

Animals in Distress

(Torbay and Westcountry)

(A Company Limited by Guarantee)

Trustees' Annual Report and Financial Statements

For the year ended 31 December 2016

Registered Charity Number 1105487
Company Number 05171505

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)
(A Company Limited by Guarantee)

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ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)

(A Company Limited by Guarantee)

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The Trustees are pleased to present their annual trustees' report together with the financial statements of the charity for the year ending 31 December 2016 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Trustees

R Brand
A Nicholson (resigned 27 June 2016)
G Gooding
P Walmsley
G Dix
A Cross
D Turner
P Tucker

Company Secretary and Chief Executive

N Thomas

Principal Address and Registered Office

Biltor, Edgelands Lane
Ipplepen
Newton Abbot
TQ12 5UF

Professional Advisers

Auditors	PKF Francis Clark, Torquay
Solicitors	Boyce Hatton LLP, Torquay
Bankers	Lloyds Bank Plc, Paignton

Governing document

Structure, governance and management

Animals in Distress (Torbay and Westcountry) is a company limited by guarantee (company number 5171505) governed by its Memorandum and Articles of Association. It is registered as a charity with the Charity Commission.

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)

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TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

Objectives and activities

Animals in Distress exists to alleviate pain, suffering and distress in animals as well as to promote animal welfare practices and responsible pet ownership across Teignbridge, Torbay and South Hams.

Furthermore,

- We at Animals in Distress undertake to care for and nurture any unwanted domestic pet that is brought to us, providing it is suitable for re-homing and there is accommodation available at the Rescue Centre.
- We will always provide shelter, food, exercise and veterinary care for the animals in our charge.
- We will never put an animal to sleep unless on the advice of our Veterinary Surgeon.
- We will endeavour to find suitable homes for our animals on the basis of a responsible home check or such similar precaution as is deemed necessary.
- We will at all times show respect, understanding and courtesy to our user groups together with an inherent sense of duty and helpfulness.
- We will always uphold the principles and objectives of our Charity and share with others the joy of helping ANIMALS IN DISTRESS.

Our care is open to all regardless of an individuals' background or circumstances; the welfare of the animal is the primary concern of the Charity, not where the animal comes from or is going to. This includes the fostering of animals, when an animal has a chronic health issue requiring ongoing veterinary treatment which the Charity pays for, regardless of the individual's financial circumstances.

The activities carried out during the course of the year (as set out in the following section) demonstrate the level of Trustee and management commitment in ensuring that the Charity delivers real and tangible benefit to the public in all of its operations and thereby meets the public benefit requirements as set out by the Charity Commission in both spirit and word.

Achievements and Performance

Restricting Public Access to the Kennels

When we publicised our decision to restrict public access to the Kennels from 1st June 2016 on our website, Facebook, in Reception and in our shops, we received overriding support. The majority of comments and feedback received prior to and since the restriction have been very positive, supportive of the fact that we were putting the welfare of the dogs first.

Restricting public access has had great benefit to the dogs in our care. The stress levels, noise, and anxious behaviour have reduced drastically and the dogs are now actually able to rest and recover during the day. The dogs are maintaining their weight and cases of upset stomachs have fallen where previously this was a perpetual problem due to the stressful environment and the amount of treats that the public used to give the dogs, even when they were asked not to.

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TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

The dogs are now displaying more natural behaviour rather than the stressed, pacing and bouncing behaviour often seen before. They are calmer and more relaxed in their kennel area and are responding better to training both in and out of the kennel environment. The Kennel staff are now able to spend more one to one time with the dogs and training plans have been developed to suit the individual needs of each dog.

Many of the more energetic and intelligent dogs are channeling their energy into the training, basic obedience and agility and are actually far calmer when returned to the kennel as a result. It has been very noticeable that the shy and more nervous dogs are taking less time to adapt to their new surroundings as the noise levels have reduced and the endless stream of strangers walking through the Kennel building has ceased.

The Kennel staff are now able to really focus on behaviour, welfare and the rehoming. More time can now be spent with potential re-homers and their knowledge of the needs of each individual dog is more detailed and accurate. The 'Perfect Match' rehoming system that we introduced has really helped with dogs going into new homes which suit both the dog and the owner's needs.

Rehoming has gone well with far fewer dogs returned to the Rescue Centre compared with before the restriction which means that more dogs than ever are now finding their 'forever home'. It has been a successful and positive move for the staff and the Charity and most importantly, for the dogs in our care.

