

THE HUMANE SOCIETY INTERNATIONAL

(UK)

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

THE HUMANE SOCIETY INTERNATIONAL (UK)

Reference and Administrative Information

Trustees:	G. Thomas Waite, III Wayne Pacelle (Resigned 5 Feb 2018) Andrew Rowan (Resigned 5 Feb 2018) Cristobel Block (Appointed 5 Feb 2018) Alexandra Gabrielle Freidberg (Appointed 5 Feb 2018)
Company Secretary:	Joseph Robinson
Registered Office:	5 Underwood Street London N1 7LY
Company Number:	04610194 (England and Wales)
Charity Number:	1098925
Auditors:	BDO LLP 2 City Place Gatwick, West Sussex RH6 0PA
Bankers:	Wells Fargo 90 Long Acre London WC2E 9RA HSBC Bank PLC. 9 The Boulevard Crawley West Sussex RH10 1UT
Lawyers:	Maurice Turnor Gardner LLP 15th Floor Milton House Milton St., London EC2Y 9BH Squire Patton Boggs (UK) LLP 6 Wellington Place, Leeds LS1 4AP

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**THE HUMANE SOCIETY INTERNATIONAL
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TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2017**

The trustees, who are also directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ended 31 December 2017. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2005 in preparing the annual report and financial statements of the charity.

THE TRUSTEES

The trustees who served the charity during the period and up to the date this report was approved, are as follows:

G. Thomas Waite, III
Wayne Pacelle (resigned 5 Feb 2018)
Andrew Rowan (resigned 5 Feb 2018)
Cristobel Block (appointed 5 Feb 2018)
Alexandra Gabrielle Freidberg (appointed 5 Feb 2018)

1. GOVERNANCE, STRUCTURE AND MANAGEMENT

Governance

The Humane Society International (UK) is a company limited by guarantee, registered in England and Wales, company number 04610194 and a registered charity, charity number 1098925. The organization was incorporated on 5 December 2002 and was registered as a charity on 11 August 2003. The organization is governed by its Memorandum and Articles of Association as amended on 18 October 2016.

The power of appointing trustees is vested in a majority of the trustees. The trustees periodically review the manner in which trustees are appointed to ensure that the trustee body possess adequate skills to manage the charity's affairs properly. Any prospective new trustee will meet with the existing trustees and will be fully briefed on his or her obligations as a trustee and on all relevant policies and procedures. Any training needs will be identified at that stage and appropriate training will be provided. The trustees are satisfied that the existing trustees possess both substantial professional and other experience necessary to ensure the proper and effective management of the charity. The trustees have taken note of the new Governance Code for charities, and are in the process of considering how this can be best applied to the Charity.

Organizational Structure

The Humane Society International (UK) is affiliated with Humane Society International (HSI), incorporated May 1991 in Washington DC, USA. HSI educates audiences worldwide about compassion toward animals, carries out direct animal care, rescue, and disaster response; provides technical and scientific support to local partners; and seeks to increase the priority given to animal protection issues by policy-makers, industry, and civil society worldwide.

HSI is 100% controlled by The Humane Society of the United States (HSUS), a not-for-profit organization, incorporated November 1954 in Delaware, USA. The primary purpose of HSUS is for

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worldwide advancement of humane treatment of animals through public education, awareness, and direct animal care programs.

The HSI UK is also related to HSI and HSUS in that two of the three current Trustees of HSI UK are also Directors of HSI and HSUS.

Management Structure

The trustees meet regularly to review the overall objectives of the charity to ensure its effective performance. The administration of the charity and the keeping of its financial books and records are carried out by the staff of the charity with administration and supervision by the trustees. The trustees delegate the day-to-day management of the charity to the Executive Director, Claire Bass.

Remuneration Policy Statement

The policy of the Humane Society of the United States and its affiliates with regard to the remuneration of employees is to pay for performance.

