



Annual Report & Accounts 2014



*We rehomed
and reunited around
48,000 cats and kittens*

*We helped
neuter 163,000 cats,
including 28,000 ferals*

*Our education
talks reached over
16,000 people*

*85,000 people now
regularly give to
Cats Protection*

*Our income
grew by 3.9%*



Cats Protection Report and Financial Statements year ended 31 December 2014

Trustee's report

Cats Protection is the UK's leading feline 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 and advice about cat care and welfare. In 2014, we helped directly over 205,000 cats (2013: 194,000) through rehoming and neutering. This represents an increase of 6 per cent compared to last year.

Our vision is a world where every cat is treated with kindness and an understanding of its needs. This is an ambitious vision, but one that we truly believe is achievable through the passion and commitment of Cats Protection's volunteers, supporters and staff. Helping cats is the ultimate aim of everything we do.

Our values, which underpin everything, are:

- we care about cats
- we value and respect our volunteers, supporters and staff
- we are committed to providing a high-quality service
- we are open and honest

Our strategic objectives focus on three activities:

- **Homing** – to find good homes for cats in need
- **Neutering** – to support and encourage the neutering of cats
- **Education and information** – to improve people's understanding of cats and their care through education, information and advice

Four subsidiary **strategic goals** were identified as critical to achieving our primary objectives in 2014, these were:

1. Staff and volunteer development
2. Adoption centre development
3. Maintenance of a strong financial position
4. Fundraising development

How did we do

Performance against our strategic objectives

Homing

We rehomed and reunited around 48,000 cats and kittens

Cats Protection finds good homes for cats in need. We operate through a network of volunteer-run branches throughout the UK. These branches carry out approximately three quarters of our rehoming work and they finance this mainly through their own local fundraising efforts, with additional support from funds received centrally. In addition to the branch network, we have 31 purpose-built adoption centres. Our branches and centres work side by side to deliver cat work.

Cats Protection rehomed and reunited around 48,000 cats and kittens in 2014, which represents an increase of 4 per cent compared to the level achieved in 2013 (46,000). Our plan was to maintain homing levels and exceeding this represents a considerable success at a time when the economic climate continues to be challenging with fewer cat lovers able to take on the financial responsibility of looking after a cat. At any point in the year, we can have between 5,000 and 6,000 cats in our care looking for a new home and there are many more out in communities that need our help.

We apply a flexible approach to home visiting, primarily across our adoption centres, which has been very successful. Greater use of technology and developing questionnaires to help us gather the right

Cats Protection Report and Financial Statements year ended 31 December 2014

information from potential adopters, often face-to-face, has helped us ensure that we continue to match the right cat to the right home.

During 2014, we began work on developing a national homing advertising campaign. Substantial adaptations were made in advance of the launch of the campaign to both our *Find-a-Cat* online application and to our website, in order to improve the customer experience. We began testing the creative concepts with pilot campaigns focused on the areas around our adoption centres at Bridgend, Cornwall, Derby, Eastbourne, Mansfield and Nottingham. The first phase of the campaign focused on digital and online media, including Facebook and Google advertisements, and on print and radio advertisements. Work was also completed on the development of a TV advertisement, which began screening in February 2015. Early results are very encouraging, with a 50 per cent increase in *Find-a-cat* enquiries in the first two months of the campaign.

Cats Protection applies appropriate veterinary standard to all cats in its care. All cats are health-checked by a vet, treated for fleas and worms, neutered (if old enough), vaccinated with at least the first vaccination for cat flu and enteritis and blood tested for feline leukaemia and feline immunodeficiency viruses if the cat is sick. Every cat is microchipped and homed with four weeks pet insurance. This ensures the best possible start for the cat in its new home and gives reassurance to the adopter.

Cats Protection never puts a healthy cat to sleep. Cats are only ever euthanased on veterinary advice when they no longer have an acceptable quality of life and future prognosis.

Neutering

We helped to neuter 163,000 cats and continued to promote the benefits of neutering

Neutering is extremely important to cat population management as it actively prevents unplanned litters being born, so they do not become the homeless 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 who are in genuine need to have their cats neutered.

Research shows that it is not just the percentage of cats neutered that is important to control the feline population but the timing of neutering is also vital if we are going to avoid unwanted pregnancies. Neutering before puberty is crucial as cats can become sexually active from four months of age. Cats Protection is encouraging acceptance of four months as the normal age for neutering, rather than the traditional age of six months. Neutering at four months is the policy of both the British Small Animal Veterinary Association and the Cat Group (a collection of professional organisations dedicated to feline welfare through the development and promotion of policies and recommendations on the care and keeping of all cats). In circumstances such as trapped feral kittens and cats being rehomed, it is often appropriate to neuter them younger than four months. Cats Protection's policy is to neuter feral cats any time after weaning and to neuter domestic cats for rehoming after the first vaccination with the long term aim of neutering all cats before they are placed in a new home.

To promote early neutering, the charity runs an early neutering register via our website. Veterinary practices that are prepared to neuter cats before six months can register and then members of the public or animal welfare workers can locate practices in their area using a postcode search. At the end of the year, a total of 1,176 practices across the UK were signed up (2013: 1,090). We also have videos about kitten neutering available online for both the public and the veterinary profession.

2014 saw an increase of 3 per cent in the number of cats neutered from 158,000 in 2013 to 163,000. During the year, we found that the percentage of neutering vouchers redeemed was falling. It was likely that this was due to the value of part-payment vouchers remaining the same for many years while the total cost of surgery has increased. In response, we increased the value of the part-payment vouchers

Cats Protection Report and Financial Statements year ended 31 December 2014

and this had a positive impact on the number of cats being neutered which increased as a result. We were not only responsible for funding an estimated 22 per cent of all cat neutering carried out in the UK (source: University of Bristol), but we also run the largest companion animal neutering programme in the world.

Significant progress continued to be made towards our goal of more joint working with other animal charities by sharing costs and thereby making neutering cheaper and more sustainable. Currently, we operate joint schemes with national charities such as the RSPCA and PDSA and we are part of the C4 neutering consortium in London. In total, around 28,000 cats were neutered through our joint charity schemes in 2014 (2013: 30,000). We also play a significant role in the Cat Population Control Group, which is made up of other charities and academics and looks at ways of joint working on this issue that is paramount to feline welfare.

We continue to run regional neutering schemes in areas of particular need. In 2014, we continued a substantial campaign in two postcode areas of Birmingham where we undertook an educational and awareness-raising exercise before starting to issue neutering vouchers. We also ran campaigns in Northern Ireland, Glasgow and Swansea and started a major project in the East Midlands. Many of our branches also run schemes in areas of local need.

Through our work with feral cats, we helped approximately 28,000 feral cats and kittens (2013: 24,000) to have a better life through our trap, neuter and return programmes or relocation if return to the original site was not possible.

The Neutering Support team continues to provide neutering help and advice to our customers through the telephone and email support systems, as well as issuing neutering vouchers.

Education and information

Education helps spread understanding and useful information about cat welfare and is the best way to ensure the number of cats needing our help is minimised. By progressively raising the level of understanding of cats and their welfare needs, we can prevent problems arising. For example, by challenging the assumption that every female cat must have at least one litter of kittens prior to being neutered we can make a significant difference to cat overpopulation in the longer term.

We publish a wide range of leaflets on cats and their care, which can be downloaded from our website at www.cats.org.uk and is available through our volunteer branches, our Helpline and veterinary clinics. We offer our information leaflets in a wide range of languages and on request we will arrange for translations into other languages. In 2014, our Veterinary team ran a successful series of online question and answer sessions on Facebook and Twitter, helping members of the public with questions about cat welfare.

Our educational activity continues to increase steadily each year. During 2014, we recruited two additional Community Education Officers. These new roles sit alongside our three existing Community Education Officers and play a key role in expanding the face to face aspects of our education work, in particular, our work with schools and colleges, and in communities in support of our branches and adoption centres. The new roles will focus on the North of England, Scotland and Northern Ireland and the South and South West of England. In 2014, the education team gave 572 talks (2013: 448) across the UK to a total audience of 16,066 (2013:13,041).

By the end of the year, we had 111 volunteer education speakers, one volunteer researcher and seven volunteer education team leaders. We have been working to set up teams of education volunteers in target areas, which enables us to train groups of volunteers rather than recruiting them on an individual basis. This approach is designed to give our volunteers a better local support network in order to aid retention.

Cats Protection Report and Financial Statements year ended 31 December 2014

We also continued to develop our education resources and during the year, we conducted a review of our educational materials, updating and adding to our schools presentation tools. We launched a game for mobile phones and handheld devices based on a 'virtual' cat homing centre. The game is aimed at raising awareness of Cats Protection and giving an understanding of all that is involved in running a cat homing centre.