Reversing the Retail Decline

The Charity's retail operation remains a very important part of how the Charity raises funds for its work. However, following a difficult few years in retail with the Charity experiencing an overall decline in sales and an increase in costs, the shops were far less profitable than they should have been. The Trustees and CEO wanted to reverse this situation and in September 2015 decided to commission an external review of its retail operation in order to ensure that it was fit for purpose going forward and to be more profitable once again.

Jayne Cartwright of The Charity Retail Consultancy was our preferred Consultant as she has 30 years' experience in charity retail and has undertaken work for Oxfam, The Children's Society and Save the Children UK. She also created and led a relationship with Mary Portas, resulting in a BBC TV series Mary Queen of Charity Shops. Jayne was asked to analyse the Animals in Distress retail operation in order to produce recommendations for strategic development over the next 3 years. Jayne was commissioned to undertake her review and produce her report in the first quarter of 2016.

Jayne outlined a series of recommendations for the shops and warehouse in her review which required new ways of working and some cultural changes to embrace commercial standards and those of the charity retail sector. We knew that there was a clear need to adapt to ensure that appropriate measures are in place to safeguard the long-term sustainability of our retail operations.

Wherever possible we have implemented the recommendations and continue to review all of our working practices in the shops to ensure that they are as efficient as possible and will give us the best return. Through a series of pro-active measures and cost-saving exercises, the Charity's retail operations had one of its most profitable years in 2016 and as the revenue is unrestricted, the profit can be spent on our core costs, namely looking after the animals that we care for.

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TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

Cost-Saving Measures

Throughout 2016, the Trustees and CEO sought to review the Charity's working practices and supplier contracts and relationships to ensure that the organisation was being cost-effective and efficient and was obtaining the best deals as possible. A number of cost-saving measures were identified and implemented by the CEO throughout the year and our procurement was greatly improved which all contributed to significantly reduce the Charity's deficit by year-end.

Investment in a New Website

During the year, the Charity invested in a new website to replace the existing and outdated one. The old website was offering a poor user experience, the content was not communicating the right message anymore, it wasn't easy for people to find what they were looking for and the animals were certainly not being showcased as they should have been.

Following a successful grant application to the Impactful Foundation (now the Transform Foundation), we were awarded £18k to cover 100% of the costs of website design and build. We worked with Raising IT, their partner for this programme to design, build, develop content strategy, undertake training and launch our new mobile optimised website. By working with Raising IT, we have joined a community which is designed to help future proof our website. We now benefit from the regular releases of new features and functionality, hosting and maintenance, online support and training and regular client community events.

Our new website went live in April 2016 and we are committed to making best use of the website by ensuring that we are updating the content regularly. Our website is a marketing platform to use in order to achieve our charitable objectives which includes raising funds, recruiting volunteers and rehoming the animals that come into our care.

Data Management Infrastructure

The Charity's data management tools were either outdated or nonexistent and this was significantly restricting our ability to deliver our work effectively and efficiently and we were not communicating to our key audiences with the fullest view of their relationship with us. Significant investment was required and as a result two new databases were introduced in the spring of 2016.

- The Charity chose Harlequin Software for our first Customer Relationship Management (CRM) system. This new fundraising and communication database has enabled the Charity to work harder to build relationships and increase our income. The CRM will empower us to build satisfaction, loyalty and trust amongst beneficiaries, supporters and volunteers. The CRM will be an important tool for our new Fundraising and Communications team and will help support the Charity for many years to come.
- In April, we introduced the AniLog® Animal Welfare Management Solution which is an easy to use and state of the art, web based animal management software system. AniLog® is a fully hosted service that has been fully integrated with Harlequin and our new website. It is easy to use with fast data entry, is licensed per site rather than per person and it has significantly reduced our admin and paperwork bringing about financial savings. AniLog® also provides automatic report generation and statistics as well as electronic pet insurance cover note integration and signature capture.

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TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

Rescue Centre Improvements

A key task for 2016 was to improve some of the facilities at the Rescue Centre at Ipplepen. The public car park was becoming a concern with pot-holes and undulation everywhere so a new base layer of tarmac was laid and this has improved safety for staff, volunteers and visitors alike and has transformed the look of the site. The power supply to the site was upgraded with the installation of larger cabling and a new distribution board to ensure that our power demands are safely met both now and in the future. We installed an air conditioner unit in the Cattery maternity room to improve the living conditions for the kittens and thanks to a grant, we were able to completely refurbish the dog kennel shower. An enrichment garden was created to allow the rabbits and guinea pigs the opportunity to express their normal behaviour. The site is now covered by a fully-integrated and monitored fire alarm system to ensure the safety of the animals and people alike. These are just a few examples of the improvements made and we will continue with a rolling programme of improvements.

