



Annual Report
& Accounts
2016




CATS
PROTECTION

Trustee's report

Founded in 1927, Cats Protection is the UK's leading feline welfare charity. In 2016 we helped almost 190,000 cats and kittens, including 26,000 feral cats (2015: almost 200,000, including 26,000 ferals) through our national network of over 250 volunteer-run branches and 34 centres. That's the equivalent of helping more than 500 cats a day.

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

Our values

- Cats and their welfare are at the centre of everything we do
- We never put a healthy cat to sleep
- We value and respect our volunteers, supporters and staff
- We are committed to providing a high-quality service
- We are open and honest

The five animal welfare needs

It is law that all cat owners must ensure that the five welfare needs are met for their cats:

Animal Welfare Acts 2006-11.

- Diet – to have suitable food and fresh water
- Environment – to have a suitable place to live with everything they need
- Health – to be protected from pain, suffering, injury and disease
- Behaviour – to be able to express normal behaviour
- Company – to have the choice to be apart from other cats

We have four strategic aims to help us help more cats

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

In the longer term our work will ensure that there will be fewer cats needing our help.

Helping us to get there

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

This report covers the period 1 January 2016 to 31 December 2016 and was approved by the Trustee on 6 April 2017.

Chairman's report

An introduction from Heather McCann, Chairman

This report sets out Cats Protection's highlights of 2016, which build upon our past achievements. We've been continuing to implement our updated strategy, launched in 2015, which sets out our ambition to help more cats than ever before in the years ahead. We're making great progress, but we still have a long way to go to achieve our vision: a world where every cat is treated with kindness and an understanding of its needs.

We continue to be ambitious and we achieved a great deal during 2016. We have focused on growing our profile throughout the UK while promoting awareness of cat welfare. Our national campaigns and collaborations with other charities and high profile organisations are helping to bring about change, making the world a better place for cats.

Finding homes for cats in our care remains a priority and our new homing & information centres in Maidstone and Taunton are already enabling us to reach new audiences with high footfall, while the introduction of digital technology in our centres and shops ensures the cats in our care are seen by even more people, increasing the chances of finding them new homes.

Our Community Neutering team has played a key role in developing relationships in targeted areas and educating people about the benefits of neutering and we're collecting more data to analyse changing attitudes towards neutering and the effectiveness of our programmes.

We've had a very successful year in terms of fundraising; our supporters have donated a total of £45.2 million. These generous donations make our work possible and for that I am very grateful. However we are also mindful of the need to fundraise responsibly and ensure that we remain compliant with law and with recognised best practices. Further details are set out later in the report, along with details of how we use our income to help cats.

In September we opened our 100th shop, in Bristol. Our portfolio of shops has grown strongly throughout the year and at 31 December, we had 110 shops in total (2015: 89). We were recognised as Outstanding Charity Retailer of the Year by the Charity Retail Association. We also received the Best Use of Digital Technology in Charity Retail award, for our innovative use of digital screens and tablets in our shops, to promote our rehoming and neutering work.

We continue to strengthen the leadership and governance of our charity and in 2016 we were delighted to welcome Irene Campbell to the Board of Trustees. Irene is a cat lover with a wealth of public sector and voluntary experience; as well as acting as a Trustee for other charities over the past 20 years, she also helped set up a Cats Protection branch in Sussex more than 30 years ago.

As we move into 2017 we will continue to build further successes for cats with the confidence that we have a solid financial base and a strong team of supporters, volunteers and staff.

Heather

Heather McCann
6 April 2017



Chief Executive's report

An introduction from Peter Hepburn, Chief Executive

Our advocacy campaigns are playing a key role in making life better for cats. I've seen the difference we can make by influencing politicians and policy makers; not just in Westminster, but also in the Scottish, Welsh and Northern Irish parliaments and assemblies and in local government.

During the year we launched our biggest and most ambitious advocacy campaign to date – 'True cost of kittens'. The campaign called for an end to the sale of kittens under eight weeks of age and the closure of the legal loopholes that allow commercial breeding and the sale of cats to occur without a licence. As a result, Government has proposed new regulations which will help to prevent the poor welfare associated with unscrupulous breeders and will also contribute to managing the overall population of cats.

Following a restructure of our executive management team this year, we decided to split the role of Director of Central Services to create two new roles and I was delighted to welcome a new Director of Finance and Strategy, Jill Scarfield, in November and a new Director of Volunteering and Corporate Services, Sue Field, who joined us in early 2017. Jill has previously held roles focused on strategy within local authorities and she brings a wealth of experience in this area, while Sue has come from Girlguiding and has extensive experience of communications, marketing and governance roles. The restructuring of these roles recognises the vital importance of volunteering in our charity and will help support the ongoing implementation of our strategy, with the ultimate aim of helping more cats.

We were also fortunate to recruit Mark Beazley as our new Director of Operations from January 2017. Mark joins us from Dogs Trust Ireland and has extensive experience of the animal welfare charity sector and of working with volunteer groups.

During the year, we were recognised for the skills and commitment of our people: volunteer Nicola Townley, the Co-ordinator of our Cambridge Branch was selected as an Animal Charity Volunteer of the Year finalist at the Petplan® Charity Awards, a fantastic achievement.

Everything we've achieved – and every single cat we've helped in 2016 – is thanks to our devoted supporters, volunteers and staff. Thank you to each and every one of you for your commitment to cats and to the charity. Together, we've given another 190,000 cats a chance of a better life.



Peter Hepburn
6 April 2017



Objectives, activities, achievements and performance

Increasing awareness

We've worked hard to build awareness of Cats Protection and to engage with existing and new supporters nationally as well as throughout local communities.

Our National Cat Awards, sponsored by Purina®, celebrate the achievements of the country's fearless felines and miraculous moggies. The reach of our media coverage increased three-fold compared to our previous event in 2014 (2016 circulation: 461 million vs 2014: 156 million) with highlights in the *Daily Mail*, *Daily Mirror*, *Telegraph* online, *Express* online and on *BBC Newsround*. We had a record number of entries this year, over 1,300, an increase in attendees and an increase in celebrity support. The awards are so popular that we've decided to make them an annual event rather than biennial, as they were previously. The media interest generated by the awards helps to build the profile of the charity and also brings many fundraising benefits, while the high interest from the public gives us confidence that we can sustain an annual event.

National Black Cat Day, our annual celebration of black and black-and-white cats returned on 27 October and received similar levels of public interest. #BlackCatDay was the top UK trend on Twitter all day, with periods of trending in the USA too, and the campaign received media coverage from BBC.co.uk and the *Metro* online. Caspar beat 4,000 other entrants to win our online competition which asked supporters to share photos that best show their black cats' personalities. Owner Jane Scott, of Wallington, Surrey, said she and husband Andrew were delighted Caspar had been chosen as the feline figurehead for black cats. She said: "Caspar is a truly lovely cat – he is very friendly, playful and loves to be around people, so we're thrilled he has been chosen as the face of Black Cat Day 2016."

Our branch, adoption centre and national websites combined were visited by nearly 3.5 million people (2015: 3 million) and our national blog was visited

by 104,000 people (2015: 115,000). Our social media following continued to grow too. By the end of the year 438,000 supporters liked our national Facebook page (2015: 350,000) and 86,000 fans followed our national Twitter account (2015: 70,000).

We began regularly producing engaging online videos to raise awareness of the charity while demonstrating best cat welfare practice. For example, our series of 'Ain't misbehaving' animations help to dispel common behavioural myths, while our 'Feline crafty' series of videos on our YouTube channel show viewers how to make things for their cats such as toys and treats.

We developed a new behaviour hub on our national website to make it easy for visitors to find information on their cats' behaviour; and we launched a 'Paws to listen' grief support service. There is a range of resources, information and support on our website for people faced with the loss of their beloved cat, while our free phone line is run by a team of eight volunteer listeners who provide a sympathetic ear to callers struggling to cope with grief due to the loss of their cat.

We've been exploring new ways of making our rehoming advertising as effective as possible. Our TV and radio advertising is successfully sending people to visit our websites to look for cats to adopt and saw the number of enquiries via our online rehoming service, Find-a-cat, rise from 26,511 in 2015 to 30,550 in 2016. In addition to tracking and measuring responses to our campaigns we have carried out customer experience research. The improved data and knowledge gained from our research will help us to improve the numbers of cat adoptions resulting from our advertising.

We've been building partnerships in communities to increase support for our work. In light of the number of incidents involving cats being poisoned or injured in neighbourhoods in 2016, we teamed up with Neighbourhood Watch and the RSPCA to give people advice on what they can do in their area if they suspect that cats are being deliberately targeted.

In 2016 we welcomed three donkeys – Twinkle, Holly and Star – to our head office in Sussex as part of a partnership with The Donkey Sanctuary, based in Sidmouth, Devon. Working alongside other animal charities that share our beliefs, and hope for a better world for all animals, is very important to us and the collaboration allows us both to promote our rehoming schemes and connect us with fresh audiences both at a local and a national level. The Donkey Sanctuary has seven farms across the UK – some of which have already rehomed some of our cats – where there is the potential to have on-site homing facilities for Cats Protection.

We have invested in recruiting and managing new volunteers to develop relationships with media outlets across the UK. Additionally, our community neutering officers have been increasing our activity in areas of need, which will be detailed later in this report.

Holly and Twinkle have made the National Cat Centre their home

The Citizens Advertising Takeover Service (CATS) raised more than £23,000 through an online crowd-funded campaign from almost 700 backers, to replace all 68 advertising boards in Clapham Common station for two weeks in September with pictures of cats in care from Cats Protection and Battersea Dogs & Cats Home. The posters were seen by thousands of people and were then auctioned with the proceeds donated to both charities.

We participated in shows and events all over the UK, both nationally and locally. Our new vintage-themed show stand won a silver medal at Your Horse Live Show and a bronze at the RHS Malvern Show. Meanwhile our branches and centres spread the word in their local areas with events ranging from quiz nights to tea parties and open days.



Improving understanding of cats' needs

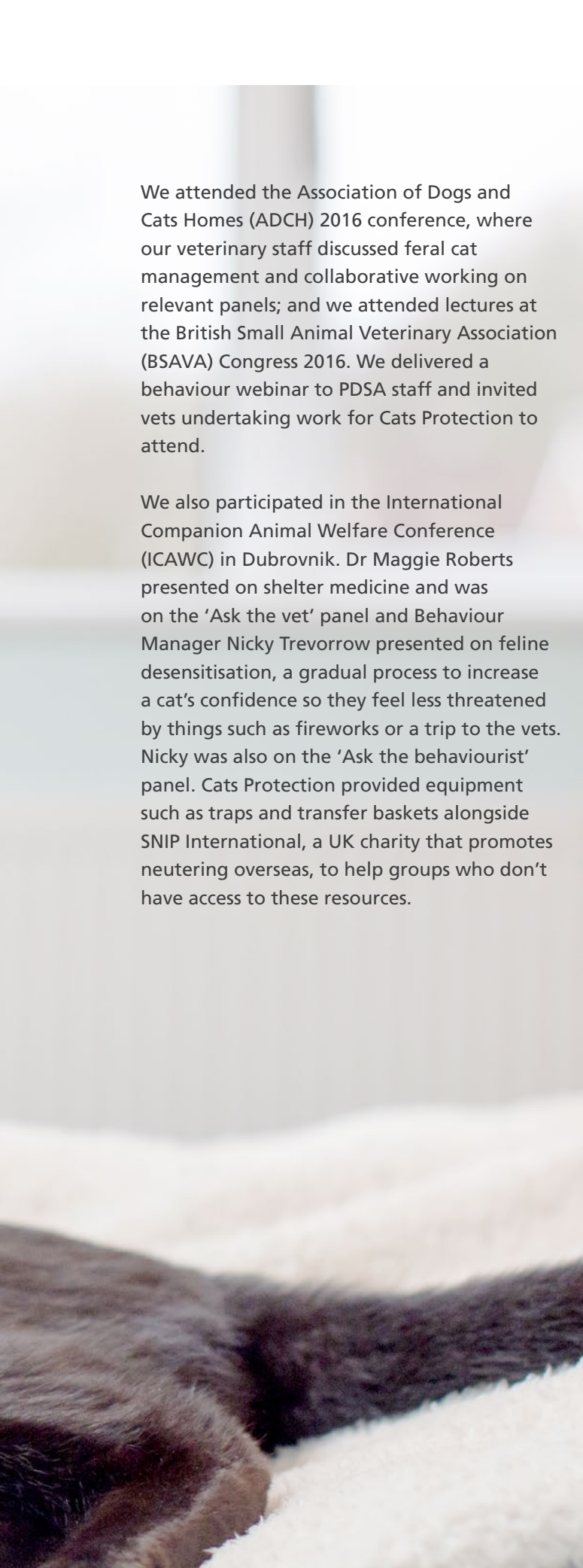
In line with our vision, which is a world where every cat is treated with kindness and an understanding of its needs, we have continued to educate the public and the veterinary profession on welfare messages so that ultimately fewer cats need our help.