We also educate members of the veterinary profession and animal welfare workers on matters such as shelter medicine, feline behaviour and early neutering. In 2014, we gave presentations to 58 different groups of animal professionals (2013: 58), reaching an audience of 1,298 (2013: 2,350). We also worked at developing our relationships with corporate veterinary practices through educational talks and meetings.

We produce a veterinary newsletter called *CP Clinic* which is sent to 3,680 veterinary practices and institutions with articles about feline medicine, surgery and behaviour. We have also promoted *CP – The veterinary guide* which is a booklet that has been sent free of charge to all veterinary practices. It explains our policies and what our expectations are of the practices with whom we work.

We also work with veterinary schools to ensure that the vets of the future understand the issues of unwanted cat population in the UK. We run a programme in conjunction with the Dogs Trust to provide practical placements for veterinary students. During the year, 15 students spent time at the National Cat Centre, enabling them to gain valuable experience in shelter medicine and cat handling. The students are invited to write a short report and these are reviewed at the end of the year with prizes awarded. Some students also visit our other adoption centres as part of their curriculum. A new veterinary school opened at the University of Surrey in autumn 2014 and their new intake of students visited the National Cat Centre in November.

The charity's Veterinary team helps to run the Association of Charity Vets, a group that provides support and resources for vets working in the shelter or low-cost clinic environment. The team is also working on a project to produce the first text book on shelter medicine in the UK, which will be published in 2015. This work aims to increase the veterinary profession's awareness of the work of the charity and to improve the care of both owned and unowned cats.

Our advocacy work continued during 2014. In April, we held a 'Speaking up for Cats' event at Stormont in Northern Ireland. At the event, we asked Members of the Legislative Assembly of Northern Ireland to sign a pledge to work in partnership to reduce the number of stray and unwanted cats, tackle cruelty and promote responsible cat ownership. We also worked closely with Lord Black, who introduced The Welfare of Cats Private Members' Bill to the House of Lords on 24 July. The bill is aimed at raising the standards of cat breeders.

As part of the Pet Advertising Advisory Group, we held a meeting with the minister for the Department of Food and Rural Affairs (DEFRA) to discuss progress on improving standards in the advertising of companion animals on classified websites. The seven biggest advertising sites attended the meeting, including Gumtree and Preloved. Good progress has been made with getting advertising websites to remove inappropriate advertisements but this remains a focus for our attention.

During 2014 we consulted with the public on a Cat Manifesto for the 2015 General Election, receiving over 2,000 responses. The Manifesto was launched in February 2015 with a reception at Westminster.

Entries to our biennial National Cat Awards increased from 579 in 2012 to over 1,200 in 2014. The event was covered extensively in the media with 56 print articles, 73 online articles, 10 TV items and 53

Cats Protection Report and Financial Statements year ended 31 December 2014

reports on radio. Media circulation figures relating to the National Cat Awards were 66 per cent higher than for the last National Cat Awards in 2012.

In 2014 our free online course, Understanding Feline Origins (UFO), was accessed over 18,500 times by the public. We have received excellent feedback from members of the public stating they now have a better understanding of their cat's behaviour and have been able to make changes about the home that has made their cat less stressed.

Our dedication to cat welfare

Treating every cat with kindness and an understanding of its needs is at the heart of what we do and we apply these fundamental principles to all aspects of our work. We strive to have the most positive impact we can within our available resources.

There are two major issues affecting cat welfare in the UK. First, the overpopulation of cats for which there are not enough good homes. Our work on homing and neutering is designed to tackle this issue. Secondly, people's lack of understanding of cats and their needs resulting in poor welfare, often unintentionally. Our education work is essential to improving people's understanding. Further commentary on our work in these areas is provided in earlier sections of this report.

Internally, we place a strong emphasis on training our volunteers and staff in cat welfare issues. We also understand that being in a rescue facility can be very stressful for cats, so our aim is to have the cats in our care for as short a time as possible. We do all that we can to decrease the stress levels experienced by cats in our care by keeping them singly and providing environmental enrichment accessories, such as the Feline Fort. We designed the award-winning Feline Fort to give cats the opportunity to hide or perch and observe. The Feline Fort is available for the public, vets and other charities to buy.

International

As internationally-recognised experts in feline welfare, Cats Protection staff and volunteers are often called upon to advise outside the UK. This is consistent with our aim of promoting cat welfare. We make our expertise and resources freely available and by attending and speaking at conferences we share our knowledge for the benefit of cats and people internationally. We also host visits from those engaged in similar work in other countries. We give a very limited amount of equipment to voluntary organisations through a scheme administered by SNIP International. We are also active supporters of Eurogroup for Animals, which lobbies for animal welfare improvements at European Union level.

Performance against our strategic goals

1. Staff and volunteer development

Our staff and volunteers are vital to the work of the charity.

The trustees would like to record their thanks to the charity's 9,700 volunteers. Without them, their professionalism and hard work, we would not be able to help as many cats as we do each year. Volunteers are the lifeblood of the charity and a large proportion of our cat welfare work is completed through our branches. Volunteers work in our adoption centres and also as fundraisers, educators and feral trappers, to name just a few roles. We estimate that in 2014, our volunteers gave generously in the region of 4.8 million hours (2013: 4.6 million hours) to Cats Protection's work, which has an estimated value to the charity of £62.9m¹ (2013: £59.8m).

¹ The rate is based on the median gross salary excluding overtime for full time workers, published in the 2014 Annual Survey of Hours and Earnings, by the National Office of Statistics.

Cats Protection Report and Financial Statements year ended 31 December 2014

The trustees also acknowledge, with thanks, the hard work of Cats Protection staff who contribute so much to the development and running of the charity year by year.

Much activity took place in 2014 to develop the focus of our cat welfare training programme. A 'Training Champions' role was developed, which aims to support the delivery of training in our adoption centres. Alongside our newly developed refresher programme to cover all our in-house Cat Care training modules, this was a key focus and very well received in our centres, with 320 staff and volunteers undertaking practical training and attending workshops. A steering group was established to develop Cat Welfare Volunteer Information Days (VIDs) and provide a forum for feedback on the planning and evaluation of volunteer training. Over 800 volunteers attended the Cat Welfare VIDs we ran in 2014. Our internally produced Cat Behaviour training module was delivered for the first time in 2014. This received excellent feedback from volunteers and staff who have since been applying their improved understanding of the cats in their care to better meet their individual needs.

A role of Flexible Learning Specialist was recruited in August 2014, enabling the charity to take forward the development of our e-learning and flexible learning resources. This is particularly important given the wide geographical spread of our volunteers and staff. We have reviewed our current e-learning package and the revised versions will be launched early in 2015. Usage of the online version of Understanding Feline Origins continues to increase. Around 300 staff and volunteers completed the online version of the course and there have been over 18,500 public users (including new and returning users). An induction package for fosterers is currently in development and will be available in 2015.

The Volunteer Champions Programme continued to be delivered and over 60 staff and volunteers attended the workshops in 2014. The skills and knowledge learned from the programme are applied to support excellent practice in managing and supporting volunteers. A new workshop to support volunteers and staff in managing and dealing with conflict and to support problem solving processes was piloted in 2014, with plans to commence rollout in early 2015.

Leadership, management and skills development programmes were a key focus of training for staff, with nearly 100 employees attending workshops related to these areas in 2014. We have developed a pool of 17 internal coaches, which will strengthen our ability to provide focussed development to support and deliver the charity's strategy. Work to facilitate the development of charity-wide planning also continues to be a priority.

2. Adoption centre development

In April 2014, we opened a Homing & Information Centre in the Pets at Home store in Newbury, Berkshire. While this was the first of its kind for Cats Protection, it does follow in the footsteps of a number of other animal welfare charities. Pets at Home provides us with space for our Homing & Information Centre in the store for free, while Support Adoption for Pets, their adoption charity, paid for the centre's construction. By working with a company such as Pets at Home, which has a footfall of several thousand people per week in each store, we aim to find more homes for unwanted and abandoned cats and educate a wider audience about responsible cat ownership.

The Homing & Information Centre boasts three large cat pens which have been custom-built to our welfare standards and are in a designated area of the store to minimise stress to the cats. Ready-to-home cats are transferred to the centre from our Newbury Adoption Centre. The Homing & Information Centre has been a great success. In the eight months since opening, it homed 75 cats, including a number of cats that had been proving harder to home while at the adoption centre. Over 9,000 members of the public have also visited. In addition, there has been a positive impact at the neighbouring Newbury Adoption Centre, which homed 515 cats in 2014 compared to 441 in 2013.

