
| Notes to consolidated cashflow statement | | | |
| a) Reconciliation of net incoming resources to net cash inflow from operating activities | | 2009 £000 | 2008 £000 |
| Net (outgoing)/incoming resources | | (4,243) | 416 |
| Investment income receivable | | (671) | (1,786) |
| (Profit) on disposal of tangible fixed assets | | (635) | (38) |
| Depreciation charge | | 923 | 1,230 |
| Decrease in stock | | 110 | 71 |
| Decrease/(increase) in debtors | | 16 | (101) |
| Increase in creditors | | 229 | 484 |
| Increase in provisions | | 1,366 | 368 |
| Net cash (outflow)/inflow from operating activities | | <u>(2,905)</u> | <u>644</u> |
| b) Analysis of changes in cash and cash equivalents during the year | At 1 January 2009 £000 | Cashflow 2009 | At 31 December 2009 £000 |
| Short term deposits | 1,108 | 1,149 | 2,257 |
| Cash at banks & in hand | <u>2,185</u> | <u>700</u> | <u>2,885</u> |
| Cash movement | <u>3,293</u> | <u>1,849</u> | <u>5,142</u> |

The notes on pages 26 to 39 form part of these accounts.

Cats Protection Report and Financial Statements

Year Ended 31 December 2009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies

Basis of accounting

The financial statements have been prepared under the historic cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities* published in 2005, the Charities Act 1993, and other applicable accounting standards. A summary of the accounting policies, which have been consistently applied, is set out below.

Consolidation

The Group Accounts consolidate the accounts of Cats Protection and its subsidiary undertakings, CPL Enterprises Limited and CPL (Nominees) Limited on a line by line basis. The detailed results for the subsidiaries are provided in note 20.

The charity has taken advantage of the exemption afforded by paragraph 397 of SORP 2005 not to provide a separate Statement of Financial Activities for the charity.

Fund accounting

The charity maintains various types of funds as follows:

- *General funds* are unrestricted funds which are available for use at the discretion of the Trustee in furtherance of the general objectives and which have not been designated for other purposes
- *Designated funds* are funds that have been set aside by the Trustee for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements
- *Restricted funds* represent funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements

The cost of raising and administering such funds are charged against the specific funds.

Transfers between funds are shown where funds have been allocated by the Trustee for specific purposes.

Incoming resources

All incoming resources are included in the statement of financial activities when the charity is legally entitled to the income, and the amount can be quantified with reasonable accuracy. Specifically, policies for certain types of income are as follows:

- For legacies, entitlement is the earlier date of the charity being notified of an impending distribution following settlement of the estate or the legacy being received
- Subscriptions – including lifetime subscriptions – and donations income are recognised when received. No amounts are included in the financial statements for services or time donated by volunteers. Gift Aid on donations is accounted for on an accruals basis
- No account is taken of monies or other assets in the hands of volunteer helpers until such monies are banked or other assets are received
- Goods donated for resale are included as income when they are sold and the cash received
- Investment income is accounted for when receivable

Cats Protection Report and Financial Statements

Year Ended 31 December 2009

Resources Expended

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all costs relating to that category. Liabilities are accounted for when a constructive obligation arises. Where costs cannot be directly attributed to an activity or function they have been allocated in proportion to direct costs.

- *Costs of generating voluntary income* are those costs incurred in seeking voluntary donations or as incurred in publicising or marketing the charity
- *Charitable activities* are all costs incurred in meeting the core objectives of the charity. Neutering vouchers are recorded as a liability at the point at which they are released to the branches
- *Governance costs* are those which relate to the governance of the general running of the charity. This includes internal and external audit fees and other costs that have arisen from constitutional or statutory requirements, including one-off costs of governance. It has also included an apportionment of overhead costs

Irrecoverable VAT is included in the relevant expense categories.

Tangible fixed assets and depreciation

Freehold land and buildings are stated at cost less depreciation. Freehold land is not depreciated. Pens and adoption centre equipment have been identified as a separate asset class. Assets under the course of construction are not depreciated. These are transferred to freehold land and buildings on practical completion.