Sadly, cats are a very misunderstood species, even by those that love them. As good welfare is at the heart of everything we do in Cats Protection, we've been working on a welfare strategy to guide all volunteers and staff, whatever their role in the charity, on how to ensure that we are meeting all the welfare needs of the cats in our care. We see it as one of our key responsibilities to help cat owners understand how they can meet these needs for their own cats too. The guidance will be launched in spring 2017.

We continued to work with veterinary schools and the veterinary profession to improve their understanding of cats' needs, particularly in the animal rescue environment. We provided work experience placements for 15 vet students at the National Cat Centre, many of whom submitted reports for our Veterinary Student Awards and we had classes of vet students visiting several of our adoption centres.

The Education team is continuing to recruit, train and support volunteers to give education talks to schools and community groups. Our education officers also ran projects targeting harder-to-reach audiences with our cat welfare messages. In 2016 we gave 1,337 talks to an audience of 41,719 children and adults (2015: 1,142 talks to 35,019 people).





We attended the Association of Dogs and Cats Homes (ADCH) 2016 conference, where our veterinary staff discussed feral cat management and collaborative working on relevant panels; and we attended lectures at the British Small Animal Veterinary Association (BSAVA) Congress 2016. We delivered a behaviour webinar to PDSA staff and invited vets undertaking work for Cats Protection to attend.

We also participated in the International Companion Animal Welfare Conference (ICAWC) in Dubrovnik. Dr Maggie Roberts presented on shelter medicine and was on the 'Ask the vet' panel and Behaviour Manager Nicky Trevor presented on feline desensitisation, a gradual process to increase a cat's confidence so they feel less threatened by things such as fireworks or a trip to the vets. Nicky was also on the 'Ask the behaviourist' panel. Cats Protection provided equipment such as traps and transfer baskets alongside SNIP International, a UK charity that promotes neutering overseas, to help groups who don't have access to these resources.

It's vital that we engage with decision makers, so together with other rescues we presented a report about 'Breeding and Sale of Cats' to the Animal Health and Welfare Board England, a group made up of experts in different species that advise the Department for the Environment, Food and Rural Affairs (DEFRA) – further details are set out later in this report.

It's important that we deliver consistent messaging when members of the public contact us with questions about cat care, adopting a cat or the work of the charity. We developed our customer service framework and enlisted sophisticated scripting technology to give reliable, up-to-date information about cat care to share with the public. The national Helpline (03000 12 12 12) will be renamed the Contact Centre in early 2017. The change in name reflects the planned growth of the service to provide a central point where all customer contacts are managed across multiple channels. We are working towards offering the service to centres and branches from 2017. We currently have four contact centre co-ordinators and 52 home-based volunteers, with a further recruitment campaign starting in early 2017.

We continued to educate the public on cats' needs by answering owners' queries in Q&A sessions on social media and in Facebook Live real-time videos; and we teamed up with *Simon's Cat* on their series of videos called *Simon's Cat Logic* to explain the cats' behaviours in the short films. A new series of advertisements allowed us to deliver basic messages about welfare to demographic groups and geographical areas where people may not yet have come across important issues such as neutering, microchipping and the management of multi-cat households.

Reducing overpopulation of cats

We remain committed to neutering cats as one of the most effective ways of preventing unplanned litters becoming the abandoned pets of the future. In 2016 we neutered 152,000 cats and kittens including 20,000 ferals (2015: 159,000 including 19,000 ferals).

A key strand of our neutering work in 2016 has been in the progress of our community neutering officers, whose work involves building strong relationships with harder-to-reach audiences within targeted urban areas with high deprivation. Engaging with audiences in this way takes more investment of staff and volunteer time before an outcome is achieved. This, in part, explains the small reduction in the total number of cats neutered in 2016 compared to 2015. However, the cat welfare benefit cannot be underestimated.

We're also teaming up with other charities and local authorities to deliver vital cat welfare messages, which is more challenging and time-intensive but has a greater long-term impact. It's important that

cat owners know that kittens can reach sexual maturity and become pregnant from four months, for example, and that there are no health or welfare benefits in allowing a cat to have a litter of kittens before she is neutered.

In the East Midlands, we collaborated with the RSPCA, Blagreaves Veterinary Centre in Derby, the University of Nottingham's School of Veterinary Medicine and Science and Derby Homes (a management agent for Derby City Council) to reach owned and unowned cats. Twenty-five volunteers helped us to knock on 3,500 doors which resulted in the neutering of over 100 cats and 50 dogs for free. Derby Adoption Centre worked hard to foster relationships with the local council so they can work with tenants and landlords, teach responsible pet ownership and encourage owners to neuter their cats. We also produced a series of leaflets for the council to use, to continue promoting the importance of neutering.

Community Neutering Officer Sarah Reid helped Jack and Christine Radcliffe get their cats neutered



We continued a Swansea campaign with the Llys Nini branch of the RSPCA which allowed eligible owners to get their cat neutered, microchipped and flea/worm-treated for just £5. In addition to this, for two weeks in August we ran another project in Swansea to engage harder-to-reach cat owners who may not have access to transport to take their cat to the vet. We collaborated with Dogs Trust, Vets4Pets and a number of other charities and agencies to offer free pet health-checks, neutering, microchipping, de-fleaing and worming treatment and free transport to the vets.

We helped Jack and Christine Radcliffe in Edinburgh, who were referred to our Community Neutering team by a local housing association. Their nine-year-old cat Tigger had already had multiple litters but they didn't have the money or transport to get her neutered. "We really wanted to get Tigger done, she'd already had four litters and we were worried about her surviving if she had any more," they said.

Cats Protection was running a £5 neutering campaign in the area, which covered the cost of Tigger's operation. When Community Neutering Officer Sarah Reid arrived at their home to collect Tigger, she discovered Jack and Christine also had two unneutered male cats, 11-year-old Sam and four-month-old kitten Smokie, so she took them to the vets to be neutered too. They hadn't realised cats could be neutered from four months of age – this important procedure will prevent Smokie from potentially contributing to the number of unwanted cats in the UK. Jack and Christine added: "It's really worth it, no more kittens for the females! Cats Protection helped us and helped our cats."

Meanwhile, in the Salford area we teamed up with Dogs Trust and a local arts organisation to run free community art projects. We invited young people to paint wooden silhouettes of cats and dogs which were then put on display around the local area. During the events we promoted messages about responsible pet ownership and the benefits of neutering. In total, we neutered 38,000 cats through joint charity schemes in 2016 (2015: 33,000).

Our volunteer-led trap, neuter and return or relocate (TNR) programmes help control feral and

community cats. Feral cats are not socialised to people or the domestic environment, so remain fearful of humans and behave like wild animals. Our Wharfe Valley Branch, for example, successfully trapped, neutered and returned a feral colony living at a nearby car parts garage. To support our branches' and centres' neutering initiatives, we produced a series of adaptable branded resources to promote the benefits of neutering to the public in their local area.

To get a better idea of how many stray and feral cats there are in the UK, we carried out extensive research work in undertaking a cat census. We launched a mobile phone app to help us track homeless cats as part of the UK's first ever in-depth study of the stray population. The app was developed by the University of Edinburgh and the pilot scheme was launched at the beginning of September in Bulwell, Nottingham as we receive many reports of stray cats in that area. We held a number of events and a Facebook group was also developed so that members of the public could give us information about strays. We delivered questionnaires and surveys to understand the knowledge and attitudes towards neutering before the launch of the project; and will repeat them after the project to assess its effect in changing attitudes and behaviour. Four hundred stray cats have been reported to us and we currently know of around 50 streets in Bulwell that need help with neutering. In 2017 we'll evaluate the success of the project to inform us on the potential for further work.

As one of nine animal welfare members of the Cat Population Control Group (CPCG), we are able to work alongside other charities to maximise the impact of neutering. Since its creation in 2013, the group reports a year-on-year rise in the neutering rate of UK cats (from 86% in 2012 to 93% in 2016). We were delighted when the group was awarded the accolade of Charity Partnership of the Year in the Third Sector Awards for 2016. As part of this group we launched the Kitten Neutering Database (KiND), a resource for vets that supports our recommendation of routinely neutering cats from four months of age. There are now 1,422 vets that are members of KiND (2015: 1,322).

Rehoming cats

Finding loving new homes for cats in our care remains a key part of our strategy and in 2016 we rehomed 43,000 cats (2015: 44,000) and reunited a further 3,000 cats with their owners (2015: 3,000). Our adoption centres found homes for over 1,000 more cats in 2016 than in 2015 following investment in the redevelopment of existing centres and the opening of new ones. However, we did experience a decrease in homing through our branch network, where 1,500 fewer cats were homed in 2016 than in 2015. Work to understand and address the reasons for this decrease is ongoing.

We refurbished and reopened adoption centres in Bredhurst, Haslemere and Newbury, while work to refurbish our Dereham Adoption Centre is planned to begin in 2017. In addition to this, we appointed developers to build a new adoption centre in Tyneside with work beginning in January 2017 and we hope to relocate our Wrexham Adoption Centre in the next 18 months.

As well as improving and developing our centres, we are growing our volunteer-run branch network, with seven new branches established in 2016. We invested in branch development specialists who have been establishing new branches, speeding up the creation process and helping new branches overcome any local teething problems. This will enable our branches to rehome more cats in future years. We celebrate our well-established branches too: our Stafford & District, Inverurie & Alford and Worthing & District branches all celebrated their 30th birthdays in 2016.

We've been looking at new rehoming models and installing digital technology throughout our adoption centres, homing & information centres and shops to help rehome more cats. We launched a 'Cat Cam' in our National Cat Adoption Centre whereby two tiny cameras installed in a cat pen record and stream live footage to our national website daily to show what life is really like for cats in our care. In addition, a touchscreen was piloted in our Visitor Centre in Sussex to allow visitors to see cats in our care available for adoption – making those cats accessible to people who may not otherwise see them. The device also connects to our websites, providing an array of cat care advice and information.

We helped a couple of kittens called Charlie and Arthur to find an unusual new home in January 2016. They were adopted by a Guide Dogs training school in Angus, Scotland. Following discussions with our Arbroath & Carnoustie and Forth Valley branches, the confident pair of kittens were homed to help to train guide dogs to become familiar and calm around cats.

Sharyn Wood, Co-ordinator for Cats Protection's Arbroath & Carnoustie Branch, said: "It was an unusual request but Arthur and Charlie are such cheeky boys we were sure they would be ideal. As many of us know, dogs and cats can live in harmony if the right training is in place so this is a great idea."

The pair has settled into their new surroundings very well.

Our Mitcham Homing Centre opened in July 2015 and rehomed 560 cats in 2016. One of those cats was Gus, a gorgeous three-year-old black-and-white cat who was adopted by George Eustice, the Minister of State at DEFRA, and his wife. The Minister was full of praise for the volunteers and staff there. The strong performance of our Mitcham Homing Centre gives us confidence that this construction model – using internal flexible building structures that can be moved if required – will be successful for use elsewhere.

We identified further opportunities for partnerships to help our homing work, opening a homing & information centre at a shopping village in Maidstone, which is partnered with our Bredhurst Adoption Centre, and a further centre in Taunton. The Taunton Homing & Information Centre is located at a garden centre and takes cats which are ready to home from our Exeter Adoption Centre. Potential partnerships with other garden centres are being established too. Our homing & information centres have custom-built cat pens and focus on finding homes for cats that are ready to go to a new home, benefiting from the footfall of busy shopping sites. They also play a vital role in offering advice and information to the many shoppers who pop in while passing.

Arthur, pictured, and his brother Charlie are thriving at their new home with Guide Dogs



*We helped to reunite
Chloe with her relieved
owners*



We are always trying to reduce the length of time that cats in our care stay with us and get them into homes more quickly. This not only decreases the cats' stress but it also means we're able to help another cat sooner. Find-a-cat, our online rehoming service and the development of our homing & information centres in places with higher footfall such as garden centres, help our cats which are ready for adoption to be seen by more people.

Unfortunately, a number of our branches were affected by the severe flooding in the north of the UK in early 2016. No cats were harmed but the water caused a lot of damage, which affected the branches' ability to rehome. We helped other rescues by taking cats to safety elsewhere across the Cats Protection network. Liz Robinson, the Co-ordinator of our Deeside Branch was a pillar of the community and was invited to a Royal Garden Party for her work in the local area during the floods and for her charity work.

Volunteers like Liz are essential to our vision and in 2016 we worked to make our volunteer recruitment more targeted towards specific roles. We continue to look for new ways to involve people in fostering in particular, to ensure that we can find new homes for more cats.

Our Cat Guardians service saw 1,619 people register in 2016 (2015: 1,330), giving them the peace of mind that should they pass away before their cat, we will find the cat a loving new home. This service underpins our promise: we never put a healthy cat to sleep.

As well as rehoming cats, we reunite lost ones with their owners, so that they don't need rehoming. We conducted a survey of 2,000 cat owners which revealed that less than a third of pet cats are microchipped and one in four have no identification at all, so when compulsory microchipping was brought in for dogs, we emphasised how important microchipping of cats is too, as it's the most effective way of identifying a lost pet.

