

FOUR PAWS UK

Annual Report and Financial Statements

31 December 2021

Company Registration Number
5848230 (England and Wales)

Charity Registration Number
1118102

Contents

Reports

| | |
|--|----|
| Reference and administrative information | 2 |
| Trustees' report | 3 |
| Independent auditor's report | 22 |

Financial statements

| | |
|-----------------------------------|----|
| Statement of financial activities | 26 |
| Balance sheet | 27 |
| Statement of cash flows | 28 |
| Principal accounting policies | 29 |
| Notes to the financial statements | 33 |

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 (resigned 31 December 2021) Gerald Dick Nicole Schreyer Luciana D'Abramo (Appointed 30 March 2021) |
| Principal Staff | Brian da Cal (UK Director) (resigned 22 October 2021) Sonul Badiani-Hammet (UK Director) (appointed 10 November 2021) |
| Company Secretary | Brian da Cal (resigned 10 November 2021) Sonul Badiani-Hammet (appointed 10 November 2021) |
| 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 2021, which also constitutes a directors' report.

The accounts have been prepared in accordance with the accounting policies set out on pages 29 to 32 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. At 31 December 2021, the charitable company has four Trustees as 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 | |
| Peter Davies | Resigned 31 December 2021 |
| Gerald Dick | |
| Nicole Schreyer | |
| 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 three times during the year to 31 December 2021. 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 Director UK. For the year ended 31 December 2021 this consisted of an average of 22 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 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 continuing 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 2021 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

Due to ongoing COVID-19 health & safety concerns, we decided to cancel our attendance at face-to-face fundraising events this year. As a result, no volunteers were engaged during 2021.

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. 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 2021 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.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE IN 2021

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.

STRATEGIC REPORT (continued)

ACHIEVEMENTS AND PERFORMANCE IN 2021 (continued)

Companion Animals (continued)

Illegal Puppy Trade campaign

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.

Impact and outcomes 2021

We increased our involvement in the Illegal Puppy Trade campaign during the year. We launched our online puppy trade reporting tool in April which enabled us to collect hundreds of public reports of sick and dead puppies. By hiring an investigative consultant and partnering with a prosecution and investigations charity, Animal Protection Services, it has been possible to use these case reports, in an attempt to seek justice for the pet owners.

We have also run numerous "puppy trade focus" weeks on our social media channels to raise awareness of the tricks of the trade and how people must think before they click when buying a puppy online.

We also contributed to the FOUR PAWS New Model Solution report which we shared with 150 MPs. This led to some positive direct discussions with interested MPs.

Lucy's Law, which bans third party sales of puppies and kittens was also successfully enacted in Wales and Scotland in 2021. This followed enactment in England's last year.

Responsible Pet Ownership

Background

Puppy purchases and adoptions increased significantly in the UK during the last two years due to the COVID-19 pandemic lockdowns, with people spending more time at home. In the subsequent period where COVID-19 restrictions have been lifted, pet owners working patterns and routines have changed, leading to pets needing to quickly adjust to being left alone or becoming unwanted.

Impact and outcomes 2021

During the year we provided a variety of advice across our social media channels to promote better pet treatment during lockdowns and to prevent issues arising as pets adjust to changing routines and working patterns of their owners. We also provided guidance on responsible pet ownership, addressing topics such as hot weather and fireworks night.

STRATEGIC REPORT (continued)

ACHIEVEMENTS AND PERFORMANCE IN 2021 (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.

Impact and outcomes 2021

We have successfully engaged with British embassies in Cambodia, Vietnam and Indonesia and they have helped to raise awareness of the dog and cat meat trade in addition to directly communicating with key government contacts in Southeast Asia to influence legislative change. In the UK, we were involved in a video interview with an MP to discuss the dog and cat meat trade with their constituents.

We have also continued to raise awareness of the issue of the dog and cat meat trade with supporters and the media. This year we used a new tactic, mailing "Empty collars" – a campaign pack consisting of a missing poster and pet collar to MPs. This action highlighted the number of stolen pets who are victims of the trade in Southeast Asia. We continued to share our Travel Kind messaging via social media and launched an oath encouraging animal-friendly travel which has achieved over 1,000 pledges to date.

STRATEGIC REPORT (continued)

ACHIEVEMENTS AND PERFORMANCE IN 2021 (continued)

Farm Animals and Nutrition

Food Procurement

Background

FOUR PAWS has continued working on addressing animal welfare in public procurement and national food policy. Our research has shown the lack of legal requirements for animal welfare in public procurement processes. In England, the Government Buying Standards are applied by central government procurers directly or through their catering contractors. However, Local Authorities and schools are only encouraged to apply these standards, so there is 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 and ultimately sourcing low welfare food for public institutions. It is also unclear how authorities are considering food in climate action plans, and how they are promoting meat reduction as a solution to climate change.