Tangible fixed assets costing more than £1,000, except for branch equipment, are capitalised and included at cost including any incidental expenses of acquisition. Branch equipment is written off in the year 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:

| | |
|---|--|
| Freehold land | Nil |
| Freehold property | 40 years on a straight-line basis |
| Leasehold property | Depreciated over the term of the lease |
| Pens and adoption centre equipment | 10 years on a straight-line basis |
| Fixtures, fittings, IT and office equipment | four years on a straight-line basis |
| IT software | four years on a straight-line basis |
| Motor vehicles | four years on a straight-line basis |

Cats Protection Report and Financial Statements

Year Ended 31 December 2009

Accounting policies (continued)

Investments

Investments are stated at market value at the balance sheet date. The *Statement of Financial Activities* includes the net gains and losses arising on revaluation and disposals throughout the year.

Gain or loss on disposal of investment assets is calculated as the difference between the historical and market values.

Stocks

Stocks are valued at the lower of cost or net realisable value.

Pension costs

The charity operates a defined contribution pension scheme. The assets of the scheme are held in a separately administered fund. The amount charged to the *Statement of Financial Activities* represents the contribution payable to the scheme in respect of the accounting period.

Finance and operating leases

Operating lease rentals are charged to the *Statement of Financial Activities* on a straight-line basis over the life of the lease.

Assets held under finance lease and lease purchase agreements are capitalised as fixed assets. Obligations under such agreements are included in creditors.

Taxation

As a registered charity, Cats Protection is exempt from taxation of income and gains to the extent these are applied to the charitable objectives.

Provisions

A provision is made for neutering vouchers issued but not redeemed. If a voucher has not been redeemed within certain time frames it is assumed they will not be redeemed.

Cats Protection Report and Financial Statements

Year Ended 31 December 2009

2. Legacies

| | Unrestricted funds £000 | Restricted funds £000 | Total 2009 £000 | Total 2008 £000 |
|----------|----------------------------|--------------------------|--------------------|--------------------|
| Legacies | 18,474 | 728 | 19,202 | 20,662 |

The charity is also the residuary beneficiary of several legacies that have not been included in the financial statements. There is a significant degree of uncertainty around these figures, as these cannot be accurately determined nor can receipt be guaranteed. An estimate of the amount involved is £2,512,000 (2008: £2,761,539)

In addition to this, the charity is the residuary beneficiary of several properties without current vacant possession. A sale value cannot be accurately determined for these premises, so for this reason these legacies have not been included in the financial statements.

3. Subscriptions and donations

| | Unrestricted funds £000 | Restricted funds £000 | Total 2009 £000 | Total 2008 £000 |
|---------------|----------------------------|--------------------------|--------------------|--------------------|
| Subscriptions | 682 | - | 682 | 683 |
| Donations | 8,356 | - | 8,356 | 8,005 |
| | 9,038 | - | 9,038 | 8,688 |

4. Branch fundraising

| | Unrestricted funds £000 | Restricted funds £000 | Total 2009 £000 | Total 2008 £000 |
|-----------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Subscriptions & donations | 3,041 | - | 3,041 | 3,133 |
| Events | 2,148 | - | 2,148 | 1,571 |
| Shop sales of donated goods | 2,042 | - | 2,042 | 1,980 |
| Other | 22 | - | 22 | 107 |
| | 7,253 | - | 7,253 | 6,791 |

5. Investment income

| | Unrestricted funds £000 | Restricted funds £000 | Total 2009 £000 | Total 2008 £000 |
|-------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Fixed asset investments: | | | | |
| -UK fixed interest securities | 170 | - | 170 | 40 |
| -Overseas fixed interest | - | - | - | 34 |
| -UK equities | 292 | - | 292 | 512 |
| -Overseas equities | 23 | - | 23 | 28 |
| -Investment and unit trusts | 16 | - | 16 | 43 |
| -Property | 46 | - | 46 | 29 |
| -Deposits | 38 | 28 | 66 | 860 |
| Bank and other interest | 21 | - | 21 | 200 |
| Rental income | 37 | - | 37 | 34 |
| | 643 | 28 | 671 | 1,780 |