Tabby-and-white puss Chloe went missing in 2010 after jumping from a pet carrier in Caerphilly where she had been taken for a routine vet appointment by her owner Rebecca Lee. After living as a stray and being cared for by an elderly woman just over

a mile away, Chloe was eventually handed into Cats Protection's Bridgend Adoption Centre where a quick scan of her microchip meant she could finally be reunited with her family. Rebecca, who believed Chloe had died in a road accident, was overjoyed to hear that Chloe was alive and well. Although Rebecca did try to take Chloe home with her, she has another cat now and unfortunately the introductions didn't go well so Rebecca's father Brian has taken Chloe into his family home. Brian Lee said: "It was amazing to see Chloe again; she seemed to recognise us straight away. I'd say definitely get your cat microchipped and keep all the details up-to-date."

Helping us to get there

Growing income and managing funds

Cats Protection is in a strong financial position. Our fundraising vision is to make supporting the charity the natural thing for a cat lover to do, which will help us to help thousands of needy cats and kittens. We're incredibly grateful to our supporters who have been very generous in 2016.

In 2016 1,235 people left a gift to Cats Protection in their will (2015: 1,221). These special gifts fund more than half of everything we do, so they are vital for continuing our work to help unwanted cats and kittens. A total of 125,000 cat lovers regularly donate to us by Direct Debit (2015: 100,000) and 47,000 people sponsor cat pens (2015: 40,000). Every single supporter is helping us to secure funds to help cats for many years to come. Our weekly lottery is our largest gaming programme to date: it has generated £3.6 million in the three years it's been running and we now have over 40,000 entries (2015: 25,000). We are also very grateful for the donation of a large property in Dorset which has been donated to us by way of a lifetime gift from a supporter in 2016.

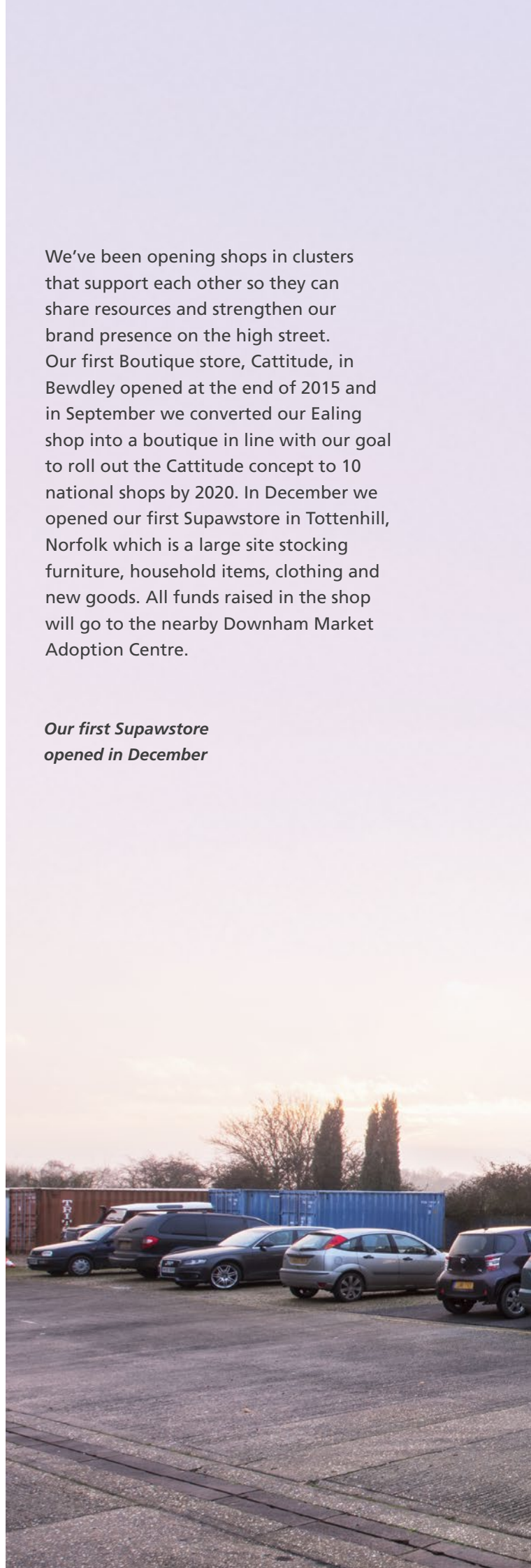
We developed a 'Supporter Promise' which we now include in communications with our donors. This provides certain guarantees to supporters, including a promise that the charity will not swap, sell or share their information.

We've been using new technology to build local fundraising capacity by offering our supporters the ability to donate via tablet devices that are installed in our centres and shops. We've also tested contactless collection boxes in shops, centres and at events to make donations even easier.

Our portfolio of shops is going from strength to strength and in September we opened our 100th shop, in Bristol. As at 31 December, we had 110 shops in total (2015: 89). Our new shop in Erdington, North Birmingham, saw our most successful shop opening yet, taking a huge £3,000 in its opening weekend.

We've been opening shops in clusters that support each other so they can share resources and strengthen our brand presence on the high street. Our first Boutique store, Cattitude, in Bewdley opened at the end of 2015 and in September we converted our Ealing shop into a boutique in line with our goal to roll out the Cattitude concept to 10 national shops by 2020. In December we opened our first Supawstore in Tottenhill, Norfolk which is a large site stocking furniture, household items, clothing and new goods. All funds raised in the shop will go to the nearby Downham Market Adoption Centre.

Our first Supawstore opened in December





We were thrilled when Cats Protection was named as the Outstanding Charity Retailer of the Year at the Charity Retail Association Conference. The award recognises the successful initiatives that we introduced in 2015, specifically our new shop design and brand and the establishing of flagship shops and training hubs. Our shop volunteers and staff played a big part in securing this award. We also took the award for Best Use of Digital Technology in Charity Retail, in recognition of our innovative use of digital screens and tablets in our shops, which allow our shops to play an increasing role in rehoming and the promotion of neutering. We worked with our suppliers to develop a range of stationery and everyday greeting cards that is now being sold in over 200 retail outlets such as garden centres and supermarkets. This offers us an additional way to generate income and engage with new audiences.

We work closely with pet insurance company Petplan®, which provides Cats Protection adopters with four weeks' free insurance cover when they rehome their new cat. Adopters have the opportunity to continue their cover and support Cats Protection at the same time, through the commission we receive on new policies and renewals. On average each year we receive £500,000 through this partnership. Thank you also to Ceva, who continues to support us through sales of their Feliway® diffuser and to marketing agency DMS who sponsored our Christmas parliamentary reception.

Funds and support from our corporate partners are vital for us to continue our work with cats and we are very grateful for the generous support we received in 2016. Our fourth three-day fundraising weekend with Support Adoption For Pets took place across all 400+ Pets at Home stores in June and raised over £43,500 from in-store fundraising mechanisms and branch fundraising activities. We'd like to also extend our thanks to *Simon's Cat*, who donated a design for pin badges which, together with till donations, raised funds in Pets at Home stores. This took the total proceeds raised from these events to over £165,000. During 2016, we received £13,000 in grants for central and branch development projects from Support Adoption For Pets, for which we are very appreciative. Our branches and adoption centres also received over £54,000 in donations from bi-annual fundraising drives.

We'd also like to thank Pets at Home's Very Important Pets Club (VIP Club), whose continued support has to date raised over £235,000 for us.

A huge amount of our fundraising takes place through our branches, who hold many local activities and events throughout the year, raising essential funds to support cat work in their areas. We're also very grateful to all of our supporters who took part in fundraising events for us. Our varied challenge events programme consisted of 40 international, national and regional events. Nineteen people raised over £38,000 for branches and centres by taking part in a challenge event in Zambia; while a further 11 supporters raised over £12,000 by running the 2016 London Marathon.

Jacquie and David Lowe are volunteers and supporters who have raised a huge £40,000 for the Milton Keynes Branch by running car boot sales over 13 years. "We generally do car boots from March to October, as outside these times it does get too dark and cold," Jacquie said. "We keep up the fundraising during the winter by selling items on Facebook and Gumtree." Branch Co-ordinator Aimee Purnell said: "Their dedication and commitment to raise such a staggering amount of money is unquestionable. They have helped so many cats and kittens receive life-saving treatment, the best care possible and starting them off on the right foot to their wonderful new homes."

**Right:
Jacquie and David Lowe
regularly do car boot sales to
raise money for the Milton
Keynes Branch**



How we ensure we fundraise responsibly

Cats Protection receives no government funding and is reliant on voluntary support. In order to provide the funds required for a large charity like Cats Protection to do its work, we fundraise in a number of different ways, which can be summarised as follows:

- we recruit new donors and develop relationships with them
- we raise money from trusts, foundations, companies and major donors
- we raise money through our network of shops, which sell mainly donated goods and we raise money from the sale of new goods through our website and catalogue
- we raise money through local community fundraising
- we ask our supporters and potential supporters to consider including a gift to the charity in their will

In 2016, we worked with three face-to-face fundraising agencies to recruit new monthly supporters for the charity at 'private site' venues, such as shopping centres and shows, across the UK. The agencies are The Professional Fundraiser, Unique Fundraising and DMD Solutions, all of whom make follow-up calls to new supporters to check they were happy with the way in which they were recruited. Asking people to sign up to regular giving is hugely important as it creates a long-term relationship where the supporter can see over time the very real difference that their gifts are making and we can count on the income for a long period. Working with fundraising agencies helps us to recruit cat lovers to become sponsors or take part in our weekly lottery. By using agencies, we are able to vary the level of activity depending on our requirements, which is much more cost-effective than carrying out the work in-house. This means that more money can go directly towards caring for cats in need of our help.

We also worked with four agencies who recruited donors to support the charity through their payroll, the give as you earn scheme. The agencies are The Payroll Giving Team, Payroll Giving In Action, StC Payroll Giving and Hands on Payroll Giving.

As members of the Fundraising Regulator, we and the agencies we work with follow the Code of Fundraising Practice, which can be found at www.fundraisingregulator.org.uk/code-of-fundraising-practice. The face-to-face fundraising agencies also abide by the Institute of Fundraising's code of conduct for face-to-face fundraising, which can be viewed at www.institute-of-fundraising.org.uk/code-of-fundraising-practice/guidance/face-to-face-fundraising-guidance. There have been no reported breaches of these standards.

An audit of our fundraising and our supporter processes was carried out by our internal auditors haysmacintyre during 2016. The findings were, in the main, very positive and their recommendations are being implemented. We also survey our supporters annually and act on the feedback that we receive. Within the survey we ask a series of questions to check supporters' satisfaction with the service we provide, the communications they receive and the trust they have that the charity spends their money wisely. Scores for each of the questions we asked in 2016 were very high indeed and importantly, improved for the third year running.

We have a number of controls in place to try to ensure that the trust and confidence of the public and potential donors are maintained. We have contracts with all the agencies we work with, which set out expectations clearly. Every new donor receives a courtesy call soon after signing up to check that they were happy with the way in which they were encouraged to support us and that they understand the nature of their regular gift to Cats Protection. The calls are recorded for monitoring and training purposes and donors are given every opportunity to opt out if they no longer wish to take part. Fundraisers at our agencies all receive specific Cats Protection training before conducting fundraising activities on our behalf. We also carry out a structured programme of mystery shopping. Despite these controls, complaints will be received from time to time. In 2016, we received a total of 101 complaints about our fundraising, a reduction of 32% compared to 2015. We are striving to achieve a further reduction in 2017.

The number of complaints is monitored and we keep a close eye on the pattern of complaints so retraining can be targeted appropriately. Cats Protection's training to the personnel of all fundraising organisations contracting with the charity includes the issue of vulnerable adults' need for protection and the appropriate action that we expect them to take. Our training is based on the 'Treating Donors Fairly' guidance developed by the Institute of Fundraising, which can be viewed at www.institute-of-fundraising.org.uk/library/treatingdonorsfairly.





The Advocacy team and colleagues at Cats Protection's Christmas parliamentary event

Back row L-R: Briony Billingham, Michaela Phillips, Richard Clare

Front row L-R: Jacqui Cuff, Jo Perry, Richard Howard

Speaking up for cats

One of our aims is to make sure cats are not forgotten by politicians and decision makers, so through our advocacy work we campaign for change.

We submitted evidence to an EFRA (Environment, Food and Rural Affairs) Committee enquiry calling on MPs to update laws on pet vending and making the case for regulated cat breeding. We were delighted with the report that the committee made to the Government department responsible for pets. Many of the recommendations took up suggestions made by Cats Protection and are within our Manifesto for Cats. Key recommendations include the regulation of cat breeding and sale, mandatory minimum standards for online advertising and the inclusion of animal welfare in the national curriculum.

DEFRA launched a public consultation proposing a new regime for animal licences including a new regulation governing pet shop licences. This was an opportunity for us to pursue some of our manifesto priorities on pet shops (no sick or underage kittens should be in pet shops) and tighten up the law on cat breeding and sale. We launched the biggest advocacy campaign we've ever done – 'True cost of kittens' – calling for the prohibition on sales of kittens under eight weeks; closure of legal loopholes that allow repeat commercial breeding for sale from the family cat or cats; and a clear definition of commercial pet sales to protect the welfare of cats and kittens. We were looking for large-scale support so we wrote to over 4,000 vets and promoted the campaign on our national website, social media channels and in our official magazine, *The Cat*, asking for supporters to send e-letters to their MP or send postcards of support back to us that we could send to DEFRA in early 2017. Forty thousand e-letters were sent to MPs, over 7,000 postcards were returned to us and our campaign video was watched over 200,000 times.

