



Annual Report
& Accounts
2012



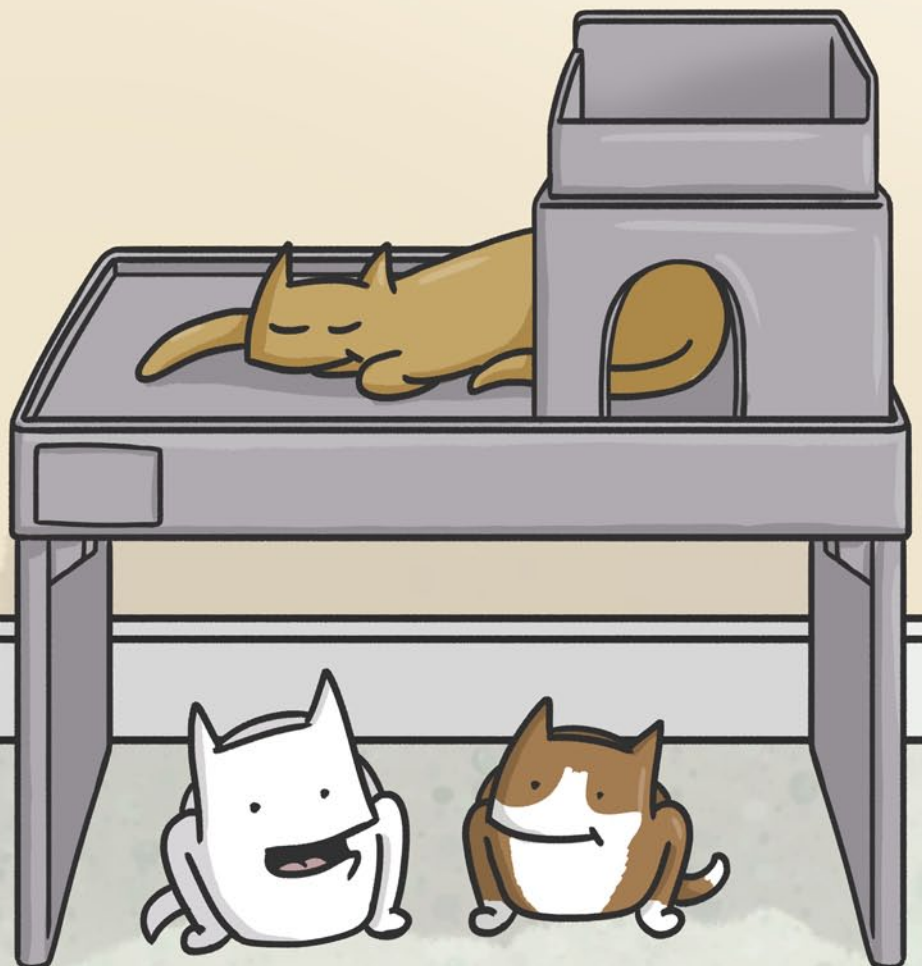
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In 2012, we helped more than 218,000 cats

We rehomed and reunited around 47,000 cats in 2012

2012 saw us neuter just over 173,000 cats

We gave almost 500 educational talks in 2012



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 2012, we directly helped over 218,000 cats (2011:235,000), and indirectly we help many more. We have helped over one million cats over the last five years.

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 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, and we will continue to help cats by developing and growing in each of our three objectives:

Homing – finding good homes for cats in need

Neutering – supporting and encouraging the neutering of cats

Education & information – improving people's understanding of cats and their care through education, information and advice

Our values, which underpin everything...

Our values are simple:

- 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 2012 Charity Plan captured 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 plan was focused on our three key strategic goals:

- Homing
- Neutering
- Education & information

Four subsidiary strategic goals were identified as critical to achieving our primary objectives in 2012, these were:

- Staff and volunteer development
- Adoption centre development
- Maintenance of a strong financial position
- Fundraising development

How did we do?

Maintenance of a strong financial position

The financial position has been moved to the front of the report this year to reflect the importance of ensuring the long-term financial sustainability of Cats Protection in the current tough economic climate.

While our balance sheet remains healthy, with funds available to cover unexpected events and future development, we have incurred operating deficits between 2009 and 2011. This is not sustainable in the long-term.

In light of this some major decisions were made to change the way we operate across many areas of the organisation to ensure staff and volunteers are used most effectively and to reduce costs so income is not exceeded. Between October and December 2012 almost 100 staff accepted voluntary redundancy which will reduce future salary costs by about £1.6m per year. The reduced staff levels will inevitably present lots of new challenges and these should not be underestimated. However, we believe it also presents opportunities to work in new and innovative ways which will enable us to help more cats in the long-term. We would like to thank all staff and volunteers for maintaining their focus on cat welfare and operating with an increased level of sensitivity during a difficult period.

A concerted effort has also been made to reduce other areas of expenditure to ensure we are operating as efficiently as possible without affecting cat welfare activity. Over £1m of savings has been achieved during the year, primarily in our direct rescue and rehoming activity, through greater efficiency without adversely affecting our care of cats.

Cats Protection recognises that increasing income is as important as decreasing expenditure. In 2012 an extra £1m was invested in fundraising to help grow the number of donors supporting Cats Protection.

The combination of the above has resulted in Cats Protection being in a position to move forward with confidence that we can live within our means.

In early 2013 Cats Protection concluded discussions with HMRC over its tax treatment of the adoption process prior to 2010, bringing us into line with many other animal welfare charities. This has resulted in the one-off receipt of £4.2m of under-claimed input VAT and the one-off repayment of £1.1m of Gift Aid originally claimed. £0.3m of interest and penalties was also assessed relating to the reimbursed Gift Aid. These figures are included within the body of the Statement of Financial Activities.

Homing

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 29 purpose-built adoption centres and one homing centre. Our branches and centres work side by side to deliver cat work. For instance, adoption centres can provide specialist pen facilities such as isolation pens when branches need them. Adoption centres also provide support and increased visibility for Cats Protection in their local region.

Cats Protection rehomed and reunited around 47,000 cats and kittens in 2012 which is similar to the level achieved in 2011 (48,000). Our plan was to maintain homing levels and achieving this represents a considerable success in the current economic climate where fewer cat lovers are able to take on the financial responsibility of looking after a cat. At any given time we can have over 6,200 cats in our care which are looking for a new home and there are many more that need our help.

We are constantly exploring new ways to reduce the time taken to rehome a cat and in 2012 we developed our home matching at adoption centres with more discussions with potential adopters at the centre, and fewer home visits. This emphasises our commitment to match the right cat with the right adopter. Home visits from our centres are now used as the exception rather than as the rule. However, our success with this will always be subject to the demand for cats.

We are also constantly looking for new ways to home cats and in 2012 the 'Find a Cat' pilot took place in Cornwall and Scotland. This is an online service that helps potential adopters find a suitable cat close to their home. We plan to extend this service to other areas in due course.

Cats Protection applies a minimum veterinary standard to all cats in its care. All cats are: 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 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.

Through our work with feral cats we helped approximately 26,000 feral cats and kittens (2011 – 25,000) to have a better life through trap, neuter and return programmes – or relocation if return to the original site is not possible.