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.

Impact and outcomes 2021

We continued our work as a member of the Eating Better coalition, which is calling for 50% meat reduction by 2030 in the UK, as well as "better" meat consumption and high welfare products being consumed. We also joined a public procurement task force and engaged with local authorities on the Make Food Kinder campaign.

We have also prepared an e-action enabling supporters to contact their MPs and call for animal welfare and meat reduction to be addressed in national food procurement. In addition, we produced various visual assets to assist local authorities make better decisions in food procurement policy by addressing climate change and budget questions that are often raised.

STRATEGIC REPORT (continued)

ACHIEVEMENTS AND PERFORMANCE IN 2021 (continued)

Farm Animals and Nutrition (continued)

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

Background

FOUR PAWS was founded on the campaign to end the sale/farming of animals for fur. Since then, it has become experts on the issue of animal welfare in the textile industry and 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/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 have tried to bring the combined experience and different textile issues under the umbrella of Wear it Kind, with four key focus areas; down feathers, fine wools (including mulesed wool), exotic leather and fur.

Impact and outcomes 2021

Under Wear It Kind, we have directly engaged with several fashion brands including M&S, John Lewis, Next, Primark, Misguided and People Tree who have either signed our letter of intent to phase out mulesed wool from their supply chain or committed to improving their animal welfare standards overall.

This year we produced four editions of FAUX PAWS – a mock magazine that addresses our four key textile focus areas, with advertising promoted in major women's magazines Cosmopolitan, Red and Elle.

We successfully implemented a new Wear It Kind campaign section on our website, introducing specifically tailored content.

As members of the Fur Free Britain coalition, we were one of the NGOs handing in over one million signatures to Number 10 Downing Street showing huge support for a fur sales and import ban, to which we have contributed 52,042 signatures to date. We have also continued to mobilise the public against House of Fraser, one of a few British high street department stores still selling fur.

FOUR PAWS has supported several Wear it Kind and wool activities including the launch of the wool brand check, the annual fashion report, ranking and the publication of the new animal welfare policy guidelines for the industry. Public mobilisation was also key as thousands of supporters signed the Wear it Kind pledge and our mulesing petition, as well as sharing our content online.

STRATEGIC REPORT (continued)

ACHIEVEMENTS AND PERFORMANCE IN 2021 (continued)

Farm Animals and Nutrition (continued)

Policy Work

Background

As a nation of animal lovers, the UK Government has committed to improving the standard of animal welfare in farming systems. FOUR PAWS strives to provide the best evidence and expertise to decision makers to produce effective policies for animal welfare. These policies include addressing factory farming, cage keeping, live transport and labelling of animal food products.

Impact and outcomes 2021

We have continued to engage on national farming policy. Our work includes urging a ban on cages for farmed animals and feeding into consultations on live transport, food & animal welfare labelling and various food and climate strategies across the devolved assemblies. We have welcomed the arrival of both the Animal Welfare (Sentience) Bill and the Kept Animals Bill in 2021, that address key issues including animal sentience and a ban on live exports, now enshrined in law.

Early in 2021, the factory farming government e-petition was closed. Prior to its closure it gained over 30,000 signatures from supporters wanting to help raise awareness of the need for the Government to make firm meat reduction commitments. With over 15,000 people signing the meat reduction pledge, and a further 80,000 signing the petition with ProVeg calling for Diet Change, not Climate Change at COP26, FOUR PAWS is optimistic to see an increase in pro-plant-based messaging and commitments. We have also joined the Scottish Food Coalition and are working with partners on the Good Food Nation Bill

Wild Animals

Bear Bile

Background and impact

In 2005, the Vietnamese government took measures against the cruel keeping of bears by banning the sale and possession of bear bile. However, despite this legislation, approximately 330 "bile bears" remain on about 100 farms. As shown by research conducted by FOUR PAWS in recent years, most of these bears spend a sad existence in tiny metal cages, half-starved and dehydrated. Many also suffer from chronic liver and gallbladder disease and frequently develop secondary complications like e.g. liver cancer. The bile farming and extraction practice puts great stress on the physical and mental health of the bears, which eventually leads to their death. Inappropriate keeping conditions, diet and exercise deprivation contributes to mobility problems, wasted muscles and obesity. Moreover, the unstimulating environment, the confined space and mistreatment lead to behavioural disorders, often seen in animals in bad captive settings. Due to boredom and escape attempts the bears also often chew on their cage bars which result in broken and damaged teeth. Bear bile is still extracted from many of them and traded behind closed doors.

STRATEGIC REPORT (continued)

ACHIEVEMENTS AND PERFORMANCE IN 2021 (continued)

Wild Animals (continued)

Bear Bile (continued)

Background and impact (continued)

FOUR PAWS has campaigned for many years to end bear farming for bile in Vietnam. Bear farming for bile in Vietnam has reduced significantly since FOUR PAWS engaged on this work, and now efforts are focused on the last remaining hot spot – Hanoi.