Our parliamentary work included raising issues of concern that impact the welfare of cats. We believe that the microchipping of cats should be compulsory and we pressed for the strengthening of sentences for animal-welfare crimes.

We launched our Manifestos in Wales, Scotland and Northern Ireland to put the welfare of cats firmly on the political agendas ahead of the devolved elections. Each launched at a dedicated event; the Welsh Manifesto launch was attended by Deputy Minister for Farming and Food, Rebecca Evans AM, while Richard Lochhead, the Cabinet Secretary for Rural Affairs, Food and the Environment at the time, attended the Scottish Manifesto event. We represented the charity at a Blue Cross conference discussing pet welfare legislation and licensing and Cats Protection's priorities for the future.

Forty-two MPs and three Peers attended our Christmas parliamentary reception, an annual 'thank you' where we welcome Parliamentarians and their staff to learn more about the great work the charity does over a mince pie. The reception will now be an annual event.

The Advocacy team generated a great deal of coverage in the media in 2016. All three Manifesto launches achieved a total circulation of 21 million reached by the print and broadcast items, with many more hits online. We conducted a survey about air weapon attacks on cats, exactly 20 years after our last survey on the issue, which found that air weapon attacks were less prevalent but more fatal, leading to us calling for air guns to be licensed in England and Wales. The campaign generated over 200 items in media reaching a total circulation of around 18 million people.

Along with over 75 MSPs and candidates, we pledged to do 'More for Scotland's animals' by taking part in a hustings event. Cats Protection's Advocacy Manager and regional staff and volunteers including our Scottish Community Neutering Officer raised questions about the importance of neutering and microchipping.

As a member of Eurogroup for Animals, we help represent the interests of cat welfare at European level and within the UK. We contributed to a joint position paper submitted to DEFRA on the risks and opportunities for animal welfare as a result of the UK leaving the European Union. A parliamentary reception for members of the Lords and Commons on animal welfare and Brexit is planned for 2017.

Partnership working

As set out in our charity strategy, launched in 2015, we've continued working in partnership with other animal welfare charities, businesses and organisations to increase our impact and improve conditions for cats.

We are a member of the Association of Dogs and Cats Homes (ADCH), a group of over 100 rescues and our CEO, Peter Hepburn, is Vice Chair of the ADCH. We collaborate with ADCH to spread our cat welfare expertise as well as offering advice and support to others engaged in cat rescue work.

The British Veterinary Association (BVA) approached us about ongoing collaborative working, particularly in relation to their twice-yearly survey of member vets. As a result, we submitted potential survey questions for vets on key campaigns, particularly vets seeing sick or underage kittens presented in their surgeries, which will give us more accurate data.

Cats Protection is a longstanding member of the Pet Advertising Advisory Group (PAAG) comprising leading animal welfare and specialist agencies across the UK. PAAG works with online classified websites like Gumtree, Friday Ad and Preloved to improve the welfare standards of online pet adverts. We are also a member of The Cat Group, a collection of professional organisations that develops and promotes recommendations on cat welfare; and the Canine and Feline Sector Group, which provides expert advice to policymakers on all issues relating to dogs and cats.

Working with our partners gave added strength to our work with cats and helped publicise our key messages. As detailed previously we worked with *Simon's Cat* who kindly provided another design for a pin badge and two designs for our Christmas card range. We also worked with them to produce eight *Simon's Cat Logic* videos explaining feline welfare, which had nearly eight million views in total.

Purina® has partnered with Cats Protection for more than 35 years and supports a variety of our initiatives and campaigns. In 2016, our thanks go to them for being the official sponsor of the National Cat Awards for the fifth time. As sponsor, Purina® sent communications to their customers to encourage submissions and increase awareness of the awards and their reach. Purina® also provides subsidised food for the cats in our care, often donates free food plus items for our shops, and helps to communicate our key messages and campaigns to promote responsible pet ownership.

Petplan® promoted our sponsorship programme and Cat Guardians service in their customer magazine and Pets at Home have included our messages in their publication and e-newsletter. A number of our other partners supported National Black Cat Day too.

Weekly magazine *The People's Friend's* annual charitable appeal supported Cats Protection in late 2016 and saw their supporters make and donate knitted gifts to help the cats in our care.

Thank you to the many others who support our work through corporate partnerships. As detailed in previous areas of this report, we worked alongside animal charities such as RSPCA, Battersea Dogs & Cats Home, Dogs Trust, Blue Cross, PDSA, International Cat Care and others to help us achieve our objectives.



Better information to help us do our work

The app developed to track homeless cats, which is being trialled in Nottingham, will give us more insight on the number of feral and community cats in the UK and will help us target our campaigns in the areas of most need.

Find-a-cat, our online rehoming service which allows people to search for cats in our care available for adoption, was improved to let us collect further data to track the number of enquiries that lead to adoptions. In addition to this, we conducted research to contact some individuals who enquired about a cat but didn't go on to adopt. This gives us more clarity around common barriers to adoption so we can adapt future communication plans accordingly.

Most of our branches are now using our web-based information systems so that we all have up-to-date information about the cats in our care, our finances and other aspects of our work.

We are developing a guide which is designed to help our volunteers and staff make decisions by applying good animal welfare principles with the aim of achieving the best outcome for the specific circumstances they are dealing with. Topics covered include the five animal welfare needs, animal ethics, breeding, euthanasia and feline behaviour. The guidance, which will be launched in spring 2017, restates our commitment to the principle that we never put a healthy cat to sleep.



Infrastructure and support systems

Learning and development

We understand that society is changing and this has an impact on the nature of volunteering and the contributions that people can offer. We ensure that our volunteering offering is flexible so that we can attract a range of people across a range of demographics, whether someone has two days or two hours to spare.

In 2016 we expanded the resources in our Volunteering Development team to allow us to support colleagues across the charity to develop and recognise volunteer management and leadership. Our Volunteer STARS (Special Thanks and Recognition Scheme) enables us to thank volunteer groups and individuals and shares all the great things our volunteers do across the charity.

A new online fosterer induction launched in July 2016 and 96% of survey respondents who had completed the induction said they found it beneficial. We also held volunteer information days which were attended by over 300 people.

We began a charity-wide regional conference programme to share working best practice and recognise the many achievements of our volunteers and staff.

Information technology

It's important that our teams have the best tools and technology available to them to equip them for their work with cats.

We continued to improve our systems to better enable volunteers to do their cat welfare work. We further developed cloud-based technology across the charity and the IT infrastructure to support the rapid development of our digital strategy.

Data security is a priority for us so we continued to invest in this area to ensure our information is protected against cyber threats. In 2017 we are appointing an Information Governance Officer to ensure we continue to comply with data protection law enforced by the Office of the Information Commissioner and standards set out by the Fundraising Preference Service and Payment Card Industry.

Plans for future periods

The charity will celebrate its 90th birthday in 2017 so we'll be recognising and honouring the people behind our amazing achievements since our beginnings in 1927. In 2017, we also plan to undertake the following activities in order to achieve our strategic aims:

- We will continue to look for opportunities for partnerships to help our homing work and get our cats seen by more potential adopters
- We'll evaluate the results from our community neutering projects and plan for further work
- To help people seeking refuge from domestic abuse, we will launch our own temporary pet fostering project, Paws Protect
- Our customer service team will continue to expand to help members of the public with all their enquiries about the charity and good cat welfare
- We'll be developing a programme of exciting mass participation events
- We plan to open four new centres and 40 new shops in 2017



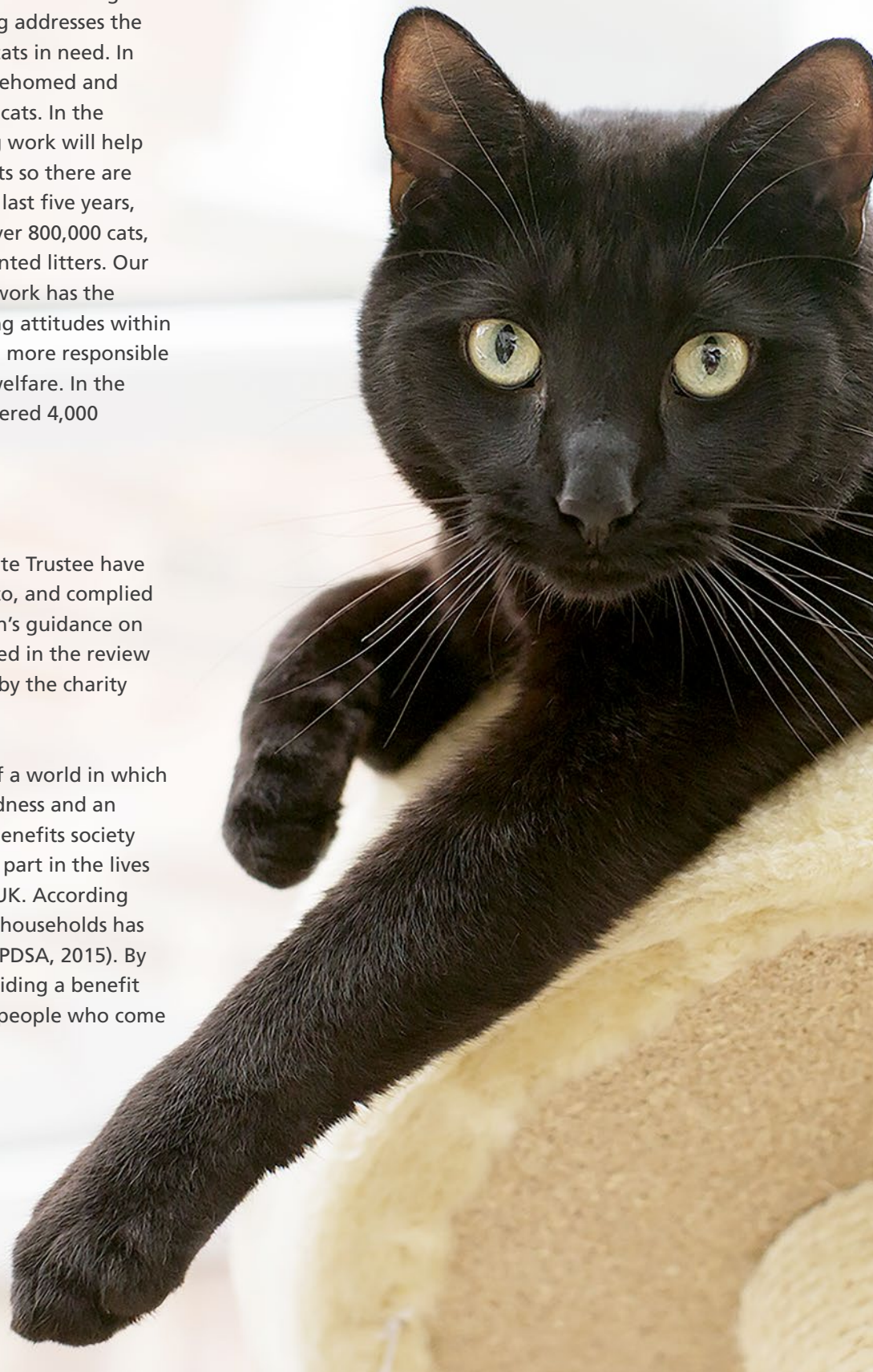
Our impact

Cats Protection is the UK's leading feline welfare charity. The impact of our work addresses cat welfare issues across a range of timeframes. Our rehoming addresses the immediate issue of helping cats in need. In the last five years, we have rehomed and reunited more than 230,000 cats. In the medium term, our neutering work will help control the population of cats so there are fewer unwanted cats. In the last five years, we have helped to neuter over 800,000 cats, preventing millions of unwanted litters. Our education and information work has the long-term impact of changing attitudes within society so that people take a more responsible view of cat ownership and welfare. In the last five years, we have delivered 4,000 educational talks.

Public benefit

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

We believe that our vision of a world in which every cat is treated with kindness and an understanding of its needs benefits society as a whole. Cats play a huge part in the lives of millions of people in the UK. According to research, a quarter of UK households has at least one pet cat (Source: PDSA, 2015). By supporting cats, we are providing a benefit to owners, carers and other people who come into contact with cats.