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.

To help the cats in our care cope with the stress of life in a pen we work at enriching their environment and provide training for our people to understand cat behaviour. An environmental enrichment product called the Feline Fort has been developed to provide the cats with an opportunity to hide or perch and observe, which are natural ways for them to de-stress. This is also now available for other charities or the public to buy.

Neutering

Neutering is extremely important to cat population management as it 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 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; the timing of neutering is vital if we are going to avoid unwanted pregnancies. Neutering before puberty is crucial and 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. This is the policy of both the British Small Animal Veterinary Association and The Cat Group. In circumstances such as trapped feral kittens and cats being rehomed it is often appropriate to neuter them younger than this. Cats Protection's policy is to neuter feral cats any time after weaning and to neuter domestic cats for rehoming after the first vaccination.

To promote early neutering, the charity runs an early neutering register. This is a facility on our website where 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 966 practices all over the UK had signed up.

We also produced two educational DVDs about early neutering, a technical one demonstrating the operation for the veterinary profession and a shorter, less graphic version for lay people which is available on our website. The veterinary version was sent out to over 4,000 veterinary practices free of charge and is also being used as a resource at some of the UK's veterinary schools.

In line with our strategy we aim to gradually increase the number of cats we neuter over a number of years. 2011 saw a greater increase than initially planned so 2012 has seen a marginal reduction in cats neutered from 191,000 to 173,000, however the long term trend is still an increase. 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 single companion animal neutering programme in the world.

Significant progress was also made toward our goal of more joint working with other animal charities by sharing cost and therefore making schemes more viable and sustainable, currently through joint schemes with national charities such as PDSA and as part of the C4 neutering consortium in London. We continued our intensive joint neutering scheme with the RSPCA in Stoke-on-Trent – which is accompanied by a long term University-led study of both the feral and domestic cat populations in the campaign area over several years. The scheme proved to be very successful, with a total of 2000 pet cats neutered at the end of 2012 and local branches reporting seemingly fewer kittens in the area. Concluding research for completion of the study will take place in Autumn 2013. In total, around 35,000 (2011– 30,000) cats were neutered through our joint charity schemes in 2012.

We also continued to support housing providers in over 70 of our advocate local authorities. This is achieved via neutering voucher provision for animal welfare staff. This work is really important to enable us to reach those communities most in need of our help and to build future relationships with key community workers and groups.

We also run our own regional schemes in areas of particular need and this year these were in Glasgow, Peterborough and Northern Ireland. Many of our branches also run schemes in areas of local need.

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

Our educational activity continues to increase every year. During 2012 Cats Protection's Education Team recruited and managed 43 education volunteers who delivered 248 talks to children in schools, community groups such as scouts guides and brownies and adult groups. In addition to this our branch volunteers delivered 190 talks while our vet team delivered a further 59 talks, taking the total to 497 (2011 442). During the year the Education Team developed two new workbooks for Key Stage 2 children based on the Five Welfare Needs which will be published in 2013.

We have worked with the Pet Advertising Advisory Group and the main online advertising websites to reduce the incidence of unacceptable advertisements of animals online. We conducted extensive research into the science, production and marketing of antifreeze to identify ways of reducing antifreeze poisonings of cats. We worked in partnership with other major animal welfare charities to submit a response to the consultation on reform of the National Curriculum in England to retain animal welfare as part of the national curriculum. Our Advocacy Manager submitted evidence to the Cross Party Scrutiny Committee examining the draft Care and Support Bill advocating that support in retaining or obtaining a companion animal is a legitimate use of personal budgets.

We have begun to recruit volunteers to help monitor online advertising sites and report inappropriate advertisements of cats and kittens.

We also educate members of the veterinary profession and animal welfare workers on matters such as shelter medicine, feline behaviour and early neutering. We ran a feline shelter medicine roadshow in London for vets and gave presentations to 59 different groups of animal professionals in 2012. An e-learning package on feline behaviour is also now available on our website.

We produce a veterinary newsletter called *CP Clinic* which is sent to 4,611 veterinary practices and institutions with articles about feline medicine, surgery and behaviour.

We also have a programme in conjunction with the Dogs Trust to provide practical placements for veterinary students and 16 spent time at the National Cat Centre in 2012 gaining 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. Nottingham and Bristol vet students also attend their local adoption centres.

The charity's veterinary team helped to form the Association of Charity Vets, a group that provides support and resources for vets working in the shelter or low cost clinic environment.

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 impact

Helping cats is the focus of everything we do, from rehoming to neutering, education to fundraising. By helping cats, we also help people – from cat owners to communities.

Almost one in three UK households has at least one pet cat, according to recent research (Source: Mintel Oxygen, March 2013). That's more than eight million households that may need advice on caring for their cat.

Cats Protection provides cat owners with a wealth of feline care and behaviour information. Every day, our volunteers and staff at branches and centres reassure and advise cat owners, potential owners and other members of the public. In 2012, our Helpline team responded to 40,300 queries including cat care, neutering and adoption questions. In addition to this our branch volunteers answered many more queries. We also helped people through our website, media relations, social media and printed guidance in leaflets and our official magazine, *The Cat*.

Our education volunteers spread our advice and information on cat welfare directly to more than 9,000 people through talks to schools and community groups of all ages.

While we do everything we can to support cat owners who contact us, sadly sometimes they feel they have to give up their cat for rehoming, perhaps because of a change in circumstances. As they transfer their cat to our care, these owners can feel reassured that their former pet is in good hands and that we will work hard to find him a good home.

Other cats in our care have been abandoned, are unclaimed strays or young feral kittens that, once socialised, will make good pets. In 2012, we placed more than 45,000 cats and kittens into good homes, helping to give the cats a brighter future and providing their new owners with their perfect family pet. Our volunteers and staff also helped cat owners whose pets had gone missing and reunited 2,000 cats with their relieved owners.

We help cats and their owners affected by domestic violence through the Freedom Project. Many victims feel they cannot leave a violent or abusive relationship because they fear for the future of their pet. Working in partnership with Dogs Trust in Greater London and Hertfordshire, we provide a free cat fostering service until the cat's owner is able to reclaim him. In 2012, we helped 16 families and 26 cats in this way.

We are working hard to reduce the number of unplanned litters being born in the UK and so decrease the population of unwanted cats. We help cat owners on low incomes with the cost of getting their cats neutered. Through our voucher scheme, 173,000 cats were neutered in 2012. We estimate that our assisted neutering programme helped potentially as many as 435,000 people directly and many more indirectly. We also helped feral cats, and the communities in which they live, through humane trap, neuter and return programmes. This neutering work improves feral cats' welfare and can enhance cat-community relations as it helps to alleviate the problems, such as disease and aggression, that can occur in unmanaged feral cat colonies.

Cats Protection is the UK's leading feline welfare charity. Because of us, more homeless cats are rehomed, lost cats reunited with their owners and cat populations are better controlled. We help those who want a cat to find their perfect pet and assist people, whether cat owners or not, to live in greater harmony with cats by developing a deeper understanding of their needs.

