

FOUR PAWS UK

Annual Report and Financial Statements

31 December 2020

Company Registration Number
5848230 (England and Wales)

Charity Registration Number
1118102

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Reference and administrative information

Board of Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: Josef Pfabigan Peter Davies Gerald Dick (Appointed 25 March 2020) Nicole Schreyer (Appointed 25 March 2020) Luciana D'Abramo (Appointed 30 March 2021)
Principal Staff	Brian da Cal (UK Director)
Company Secretary	Brian da Cal
Address	1st Floor, Can Mezzanine 7-14 Great Dover Street London SE1 4YR
Company registration number	5848230
Charity registration number	1118102
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank Manchester City Office Business Centre Business Banking Leicester LE87 2BB HSBC Business Banking City of London Commercial Centre 60 Queen Victoria Street London EC4N 4TR

The Trustees present their report and the financial statements for the year ended 31 December 2020, which also constitutes a directors' report.

The accounts have been prepared in accordance with the accounting policies set out on pages 27 to 30 of the attached accounts and comply with the Articles of Association, the Charities Act 2011, the Companies Act 2006 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 United Kingdom and Republic of Ireland (FRS 102).

GOVERNANCE, STRUCTURE AND MANAGEMENT

Governance

Governing document

The organisation is a charitable company limited by guarantee (Company Registration Number 5848230), incorporated on 15 June 2006 and registered as a charity on 26 February 2007. The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed by its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Directors and Trustees

The directors of the company are also charity Trustees as defined by the Charities Act 2011. Under the requirement of the Memorandum and Articles of Association, the directors are elected to serve for a fixed term not exceeding three years, renewable by appointment by a resolution of the Directors. The charitable company has five Trustees listed below.

Due to the nature of the charity's work Trustees need to possess a clear, demonstrable affinity for the objectives of the charity: to end animal suffering. Other than this requirement, Trustees are selected from all walks of life in an effort to maintain a broad mix of skills within the organisation's management.

Trustee	Appointed / resigned
Josef Pfabigan	Re-appointed 25 March 2020
Peter Davies	Re-appointed 25 March 2020
Gerald Dick	Appointed 25 March 2020
Nicole Schreyer	Appointed 25 March 2020
Luciana D'Abramo	Appointed 30 March 2021

Trustee induction and training

In the Trustee induction, new Trustees are provided with a copy of the Governance Manual as well as a copy of The Essential Trustee. They are required to meet with the Board Representatives and others to learn about the work and how FOUR PAWS operates.

From time to time, the Board invites specialists to make presentations to the Board on matters of importance, such as good governance, to ensure that the Trustees are kept abreast of best practice.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Governance (continued)

Structure and management

The Trustees met as a group four times during the year to 31 December 2020. Their principal responsibilities include determining the overall strategy, policies and direction and are also responsible for the governance of the charity. Day-to-day operations are delegated to the organisation's staff, overseen by the UK Director. For the year ended 31 December 2020 this consisted of an average of 18 members of staff.

Related parties

FOUR PAWS UK is part of the wider FOUR PAWS International network with offices in Europe, Africa, Asia, Australia and North America. Every FOUR PAWS office is constituted and registered as a legal entity in the local country as required and has a licence to use the FOUR PAWS trademark. The offices carry out a range of animal welfare and fundraising activities united under one global FOUR PAWS strategy. Individual country strategies and plans are developed in consultation with and approved by the Trustees of FOUR PAWS UK.

Risk management and internal controls

The Trustees are responsible for the effective management of risk, including ensuring that internal controls are in place and operating as intended.

Our risks are identified and managed in line with the risk management strategy and the corporate risk register is reviewed by the Trustee Board at each of their quarterly meetings. In addition, the senior management ensures that day to day risk management processes are embedded across the organisation through the effective implementation of policies and procedures.

Risks are assessed on the basis of their likelihood and potential impact, along with the mitigation strategies in place to manage them.

Our key risks and uncertainties

With the exception of the challenges faced because of the Covid-19 pandemic, the Trustee Board considers the following to be the key risks that FOUR PAWS needs to focus on:

1. **Sustainable funding** – a serious reduction in voluntary income could result in a reduced ability to support existing and new projects, including FOUR PAWS sanctuaries that provide permanent species appropriate shelter for rescued animals. Inadequate funding would also have a detrimental impact on driving campaigns that bring awareness of animal cruelty issues to the general public.

We continue to identify new ways of generating income to diversify our funding sources as part of our current and longer-term planning for the future.

We also continue to set our budgets with a view to focusing on efficiency savings and controlling costs.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Our key risks and uncertainties (continued)

2. **Significant impact of changes to the regulatory and legislative environment including fundraising** – the charity sector has seen increased regulation in recent years in particular with fundraising practices.

We monitor our operations to ensure that we remain fully compliant and are able to continue our fundraising activities within the new regulations.

3. **Loss of reputation with the general public and donors** – as an international organisation, our reputation is dependent on good practice. A critical impact on our reputation and brand could lead to a significant reduction in our fundraising income.

We monitor our communications across the organisation to ensure a consistent message is delivered. We also implement a process of due diligence to ensure that external projects with which we are associated, reflect our values and protect our reputation.

4. **Appropriate financial reserves** – we need to maintain our reserves at a level which will enable the organisation to be responsive to any changes that may arise from new project requirements or a shortfall in fundraising income.

We will continue to review our reserves to ensure they are appropriate to meet our future planning needs and to support our risk management.

5. **Data Protection** – we pay close attention to data protection risks across all of our activities to reflect our concern for our donors' and supporters' data.

Public benefit

Under the Charities Act 2011, charity Trustees have a duty to explain in their Trustees' annual report how they meet the requirement to demonstrate public benefit within the meaning of the Act. They are also obliged to explain the charity's achievements, measured by reference to the charity's aims and to the objectives set by the Trustees.

The advancement of animal welfare is specified as an admissible charitable purpose and is taken to include any purpose directed towards the prevention or suppression of cruelty to animals or the prevention or relief of suffering by animals. Examples of the sorts of charitable purpose falling within this description include:

- ◆ charities promoting kindness and to prevent or suppress cruelty to animals;
- ◆ animal sanctuaries;
- ◆ the provision of veterinary care and treatment;
- ◆ charities concerned with the care and re-homing of animals that are abandoned, mistreated or lost; and

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Public benefit (continued)

- ♦ feral animal control, e.g. neutering.

In accordance with the requirements of the Charities Act 2011, the Trustees have paid due regard to the Charity Commission's guidance on public benefit when deciding and planning FOUR PAWS activities. The sections which follow demonstrate how FOUR PAWS met its charitable purpose in 2020 and its principal achievements under its respective strategic priority areas of work.

OBJECTIVES AND ACTIVITIES

Objects

The organisation's key objective is to reach significant impact for animals under human influence, so that:

Wild Animals live in the wild without human influence. If reintroduction to the wild is not possible and living under human influence is not avoidable, keeping conditions are meeting species appropriate needs.

Companion Animals have a good quality of life in accordance with their own species/breed specific needs and receive lifetime care and guardianship.