HSI UK is commencing implementation of merit increases based on the level of each employee's performance during the review period. The budget for the merit increases is determined by the organization's budgetary committee with consultation with the human resources department. A review of salary practices of like-minded organizations as well as the overall economic climate are considered in setting the budget.

In addition, market research is conducted regularly to ensure that the total compensation packages available to our employees is competitive with like-minded non-profit organizations while still offering the best value to the organization. Pay for performance coupled with external competitiveness/internal equity ensure that we are award compensation in a fair manner that encourages and attracts a highly motivated staff that will ensure success in our efforts toward a humane society.

Risk Management

The trustees have assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity, its investments and its finances. The trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks. The trustees regularly review these policies to ensure they are both up to date and effective.

The principle risks faced by HSI UK are continued fund generation and HSI UK's responsibility to its staff, supporters, and volunteers.

Fundraising in an uncertain economic environment can be challenging however, the trustees believe that by monitoring reserve levels and by ensuring controls exist over key financial systems;

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they have established effective systems to mitigate those risks.

HSI UK has a number of responsibilities to its staff, supporters and volunteers. The trustees seek to consult and engage with all groups on a regular basis to ensure specific concerns are identified and resolved in an effective manner to mitigate the risk to HSI UK.

2. TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of The Humane Society International (UK) for the purposes of company law) are responsible for preparing the Trustees' Report and the 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 Charities SORP;
- make judgements and 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; 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 adequate 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

3. OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES

Activities and specific objectives

The principal objective of The Humane Society International (UK) (HSI UK), is the prevention and alleviation of the suffering of animals. During 2017, HSI UK's impact for animals through its UK campaigns has grown, coupled with increased engagement of our supporters to advance HSI UK's campaigns and projects around the world.

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Public benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities and consider that we have complied with our duty to have due regard to the guidance published by the Charity Commission.

4. ACHIEVEMENTS AND PERFORMANCE: IMPACT AGAINST PROGRAMMATIC GOALS

HSI UK's programmatic work in 2017 consisted of a mixture of campaigns to address animal welfare issues in the UK, and support for global animal protection campaigns and programmes. In supporting global campaigns and programmes, HSI UK works in close collaboration with its overseas affiliates, including Humane Society International (US). Our work was organised under four areas: securing and enhancing animal welfare standards post-Brexit; protecting wildlife; protecting companion animals; and reducing the number of animals suffering in farming systems.

4.1 Securing and enhancing animal welfare standards post-Brexit

Need and scope

Brexit represents a crossroads for animal welfare and policy decisions taken in the next two years will likely impact the lives of billions of animals for decades to come. HSI UK is focused on ensuring that the animal welfare standards provided by EU regulations are not lost as the UK leaves the EU; that trade negotiations upwardly harmonise animal welfare standards; and that opportunities to improve on existing welfare laws are acted upon.

Goal

Ensure that Brexit delivers the best possible deal for animal welfare, in policy and practice.

Key activities and outputs

HSI UK led the completion of the Brexit & Animal Welfare Manifesto, working in partnership with the Association of Lawyers for Animal Welfare and Wildlife and Countryside Link. The Manifesto is supported by more than 40 NGOs, and was launched at Parliamentary reception attended by more than 10 MPs. Using this document as a basis, our Executive Director has begun positive communications with several Ministers and MPs to discuss animal welfare priorities in Brexit, including enshrining the principle of animal sentience, and need to pay full regard to animal welfare, into UK law post-Brexit. In parallel, our media team secured press and social media coverage on the above, ensuring that government was aware of the strong public interest in this topic.

Impact

- Government, MPs, public and press received clear and ambitious set of recommendations for animals in Brexit negotiations from united group of UK animal protection organisations;
- Commitment from Prime Minister and Secretary of State for Environment of UK's ambition to be a 'world leader in animal welfare' and that 'this government will continue to promote and enhance animal welfare, both now and after we have left the EU'; and

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- Commitment from government to ensure that animal welfare principles of Lisbon Treaty will be maintained in UK law.