Volunteers and employees

Volunteers – the Trustees would like to record their sincere thanks to the charity's volunteers. Their professionalism and hard work enable us to achieve our challenging 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 a large proportion of the charity's cat welfare work is completed through our branches. All branches fundraise (£8m in 2012 and £7.7m 2011) to support their own operating costs. Volunteers also work in our adoption centres, at the National Cat Centre, and as fundraisers, educators and feral trappers in their local communities. We estimate that in 2012, our volunteers generously gave in the region of 4.5 million hours to Cats Protection's work; the value of these hours to the charity is close to £56m* , which is in line with last year. It is possible we underestimate this figure as many more people help us in an unofficial capacity.

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

In 2012 we restructured a number of teams across the charity and as a result staffing numbers reduced significantly. The restructure has helped ensure Cats Protection maintains a strong financial position by reducing operating costs while also taking the opportunity to review the way we work. The Trustees would like to thank all staff for their professional conduct during a difficult period.

In line with our 2012 strategy we completed a training programme for staff which will ensure they are best equipped to support our volunteers. 160 staff across the organisation took part in a five module programme focusing on volunteering best practice and volunteer management. The programme has led to:

- The development of Cats Protection's volunteering toolkit (policies, procedures and guidance to help lead and manage volunteers)

- Increased knowledge, skills and confidence amongst staff regarding their roles and responsibilities within the charity
- Greater consistency with regards to volunteer interaction
- Clearer volunteering expectations

*The rate is based on the median gross hourly rate (excluding overtime) for full time workers (£12.76) from the 2012 Annual Survey of Hours and Earnings National Office of Statistics, December 2012

Adoption centre development

In line with our Charity Plan, we have continued our programme to develop new adoption centres. This will mean we can help more cats and reach more potential adopters. Work has commenced at the Gildersome site in West Yorkshire where a homing centre is being developed based on a new operating model which will take full advantage of, and expand, our dedicated volunteer network. Work has also commenced at the Padgate site in Cheshire where an adoption centre will be built to replace the current Warrington Adoption Centre which is nearing the end of its life.

Fundraising

In line with our charity plan we have built on our local fundraising capacity. A series of workshops was delivered across the UK in 2012 for volunteers, providing fundraising advice and networking opportunities. The number of 'Friends' groups raising funds for the charity's adoption centres grew further and income increased by over 30 per cent.

We have also worked to grow our legacy pipeline. A toolkit to help the local promotion of legacies was developed for all branches and adoption centres. The Cat Guardians scheme, where Cats Protection guarantees to look after someone's cat if it outlives them, was launched in May and almost 200 people have since registered. Cats Protection joined the Remember a Charity consortium, which has aligned us with their partners such as Cooperative Legal Service and given us a platform to promote legacy giving during Remember a Charity week in September. Our marketing in 2012 generated a huge increase in terms of enquirers and pledgers. More than 2,000 people enquired about making a gift in their will, three times more than in 2011. In 2012, 250 people pledged a legacy, again a big increase on 108 the previous year.

We recruited over 6,000 new monthly supporters through face-to-face fundraising which has helped in transforming the size and value of our donor database. Our donors responded more generously than ever to our appeals programme, with more than £2m being given in the form of individual donations, 7 per cent more than in 2011. Over 53,000 people now support the charity with a monthly direct debit, growth of 7 per cent since January 2012.

Three Area Retail Managers were recruited, offering much needed support to existing shops and bringing their expertise to help us find new ones. Three new shops opened in 2012 at Swindon, Canterbury and Plymouth and all are thriving.

Partnerships

We are very grateful to a number of organisations with whom we have formed strong partnerships. We are pleased to be able to collaborate with others to achieve shared goals.

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: the Royal Society for the Prevention of Cruelty to Animals (RSPCA), International Cat Care

(ICC) – formerly Feline Advisory Bureau (FAB), 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 country, including the Assisi Animal Sanctuary in Northern Ireland and Wood Green Animal Shelter in England.

We work closely with pet insurance company Petplan which provides owners with insurance cover for the first few weeks that their new cat is with them. We thank Petplan for this important contribution to cat welfare. Adopters have an 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.

Our partnership with Purina PetCare has continued to prosper during 2012 and we are grateful for its support in setting up an online pet store. We thank Purina PetCare for its continued support of our branches and adoption centres through the provision of subsidised food and for its sponsorship of fundraising and awareness events and campaigns.

In 2012, we also formed new partnerships with Verdo, which supplies us with cat litter and sponsored the National Cat Awards, and with design company Cubic which donates a percentage of its sales to the charity.

Cats Protection... into the future

For every cat we help there are many more that we cannot help. To be able to reach more of the cats and kittens that need us, we must dramatically increase our ability to rehome and neuter cats and educate cat owners. These cats need help urgently – and it is our responsibility to be there for them.

We cannot achieve these vital goals without supporting our people, the volunteers and staff who carry out our work. We must continue to invest in building a dynamic, forward-looking organisation that will attract more volunteers, find more homes for cats and raise increased 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. In the meantime we invite you to join with us in celebrating our achievements to date – and in helping us to build an even brighter future.

Goals to achieve our strategy

2013 will be the fourth year since we developed our latest three year rolling plan. The plan for 2013 has largely continued the themes outlined in previous years. The Charity Plan 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 to achieve our vision. The development and delivery of the plan has been a collaborative effort with involvement from all areas of the organisation. The plan is now an integral part of our everyday management processes.

Our strategic goals continue to be based around development and growth in achieving our three key objectives:

- Homing
- Neutering
- Education & information

Four subsidiary strategic goals have been identified as critical to enabling the primary objectives to be supported effectively in 2013, these remain unchanged from 2012 and are:

- Staff and volunteer development
- Adoption centre development
- Maintenance of a strong financial position
- Fundraising development

Homing

Cats Protection must look to reduce the number of cats without a good home. This may prove challenging in the short term while economic conditions are tough and potential adopters are less willing to commit to further financial outgoings. We will, however, look to maintain levels of homing and find new opportunities to rehome more cats.

We aim to achieve this by:

- Maximising the potential of our existing homing resources by reducing the cost per cat homed in our branches and adoption centres. We will do this by continuing to work closely with our key suppliers. We will continue to promote Cats Protection and shelter medicine to the veterinary profession and strive to procure good quality veterinary services and products as cost-effectively as possible. We will also start to implement a new adoption centre operating model to ensure efficient and effective practice. We will take the opportunity to make the most of our dedicated volunteer network wherever possible at the adoption centres
- Pursuing initiatives to increase the effectiveness of our marketing of cats looking for homes, which will reduce the time cats spend in our pens and increase the number of cats homed
- Increasing our capacity to rehome and our geographical spread by establishing more branches and adoption centres and recruiting more volunteers
- Helping a broad range of cats to ensure our resources are spread evenly between cats with different levels of need and to ensure we can meet the needs of potential adopters

Neutering

In 2012 we placed a greater emphasis on encouraging the public and other organisations to share responsibility for neutering, in the interests of cats and for the benefit of society as a whole. As a result the number of cats neutered didn't increase. We will continue this in 2013 by trialling an initiative where some members of the public who receive neutering vouchers will be asked to contribute in direct debit payments to the cost of neutering a cat in future. We will also continue to promote prompt neutering as this is key to achieving population control.