Key Statistics

In 2016, we rehomed 615 dogs, cats, rabbits and guinea pigs which was an increase of 3% compared to the previous year. The number of cats rehomed increased by nearly 11% last year compared to 2015 as we have been better able to showcase the available cats in the new cattery. Although our dog rehoming decreased during the year, we were far more selective in our admissions policy and spent more time undertaking behavioral and training work with the dogs whilst they were in our care. We had very few dogs returned during the year which supports the effectiveness of our 'perfect match' policy.

There was a small increase in the number of rabbits and guinea pig numbers that we rehomed during the year, however, a disease outbreak forced the department to be closed for all admissions and rehoming in the last quarter which inevitably impacted on our overall rehoming.

A priority for Animals in Distress is to ensure that all of the animals that arrive at and are cared for at the Rescue Centre are healthy and receive all necessary veterinary care. During 2016, our animals received 3289 veterinary treatments and operations. Although this is a reduction on treatment numbers of 5% on the previous year, this very much correlates with the reduction in dog numbers. Whenever possible, the vast majority of treatments and operations were undertaken on site at the Rescue Centre.

Use of Volunteers

Like so many charities, Animals in Distress relies heavily upon the fantastic contribution made by its volunteers. The volunteers contributed at least 50,000 hours to the Charity during 2016 in our shops and at the Rescue Centre. We recognise the valuable part that volunteers make in making this Charity such a success and aim to involve volunteers much more in other areas of our work such as administration, fundraising and events.

The Charity considers the recruitment of volunteers in the same way as staff and carries out a thorough administrative process in their selection.

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TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

Challenges

Financial Volatility

The past 18 months have been difficult for the charity sector. From the much publicised collapse of certain charities to reports of unacceptable fundraising practice, every element of charity activity and management has, understandably, come under scrutiny. New legislation is now in place and a new fundraising regulator has been established. It is right that charities, their regulation, governance and ethics, should be transparent and be of the highest order. Unfortunately, the effect of the past 18 months has been an erosion of public confidence, a confidence which underpins the very survival and effectiveness of charities.

Just as the sector is diverse in its range and types of organisations, that diversity extends to the stability of organisations' incomes. Smaller charities such as Animals in Distress, do not fare as well as large and will experience volatility and instability in income. The latest data shows that around one-third of charities with an annual income of less than £1m report that they have no reserves at all, making them especially vulnerable to external shocks. This lack of reserves does not represent bad management but rather unprecedented financial constraint at a time of increased demand.

Fortunately, Animals in Distress has reserves and it is those reserves that the Charity has had to rely upon to an extent during the last couple of years to help fund its continued work. In order to weather financial shocks and create additional income streams, like most charities, we are looking to diversify and provide goods and services to fund our charitable activities. We are going to have to work very hard simply to maintain the same levels of income from our donors.

Rabbit & Guinea Pig Department Disease Issues

Unfortunately, the Department had to be temporarily closed to admissions and rehoming in the autumn and winter of 2016 due to a positive case of coccidiosis having been found in a newly admitted rabbit. Coccidiosis is a widespread parasitic disease that can infect rabbits, but also many other animals including dogs and cats. Rabbits can be affected by eight different types of the causal parasite and the disease can prove to be fatal in rabbits. Staff employed strict bio-security measures when feeding and cleaning out all of the rabbits and working with our veterinary provider, we were able to prevent an outbreak of the disease.

Also of major concern was a rabbit that came in at the same time that tested positive for Rabbit Viral Haemorrhagic Disease variant. The new strain, known as VHD2, causes rabbits to haemorrhage in major organs. It can be carried by wild and domestic rabbits, and is often symptomless; however, once infected, sadly rabbits can die in hours. Again, measures were taken to protect the remaining rabbits, including bringing in vaccines from France.

No other rabbits were infected and after a disease free period, the department prepared to open again for admissions and rehoming in early 2017.

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TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

Plans for Future Periods

Ceasing the Boarding Provision

The Charity has four licenced boarding kennels at the Rescue Centre that can house up to 5 dogs. After careful consideration we have decided to cease the boarding provision in the summer of 2017. The boarding kennel block was simply not of a size to make the service commercially viable and it did not provide enough income to justify the staff time that is needed to be devoted to it.