Hanoi remains the country's primary bear farming hotspot, with 159 bears on 30 farms - accounting for 49% of the total bile bears in Vietnam (June 2021).

In 2021, we have launched our e-petition to urge the Hanoi authorities to:

- put a stop to the practice of bear farming in the country's capital.
- Set a precedent of zero tolerance for the rest of the country in dealing with the bear farming situation.
- Close all bear farms by 2025 and ensure the transfer of all remaining bears to rescue centres and sanctuaries.

Policy Work

Background

The UK Government has committed to improving the standard of animal welfare of wild animals in captivity and those impacted by human activity. FOUR PAWS strives to provide the best evidence and expertise to decision makers to produce effective policies for animal welfare including addressing primates as pets and trophy hunting imports/exports.

Impact and outcomes 2021

This year the UK Government published the Animal Welfare (Kept Animals) Bill that addressed key issues we have worked on for five years – the ban on primates as pets and banning trophy hunting imports. The introduction of this bill after a number of consultations is huge progress for animal welfare, and there is still some way to go to close remaining loopholes.

We responded to several calls for evidence and consultations on new legislative proposals around banning primates as pets and banning trophy hunting exports. We have also worked closely with the coalition of charities against trophy hunting to align messaging on this issue, raise concerns around loopholes in proposed legislation and educate our supporters on how they can help.

STRATEGIC REPORT (continued)

ACHIEVEMENTS AND PERFORMANCE IN 2021 (continued)

Pandemics & Animal Welfare/Live Kinder

Background

In 2021, FOUR PAWS launched the Pandemics and Animal Welfare campaign which addresses the need to end the commercial wildlife trade, the dog and cat meat trade, factory farming and fur farming worldwide. This complemented our existing Live Kinder campaign, highlighting the need for increased urgency and finding political solutions.

Impact and outcomes 2021

Through supporting the lobbying strategy of FOUR PAWS globally, we have successfully engaged world health and the national health minister representatives, to support the formation of a pandemic treaty or agreement.

We produced a leaflet telling the "story of a pandemic" to help supporters better understand the connection to animals. A new How to Live Kinder leaflet was also produced and distributed to over 50,000 students nationwide, with the aim of promoting FOUR PAWS farming, wildlife, textiles, climate and travel kind campaigns and subsequent calls to action.

We also contributed to FOUR PAWS Future Study report published this year and created various visual and communications tools to raise awareness of the issue of pandemics with supporters.

FINANCIAL REVIEW

We achieved continued income growth in 2021, as the economy showed signs of recovery with employment and output levels almost returning to pre Covid-19 pandemic levels. However strained global supply chains contributed to rising energy prices and inflation reached its highest rate for 30 years, which has likely impacted the disposable income of donors and supporters. New variants of Covid-19 during the year have also led to the reintroduction of restrictions affecting consumer behaviour and confidence to spend.

Our total income for the year was £4.67m, an increase of £0.90m against 2020.

Through our continued investment in our DRTV advertising, we recruited new donors and increased our regular giving income by 41% to bring in £1.34m to support our diversification and future sustainability of our income streams.

Legacy income increased by £1.1m to £1.68m due to the growth in charitable bequests. Grant income reduced by £0.34m as we directly funded FOUR PAWS international campaign activities in South East Asia from legacy income.

Income from our Major Donors also grew during the year by 8%, contributing £0.18m to our total income.

The impact of Covid-19 affected some regional postal services, contributing to the 22% fall in income from our direct mail cash appeals. This brought in £0.57m (2020 £0.73m).

STRATEGIC REPORT (continued)

FINANCIAL REVIEW (continued)

Total expenditure increased by £0.66m. This reflected the increase in our grant payment to VIER PFOTEN International, to support the FOUR PAWS global mission to REVEAL, RESCUE, and PROTECT by funding sanctuaries, projects, and campaigns.

The year finished with a net surplus of £0.60m, compared to £0.35m in 2020.

We are showing unrestricted funds of £1.39m at 31st December 2021 (2020 £0.79m). Restricted funds balance was £5,508 (2020 Nil).

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 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.

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 2021 and has been maintained at 6 month's operating costs.

The unrestricted reserves at 31st December 2021 stood at £1.39m (2020 £0.79m) an increase of £0.60m against the previous year. After excluding the net book value of the tangible fixed assets, the free reserves are £1.37m. This has exceeded the target set by the Trustees. We will use the surplus funds from this year to further support FOUR PAWS campaign and project activities during 2022.

STRATEGIC REPORT (continued)

FINANCIAL REVIEW (continued)

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.

