

**RSPCA NORTHUMBERLAND WEST BRANCH
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

RSPCA NORTHUMBERLAND WEST BRANCH

LEGAL AND ADMINISTRATIVE INFORMATION

| | | |
|-----------------------------|--|---|
| Trustees | J Ormiston - Chairman R Duggan S Hogarth A Wakelam S Watkins J Ball B Hodgson | (Appointed 5 December 2019) (Appointed 20 June 2019) |
| Charity number | 232241 | |
| Principal address | 4 Newman Row Battle Hill Hexham Northumberland NE46 1BB | |
| Independent examiner | Anthony Dunn Stokoe Rodger LLP St Matthews House Haugh Lane Hexham NE46 3PU | |
| Bankers | Barclays Bank Plc Priestpopple Hexham Northumberland NE46 1PE | |
| Investment advisors | St James's Place Wealth Management One Trinity Gardens Broad Chare Newcastle upon Tyne NE1 2HF | |

RSPCA NORTHUMBERLAND WEST BRANCH

CONTENTS

| | Page |
|-----------------------------------|-------------|
| Trustees' report | 1 - 6 |
| Independent examiner's report | 7 |
| Statement of financial activities | 8 |
| Balance sheet | 9 |
| Notes to the financial statements | 10 - 18 |

RSPCA NORTHUMBERLAND WEST BRANCH

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The trustees present their report and financial statements for the year ended 31 December 2019.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's [governing document], the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

Objectives and activities

The objects of the branch are to promote the work and objects of the National Society of the RSPCA – to promote kindness or to suppress cruelty to animals by all lawful means – with particular reference to the area of the Branch, in accordance with the policies of the Society.

The key aim is to find suitable new homes for as many animals as possible, and to provide proper care for those who have been mistreated or abandoned.

The Trustees have reviewed the outcomes and achievements of the Branch's objectives and activities for the year to ensure they remain focussed on the charity's aims and continue to deliver benefits to the public. The Trustees have complied with the duty under the Charities Act 1993 to have due regard to public benefit guidance published by the Charity Commission which can be illustrated as follows:

- The Branch supports the local Inspectors by taking in, free of charge, mistreated or abandoned animals including pets whose owners suffer ill health or financial difficulties or pass away.
- The Branch provides education, information and advice, benefiting the public by promoting compassionate human sentiments towards animals.
- The Branch provides subsidised veterinary treatment for animals which are sick or injured and belong to local people on low incomes. This is achieved through a voucher scheme. During 2019 six welfare vouchers were issued to the public with a value of £300 thus benefiting those on means tested benefits by giving financial help to obtain veterinary care for companion animals.
- The Branch offers subsidised neutering and micro-chipping of companion animals for owners on low incomes. This helps to control dog and cat populations and promotes responsible pet ownership. Animals in the care of the Branch receive veterinary treatment, vaccination, neutering, and micro-chipping and are assessed for rehoming.
- Free animal care advice is offered to pet owners, and talks are given by invitation to local groups about caring for pets. These activities benefit the public through the promotion of responsible pet ownership.
- RSPCA Northumberland West Branch provides volunteering opportunities for those who wish to support our work including trusteeship, homechecking, fundraising and retail work and some animal care via fostering. This benefits local people, by providing the possibility of doing work which is compassionate and rewarding.

The main activities to achieve this are the operation of an animal re-homing programme and the management and oversight of three charity shops. Our force of volunteers provides invaluable support. We estimate that our volunteers contributed some 7,500 hours of their free time during 2019.

RSPCA NORTHUMBERLAND WEST BRANCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Achievements and performance

The Trustees are very aware that our three shops are our main source of income and it was felt that following the updating of our shop in Rothbury in 2018 it was the turn of the Hexham and Prudhoe shops.

In January a group of volunteers, staff and Trustees turned their attention to the Prudhoe shop and the shop was painted, old fittings replaced, the layout refreshed and the shop transformed. Two new members of staff also joined the team and although all this work probably seemed daunting they could see what could be achieved by a small but dedicated group in a short period of time. Once re-opened the shop has seen takings increase year on year and despite the arrival of another charity shop in the town – donations continue to flood into the shop. We are extremely grateful to be so well supported by the town of Prudhoe.