Rabbit & Guinea Pig Department Building Alterations

Following the disease issues in the department in late 2016, it brought home how unsuitable the current building is and the problems that it causes. The ability to deal with an airborne virus without it spreading was virtually impossible due to the open-plan design. The need for a separate admissions area and isolation building was very apparent as was the need to dispense with the disease harbouring wooden hutches was vital to reduce the risk of disease. The pens need to be closed off and the risk of faecal matter and urine passing from pen to pen needs to be eradicated. The concrete shelves are a hindrance to cleaning and the metalwork including the gates and partitions was impossible to keep clean. The boarding kennels were identified as a possible separate admissions building for rabbits and guinea pigs and an isolation room was kitted out in an attempt to minimise future disease risks.

Health and Safety Review

The Charity aims to work with ACD Projects in 2017 (who produced plans for our future kennel build) to design a refit to the existing department building to create a more suitable environment for the rabbits and guinea pigs and redevelop the existing boarding kennels into an admissions building.

During the second half of 2017, the Charity plans to carry out a full review of its health and safety practices and procedures. The Trustees and CEO take the Charity's health and safety responsibilities very seriously and the review will ensure our up to date compliance. All staff will receive our H&S training again and new risk assessments will be carried out at all of our buildings and for all of our staff and volunteer roles. The safety of our staff, volunteers and the public whilst on our premises or undertaking any role for the Charity remains paramount.

Fundraising & Communications Team

Outside of the shops, the Charity had no structured fundraising approach. There was an overwhelming need to diversify the Charity's funding streams and implement a sustainable growth plan for its voluntary income, which introduces stability and reduces our reliance on retail and legacies. Additionally, there was a need to address the Charity's lack of supporter care processes and how we, as an organisation, deliver all of our communications and publicity work.

It was decided by the Trustees and CEO to commission a full and comprehensive external review of the Charity's fundraising, communications and supporter care in 2016. This was undertaken by The Charity Collective with the aim to identify key areas of fundraising on which the Charity should focus in the immediate, medium and long term. In the immediate term, to fill the void created by declining net income from retail and unpredictable legacy income, in the next two years, we are trying to reduce the deficit through cost-cutting measures across the organisation and increase voluntary income. In the medium-term to achieve steady, sustainable growth to cover increased costs at the Rescue Centre. We would like our annual income, from all sources, to be £2m by 2020. In the long-term - deliver a new kennel facility, which will require a capital appeal in the region of £2m as well as increased annual income to cover the increased running costs.

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TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

One major investment for the Charity to achieve its fundraising and communications goals is to recruit its first proper experienced team to achieve this. Three new roles were identified, a Fundraising and Communications Manager, a Community and Events Fundraiser and Fundraising and Communications Officer and recruitment was commenced in late 2016. The Charity aims to have the team operational by late spring 2017. This is an exciting step for the Charity and will take our fundraising and communications to a new level.

Governance

Structure, Governance and Management

Animals in Distress (Torbay and Westcountry) is a company limited by guarantee governed by its Memorandum and Articles of Association dated 4 July 2004. It is registered as a Charity with the Charity Commission.

There is one class of member. The maximum number of members is 20 or such numbers as the members decide. The first members were the subscribers to the Memorandum; further members are such individuals or organisations as appointed by the Trustees. There are currently seven members, each of whom is liable to contribute £10 in the event of the Charity winding up.

Appointment of Trustees

As set out in the Articles of Association, the first Trustees were the subscribers to the Memorandum. Additional Trustees may be appointed by the Charity in a general meeting or by the other Trustees. A Trustee must be aged 18 or over, must be a member of the Charity and must not be disqualified by virtue of provisions of the Charities or Companies Acts. The number of Trustees may not be less than three, but is not subject to a maximum.

At the annual general meeting, one third of the Trustees must retire. The Trustees to retire shall be those who have been longest in office since their last appointment.

Trustee Induction and Training

New Trustees undergo an induction to brief them on their legal obligations under Charity and Company law, the content of the Memorandum and Articles of Association, the Committee and the decision making process, the business plan and the recent financial performance of the Charity. During their induction, the Trustee will spend time with the Chief Executive and with the Rescue Centre Management in order to familiarise themselves with the day to day running of the Charity. Ongoing training is given as appropriate to their position.

Organisation

The Board of Trustees administers the Charity and meets every three months. A Finance Committee was established by the Board to maintain an overview of and provide advice to it, regarding the financial affairs of the Charity. The Finance Committee meets every three months too and is attended by at least four Trustees and the CEO.

The Chief Executive is appointed by the Trustees to manage the day-to-day operations of the Charity. To facilitate effective operating, the Chief Executive has written terms of delegation approved by the Trustees for operational matters including finance and employment. The CEO together with the Trustees form the key management personnel.