Farm Animals have a life worth living and receive lifetime care in keeping conditions according to their social and physical needs. The human diet will focus more and more on plant-based food.

Animals affected in man-made and/or natural disasters are rescued and cared for. Human and animal welfare is ensured by increased resilience.

Staff

FOUR PAWS aims to pay salaries which are fair, competitive within the charity sector and proportionate to the complexity of each role. All roles are evaluated based on agreed, organisation wide criteria that determine the grade and salary for each role.

The salary of the highest paid employee was no more than two times the median salary of the charity.

All staff receive ongoing performance management and an annual appraisal which highlights how they have contributed to the achievement of our objectives and identifies any personal development areas they may have.

Discussion and information sharing are actively encouraged across the FOUR PAWS International network and through use of MS Teams, which enables us to proactively collaborate.

OBJECTIVES AND ACTIVITIES (continued)

Key management personnel

Key management personnel are defined as the Trustees and the following staff members:

- ◆ Director (UK);
- ◆ Head of Finance;
- ◆ Head of Programmes;
- ◆ Head of Communications; and
- ◆ Head of Fundraising.

Their pay is set in line with the procedure relevant for all staff discussed above. The UK Directors' pay is set and approved by the Board of Trustees.

Volunteers

Over the year, three volunteers contributed approximately two and a half days of fundraising support. FOUR PAWS would like to take this opportunity to express our gratitude to our volunteers for their dedication, hard work and support throughout 2020.

Equality and Diversity

It is the policy of FOUR PAWS to respect the diversity of all of its employees and volunteers and treat them fairly and equally, regardless of characteristics such as physical or mental disability, gender, sexual orientation, race, culture, nationality, ethnic origin, religious belief or age.

Environmental action and sustainability

FOUR PAWS is committed to minimising the impact of its activities on the environment. We achieve this by evaluating our operations and ensuring that they are as efficient as possible. We actively promote recycling internally, virtual communication technology to minimise travel and meet all environmental legislation that relates to the charity.

Fundraising

Growing our income through fundraising is vital to enabling us to raise awareness, campaign to relieve the suffering of animals in need and to promote humane behaviour towards animals.

We are committed to working to a best practice framework and do everything possible to meet the needs of potential supporters and protect vulnerable people. Our policy on Vulnerable Persons outlines the steps we have built into our donor care and fundraising training and procedures, to ensure that our fundraising activities always meet or exceed best practice standards in relation to treating vulnerable persons fairly. In particular, we are registered with the Fundraising Regulator and confirm that we have complied with the Code of Fundraising Practice and all relevant data protection laws. We have not identified any instances of non-compliance during the year.

OBJECTIVES AND ACTIVITIES (continued)

Fundraising (continued)

As part of our fundraising activities, FOUR PAWS engages with professional third parties to act on its behalf, for example to produce and distribute direct mailings. To ensure that the fundraising activities of third parties are compliant with regulation and the charity's own internal standards, FOUR PAWS approves all third-party communication prior to distribution and has set clear guidelines in the agreements made with such parties.

We aim to respond to all complaints individually and in a timely manner. All complaints inform and influence our approach to fundraising. We confirm that during 2020 we did not receive any formal complaints.

We are always conscious of minimising the costs of our fundraising and benchmark our different fundraising channels to ensure they remain competitive. We work hard to ensure we deliver value for money in all our charitable activities, working closely with our programs and campaign teams.

Grant making policy

FOUR PAWS UK gives grants in line with its charitable and strategic objectives to partners in the FOUR PAWS Network and to other animal welfare organisations. These grants are approved by the Trustees. Some grants are made to support long running programmes such as the bear and big cat sanctuaries, the outcomes of which are reviewed at regular periods.

ACHIEVEMENTS AND PERFORMANCE IN 2020

Companion Animals

FOUR PAWS companion animal programme seeks to address the suffering of companion animals. This programme is targeted towards three goals for each welfare issue experienced by companion animals during their life stages:

- ◆ **Responsible breeding and selling:** To drive public sector and legislative change to achieve better standards of animal welfare in the breeding and selling of companion animals,
- ◆ **Responsible ownership:** To put responsible pet ownership at the heart of society and adoption as prerequisite for acquiring a pet; and
- ◆ **Responsible stray animal care:** To achieve responsible stray animal care including the effective prevention and humane management of stray animals.

ACHIEVEMENTS AND PERFORMANCE IN 2020 (continued)

Companion Animals (continued)

Illegal Puppy Trade campaign/responsible pet ownership

Background

Classified ad sites have become the main sales channel for ruthless puppy breeders and traders, who use these sites to sell sick, suffering, underage and mistreated animals to unwitting buyers. For several years, FOUR PAWS has been calling on eBay Inc. and its national entities to end anonymous trading in pets on all its classified ad sites by introducing mandatory seller identification. In August 2018, Gumtree in the UK implemented a mandatory paywall for personal ads. So far, eBay Inc. has failed to adopt a form of seller identity verification on its pet section anywhere else.

Key Activities 2020

In response to the global pandemic, we launched the *Live Kinder* campaign, encouraging the general public to take a look at their own consumer behaviours and make a change for good. As a result of various Covid-19 lockdowns, puppy purchases and adoptions increased significantly in the UK. In response, we produced numerous infographics and supporter messages across our channels focusing on responsible pet ownership advice to prevent issues associated with increased working from home. We also promoted pro-adoption and "think before you click" messaging and highlighted the risks associated with the illegal puppy trade and animal welfare/pandemics.

We were unable to conduct any investigations in the UK in 2020 and, as a result, ceased promotion of the *Stop Puppy Traders* website. However, there remained media interest in this topic and we secured the inclusion of FOUR PAWS when press discussed the trend for 'pandemic puppies'. We also continued to communicate this topic via our social media channels.

In terms of public affairs, we provided evidence and welcomed the introduction of Lucy's law in England, where third parties would be banned from selling kittens and puppies. We also contributed to a consultation to implement this legislation in Wales, which was successfully announced earlier this year. This means that anyone wanting to buy or adopt a kitten or puppy aged under six months will now need to deal directly with the breeder or animal rehoming centre, rather than a pet shop or commercial dealer.

ACHIEVEMENTS AND PERFORMANCE IN 2020 (continued)

Companion Animals (continued)

Ending the Dog and Cat Meat Trade campaign

Background

The trade in dogs and cats for their meat presents horrific cruelty to an estimated 30 million animals per year globally, and it is growing. FOUR PAWS is campaigning to help end this barbaric trade in Southeast Asia (Cambodia, Indonesia, Vietnam). The UK is a nation of animal lovers and we believe that we can mobilise thousands of supporters to help achieve our objectives and end this barbaric trade through education, political and corporate lobbying as well as fundraising. By educating the public about this major animal welfare concern, we hope to raise funds to support the campaign. We also aim to influence government and the tourism industry to support the call for an end to the dog and cat meat trade and help us lobby target countries to enforce legislation to ban the consumption of dog and cat meat in these countries. This will reduce the number of dogs and cats entering the trade, experiencing suffering and a cruel death.