In 2014, we launched the Capital Transformation Project. This internal project will be the driving force behind the significant capital investment the charity is planning to make over the next 10 years. The

Cats Protection Report and Financial Statements year ended 31 December 2014

project is being delivered by a multi-disciplinary team from across the charity. During the year, and following an extensive consultation process, the project team has delivered revised project management and capital planning processes, an outline 10 year capital plan and a standard site layout with minimum specification requirements for Cats Protection adoption centres. We have also conducted a thorough condition survey of all our existing sites so that the full extent of repairs and maintenance needs are known and can be prioritised.

3. Maintenance of a strong financial position

The strength of the charity's financial position continued to improve in 2014. Legacy income performed well and while total legacy income was £1.1m (4.5 per cent) less than in 2013, this did exceed our expectations as 2013 was such an exceptional year. We have continued to invest in diversifying our income streams and attracting more regular givers, with an additional £2.7m expended on the cost of generating voluntary income compared to 2013. The impact of this investment is clear as our fundraising income has increased by £2.7m (15.7 per cent) to £20.2m. These investments will also help secure income for the charity in future years. We controlled our expenditure within the 2014 budget. These factors contributed to a net surplus before gains and losses of £7.0m for 2014 (2013: £8.3m).

In early 2014, we identified additional activities to be funded from the 2013 surplus. These included the homing advertising campaign, further investment in fundraising, research to better understand our current and potential future cat adopters and the development of plans for new adoption centres and branches. These activities span financial years and the funding allocated will therefore be applied across both 2014 and 2015.

Despite some turbulent times on the stock markets, the value of our investments increased by £0.6m (1.5 per cent) compared to 2013. We were able to allocate an additional £5m to our investment portfolio. We have developed a draft 10 year capital plan and we will draw down on our investments to fund this expenditure sustainably.

4. Fundraising and partnership development

Fundraising income increased by 15.7 per cent compared to 2013, a great achievement and wonderful news for the cats! More cat lovers than ever before now support Cats Protection.

We have again enjoyed a very successful year in terms of new donor recruitment. Our new Cat sponsorship and Lottery schemes now have 30,000 sponsors and 13,000 players respectively. We also enjoyed good returns from mailings to prospective donors asking for donations or offering the chance to play our raffles, with 18,000 new supporters recruited as a result.

The total number of donors giving a regular amount by direct debit at the end of the year was 85,000, an increase of 30 per cent on the previous year. Existing supporters giving one-off gifts were also incredibly generous in 2014, with membership, appeal and raffle income all increasing substantially, allowing us to help more and more cats.

The number of current supporters who said they would recognise Cats Protection in their will continued to grow, with 50 per cent more individuals informing us that they have already included us in their will in 2014 than in 2013. Part of this increase has been the result of the growth of the Cat Guardians service, with more than 800 people registering in 2014, giving them the peace of mind that should their cat out live them, the charity will help to find it a loving new home. Of these people, more than 80 per cent indicated they were also including Cats Protection in their will. Legacies are absolutely vital for our current and future work, so the generosity of these people is valued and appreciated.

We opened new shops in Canford Heath, Banstead, Telford, Finchley, Walsall, Glasgow and Arbroath and relocated to new premises in Wolverhampton, Honiton, Leamington Spa and Lincoln. Tills to enable

Cats Protection Report and Financial Statements year ended 31 December 2014

us to claim Gift Aid on stock donations were installed in about half of our shops and will be available in all shops in early 2015.

We also refreshed our Christmas gift range, offering more distinctive gifts and cards and will review its success in early 2015.

We would like to thank our corporate partners. Thank you to Pets at Home and Support Adoption For Pets, the independent charity supported by Pets at Home, for their ongoing support this year. Our second fundraising weekend with Pets At Home took place in March. Over 140 Cats Protection branches and adoption centres worked with Pets At Home stores and raised over £34k. Our third fundraising weekend was held in February 2015. We also continue to be supported through Pets at Home's Very Important Pets Club (VIP Club). During 2014, we received £10k in grants for central and branch development projects from Support Adoption For Pets and they also generously funded our Homing & Information Centre in the Newbury Pets at Home store at a cost of £36k. Our branches and adoption centres also received over £92k in donations from bi-annual fundraising drives which take place in Pets at Home stores and their Christmas 'Santa Paws' appeal.

Thank you to *Simon's Cat* for their support in 2014 and for kindly granting us use of a *Simon's Cat* design for the pin badge to sell at the 2015 Pets at Home fundraising weekend.

Our partnership with PURINA® has continued to prosper and we thank them for their continued support of our branches and adoption centres through the provision of subsidised food and for their sponsorship of our National Cat Awards in 2014. PURINA® also supported Cats Protection through fundraising as their Charity of the Year for 2013/2014, raising over £48k.

We would like to thank those organisations with whom we have formed strong partnerships and we are pleased to be able to collaborate with a number of others to achieve our shared goals.

Cats Protection is an active member of The Cat Group, The Society for Companion Animal Studies, the Association of Dogs and Cats Homes (ADCH), the Cat Population Control Group, the Canine and Feline Sector Group 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: the Royal Society for the Prevention of Cruelty to Animals (RSPCA), International Cat Care (ICC), People's Dispensary for Sick Animals (PDSA), Blue Cross and Dogs Trust. In addition to these national organisations, we also work closely with many local, independent animal welfare charities across the UK, including the Assisi Animal Sanctuary in Northern Ireland and Wood Green Animal Shelter in England.

We work closely with pet insurance company Petplan, who provides owners with insurance cover for the first four weeks that their new cat is homed with them. We thank Petplan for this important contribution to cat welfare. Adopters have the opportunity to continue with the insurance plan and support Cats Protection at the same time, through the commissions we receive on new policies and renewals.

Thank you also to Feliway®, who generously funded our Cat Match app through sales of their Feliway diffuser, the homewares brand Magpie who are supporting Cats Protection with 15 per cent of all their website orders being donated to us and to the many others who support our work through corporate partnerships.

Our impact

Cats Protection is the UK's leading feline welfare charity. The impact of our work addresses cat welfare issues across a range of timeframes. Our rehoming addresses the immediate issue of helping cats in need. In the medium term, our neutering work will help control the population of cats so there are fewer

Cats Protection Report and Financial Statements year ended 31 December 2014

unwanted cats. Our education and information work has the long-term impact of changing attitudes within society so that people take a more responsible view of cat ownership and welfare.

Cats Protection... into the future

In 2014, the charity undertook a strategic review. This was led by the trustees with the support of Advisory Council and the Executive Management Team. The review process involved consultation with all staff and volunteers. A new strategy was launched early in 2015. Our vision remains a world where every cat is treated with kindness and an understanding of its needs and our goal for the longer term is that through our work, there will be fewer cats needing our help. Our new strategic aims communicate how we will help more cats:

1. We will significantly increase awareness of Cats Protection and our work.
2. As the leading authority on cats, we will help people to better understand their needs in order to improve the welfare of all cats.
3. We will help to reduce overpopulation of cats:
 - through targeted neutering campaigns and education
 - by directing more resources to the promotion of early neutering
 - by doing more research and gathering better data on the impact of our neutering work
4. We will home more cats until our work on information, education and neutering reduces the long-term need for homing.

In order to achieve these four strategic aims, we will:

- significantly grow income and manage our funds to enable us to help more cats, now and in the future
- we will speak up for cats and represent their interests
- we will increase the extent and effectiveness of our collaboration with animal welfare charities and other organisations, for the benefit of cats

Public benefit

The Directors of the Corporate Trustee have given careful consideration to the Charity Commission's guidance on public benefit. This is reflected in the review of the activities undertaken by the charity as contained in this report.

We believe that our vision of a world in which every cat is treated with kindness and an understanding of its needs benefits society as a whole. Cats play a huge part in the lives of millions of people in the UK. Almost one in three UK households has at least one pet cat, according to recent research (Source: Mintel Oxygen, March 2013). By supporting cats, we are providing a benefit to owners, carers and other people who come into contact with cats.

We help to rehome and reunite many cats which have been abandoned, strayed or, for whatever reason, are no longer wanted or cannot be kept. We also help to control the feral and owned populations through our neutering and education work. Due to economic conditions, the demand for our help continues to increase.