In February, at our Hexham shop, a similar exercise was undertaken and the shop was painted, re-organised and a new carpet purchased. Yet again all the work was undertaken by volunteers, staff and Trustees so that costs were kept to a minimum. At the end of 2018 Sarah had become one of the new deputy managers at Hexham and Pauline was planning to retire. Pauline subsequently decided she was not ready for full retirement but did cut her hours so Ben, a volunteer of many years, seamlessly switched rolls and became a third deputy manager. Together they bring a raft of different experiences, ideas and ways of working.

We were sorry to say goodbye to two of our longest serving volunteers. Val (at the Hexham shop) and Dennis (at the Prudhoe shop) had volunteered at the respective shops since they opened. The Trustees are extremely grateful for all the hours they spent working in the shops and supporting our work.

We continue to support the Inspectorate by accepting as many animals as possible from them. We are fortunate that the private boarding kennels are so flexible and willing to help us with our work. They always manage to find space for an animal desperate for a new start in life and we recognise that their adaptability and desire to support our work makes a huge difference to us.

In 2019 we rehomed 89 dogs, 101 cats, 44 rabbits and 46 other animals. A total of 280 animals. This meant that we were fourth in the RSPCA north region excluding those branches with animal centres and 20th and if we include the centres. For a small rural branch we are extremely proud of this achievement and hope that we can maintain this level of success in 2020.

Our Branch line is manned seven days a week and email enquiries responded to outside of working hours. We feel that this gives us the best chance of rehoming our animals and assists our rehoming officer. This in turn positively projects the caring and approachable ethos of the Branch.

The shops hold fund raising events throughout the year. Some within the shop such as raffles and tombolas and Prudhoe shop runs a coffee morning twice a year in one of the public buildings in the town. This has proved to be a popular event and is well supported by volunteers and also members of the public who would not normally shop with us.

Our annual Dog show is our biggest fundraiser for the Branch. We are always delighted to welcome back old friends who are now in much happier circumstances than when they initially came to us. We are well supported by Canny Canines who always open the show with a presentation of dog movement to music. We offer the opportunity to another animal charity to have a stall at the show free of charge.

We have had a major expense this year when our van started to break down regularly and eventually was off the road for a prolonged period of time. We felt that we had to invest in a new van as we need transport to take our animals from the kennels to the vets, usually locally, but sometimes further afield if specialist treatment is required. We were very fortunate to have received a legacy at the beginning of the year and therefore were able to buy the van. We anticipate that it will last us ten years.

As a Branch we rely upon the goodwill of so many people. Our volunteers who work in the shops, home checkers, Sarah who takes the wonderful photographs to advertise our animals, the judges at the dog show, the staff at the vets who go that extra mile, everyone at the kennels who provide a safe haven, families of the bereaved who donate a collection to us, people who remember us in their wills and our adopters. Without such generosity we would not be able to provide the help to animals that we aspire to.

RSPCA NORTHUMBERLAND WEST BRANCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Financial review

None of the above would be possible without a steady flow of money and as stated earlier we are very dependent on our shops and subsequently customers for our income. Takings from the shops in 2019 totalled £193,585 which is approximately £23,000 more than 2018.

The gross profit across all three shops was up by £26,178 on 2018. However, it should be remembered that 2018 was a difficult year for the shops because of staff illness and shortages which meant that the shops were closed and unable to trade.

Hexham shop is our most profitable shop which suggests that the change in staff has not impacted adversely on the business. Prudhoe shop has also performed well in 2019 and net profit is at an all time high. Rothbury shop's net profit has increased from last year and we are hopeful that this will continue in 2020.

We managed to reduce our total shop expenses in 2019 however this was partly due to the amount spent on upgrading heating systems in 2018 and also replacing windows. The downside of improving the heating systems is an increase of £2000 on our electricity bill. This year there have been additional costs for renewing shop leases and also the ongoing costs of installing a card machine at Rothbury shop which we felt was a necessity. Staff wages have remained fairly constant year on year although we are aware there will be a wage increase in 2020.