Cats Protection Report and Financial Statements

Year Ended 31 December 2009

6. Other incoming resources

| | Unrestricted funds £000 | Restricted funds £000 | Total 2009 £000 | Total 2008 £000 |
|---|----------------------------|--------------------------|--------------------|--------------------|
| Credit card commission | 48 | - | 48 | 55 |
| Surplus on disposal of tangible fixed assets | 635 | - | 635 | 45 |
| Miscellaneous income | 3 | - | 3 | 2 |
| | <u>686</u> | <u>-</u> | <u>686</u> | <u>102</u> |

7. Resources expended

| | Direct staff costs £000 | Other direct costs £000 | Indirect costs £000 | Total 2009 £000 | Total 2008 £000 |
|--|----------------------------|----------------------------|------------------------|--------------------|-----------------------|
| Cost of generating funds | | | | | |
| Cost of generating voluntary income | 487 | 2,793 | 639 | 3,919 | 4,221 |
| Costs of activities for generating funds | 947 | 2,445 | 661 | 4,053 | 3,157 |
| Investment management fee | - | 81 | - | 81 | 106 |
| | <u>1,434</u> | <u>5,319</u> | <u>1,300</u> | <u>8,053</u> | <u>7,484</u> |
| Charitable expenditure (unrestricted) | | | | | |
| Rescue & rehoming | 5,585 | 11,541 | 3,541 | 20,667 | 19,134 |
| Neutering schemes | 177 | 6,374 | 332 | 6,883 | 4,834 |
| Information & education | 710 | 1,125 | 324 | 2,159 | 2,412 |
| | <u>6,472</u> | <u>19,040</u> | <u>4,197</u> | <u>29,709</u> | <u>26,380</u> |
| Charitable expenditure (restricted) | | | | | |
| Rescue & rehoming | - | 1,050 | - | 1,050 | 1,671 |
| Neutering schemes | - | - | - | - | 252 |
| | <u>-</u> | <u>1,050</u> | <u>-</u> | <u>1,050</u> | <u>1,923</u> |
| Governance costs | - | 142 | 25 | 167 | 275 |
| Total resources expended | <u>7,906</u> | <u>25,551</u> | <u>5,522</u> | <u>38,979</u> | <u>36,062</u> |

Analysis of the indirect cost items included in the above is as follows:

| | Fundraising £000 | Rescue & rehoming £000 | Neutering schemes £000 | Information & education £000 | Governance £000 | Total indirect costs £000 |
|---------------------------|---------------------|------------------------------|------------------------------|------------------------------------|--------------------|------------------------------------|
| Salary & related costs | 687 | 1,871 | 193 | 188 | 15 | 2,954 |
| Depreciation | 115 | 312 | - | - | - | 427 |
| Other indirect costs | 498 | 1,358 | 139 | 136 | 10 | 2,141 |
| | <u>1,300</u> | <u>3,541</u> | <u>332</u> | <u>324</u> | <u>25</u> | <u>5,522</u> |

The indirect costs are allocated in proportion to direct costs.

Cats Protection Report and Financial Statements

Year Ended 31 December 2009

8. Net incoming resources

| | 2009 £000 | 2008 £000 |
|---|-----------|-----------|
| Net incoming resources for the year is stated after charging: | | |
| Auditors' remuneration (audit) | 49 | 50 |
| Auditors' remuneration (other services) | - | - |
| Depreciation of tangible fixed assets | 923 | 1230 |
| (Profit) on sale of tangible fixed assets | (635) | (38) |
| Operating lease rentals | 399 | 432 |

9. Staff costs

Employment costs

| | 2009 £000 | 2008 £000 |
|-----------------------|---------------|--------------|
| Wages and salaries | 8,758 | 7,705 |
| Social security costs | 742 | 657 |
| Pension costs | 180 | 129 |
| Agency staff | 355 | 370 |
| | <u>10,035</u> | <u>8,861</u> |

To meet fluctuating demand in some of the charity's departments, additional staff are needed for temporary periods. Such staff are supplied through agencies and shown as 'Agency staff' in the table above.