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)

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TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

Remuneration of key management personnel

The Charity aims to provide a reward package that is competitive enough to attract and retain high calibre staff who wish to be part of the Charity's work. The remuneration of key management personnel is reviewed annually by the Trustees following a review of performance for the previous year. Salaries are also benchmarked against similar positions locally.

Related Parties

The "new" charity (charity number 1105487) incorporated the tangible and intangible assets of the original "old" charity, Animals in Distress (Torbay and Westcountry) (charity number 900234) on 31 October 2004. The only excluded assets were future bequests, cash at bank and the benefit of any insurance claims.

Risk Management

The Trustees actively review the major risks the Charity faces on a regular basis and believe that maintaining reserves at current levels, combined with an annual review of the controls over key financial systems, will provide sufficient resources in the event of adverse conditions. A comprehensive risk analysis has been completed which has identified control and monitoring procedures to minimise any risk to the Charity and any impact they may have. The results are periodically reviewed.

Principle Risks

The Trustees and CEO recognise that through the nature of our activities, funding base, reserves and structure, the Charity is exposed to differing areas of risk and levels of exposure. There are many areas of potential risk and we undertake our own processes for risk identification. The following list is an indication of a few of the main areas of risk that are considered by the Trustees and CEO:

- Reputational Risk - public perception and adverse publicity which could impact on voluntary income, use of our services, access to grants, loss of donor confidence or funding, impact on the morale of staff, loss of beneficiary confidence, relationship with funders etc.
- Compliance with legislation and regulations - appropriate to the activities, size and structure of the Charity. The potential impact is fines or penalties, reputational risk, employee or consumer action for negligence etc.
- Dependency on income sources - such as legacies and retail could have cash flow and budget impact if that income source is significantly reduced or lost.
- Disaster recovery and planning - destruction of property, equipment, records through fire or similar damage. Computer system failures or loss of data etc.
- Health, safety and environment - failing to ensure a safe environment could result in injury to staff, volunteers or the public, breaking the law and rendering the Charity unable to operate.
- National minimum wage and living wage - Government proposals for the next few years will increase payroll substantially so future staffing levels will have to be considered.

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)

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TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

Financial Position and Reserves

At 31 December 2016 the Charity had total reserves of £3,510,000, of which £3,474,000 were unrestricted.

The Charity has sought to separate those unrestricted reserves that are held in the form of fixed assets (£2,282,000) from those that are freely available for its general purposes. As well as providing a more informed view of the overall reserves it enables a more realistic assessment to be made of the Charity's strategy with regard to their level and future deployment.

The so-called free reserves are then demarcated into separate categories that accord with the Charity's medium and long-term plans (the Outreach project and new building fund totalling £970,000). This acknowledges and takes account of the fact that large scale capital projects require saving for over many years.

The balancing general reserve (£222,000) recognises that it is extremely difficult to predict income from legacies, so the Charity aims to hold £750,000 in reserve, which equates to 6 months average operating costs. Our reserves currently exceed this figure in order to cover future projects.

It is anticipated that the Charity's investment policy will match the spending and reserves policy.

Trustees' Responsibilities in Relation to the Financial Statements

The Charity Trustees (who are also the directors of Animals in Distress (Torbay and Westcountry) for the purposes of Company law) are responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and 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 Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

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.

Statement as to Disclosure to our Auditors

In so far as the Trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the charitable company's auditor is unaware; and
- the Trustees have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of relevant audit information and to establish that the auditor is aware of that information.

By order of the board of Trustees

D Turner – Chairman

Date: 27th July 2017

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

FOR THE YEAR ENDED 31 DECEMBER 2016

We have audited the financial statements of Animals in Distress (Torbay and Westcountry) for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard in the UK and Republic of Ireland'.

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.

Respective Responsibilities of Trustees and Auditors

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, of the state of the affairs of the charitable company as at 31 December 2016 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- 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.

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

FOR THE YEAR ENDED 31 DECEMBER 2016

Opinion 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 in the Trustees' Annual Report for the financial year ended 31 December 2016 is consistent with those accounts; and
- the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

In the light of knowledge and understanding of the company and its environment obtained in the course of our audit, we have not identified material misstatements in the Trustees' Annual Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Martin Hobbs BSc ACA (Senior Statutory Auditor)
PKF Francis Clark
Statutory Auditor
Sigma House
Oak View Close
Edginswell Park
Torquay
TQ2 7FF

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ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)