4.2 Protect wildlife

Overview

The government continues to sanction an inhumane and unscientific badger cull, which HSI UK has continued to lend our vocal support and expertise against, via our veterinary adviser and commentary in the media. We have also supported the ongoing campaign to secure a full ivory trade ban in the UK, via both supporter advocacy and a detailed consultation response to government. Our longer-term proactive campaigns to protect wildlife, expanded on below, are focused on the fur trade; tackling inhumane 'pest control'; and enhancing policies and activities to protect whales via the International Whaling Commission.

Wildlife: Fur Free Britain campaign

Need and scope

Although the UK banned fur farming over fifteen years ago, deeming it unethical, since then over £675 million of animal fur has been imported from animals suffering in appalling conditions on farms and in traps overseas. The UK has effectively been outsourcing animal cruelty, the government turning a blind eye to the small number of British companies who are trading in the skins of some two million animals each year. To make matters worse, a large and apparently growing amount of real animal fur has been mis-sold as fake fur to unsuspecting consumers who do not wish to buy real animal fur. By mobilising the public, and sharing the plight of fur-bearing animals in the press, HSI UK's fur campaign is turning the tide on the insidious creep of fur back into the UK, and beginning to gain political traction to convince the UK government to be the first country in the world to fully close our borders to the cruel, outdated and unnecessary fur trade.

Goals

- a) A measurable reduction in the volume of fur being imported into, and sold in the UK, by 2020;
- b) Fur labelling legislation in UK and EU by 2020; and
- c) Full fur import ban by 2025.

Key activities and outputs

Throughout 2017, HSI UK conducted extensive research into sale of real fur as fake fur and found several high-street retailers mis-selling fur from a range of species, including teen fashion chain Misguided that was selling shoes with cat fur. Campaigners also identified that Amazon UK was not adhering to its own fur-free policy and was selling a large number of items described as fake fur that were made of animal fur. After several months of attempting to engage Amazon with this evidence directly, with no response, HSI UK resorted to a public campaign, enabling supporters to share their disappointment at the company's actions.

Our investigative findings resulted in two headline news exclusive exposes with Sky News, plus more than 30 articles in print and online press. This high profile news coverage provided leverage for us to approach several MPs, and secure their support for the campaign. We also began putting fur back

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on the political radar in Westminster by securing a session focused on fur with the All Party Parliamentary Group on Animal Welfare, at which HSI UK presented.

Following these findings, HSI UK staff worked with retailers selling 'fake faux fur' to help them improve their policies and procedures in order to secure their status as fur-free retailers.

In October, HSI UK entered into a partnership with LUSH to showcase the fur campaign in more than 100 of their storefronts nationwide. We also secured partnerships with Care2, Four Paws and other animal organisations to drive public support for campaign, including signing a government e-petition.

We also recruited several celebrities to support fur campaign, creating public-facing campaign assets with their endorsement including a short public-facing video to help people tell the difference between real and fake fur. On the issue of fur labelling, we led research and drafting of Europe-wide Fur Free Alliance 'Mislabelled and Misleading' report highlighting the inadequacies of existing fur labelling laws in 27 countries, and presented and promoted the report and its recommendations to the European Parliament.

Impact

- Following HSI UK's public campaign to highlight their sale of cheap fur, Sports Direct is no longer selling real animal fur;
- Following HSI UK's public campaign directed at Amazon UK, the company has removed a large number of real fur items from its site, enforcing its no-fur policy, and has confirmed it is addressing the sale of 'fake faux fur' by its sellers;
- Several high-profile UK retailers, including Misguided and House of Fraser, issued public apologies for selling real fur as fake fur (per our expose) and conducted major internal reviews on fur procurement to ensure no more real fur in their supply chains;
- Support for fur import ban from a cross-party group of MPs, showcased on national television (Sky News) and national newspapers;
- Labour and Green parties adopted fur import ban policies; and
- British Retail Consortium, several large UK retailers, and MEPs supported our call for a mandatory fur labelling law.