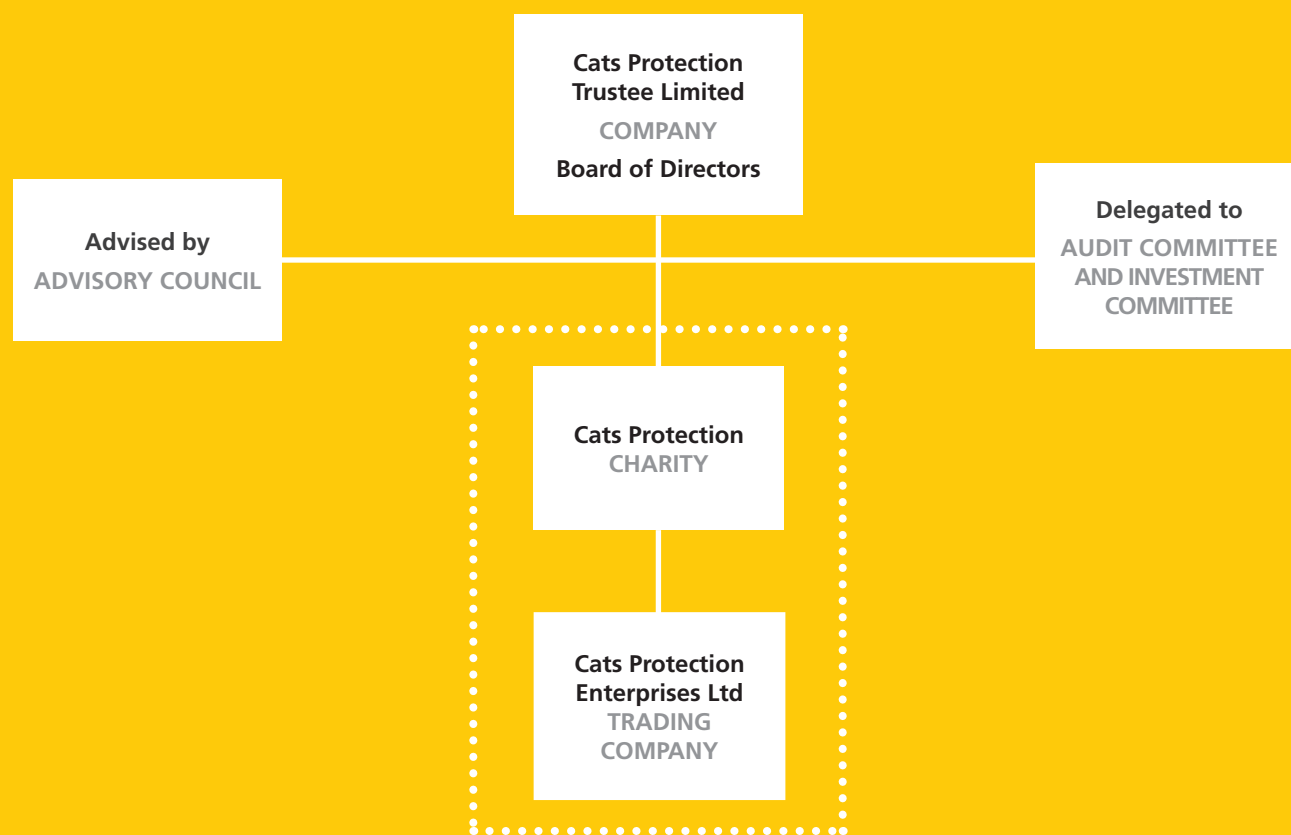


We provide public benefit by:

- helping to control the incidence and spread of disease and suffering in cat populations through vaccination, neutering and education, benefitting both human and animal health
- assisting those on low incomes with the cost of neutering through our voucher scheme
- assisting local and housing 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
- under the Cat Guardians scheme, reassuring cat owners that their cats will be taken into our care and rehomed if they become incapable of looking after them either through illness, death or for other reasons
- providing volunteering opportunities for those who wish to support our work, including through the Duke of Edinburgh programme
- providing advice to governments on animal welfare legislation, in partnership with other animal welfare organisations where appropriate
- providing educational talks and other activities to both children and adults to increase awareness of cat welfare
- commissioning, undertaking and disseminating research into matters affecting cats and the human population
- helping people experiencing domestic abuse by providing temporary care for their cats under our Paws Protect scheme
- 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
- providing the Paws to listen grief support service
- educating vets, vet nurses, vet students and other animal professionals and giving them practical experience as part of and beyond their formal training

Structure, governance and management

Legal structure



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

The charity is governed by a corporate trustee, Cats Protection Trustee Limited, a registered company (registration number 06772997). The constitution of Cats Protection Trustee Limited is set out in its memorandum and articles of association. It has a Board of Directors (the Board) who are unpaid. Until July 2015, Directors were appointed for a period of five years and were then eligible for re-election. Following a review, from July 2015, Directors are appointed for a period of three years and are then eligible for re-election for a further period of up to three years. Up to five Directors are elected by Advisory Council and up to four are appointed for their specific skills. Directors on the Board of the Corporate Trustee are referred to internally as 'the trustees' to differentiate them from the Directors who manage the day-to-day operations of the charity and form the Executive Management Team.

The Board has two sub-committees, the Audit Committee and the Investment Committee.

The Advisory Council of between 10 and 22 members of the charity is elected at the Annual General Meeting. The roles of the Advisory Council are to elect up to five of its members to the Board, and to provide advice to the Board on a wide range of issues affecting the charity. All Directors of the Board are Advisory Council members. Advisory Council operates in accordance with the rules and standing orders of the charity.

Cats Protection Enterprises Limited (company registration number 02953832) is the trading arm of the charity and is a wholly owned subsidiary. CP (Nominees) Ltd (registration number 02470742) was the nominee company for the charity's investment trades and was also a wholly owned subsidiary. It was struck off in 2016 having been dormant for several years.

Governance

The Board of Directors met seven times in the year to administer the affairs of the charity, set strategies and policies and approve all major expenditure programmes. Advisory Council met four times in 2016. Members met at the Annual General Meeting.

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

The Investment Committee assists the Board in safeguarding the charity's financial assets and in determining the investment policy. It has up to four Directors and up to four independent advisors. During 2016, the Committee met three times with the investment managers, advisors and relevant staff. Items considered by the Committee in 2016 included the performance of our fund managers, a review of alternative cash products following the withdrawal from segregated cash fund management by our current provider, and the impact of our ethical policy on investment returns.

The Audit Committee provides assurance to the Board that effective systems of internal control are in place to safeguard the charity's assets and monitors the performance of the charity's appointed internal and external auditors. It consists of three Directors and up to four independent advisors. During 2016, the Committee met three times for Committee business and once to receive tender presentations from internal auditors. External and internal auditors are invited to attend meetings and private sessions are also held with the auditors without the presence of staff. Management and other staff also attend the meetings where relevant, except during private sessions.

In 2016, the Audit Committee approved the plans of both internal and external audit and received reports on their findings. It also monitored the progress made by management on implementing audit recommendations. The Committee regularly considers developments in laws and regulations governing charities and how Cats Protection ensures it meets these requirements. For example, in 2016, it received a report from internal audit on the charity's arrangements for protecting and managing donor data and ensuring compliance with contact preferences specified by the donor. It also considers the charity's arrangements to prevent and detect fraud and considers how developing technologies can be operated within the charity's financial control framework.

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

Management

The implementation of the strategy 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 centres and establishing new ones in areas of need. We have 18 regions in total. As part of our commitment to supporting local activities, 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 as one charity under the same integrated governance and management structure.

Financial review

Financial performance in 2016

The charity has had another very successful year. Our total income in 2016 was £55.5m, which is very similar to 2015 (£55.9m) although there were some significant variations in the type of income:

- legacy income in 2016 was £26.1m. While this represents a decrease of £4.4m (14%) compared to last year, 2015 was an exceptional year as we received 69 high value legacies (over £100k) totalling £14.1m, compared to 65 high value legacies in 2016 totalling £10.7m. The underlying performance of the legacy income stream remains strong and we processed 2% more payments in 2016 than in 2015 and the number of new notifications increased by 1% compared to the previous year. Compared to 2014, however, legacy income is £1.9m (8%) higher.
- in recent years, we have invested significantly in fundraising and in 2016 our income from donations and fundraising events grew by 15% to £19.0m. This includes the very generous gift of a property valued at £1.2m at the point of receipt, which is recognised as donation income in the year.
- the opening of new shops and refurbishment of existing ones has enabled us to achieve 37% growth in income from the sale of donated goods, with sales totalling £5.1m in 2016. In addition, a further £0.5m was generated through our charity shops from donations and the sale of new goods.

The growth in income experienced in this and recent years has enabled us to direct more funds to our charitable activities. Revenue expenditure on rehoming has increased by £3.6m. We have opened two new homing & information centres and established seven new branches. We spent an additional £0.6m on our neutering objective to support campaigns in a number of locations and research activity into the impact of neutering. We invested a further £0.8m in our education work, including advocacy. Further details of these activities are provided in the *Annual Report*.

Expenditure on Fundraising grew by £1.0m (5%) to help generate sustainable income for the charity so that we can continue to help cats way into the future. Our focus in 2016 was on growing fundraising events, which includes the weekly lottery, and expanding our retail chain which saw expenditure on our charity shops increase by £1.4m to £5.1m. This increase in expenditure, necessary as part of our ambitious expansion plan, has temporarily reduced the profitability of the chain and will do so in 2017, beyond which time the shop chain will generate more funds for our work with cats than ever before.

We could not achieve all that we do without the valued input and support from our 9,800 volunteers (2015: 9,800 volunteers). While the financial benefit of volunteers is not recorded in the financial statements, in 2016, it is estimated that they contributed 5.0 million hours of work to the charity (2015: 4.9 million hours). Based on data from the National Statistics Office on average UK earnings, this is equivalent to a salary cost of £67.4m (2015: £64.8m). The value of our volunteers' work does, of course, extend way beyond the financial benefit.

The growth in our income has resulted in a net operating surplus for the year of £1.7m (2015: £8.0m). The surplus will be used to fund our capital programme and other work. During 2016, the stock market experienced a good level of growth and as at year end, our investments had increased by £3.5m. In addition, we received two distributions from the administrators of KSF, totaling £0.2m. Taking these movements into account, the outturn for 2016 was £5.4m (2015: £7.8m) and the net assets recorded on our balance sheet are now £95.1m (2015: £89.7m).

Review of subsidiary's activities

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

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

The results for the year and the financial position of the Company are as shown in the financial statements at Note 20. The profit on ordinary activities before taxation for the year ended 31 December 2016 amounted to £862k (2015: £769k). Turnover in 2016, at £1,951k, represents an increase of 27% compared to the previous year (2015: £1,537k). Cost of sales in 2016 was 41% of turnover (2015: 35%). Administrative expenditure was £297k for 2016, which is an increase of 31% compared to 2015 and reflects the increased activity of the trading subsidiary. The full profit of £862k will be paid to the charity in 2017 as a Gift Aid payment.

Profit has increased due to the cumulative effect of cat adopters utilising Petplan® pet insurance. The Company receives commission every time a new policy is purchased or an existing policy is renewed. In addition, we have extended the range of new goods sold in our charity shops and reviewed the profit margins on other product lines. The increase in charity shops also means we have more outlets where new goods are sold. These changes have also contributed to the increase in income and profit in Cats Protection Enterprises Limited.

Investment management

We hold investments for two purposes. Short-term deposits are held for the charity to support its working capital requirements, ensuring day-to-day payments can be made without the need for an overdraft. Historically, Royal London managed these cash deposits on a segregated basis. However, during 2016, Royal London withdrew this service to clients with funds of less than £20m. Following consideration of alternative products by the Investment Committee, the charity's cash deposits were moved to a pooled short term fund managed by Royal London. This is a low risk fund that aims to provide a return greater than the seven-day LIBID.

We also hold a portfolio of equities, bonds, unit trusts and other investments. These investments are long-term in nature and support the structural development of the charity, such as the future funding of major property works. Funds are invested in line with our ethical policy with the aim of securing long-term growth in values without exposing the charity to undue risk. We have appointed two professional fund managers to manage the portfolio, Rathbones and Sarasin & Partners. The portfolio is allocated almost equally between them. The charity does not hold any mixed motive investments. Mixed motive investments have the joint purpose of providing a financial return while delivering directly the aims of the charity.

Ethical policy

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

The charity is aware of the Modern Slavery Act 2015 and we are reviewing our procurement processes in the light of this act. We are preparing a statement to be published on our website in line with the requirements of the legislation.

Reserves policy

The aim of Cats Protection's Reserves Policy is to ensure that the charity's ongoing and future activities are reasonably protected from unexpected variances in its income and expenditure. The Board agreed that a minimum level of unrestricted general funds of £12m is appropriate given the risks faced by the charity and the security of income from different sources. Unrestricted general funds as at 31 December 2016 were £17.2m (2015: £13.2m), which is £5.2m above the minimum required by our reserves policy. This is due to the surplus generated in 2016, £3.7m of which is attributable to gains on investments. The charity also holds three designated funds:

- the fixed assets fund sets aside an amount equal to the net book value of our fixed assets – this fund had a balance of £35.5m at 31 December 2016;
- the capital development fund exists to support the charity's 10 year capital plan, which is currently forecast to cost £35m. Capital expenditure in the year was funded by revenue surpluses generated in the year and therefore we did not utilise the capital development fund during 2016. The balance on this fund at 31 December 2016 was £34.6m and

- the revenue growth fund which was established in 2015 to support budgeted revenue expenditure in 2016 and 2017. Due to the surplus generated in 2016, we did not need to apply this fund in the year and therefore released £100k back to unrestricted general funds. The year end balance of £1.9m on this reserve is equal to the planned deficit on the Charity's approved 2017 revenue budget.