(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Income from:					
Donations and legacies	3	299,577	5,000	304,577	298,211
Charitable activities	4	53,685	-	53,685	56,766
Other trading activities	5	899,205	-	899,205	923,772
Investments	6	20,639	-	20,639	15,481
Other	7	-	-	-	3,308
Total income		<u>1,273,106</u>	<u>5,000</u>	<u>1,278,106</u>	<u>1,297,538</u>
Expenditure on:					
Raising funds	8	822,453	-	822,453	971,197
Charitable activities	9	733,541	11,473	745,014	821,970
Other	10	806	-	806	3,539
Total expenditure		<u>1,556,800</u>	<u>11,473</u>	<u>1,568,273</u>	<u>1,796,706</u>
Net income/(expenditure)		(283,694)	(6,473)	(290,167)	(499,168)
Transfers between funds	23	5,000	(5,000)	-	-
Net movement in funds		<u>(278,694)</u>	<u>(11,473)</u>	<u>(290,167)</u>	<u>(499,168)</u>
Reconciliation of funds					
Total funds brought forward		3,752,245	48,085	3,800,330	4,299,498
Total funds carried forward	23	<u>3,473,551</u>	<u>36,612</u>	<u>3,510,163</u>	<u>3,800,330</u>

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

All income and expenditure is derived from continuing activities.

The notes on pages 17 to 27 form part of these financial statements.

Income and expenditure from restricted funds in the comparative year is shown in notes 3 and 9.

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)

(A Company Limited by Guarantee)

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 £
Fixed assets			
Intangible assets	17	7,800	-
Tangible assets	18	2,319,556	2,333,722
		<u>2,327,356</u>	<u>2,333,722</u>
Current assets			
Stocks	19	12,735	11,235
Debtors	20	60,744	79,866
Cash at bank and in hand		1,158,232	1,445,512
		<u>1,231,711</u>	<u>1,536,613</u>
Liabilities			
Creditors falling due within one year	21	48,904	70,005
Net current assets		<u>1,182,807</u>	<u>1,466,608</u>
Net assets		<u>3,510,163</u>	<u>3,800,330</u>
Restricted funds	23	36,612	48,085
General funds	23	221,929	500,623
Designated funds	23	3,251,622	3,251,622
Total charity funds		<u>3,510,163</u>	<u>3,800,330</u>

The notes on pages 17 to 27 form part of these financial statements.

The financial statements were approved by the trustees on 2017 and signed on their behalf by:

D Turner
Trustee

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)**(A Company Limited by Guarantee)****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Cash used in operating activities	25	(246,621)	(284,766)
Cash flows from investing activities			
Rent received		13,559	14,598
Interest income		7,080	883
Purchase of intangible fixed assets		(9,600)	-
Purchase of tangible fixed assets		(64,748)	(171,673)
Proceeds from the sale of tangible fixed assets		13,050	4,250
Cash used in investing activities		(40,659)	(151,942)
Decrease in cash and cash equivalents in the year		(287,280)	(436,708)
Cash and cash equivalents at the beginning of the year		1,445,512	1,882,220
Cash and cash equivalents at the end of the year		1,158,232	1,445,512

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting Policies

The principal accounting policies adopted, judgements made and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation of financial statements and assessment of going concern

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) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Animals in Distress (Torbay and Westcountry) meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

b) Income

All income is recognised when the charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Voluntary income by way of donations, membership, sponsorship and collections, is accounted for when receivable. Income raised through the operation of the shops is taken into account at the time of receipt.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executors to the charity that a distribution will be made, or when a distribution is received from the estate. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donated goods relating to animal food are brought in to income and expenditure at the value they would have cost had they been purchased by the charity.

c) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes.

Restricted funds are funds received which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

d) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of fundraising and shop costs and their associated support costs.
- Expenditure on charitable activities includes the costs of the Rescue Centre and its associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

e) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's activities. These costs have been allocated between costs of raising funds, expenditure on charitable activities and other expenditure. The basis on which support costs have been allocated is set out in note 11.

f) Operating leases

Rental charges under operating leases are charged on a straight line basis over the term of the lease.

g) Intangible fixed assets

Intangible fixed assets are initially recorded at cost. Computer software is amortised on a straight line basis over its expected useful economic life of 4 years.

h) Tangible fixed assets

Individual tangible fixed assets are capitalised at cost and are depreciated over their estimated useful economic lives as follows:

Freehold buildings	2% straight line
Equipment	20% reducing balance
IT equipment	25% straight line
Motor vehicles	25% reducing balance

i) Stocks

Stocks are included at the lower of cost and net realisable value.

j) Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid. Accrued income is recognised where the criteria for recognising income has been met at the year-end but the claim or invoice has not been submitted/issued until after the year-end.