Wildlife: Ethical wildlife management

Need and scope

Each year untold numbers of animals termed 'pests' and 'vermin', such as mice, rats and moles, are killed unnecessarily, and suffer from crude and inhumane trapping and killing devices. HSI UK's campaign on this issue began in 2015, focused on promoting a ban on rodent glue traps. This work continues, with progress being made in the Scottish Parliament. The campaign revealed much wider inadequacies across the management of 'pest control' in UK law and practice and, in response, HSI UK has teamed up with experts at the RSPCA and Oxford University Wildlife Conservation Research Unit to develop a strategy to promote the implementation of ethical principles in all wildlife management. During initial research, we found significant deficiencies and variability in the approach taken by local authorities to manage 'pest' species and so have embarked on a programme

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to fully understand the status quo with a view to providing recommendations that will be more humane, effective, and cost-effective.

The badger cull is the single largest slaughter of wildlife in the UK, sanctioned by the government in an attempt to stop the spread of bovine tuberculosis. During 2017, 19,274 badgers were reported killed by a mixture of cage trapping and free-shooting. This is an issue that HSI UK has worked on since culling began in 2014, adding to the highly compelling body of evidence that culling badgers is neither humane nor effective at controlling bovine tuberculosis.

Goals

- a) Normalise ethical, evidence-based wildlife management;
- b) Minimise the number of 'pest' animals killed; minimise number suffering (e.g. through poor, unregulated trap design, etc.); and
- c) Make a compelling business case to encourage key public spending bodies and industry to adopt and promote the Principles for Ethical Wildlife Management.

Key activities and outputs

The year 2017 saw the completion of the Ethical Wildlife Management Strategy, a joint initiative HSI UK undertook in partnership with RSPCA and Oxford University Wildlife Conservation Research Unit. HSI UK researched 113 UK Local Councils to assess the humaneness of their pest control services, and began working on a detailed polling survey to understand current attitudes to 'pest' species, and the reasoning behind preferred (often inhumane as well as ineffective) solutions to problems with these animals.

HSI UK promoted a Scottish Parliament petition for glue trap ban to its UK supporters, resulting in the petition securing over 5,000 signatures from Scottish citizens. This led to the Petitions Committee scheduling sessions to receive oral evidence, and HSI UK's Executive Director was invited to give oral evidence at the Scottish Parliament. HSI UK also drafted and coordinated a letter to the Scottish Environment Minister, supported by 10 NGOs, explaining the welfare case for a ban on rodent glue traps.

HSI UK also continued to challenge government's inhumane, unethical and ineffective badger cull, enabling supporters to take action and responding to government consultations with expertise of our veterinary adviser. HSI UK also provided financial support to the Wounded Badger Patrols.

Impact

- HSI UK supporters helped an e-petition reach the 100,000 signatures necessary to trigger a Parliamentary debate, allowing MPs to continue to maintain opposition to government policy on badger management;
- Teams of volunteers in badger cull zone provided with equipment to allow them to patrol cull areas to find and assist wounded animals; and
- Scottish Parliament Petitions Committee persuaded by evidence of cruelty of rodent glue traps, and now considering technical options for a ban.