Trustees are volunteers and are not paid a wage or salary by Cats Protection

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

| | 2009 Average | 2008 Average | 2009 FTE | 2008 FTE |
|-----------------------|--------------|--------------|------------|------------|
| Generating funds | 85 | 95 | 74 | 85 |
| Charitable activities | 463 | 421 | 399 | 360 |
| Governance | 2 | 4 | 2 | 4 |
| | <u>550</u> | <u>520</u> | <u>475</u> | <u>449</u> |

Employee Emoluments

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

| | 2009 No. | 2008 No. |
|--------------------|----------|----------|
| £60,001 - £70,000 | 4 | 4 |
| £70,001 - £80,000 | 0 | 0 |
| £90,001 - £100,000 | 1 | 1 |

Some of the higher paid staff are members of defined contribution schemes and the charity paid £18,105 (2008: £21,147) to the scheme on their behalf.

Trustee expenses

Travelling and subsistence expenses were reimbursed to six trustees and amounted to £6,266 (2008: £5,828). This reflects the fact that Cats Protection is a UK-wide charity and so Trustees sometimes need to travel long distances to branches, adoption centres and the National Cat Centre, Chelwood Gate in Sussex.

Cats Protection Report and Financial Statements

Year Ended 31 December 2009

10. Tangible assets (Group and charity)

| | Freehold land & buildings £000 | Assets under the course of construction £000 | Pens & adoption centre equipment £000 | Fixtures, fittings, & office equipment £000 | Motor vehicles £000 | Total £000 |
|------------------------|---|--|---|---|---------------------------|----------------------|
| Cost | | | | | | |
| At 1 January 2009 | 28,428 | 1,777 | 2,872 | 1,227 | 2,459 | 36,763 |
| Additions | 756 | 2,299 | 228 | 53 | 231 | 3,567 |
| Transfers | - | - | - | - | - | - |
| Disposals | - | - | - | - | (214) | (214) |
| At 31 December 2009 | <u>29,184</u> | <u>4,076</u> | <u>3,100</u> | <u>1,280</u> | <u>2,476</u> | <u>40,116</u> |
| Depreciation | | | | | | |
| At 1 January 2009 | 6,736 | - | 2,434 | 954 | 1,710 | 11,834 |
| Charge for the year | 640 | - | 87 | 103 | 93 | 923 |
| Disposals | - | - | - | - | 72 | 72 |
| At 31 December 2009 | <u>7,376</u> | <u>-</u> | <u>2,521</u> | <u>1,057</u> | <u>1,875</u> | <u>12,829</u> |
| Net book value | | | | | | |
| At 31 December 2009 | <u>21,808</u> | <u>4,076</u> | <u>579</u> | <u>223</u> | <u>601</u> | <u>27,287</u> |
| At 31 December 2008 | <u>21,692</u> | <u>1,777</u> | <u>438</u> | <u>273</u> | <u>749</u> | <u>24,929</u> |

Freehold land and buildings includes freehold land with a value of £1,839,404 that is not depreciated. All assets are held for charitable purposes.

11. Fixed asset investments (Group and charity)

| | 2009 £000 | 2008 £000 |
|--|----------------------|----------------------|
| Market value at 1 January 2009 | 28,457 | 43,187 |
| Additions | 4,351 | 10,260 |
| Disposals | (11,080) | (9,645) |
| Net loss on revaluation | 4,063 | (6,216) |
| Proceeds from administration/(Impairment to value) | 1,710 | (9,129) |
| Market value at 31 December 2009 | <u>27,501</u> | <u>28,457</u> |
| Historical cost at 31 December 2009 | <u>27,586</u> | <u>33,184</u> |

The impairment charge in 2008 was the diminution in value of the cash deposits held in Kaupthing Singer and Friedlander. The deposit was written down by 80 per cent in 2008 as a result of the bank going into administration. In 2009 the recoverable amount was deemed to have improved by £2,280k (20p in £1) as distributions have either been received or promised.