At 31 December 2016, the Charity held £5.9m (2015: £6.3m) restricted funds. These are funds that were raised or donated for a specified purpose, either for a geographic area, a particular adoption centre or to support our neutering work. These funds will be applied to their specified purpose and are not available for general use by the Charity.

Further details are set out in Note 17 to the financial statements. Given the level of reserves, it is appropriate to prepare the financial statements on the assumption that Cats Protection is a going concern.

Risk management

Trustees are required to identify and evaluate the risk that an event or events might occur that impact significantly on the charity's ability to deliver its strategic objectives. Appropriate actions are then taken to manage or mitigate each identified risk.

Each department within the charity maintains its own risk register. These are reviewed and updated regularly and help the Board to identify the top level risks across the charity. These top level risks are recorded on the Charity Risk Register. Each risk on the Charity Risk Register is linked to the strategic objective(s) on which it impacts most and is assigned a risk owner. We document the actions to address each risk and include assurances on whether those actions are having the desired impact. The Board considers

whether each top level risk faced by the charity is managed to an acceptable degree or whether further actions are needed to reduce the likelihood and/or impact of the risk happening.

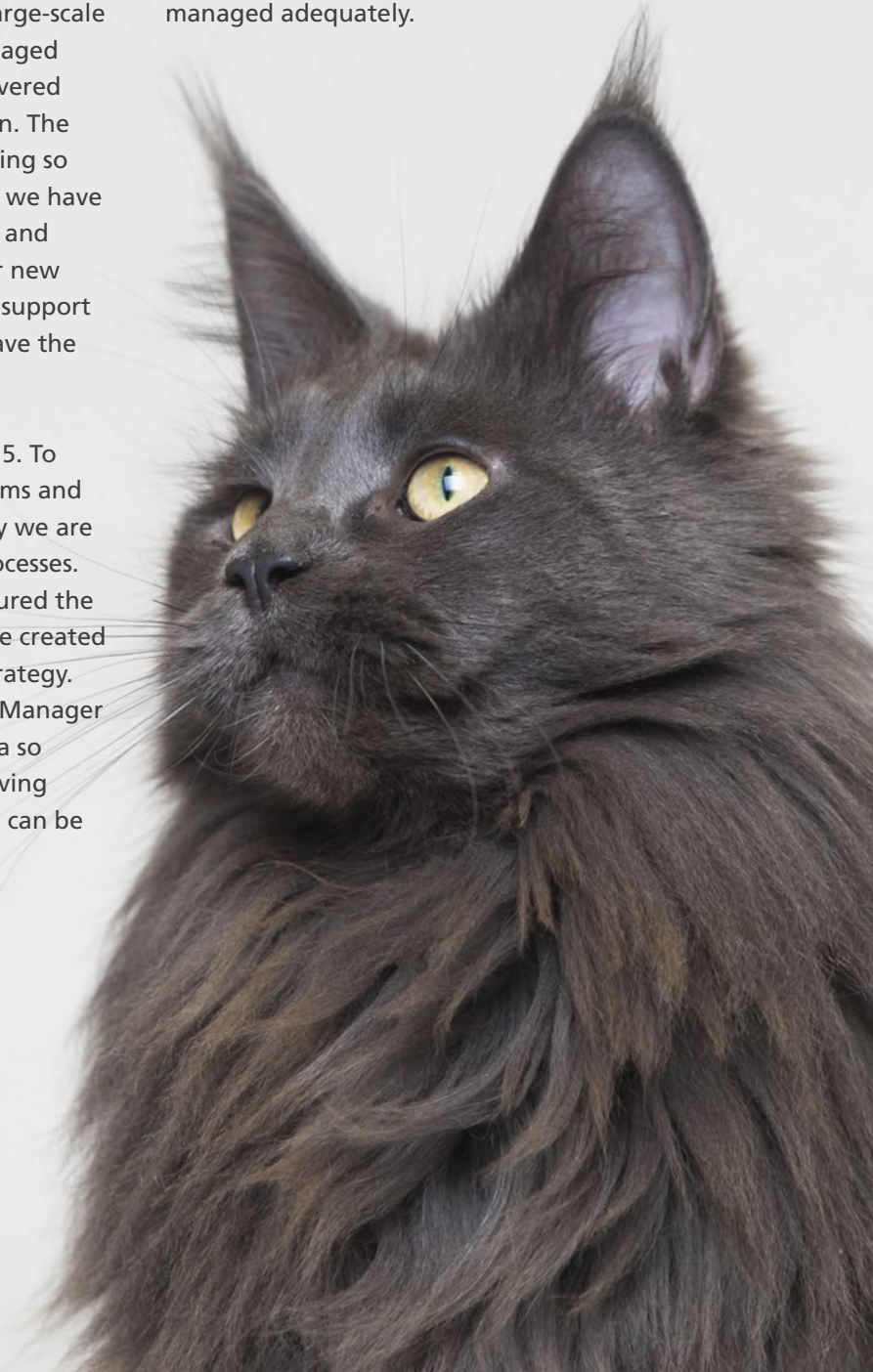
The principal risks that Cats Protection has faced in the year include the effective management of major projects, implementing the new strategy, and ensuring that we attract and retain the right number of appropriately skilled volunteers on which our work depends. These are considered in more detail overleaf.

We have an ambitious Capital Plan which will cover the building of new rehoming facilities and the major refurbishment of some of our existing adoption centres. These are large-scale projects that need to be properly managed and controlled to ensure they are delivered on time, to budget and to specification. The cost and operational impact of not doing so can be significant. To address this risk, we have recruited additional project managers and developed a standard specification for new builds. We are also strengthening our support functions and systems to ensure we have the internal capacity to support this work.

Our new strategy was launched in 2015. To ensure that we deliver our strategic aims and that the charity is operating cohesively we are seeking to strengthen our internal processes. To help support this, we have restructured the Executive Management Team and have created the post of Director of Finance and Strategy. We have also recruited a Data Insight Manager to enable us to better interrogate data so we can further understand what is driving our performance and where resources can be allocated most effectively.

Having the right number of appropriately skilled volunteers is crucial to the charity's success. The market for volunteers is competitive and societal changes are impacting on the nature of volunteering. We need to ensure we are equipped to respond to the changing needs of volunteers. As part of the Executive Management Team restructure, we have also created the post of Director of Volunteering and Corporate Services to ensure that the challenges faced are appropriately addressed.

The Board recognises that ultimately any approach to risk management can only provide reasonable, and not absolute, assurance that major risks have been identified and are being managed adequately.





Executive remuneration

In order to perform as an effective and professional charity, we need to recruit the best candidates and retain our highly skilled and motivated employees. We aim to ensure that we offer salaries that are competitive both locally and within the charitable sector. The Board determines the salary of the Chief Executive and to assist the process takes account of data provided by the National Council for Voluntary Organisations (NCVO), the Association of Chief Executives of Voluntary Organisations (ACEVO) and other organisations providing market data. The Board, taking advice from the Chief Executive, determines the salaries of other senior staff in line with the same salary policy. An over-riding factor in salary setting is always affordability under the budgets.

Scotland

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

Cats Protection undertakes between 15% and 20% of its welfare work in Scotland. The work is delivered through one staffed adoption centre, three branch volunteer-run centres, 46 branches and 13 shops, involving around 1,380 volunteers and 30 staff.

Statement of the Corporate Trustee's responsibilities in respect of the Trustee's Annual Report and the Financial Statements

Under charity law, the Trustee is responsible for preparing the Trustee's Annual Report and the financial statements for each financial year which show a true and fair view of the state of affairs of the group and the charity and of the group's excess of income over expenditure for that period. The Trustee has elected to prepare the financial statements in accordance with FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

The Trustee is required to act in accordance with the trust deed 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 them under the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005, those statements of accounts comply with the requirements of regulations under those Acts. 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.

Reference and administrative details

Legal and administrative information

Registered Charity Number:

203644 (England and Wales)
SC037711 (Scotland)

Registered address:

Chelwood Gate
Haywards Heath
RH17 7TT

Telephone: 01825 741 900

Helpline: 03000 12 12 12

Email: cp@cats.org.uk

Website: www.cats.org.uk

Trustee:

Cats Protection Trustee Limited

Directors of Cats Protection Trustee Limited (referred to internally as 'the trustees' and in this *Annual Report & Accounts* as the Board):

Ms H McCann BA (Hons)

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

Ms W Bosler BA (Hons)

Dr I Campbell (appointed September 2016)

Mr T Jones MA (Cantab), FlntF, FIDM

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

Mrs A Ryan BA (Hons)

Dr A Swarbrick ACA

Mrs J Toben MloD (resigned February 2016)

Ms L Upson DipLGD

Chairman

Deputy Chairman

Advisory Council members:

(All Directors of Cats Protection Trustee Limited are also Advisory Council members)

Mr J Barnett

Mrs N Butcher

Mr N Clements

Mrs T Cooper

Mrs G Davies

Ms D Hingley

Ms B Kubler

Mr D Manners

Mrs G McMullen

Mr M Ridgway HNC, IEE, BIFM

Mrs L Robinson

Mrs J Rouse

Mr B Till

Investment Committee:

Mrs A Ryan BA (Hons) (Chair)

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

Mr T Jones MA (Cantab), FlntF, FIDM

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

Mr L Jones OBE (advisor) (to February 2016)

Mr S Kumar LLB (Hons), MCSI (advisor)

Ms G Woodward (advisor)

Audit Committee:

Ms W Bosler BA (Hons) (Chair)

Dr A Swarbrick ACA

Ms L Upson DipLGD

Mr B Carslake (to April 2016)

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

Mr A Rummins MSc, FIIA, MIIA (advisor)

Chief Executive and Executive Management Team

Chief Executive

Mr P Hepburn BSc, FCCA, FRSA

Executive Management Team

- Mr L Coghlin BA (Hons), MinstF(Dip); Director of Fundraising
- Mr N Edmans BA (Hons), CPE (Law); Director of Communications
- Mrs H Jacobs MSc, FCMA, ACIS, BSc; Director of Central Services (to June 2016)
- Mr D Newall; Director of Operations (to April 2016)
- Dr M Roberts BVM&S, MRCVS; Director of Veterinary Services
- Mrs J Scarfield BA(Hons), CPFA; Director of Finance and Strategy (from November 2016)
- Mr D Sullivan LLB (Hons); Director of Legal Services
- Mr M Beazley; Director of Operations (from January 2017)
- Ms S Field BA(Hons); Director of Volunteering and Corporate Services (from February 2017)

External auditor:

KPMG LLP
15 Canada Square
London
E14 5GL

Internal auditor (out-going):

haysmacintyre
Fairfax House
15 Fulwood Place
London
WC1 6AY

Internal auditor (incoming):

Sayer Vincent
Invicta House
108-114 Golden Lane
London
EC1Y 0TL

Bankers:

Barclays Bank Plc
2 Carfax
Horsham
West Sussex
RH12 1DN

Insurance broker:

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

Investment managers:

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

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

Royal London Asset
Management
55 Gracechurch Street
London
EC3V 0UF





Disclosure of information to auditor

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

Auditor

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

Thank you.

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

6 April 2017

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 2016 set out on pages 43 to 61. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 37 the Trustee is responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charity's affairs as at 31 December 2016 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; or
- we have not received all the information and explanations we require for our audit.

Ian Pennington
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square, London E14 5GL
10 April 2017

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities (SOFA)

Year ended 31 December 2016

(Full prior year comparatives are set out in Note 2)

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Income					
Legacies	4	24,202	1,927	26,129	30,529
Donations	5	15,146	67	15,213	13,434
Income from charitable activities:					
– Rehoming fees		1,876	-	1,876	2,199
Income from other trading activities:					
– Shops	6	5,135	-	5,135	3,747
– Fundraising events		3,833	-	3,833	3,196
– Commercial trading operations		1,951	-	1,951	1,537
Investment income	7	1,292	-	1,292	1,117
Other income	8	94	23	117	103
Total income		53,529	2,017	55,546	55,862
Expenditure					
Costs of raising funds:					
– Seeking donations and legacies	9	8,594	-	8,594	10,292
– Shops	9	5,147	-	5,147	3,755
– Fundraising events	9	3,949	-	3,949	2,990
– Commercial trading operations	9	1,076	-	1,076	758
– Investment management	9	207	-	207	203
Costs of charitable activities:					
– Rehoming	9	23,302	2,408	25,710	22,158
– Neutering	9	5,620	15	5,635	5,022
– Education and information	9	3,512	-	3,512	2,672
Total expenditure		51,407	2,423	53,830	47,850
Net income/(expenditure) before gains/(losses) on investments					
		2,122	(406)	1,716	8,012
Gains/(losses) on investments		3,720	-	3,720	(244)
Net movement in funds		5,842	(406)	5,436	7,768
Reconciliation of funds					
Total funds brought forward at 1 January					
		83,326	6,347	89,673	81,905
Total funds carried forward at 31 December					
		89,168	5,941	95,109	89,673

All of the above results relate to continuing activities. The consolidated SOFA includes all gains and losses recognised in the year. This incorporates the income and expenditure account. The results of the Charity only are set out in Note 3 and the results of the Subsidiary only are set out in Note 20.