Legacies and donations totalled £63,439 and the Branch would like to express its' gratitude to everyone for their generosity and thoughtfulness.

The Branch continued to work closely with Scott Mitchell and Associates and many other vets in the area.

Total veterinary expenditure was £37,652. This is down by approximately £13,000 on 2018. It should be noted that this is not a conscious effort on the part of the Trustees to reduce vets fees. It is more related to the fact that the animals coming to us are in better physical condition than previously. Our animal boarding costs have increased by £8000 but part of this relates to a large number of case animals collected in our area.

In total the branch spent £147,903 on all associated animal rehoming costs.

The Trustees make a concerted effort to ensure that costs are kept to a minimum so that funds raised are spent on the animals in our care.

The reserves have again remained at an acceptable level and with the guidelines of the Charity Commission. The Branch continued to take the necessary steps to be able it to increase the amount of animal welfare undertaken and is hoped that 2020 will continue this trend.

The Northumberland West Branch is aware that it is essential to plan for the future and to demonstrate responsible financial management whilst balancing the needs of the current situation and identifying the likely challenges and opportunities that the Branch may face in the medium to long term. In an increasingly complex and changing funding environment the Branch considers the need to be able to absorb setbacks and take advantage of change and opportunity. For this reason they endeavour to set aside capital as a reserve to ensure the long term future of the branch.

At the end of 2020 the charity had freely available unrestricted reserves of £338k (excluding tangible fixed assets). These reserves represent 13 months' estimated total operating expenditure.

It is the opinion of the Trustees that the existing reserves are sufficient to meet any reduction in incoming resources. The charity aims to maintain free reserves of between 1 and 2 years operating expenditure and this policy is reviewed annually.

The current investment policy aim is:

-that all fixed-interest investments currently held should be retained until maturity when they should be re-invested with the guidance of the branch financial advisor.

Currently investments are valued at £244k.

RSPCA NORTHUMBERLAND WEST BRANCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Risk management

The RSPCA Northumberland West Branch performs a wide range of activities, all of which give rise to some level of risk. It is fully committed to regularly identifying and assessing these risks and taking appropriate action to prevent or minimise their impact on service delivery. In this way the Branch will better achieve its corporate objectives and enhance the value of the services it provides.

By definition risk management is:-

'The identification, analysis and control, primarily economic, of those risks which can impact on the society's ability to deliver its priorities and objectives'.

The objectives of the Branch's risk management strategy are to:

- embed risk management into the culture and operations of the Branch.
- adopt a systematic approach to risk management as an integral element of service planning and performance management.
- manage risk in accordance with best practice.
- anticipate and respond to changing social, environmental and legislative requirements.
- make sure that sections have clear accountability for both the ownership and cost of risk and the tools to effectively reduce it.

These objectives will be achieved by:

- establishing clear roles and responsibilities and reporting lines for risk management within the Society.
- incorporating risk management in the Society's decision-making, business planning and performance management processes.
- monitoring risk management and internal control arrangements on a regular basis.
- reinforcing the importance of effective risk management through training and providing opportunities for shared learning.
- providing suitable insurance or other arrangements to manage the impact of unavoidable risks.

RSPCA NORTHUMBERLAND WEST BRANCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Plans for the future

The trustees' plans for 2018 are aimed at moving forward positively, planning for the new ventures and consolidating the good work they had already put in place.

1. RRR Rescue, Rehabilitation and Re-homing Animals
2. Continue to work to assist feral cats
3. Continue to offer welfare help.
4. Raise awareness of the work of the RSPCA Northumberland West
5. Increase uptake of Gift Aid.
6. Increase fundraising
7. Attract new volunteers
8. Hold a Fun Dog Show
9. Introducing new fundraising ideas

RSPCA NORTHUMBERLAND WEST BRANCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Structure, governance and management

The charity is an unincorporated charitable association and a branch of (and thus dependent upon) the Royal Society for the prevention of Cruelty to Animals. The society was incorporated by the RSPCA Animals Act 1932. The branch is subject to the Society's rules, policies and guidance and to the branch rules.