Key Activities 2020

In 2020, we continued to raise awareness of the issue of the dog and cat meat trade and highlighted the "Victims of the Trade" aspect to the campaign. We also promoted the campaign petition, which our supporters in the UK contributed over 120,000 signatures towards the global, one million total achieved at the end of 2020.

We secured media coverage with global reach to raise awareness for this topic. Our reporting during the year included the evolution of the dog and cat meat trade adjusting to Covid-19 restrictions and the emergence of a delivery model. We also reported on the ban on dog meat consumption in Siem Reap province, as well as slaughterhouse closures and the association between Arsenal Football club and Ganzberg brewery that promotes its beer alongside the consumption of dog meat.

Our team were able to secure impressive high-profile support for the campaign, from singers Sia and Tom Grennan and household names such as Martin and Shirlie Kemp. These celebrities used their social media channels (Instagram and Twitter) to promote this campaign and urge their followers to sign the petition. We also brought on board several social media influencers and bloggers who shared our content across their own channels throughout the year.

By the end of 2020, eight UK tour operators had pledged their support for the campaign, with two working with us to develop more intensive animal-friendly travel policies as a result.

ACHIEVEMENTS AND PERFORMANCE IN 2020 (continued)

Companion Animals (continued)

Ending the Dog and Cat Meat Trade campaign (continued)

Key Activities 2020 (continued)

We have also had initial discussions to develop a member template for AITO (Association of Independent Tour Operators). In addition, the British embassies in Cambodia, Vietnam and Indonesia expressed support for and engaged with our campaign. On reaching one million signatures for the *Dog and Cat Meat Trade* petition in December, FOUR PAWS wrote to the political leaders of those countries calling again for an end to the trade. The British Embassy in Indonesia amplified our messaging by forwarding the letter from FOUR PAWS to the ministries of Health and Agriculture. In Vietnam, the British Embassy did the same by forwarding the letter to the Hanoi People's Committee and the HCMC Food Safety Management Authority and in Cambodia, the British Embassy forwarded the letter to the Minister of Agriculture and Director-General of the General Directorate of Animal Health and Production.

Farm Animals

Make Food Kinder (food procurement) campaign/Climate Change

Background

FOUR PAWS has been working on an international campaign on the public procurement of animal products. The campaign is being developed in Austria, Germany, Switzerland and the UK. In the UK, our research has shown the lack of legal requirements for animal welfare in public procurement processes. In England, the Government Buying Standards (GBS) have to be applied by the central government procurers directly or through their catering contractors. However, local authorities and schools are only encouraged to apply these standards, so there is currently no legal framework that prescribes standards for meals within the UK education sector. In addition, there is a lack of transparency when it comes to the amount of taxpayers' money allotted to public procurement processes.

Our aim is to work with public institutions to encourage them to improve their animal welfare standards when dealing with food procurement and implement a food policy that integrates higher animal welfare standards and meat reduction aspects in order to combat the global climate emergency.

Key Activities 2020

In the early part of 2020, we paused the *Make Food Kinder* campaign as local authority lobbying became unviable during the Covid-19 pandemic. However, we were able to resume communications in September as the world adjusted to a different way of working. We had positive discussions with catering company Vertas, as well as Nottingham City council to secure pledges. By the end of the year, our petition had achieved 24,635 signatures.

ACHIEVEMENTS AND PERFORMANCE IN 2020 (continued)

Farm Animals (continued)

Make Food Kinder (food procurement) campaign/Climate Change (continued)

Key Activities 2020 (continued)

We also continued to work as part of the *Eating Better* coalition calling for 50% reduction in meat and dairy consumption in the UK by 2030, and for a transition to 'better' meat and dairy as standard.

Early in the year, we lobbied supermarkets in respect of their buffalo mozzarella standards. However, this achieved a minimum response with the emergence of the Covid-19 pandemic. We took the decision to pause our lobbying actions in consideration of the critical role supermarkets were performing at this time.

Wear it Kind campaign/Fur Free Britain/Wool with a Butt

Background

FOUR PAWS was founded on the campaign to end the sale and farming of animals for fur. Since then, we have become experts on the issue of animal welfare in the textile industry and have already created change for millions of animals. In 2018, we successfully convinced numerous retailers to sign up to the *Responsible Down Standard*. We are also part of the *Fur Free Britain* coalition to end the sale and import of fur into the UK (where fur farming has been banned since 2000). With the introduction of the *Wool with a Butt* and *Wear it Kind* campaigns, we decided to combine the different textile issues under the umbrella campaign of *Wear it Kind*, with four key focus areas: down feathers, fine wools (including mulesing), exotic leather and fur.

Key Activities 2020

In 2020, we launched the *Wear it Kind* campaign and began communicating a range of textile issues to our supporters. Through the creation of blogs, we addressed the introduction of *Wear it Kind* to explain the issue and outline the alternatives to mulesing, angora and exotics skins. We also raised awareness via Facebook and Twitter and brought attention to relevant news stories such as the Covid-19 cases in fur farms.

We also produced a pocket-sized buying guide to *Wear it Kind* and distributed this to the public for them to refer to when shopping. The aim is to help encourage greater consumer awareness of the textiles they purchase and to check labels and sourcing before buying.

We promoted our *Wool with a Butt* campaign under the umbrella of *Wear it Kind* and have so far secured 38,501 signatures for our mulesing petition.

We supported *Fur Free Britain* throughout the year and participated in numerous demonstrations, as well as mobilising our supporters via social media. Over 47,000 signatures have been secured so far and the coalition is also close to reaching one million in total.

ACHIEVEMENTS AND PERFORMANCE IN 2020 (continued)

Farm Animals (continued)

Wear it Kind campaign/Fur Free Britain/Wool with a Butt (continued)

Key Activities 2020 (continued)

In addition, we targeted international fashion company, *Madeleine*, which also sells in the UK, and mobilised over 4,000 British supporters to write letters, using our online action tool, to leading brands demanding a ban on fur.

Wild Animals

Tiger Trade campaign/Wildlife trade

Background

In the 20th century, the world lost over 90% of its wild tigers and there are only an estimated 3,900 tigers left in the wild. While international trade in wild tigers is banned through listing on Appendix I of CITES, the trade in captive bred tigers is still allowed and continues to take place around the globe. Unfortunately, legal trade can easily pose as a cover for illegal trade and contribute to an increased demand for tiger parts and products. Our investigations have revealed that illegal tiger products are not only traded in Asia but also here in Europe. Between 1999 and 2016, 1,412 tigers were legally exported from the EU to non-EU countries. During the same period, 8,278 illegal tiger products were confiscated in the EU. All seizures are assumed to represent only 10% of the total actually smuggled.

Key Activities 2020

During the year we promoted the *Tiger Mafia* documentary and petition, achieving 44,057 signatures so far.

We also contacted BIAZA (British and Irish Association of Zoos and Aquariums) to report a British zoo regarding a breach in their standards where two tiger cubs had been imported and allowed physical interactions with the public. BIAZA sanctioned this institution following our evidence and announced that they will review their animal interaction policy.