Education and information

Cats Protection recognises education as key to achieving our long term vision. Education will help achieve improved standards of cat welfare and enhanced understanding of cat behaviour throughout our society. We aim to achieve this by continuing the two strands of education: first, a focus on core cat welfare messages around the Five Welfare Needs, the importance of neutering, vaccination and microchipping and the responsibilities of cat ownership; and secondly explaining the charity's role in this.

We will expand our network of volunteer speakers while developing our use of local volunteer education coordinators to provide additional support for our Community Education Officers. This will enable us to deliver face to face education more widely while retaining management direction, particularly on educational content.

We will continue the advocacy agenda agreed in 2012 – this will prioritise work to address inappropriate online advertising of cats and kittens, pushing for the inclusion of animal welfare on the school curriculum and advocating for the value of cats in care homes and other residential care settings.

We will continue our work on understanding the parameters of antifreeze poisoning of cats with a view to identifying ways to tackle the problem of both accidental and non-accidental exposure.

We will continue to provide education and information to vets, vet nurses, vet students and other animal professionals to increase their knowledge of shelter medicine and husbandry. We will distribute a booklet called *CP – the veterinary guide*, to veterinary practices and establish a veterinary section on our website to provide support materials.

Staff and volunteer development

Cats Protection is a service organisation and our people are the heart of our organisation. We aim to maximise the potential of both volunteers and staff through effective recruitment and training.

In 2012 we restructured a number of teams across the charity and as a result staffing numbers reduced significantly. The 2013 training programme will focus on developing new ways of working which are suitable for this new environment. Training will be delivered through a number of channels including the new online 'Learning Zone'.

We will build on the success of the 2012 Volunteer Champions training programme by embedding volunteer management best practice into the heart of the charity.

Fundraising development

Charitable giving is an increasingly challenging environment, with donors having many causes to choose from and less disposable income to donate. Cats Protection recognises that to maintain and increase income levels new supporters must be sought using innovative methods. We will therefore continue to invest in our fundraising activities to ensure the long term future of the charity. We will also continue to diversify our income streams wherever possible. The current economic situation means this activity must be a priority and will only be achieved with the support of all of our stakeholders.

We will increase our income by investing resource in the following key areas:

- Continuing the face to face fundraising campaign
- Building local fundraising capacity
- Growing the legacy pipeline
- Developing high value support
- Transforming the size and value of our donor base
- Developing our chain of high street shops
- Introducing a Cat Sponsorship scheme
- Increasing our raffles and introducing a weekly lottery
- Expanding our relationships with key companies and trusts
- Maximising fundraising potential at adoption centres

Adoption centre development

Cats Protection recognises that the need for our help is greater in certain areas of the country. We therefore intend to increase our representation in those areas by developing new adoption centres and improving existing ones.

- The Warrington Adoption Centre is nearing the end of its life and will be replaced by a new centre in Padgate
- A new homing centre will be developed in Gildersome, West Yorkshire
- Further developments and major refurbishments are also being considered

Maintenance of a strong financial position

We aim to achieve this through:

- Income growth
- Control of expenditure
- Achieving value for money in all that we spend
- Maintaining a suitable level of reserves to support future development and safeguard against unexpected events

International

As internationally-recognised experts in feline welfare, Cats Protection's 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 do not make grants to other organisations but do give a very limited amount of equipment to voluntary organisations through a scheme administered by SNIP International at the International Companion Animal Welfare Conference. We are also active supporters of Eurogroup for Animals, which lobbies for animal welfare improvements at European Union level.

Public benefit

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

We believe that our aims and objectives and our vision of a world in which every cat is treated with kindness and an understanding of its needs benefit society as a whole.

Cats play a huge part in the lives of millions of people in the UK. Research indicates that there are some 10.3 million cats owned in UK households. There is also an unknown number of cats living in a wild state or fending for themselves. An estimated 131,070 cats come in to animal welfare charities such as Cats Protection each year.

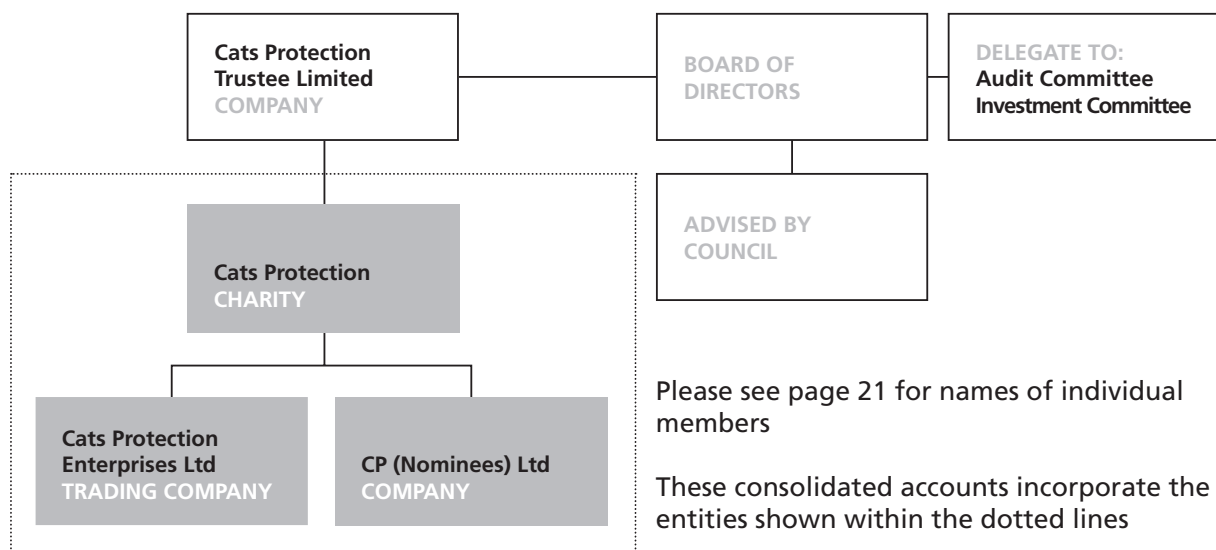
We help to rehome and reunite many cats which have been abandoned, which have strayed or which, for whatever reason, are no longer wanted or cannot be kept. We also help to control the feral and owned populations through our neutering work and education work. Because of economic conditions, the demand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

We also provide public benefit in a variety of other ways by:

- Reassuring cat owners that their cats will be cared for and rehomed when 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
- 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, and their cats, 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 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. The constitution is set out in the company's Memorandum and Articles of Association.

Cats Protection Trustee Ltd has a board of unpaid Directors.

Governance

The Board met eight times in the year to administer the affairs of the charity, set strategies and 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 among its members and to advise the Board. All Directors of the Corporate Trustee Company are also Council members. Council met four times in the year.

The Board comprises the following:

- five members elected by Council and
- up to four Directors appointed by the Board for their specific skills

New Directors, 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 Board has two sub-committees. The Investment Committee 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. The Audit Committee assists the Board in fulfilling its obligations to ensure effective financial reporting, systems and internal controls are in place. It meets at least twice annually and comprises three Directors, at least one Cats Protection volunteer and at least one external independent member, both with relevant skills. The Board reviews the work of the Committees throughout the year. Appointments to both Committees are made by the Board.