The trustees who served during the year and up to the date of signature of the financial statements were:

J Ormiston - Chairman

R Duggan

S Hogarth

A Wakelam

S Watkins

J Ball

(Appointed 5 December 2019)

B Hodgson

(Appointed 20 June 2019)

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The charity appoints locally elected trustees recruited from the branch membership. Northumberland West Branch welcomes all applications to join the committee and looks for people from all backgrounds. A wide diversity creates interesting debate and new ideas. An induction and training programme is available to all potential and existing trustees.

The board of trustees meet once a month. The day to day operations of the charity, together with all staff and volunteers, are managed by the Trustees, with the re-homing office co-ordinating the re-homing activities and a shop manager in each of the three shops.

The trustees' report was approved by the Board of Trustees.

J Ormiston - Chairman

Trustee

Dated: 8 October 2020

RSPCA NORTHUMBERLAND WEST BRANCH

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF RSPCA NORTHUMBERLAND WEST BRANCH

I report on the financial statements of the charity for the year ended 31 December 2019, which are set out on pages 8 to 18.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the financial statements. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination being a qualified member of .

It is my responsibility to:

- (i) examine the financial statements under section 145 of the 2011 Act;
- (ii) to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- (iii) to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the next statement.

Independent examiner's statement

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with Accounting and reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

I understand that this has been done in order for the financial statements to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In connection with my examination, no other matter except that referred to in the previous paragraph has come to my attention:

- (a) which gives me reasonable cause to believe that in any material respect the requirements:
 - (i) to keep accounting records in accordance with section 130 of the 2011 Act; and
 - (ii) to prepare financial statements which accord with the accounting records and comply with the accounting requirements of the 2011 Act;have not been met or
- (b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

Anthony Dunn
Stokoe Rodger LLP

St Matthews House
Haugh Lane
Hexham
Northumberland
NE46 3PU
Dated: 8 October 2020

RSPCA NORTHUMBERLAND WEST BRANCH

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

| | Notes | 2019 £ | 2018 £ |
|--|-------|-----------------------|-----------------------|
| <u>Income from:</u> | | | |
| Donations and legacies | 3 | 90,216 | 119,546 |
| Charitable activities | 4 | 3,130 | 3,939 |
| Shop income | 5 | 193,585 | 170,035 |
| Investment income | 6 | 168 | 147 |
| Other income | 7 | 840 | 1,008 |
| Total income and endowments | | <u>287,939</u> | <u>294,675</u> |
| <u>Expenditure on:</u> | | | |
| Shop expenses and fundraising costs | 8 | <u>136,698</u> | <u>138,797</u> |
| Boarding, rehoming and care of animals | 9 | <u>158,631</u> | <u>158,241</u> |
| Total resources expended | | <u>295,329</u> | <u>297,038</u> |
| Net gains on investments | | <u>28,606</u> | <u>(11,572)</u> |
| Net movement in funds | | <u>21,216</u> | <u>(13,935)</u> |
| Fund balances at 1 January 2019 | | <u>328,842</u> | <u>342,777</u> |
| Fund balances at 31 December 2019 | | <u><u>350,058</u></u> | <u><u>328,842</u></u> |

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

RSPCA NORTHUMBERLAND WEST BRANCH

BALANCE SHEET

AS AT 31 DECEMBER 2019

| | Notes | 2019 £ | £ | 2018 £ | £ |
|---|-------|----------------|----------------|----------------|----------------|
| Fixed assets | | | | | |
| Tangible assets | 13 | | 12,392 | | 3,224 |
| Investments | 14 | | 244,085 | | 215,479 |
| | | | <u>256,477</u> | | <u>218,703</u> |
| Current assets | | | | | |
| Stocks | 15 | 187 | | 187 | |
| Debtors | 16 | 18,740 | | 42,395 | |
| Cash at bank and in hand | | 91,417 | | 74,199 | |
| | | <u>110,344</u> | | <u>116,781</u> | |
| Creditors: amounts falling due within one year | 17 | (16,763) | | (6,642) | |
| Net current assets | | | 93,581 | | 110,139 |
| Total assets less current liabilities | | | <u>350,058</u> | | <u>328,842</u> |
| Income funds | | | | | |
| Unrestricted funds | | | 350,058 | | 328,842 |
| | | | <u>350,058</u> | | <u>328,842</u> |