We provide public benefit in a variety of ways by:

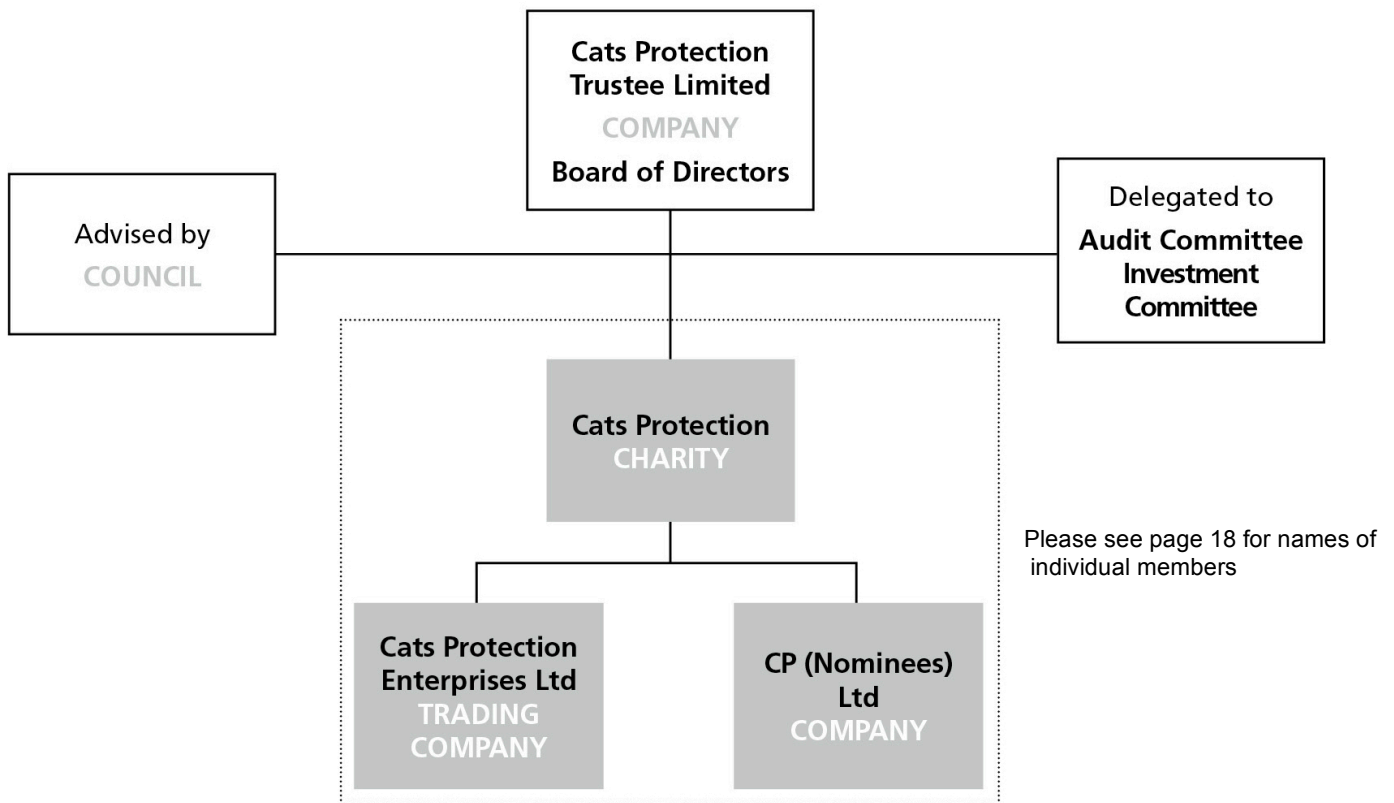
- reassuring cat owners that their cats will be cared for and rehomed if they become incapable of looking after them either through illness, death or for other reasons
- helping to control the incidence and spread of disease and suffering in cat populations through vaccination, neutering and education
- assisting those on low incomes with the cost of neutering through our voucher scheme
- assisting local authorities and local communities by taking in and rehoming stray, lost or abandoned cats and by controlling feral populations

Cats Protection Report and Financial Statements year ended 31 December 2014

- assisting local authorities by taking in cats from multi-cat households
- providing volunteering opportunities for those who wish to support our work, including through the Duke of Edinburgh (DoE) programme
- providing advice to government departments on animal welfare legislation, where appropriate with other animal welfare organisations
- providing educational talks and other activities to increase awareness of cat welfare. The Schools Programme helps young people understand their role in society in terms of cat welfare
- commissioning and undertaking research into matters affecting cats and the human population
- helping people experiencing domestic abuse by providing temporary care for their cats under the Freedom Project, in liaison with the Dogs Trust
- enhancing the quality of life for people in care homes both by homing cats into care homes and encouraging care homes to welcome residents' own cats
- educating vets, vet nurses, vet students and other animal professionals and giving them practical experience beyond their formal training

Structure, governance and management

Legal structure



Cats Protection is an unincorporated charitable association. It was founded on 16 May 1927. The charity's constitution is set out in its Rules.

The charity is governed by a Corporate Trustee, Cats Protection Trustee Limited, a registered company (registration number 06772997). The constitution of Cats Protection Trustee Limited is set out in its Memorandum and Articles of Association. It has a Board of Directors (the Board) who are unpaid and serve for a period of five years and are then eligible for re-election. Up to five Directors are elected by Advisory Council and up to four are appointed for their specific skills. Directors on the Board of the Corporate Trustee are referred to internally as "the trustees" to differentiate them from the Directors who manage the day-to-day operations of the Charity and form the Executive Management Team. The Board has two sub-committees, an Audit Committee and an Investment Committee.

Cats Protection Report and Financial Statements year ended 31 December 2014

An Advisory Council of between 10 and 22 members of the charity is elected at the Annual General Meeting. The role of Advisory Council is to elect up to five of its members to the Board. It also provides advice to the Board on a wide range of issues affecting the charity. All Directors of the Board are Advisory Council members. Advisory Council operates in accordance with the Rules and Standing Orders of the charity.

Cats Protection Enterprises Limited (registration number 02953832) is the trading arm of the charity. CP (Nominees) Limited (registration number 02470742) is the nominee company for the charity's investment trades and its role is purely administrative. Both of these entities are wholly owned subsidiaries of the charity.

Governance

The Board of Directors met eight times in the year to administer the affairs of the charity, set strategies and policies and approve all major expenditure programmes. Advisory Council met four times in 2014, including the Annual General Meeting.

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

The Investment Committee assists the Board in safeguarding the charity's financial assets and in determining investment policy. It has three Directors and up to three independent advisors. During 2014, the Committee met three times with the investment managers, advisors and relevant staff and once to review tender presentations for the appointment of a new fund manager.

The Audit Committee assists the Board in fulfilling its obligations to ensure effective financial reporting, systems and internal controls are in place. It also consists of three Directors and up to three independent advisors, at least one of whom must be a Cats Protection volunteer. During 2014, the Committee met three times. Meetings are attended by the external and internal auditors and relevant staff.

The Board reviews the work of the two Committees throughout the year. Appointments to both Committees are made by the Board.

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 an Executive Management Team.

For operational effectiveness, the UK is split into regions. Regional staff are responsible for developing the activities of volunteer-run branches and establishing new ones in areas of need. We have 18 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.

Cats Protection Report and Financial Statements year ended 31 December 2014

FINANCIAL REVIEW

Financial performance in 2014

The charity has had a very successful year. Income has increased by £1.7m (3.9 per cent) since 2013. This is primarily due to the increase in fundraising income which follows an investment programme to diversify our income streams and expand our donor base that started in 2012. Legacy income performed strongly in the year and totalled £24.2m. While this represents a decrease of £1.1m (4.5 per cent) compared to 2013, last year was exceptional and the 2014 performance has exceeded our expectations. Legacy income represented 52.9 per cent of all income for the charity in 2014 (2013: 58 per cent).

Expenditure on fundraising activities in 2014 increased by 49 per cent to £13.6m (2013: £9.1m). While such investment typically takes over a year to break even, we are already seeing an increase in our subscription and donation income, up from £9.4m in 2013 to £10.5m in 2014. Other fundraising income also increased from £8.1m in 2013 to £9.7m in 2014.

We have continued to exercise control over our expenditure. During the year, we reviewed our provision created for neutering vouchers that had been issued but not redeemed. Following changes to our processes, including the introduction of an expiry date to vouchers in 2012, we have reviewed the basis of the neutering provision and determined that £1.2m was no longer required and this amount was released unutilised to the SOFA. To facilitate more meaningful year on year comparisons, the release of this provision is disclosed separately.

We have also reviewed the basis on which support costs are allocated in our Accounts. Previously, these were allocated on the basis of direct costs. However, this methodology no longer reflected the actual use of the charity's internal support functions, particularly in the area of fundraising where much of the activity is outsourced under large contracts. As we are a volunteer and staff based organisation and supporting volunteers and staff is the primary purpose of the support functions, support costs are now allocated on the basis of volunteer and staff numbers. The relevant 2013 balances have been restated in these Accounts to assist year on year comparisons.