In addition to sharing stories and campaign updates with our supporters across social media (Facebook, Twitter and Instagram), we achieved coverage in the Daily Mirror of our rescue of two tigers, Jill and Sahib, from Manuel Weisheit Circus in Germany where they had previously spent most of their lives performing. We also obtained coverage in The Times for our FOUR PAWS report investigating the captive tiger trade.

In response to the pandemic, we joined the coalition to *End the Global Wildlife Trade* alongside several animal welfare charities including World Animal Protection. The coalition was calling on the UK Government to secure a global wildlife trade ban, raising this issue at the G20 summit, and also commit to ending the import and export of wild animals and wild animal products into the UK. During the year, the coalition secured mass media coverage for this topic and in September we delivered over 165,000 signatures at 10 Downing Street.

ACHIEVEMENTS AND PERFORMANCE IN 2020 (continued)

Wild Animals (continued)

Ruthless Tourism campaign/Wildlife in entertainment

Background

From festivals to zoos, in circuses or for selfies, across Europe, animals are suffering for our entertainment. Few tourists are aware that these animals have not adapted to be around humans but are usually sedated or psychologically 'beaten' down to the point of submission. They go back to small cages, where they spend the rest of their lives, with no access to proper food, nature or even light. FOUR PAWS identified tourists as the creators of the demand for these kinds of experiences and as a result, our focus has been to change consumer behaviour.

Key Activities 2020

During the year we launched our *Travel Kind* campaign which focused on advice, in the format of 'top tips', for travellers to eliminate animal cruelty from their holidays. It covered a range of wild animal issues, but also addressed domesticated and community animals. To date, we have worked with two travel companies to develop their own animal-friendly travel policies and have had discussions to develop a member template for the AITO (Association of Independent Tour Operators).

Rescue Mission Kaavan, the Elephant

In November, a team of international vets from FOUR PAWS, in collaboration with *Free the Wild*, successfully relocated an elephant named *Kaavan* from an inadequate enclosure of the Marghazar Zoo in Islamabad, Pakistan, where he had spent over thirty years. The preparation, training and transportation of *Kaavan* to a species appropriate sanctuary in Cambodia featured in the *One Show* on BBC1 and was also covered extensively on the BBC news website. Our Head of Communications for Four Paws UK joined the veterinary team in Pakistan to lead on our media coverage and raise awareness of this vital rescue mission.

Orangutans

In May, our FOUR PAWS orangutan sanctuary in Borneo was featured in the BBC1 documentary "*Primates*". This highlighted the rehabilitation of orphaned baby orangutans, where they are taught survival skills, such as foraging for food, building nests and navigating the forest canopy before being reintroduced into the wild.

FINANCIAL REVIEW

Income for the year was £3,768k, being £1,119k higher than last year. Despite the challenging economic climate due to Covid-19 and the financial effect of this on our donors and supporters, we saw significant growth of 37% in our voluntary donations bringing in an additional £695k.

Through our investment in our DRTV advertising, we recruited new donors and increased our regular giving income by 63% to bring in £946k to support our diversification and future sustainability of our income streams.

FINANCIAL REVIEW (continued)

Income from our direct mail cash appeals grew by 6% contributing £729k, reflecting the strong response to our campaigns, in particular our rescue mission of *Kaavan* the elephant from Marghazar Zoo in Islamabad, Pakistan and our *Ending the Dog and Cat Meat Trade* in South East Asia.

Regular giving offline also grew by 27% to bring in £361k reflecting the investment in our Direct Response TV to acquire new donors and the successful performance of our new advert "baby bear" launched in 2018.

We also achieved substantial growth in our online income, bringing in £624k, an increase of 82% from the prior year. Our digital programme was responsible for 42% of our individual giving income, with 60% of this being received via mobile devices, which has highlighted our need to further develop tailored and mobile responsive content.

Legacy income increased by £346k (44%) and grant income also increased by £62k (16%) primarily supporting the Dog and Cat Meat Trade campaign activities in South East Asia.

Total expenditure increased by £572k, including a £144k increase in the cost of raising funds as a result of our investment in DRTV. To mitigate the possible impact of Covid-19 on our net income, we took proactive steps early in the year to reduce our Direct Mail fundraising costs and brought our data and creative activities in-house. We also launched four telemarketing campaigns to diversify recruitment of new regular givers and to strengthen this income stream.

The year finished with a net surplus of £353k, compared to a net deficit of £194k in 2019.

We are showing unrestricted funds of £790k at 31 December 2020 (2019 - £424k). There was no balance within restricted funds at 31 December 2020 (2019 - £13k).

Investment powers and policy

As required in its Memorandum, FOUR PAWS has the power to invest monies not immediately required for its purposes in or upon such investments that may be thought fit. All surplus funds are held in interest bearing accounts. Our first priority continues to be the security and availability of our funds and we hold these with UK institutions with strong credit ratings.

Reserves policy

FOUR PAWS may hold the following categories of financial reserves:

- ◆ unrestricted reserves – funds generated by donors who do not stipulate how the income should be spent; and
- ◆ restricted reserves – funds to be applied towards the specific purpose(s) intended by the donors.

The Trustees' policy is to ensure that unrestricted funds are expended as soon as possible, while guaranteeing that resources are used effectively.

FINANCIAL REVIEW (continued)

Reserves policy (continued)

It is also the Trustees' intention to hold sufficient reserves to cover any temporary shortfall in income, unforeseen rise in spending requirements or other financial contingency so that the charity can continue to operate at any time, provide funding to partners and also ensure the continuity of committed programme work.

Each year the Trustees consider the appropriate level of unrestricted reserves. They review FOUR PAWS UK's requirements and consider the likelihood of these financial contingencies and the impact they might have. The target level of these reserves was reviewed during 2020 and has now been set as 6 month's operating costs.

The unrestricted reserves at 31 December 2020 stood at £790k (2019: £424k) an increase of £366k against the previous year. After excluding the net book value of the tangible fixed assets, the free reserves are £776k. This has exceeded the target set by the Trustees. We will use the surplus funds from this year to support FOUR PAWS projects globally during 2021.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements and have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The most significant areas of judgement that affect items in the accounts are detailed in the accounting policy regarding critical accounting estimates and areas of judgement.

In addition to the above, the full impact following the emergence of the global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the charity's activities, beneficiaries, funders, suppliers and the wider economy.

As set out in the accounting policies under "going concern" and in the plans for future periods section below, the trustees have considered the impact of the pandemic on the charity and have concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

PLANS FOR FUTURE PERIODS

FOUR PAWS, as part of the wider FOUR PAWS International network for animal welfare, has signed up to a long-term strategic direction to 2025, which lays out the core activities that are covered by our organisational signature **REVEAL-RESCUE-PROTECT**:

REVEALING means:

- ◆ Exposing poor living conditions, animal abuse, and the perpetrators through investigations, making individual suffering visible in order to tell the story of abuse and reach the hearts of people.