The accounts were approved by the Trustees on 8 October 2020

J Ormiston - Chairman
Trustee

A Wakelam
Trustee

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Charity information

The charity is an unincorporated charitable association and a branch of (and thus dependent upon) the Royal Society for the prevention of Cruelty to Animals. The society was incorporated by the RSPCA Animals Act 1932. The branch is subject to the Society's rules, policies and guidance and to the branch rules.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the accounts.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected.

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.5 Resources expended

These are included in the statement of financial activities on an accruals basis, inclusive of any irrecoverable VAT.

Most expenditure is directly attributable to specific activities and has been included in those costs categories. Where costs cannot be directly attributable to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Costs of generating funds, comprises of all costs which are directly attributable to fundraising activities and the shop trading.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature to support them.

Corporate governance costs includes those costs associated with meeting the constitutional and statutory requirements of the charity and include the independent examination fee, costs linked to the strategic management of the charity and a proportion of the support costs.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly. All other support costs, including irrecoverable VAT, are allocated equally between the activities of the charity, including governance costs.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

All assets costing £100 or more are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|---------------------|----------------------|
| Office equipment | 20% reducing balance |
| Fixtures & fittings | 20% reducing balance |
| Motor vehicles | 25% reducing balance |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/ (expenditure for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value. Stock consists entirely of purchased goods for resale. Stocks of donated goods carry no value in the accounts.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Donations and legacies

| | Unrestricted funds | Unrestricted funds |
|---------------------|--------------------|--------------------|
| | 2019 | 2018 |
| | £ | £ |
| Donations and gifts | 54,721 | 57,595 |
| Legacies receivable | 35,457 | 58,251 |
| Grants received | 38 | 3,700 |
| | <u>90,216</u> | <u>119,546</u> |

4 Charitable activities

| | 2019 | 2018 |
|-------------------------|--------------|--------------|
| | £ | £ |
| Income from fundraising | <u>3,130</u> | <u>3,939</u> |

5 Other trading activities

| | 2019 | 2018 |
|-------------|----------------|----------------|
| | £ | £ |
| Shop income | <u>193,585</u> | <u>170,035</u> |

6 Investments

| | 2019 | 2018 |
|---------------------|------------|------------|
| | £ | £ |
| Interest receivable | <u>168</u> | <u>147</u> |

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

7 Other income

| | 2019 | 2018 |
|--------------|------|-------|
| | £ | £ |
| Other income | 840 | 1,008 |

8 Costs of generating funds

| | 2019 | 2018 |
|--------------------------------|---------|---------|
| | £ | £ |
| <u>Shop expenses</u> | | |
| Shop trading costs | 57,987 | 61,524 |
| Staff costs | 69,117 | 68,733 |
| Depreciation and impairment | 353 | 415 |
| Support costs | 3,144 | 3,764 |
| Total shop expenses | 130,601 | 134,436 |
| <u>Other fundraising costs</u> | | |
| Fundraising costs | 6,097 | 4,361 |
| | 136,698 | 138,797 |

9 Charitable activities

| | Boarding, rehoming and care of animals | Support costs | Total | Total |
|---|---|------------------|---------|---------|
| | 2019 | 2019 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Staff costs | 12,795 | - | 12,795 | 11,516 |
| Depreciation and impairment | 3,533 | - | 3,533 | 364 |
| Activities undertaken directly | 128,432 | 3,144 | 131,576 | 133,582 |
| | 144,760 | 3,144 | 147,904 | 145,462 |
| Share of governance costs (see note 10) | 10,727 | - | 10,727 | 12,779 |
| | 155,487 | 3,144 | 158,631 | 158,241 |

Governance costs includes £2,000 (2018-£2,000) with regard to independent examination and accountancy fees.