The upturn in income coupled with control over our expenditure has resulted in a net operating surplus of £7.0m for the year before gains and losses (2013: £8.3m). The charity has also benefitted from the positive growth in the investment markets and we are reporting a net gain on investment asset values of £0.6m (2013: £2.7m). Taking this movement into account, total charity funds for the year have increased by £7.7m (2013: £11.7m) and the net assets recorded on our Balance Sheet are now £81.9m (2013: £74.3m).

Review of subsidiaries' activities

Cats Protection Enterprises Limited undertook the following trading activity in the year:

- sale of new goods to the public through shops, fundraising events, online and by telephone
- sale of pet insurance services through branches and adoption centres
- sales relating to the use of the Cats Protection brand to other commercial entities
- café, retail and meeting rooms at the National Cat Centre

The results for the year and the financial position of the Company are as shown in the financial statements. The profit on ordinary activities for the year ended 31 December 2014 amounted to £595k (2013: £434k). Turnover in 2014, at £1,359k, represents an increase of 34 per cent compared to the previous year (2013: £1,014k). Cost of sales in 2014 was 40 per cent of turnover (2013: 35 per cent). Administrative expenditure was £221k for 2014, which is in line with the previous year (2013: £224k). The full profit of £595k will be distributed to the charity in 2015 as a Gift Aid payment.

In 2014, we purchased stocks of Christmas cards directly and sold these on to the public. This meant we were able to offer a wider range of cat-themed cards. Both the sales income and the cost of the stock

Cats Protection Report and Financial Statements year ended 31 December 2014

and postage are recognised in full in the Company's financial statements and are the primary reason for the increase in turnover and cost of goods sold. Previously, Christmas cards were sold via an agency agreement and only the commission income was recognised in the financial statements. Profit has also increased due to the cumulative effect of cat adopters utilising Petplan pet insurance. The Company receives commission every time a new policy is purchased or an existing policy is renewed.

There were no transactions in the year in respect of CP (Nominees) Limited (2013: none).

Investment management

We hold investments for two purposes. Short-term deposits are held for the charity to support its working capital requirements, ensuring day-to-day payments can be made without the need for an overdraft. We have appointed Royal London Asset Management (RLAM) to manage these deposits and have instructed them to provide a reasonable return in relation to market rates, investing across a range of funds to minimise our exposure to risk.

We also hold a portfolio of equities, bonds, unit trusts and other such investments. These investments are long-term in nature and support the structural development of the charity, such as the funding of major property works. Funds are invested with the aim of securing long-term growth in values without exposing the charity to undue risk. We appoint professional fund managers to manage the portfolio. Rathbone managed approximately two thirds of our portfolio during the year. In June, following a competitive tendering process, we appointed Sarasin to manage the remaining one third of the portfolio. This element of our portfolio was transferred from Newton, who withdrew from the provision of segregated fund management to smaller size charity portfolios. The performance of the fund managers is assessed against relevant market benchmarks. In 2014, we were able to add a further £5.0m to the portfolio from the short-term deposits. The charity does not hold any mixed motive investments. Mixed motive investments have the joint purpose of providing a financial return while delivering directly the aims of the charity.

During the year, the charity received one distribution of £0.1m in respect of Kaupthing, Singer and Friedlander Bank (KSF) that went into administration in October 2008. We have now received a total of £7.1m through the regular distributions. We have a place on the Creditors' Committee and will continue to work with the Administrators to maximise recovery for all charities affected when KSF was placed in administration. Current estimates are that the total amount recoverable will be between 85.0p and 86.5p in the £1.

Ethical Policy

Cats Protection operates an Ethical Policy. The policy encompasses all areas of our work and states that we will not knowingly deal with companies or individuals who are involved directly in animal testing, both invasive and non-invasive, for cosmetic or other non-medical purposes and in any aspect of the fur trade. 'Directly involved' is defined as a company or individual either undertaking themselves, or commissioning others to undertake the contravening activity. The policy applies to companies that we deal with directly and their immediate parent company and also applies to our investment portfolio. Donations from such companies or individuals will be refused.

Reserves Policy

The aim of Cats Protection's Reserves Policy is to ensure that the charity's ongoing and future activities are reasonably protected from unexpected variances in its income and expenditure. The trustees review the level of reserves on an annual basis and has determined that £9.0m is required to ensure the work of the charity can continue without disruption in adverse circumstances. This amount has been calculated after reviewing the charity's risk register and determining the greatest threats to income, expenditure and assets. As at 31 December 2014, the charity had free reserves of £9.0m (2013: £9.0m) and has operated within the Policy for the year.

Cats Protection Report and Financial Statements year ended 31 December 2014

Designated funds are reserves set aside for planned activity detailed in Cats Protection's Charity Plan. The aim of this planned activity is to help the charity achieve its long term strategic objectives. The purpose of each designated fund is set out in Note 13 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'. Processes are in place to identify and manage the risks faced by Cats Protection.

Each manager reviews the risks in their area of responsibility and assesses the impact and likelihood of the identified risk occurring. Actions to manage the risk are also documented. These risks are then consolidated and reviewed to identify the strategic risks for the charity, which are reported to the Audit Committee through the Charity Risk Register. The Board receives and considers details of the principal risks at each of its meetings and reviews the complete Charity Risk Register at least once a year.

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.

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

Scotland

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

Cats Protection undertakes between 15 per cent and 20 percent of its welfare work in Scotland. The work is delivered through four adoption centres, 49 branches and 11 shops, using around 14 per cent of our volunteer workforce, approximately 1,270 people and 20 employed staff.

Cats Protection Report and Financial Statements year ended 31 December 2014

Statement of the Corporate 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 trust deed, subject to any material departures disclosed and explained in the financial statements;
- 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 trust deed of the charity, within the framework of trust law. The Trustee is 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 them under section 132(1) of the Charities Act 2011 and , the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, those statements of accounts comply with the requirements of regulations under that provision. The Trustee has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

**Cats Protection Report and Financial Statements
year ended 31 December 2014**

Legal and administrative information

Registered Charity Number:

203644 (England and Wales)
SC037711 (Scotland)

Registered address:

National Cat Centre
Chelwood Gate
Haywards Heath
RH17 7TT

Telephone: 01825 741 900

Helpline: 03000 12 12 12

Email: cp@cats.org.uk

Website: www.cats.org.uk

Trustee:

Cats Protection Trustee Limited

Directors of Cats Protection Trustee Limited (*referred to internally as "the trustees"*):

Ms H McCann BA (Hons)

Chair

Professor T Gruffydd-Jones BVetMed (Lond), PhD (Bristol), MRCVS

Deputy Chairman

PhD DipECVIM MRCVS)

Ms W Bosler BA (Hons)

Mrs M Price Freeman of the Worshipful Company of International Bankers,

Freeman of the City of London

Mr P Sheehan MBBS (retired 12 July 2014)

Dr A Swarbrick ACA

Mrs J Toben MloD

Ms L Upson DipLGD

Mr T Jones MA(Cantab), FInstF, FIDM

Mrs A Ryan BA (Hons) ACII (elected 12 July 2014)

Advisory Council members:

All directors of Cats Protection Trustee Limited are also Advisory Council members.

Mr J Barnett (elected 12 July 2014)

Ms B Kubler

Mr C Batt

Mr D Manners

Dr R Casey BVMS, PhD, DipECAWBM,

Mrs G McMullen (elected 12 July 2014)

CCAB, ILTM, MRCVS (to 12 July 2014)

Mr M Ridgway HNC, IEE, BIFM

Mrs T Cooper (elected 12 July 2014)

Mrs J Rouse

Mrs G Davies

Mr B Till (elected 12 July 2014)

Ms D Hingley

Mrs M Wood TechIOSH, Chartered MCIPD (to 12 July 2014)

Mr L Inglis-Ballantyne (to 12 July 2014)

Investment Committee:

Mrs J Toben MloD (Chair)

Mr T Jones MA(Cantab), FInstF, FIDM

(appointed March 2014)

Mr A Fletcher BSc, MBA (Advisor) (resigned

February 2015)

Mr L Jones OBE (Advisor)

Mrs A Gregory-Jones BSc, FCA,TEP (Advisor)

(from April 2014)

Mr S Kumar LLB (Hons), MCSI (Advisor) (from

May 2014)

Ms G Woodward (Advisor) (from October 2014)

Audit Committee:

Ms W Bosler BA (Hons) (Chair)

Ms L Upson DipLGD

Dr A Swarbrick ACA

Mrs K Elis-Williams BA(Hons), ACA (Advisor)