The Board would like to take an opportunity to reflect on the invaluable contribution to Cats Protection made by Nancy Holloway over the seven years she was a Director. Nancy sadly passed away during 2012 after a battle against cancer.

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.

Financial review

Income and expenditure

Key features of financial activity for the year ended 31 December 2012 are as follows:

- Income has increased by almost £1m compared to 2011. The central fundraising team's new fundraising strategy started to gather momentum and accounted for an extra £200k of income compared to 2011. Branches contributed an extra £250k, while adoption centres contributed an extra £150k through increased adoption fees. An additional £200k was raised by investing more in existing fundraising activity. Legacy income also increased by £869k compared to 2011. While this is great news, it does not suggest an upward trend in legacy income and is simply the case that a few cases have been finalised quicker than expected. £1.1m of gift aid was repaid to HMRC as part of the conclusion of the discussions with HMRC over the charity's tax treatment of the adoption process prior to 2010
- Expenditure has decreased by £3.4m compared to 2011. Fundraising expenditure increased by £1m in line with the 2012 strategy. The redundancy programme cost approximately £0.6m. A concerted effort was also made to reduce expenditure across all areas of the charity outside of fundraising and staffing to ensure we are operating as efficiently as possible without affecting cat welfare activity. This effort resulted in over £1m of savings, primarily in our direct rescue and rehoming activity. £4.2m of under-claimed input VAT was received from HMRC as part of the conclusion of the discussions with HMRC over the charity's tax treatment of the adoption process prior to 2010. £0.3m of interest and penalties was repaid to HMRC relating to the reimbursed gift aid

Balance sheet

Key features of balance sheet figures for the year ended 31 December 2012 are as follows:

- The balance sheet increased in value by £4.8m. This is largely due to the £2.8m of incoming resources before transfers. £1.7m of unrealised gains in the investment portfolio has been recognised and £0.3m has been received from the KSF administrators
- Debtors have increased by £4.3m, which reflects the input VAT owed by HMRC to Cats Protection at the end of the year
- Creditors have increased by £1.5m, which relates primarily to the gift aid owed by Cats Protection to HMRC at the end of the year

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 about 15 per cent of its rehoming (2011: 15 per cent) and 10 per cent of its neutering work (2011: 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, alternative investments and cash equivalents, 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. Markets continue to be volatile, however, by the end of 2012 investment values have returned to similar levels prior to 2008.

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 portion of the short-term working capital. Its expertise will enable these funds to be diversified across a large number of deposits, ensuring risk to the funds is minimised.

We withdrew £4.5m from the investment portfolio during 2012 to support the operating position and in preparation to fund future developments. These funds are invested with Royal London Cash Management for the short term.

Kaupthing Singer & Friedlander (KSF) (in administration)

KSF was placed in administration on 8 October 2008 at the height of the banking crisis 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 and we have provided regular updates to members, volunteers and supporters on the progress of the administration.

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 10 per cent distribution of £1,141k was made during 2009 with a 5 per cent distribution of £571k being recognised in 2009 and received in 2010. Distributions totalling £2,059k (18 per cent) were made during 2010. A distribution of £1,140k (10 per cent) was made in 2011 with further £1,140k (10 per cent) being recognised in 2011 and received in 2012. A distribution of £342k (3 per cent) was made during 2012. The administrators forecast 84–86.5p in £1 in total will be distributed over the whole course of the administration.

By May 2012 we had recovered 76 per cent of the funds with the prospect of further recovery. The Administrators have made good progress with the administration; this is an extremely good level of recovery to date from the Administration. 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. It is encouraging that this progress has been made and we will continue to seek the return of as much of these funds as possible.

Ethical policy

During 2012, the Directors reviewed and slightly modified the Ethical Policy in order to add more clarity to the policy. This policy encompasses all areas of our work and is as follows (the changes are highlighted in bold):

Cats Protection will not knowingly deal with companies or individuals who are **directly** involved in:

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

'Directly involved' is defined as a company or individual either undertaking themselves, or commissioning others to undertake contravening activity.

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 **directly** 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 2014.

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 an annual basis in line with its Reserves Policy.

Minimum Reserve: it is the Trustee's view that £9m 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.

Designated funds: these funds are designated based on 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 aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds: these funds 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.

At the end of 2012 we had a total of £9m free reserves (2011 – £9m). We have managed to maintain this figure despite incurring operating deficits in each year since 2009.

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 have embedded 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.

Cats Protection Enterprises Ltd undertakes the following trading activity:

- Sale of 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 and retail at the National Cat Centre

The results for the year and financial position of the company are as shown in the financial statements. The profit on ordinary activities before taxation and gift aid for the year ended 31 December 2012 amounted to £331,219 (2011: £243,658). Profit has increased due to the cumulative effect of cat adopters utilising Petplan pet insurance. Cats Protection receives commission every time a new policy is purchased or renewed.

Turnover was £1,013k, an 18 per cent increase (2011: £860k) and cost of sales down to 33 per cent (2011: 39 per cent) of turnover. Turnover has increased due to the cumulative effect of cat adopters utilising Petplan pet insurance. Cats Protection receives commission every time a new policy is purchased or renewed. The profit margin on this income stream is high which is why cost of sales is decreasing as a percentage of sales.

The administrative expenditure for the year ended 31 December 2012 was £342k (2011: £278k).

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 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 and the charity's excess expenditure over income 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 and rules, 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 and the rules 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 it under section 132(1) of the Charities Act 2011, 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.

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 *BA (Hons)*
Professor T Gruffydd-Jones *BVetMed (Lond),
PhD (Bristol), MRCVS PhD DipECVIM*
Ms W Bosler *BA (Hons), LSPG*
Ms N Holloway (Deceased 08/10/2012)
Mrs M Price (*Freeman of the Worshipful
Company of International Bankers*)
Mr P Sheehan *MBBS*
Dr A Swarbrick *ACA*
Mrs J Toben *MloD*
Ms L Upson (Elected 10/05/2012) *DipLGD*
Mrs PE Walls (Resigned 28/03/12)

Chairman
Deputy Chairman

Council members:

Dr R Casey *BVMS, PhD, DipECAWBM, CCAB,
ILTM, MRCVS*
Ms C Loy
Mrs G Davies (Elected 20/07/2012)
Mrs C Osborne (Resigned 24/10/2012)
Ms P Godfrey
Mr M Ridgway *HNC, IEE, BIFM*

Mr R Hall (Elected 20/07/2012) *BA (Hons)*
Mrs A Ryan *BA (Hons), ACII*
Mr A Hillier
Mr C Watson *FFA, FFTA, FIAB*
Ms D Hingley
Mrs M Wood *TechIOSH, Chartered MCIPD*
Mr L Inglis-Ballantyne

Investment committee:

Mrs J Toben *MloD* (Chairman)
Mrs M Price (*Freeman of the Worshipful
Company of International Bankers*)
Mr P Sheehan *MBBS*
Mr A Fletcher *BSc, MBA*
Mr L Jones *OBE*
Mrs D Wilson *IMC, IAQ*

Audit committee:

Ms W Bosler *BA (Hons), LSPG* (Chairman)
Mrs M Price (*Freeman of the Worshipful
Company of International Bankers*)
Dr A Swarbrick *ACA*
Mrs K Elis-Williams *BA(Hons), ACA*
Mr A Rummins *MSc, FIIA, MIIA*
Mrs S Scott *BA (Hons)*

Chief Executive and Executive Management Team

Chief Executive
Mr P Hepburn BSc, FCCA, FRSA

Executive Management Team

Mr M Henley ACIB; Director of Operations
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); Director of Fundraising

Auditors:

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

Internal Auditors:

Haysmacintyre
Fairfax House
15 Fulwood Place
London
WC1 6AY

Bankers:

Barclays Bank plc
2 Carfax
Horsham
West Sussex
RH12 1DN

Insurance Brokers:

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

Investment Advisors:

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

Newton Investment Management Ltd
Bank of New York Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

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

Disclosure of information to auditors

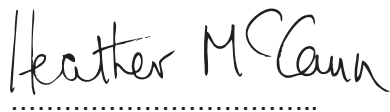
The Trustee who held office at the date of approval of this Trustee's report confirms that, so far as it is aware, there is no relevant audit information of which the charity's auditors are unaware; and the Trustee has taken all the steps that it ought to have taken as a Trustee to make itself aware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



.....

Ms. H. McCann
Chairman

DATE: 23 May 2013

Independent auditor's report to the Trustee of Cats Protection

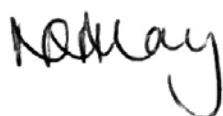
We have audited the group and charity financial statements (the 'financial statements') of Cats Protection for the year ended 31 December 2012 set out on pages 25 to 41. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally 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 20 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



DATE: 30 May 2013

Nicola May (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants 1 Forest Gate, Brighton Road, Crawley, West Sussex, RH11 9PT
KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

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 2012 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.

Cats Protection Report and Financial Statements

Year ended 31 December 2012

Statement of financial activities

	Note	Unrestricted funds £000	Restricted funds £000	Total 2012 £000	Total 2011 £000
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income:					
Legacies	2	18,744	1,682	20,426	19,557
Subscriptions and donations	3	7,623	-	7,623	7,954
Activities for generating funds:					
Events		2,166	-	2,166	2,512
Trading company	20	1,013	-	1,013	860
Charity trading		4,503	-	4,503	4,106
Investment income	5	743	-	743	755
Other incoming resources	6	504	-	504	308
Total incoming resources		35,296	1,682	36,978	36,052
Resources expended					
<i>Cost of generating funds:</i>					
Costs of generating voluntary income	7	3,663	-	3,663	3,630
Costs of activities for generating funds	7	3,719	-	3,719	3,653
Investment management costs	7	122	-	122	120
		7,504	-	7,504	7,403
<i>Charitable activities:</i>					
Rescue and rehoming	7	17,517	2,432	19,949	22,611
Neutering schemes	7	5,223	-	5,223	6,035
Information and education	7	1,331	-	1,331	1,340
		24,071	2,432	26,503	29,986
Governance costs		176	-	176	153
Total resources expended		31,751	2,432	34,183	37,542
Net incoming/(outgoing) resources before transfers	8, 18	3,545	(750)	2,795	(1,490)
Net incoming/(outgoing) resources before asset revaluations and disposals		3,545	(750)	2,795	(1,490)
Revaluation gain/(loss)	11	1,678	-	1,678	(1,932)
Proceeds from administration / (Impairment) to investment assets	11	342	-	342	2,280
Gain on investment assets		2,020	-	2,020	348
Net movement in funds	17	5,565	(750)	4,815	(1,142)
Reconciliation of funds					
Total funds brought forward at 1 January	17	52,874	4,878	57,752	58,894
Total funds carried forward at 31 December	16	58,439	4,128	62,567	57,752

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 28 to 41 form part of these accounts.


Cats Protection Report and Financial Statements

Year ended 31 December 2012

Balance sheet

	Note	Group 2012 £000	2011 £000	Charity 2012 £000	2011 £000
Fixed assets					
Tangible assets	10	28,237	28,476	28,237	28,476
Investments	11	<u>29,246</u>	<u>27,243</u>	<u>29,247</u>	<u>27,243</u>
		57,483	55,719	57,484	55,719
Current assets					
Stocks	12	14	50	-	-
Debtors	13	5,819	1,505	5,910	1,694
Short term deposits		1,564	1,385	1,564	1,385
Cash at bank and in hand		<u>3,481</u>	<u>3,349</u>	<u>3,282</u>	<u>2,605</u>
		10,878	6,289	10,756	5,684
Creditors:					
Amounts falling due in one year	14	4,110	2,572	4,049	1,967
Net current assets		6,768	3,717	6,707	3,717
Provision for liabilities and charges	15	1,684	1,684	1,684	1,684
Net assets		<u>62,567</u>	<u>57,752</u>	<u>62,507</u>	<u>57,752</u>
Funds					
Unrestricted funds					
General funds	16	9,000	9,000	9,000	9,000
Designated funds	16	49,439	43,874	49,379	43,874
Restricted funds	16	4,128	4,878	4,128	4,878
Total funds		<u>62,567</u>	<u>57,752</u>	<u>62,507</u>	<u>57,752</u>

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


.....

Ms H McCann
Chairman
23 May 2013

The notes on pages 28 to 41 form part of these accounts.

Cats Protection Report and Financial Statements

Year ended 31 December 2012

Consolidated cashflow statement

	Note (see below)	2012 £000	2011 £000
Net cash inflow/(outflow) from operating activities	a	<u>423</u>	<u>(1,682)</u>
Return on investments and servicing of finance			
Interest received		218	198
Dividends received		525	557
Net cash inflow for returns on investments and servicing of finance		<u>743</u>	<u>755</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,080)	(2,332)
Sale of tangible fixed assets		208	150
Purchase of investments		(2,857)	(7,139)
Sales of investments		2,874	10,599
Net cash (outflow)/inflow for capital expenditure and financial investments		<u>(855)</u>	<u>1,278</u>
Increase in cash and cash equivalents in the year	b	<u>311</u>	<u>351</u>

Notes to consolidated cashflow statement

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

Net incoming/(outgoing) resources		2,795	(1,490)
Investment income receivable		(743)	(755)
(Profit) on disposal of tangible fixed assets		(51)	(113)
Depreciation charge		1,162	1,268
Decrease in stock		36	16
(Increase)/Decrease in debtors		(4,314)	166
Increase/(Decrease) in creditors		1,538	(462)
(Decrease) in provisions		-	(312)
Net cash inflow/(outflow) from operating activities		<u>423</u>	<u>(1,682)</u>

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

	At 1 January 2012 £000	Cashflow 2012 £000	At 31 December 2012 £000
Short term deposits	1,385	179	1,564
Cash at banks and in hand	<u>3,349</u>	<u>132</u>	<u>3,481</u>
Cash Movement	<u>4,734</u>	<u>311</u>	<u>5,045</u>

The notes on pages 28 to 41 form part of these accounts.