The notes on pages 46 to 61 form part of these accounts.

Consolidated balance sheet

As at 31 December 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	12	35,504	33,477
Investments	13	50,707	46,139
Total fixed assets		86,211	79,616
Current assets			
Stocks		11	5
Debtors	14	3,978	3,900
Short term deposits		2,761	4,500
Cash at bank and in hand		5,790	5,694
Total current assets		12,540	14,099
Liabilities			
Creditors: amounts falling due in one year	15	(3,642)	(3,942)
Provisions for liabilities	16	-	(100)
Net current assets		8,898	10,057
Total net assets		95,109	89,673
Funds			
Unrestricted funds:			
– General funds	17	17,164	13,249
– Designated funds	17	72,004	70,077
Restricted funds	17	5,941	6,347
Total funds		95,109	89,673

The results of the Charity only are set out in Note 3 and the results of the Subsidiary only are set out in Note 20.

The notes on pages 46 to 61 form part of these accounts.

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

Ms H McCann

Chairman of Cats Protection Trustee Limited

6 April 2017

Consolidated cash flow statement

Year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Cash flows operating activities			
Net cash provided by operating activities	a	<u>2,390</u>	<u>7,556</u>
Cash flows from investing activities			
Dividends, interest and rents from investments		1,292	1,117
Proceeds from the sale of property, plant and equipment		33	5
Purchase of property, plant and equipment		(4,510)	(5,041)
Proceeds from sale of investments		11,368	13,412
Purchase of investments		(12,216)	(13,775)
Net cash used in investing activities		<u>(4,033)</u>	<u>(4,282)</u>
Change in cash and cash equivalents in the year	b	<u>(1,643)</u>	<u>3,274</u>
Cash and cash equivalents at 1 January		<u>10,194</u>	<u>6,920</u>
Cash and cash equivalents at 31 December		<u>8,551</u>	<u>10,194</u>
a) Reconciliation of net income to net cash flow from operating activities			
Net movement in funds for the reporting period		5,436	7,768
Adjustments for:			
Depreciation charges		1,995	1,534
(Gains)/losses on investments		(3,720)	244
Dividends, interest and rents from investments		(1,292)	(1,117)
Loss/(profit) on the sale and write-off of fixed assets		455	(69)
(Increase)/decrease in stocks		(6)	13
(Increase)/decrease in debtors		(78)	(203)
Increase/(decrease) in creditors		(300)	(442)
Increase/(decrease) in provisions		(100)	(172)
Net cash provided by operating activities		<u>2,390</u>	<u>7,556</u>
b) Analysis of cash and cash equivalents			
Cash in hand		5,790	5,694
Notice deposits (less than three months)		2,761	4,500
Total cash and cash equivalents		<u>8,551</u>	<u>10,194</u>

The notes on pages 46 to 61 form part of these accounts.

1. Accounting policies

A. Basis of preparation

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the Charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland published on 16 July 2014 and applicable updates. Cats Protection meets the definition of a public benefit entity under Financial Reporting Standard (FRS) 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements have also been prepared on the basis that the Group remains a going concern.

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

B. Consolidation

These Group Accounts consolidate the accounts of Cats Protection (the Charity) and its subsidiary undertaking, Cats Protection Enterprises Limited, on a line by line basis. The detailed results for the subsidiary are provided in Note 20.

C. Fund accounting

The Charity maintains various types of funds as follows:

- general funds are unrestricted funds which are available for use at the discretion of the Trustee in furtherance of the Charity's objectives and which have not been designated for other purposes
- designated funds are funds that have been set aside by the Trustee for particular purposes. The aim and use of each designated fund is set out in Note 17
- restricted funds represent funds which are to be used in accordance with specific restrictions imposed by the donor or which have been raised for particular purposes. The aim and use of each restricted fund is set out in Note 17

The cost of raising and administering such funds are charged against the specific funds. Transfers between funds are shown where funds have been allocated by the Trustee for specific purposes.

D. Income

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

- legacy income is recognised in the SOFA when the receipt is considered probable and amounts receivable can be measured with sufficient reliability. Income from pecuniary interests is recognised when probate has been granted and we have been advised of the amount stipulated in the Will. Income from residuary interests is recognised when probate has been granted and we have received the approved accounts of the estate. The Charity is the residuary beneficiary of several properties without current vacant possession and for these premises a sale value cannot be accurately determined and as such, these legacies are not recorded in the SOFA
- adoption fees are recognised upon receipt and are included under Charity Trading
- subscription, including lifetime subscriptions, and donation income are recognised when received. No amounts are included in the financial statements for services or time donated by volunteers. Gift Aid on donations is accounted for on an accruals basis
- no account is taken of monies or other assets in the hands of volunteer helpers until such monies are banked or other assets are received
- investment income is accounted for when receivable
- the income from goods donated for sale in our Charity shops is recognised at the point of sale as it is not currently practicable to recognise their value at point of receipt

E. Expenditure

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.

- Costs of raising funds are those costs incurred in generating income for the Charity. It includes investment management charges and the costs associated with the trading company, Cats Protection Enterprises Limited
- Charitable activities are all costs incurred in meeting the core objectives of the Charity

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

Support costs are allocated on the basis of the number of staff and volunteers engaged in the respective charitable and fundraising activities. As we are primarily a volunteer-based organisation with a significant proportion of our activity delivered by volunteers, this method of allocating support costs provides a reasonable assessment of the use of the Charity's support infrastructure.

F. Tangible fixed assets, depreciation and impairment

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

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

- freehold property is depreciated over 40 years
- cat pens and adoption centre equipment is depreciated over 10 years
- fixtures, fittings, IT and office equipment, IT software and motor vehicles are depreciated over four years, with the exception of shop fit out costs which are depreciated over four or five years depending on the length of the shop lease

Freehold land, investment properties and assets under the course of construction are not depreciated. The Charity does not hold any properties under a finance lease.

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

G. Investments

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year. Gains and losses on the disposal of investment assets are calculated as the difference between historical and market values. Investments intended to be held for a period of more than one year are disclosed as a fixed asset on the Balance Sheet. Investments that are expected to be drawn down and utilised within the year are disclosed as a short term deposit on the Balance Sheet.

H. Stocks

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

Notes to the consolidated financial statements continued

I. Debtors

Debtors are included in the Balance Sheet at the amount due/invoiced less any bad debt provision.

J. Pension costs

The Charity operates a defined contribution pension scheme. The assets of the scheme are held in a separately administered fund. The amount charged to the SOFA represents the employer's contribution payable to the scheme in respect of the accounting period.

K. Finance and operating leases

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

L. Taxation

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

M. Creditors

Creditors are recognised when goods or services have been delivered or provided prior to the financial year end but the invoice has not yet been received or paid. Creditors are measured on the basis of either the invoice or order value.

N. Provisions

A provision exists when the Charity has a liability, but the amount and/or timing of the settlement is uncertain. During the year, we reviewed the provision that existed for neutering vouchers that had passed their expiry date but had not yet been redeemed. The review found that the provision was no longer required and the remaining balance was released back to the SOFA in the year. The Charity held no other provisions at 31 December 2016.

2. Prior year comparatives for the SOFA

	2015 comparatives		
	Unrestricted	Restricted	Total
	funds £'000	funds £'000	
Income			
Legacies	28,549	1,980	30,529
Donations	13,434	-	13,434
Income from charitable activities:			
- Rehoming fees	2,199	-	2,199
Income from other trading activities:			
- Shops	3,747	-	3,747
- Fundraising events	3,196	-	3,196
- Commercial trading operations	1,537	-	1,537
Investment income	1,117	-	1,117
Other income	103	-	103
Total income	53,882	1,980	55,862
Expenditure			
Costs of raising funds:			
- Seeking donations and legacies	10,292	-	10,292
- Shops	3,755	-	3,755
- Fundraising events	2,990	-	2,990
- Commercial trading operations	758	-	758
- Investment management	203	-	203
Costs of charitable activities:			
- Rehoming	20,544	1,614	22,158
- Neutering	5,022	-	5,022
- Education and information	2,672	-	2,672
Total expenditure	46,236	1,614	47,850
Net income before (losses) on investments	7,646	366	8,012
(Losses) on investments	(244)	-	(244)
Net movement in funds	7,402	366	7,768
Reconciliation of funds			
Total funds brought forward at 1 January 2015	75,924	5,981	81,905
Total funds carried forward at 31 December 2015	83,326	6,347	89,673

3. Summary financial performance of the Charity only

	2016 £'000	2015 £'000
Income and expenditure		
Income	54,378	54,875
Expenditure	(52,754)	(47,038)
Net operating income	1,624	7,837
Gains/(losses) on investments	3,720	(244)
Net income	5,344	7,593
Total funds brought forward	88,904	81,311
Total funds carried forward	94,248	88,904
Balance sheet		
Fixed assets	86,211	79,616
Current assets:		
Debtors	4,086	4,018
Short term deposits	2,761	4,500
Cash	5,388	5,086
Creditors: amounts falling due within one year	(4,198)	(4,216)
Provisions for liabilities and charges	-	(100)
Net current assets	8,037	9,288
Net assets	94,248	88,904
Funded by:		
Restricted funds	5,941	6,347
Unrestricted funds	88,307	82,557
Total funds	94,248	88,904

4. Contingent legacy income

In addition to the legacy income recognised in the SOFA, the Charity had been notified of 373 residuary legacies (2015: 349 residuary legacies) with a total estimated value of £15,196k (2015: £12,762k). These legacies do not satisfy the criteria relating to probability and/or reliable estimate required by our accounting policy to recognise the income during the year. They are therefore disclosed here as a contingent asset.

5. Donations

	Unrestricted funds £'000s	Restricted funds £'000s	2016 £'000	2015 £'000
Donations	14,592	67	14,659	12,842
Subscriptions	554	-	554	592
Total	15,146	67	15,213	13,434

Subscriptions include the membership fees paid to Cats Protection and our local branches. All Donations income in 2015 was unrestricted.

6. Shop income

Shop income includes income from the sale of donated goods and Gift Aid claimable in respect of the sale of donated goods under the Retail Gift Aid scheme. Donations totaling £134k were received in our shops and these are included in the Donations line of the SOFA. Our shops also sold £377k of new goods and this income is processed through Cats Protection Enterprises Ltd. Prior year comparatives are not available as the new till system that records the breakdown of income was only in place for the full year in 2016.

7. Investment income

	2016 £'000	2015 £'000
Income from listed investments	1,233	1,051
Bank and other interest	59	66
Total	1,292	1,117

8. Other income

	2016 £'000	2015 £'000
Surplus on disposal of tangible fixed assets	19	5
Rental income	63	44
Restricted grant income to support neutering work	23	-
Miscellaneous income	12	54
Total	117	103

The income set out in Notes 7 and 8 is unrestricted unless otherwise stated.

9. Analysis of expenditure

	2016 £'000			2015 £'000		
	Direct costs	Allocated support costs	Total	Direct costs	Allocated support costs	Total
Costs of raising funds						
Seeking donations and legacies	8,383	211	8,594	10,131	161	10,292
Shops	3,994	1,153	5,147	2,943	812	3,755
Fundraising events	3,694	255	3,949	2,781	209	2,990
Commercial trading operations	1,076	-	1,076	758	-	758
Investment management	207	-	207	203	-	203
Total cost of raising funds	17,354	1,619	18,973	16,816	1,182	17,998
Costs of charitable activities (unrestricted)						
Rehoming	18,951	4,351	23,302	16,928	3,616	20,544
Neutering	5,333	287	5,620	4,811	211	5,022
Education and information	3,137	375	3,512	2,396	276	2,672
Total charitable expenditure (unrestricted)	27,421	5,013	32,434	24,135	4,103	28,238
Charitable expenditure (restricted)						
Rehoming	2,408	-	2,408	1,614	-	1,614
Neutering	15	-	15	-	-	-
Total charitable expenditure (restricted)	2,423	-	2,423	1,614	-	1,614
Total expenditure	47,198	6,632	53,830	42,565	5,285	47,850

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

2016 £'000						
	People costs	Corporate resources	IT	Facilities	Governance	Total indirect costs
Seeking donations and legacies	57	72	56	21	5	211
Shops	313	394	304	113	29	1,153
Fundraising events	69	87	67	25	7	255
Rehoming	1,180	1,486	1,148	426	111	4,351
Neutering	78	98	76	28	7	287
Education and information	101	128	99	37	10	375
Total	1,798	2,265	1,750	650	169	6,632

2015 £'000						
	People costs	Corporate resources	IT	Facilities	Governance	Total indirect costs
Seeking donations and legacies	37	62	43	17	2	161
Shops	185	315	216	84	12	812
Fundraising events	48	80	56	22	3	209
Rehoming	826	1,399	964	376	51	3,616
Neutering	48	82	56	22	3	211
Education and information	63	106	74	29	4	276
Total	1,207	2,044	1,409	550	75	5,285

Indirect support costs are allocated on the basis of staff and volunteer numbers. People costs include the cost of supporting and developing volunteers and staff as well as the cost of the People Department. Corporate resources includes Finance, Procurement and Legal.