Mr A Rummins MSc, FIIA, MIIA (Advisor)

Mrs S Scott BA (Hons) (Advisor) (to September 2014)

**Cats Protection Report and Financial Statements
year ended 31 December 2014**

Chief Executive and Executive Management Team

Chief Executive

Mr P Hepburn BSc, FCCA, FRSA

Executive Management Team

Mr D Newall; Director of Operations (from December 2014)

Mr M Henley ACIB; Director of Operations (to August 2014)

Mrs H Jacobs MSc, FCMA, ACIS, BSc; Director of Central Services

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

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

Mr N Edmans BA (Hons), CPE (Law); Director of Communications

Mr L Coghlin BA (Hons), MinstF(Dip); Director of Fundraising

External auditor:

KPMG LLP
15 Canada Square
London
E14 5GL

Internal auditor:

Haysmacintyre
Fairfax House
15 Fulwood Place
London
WC1 6AY

Bankers:

Barclays Bank Plc
2 Carfax
Horsham
West Sussex
RH12 1DN

Insurance broker:

Arthur J Gallaher
The Walbrook Building
25 Walbrook
London
EC4N 8AW

Investment advisors:

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

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

Royal London Asset
Management
55 Gracechurch Street
London
EC3V 0UF

**Cats Protection Report and Financial Statements
year ended 31 December 2014**

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

The Trustee will place a resolution before the Annual General Meeting for the appointment of the external auditor for the next year following a competitive tendering process.

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:

.....

Ms H McCann
Chairman

DATE: 14 May 2015

Independent auditor's 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 2014 set out on pages 22 to 34. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charity's Trustee as a body, in accordance with both section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act and section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. 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 as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 17 the Trustee is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 (or its predecessors) and section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with the regulations made under those Acts. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charity's affairs as at 31 December 2014 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if in our opinion:

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient and proper accounting records; or
- the 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.

Ian Pennington
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London
E14 5GL

14 May 2015

Cats Protection Report and Financial Statements
year ended 31 December 2014

Consolidated statement of financial activities

Year ended 31 December 2014

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 Restated £'000
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income:					
Legacies	2	22,048	2,154	24,202	25,349
Subscriptions and donations	2	10,462	2	10,464	9,350
Activities for generating funds:					
Events		2,823	-	2,823	2,580
Charity trading		5,541	-	5,541	4,502
Trading company	16	1,359	-	1,359	1,014
Investment income	3	828	-	828	732
Other incoming resources	4	496	-	496	456
Total incoming resources		43,557	2,156	45,713	43,983
Resources expended					
<i>Cost of generating funds:</i>					
Costs of generating voluntary income	5	7,339	-	7,339	4,637
Costs of activities for generating funds	5	6,196	-	6,196	4,363
Investment management costs	5	107	-	107	134
Total cost of generating funds		13,642	-	13,642	9,134
<i>Charitable activities:</i>					
Rescue and rehoming	5	17,582	1,305	18,887	19,112
Neutering schemes – expenditure in year	5	5,125	-	5,125	4,658
Neutering schemes – release of provision	12	(1,186)	-	(1,186)	-
Information and education	5	2,143	-	2,143	1,986
Total charitable activities		23,664	1,305	24,969	25,756
<i>Governance costs</i>					
		145	-	145	112
<i>Additional depreciation in respect of impairment</i>					
		-	-	-	662
Total resources expended		37,451	1,305	38,756	35,664
Net incoming/(outgoing) resources before gains/(losses)	6	6,106	851	6,957	8,319
Other recognised gains					
Revaluation gain	9	583	-	583	2,738
Proceeds from administration of investment assets	9	114	-	114	627
Total other recognised gains		697	-	697	3,365
Net movement in funds	14	6,803	851	7,654	11,684
Total funds brought forward at 1 January	14	69,121	5,130	74,251	62,567
Total funds carried forward at 31 December	14	75,924	5,981	81,905	74,251

All of the above results relate to continuing activities. The consolidated statement of financial activities includes all gains and losses recognised in the year. This incorporates the income and expenditure account. Resources expended have been restated for 2013 to reflect the change in accounting policy for allocating of support costs.

The notes on pages 25 to 34 form part of these accounts.

Cats Protection Report and Financial Statements
year ended 31 December 2014

Consolidated balance sheet
As at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	8	29,906	29,308
Investments	9	<u>46,020</u>	<u>40,313</u>
Total fixed assets		75,926	69,621
Current assets			
Stocks		18	8
Debtors	10	3,697	2,844
Short term deposits		1,571	1,742
Cash at bank and in hand		<u>5,349</u>	<u>4,511</u>
Total current assets		10,635	9,105
Creditors			
Amounts falling due in one year	11	<u>(4,384)</u>	<u>(2,793)</u>
Net current assets		6,251	6,312
Provision for liabilities and charges	12	(272)	(1,682)
Net assets		81,905	74,251
Funds			
Unrestricted funds:			
General funds	13	9,000	9,000
Designated funds	13	66,924	60,121
Restricted funds	13	<u>5,981</u>	<u>5,130</u>
Total funds		81,905	74,251

Cats Protection has not prepared a separate balance sheet for the Charity as this is not considered to be materially different to the consolidated balance sheet of the Group, with the exception of Cash at bank and in hand of which £4,523k (2013: £4,016k) relates to the Charity and £826k (2013: £495k) relates to Cats Protection Enterprises Ltd.

The notes on pages 25 to 34 form part of these accounts.

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

.....

Ms H McCann
Chair
14 May 2015

Cats Protection Report and Financial Statements
year ended 31 December 2014

Consolidated cash flow statement

Year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Net cash inflow from operating activities	a	6,586	11,051
Returns on investments and servicing of finance			
Interest received		108	95
Dividends received		720	637
Net cash inflow for returns on investments and servicing of finance		<u>828</u>	<u>732</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,851)	(2,905)
Sale of tangible fixed assets		114	33
Purchase of investments		(18,193)	(10,803)
Sale of investments		13,183	3,100
Net cash (outflow) for capital expenditure and financial investments		<u>(6,747)</u>	<u>(10,575)</u>
Increase in cash and cash equivalents in the year	b	<u>667</u>	<u>1,208</u>

Notes to consolidated cash flow statement

a) Reconciliation of net incoming resources to net cash inflow from operating activities

Net incoming resources	6,957	8,319
Investment income receivable	(828)	(732)
(Profit) on disposal of tangible fixed assets	(87)	(30)
Depreciation charge	1,226	1,170
Impairment	-	662
(Increase)/Decrease in stock	(10)	6
(Increase)/Decrease in debtors	(853)	2,975
Increase/(Decrease) in creditors	1,591	(1,317)
(Decrease) in provisions	(1,410)	(2)
Net cash inflow from operating activities	<u>6,586</u>	<u>11,051</u>

b) Analysis of changes in cash and cash equivalents during the year

	At 1 January 2014 £'000	Change in year £'000	At 31 December 2014 £'000
Short term deposits	1,742	(171)	1,571
Cash at banks and in hand	4,511	838	5,349
Cash Movement	<u>6,253</u>	<u>667</u>	<u>6,920</u>

The notes on pages 25 to 34 form part of these accounts.

Cats Protection Report and Financial Statements year ended 31 December 2014

Notes to the consolidated financial statements

1. Accounting policies

A. 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, and are in accordance with the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities* published in 2005, the Charities Act 2011, and other applicable United Kingdom accounting standards.

The accounting policies adopted are described below and have been applied consistently.

B. Consolidation

These Group Accounts consolidate the accounts of Cats Protection (the Charity) and its subsidiary undertakings, Cats Protection Enterprises Limited and Cats Protection (Nominees) Limited, on a line by line basis. The detailed results for the subsidiaries are provided in Note 16.

The Charity has taken advantage of the exemption afforded by paragraph 397 of SORP 2005 not to provide a separate Statement of Financial Activities (SOFA) for the Charity. The Charity has also taken advantage of the exemption contained in FRS8, Related Party Transactions, where disclosure is not required in the consolidated financial statements of intragroup transactions and balances eliminated on consolidation.

C. 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 Charity's 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 donor 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.