Cats Protection Report and Financial Statements

Year ended 31 December 2012

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 2011, 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, Cats Protection Enterprises Limited and CP (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. In 2012 the parent company had total incoming resources of £36,978k and a net increase in funds of £4,815k.

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:

- Legacy income is recognised in the SOFA when it is reasonably certain of receipts and amounts receivable can be measured with sufficient reliability
- Adoption Fees – these are included under Charity Trading
- 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
- Branch fundraising is the total of all fundraising income from the volunteer-led branches and a few fundraising events held at the National Cat Centre and adoption centres. It includes 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

Cats Protection Report and Financial Statements

Year ended 31 December 2012

1. Accounting policies (continued)

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 on a usage basis or on a basis of head count, along with a fair proportion of overhead 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 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, are capitalised and included at cost including 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 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

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Year ended 31 December 2012

1. 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

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 Part 10 Income Tax Act 2007 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.

Provisions

A provision is made for neutering vouchers. The policy is to provide for neutering vouchers that have been issued in the year but not redeemed. Vouchers issued from earlier years are not provided for, as they have passed their expiry dates.

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2. Legacies

	Unrestricted funds £000	Restricted funds £000	Total 2012 £000	Total 2011 £000
Legacies	18,744	1,682	20,426	19,557

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 2012 £000	Total 2011 £000
Subscriptions	558	-	558	579
Donations	7,065	-	7,065	7,375
	<u>7,623</u>	<u>-</u>	<u>7,623</u>	<u>7,954</u>

4. Branch fundraising (included within overall figures)

	Unrestricted funds £000	Restricted funds £000	Total 2012 £000	Total 2011 £000
Subscriptions and donations	2,069	-	2,069	1,956
Events	1,928	-	1,928	2,203
Shop sales of donated goods	3,595	-	3,595	3,414
Other	424	-	424	157
	<u>8,016</u>	<u>-</u>	<u>8,016</u>	<u>7,730</u>

5. Investment income

	Unrestricted funds £000	Restricted funds £000	Total 2012 £000	Total 2011 £000
Fixed asset investments:				
- UK fixed interest securities	76	-	76	72
- Overseas fixed interest	45	-	45	32
- UK equities	373	-	373	391
- Overseas equities	88	-	88	108
- Investment and unit trusts	27	-	27	20
- Property	38	-	38	38
- Deposits	2	-	2	5
Bank and other interest	69	-	69	73
Rental income	25	-	25	16
	<u>743</u>	<u>-</u>	<u>743</u>	<u>755</u>

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6. Other incoming resources

	Unrestricted funds £000	Restricted funds £000	Total 2012 £000	Total 2011 £000
Credit card commission	35	-	35	39
Surplus on disposal of tangible fixed assets	51	-	51	113
Miscellaneous income	418	-	418	156
	<u>504</u>	<u>-</u>	<u>504</u>	<u>308</u>

7. Resources expended

	Direct staff costs £000	Other direct costs £000	Indirect costs £000	Total 2012 £000	Total 2011 £000
Cost of generating funds					
Cost of generating voluntary income	1,142	2,395	126	3,663	3,630
Costs of activities for generating funds	1,748	1,866	105	3,719	3,653
Investment management fee	0	122		122	120
	<u>2,890</u>	<u>4,383</u>	<u>231</u>	<u>7,504</u>	<u>7,403</u>
Charitable expenditure (unrestricted)					
Rescue and rehoming	6,873	9,958	686	17,517	21,830
Neutering schemes	187	4,990	46	5,223	6,035
Information & education	645	639	47	1,331	1,340
	<u>7,705</u>	<u>15,587</u>	<u>779</u>	<u>24,071</u>	<u>29,205</u>
Charitable expenditure (restricted)					
Rescue & rehoming	-	2,432	-	2,432	781
Neutering schemes	-	0	-	0	-
	<u>-</u>	<u>2,432</u>	<u>-</u>	<u>2,432</u>	<u>781</u>
Governance costs	-	170	6	176	153
Total resources expended	<u>10,595</u>	<u>22,572</u>	<u>1,016</u>	<u>34,183</u>	<u>37,542</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 and related costs	616	1,834	123	122	16	2,711
Depreciation	16	1,134	-	12	-	1,162
Other indirect costs	(401)	(2,282)	(77)	(87)	(10)	(2,857)
	<u>231</u>	<u>686</u>	<u>46</u>	<u>47</u>	<u>6</u>	<u>1,016</u>

The indirect costs are allocated in proportion to direct costs.

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8. Net incoming/(outgoing) resources

	2012 £000	2011 £000
Net incoming resources for the year is stated after charging:		
Auditors' remuneration (audit)	49	43
Auditors' remuneration (other services)	–	–
Depreciation of tangible fixed assets	1,162	1,268
Profit on sale of tangible fixed assets	51	113
Operating lease rentals	529	528

9. Staff costs

Employment costs

	2012 £000	2011 £000
Wages and salaries	10,821	9,911
Social security costs	849	850
Pension costs	231	215
Agency staff	129	278
	<u>12,030</u>	<u>11,254</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.

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 is as follows:

	2012 Average	2011 Average	2012 FTE	2011 FTE
Generating funds	89	85	78	75
Charitable activities	472	499	394	415
Governance	2	2	2	2
	<u>563</u>	<u>586</u>	<u>474</u>	<u>492</u>

Employee emoluments

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

	2012 No.	2011 No.
£60,001 – £70,000	3	3
£70,001 – £80,000	3	3
£80,001 – £90,000	1	1
£100,000 – £110,000	1	1

Six of the higher paid staff are members of defined contribution schemes and the charity paid £30,910 (2011: £30,474) to the scheme on their behalf. No pension contributions were accrued at year end.

Trustee expenses

Travelling and subsistence expenses were reimbursed to six trustees and amounted to £4,975 (2011: £9,551). 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.

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10. Tangible assets

(Group and charity)

	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 2012						
	32,644	2,583	3,693	1,527	3,304	43,751
Additions	-	619	298	-	163	1,080
Transfers	617	(625)	3	5	-	-
Disposals	(169)	-	-	-	(314)	(483)
At 31 December 2012	<u>33,092</u>	<u>2,577</u>	<u>3,994</u>	<u>1,532</u>	<u>3,153</u>	<u>44,348</u>
Depreciation						
At 1 January 2012	8,549	-	2,746	1,250	2,730	15,275
Charge for the year	692	-	129	79	262	1,162
Disposals	(18)	-	-	-	(308)	(326)
At 31 December 2012	<u>9,223</u>	<u>-</u>	<u>2,875</u>	<u>1,329</u>	<u>2,684</u>	<u>16,111</u>
Net book value						
At 31 December 2012	<u>23,869</u>	<u>2,577</u>	<u>1,119</u>	<u>203</u>	<u>469</u>	<u>28,237</u>
At 31 December 2011	<u>24,095</u>	<u>2,583</u>	<u>947</u>	<u>277</u>	<u>574</u>	<u>28,476</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)

	2012 £000	2011 £000
Market value at 1 January 2012	27,243	30,355
Additions	2,857	7,139
Disposals	(2,874)	(10,599)
Net Gain/(Loss) on revaluation	1,678	(1,932)
Proceeds from administration / (Impairment to value)	342	2,280
Market value at 31 December 2012	<u>29,246</u>	<u>27,243</u>
Historical cost at 31 December 2012	<u>25,518</u>	<u>25,518</u>

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 10 per cent distribution of £1,141k was made during 2009 with a 5 per cent distribution of £571k being recognised in 2009 and received in 2010. Distributions totalling £2,059k (18 per cent) were made during 2010. A distribution of £1,140k (10 per cent) was made in 2011 with further £1,140k (10 per cent) being recognised in 2011 and received in 2012. A distribution of £342k (3 per cent) was made during 2012. The administrators forecast 84- 86.5p in £1 in total will be distributed over the whole course of the administration.