As set out in the accounting policies under "going concern" and in the plans for future periods section below, the trustees have considered the wider financial uncertainties as the UK economy responds in its recovery post Covid-19 pandemic. This consideration is also taken together with understanding further current global economic insecurities due to the escalating geo-political and energy crises and how these may impact donors' propensity to give and any subsequent potential effect on the charity. The trustees 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.
- ◆ 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.

PLANS FOR FUTURE PERIODS (continued)

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 2022

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

Our key objectives include:

Illegal puppy trade

We will continue to collect reports from the public 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 continue to monitor political developments and respond to any future enquiries or government consultations.

Responsible Pet Ownership

We will continue to spread awareness of responsible pet ownership through the Live Kinder campaign.

Dog and Cat Meat Trade

We will engage with the UK tourism industry and the public to raise awareness of the dog and cat meat trade, and particularly its link to zoonotic diseases and pandemics. We will also continue to promote the FOUR PAWS Travel Kind campaign.

PLANS FOR FUTURE PERIODS (continued)

Looking ahead to 2022 (continued)

Food Procurement

We will continue to engage with MPs through e-actions, and eventually phase into a new e-action targeting councillors on a more local level. We will also promote key messaging regarding climate change as part of this work, including a toolkit and documentary. Additionally, we plan to produce a recipe book to promote plant-based recipes. We will continue to promote our Make Food Kinder campaign across our social media channels and will also target regional press on this issue.

Wear it Kind/Fur free Britain/ Wool with a Butt

We will focus primarily on engaging with fashion brands in the UK to improve their supply chain transparency and encourage them to adopt high animal welfare standards in their textile policies. We will continue to promote the four key textile issues to educate consumers on their buying behaviours and promote a more ethical fashion ethos our supporters.

Pandemics/Live Kinder

We will continue to promote the Pandemics and Animal Welfare petition across our social media channels, utilising more visual aids.

Policy work

We will increase our work on policy and legislation in 2022 whilst also continuing to feed into national consultations relating to farm animal welfare. Following our push at the end of the year on the End the Cage Age Government e-petition, we will try to secure a Parliamentary debate on the issue and lobby the UK Government and MPs to legislate for a ban on cages for farmed animals. We are also now a lead partner in the Better Deal For Animals coalition, which comprises 55 NGOs working on animal sentience. We will also work with Government and MPs to secure a safe passage for the Animal Welfare (Sentience) Bill through the Houses of Parliament.

We will continue to work with partners on the Good Food Nation Bill in Scotland. Additionally, we will continue to monitor the political arena for key farming legislation, particularly in regard to new trade deals following BREXIT.

Bear bile

We will continue to support the petition for an end to the farming of bears of their bile in Hanoi and communicate subsequent updates via our social media channels and supporter emails.

Pandemic and Live Kinder work

We will continue to push for animal welfare to be included in pandemic prevention plans in 2022 and raise awareness of the risks of the commercial wildlife trade and fur farming in creating and spreading deadly zoonotic diseases.

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).

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.

STATEMENT OF TRUSTEES' RESPONSIBILITIES (continued)

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



Joseph Pfabigan

March 18th 2022

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 2021 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 2021 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

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 (GPDR) 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.



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

Date: 21 March 2022

Statement of financial activities (including income and expenditure account) Year to 31 December 2021

| | Notes | Unrestricted funds £ | Restricted funds £ | Total funds 2021 £ | Unrestricted funds £ | Restricted funds £ | Total funds 2020 £ |
|---|-------|-------------------------|-----------------------|--------------------------|-------------------------|-----------------------|--------------------------|
| Income and expenditure | | | | | | | |
| Income from: | | | | | | | |
| Donations and legacies | 1 | 4,564,780 | 106,008 | 4,670,788 | 3,688,272 | 80,000 | 3,768,272 |
| Total income | | 4,564,780 | 106,008 | 4,670,788 | 3,688,272 | 80,000 | 3,768,272 |
| Expenditure on: | | | | | | | |
| Raising funds | | 1,082,777 | — | 1,082,777 | 1,044,386 | — | 1,044,386 |
| Charitable activities | | | | | | | |
| . Advocacy for animal welfare and raising awareness | | 2,316,099 | — | 2,316,099 | 1,682,777 | — | 1,682,777 |
| . Wild animal programs and campaigns | | 94,719 | 50,000 | 144,719 | 109,112 | 62,845 | 171,957 |
| . Companion animals programs and campaigns | | 444,279 | 50,500 | 494,779 | 445,946 | 30,000 | 475,946 |
| . Farm animals programs and campaigns | | 36,023 | — | 36,023 | 40,442 | — | 40,442 |
| Total expenditure | 2 | 3,973,897 | 100,500 | 4,074,397 | 3,322,663 | 92,845 | 3,415,508 |
| Net income (expenditure) and net movement in funds | 3 | 590,883 | 5,508 | 596,391 | 365,609 | (12,845) | 352,764 |
| Reconciliation of funds: | | | | | | | |
| Total funds brought forward | | 789,627 | — | 789,627 | 424,018 | 12,845 | 436,863 |
| Total funds carried forward | 11,12 | 1,380,510 | 5,508 | 1,386,018 | 789,627 | — | 789,627 |