D. Income

All incoming resources are included in the SOFA when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Policies for certain types of income are as follows:

- Legacy income is recognised in the SOFA when there is virtual certainty of receipt and amounts receivable can be measured with sufficient reliability. Income from pecuniary interests is recognised when probate has been granted and we have been advised of the amount stipulated in the Will. Income from residuary interests is recognised when probate has been granted and we have received the approved accounts of the estate. The Charity is the residuary beneficiary of several properties without current vacant possession and for these premises, a sale value cannot be accurately determined and as such, these legacies are not recorded in the SOFA
- Adoption fees are recognised upon receipt and are included under Charity Trading
- Subscription, including lifetime subscriptions, and donation 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

Cats Protection Report and Financial Statements year ended 31 December 2014

- Branch fundraising is the total of all fundraising income from the volunteer-led branches and fundraising events held at the National Cat Centre and adoption centres. It includes the sale of donated goods through shops and funds raised in one-off events
- Goods donated for resale are included as income when they are sold and the cash received
- Investment income is accounted for when receivable.

E. 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 funds* are those costs incurred in seeking voluntary donations or as incurred in publicising or marketing the Charity. All investment management charges and the costs associated with the trading company, Cats Protection Enterprises Limited, are also included
- *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 administering 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 also includes an apportionment of overhead costs.

The Charity is able to partially recover Value Added Tax (VAT). Irrecoverable VAT is included in the relevant expense categories.

In 2014, the basis on which indirect support costs are allocated has been updated. Previously, these were allocated on the basis of direct costs. This basis no longer reflects the use of support functions by the various charitable and fundraising activities. From 2014, support costs are allocated on the basis of the number of staff and volunteers engaged in the respective charitable and fundraising activities. As we are primarily a volunteer-based organisation with a significant proportion of our activity delivered by volunteers, this method of allocating support costs provides a more reasonable assessment of the use of the charity's support infrastructure. Expenditure in 2013 has been restated using this basis of allocating indirect costs to ensure comparability with the results reported for 2014.

F. Tangible fixed assets, depreciation and impairment

Freehold land and buildings are stated at cost less depreciation. Assets under the course of construction are transferred to freehold land and buildings on practical completion. Tangible fixed assets costing more than £1,000 are capitalised and included at cost, together with 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:

- Freehold property is depreciated over 40 years
- Leasehold property is depreciated over the term of the lease
- Cat pens and adoption centre equipment is depreciated over 10 years
- Fixtures, fittings, IT and office equipment, IT software and motor vehicles are depreciated over four years.

Freehold land and assets under the course of construction are not depreciated.

An impairment review is performed whenever the Charity becomes aware that a significant event has occurred. Impairments are recorded in the SOFA as resources expended.

G. Investments

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year. Gains and losses on the disposal of investment assets are calculated as the difference between historical and market values.

Cats Protection Report and Financial Statements year ended 31 December 2014

H. Stocks

Stocks are valued at the lower of cost to the Charity or net realisable value. Stocks disclosed on the Balance Sheet are goods held for sale.

I. 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 SOFA represents the contribution payable to the scheme in respect of the accounting period.

J. Finance and operating leases

Operating lease rentals are charged to the SOFA on a straight-line basis over the life of the lease. The Group does not hold any assets under a finance lease.

K. Taxation

Cats Protection is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Cats Protection Enterprises Limited makes qualifying donations of all taxable profit to the Charity. No corporation tax liability arises in the accounts.

L. Provisions

A provision exists for neutering vouchers that have passed their expiry date but have not yet been redeemed. In most instances, we will redeem vouchers received shortly after their expiry date and provision is made for this cost. The Charity held no other provisions at 31 December 2014.

Cats Protection Report and Financial Statements
year ended 31 December 2014

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2014 £'000	2013 £'000
2. Voluntary income				
Legacies	22,048	2,154	24,202	25,349
Subscriptions	629	-	629	544
Donations	9,833	2	9,835	8,806
	<u>32,510</u>	<u>2,156</u>	<u>34,666</u>	<u>34,699</u>

In addition to the legacy income recognised above, the Charity had been notified of six major legacies (over £500k) by the balance sheet date totalling £4,605k. These legacies did not satisfy the criteria relating to certainty and/or reliable estimates required by our accounting policy to recognise the income during the year.

3. Investment income

Income from listed investments	721	637
Bank and other interest	62	48
Rental income	45	47
	<u>828</u>	<u>732</u>

4. Other incoming resources

Commission	31	33
Surplus on disposal of tangible fixed assets	87	30
Miscellaneous income	378	393
	<u>496</u>	<u>456</u>

The income set out in Notes 3 and 4 is unrestricted.

5. Resources expended

	Direct costs £'000	Allocated support costs £'000	Total 2014 £'000	Total 2013 Restated £'000
Cost of generating funds				
Cost of generating voluntary income	7,329	10	7,339	4,637
Costs of activities for generating funds	4,266	1,930	6,196	4,363
Investment management fee	107	-	107	134
Total cost of generating funds	<u>11,702</u>	<u>1,940</u>	<u>13,642</u>	<u>9,134</u>
Charitable expenditure (unrestricted)				
Rescue and rehoming	15,484	2,098	17,582	18,113
Neutering schemes – expenditure in year	4,898	227	5,125	4,658
Neutering – release of provision	(1,186)	-	(1,186)	-
Information & education	1,984	159	2,143	1,986
Total charitable expenditure (unrestricted)	<u>21,180</u>	<u>2,484</u>	<u>23,664</u>	<u>24,757</u>
Charitable expenditure (restricted)				
Rescue & rehoming	1,305	-	1,305	999
Total charitable expenditure (restricted)	<u>1,305</u>	<u>-</u>	<u>1,305</u>	<u>999</u>
Governance costs	135	10	145	112
Additional depreciation for impairment	-	-	-	662
Total resources expended	<u>34,322</u>	<u>4,434</u>	<u>38,756</u>	<u>35,664</u>

Cats Protection Report and Financial Statements
year ended 31 December 2014

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

	Volunteer & staff support and development £'000	Corporate resources £'000	IT £'000	Facilities £'000	Total indirect costs 2014 £'000	Total indirect costs 2013 Restated £'000
Cost of generating voluntary income	2	5	2	1	10	40
Cost of activities for generating funds	471	764	488	207	1,930	1,078
Rescue and rehoming	512	831	530	225	2,098	2,774
Neutering schemes	55	91	57	24	227	218
Information and education	39	63	40	17	159	138
Governance	3	4	2	1	10	9
Total	1,082	1,758	1,119	475	4,434	4,259

Indirect support costs are allocated on the basis of staff and volunteer numbers. This is a change from previous years when support costs were allocated on the basis of direct costs. The new basis of allocation better reflects the use of the Charity's support functions by the various charitable and fundraising activities. The 2013 figures have been restated to enable comparability with the 2014 figures.

6. Additional analysis of resources expended

	2014 £'000	2013 £'000
Auditors' remuneration (audit)	43	42
Auditors' remuneration (other services)	-	-
Depreciation of tangible fixed assets	1,226	1,170
Operating lease rentals	108	161
Trustee indemnity insurance	3	3

7. Staff costs

Employment costs

	2014 £'000	2013 £'000
Wages and salaries	10,199	9,152
Social security costs	868	802
Pension costs	322	229
Agency staff	75	70
	11,464	10,253

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. The Directors of Cats Protection Trustee Ltd are volunteers and are not paid a wage or salary by Cats Protection Trustee Ltd or Cats Protection.

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

	2014 Average	2013 Average	2014 FTE	2013 FTE
Generating funds	139	107	112	93
Charitable activities	392	374	325	315
Governance	2	2	2	2
	533	483	439	410

Cats Protection Report and Financial Statements year ended 31 December 2014

Employee emoluments

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

	2014 Number	2013 Number
£60,001 - £70,000	2	2
£70,001 - £80,000	3	4
£80,001 - £90,000	1	1
£100,000 - £110,000	2	1

Emoluments include salary, benefits in kind and exit costs. All eight of the higher paid staff are members of defined contribution schemes (2013: eight) and in 2014 the charity paid £35,261 (2013: £30,965) to the scheme on their behalf. These costs are excluded when calculating emoluments. No pension contributions were accrued at year end.

Trustee expenses

Travelling and subsistence expenses were reimbursed to seven directors of Cats Protection Trustee Ltd and amounted to £12,195 (2013: £5,133). This reflects the fact that Cats Protection is a UK-wide charity and so the directors of Cats Protection Trustee Ltd sometimes need to travel long distances to branches, adoption centres and the National Cat Centre at Chelwood Gate, Sussex. Three directors of Cats Protection Trustee Ltd did not claim expenses in 2014 (2013: three).