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

k) Cash at bank and in hand

Cash at bank and cash in hand includes cash held in current and savings accounts in UK banking institutions.

l) Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

m) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

n) Pensions

The charity operates a defined contribution pension scheme and membership is open to all employees of the charity. The assets of the scheme are held separately from those of the charity. The charity matches employee contributions of 1-4% with an employer contribution of 3% and the contributions are paid into the fund on a monthly basis. The contributions made for the accounting period are treated as an expense and were £21,517 (2015: £15,207). Contributions totalling £3,155 (2015: £7,475) were payable to the fund at the balance sheet date and are included in creditors.

2 Legal status of the Charity

The Charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The Charity is incorporated in England and Wales.

3 Income from donations and legacies

	2016 £	2015 £
Donations and gifts	92,313	102,934
Legacies	200,590	170,986
Grants	5,000	18,000
Memberships and sponsorship	6,674	6,291
Total income from donations and legacies	304,577	298,211

Income from donations and legacies comprises £5,000 (2015: £18,075) in respect of restricted funds and £299,577 (2015: £280,136) in respect of unrestricted funds.

As noted in the trustees' report the charity benefits notably from the involvement and enthusiastic contributions of volunteers. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

4 Income from charitable activities

	2016	2015
	£	£
Re-homing fees	39,665	40,980
Animal boarding	10,960	12,399
South Hams Strays and Vet income	3,060	3,387
Total income from charitable activities	53,685	56,766

5 Income from other trading activities

	2016	2015
	£	£
Memberships and sponsorships	1,749	1,508
Fundraising events	12,227	14,337
Shop income	875,616	899,159
Petplan commission	9,613	8,768
Total income from other trading activities	899,205	923,772

6 Investment income

	2016	2015
	£	£
Rent	13,559	14,598
Interest	7,080	883
Total investment income	20,639	15,481

7 Other income

	2016	2015
	£	£
Gain on disposal of fixed assets	-	1,585
Sale of metal and other income	-	1,723
Total other income	-	3,308

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

8 Analysis of expenditure on raising funds

	2016 £	2015 £
Fundraising	20,510	12,811
Shop costs	666,472	789,028
Support costs	135,471	169,358
Total expenditure on raising funds	822,453	971,197

9 Analysis of expenditure on charitable activities

	2016 £	2015 £
Rescue Centre	670,699	729,050
Support costs	74,315	92,920
Total expenditure on charitable activities	745,014	821,970

Expenditure on charitable activities comprises £11,473 (2015: £25,314) in respect of restricted funds and £733,541 (2015: £796,656) in respect of unrestricted funds.

10 Analysis of other expenditure

	Unrestricted 2016 £	Unrestricted 2015 £
Maintenance of investment properties	-	2,530
Support	806	1,009
Total other expenditure	806	3,539

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

11 Analysis of support costs

All support costs are allocated based on the basis of staff time.

The analysis of support costs is as follows:

	Raising Funds £	Charitable Activities £	Other £	Total 2016 £	Total 2015 £
Salaries and other staff costs	103,521	49,565	627	153,713	156,959
Travel and subsistence	3,824	1,831	23	5,678	6,116
Professional fees	7,146	3,421	43	10,610	25,121
Finance costs and exchange losses	1,830	875	11	2,716	2,961
Office costs	6,355	3,042	39	9,436	25,067
Other costs	10,378	4,969	63	15,410	30,762
Governance	2,417	10,612	-	13,029	16,301
Total support costs	135,471	74,315	806	210,592	263,287

12 Analysis of governance costs

The analysis of governance costs is as follows:

	Total 2016 £	Total 2015 £
Salaries and other staff costs	3,137	3,203
Travel and subsistence	116	125
Professional fees	216	511
Finance costs and exchange losses	54	61
Office costs	193	511
Other costs	313	626
Accountancy fees	4,500	6,764
Audit fees	4,500	4,500
Total	13,029	16,301

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

13 Net income for the year

This is stated after charging:

	2016 £	2015 £
Operating leases - property	106,764	134,695
- equipment	7,410	542
Depreciation	63,961	67,392
Amortisation	1,800	-
Loss (gain) on disposal of fixed asset	1,903	(1,585)
Auditors remuneration: audit fees	4,500	4,500

14 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2016 £	2015 £
Salaries and wages	865,879	933,347
Social security costs	47,591	54,519
Pension costs	21,517	15,207
	<u>934,987</u>	<u>1,003,073</u>

No employee had remuneration in excess of £60,000 (2015: none).

The charity trustees were not paid and did not receive any other benefits from the charity. No travel expenses were reimbursed to trustees during the year (2015: £92).

The total remuneration of the key management personnel of the charity was £45,000 (2015: £39,058).