PLANS FOR FUTURE PERIODS (continued)

- ◆ Raising awareness through communication, campaigns, and educational work to create empathy. We change the perception of animals and consumer behaviour towards animal-friendly shopping choices.
- ◆ We identify pressure points to shift power in favour of animal welfare. We change industry and legislation – moving the one to take the other one forward. The solutions we offer are sustainable and based on ethical considerations as well as the Precautionary Principle.

RESCUING means:

- ◆ Identifying situations where animals are in urgent need and saving them in order to end their suffering. Our rescue missions include First Aid, Medical Help, and Food and Water Provision.
- ◆ Taking action by identifying drivers of change, campaigning to end the suffering, and changing consumer behaviour.

PROTECTING means:

- ◆ Building and managing sanctuaries so that we can provide species-appropriate environments for our rescue animals. FOUR PAWS sanctuaries serve as educational hubs to raise awareness for animal welfare and species-specific needs.
- ◆ Providing stray animal care to help protect them from inhumane treatment and living conditions and co-operating with shelters to provide care for animals in need and if possible, to find them responsible homes.
- ◆ Defining, implementing, monitoring, and further developing our animal welfare quality standards according to the latest scientific knowledge. This applies to all our facilities, campaigns, missions, and projects.
- ◆ Creating sustainable change by campaigning for industry commitments and legislative changes to protect animals during every stage of their lives.
- ◆ Driving change for more animal-friendly consumer behaviour.
- ◆ Safety of staff, visitors, and animals is of the utmost priority in our animal welfare projects and activities.

Looking ahead to 2021

Next year, we will support and implement the international programme priorities locally while continuing to actively participate in national coalitions.

Our key objectives include:

- ◆ We will continue to promote the *Dog and Cat Meat Trade* campaign, mobilising public and high-profile support and engaging with tour operators and political stakeholders.

PLANS FOR FUTURE PERIODS (continued)

Looking ahead to 2021 (continued)

- ◆ We will continue our umbrella campaign, *Live Kinder*, launched in 2020 in response to the pandemic with focused messaging around the need to change the way we treat animals worldwide in order to help prevent the emergence of new zoonotic diseases.
- ◆ We will also explore the connection between meat consumption, factory farming and climate change.
- ◆ We plan to engage with corporate fashion brands to drive transparency and animal friendly policies in support of our textiles and consumer-focused campaign, *Wear-it-Kind*. We will continue to support *#FurFreeBritain* and highlight the issue of mulesing to stakeholders.
- ◆ We will engage with supporters to end the illegal puppy trade and will continue to monitor political developments, responding to any future enquiries or government consultations. We plan to re-launch the *Stop Puppy Traders* website and work with prosecution and investigation consultants to prosecute unscrupulous breeders and report suspected puppy farms to Trading Standards within the appropriate local authorities. We will also monitor the impact of Brexit in terms of the illegal puppy trade and the effect of increased border restrictions from leaving the EU single market.
- ◆ We will campaign to end the tiger trade with public communications and awareness and promote the campaign to end "ruthless tourism"
- ◆ We will respond to upcoming ad hoc government consultations such as live transport, and along with coalition partners, monitor the outcome of our exit from the EU on animal welfare in the UK.
- ◆ We will also continue to take proactive steps to diversify our income. We will invest in new digital tools to grow our email distribution and will develop a new digital suite to support our DRTV investment to recruit new regular givers. We will also explore the viability of a new DRTV creative in 2021 and develop our engagement strategy that integrates fundraising and campaigns to increase supporter engagement, minimise attrition and maximise return. We will also develop a new major donor strategy to improve the major giving engagement funnel and explore additional sources of major giving recruitment.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of FOUR PAWS UK for the purposes of company law) are responsible for preparing the Trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

STATEMENT OF TRUSTEES' RESPONSIBILITIES (continued)

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that:

- ◆ so far as the Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Trustees:

Chair of Trustees



Independent auditor's report to the members of FOUR PAWS UK

Opinion

We have audited the financial statements of FOUR PAWS UK (the 'charitable company') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- ◆ We obtained an understanding of the legal and regulatory frameworks applicable to the charity and the sector in which it operates. We determined that the following laws and regulations were most significant: 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), the Companies Act 2006, the Charities Act 2011, The Code of Fundraising Practice, data regulations (GDPR) and safeguarding regulations.
- ◆ We understood how the charity is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes.
- ◆ We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - ◇ Identifying and assessing the design effectiveness of controls in place to prevent and detect fraud;

Auditor's responsibilities for the audit of the financial statements (continued)

- ◇ Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- ◇ Challenging assumptions and judgements made by management in its significant accounting estimates;
- ◇ Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- ◇ Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the relevant financial statement item to which they relate.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Catherine Biscoe (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

31 March 2021

Statement of financial activities (including income and expenditure account) Year to 31 December 2020

	Notes	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Unrestricted funds £	Restricted funds £	Revaluation funds £	Total funds 2019 £
Income and expenditure								
Income from:								
Donations and legacies	1	3,688,272	80,000	3,768,272	2,621,398	27,502	—	2,648,900
Total income		3,688,272	80,000	3,768,272	2,621,398	27,502	—	2,648,900
Expenditure on:								
Raising funds		1,044,386	—	1,044,386	790,494	—	110,351	900,845
Charitable activities								
. Advocacy for animal welfare and raising awareness		1,682,777	—	1,682,777	1,051,729	—	—	1,051,729
. Wild animal programs and campaigns		109,112	62,845	171,957	252,882	10,002	—	262,884
. Companion animals programs and campaigns		445,946	30,000	475,946	602,746	12,500	—	615,246
. Farm animals programs and campaigns		40,442	—	40,442	12,502	—	—	12,502
Total expenditure	2	3,322,663	92,845	3,415,508	2,710,353	22,502	110,351	2,843,206
Net income (expenditure) and net movement in funds	3	365,609	(12,845)	352,764	(88,955)	5,000	(110,351)	(194,306)
Reconciliation of funds:								
Total funds brought forward		424,018	12,845	436,863	512,973	7,845	110,351	631,169
Total funds carried forward	11,13	789,627	—	789,627	424,018	12,845	—	436,863

The charitable company's activities during the above two financial periods derived from continuing operations.

The charitable company has no recognised gains and losses other than those shown above.

Balance sheet 31 December 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	6	—	—	—	—
Tangible assets	7	<u>13,785</u>	<u>13,785</u>	<u>15,782</u>	<u>15,782</u>
Current assets					
Debtors	8	242,830	261,094	261,094	261,094
Cash at bank and in hand		<u>635,889</u>	<u>418,876</u>	<u>418,876</u>	<u>418,876</u>
		878,719	679,970	679,970	679,970
Creditors: amounts falling due within one year	9	<u>(100,824)</u>	<u>(258,889)</u>	<u>(258,889)</u>	<u>(258,889)</u>
Net current assets			777,895	421,081	421,081
Creditors: amounts falling due after more than one year	10		<u>(2,053)</u>	<u>—</u>	<u>—</u>
Net assets			789,627	436,863	436,863
The funds of the charity					
Revaluation reserve	12	—	—	—	—
Unrestricted funds	11	<u>789,627</u>	<u>789,627</u>	<u>424,018</u>	<u>424,018</u>
			789,627	424,018	424,018
Restricted funds	11	<u>—</u>	<u>—</u>	<u>12,845</u>	<u>12,845</u>
			789,627	436,863	436,863

The notes on pages 31 to 39 form part of the financial statements.