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 2021

| | Notes | 2021 £ | 2021 £ | 2020 £ | 2020 £ |
|--|-------|------------------|------------------|------------------|----------------|
| Fixed assets | | | | | |
| Intangible assets | 6 | | — | | — |
| Tangible assets | 7 | | <u>16,221</u> | | <u>13,785</u> |
| | | | | | 13,785 |
| Current assets | | | | | |
| Debtors | 8 | 404,082 | | 242,830 | |
| Cash at bank and in hand | | <u>1,045,227</u> | | <u>635,889</u> | |
| | | <u>1,449,309</u> | | <u>878,719</u> | |
| Creditors: amounts falling due within one year | 9 | <u>(77,942)</u> | | <u>(100,824)</u> | |
| Net current assets | | | <u>1,371,367</u> | | <u>777,895</u> |
| Creditors: amounts falling due after more than one year | 10 | | <u>(1,570)</u> | | <u>(2,053)</u> |
| Net assets | | | <u>1,386,018</u> | | <u>789,627</u> |
| The funds of the charity | | | | | |
| Unrestricted funds | 11 | <u>1,380,510</u> | | <u>789,627</u> | |
| | | | <u>1,380,510</u> | | <u>789,627</u> |
| Restricted funds | 11 | | <u>5,508</u> | | <u>—</u> |
| | | | <u>1,386,018</u> | | <u>789,627</u> |

The notes on pages 33 to 42 form part of the financial statements.

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



Joseph Pfabigan

Chair of Trustees

Company registration number 5848230 (England and Wales).

March 18th 2022

Statement of cash flows Year to 31 December 2021

| | Notes | 2021 £ | 2020 £ |
|--|-------|-----------|-----------|
| Cash inflow from operating activities | A | 421,443 | 223,386 |
| Cash outflow from investing activities | B | (12,105) | (6,373) |
| Increase in cash and cash equivalents | C | 409,338 | 217,013 |

Notes to the statement of cash flows for the year to 31 December 2021

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

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Net income | 596,391 | 352,764 |
| Depreciation charge | 9,099 | 8,370 |
| Loss on disposal of fixed assets | 570 | — |
| (Increase) decrease in debtors | (161,252) | 18,264 |
| Decrease in creditors | (23,365) | (156,012) |
| Net cash inflow from operating activities | 421,443 | 223,386 |

B. Cash flows from investing activities

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Investing activities | | |
| Payments to acquire tangible fixed assets | (12,105) | (6,373) |
| Cash outflow from investing activities | (12,105) | (6,373) |

C. Analysis of changes in cash (net debt)

| | At 1 January 2021 £ | Cash flows £ | At 31 December 2021 £ |
|--------------------------|------------------------------|--------------------|--------------------------------|
| Cash at bank and in hand | 635,889 | 409,338 | 1,045,227 |

Principal accounting policies 31 December 2021

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.

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.

Principal accounting policies 31 December 2021

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 2021, we continued to strengthen our financial position and implement our strategy to diversify our income channels. We saw positive returns from our digital investment, including a new email marketing platform to grow our email distribution and integrate fundraising and campaigns to enhance supporter engagement, minimise attrition and maximise return. We saw significant growth from legacy income during the year and have increased our unrestricted reserves in alignment with our Reserves Policy.

In 2022, we will further look to develop our fundraising products to resonate with audiences, including Mid-level donor recruitment and explore audience diversification based on thematic testing. We have reviewed our forecasts for 2022 and 2023 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 wider financial uncertainties as the UK economy responds in its recovery post Covid-19 pandemic. This consideration is also taken together with understanding further current global economic insecurities due to the escalating geo-political and energy crises and how these may impact donors' propensity to give and any subsequent potential effect on the charity. The trustees 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 2021

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.

1 Donations and legacies

| | Unrestricted funds £ | Restricted funds £ | 2021 Total funds £ | Unrestricted funds £ | Restricted funds £ | 2020 Total funds £ |
|-------------------------|-------------------------|-----------------------|--------------------------|-------------------------|-----------------------|--------------------------|
| Voluntary income | | | | | | |
| Donations | 2,628,685 | 106,008 | 2,734,693 | 2,506,887 | 80,000 | 2,586,887 |
| Gift aid | 159,568 | — | 159,568 | 157,799 | — | 157,799 |
| Legacies | 1,682,662 | — | 1,682,662 | 587,109 | — | 587,109 |
| Grants | 93,865 | — | 93,865 | 436,477 | — | 436,477 |
| 2021 Total funds | 4,564,780 | 106,008 | 4,670,788 | 3,688,272 | 80,000 | 3,768,272 |