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

15 Staff numbers

The average monthly head count was 64 staff (2015: 68) and staff were engaged in the activities of the group as follows:

	2016	2015
Rescue Centre	27	29
Charity shops	30	34
Administration and support	6	4
Chief Executive	1	1
	<u>64</u>	<u>68</u>

16 Corporation tax

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

17 Intangible fixed assets

	Software £	Total £
Cost:		
As at 1 January 2016	-	-
Additions	9,600	9,600
As at 31 December 2016	<u>9,600</u>	<u>9,600</u>
Amortisation:		
As at 1 January 2016	-	-
Charge for the year	1,800	1,800
As at 31 December 2016	<u>1,800</u>	<u>1,800</u>
Net book value:		
As at 1 January 2016	-	-
As at 31 December 2016	<u>7,800</u>	<u>7,800</u>

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016****18 Tangible fixed assets**

	Freehold Property £	Equipment £	IT Equipment £	Motor Vehicles £	Total £
Cost:					
As at 1 January 2016	2,515,417	133,006	57,279	30,759	2,736,461
Additions	38,968	2,934	926	21,920	64,748
Disposals	-	(5,000)	-	(30,759)	(35,759)
As at 31 December 2016	2,554,385	130,940	58,205	21,920	2,765,450
Depreciation:					
As at 1 January 2016	265,146	94,983	27,098	15,512	402,739
Charge for the year	39,015	7,349	14,103	3,494	63,961
On disposals	-	(1,800)	-	(19,006)	(20,806)
As at 31 December 2016	304,161	100,532	41,201	-	445,894
Net book value:					
As at 1 January 2016	2,250,271	38,023	30,181	15,247	2,333,722
As at 31 December 2016	2,250,224	30,408	17,004	21,920	2,319,556

19 Stocks

	2016 £	2015 £
Goods for resale	5,705	5,524
Vet room supplies	5,711	5,711
Shop stationery stocks	1,319	-
	12,735	11,235

20 Debtors

	2016 £	2015 £
Trade debtors	3,628	2,021
Other debtors	29,291	36,811
Prepayments and accrued income	27,825	41,034
	60,744	79,866

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

21 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	20,558	28,123
Other creditors	6,031	13,165
Accruals and deferred income	11,861	15,084
Social security and other taxes	10,454	13,633
	48,904	70,005

22 Obligations Under Leases

The total of future minimum lease payments is as follows:

	Land and Buildings		Other	
	2016 £	2015 £	2016 £	2015 £
Operating leases:				
Within one year	74,487	84,612	5,615	5,562
Between one and five years	57,853	67,590	20,005	13,218
After more than five years	-	-	5,962	9,214
	132,340	152,202	31,582	27,994

23 Analysis of movements in funds

	Balance at 1 January 2016 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2016 £
General fund	500,623	1,273,106	(1,556,800)	5,000	221,929
Designated funds:					
Property fund	2,073,872	-	-	-	2,073,872
Cattery and reception rebuilding fund	207,750	-	-	-	207,750
Outreach project fund	100,000	-	-	-	100,000
New building fund	870,000	-	-	-	870,000
	3,251,622	-	-	-	3,251,622
Total unrestricted funds	3,752,245	1,273,106	(1,556,800)	5,000	3,473,551
Puppy Appeal (capital)	28,734	-	(3,587)	-	25,147
Rabbit Appeal (capital)	16,545	-	(7,773)	-	8,772
Charlie Appeal	2,806	-	(113)	-	2,693
Robert Cave Memorial Fund	-	5,000	-	(5,000)	-
Total restricted funds	48,085	5,000	(11,473)	(5,000)	36,612

The restricted funds shown above represent funds raised from appeals for specific projects.

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016****24 Analysis of net assets between funds**

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Intangible fixed assets	7,800	-	7,800
Tangible fixed assets	2,285,189	34,367	2,319,556
Cash at bank and in hand	1,155,987	2,245	1,158,232
Other net current assets	24,575	-	24,575
Total	3,473,551	36,612	3,510,163

25 Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £	2015 £
Net expenditure for the reporting period	(290,167)	(499,168)
Adjustments for:		
Depreciation charges	63,961	67,392
Amortisation charges	1,800	-
Rent receivable	(13,559)	(14,598)
Interest income	(7,080)	(883)
Loss/(Profit) on the disposal of fixed assets	1,903	(1,585)
(Increase)/Decrease in stocks	(1,500)	3,719
Decrease in debtors	19,122	166,220
(Decrease) in creditors	(21,101)	(5,863)
Net cash (used in) operating activities	(246,621)	(284,766)