Cats Protection Report and Financial Statements

Year Ended 31 December 2009

11. Fixed asset investments (continued)

(Group and charity)

| | 2009 £000 | 2008 £000 |
|--|---------------|---------------|
| Represented by: | | |
| Fixed interest securities | 6,422 | 6,844 |
| Equities (excluding investment trusts) | 12,293 | 9,169 |
| Investment and unit trusts | - | 3,131 |
| Overseas investment and unit trusts | 4,620 | 1,774 |
| Property funds | 991 | 930 |
| Hedge funds | 2,050 | 654 |
| Deposits | 1,125 | 5,955 |
| | <u>27,501</u> | <u>28,457</u> |

At 31 December 2009 the charity held the following investments which were in excess of 5 per cent of total market value:

| | 2009 £000 | 2008 £000 |
|--------------------------------|-----------|-----------|
| Deposits: | | |
| Co-operative Bank | - | 1,612 |
| Kaupthing Singer & Friedlander | - | 2,273 |

The charity is not aware of any material restrictions which might affect the realisation of any of its listed securities.

The charity holds the following investments in subsidiary undertakings:

| | 2009 £ | 2008 £ |
|---------------------------------|-----------|-----------|
| Cats Protection Enterprises Ltd | 2 | 2 |
| CP (Nominees) Ltd | 100 | 100 |

12. Stock

| | Group | | Charity | |
|-------------------|-----------|------------|-----------|-----------|
| | 2009 £000 | 2008 £000 | 2009 £000 | 2008 £000 |
| Goods for resale | 42 | 169 | - | - |
| Other consumables | 27 | 10 | 27 | 10 |
| | <u>69</u> | <u>179</u> | <u>27</u> | <u>10</u> |

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13. Debtors

| | Group | | Charity | |
|--|------------|------------|------------|--------------|
| | 2009 £000 | 2008 £000 | 2009 £000 | 2008 £000 |
| Amounts falling due within one year | | | | |
| Legacies | - | 5 | - | 5 |
| Other debtors | 224 | 120 | 142 | 69 |
| Amounts owed by subsidiary undertakings | - | - | 12 | 100 |
| Prepayments | 613 | 728 | 600 | 683 |
| | <u>837</u> | <u>853</u> | <u>754</u> | <u>857</u> |
| Amounts falling due after one year | | | | |
| Amounts owed by subsidiary undertakings | - | - | 210 | 210 |
| | - | - | <u>210</u> | <u>210</u> |
| | <u>837</u> | <u>853</u> | <u>964</u> | <u>1,067</u> |

Included in 'Amounts falling due after one year' is a £210,000 loan to Cats Protection Enterprises Limited. This represents a long-term loan from Cats Protection to provide working capital. It is secured by a debenture, covering both a fixed and floating charge over all property and assets of the company and is repayable on demand. Interest is payable on the loan at a rate of 1 per cent over Barclays Bank PLC base lending rate.

14. Creditors: amounts falling due within one year

| | Group | | Charity | |
|------------------------------|--------------|--------------|--------------|--------------|
| | 2009 £000 | 2008 £000 | 2009 £000 | 2008 £000 |
| Trade creditors | 1,451 | 1,588 | 1,359 | 1,560 |
| Taxation and social security | 221 | 204 | 221 | 204 |
| Other creditors | 360 | 341 | 346 | 341 |
| Accruals | 965 | 635 | 958 | 573 |
| | <u>2,997</u> | <u>2,768</u> | <u>2,884</u> | <u>2,678</u> |

15. Provisions for liabilities and charges (Group and charity)

| | 2009 £000 | 2008 £000 |
|--------------------------------|--------------|--------------|
| At 1 January 2009 | 756 | 388 |
| Utilised during the year | (756) | (388) |
| Charge to the SOFA in the year | 2,122 | 756 |
| Amounts released unused | - | - |
| At 31 December 2009 | <u>2,122</u> | <u>756</u> |

The provision is provided for neutering vouchers issued during 2008 and 2009 but not returned.