2 Expenditure

| | Direct costs £ | Grants £ | Support costs £ | Total costs 2021 £ |
|---|-------------------|------------------|--------------------|--------------------------|
| Charitable activities | | | | |
| Advocacy for animal welfare and raising awareness | 1,044,073 | 1,118,000 | 154,026 | 2,316,099 |
| Wild animals programs and campaigns | 85,953 | 50,000 | 8,766 | 144,719 |
| Companion animals programs and campaigns | 403,094 | 50,500 | 41,185 | 494,779 |
| Farm animals programs and campaigns | 31,989 | — | 4,034 | 36,023 |
| | 1,565,109 | 1,218,500 | 208,011 | 2,991,620 |
| Raising funds | | | | |
| Staff costs | 237,685 | — | — | 237,685 |
| Investment in donor acquisition | 281,913 | — | — | 281,913 |
| Other | 451,797 | — | 111,382 | 563,179 |
| | 971,395 | — | 111,382 | 1,082,777 |
| Total expenditure | 2,536,504 | 1,218,500 | 319,393 | 4,074,397 |

2 Expenditure (continued)

| | 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 |
| | <u>1,467,521</u> | <u>733,262</u> | <u>170,339</u> | <u>2,371,122</u> |
| Raising funds | | | | |
| Staff costs | 192,564 | — | — | 192,564 |
| Investment in donor acquisition | 390,970 | — | — | 390,970 |
| Other | 359,810 | — | 101,042 | 460,852 |
| | <u>943,344</u> | <u>—</u> | <u>101,042</u> | <u>1,044,386</u> |
| Total expenditure | <u>2,410,865</u> | <u>733,262</u> | <u>271,381</u> | <u>3,415,508</u> |

Analysis of support costs

| | Raising funds £ | Advocacy and raising awareness £ | Wild animals £ | Companion animals £ | Farm animals £ | Total costs 2021 £ |
|----------------|--------------------|-------------------------------------|-------------------|------------------------|-------------------|--------------------------|
| Staff costs | — | — | — | 20,928 | — | 20,928 |
| Premises costs | 21,209 | 1,252 | 14 | 173 | 38 | 22,686 |
| Governance | 11 | 12 | 1 | 5 | — | 29 |
| Other costs | 90,162 | 152,762 | 8,751 | 20,079 | 3,996 | 275,750 |
| | <u>111,382</u> | <u>154,026</u> | <u>8,766</u> | <u>41,185</u> | <u>4,034</u> | <u>319,393</u> |

| | 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> |

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:

| | 2021 £ | 2020 £ |
|------------------------------------|-----------|-----------|
| Depreciation | 9,009 | 8,370 |
| Auditors' remuneration – audit fee | 11,124 | 12,420 |

4 Employee and key management remuneration

Summary

Staff costs during the year were as follows:

| | 2021 £ | 2020 £ |
|-----------------------|------------------|----------------|
| Salaries and wages | 910,252 | 751,081 |
| Social security costs | 94,240 | 76,669 |
| Other pension costs | 36,711 | 32,361 |
| | 1,041,203 | 860,111 |

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:

| | 2021 No. | 2020 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 | |
|--|-----------|-----------|----------------------|-----------|
| | 2021 | 2020 | 2021 | 2020 |
| Average number of employees | | | | |
| Charitable activities, campaigns and publicity | 9 | 8 | 9 | 8 |
| Fundraising | 6 | 4 | 7 | 4 |
| Managing and administration | 1 | 1 | 1 | 1 |
| Leadership and governance | 5 | 5 | 5 | 5 |
| | 21 | 18 | 22 | 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.

| | 2021 £ | 2020 £ |
|---|---------------|---------------|
| The costs of the scheme to the charity for the year | 36,711 | 32,361 |
| | 36,711 | 32,361 |

None of the Trustees received any remuneration in respect of their services during the year (2020 - £nil). During the year, no out of pocket travelling expenses were reimbursed to Trustees (2020 - no amounts were reimbursed to trustees).

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 £279,179 (2020 - £282,115).

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 2021 £ |
|--|------------------------|--------------------|
| Valuation | | |
| At 1 January 2021 and 31 December 2021 | 551,751 | 551,751 |
| Amortisation | | |
| At 1 January 2021 and 31 December 2021 | 551,751 | 551,751 |
| Net book values | | |
| At 1 January 2021 and 31 December 2021 | — | — |