Approved and authorised for issue by the Board on and signed on its behalf by:



Chair of Trustees

Company registration number 5848230 (England and Wales).

31 March 2021

Statement of cash flows Year to 31 December 2020

	Notes	2020 £	2019 £
Cash inflow from operating activities	A	223,386	179,591
Cash outflow from investing activities	B	(6,373)	(10,327)
Increase in cash and cash equivalents	C	217,013	169,264

Notes to the statement of cash flows for the year to 31 December 2020

A. Reconciliation of net income (expenditure) to net cash inflow from operating activities

	2020 £	2019 £
Net (expenditure) income	352,764	(194,306)
Depreciation charge	8,370	7,112
Amortisation charge	—	110,351
Loss on disposal of fixed assets	—	916
Decrease in debtors	18,264	115,439
(Decrease) increase in creditors	(156,012)	140,079
Net cash inflow from operating activities	223,386	179,591

B. Cash flows from investing activities

	2020 £	2019 £
Investing activities		
Payments to acquire tangible fixed assets	(6,373)	(10,327)
Cash outflow from investing activities	(6,373)	(10,327)

C. Analysis of changes in cash (net debt)

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	418,876	217,013	635,889

Principal accounting policies 31 December 2020

The principal accounting policies, adopted judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below:

Basis of accounting

The financial statements have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements have been prepared in accordance with 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) ('Charities FRS 102 SORP 2015'), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

The principal items in the financial statements where judgements or estimates have been made are in respect to:

- ◆ the allocation of direct mailing campaigns expenditure between fundraising or charitable activities – the method used in the allocation is based on lines of copy in the mailing; and
- ◆ estimating the future income and expenditure flows to enable the trustees to assess the charity's financial position, especially in light of the Covid-19 pandemic.

As set out in these accounting policies under "going concern", the trustees have considered the impact of the pandemic on the charity and have concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements and have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future.

Going concern (continued)

Trustees acknowledge and recognise the potential impact of the Covid-19 pandemic on the fundraising income of FOUR PAWS due to current economic climate and the financial effect of this on our donors, supporters, partners and other stakeholders. During 2020, we achieved strong financial performance and in 2021, we have continued to take proactive steps to diversify our income. We will invest in new digital tools to grow our email distribution and will develop a new digital suite to support our DRTV investment to recruit new regular givers. We will also explore the viability of a new DRTV creative in 2021 and develop our engagement strategy that integrates fundraising and campaigns to increase supporter engagement, minimise attrition and maximise return. We will also develop a new major donor strategy to improve the major giving engagement funnel and explore additional sources of major giving recruitment.

We have reviewed our forecasts for 2021 and 2022 for all income streams and currently do not anticipate that the overall financial position of the charity will be adversely affected, or its financial solvency threatened.

The trustees have considered the impact of the pandemic on the charity and have concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Income

Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received.

Donations are recognised when receivable and the amount can be measured reliably by the charity.

In accordance with the Charities SORP (FRS 102) volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Gifts in Kind are included in the statement of financial activities as the donated service is used by the charity.

Expenditure and the basis of apportioning costs

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure is comprised of direct costs and support costs. Direct costs are allocated to a specific activity. The classification between activities is as follows:

Expenditure and the basis of apportioning costs (continued)

- a. Costs of raising funds comprise the costs incurred in fundraising. Fundraising costs include the cost of producing publications and of printing and mailing fundraising material, as well as the staff cost in these areas and an appropriate allocation of central office costs.
- b. Costs of charitable activities include direct expenditure incurred through grants to partners and operational activities, and an appropriate allocation of support costs. A proportion of literature costs is allocated to charitable activities, if it fulfils the following educational criteria:
 - ◆ it is targeted at beneficiaries or others who can use the information to further FOUR PAWS charitable objectives;
 - ◆ it is information on which the recipient can act in an informed manner to further FOUR PAWS purposes; and
 - ◆ be related to other educational activities or objectives undertaken by the charity.

In order to carry out the primary purpose of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment, and a suitable working environment. Staff costs are allocated based on time spent on an activity and premises and other costs are allocated based on staff head count and the proportion of directly allocated costs.

All expenditure is inclusive of irrecoverable VAT.

Governance costs relate to the costs of strategic planning, external audit, any legal advice for the charity's Trustees and all costs of complying with constitutional and statutory requirements.

Debtors

Debtors are recognised at the settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. Debtors have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. Creditors have been discounted to the present value of the future cash payment where such discounting is material.

Principal accounting policies 31 December 2020

Fund accounting

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions.

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

Pension costs

Defined contribution pension schemes

The charity operates a defined contribution pension scheme. The amounts charged represent the contributions payable to the scheme in the year. Employer contributions to the scheme are currently a maximum of 5.95% of pensionable salary.

The charity's staging date for auto-enrolment was 1 January 2017.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life. The depreciation rates that are in use are as follows:

Asset Category:	Annual rate:
Office equipment	5 year straight line
Computer equipment	3 year straight line
Fixtures & fittings	5 year straight line

Only assets costing £300 or above are capitalised.

Finance leases

Assets obtained under finance leases are capitalised in the balance sheet. These are depreciated over their estimated useful lives or the lease term, whichever is the shorter. The interest element of these obligations is charged as an expense in the Statement of Financial Activities over the relevant period. The capital element of the future payments is treated as a liability.

Notes to the financial statements 31 December 2020

1 Donations and legacies

	Unrestricted funds £	Restricted funds £	2020 Total funds £	Unrestricted funds £	Restricted funds £	2019 Total funds £
Voluntary income						
Donations	2,506,887	80,000	2,586,887	1,866,124	25,502	1,891,626
Gift aid	157,799	—	157,799	124,279	2,000	126,279
Legacies	587,109	—	587,109	240,640	—	240,640
Grants	436,477	—	436,477	374,839	—	374,839
Gifts in kind	—	—	—	15,516	—	15,516
2020 Total funds	3,688,272	80,000	3,768,272	2,621,398	27,502	2,648,900

Gifts in kind received by the charity in the year include the following:

	2020 £	2019 £
Google AdWords	—	15,516
	—	15,516

2 Expenditure

	Direct costs £	Grants £	Support costs £	Total costs 2020 £
Charitable activities				
Advocacy for animal welfare and raising awareness	945,512	619,400	117,865	1,682,777
Wild animals programs and campaigns	78,582	87,845	5,530	171,957
Companion animals programs and campaigns	407,532	26,017	42,397	475,946
Farm animals programs and campaigns	35,895	—	4,547	40,442
	1,467,521	733,262	170,339	2,371,122
Raising funds				
Staff costs	192,564	—	—	192,564
Investment in donor acquisition	390,970	—	—	390,970
Other	359,810	—	101,042	460,852
	943,344	—	101,042	1,044,386
Total expenditure	2,410,865	733,262	271,381	3,415,508