8. Tangible assets

	Freehold land and buildings £'000	Assets under the course of construction £'000	Pens and adoption centre equipment £'000	Fixtures, fittings and office equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2014	36,388	825	4,322	1,733	3,057	46,325
Additions	133	338	494	487	399	1,851
Transfers	88	(352)	-	264	-	-
Disposals	(121)	(20)	-	-	(217)	(358)
At 31 December 2014	<u>36,488</u>	<u>791</u>	<u>4,816</u>	<u>2,484</u>	<u>3,239</u>	<u>47,818</u>
Depreciation						
At 1 January 2014	9,918	-	2,981	1,433	2,685	17,017
Charge for the year	756	-	135	151	184	1,226
Disposals	(121)	-	-	-	(210)	(331)
At 31 December 2014	<u>10,553</u>	<u>-</u>	<u>3,116</u>	<u>1,584</u>	<u>2,659</u>	<u>17,912</u>
Net book value						
At 31 December 2014	<u>25,935</u>	<u>791</u>	<u>1,700</u>	<u>900</u>	<u>580</u>	<u>29,906</u>
At 31 December 2013	<u>26,470</u>	<u>825</u>	<u>1,341</u>	<u>300</u>	<u>373</u>	<u>29,308</u>

Freehold land and buildings includes freehold land with a value of £1,177k (2013: £1,177k) that is not depreciated. All assets are held for charitable purposes.

**Cats Protection Report and Financial Statements
year ended 31 December 2014**

9. Fixed asset investments

	2014 £'000	2013 £'000
Market value at 1 January	40,313	29,246
Additions	18,193	10,803
Disposals	(13,183)	(3,100)
Net gain on revaluation	583	2,737
Proceeds from administration	114	627
Market value at 31 December	46,020	40,313
Historical cost at 31 December	42,188	35,744

In the 2008, KSF was placed in administration. Our financial statements for 2008 included a provision of £9.1m for 80 per cent of the cash we had deposited at KSF. This represented the balance of funds not included in the first distribution by the bank's administrators. We have continued to receive distributions from the administrators and as at 31 December 2014, these distributions totalled £7.1m, with £0.1m being received in 2014. The administrators forecast that between 85.0 to 86.5 pence in £1 will be distributed in total over the course of the administration.

Analysis of investments held at 31 December

	2014 £'000	2013 £'000
Represented by:		
Fixed interest securities	5,053	3,985
Equities (excluding investment trusts)	12,219	13,705
Overseas investment and unit trusts	11,552	7,443
Property funds	1,498	1,014
Alternatives	1,815	947
Deposits	13,883	13,219
	46,020	40,313

As at 31 December 2014, the Charity held no investments which were in excess of 5 per cent of total market value. 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:

	2014 £	2013 £
Cats Protection Enterprises Ltd	2	2
CP (Nominees) Ltd	100	100

10. Debtors: amounts falling due within one year

	2014 £'000	2013 £'000
Other debtors	475	56
Prepayments and accrued income	3,222	2,788
	3,697	2,844

**Cats Protection Report and Financial Statements
year ended 31 December 2014**

11. Creditors: amounts falling due within one year

Trade creditors	1,730	923
Taxation and social security	314	224
Other creditors	1,245	768
Accruals	1,095	878
	4,384	2,793

12. Provisions for liabilities and charges

At 1 January	1,682	1,684
Utilised during the year	(224)	(682)
Charge to the SOFA in the year	-	1,557
Released unused	(1,186)	(877)
At 31 December	272	1,682

This provision relates to neutering vouchers that have been issued but not yet redeemed. In 2012, an expiry date was added to neutering vouchers. Experience in 2014 has demonstrated that historic vouchers without an expiry date are no longer being presented for redemption. We do operate a grace period whereby vouchers that have recently passed their expiry date will be redeemed. The provision relates to the estimated cost of those vouchers.

13. Statement of funds

	Balance at 1 January 2014 £'000	Incoming resources £'000	Expenditure £'000	Investment gains/ (losses) £'000	Transfers £'000	Balance at 31 December 2014 £'000
Unrestricted funds						
General funds	9,000	43,557	37,451	697	(6,803)	9,000
Designated funds						
Fixed assets	29,308	-	-	-	598	29,906
Repairs and maintenance	522	-	-	-	-	522
Site acquisition/development	11,566	-	-	-	(598)	10,968
Special projects	18,725	-	-	-	6,803	25,528
Total unrestricted funds	69,121	43,557	37,451	697	-	75,924
Restricted funds						
By area	4,295	1,873	1,118	-	-	5,050
By adoption centre	793	281	143	-	-	931
By appeal	42	2	44	-	-	-
Total restricted funds	5,130	2,156	1,305	-	-	5,981
Total funds	74,251	45,713	38,756	697	-	81,905

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

The designated funds have been established for the following purposes:

- *Fixed assets* – this represents the net book value of fixed assets in use by the Charity.
- *Repairs and maintenance fund* – this represents the funds needed to meet major repair and maintenance projects for the properties of the Charity.
- *Site acquisition and development fund* – this represents the funds needed to meet the cost of new sites or major refurbishment projects for the purposes of the Charity.
- *Special projects fund* – this represents money which has been earmarked as ongoing expenditure for special projects.

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.

Cats Protection Report and Financial Statements
year ended 31 December 2014

14. Analysis of net assets between funds

	General funds £'000	Designated funds £'000	Restricted funds £'000	2014 Total £'000	2013 Total £'000
Balance at 1 January 2014	9,000	60,121	5,130	74,251	62,567
Net movement in funds	-	6,803	851	7,654	11,684
Balance at 31 December 2014	9,000	66,924	5,981	81,905	74,251
Represented by:					
Tangible fixed assets	-	29,906	-	29,906	29,308
Investments	9,000	31,039	5,981	46,020	40,313
Net current assets	-	6,251	-	6,251	6,312
Provision	-	(272)	-	(272)	(1,682)
Total net assets	9,000	66,924	5,981	81,905	74,251

15. Operating lease commitments

At 31 December 2014, the Group was committed to making the following payments under operating leases:

	2014 £'000	2013 £'000
Within one year	145	129
Within two or five years	432	431
Over five years	57	54
	634	614

16. 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 the Charity's investment portfolio, acting as the legal entity for investment trades	£100

The results of both these subsidiaries have been fully consolidated into the results of the Group. There were no transactions on CP (Nominees) Limited during 2014 (2013: none).

Cats Protection Report and Financial Statements
year ended 31 December 2014

Cats Protection Enterprises Limited

Profit and loss account	31 December 2014	31 December 2013
	£'000	£'000 Restated
Turnover	1,359	1,014
Cost of sales	<u>(543)</u>	<u>(356)</u>
Gross profit	816	658
Administrative expenditure	<u>(221)</u>	<u>(224)</u>
Profit on ordinary activities before taxation	595	434
Taxation	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation for the year	595	434
Gift Aid	<u>-</u>	<u>(434)</u>
Retained profit for the year after Gift Aid payment	595	-
 Balance sheet	 31 December 2014	 31 December 2013
	£'000	£'000
Current assets:		
Stock	18	8
Debtors	101	134
Cash at bank and in hand	<u>827</u>	<u>495</u>
	946	637
Creditors: amounts falling due within one year	<u>(141)</u>	<u>(427)</u>
Net current assets	805	210
Creditors: amounts falling due after one year	<u>(210)</u>	<u>(210)</u>
Net assets	595	-
Funded by:		
Called up share capital	<u>-</u>	<u>-</u>
Retained earnings	<u>595</u>	<u>-</u>

The Charity has provided a long-term loan of £210k (2013: £210k) to Cats Protection Enterprises Limited to provide working capital. The loan is secured by a debenture covering all the Company's assets 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.

The profits for the year, amounting to £595k (2013: £434k) will be donated to the Charity under Gift Aid as a distribution from Cats Protection Enterprises Limited in 2015. The gross income of the Charity in 2014 was £44,429k (2013: £43,129k) and it reported a net operating surplus before gains and losses for the year of £6,353k (2013: £7,885k).

17. Capital commitments

At 31 December 2014, the Charity had two contracts where a capital commitment existed. The balances outstanding on these contracts are:

	2014
	£'000
Evesham Adoption Centre	163
Warrington Adoption Centre	<u>29</u>
	<u>192</u>

18. Related parties

The Charity has controls in place to ensure that directors of the Corporate Trustee cannot participate in any decisions where they may have a vested interest. Other than the transactions disclosed in Notes 7 and 16, there were no transactions with related parties during 2014 (2013: none).

Annual Report & Accounts 2014

Cats Protection, National Cat Centre,
Chelwood Gate, Haywards Heath, RH17 7TT

T: 03000 12 12 12 (calls charged at standard rate)

E: cp@cats.org.uk **W:** www.cats.org.uk

Reg Charity 203644 (England and Wales) and SC037711 (Scotland)





Reg Charity
203644 (England and Wales)
SC037711 (Scotland)
www.cats.org.uk