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 2021 | 3,674 | 28,116 | 2,851 | 34,641 |
| Additions | — | 10,838 | 1,267 | 12,105 |
| Disposals | — | — | (1,319) | (1,319) |
| At 31 December 2021 | <u>3,674</u> | <u>38,954</u> | <u>2,799</u> | <u>45,427</u> |
| Depreciation | | | | |
| At 1 January 2021 | 1,621 | 17,629 | 1,606 | 20,856 |
| Charge for the year | 483 | 8,180 | 436 | 9,099 |
| Disposals | — | — | (749) | (749) |
| At 31 December 2021 | <u>2,104</u> | <u>25,809</u> | <u>1,293</u> | <u>29,206</u> |
| Net book value | | | | |
| At 31 December 2021 | <u>1,570</u> | <u>13,145</u> | <u>1,506</u> | <u>16,221</u> |
| At 31 December 2020 | <u>2,053</u> | <u>10,487</u> | <u>1,245</u> | <u>13,785</u> |

8 Debtors and prepayments

| | 2021 £ | 2020 £ |
|--------------------------------|-----------------------|-----------------------|
| Other debtors | 16,012 | 12,122 |
| Prepayments and accrued income | <u>388,070</u> | <u>230,708</u> |
| | <u>404,082</u> | <u>242,830</u> |

9 Creditors: amounts falling due within one year

| | 2021 £ | 2020 £ |
|-----------------|----------------------|-----------------------|
| Trade creditors | 55,849 | 52,705 |
| Other creditors | — | 54 |
| Accruals | <u>22,093</u> | <u>48,065</u> |
| | <u>77,942</u> | <u>100,824</u> |

10 Creditors: amounts falling after more than one year

| | 2021 £ | 2020 £ |
|---------------------------|---------------------|---------------------|
| Finance lease commitments | <u>1,570</u> | <u>2,053</u> |
| | <u>1,570</u> | <u>2,053</u> |

11 Movements in funds

| | At 1 January 2021 £ | Incoming resources £ | Outgoing resources £ | At 31 December 2021 £ |
|---|------------------------------|----------------------------|----------------------------|--------------------------------|
| Restricted funds | | | | |
| Ukraine bears | — | 50,000 | (50,000) | — |
| Bali shelter | — | 5,000 | (5,000) | — |
| SPERANTA | — | 35,500 | (35,500) | — |
| Dog and Cat Meat Trade | — | 10,000 | (10,000) | — |
| FELIDA | — | 5,508 | — | 5,508 |
| | — | 106,008 | (100,500) | 5,508 |
| Unrestricted funds | | | | |
| General funds | 789,627 | 4,564,780 | (3,973,897) | 1,380,510 |
| | 789,627 | 4,564,780 | (3,973,897) | 1,380,510 |
| Total funds | 789,627 | 4,670,788 | (4,074,397) | 1,386,018 |
| | 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) | — |
| | 12,845 | 80,000 | (92,845) | — |
| Unrestricted funds | | | | |
| General funds | 424,018 | 3,688,272 | (3,322,663) | 789,627 |
| | 424,018 | 3,688,272 | (3,322,663) | 789,627 |
| Total funds | 436,863 | 3,768,272 | (3,415,508) | 789,627 |

11 Movements in funds (continued)

Ukraine bears

In May 2016, the foundation stone was laid for one of our youngest bear sanctuaries close to the Ukrainian city of Lviv (Lemberg): BEAR SANCTUARY Domazhyr. The first construction phase, covering 7.7 hectares, was completed in autumn 2017. Since then, BEAR SANCTUARY Domazhyr has been expanded to 15 ha and currently provides a species appropriated accommodation for over 20 bears. A further extension is planned and after all construction work is complete, the sanctuary will have space for up to 30 bears.

In 2021, legislation was passed in Ukraine to forbid the keeping of bears next to restaurants. We have campaigned tirelessly to pressure the authorities to comply with the law and to order the confiscation of Bear Vova, who has spent nearly two decades, imprisoned in a tiny concrete cage outside a restaurant to attract visitors. Our aim is to rescue Bear Vova and move him to species appropriate accommodation at BEAR SANCTUARY Domazhyr. During the year, we received a restricted donation to provide financial support to care for Bear Vova after his rescue.

The donation is also to fund the update of both the outdoor and indoor infirmary at the sanctuary, and provide enrichment and medicine for the bears.

Bali shelter

The suffering of stray animals in Bali, Indonesia is severe. In partnership with Bali Animal Welfare Association, our Program Dharma, helps to provide vital care to animals who need it most. Program Dharma operates within Karangasem Regency, the eastern side of Bali, which is home to the poorest communities on the island.

The program provides food and medical treatment for stray animals and those whose owners are unable to care for them properly, either because they are struggling with financial hardship or lack understanding of responsible pet ownership.

FOUR PAWS also funds community outreach work such as door-to-door education, vaccination drives and mobile sterilisation clinics, to prevent the births of countless unwanted animals. The aims of the programme are to create sustainable change, not only delivering direct animal care, but also targeting the underlying causes of animal suffering including abandonment, lack of resources and education for pet owners, while helping to tackle critical issues such as rabies, and the dog meat trade.