2 Expenditure (continued)

	Direct costs £	Grants £	Support costs £	Total costs 2019 £
Charitable activities				
Advocacy for animal welfare and raising awareness	852,898	75,000	123,831	1,051,729
Wild animals programs and campaigns	140,396	110,002	12,486	262,884
Companion animals programs and campaigns	515,485	12,500	87,261	615,246
Farm animals programs and campaigns	10,917	—	1,585	12,502
	<u>1,519,696</u>	<u>197,502</u>	<u>225,163</u>	<u>1,942,361</u>
Raising funds				
Staff costs	162,185	—	—	162,185
Amortisation	110,351	—	—	110,351
Investment in donor acquisition	200,818	—	—	200,818
Other	375,905	—	51,586	427,491
	<u>849,259</u>	<u>—</u>	<u>51,586</u>	<u>900,845</u>
Total expenditure	<u>2,368,955</u>	<u>197,502</u>	<u>276,749</u>	<u>2,843,206</u>

Analysis of support costs

	Raising funds £	Advocacy and raising awareness £	Wild animals £	Companion animals £	Farm animals £	Total costs 2020 £
Staff costs	35,938	36,020	2,993	36,454	1,367	112,772
Premises costs	23,837	—	—	—	—	23,837
Governance	4,860	4,871	405	2,099	185	12,420
Other costs	36,407	76,974	2,132	3,844	2,995	122,352
	<u>101,042</u>	<u>117,865</u>	<u>5,530</u>	<u>42,397</u>	<u>4,547</u>	<u>271,381</u>

	Raising funds £	Advocacy and raising awareness £	Wild animals £	Companion animals £	Farm animals £	Total costs 2019 £
Staff costs	25,886	25,997	4,279	36,641	333	93,136
Premises costs	16,756	—	—	—	—	16,756
Governance	3,221	3,235	533	1,955	41	8,985
Other costs	5,723	94,599	7,674	48,665	1,211	157,872
	<u>51,586</u>	<u>123,831</u>	<u>12,486</u>	<u>87,261</u>	<u>1,585</u>	<u>276,749</u>

Staff costs are allocated based on time spent on an activity and premises and other costs are allocated based on staff head count and the proportion of directly allocated costs.

3 Net movement in funds

This is stated after charging:

	2020 £	2019 £
Trustees' reimbursed expenses	—	494
Depreciation	8,370	7,112
Amortisation	—	110,351
Auditors' remuneration – audit fee	12,420	9,000

4 Employee and key management remuneration

Summary

Staff costs during the year were as follows:

	2020 £	2019 £
Salaries and wages	751,081	692,602
Social security costs	76,669	71,018
Other pension costs	32,361	27,253
	860,111	790,873

The average number of employees who earned £60,000 per annum or more (including benefits but excluding pension contributions) during the year was as follows:

	2020 No.	2019 No.
£60,001 - £70,000	1	1

Staff numbers

The average number of employees during the year, calculated on an average headcount and full time equivalent basis, was as follows:

	Headcount		Full time equivalent	
	2020	2019	2020	2019
Average number of employees				
Charitable activities, campaigns and publicity	8	8	8	8
Fundraising	4	4	4	4
Managing and administration	1	1	1	1
Leadership and governance	5	5	5	5
	18	18	18	18

4 Employee and key management remuneration (continued)

The charity operates a defined contribution stakeholder pension scheme operated by Standard Life Insurance. Staff are auto-enrolled when they are first employed.

	2020 £	2019 £
The costs of the scheme to the charity for the year	32,361	27,253
	32,361	27,253

None of the Trustees received any remuneration in respect of their services during the year (2019 - £nil). During the year no out of pocket travelling expenses were reimbursed to Trustees (2019 - £494 was reimbursed to one Trustee).

Key management personnel

Key management personnel are defined as the Trustees and the five members of the senior management team.

The total employee benefits of the key management personnel of the charity were £282,115 (2019 - £267,429).

5 Taxation

FOUR PAWS UK is a registered charity and therefore is not liable to income tax or corporation on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

6 Intangible fixed assets

	Donor database £	Total 2020 £
Valuation		
At 1 January 2020 and 31 December 2020	551,751	551,751
Amortisation		
At 1 January 2019	551,751	551,751
Charge for the year	—	—
At 31 December 2020	551,751	551,751
Net book values		
At 31 December 2020	—	—
At 1 January 2020	—	—

The database was revalued internally on 31 December 2014, using the net present value of future cash flows. The historical cost of the database is £506,833.

7 Tangible fixed assets

	Office equipment £	Computer equipment £	Fixtures and fittings £	Total £
Cost				
At 1 January 2020	4,949	24,158	2,851	31,958
Additions	2,415	3,958	—	6,373
Disposals	(3,690)	—	—	(3,690)
At 31 December 2020	<u>3,674</u>	<u>28,116</u>	<u>2,851</u>	34,641
Depreciation				
At 1 January 2020	4,949	10,105	1,122	16,176
Charge for the year	362	7,524	484	8,370
Disposals	(3,690)	—	—	(3,690)
At 31 December 2020	<u>1,621</u>	<u>17,629</u>	<u>1,606</u>	20,856
Net book value				
At 31 December 2020	<u>2,053</u>	<u>10,487</u>	<u>1,245</u>	13,785
At 31 December 2019	<u>—</u>	<u>14,053</u>	<u>1,729</u>	15,782

8 Debtors and prepayments

	2020 £	2019 £
Other debtors	12,122	15,330
Prepayments and accrued income	230,708	245,764
	<u>242,830</u>	<u>261,094</u>

9 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	52,705	18,411
Other creditors	54	—
Accruals	48,065	65,478
Grants payable	—	175,000
	<u>100,824</u>	<u>258,889</u>