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16. Statement of funds

| | Balance at 1 January 2009 £000 | Incoming resources £000 | Expenditure £000 | Investment gains/ losses £000 | Transfers £000 | Balance at 31 December 2009 £000 |
|----------------------------------|--|-------------------------------|---------------------|-------------------------------------|-------------------|--|
| Unrestricted funds | | | | | | |
| General funds | 15,732 | 33,980 | (37,929) | 5773 | - | 17,556 |
| Designated funds | | | | | | |
| Fixed assets | 24,929 | - | - | - | - | 24,929 |
| Repairs & maintenance | 491 | - | - | - | - | 491 |
| Site acqn. & development | 9,922 | - | - | - | - | 9,922 |
| Special projects | 1,258 | - | - | - | - | 1,258 |
| Total unrestricted funds | 52,332 | 33,980 | (37,929) | 5,773 | - | 54,156 |
| Restricted funds by area | | | | | | |
| Falmouth | 421 | 12 | (21) | - | - | 412 |
| Bournemouth | 0 | 58 | (58) | - | - | - |
| Trafford | 163 | 8 | (47) | - | - | 124 |
| Midlands | 152 | 8 | (152) | - | - | 8 |
| London | 480 | 27 | (480) | - | - | 27 |
| Leeds | 189 | 304 | - | - | - | 493 |
| By branch adoption centre | | | | | | |
| Stranraer | 155 | - | (25) | - | - | 130 |
| East Croydon | 128 | 4 | (132) | - | - | - |
| Wrexham | 39 | 1 | (39) | - | - | 1 |
| Callington | 27 | - | (24) | - | - | 3 |
| Harrogate | 18 | 9 | (27) | - | - | - |
| Other branches | 77 | 325 | (45) | - | - | 357 |
| By appeal | | | | | | |
| Total appeals | 6 | - | - | - | - | 6 |
| Total restricted funds | 1,855 | 756 | (1,050) | - | - | 1,561 |
| Total funds | 54,187 | 34,736 | (38,979) | 5,773 | - | 55,717 |

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

The restricted funds represent funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised for particular purposes; smaller funds are consolidated as 'other branches'.

The value of designated funds are estimates of future spend for particular projects for a three year time period from 31 December 2009.

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Year Ended 31 December 2009

16. Statement of funds (Continued)

Designated funds have been established for the following purposes:

Fixed assets – The net book value of fixed assets in use by the charity.

Repairs and maintenance fund – Represents the funds to meet major repair and maintenance projects for the properties of the charity.

Site acquisition and development fund – Represents the funds to meet the cost of new sites or major refurbishment projects for the purposes of the charity.

Special projects fund – Represents money which has been earmarked as ongoing expenditure for special projects.

17. Analysis of net assets between funds

(Group and charity)

| | General funds £000 | Designated funds £000 | Restricted funds £000 | 2009 Total £000 | 2008 Total £000 |
|------------------------------------|--------------------|-----------------------|-----------------------|-----------------|-----------------|
| Balance at 1 January 2009 | 15,732 | 36,600 | 1,855 | 54,187 | 69,293 |
| Net movement in funds | 1,824 | - | (294) | 1,530 | (15,106) |
| Balance at 31 December 2009 | 17,556 | 36,600 | 1,561 | 55,717 | 54,187 |
| Represented by: | | | | | |
| | General funds £000 | Designated funds £000 | Restricted funds £000 | 2009 Total £000 | 2008 Total £000 |
| Tangible fixed assets | - | 27,287 | - | 27,287 | 24,929 |
| Investments | 16,627 | 9,313 | 1,561 | 27,501 | 28,457 |
| Net current assets | 3,051 | - | - | 3,051 | 1,557 |
| Provision | (2,122) | - | - | (2,122) | (756) |
| Total net assets | 17,556 | 36,600 | 1,561 | 55,717 | 54,187 |

Cats Protection Report and Financial Statements

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18. Note of historical net incoming resources

| | 2009 £000 | 2008 £000 |
|--|----------------|--------------|
| Net (outgoing)/incoming resources for the year | (4,243) | 416 |
| Realisation of previous years' revaluation (losses) on fixed asset investments | (544) | (871) |
| Historical cost net (outgoing) resources | (4,787) | (455) |