During the Covid-19 crisis, this work has become harder than ever. As a result of the devastating effects of Covid-19 in Indonesia, countless people on the island of Bali are experiencing unprecedented financial hardship. Tourism, so crucial to the local economy, is practically non-existent. People are being asked to stay home or have lost their jobs and what little income they had. They find themselves unable to provide for their families, let alone a basic meal for their dog or the street dogs in their community.

The knock-on effect for both stray and owned animals has been devastating. During the year, operations such as mobile sterilisation clinics and vaccination were suspended. Fortunately, our team was issued a special permit to continue the feeding program for animals that were completely reliant on this programme.

11 Movements in funds (continued)

SPERANTA

FOUR PAWS supports SPERANTA Shelter as part of our Companion Animal programme in Eastern Europe to deliver vital care and rehabilitation to dogs. SPERANTA currently provides care and accommodation to over 500 homeless dogs, that had been left to survive on the streets in Romania. New animals, including puppies and elderly dogs are dumped outside SPERANTA's doors on almost a daily basis. However, this care is expensive, especially the special needs dogs, and young puppies that need around the clock attention from specialists.

The programme also supports local efforts to implement humane stray animal management and in addition, an outreach project with local vets and communities, to provide education on responsible pet ownership and to encourage the adoption of these dogs.

Dog and Meat Trade

In February, FOUR PAWS supported the Siem Reap Provincial Department of Agriculture in Cambodia, with the first ever interception of dogs being taken to be slaughtered for the dog meat trade.

61 dogs were confiscated from a minivan and the driver was immediately arrested on the scene. The dogs, crammed tightly into six metal cages, were on their way to be slaughtered in Kampong Cham for their meat, when the vehicle was intercepted leaving Siem Reap town by the Provincial Department of Agriculture in collaboration with the Provincial Commissioner of Police. The first government-led interception in Cambodia follows the recent dog meat ban in Siem Reap passed in July 2020.

Following the interception, all dogs were immediately removed from the overcrowded cages and released into a small holding area. FOUR PAWS teamed up with local organisations 'Paw Patrol Cambodia' and 'Animal Rescue Cambodia' to provide emergency feeding and medication for the 61 rescued dogs.

FOUR PAWS also arranged for a veterinary team to vaccinate all dogs on site and subsequently moved them to a temporary shelter. FOUR PAWS has since managed the ongoing care and feeding of the dogs, ensuring their safety whilst preparing the dogs for local and international adoption as needed.

FELIDA

In November 2020, a music video on the internet featured a young lion that was clearly injured. It led to a public outcry and soon, FOUR PAWS found out that the animal belonged to a private owner in Picior de Munte, in the southern part of Romania. The young lion, called Simba, was not the only big cat living on this property: a total of nine lions were found to be living in small, unsuitable cages full of faeces and skeletons. Due to uncontrolled breeding, as well as lack of professional and veterinary care in inappropriate and unsafe keeping conditions, there was an urgent need for action.

11 Movements in funds (continued)

FELIDA (continued)

After long negotiations that started after Simba was located, as well as intensive preparations, our team managed to come to an agreement with the owner – who had a license to keep the lions in his backyard on a legal basis. The seven youngest lions, which are all siblings from different litters and the result of uncontrolled breeding, would be handed over to us. We could not yet convince the owner to also give up the two parents and a recently born cub, but an agreement was made to apply anti-conception for the older couple and end the breeding for good.

In September 2021, the loading of the lions for their rescue began. A team of six veterinarians had to put several lions under anaesthesia simultaneously in order to get them out of the saddening conditions in which they had spent their entire lives.

After a long trip through the continent from East to West, two days later the seven lions arrived at FELIDA Big Cat Sanctuary in The Netherlands, where they will live in species appropriate accommodation and receive the care that they need.

12 Analysis of net assets between funds

| | Restricted £ | Unrestricted £ | Total 2021 £ |
|---------------------------------------|-----------------|-------------------|--------------------|
| Tangible assets | — | 16,221 | 16,221 |
| Current assets | 5,508 | 1,443,801 | 1,449,309 |
| Current liabilities | — | (77,942) | (77,942) |
| Liabilities due in more than one year | — | (1,570) | (1,570) |
| | 5,508 | 1,380,510 | 1,386,018 |

| | 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 Transactions with Trustees and related party transactions

None of the Trustees received any payments in 2021 (2020 – none) 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.

Three of the UK Trustees are also in key management positions at VIER PFOTEN International: Josef Pfabigan (Chief Executive Officer), Luciana D'Abramo (Chief Development Officer) (appointed to FOUR PAWS on 30 March 2021) and Gerald Dick (Chief Marketing Officer).

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 £1,218,500 (2020 – £694,861) were made to VIER PFOTEN International and grants of £93,865 were received (2020 – £436,478).

There were no other related party transactions in the year to 31 December 2021.