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

10 Governance and share of support costs

| | Governance costs £ | 2019 £ | 2018 £ |
|--------------------------------|-----------------------|---------------|---------------|
| Share of support costs | | | |
| Depreciation | 836 | 836 | 118 |
| Unrecoverable VAT on overheads | 2,008 | 2,008 | 2,347 |
| Other administrative expenses | 1,136 | 1,136 | 1,417 |
| Governance costs | | | |
| Accountancy | 2,000 | 2,000 | 2,000 |
| Donations to Headquarters etc | 551 | 551 | 775 |
| Professional fees | 4,196 | 4,196 | 6,122 |
| | <u>10,727</u> | <u>10,727</u> | <u>12,779</u> |

11 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, but one of them was reimbursed a total of £53 travelling expenses.

12 Employees

Number of employees

The average monthly number of employees during the year was:

| | 2019 Number | 2018 Number |
|-----------------------|----------------|----------------|
| | <u>9</u> | <u>7</u> |
| Employment costs | 2019 £ | 2018 £ |
| Wages and salaries | 80,611 | 79,316 |
| Social security costs | 394 | 428 |
| Other pension costs | 907 | 505 |
| | <u>81,912</u> | <u>80,249</u> |

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Tangible fixed assets

| | Office equipment £ | Fixtures & fittings £ | Motor vehicles £ | Total £ |
|------------------------------------|--------------------------|--------------------------|---------------------|------------|
| Cost | | | | |
| At 1 January 2019 | 1,662 | 38,588 | 14,540 | 54,790 |
| Additions | - | 107 | 14,133 | 14,240 |
| Disposals | - | - | (14,540) | (14,540) |
| At 31 December 2019 | 1,662 | 38,695 | 14,133 | 54,490 |
| Depreciation and impairment | | | | |
| At 1 January 2019 | 1,189 | 36,928 | 13,448 | 51,565 |
| Depreciation charged in the year | 95 | 353 | 3,533 | 3,981 |
| Eliminated in respect of disposals | - | - | (13,448) | (13,448) |
| At 31 December 2019 | 1,284 | 37,281 | 3,533 | 42,098 |
| Carrying amount | | | | |
| At 31 December 2019 | 378 | 1,414 | 10,600 | 12,392 |
| At 31 December 2018 | 473 | 1,659 | 1,092 | 3,224 |

14 Fixed asset investments

| | Listed investments £ | Alternative investments £ | Cash in portfolio | Total £ |
|--------------------------|----------------------------|---------------------------------|----------------------|------------|
| Cost or valuation | | | | |
| At 1 January 2018 | 165,329 | 35,138 | 15,012 | 215,479 |
| Valuation changes | 29,718 | (1,112) | - | 28,606 |
| Movement | (1,218) | - | 1,218 | - |
| At 31 December 2019 | 193,829 | 34,026 | 16,230 | 244,085 |
| Carrying amount | | | | |
| At 31 December 2019 | 193,829 | 34,026 | 16,230 | 244,085 |
| At 31 December 2018 | 165,329 | 35,138 | 15,012 | 215,479 |

15 Stocks

| | 2019 £ | 2018 £ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 187 | 187 |

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

16 Debtors

| | 2019 | 2018 |
|--------------------------------------|---------------|---------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 41 | 1 |
| Other debtors | 13,099 | 36,794 |
| Prepayments and accrued income | 5,600 | 5,600 |
| | <u>18,740</u> | <u>42,395</u> |

17 Creditors: amounts falling due within one year

| | 2019 | 2018 |
|------------------------------------|---------------|--------------|
| | £ | £ |
| Other taxation and social security | 2,098 | 2,104 |
| Trade creditors | 12,665 | 2,538 |
| Accruals and deferred income | 2,000 | 2,000 |
| | <u>16,763</u> | <u>6,642</u> |

18 Related party transactions

The charity operates as a branch of the Royal Society for the prevention of Cruelty to Animals (RSPCA). During the year a contribution of £551 (2018 £525) was paid to the RSPCA as a contribution towards their costs.

During the year contributions from head office were received by the branch in respect of Door to Door Donations of £26,739 (2018 £27,061).