10 Creditors: amounts falling after more than one year

	2020 £	2019 £
Finance lease commitments	2,053	—
	<u>2,053</u>	<u>—</u>

11 Movements in funds

	At 1 January 2020 £	Incoming resources £	Outgoing resources £	At 31 December 2020 £
Restricted funds				
Bile Bears, Vietnam	11,600	25,000	(36,600)	—
Fier Zoo, Albania	245	—	(245)	—
Lions Rock Sanctuary, South Africa	1,000	—	(1,000)	—
Domazhyr Bear Sanctuary	—	25,000	(25,000)	—
Animal Rescue Organisation, Cambodia	—	10,000	(10,000)	—
Mobile veterinary service, Chennai	—	10,000	(10,000)	—
Dog and Cat Meat Trade slaughter house closure, Cambodia	—	10,000	(10,000)	—
	<u>12,845</u>	<u>80,000</u>	<u>(92,845)</u>	<u>—</u>
Unrestricted funds				
General funds	<u>424,018</u>	<u>3,688,272</u>	<u>(3,322,663)</u>	<u>789,627</u>
	<u>424,018</u>	<u>3,688,272</u>	<u>(3,322,663)</u>	<u>789,627</u>
Total funds	<u>436,863</u>	<u>3,768,272</u>	<u>(3,415,508)</u>	<u>789,627</u>
	At 1 January 2019 £	Incoming resources £	Outgoing resources £	At 31 December 2019 £
Restricted funds				
Stray Dogs	5,000	7,500	(12,500)	—
Bile Bears	1,600	10,000	—	11,600
Fier Zoo	245	—	—	245
Lionsrock Cat Sanctuary	1,000	—	—	1,000
Thula Thula Wildlife Rehabilitation Centre	—	10,002	(10,002)	—
	<u>7,845</u>	<u>27,502</u>	<u>(22,502)</u>	<u>12,845</u>
Unrestricted funds				
Designated fund				
Domazhyr Bear Sanctuary	—	100,000	(100,000)	—
Revaluation reserve	110,351	—	(110,351)	—
General funds	<u>512,973</u>	<u>2,521,398</u>	<u>(2,610,353)</u>	<u>424,018</u>
	<u>623,324</u>	<u>2,621,398</u>	<u>(2,820,704)</u>	<u>424,018</u>
Total funds	<u>631,169</u>	<u>2,648,900</u>	<u>(2,843,206)</u>	<u>436,863</u>

11 Movements in funds (continued)

Bile Bears

We have continued to rescue and rehabilitate Asiatic black bears that have been subjected to immense suffering on bile bear farms. During the year, we received donations of £25,000 (2019 - £10,000) to support the care and rehabilitation of two bear cubs that had been rescued and are now being cared for at the FOUR PAWS bear sanctuary at Ninh Binh, in Vietnam. This sanctuary has species-appropriate habitats for up to 50 bears, including a quarantine station and veterinary unit.

FIER Zoo

In 2018 FOUR PAWS led an exposé of the privately-owned zoological park in Fier County, Albania, where a severely malnourished lion and other animals, including a zebra, wolf and several deer, were witnessed locked up in desolate and dirty concrete cages without water. The animals were suffering from a range of physical and psychological issues caused by their living conditions, improper veterinary care and lack of an appropriate diet.

Following public pressure, the Albanian authorities took action ordering the zoo to be closed and our core international team from FOUR PAWS, comprising veterinarians and logistics support staff stepped in immediately to provide urgent veterinary care to the animals before transferring them to our species appropriate sanctuaries.

Lionsrock Big Cat Sanctuary

Four Paws big cat sanctuary, LIONSROCK is a project, which provides an appropriate, lifelong home for big cats that were kept in inadequate conditions in zoos, circuses or private captivity.

The project includes 52 enclosures on 62 hectares of land, as well as special enclosures, veterinary clinic and a special care unit. It is currently home to over 100 big cats including lions, leopards and tigers.

Domazhyr Bear Sanctuary

During the year, FOUR PAWS rescued two brown bears from temporary shelter, after they had been confiscated by authorities from Potrovsk Zoo, near the town of Donetsk, Ukraine. Both bears had endured terrible living conditions in small cages at the zoo and after years of suffering our team were able to provide veterinary care and transfer them to FOUR PAWS Domazhyr Bear Sanctuary in Ukraine. The bears are now able to live in species appropriate accommodation.

Animal Rescue Organisation Cambodia

In August, FOUR PAWS rescued 15 dogs from a slaughterhouse that had been active in the Dog and Cat Meat Trade in Kampong Thom, Cambodia. In partnership with NGO Animal Rescue Organisation, Cambodia, we were able to provide humane care and accommodation for these dogs, in addition to funding kennel refurbishments and a feeding programme for three months for stray/pagoda cats and dogs during the Covid-19 pandemic. The funding also enabled the recruitment of an outreach assistant to support the Caring for Community Animals Program, including the provision of medical equipment and vaccines.

11 Movements in funds (continued)

Mobile veterinary service, Chennai

FOUR PAWS has been an active cooperation partner of the Blue Cross of India (BCI) for almost 10 years. During the year, we received donations to fund the costs of two veterinarians in the mobile clinic in Chennai, to provide services for sick and injured street animals or animals in distress.

Dog and Cat Meat Trade slaughter house closure, Cambodia

In August, FOUR PAWS rescued 15 dogs from a slaughterhouse that had been active in the Dog and Cat Meat Trade in Kampong Thom, Cambodia.

The closure followed a landmark ban on dog meat, the first of its kind in Cambodia, by the Siem Reap government. An estimated three million dogs, including stolen pets, are slaughtered for their meat in Cambodia every year.

The now-closed slaughterhouse killed up to 3,000 dogs every year, most trafficked from Siem Reap, and served as the largest dog meat supplier in the area. Due to its strategic location between Siem Reap and Phnom Penh, the closure will severely impact the supply of dog meat into neighbouring provinces and the capital, taking effect beyond its immediate area. During the closure, FOUR PAWS rescued all 15 dogs on-site that were awaiting slaughter and transported them to our local partner charity "Animal Rescue Cambodia". There the dogs received immediate medical treatment and will be cared for until they find loving, adoptive homes.

12 Revaluation reserve

	2020 £	2019 £
Revaluation reserve brought forward	—	110,351
Amortisation charge during the year	—	(110,351)
Revaluation reserve carried forward	—	—

13 Analysis of net assets between funds

	Restricted £	Unrestricted £	Total 2020 £
Tangible assets	—	13,785	13,785
Current assets	—	878,719	878,719
Current liabilities	—	(100,824)	(100,824)
Liabilities due in more than one year	—	(2,053)	(2,053)
	—	789,627	789,627

13 Analysis of net assets between funds (continued)

	Restricted £	Unrestricted £	Total 2019 £
Intangible assets			
Tangible assets	—	15,782	15,782
Current assets	12,845	667,125	679,970
Current liabilities	—	(258,889)	(258,889)
	12,845	424,018	436,863

14 Transactions with Trustees and related party transactions

None of the Trustees received any payments in 2020 (2019 – one Trustee received payments totalling £494) as reimbursements for travel costs.

No other remunerations or expenses were paid to the Trustees or persons related to them. FOUR PAWS is part of the wider VIER PFOTEN International network with offices in Europe, Africa, Australia and North America. Every FOUR PAWS office is constituted and registered as a legal entity in the local country as required and has a licence to use the FOUR PAWS trademark. The offices carry out a range of animal welfare and fundraising activities united under one global FOUR PAWS strategy. Individual country strategies and plans are developed in consultation with and approved by the Trustees of FOUR PAWS UK.

One of the UK Trustees was also in a Key Management position at VIER PFOTEN International: Josef Pfabigan, Chief Finance Officer, and Chief Executive Officer (from January 2020).

FOUR PAWS UK's IT support / network is provided by VIER PFOTEN International. We also report on HR issues to Personnel at VIER PFOTEN International.

During the year, payments totalling £694,861 (2019 – £177,701) were made to VIER PFOTEN International and grants of £436,478 were received (2019 – £374,389).

There were no other related party transactions in the year to 31 December 2020.