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11. Fixed asset investments (continued)

(Group and charity)

	2012 £000	2011 £000
Represented by:		
Fixed interest securities	3,455	3,720
Equities (excluding investment trusts)	7,915	9,445
Overseas investment and unit trusts	6,201	6,377
Property funds	684	877
Hedge funds	978	1,088
Deposits	<u>10,013</u>	<u>5,736</u>
	29,246	27,243

At 31 December 2012 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:

	2012 £	2011 £
Cats Protection Enterprises Ltd	2	2
CP (Nominees) Ltd	100	100

12. Stock

	Group		Charity	
	2012 £000	2011 £000	2012 £000	2011 £000
Goods for resale	<u>14</u>	<u>50</u>	<u>-</u>	<u>-</u>
	14	50	-	-

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13. Debtors

	Group		Charity	
	2012 £000	2011 £000	2012 £000	2011 £000
Amounts falling due within one year				
Other debtors	4,209	87	4,005	31
Amounts owed by subsidiary undertakings	-	-	120	53
Prepayments	1,610	1,418	1,575	1,400
	<u>5,819</u>	<u>1,505</u>	<u>5,700</u>	<u>1,484</u>
Amounts falling due after one year				
Amounts owed by subsidiary undertakings	-	-	210	210
	<u>-</u>	<u>-</u>	<u>210</u>	<u>210</u>
	<u>5,819</u>	<u>1,505</u>	<u>5,910</u>	<u>1,694</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	
	2012 £000	2011 £000	2012 £000	2011 £000
Trade creditors	1,080	901	1,061	310
Taxation and social security	243	260	243	260
Other creditors	419	465	383	452
Accruals	2,368	946	2,362	945
	<u>4,110</u>	<u>2,572</u>	<u>4,049</u>	<u>1,967</u>

15. Provisions for liabilities and charges

(Group and charity)

	2012 £000	2011 £000
At 1 January 2012	1,684	1,996
Utilised during the year	-	(1,684)
Charge to the SOFA in the year	1,313	1,684
Amounts released unused	(1,313)	(312)
At 31 December 2012	<u>1,684</u>	<u>1,684</u>

The provision is provided for neutering vouchers issued during 2009, 2010, 2011 and 2012 but not returned.

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16. Statement of funds

	Balance at 1 January 2012 £000	Incoming resources £000	Expenditure £000	Investment gains/losses £000	Transfers £000	Balance at 31 December 2012 £000
Unrestricted funds						
General funds	9,000	35,296	(31,751)	2,020	(5,565)	9,000
Designated funds						
Fixed assets	28,476	–	–	–	(239)	28,237
Repairs and maintenance	522	–	–	–	–	522
Site acquisition and development	12,398	–	–	–	239	12,637
Special projects	2,478	–	–	–	5,565	8,043
Total unrestricted funds	52,874	35,296	(31,751)	2,020	–	58,439
Restricted funds						
By area	3,880	1,682	(1,127)	–	(957)	3,478
By branch adoption centre	713	–	(1,020)	–	957	650
By appeal	285	–	(285)	–	–	–
Total restricted funds	4,878	1,682	(2,432)	–	–	4,128
Total funds	57,752	36,978	(34,183)	2,020	–	62,567

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 2012.

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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	2012 Total £000	2011 Total £000
Balance at 1 January 2012	9,000	43,874	4,878	57,752	58,894
Net movement in funds	–	5,565	(750)	4,815	(1,142)
Balance at 31 December 2012	9,000	49,439	4,128	62,567	57,752
Represented by:					
	General funds £000	Designated funds £000	Restricted funds £000	2012 Total £000	2011 Total £000
Tangible fixed assets	–	28,237	–	28,237	28,476
Investments	9,000	16,118	4,128	29,246	27,243
Net current assets	–	6,768	–	6,768	3,717
Provision	–	(1,684)	–	(1,684)	(1,684)
Total net assets	9,000	49,439	4,128	62,567	57,752

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18. Note of historical net incoming resources

	2012 £000	2011 £000
Net incoming/(outgoing) resources for the year	4,815	(1,490)
Realisation of previous years' revaluation (losses)/gains on fixed asset investments	<u>(107)</u>	<u>(911)</u>
Historical cost net incoming/(outgoing) resources	<u>4,708</u>	<u>(2,401)</u>

19. Operating lease commitments

(Group and charity)

At 31 December 2012 the charity was committed to making the following payments under operating leases:

	2012 £000	2011 £000
Within one year	133	190
Within two or five years	339	245
Over five years	<u>64</u>	<u>94</u>
	<u>536</u>	<u>529</u>

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 2012 £000	Year ended 31 December 2011 £000
Turnover	1,013	860
Cost of sales	<u>(340)</u>	<u>(338)</u>
Gross profit	673	522
Administrative expenditure	<u>(342)</u>	<u>(278)</u>
Net operating profit	331	244
Gift aid	(331)	(244)
Other Interest receivable and similar income	—	—
Profit on ordinary activities before taxation	—	—
Taxation	—	—
Profit on ordinary activities after taxation for the year	<u>—</u>	<u>—</u>

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20. Subsidiaries (continued)

Balance sheet	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Current assets:		
Stock	14	50
Debtors	164	83
Cash at bank and in hand	230	744
	<u>408</u>	<u>877</u>
Creditors: amounts falling due within one year	(198)	(667)
Net current assets	210	210
Creditors: amounts falling due after one year	(210)	(210)
Net assets	–	–
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 £331,219 (2011: £244,218), will be donated to the charity under Gift Aid.

CP (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 a number of contracts where capital commitments existed.

The balances on these contracts outstanding at 31 December 2012 were:

	2012 £000
Padgate Adoption Centre	133
Cornwall Adoption Centre	2
Evesham Adoption Centre	2
Bristol Shop	6
Gildersome Homing Centre	29
Mansfield Adoption Centre	125
	<u>297</u>

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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 therefore there is no current entitlement to either capital or income.

	2012 £000	2011 £000
Market value at 1 January 2012	262	279
Net movements	<u>(6)</u>	<u>(17)</u>
Market value at 31 December 2012	<u>256</u>	<u>262</u>
Historic cost at 31 December 2012	<u>20</u>	<u>20</u>

Notes:

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