19. Operating lease commitments

(Group and charity)

At 31 December 2009 the charity was committed to making the following payments under operating leases:

| | 2009 £000 | 2008 £000 |
|--------------------------|------------|------------|
| Within one year | 135 | 104 |
| Within two to five years | 231 | 263 |
| Over five years | 94 | 55 |
| | 460 | 422 |

20. Subsidiaries

The charity holds 100 per cent of the issued share capital of each of the following companies, both of which are registered in England.

| | | Issued share capital |
|-------------------------------------|--|----------------------|
| Cats Protection Enterprises Limited | Trading subsidiary | £2 |
| CP (Nominees) Limited | Nominee company for Cats Protection investment portfolio | £100 |

The results of both these subsidiaries have been fully consolidated into the results of the group.

Cats Protection Enterprises Limited

| Profit and loss account | Year ended 31 December 2009 £000 | Year ended 31 December 2008 £000 |
|--|-------------------------------------|-------------------------------------|
| Turnover | 752 | 1,286 |
| Cost of sales | (457) | (888) |
| Gross profit | 295 | 398 |
| Administrative expenditure | (283) | (290) |
| Net operating profit | 12 | 108 |
| Gift aid | (12) | (113) |
| Other Interest receivable and similar income | - | 5 |
| Profit on ordinary activities before taxation | - | - |
| Taxation | - | - |
| Profit on ordinary activities after taxation for the year | - | - |

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20. Subsidiaries (continued)

| Balance sheet | Year ended 31 December 2009 £000 | Year ended 31 December 2008 £000 |
|--|-------------------------------------|-------------------------------------|
| Current assets: | | |
| Stock | 42 | 169 |
| Debtors | 188 | 121 |
| Cash at bank and in hand | 197 | 134 |
| | <u>427</u> | <u>424</u> |
| Creditors: amounts falling due within one year | (215) | (214) |
| Net current assets | <u>212</u> | <u>210</u> |
| Creditors: amounts falling due after one year | (212) | (210) |
| Net assets | <u>-</u> | <u>-</u> |
| Funded by: | | |
| Called up share capital (£) | 2 | 2 |

The working capital of Cats Protection Enterprises Ltd is financed by a loan from the charity secured by a debenture covering all the company's assets and is repayable on demand. At the end of the year, the loan amounted to £210,000. Interest on the loan is payable at the rate of 1 per cent above Barclays Bank plc base lending rate. The profits for the year, amounting to £11,519 (2008: £113,095), will be donated to the charity under Gift Aid.

Cats Protection (Nominees) Limited

The charity's other wholly owned subsidiary, CP (Nominees) Ltd, which holds investments on behalf of the charity, acts only as a legal entity for investment trades.

21. Capital commitments

At the end of the year the charity had two contracts where capital commitments existed. These were for extending the Belfast Adoption Centre and the preliminary construction work for the new homing centre at Ferndown, Bournemouth.

The balances on these contracts outstanding at 31 December 2009 were:

| | 2009 £000 |
|-------------------------|-----------|
| Belfast Adoption Centre | 6 |
| Ferndown | 61 |
| | <u>67</u> |

Cats Protection Report and Financial Statements Year Ended 31 December 2009

22. Related parties

No disclosure has been made of transactions between the parent and subsidiary undertaking in accordance with the exemptions allowed by Financial Reporting Standard (FRS) 8.

The charity has controls in place to ensure that a trustee cannot participate in any decisions where they may have a vested interest.

There were no other transactions with related parties during the current year.

23. Custodian trust

Cats Protection completes all administration for the Earnshaw Trust. The assets of the Trust will eventually revert to the charity.

The trust is held by the charity as a custodian trust and thus there is no current entitlement to either capital or income.

| | 2009 £000 | 2008 £000 |
|---|------------|------------|
| Market value at 1 January 2009 | 188 | 243 |
| Net movements | 32 | (55) |
| Market value at 31 December 2009 | 220 | 188 |
| Historic cost at 31 December 2009 | 20 | 20 |





Annual Report + Accounts 2009

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