10. Additional analysis of expenditure

	2016 £'000	2015 £'000
Auditor's remuneration – statutory audit of Group accounts	30	30
Auditor's remuneration – statutory audit of subsidiary accounts	6	6
Auditor's remuneration – assurance, tax or other financial services	-	-
Depreciation of tangible fixed assets	1,995	1,534
Operating lease rentals	1,058	871

11. Staff costs

Employment costs

	2016 £'000	2015 £'000
Wages and salaries	14,360	11,823
Social security costs	1,279	1,043
Employer's contribution to the defined contribution pension scheme	426	344
Employee benefits – private medical insurance	60	78
Agency staff	160	133
Total	16,285	13,421

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.

In 2016, the Charity paid a total of £85,600 (2015: £37,000) in redundancy and termination payments in respect of eight employees (2015: three employees). The payments were in the form of cash. All redundancy and termination payments are recognised as an expense in the year in which they occur, none are capitalised. A balance of £3,000 was outstanding in respect of these payments at year end (2015: £nil) and this was paid in January 2017.

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

	2016 Average	2015 Average	2016 FTE	2016 FTE
Generating funds	225	173	180	134
Charitable activities	453	423	360	341
Total	678	596	540	475

Staff not directly engaged in generating funds or charitable activities have been allocated pro rata across these two categories on the basis of staff numbers. The increase in staff engaged in generating funds is mainly due to the increase in the number of charity shops. The above figures exclude staff who are employed and paid via an employment agency.

Employee emoluments

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

	2016 Number	2015 Number
£60,001 - £70,000	6	8
£70,001 - £80,000	2	1
£80,001 - £90,000	3	4
£90,001 - £100,000	0	0
£100,001 - £110,000	0	0
£110,001 - £120,000	0	1
£120,001 - £130,000	1	0

Emoluments include salary and allowances, benefits in kind (company car and medical insurance) and exit costs. All 12 of the higher paid staff are members of defined contribution schemes (2015:14) and in 2016 the Charity paid £42,981 (2015: £53,246) to the scheme on their behalf. These costs are excluded when calculating emoluments. No pension contributions were accrued at year end. The total amount of employee salary and benefits, including employer's pension contributions, received by key management personnel (defined internally as the Chief Executive and members of the Executive Management Team as set out on page 39) during 2016 was £613,101 (2015: £621,095).

Trustee expenses

Travel and subsistence expenses amounting to £13,091 (2015: £6,619) were reimbursed directly to seven Directors of Cats Protection Trustee Ltd (2015: four Directors). A further £1,380 of payments (2015: £2,710) were paid directly to suppliers for travel and overnight hotel accommodation in respect of two Directors (2015: seven Directors). This reflects the fact that Cats Protection is a UK-wide charity and so the Directors of Cats Protection Trustee Ltd sometimes need to travel long distances to branches, adoption centres and the National Cat Centre at Chelwood Gate, Sussex. Three Directors of Cats Protection Trustee Ltd did not claim for reimbursable expenses in 2016 (2015: five) and eight Directors (2015: two Directors) had no payments made directly to suppliers on their behalf. None of the Directors has been paid any remuneration or received other benefits from an employment with the Charity or a related entity (2015: none). No payments were made directly to suppliers for other expenditure on behalf of Directors (2015: one payment of £278 made for one Director to attend a charity conference).

12. Tangible assets

	Freehold land and buildings £'000	Assets under the course of construction £'000	Pens and adoption centre equipment £'000	Fixtures, fittings and office equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2016	37,311	3,410	5,153	3,354	3,589	52,817
Additions	1,683	583	590	1,066	588	4,510
Transfers	2,734	(2,895)	9	152	-	-
Disposals and write-offs	(5)	(481)	-	-	(181)	(667)
At 31 December 2016	41,723	617	5,752	4,572	3,996	56,660
Depreciation						
At 1 January 2016	11,326	-	3,296	1,926	2,792	19,340
Charge for the year	843	-	221	497	434	1,995
Disposals	-	-	-	-	(179)	(179)
At 31 December 2016	12,169	-	3,517	2,423	3,047	21,156
Net book value						
At 31 December 2016	29,554	617	2,235	2,149	949	35,504
At 31 December 2015	25,985	3,410	1,857	1,428	797	33,477

Freehold land and buildings includes freehold land with a value of £3,054k (2015: £3,001k) that is not depreciated. All assets are held for charitable purposes.

13. Fixed asset investments

	2016 £'000	2015 £'000
Market value at 1 January	46,139	46,020
Additions	12,216	13,775
Disposals	(11,368)	(13,412)
Net gain on revaluation	3,520	(244)
Proceeds from administration	200	-
Market value at 31 December	<u>50,707</u>	<u>46,139</u>
Historical cost at 31 December	<u>44,344</u>	<u>43,008</u>

In the 2008, KSF was placed in administration. Our financial statements for 2008 included a provision of £9.1m for 80% of the cash we had deposited at KSF. This represented the balance of funds not included in the first distribution by the bank's administrators. We have continued to receive further distributions from the administrators and as at 31 December 2016, these distributions totalled £7.3m. Taking into account the first distribution, we have now received 84.25 pence in £1. Two distributions totalling £0.2m were received in 2016 (2015: no distributions). The administrators forecast that up to 86.5 pence in £1 will be distributed in total over the course of the administration.

Analysis of investments held at 31 December

	2016 £'000	2015 £'000
Represented by:		
Fixed interest securities	6,072	5,660
UK Equities (excluding investment trusts)	14,750	13,611
Overseas investments and unit trusts	15,148	12,852
Property funds	1,626	1,569
Alternatives	3,250	2,391
Cash and cash equivalents	8,871	10,056
Investment property	990	-
	<u>50,707</u>	<u>46,139</u>

As at 31 December 2016, the Charity held no investments which were in excess of 5% 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:

	2016 £'000	2015 £'000
Cats Protection Enterprises Ltd	2	2
CP (Nominees) Ltd	-	100

14. Debtors: amounts falling due within one year

	2016 £'000	2015 £'000
Prepayments and accrued income	3,930	3,841
Other debtors	48	59
	<u>3,978</u>	<u>3,900</u>

15. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	1,879	1,554
Taxation and social security	471	581
Accruals	856	1,092
Other creditors	436	715
	<u>3,642</u>	<u>3,942</u>

16. Provisions for liabilities and charges

	2016 £'000	2015 £'000
At 1 January	100	272
Utilised during the year	-	(84)
Released unused	(100)	(88)
At 31 December	<u>-</u>	<u>100</u>

This provision related to neutering vouchers that had been issued but not yet redeemed. Following a review of this provision, it was found that it was no longer required and the balance has been released back to the SOFA in 2016.

17. Statement of funds

	Balance at 1 January 2016 £'000	Income £'000	Expenditure £'000	Investment gains/ (losses) £'000	Transfers £'000	Balance at 31 December 2016 £'000
Unrestricted funds						
General funds	13,249	53,529	(51,407)	3,720	(1,927)	17,164
Designated funds						
Fixed assets	33,477	-	-	-	2,027	35,504
Capital development fund	34,600	-	-	-	-	34,600
Revenue growth fund	2,000	-	-	-	(100)	1,900
Total unrestricted funds	83,326	53,529	(51,407)	3,720	-	89,168
Restricted funds						
By area	5,235	1,553	(1,931)	-	-	4,857
By adoption centre	1,112	439	(477)	-	-	1,074
Neutering	-	25	(15)	-	-	10
Total restricted funds	6,347	2,017	(2,423)	-	-	5,941
Total funds	89,673	55,546	(53,830)	3,720	-	95,109

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

The purpose of each designated fund is:

- fixed assets – this represents the net book value of fixed assets in use by the Charity
- capital development fund – this fund has been established to meet the cost of the Charity's 10 year capital plan. The funds will be applied to building new adoption centres and fitting out new charity shops, as well as refurbishing our existing sites
- revenue growth fund – this fund was created to support to new and expanding activities across the Charity in 2016 and 2017 that cannot be funded from the income we expect to generate in those years. In 2016, we generated sufficient funds to cover all our activities. However, it is planned that £1.9m will be needed to support new and expanding activities in 2017. The balance of £100k has therefore been released back into the General Fund

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.

18. Analysis of net assets between funds

	General funds £'000	Designated funds £'000	Restricted funds £'000	2016 Total £'000	2015 Total £'000
Balance at 1 January 2016	13,249	70,077	6,347	89,673	81,905
Net movement in funds	3,915	1,927	(406)	5,436	7,768
Balance at 31 December 2016	17,164	72,004	5,941	95,109	89,673
Represented by:					
Tangible fixed assets	-	35,504	-	35,504	33,477
Investments	8,266	36,500	5,941	50,707	46,139
Net current assets	8,898	-	-	8,898	10,057
Total net assets	17,164	72,004	5,941	95,109	89,673

19. Operating lease commitments

At 31 December 2016, the Group was committed to making the following payments under operating leases:

	2016 £'000	2015 £'000
Within one year	1,046	817
Within two or five years	2,026	1,706
Over five years	1	158
	3,073	2,681

20. Subsidiary

At 31 December 2016, the Charity held 100% of the issued share capital of the following company, which is registered in England:

	Issued share capital £2
Cats Protection Enterprises Limited Trading subsidiary	

The results of the subsidiary have been fully consolidated into the results of the Group.

Cats Protection Enterprises Limited Profit and Loss Account

	2016 £'000	2015 £'000
Turnover	1,951	1,537
Cost of sales	(792)	(541)
Gross profit	1,159	996
Administrative expenditure	(297)	(227)
Profit on ordinary activities before taxation	862	769
Taxation on current year profits	(172)	(154)
Profit on ordinary activities after taxation for the year	690	615
<i>Changes in equity:</i>		
Equity brought forward	615	476
Profit for the year	690	615
Gift Aid Payment	(1,631)	(595)
Current tax credit	326	119
Equity carried forward	-	615

All profits are paid to Cats Protection charity via a Gift Aid distribution and a corresponding tax credit is recorded at the point of distribution as no payment of Corporation Tax is due to HMRC.

Cats Protection Enterprises Limited Balance Sheet

	31 December 2016 £'000	31 December 2015 £'000
Current assets:		
Stock	11	5
Debtors	837	486
Cash at bank and in hand	403	608
	1,251	1,099
Creditors: amounts falling due within one year	(1,041)	(274)
Net current assets	210	825
Creditors: amounts falling due after one year	(210)	(210)
Net assets	-	615
Funded by:		
Called up share capital	-	-
Retained earnings	-	615

The Charity has provided a long-term loan of £210k (2015: £210k) to Cats Protection Enterprises Limited to provide working capital. The loan is secured by a debenture covering all the Company's assets and is repayable on demand. Interest is payable on the loan at a rate of 1% over Barclays Bank PLC base lending rate.

The profits for the year, amounting to £862k (2015: £769k) will be donated to the Charity under Gift Aid as a distribution from Cats Protection Enterprises Limited in 2017.

21. Capital commitments

At 31 December 2016, the Charity had two contracts where a significant capital commitment existed (over £100k in value). The balances outstanding on these contracts are:

	2016 £'000
Tyneside Adoption Centre new build	300
Wrexham Adoption Centre new build	129
	<hr/> 429 <hr/>

22. Related parties

During the year, the following payments were made by Cats Protection Enterprises Ltd to Cats Protection:

- £769,590 distribution of the previous year's profits (2015: £594,719)
- £10,000 licence fees (2015: £9,600)
- £3,000 loan interest (2015: £3,045)
- £269,732 recharges to reflect use of Cats Protection's support functions (2015: £200,390)

As at the Balance Sheet date, a total of £735,086 was owing from Cats Protection to Cats Protection Enterprises Ltd (2015: £393,328) for income collected through the Charity on behalf of Cats Protection Enterprises Ltd and a total of £210,000 (2015: £210,000) was owing from Cats Protection Enterprises Ltd to Cats Protection in respect of a loan from the Charity.

The Charity has controls in place to ensure that Directors of the Corporate Trustee cannot participate in any decisions where they may have a vested interest. Other than the transactions disclosed in Notes 11 and 20, there were no transactions with related parties during 2016 (2015: none).

In 2016, the Directors of the Corporate Trustee made personal donations totalling £624 to the Charity (2015: £851).

Annual Report & Accounts 2016

Our network

- Over 250 volunteer-run branches
- 34 centres
- 110 shops
- 9,800 volunteers

Support us

There are lots of ways you can help us, from adopting a cat to making a donation, leaving a legacy or following us on Facebook. For more information on how to help, see our website www.cats.org.uk/get-involved

Contact us by phoning our National Information Line on 03000 12 12 12, or email helpline@cats.org.uk.

You can also visit www.cats.org.uk or write to us at:
Cats Protection, National Cat Centre, Chelwood Gate,
Haywards Heath, Sussex, RH17 7TT.

Thank you, on behalf of the cats!

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



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