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Wildlife: Protect whales and stop whaling

Need and scope

The International Whaling Commission's (IWC) global moratorium on commercial whaling remains under threat from the small number of countries (Japan, Norway and Iceland) that maintain commercial and so-called 'scientific' whaling programs. For decades, HSI UK and its affiliated sister organizations around the world (Humane Society International) has been at the forefront of global advocacy to repel assaults on the whaling ban, and we have developed a very good working relationship with the UK government to that end. Several thousand whales are killed each year in current whaling operations by these countries, with a significant percentage suffering long and painful deaths from the crude exploding harpoons used. In parallel, whales are facing an unprecedented assault of other threats from human activities in the oceans, including entanglements, plastic pollution, and noise pollution and poorly managed whale-watching operations. Working closely with the UK government, HSI UK has lead the evolution and drafting of the IWC's Animal Welfare Action Plan, including the development of a highly novel Cetacean Welfare Assessment Tool to afford the IWC a more holistic understanding of cetaceans' welfare needs when taking management decisions.

Goal

Maintain the UK as a strong vocal protector of the moratorium, and support the UK government to lead delivery of the IWC's Animal Welfare Action Plan.

Key activities and outputs

HSI UK continued the development of Cetacean welfare assessment tool in preparation for tabling by UK at the 67th meeting of the IWC in 2018, securing a grant from Defra to do this and recruiting the services of a Professor of Animal Welfare at Oxford University. In May 2017, HSI UK's Executive Director was invited to one of the Queen's Garden Parties, in recognition of her contribution to UK government's work to protect whales and advance animal welfare agenda at the International Whaling Commission.

4.3 Protect companion animals

Need and scope

Asia's dog meat trade claims the lives of an estimated 30 million dogs each year and causes immense suffering. It also represents a significant risk to human health, facilitating the spread of deadly diseases like rabies. And around the world, millions of street dogs suffer inhumane treatment, including culls, in failed attempts by authorities and communities to curb their populations. While HSI does not have any hands-on programmes helping dogs in the UK, since this need is ably met by other charities, HSI UK employs staff who are deployed to deliver projects in other parts of the world, and raises significant restricted funds that are used to deliver our dog campaigns and programmes overseas. HSI UK's companion animal experts are driving positive change for dogs through strategies that engage with partner organisations, the public, and dog owning communities in the countries where the welfare challenges are greatest. HSI UK also works to promote and

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support diplomatic outreach by the UK Foreign and Commonwealth Office, to their counterparts in countries where the dog meat trade, or poor management of street dogs, is causing suffering.

Goals

- a) Inspire and enable concerned UK citizens to support our campaigns to end the dog meat trade, including through petitions and donations, and to support our programmes delivering humane street dog management; and
- b) Encourage the UK government to play a lead role in diplomatic actions to stop the dog meat trade in China, South Korea and Indonesia.

Key activities and outputs

During 2017, HSI UK worked closely with its sister organisations, Humane Society International (US) and Humane Society International Canada to close four dog meat farms in South Korea, assisting the farmers to transition to alternative humane livelihoods. HSI UK's Director of International Media managed global media for these closures, including securing celebrity support, achieving hundreds of pieces of coverage including a Daily Mirror front-page exclusive.

HSI UK shared regular updates of our farm closures with UK supporters, allowing them to sign a petition to the South Korean President and to donate to support farm closures. HSI UK's Executive Director and Media Director travelled to South Korea in December 2017 to assist with a farm closure. The team facilitated the transportation and rehoming of 22 farm dogs in the UK, via our shelter partner All Dogs Matter.

To raise the political profile of our dog meat campaign, HSI UK held a photo exhibition reception in the UK Parliament, hosted by Henry Smith MP, which was attended by more than 100 guests including MPs, Lords, celebrities and media. To increase the campaign's profile in South Korea, HSI UK supported the organisation with a reception in Seoul, hosted by the British Ambassador to South Korea, attended by Korean dignitaries and media. HSI UK continued to liaise with the Foreign and Commonwealth office (FCO) to support and inform their diplomatic outreach to counterparts in China and South Korea, regarding the dog meat trade.

HSI UK was pleased to facilitate a UK visit from our Chinese partner group, VShine, and officers in the dog unit of the police force in Dalian, China, to show them best practice stray dog management in the UK through visits to Battersea Dogs and Cats home and the Mayhew Animal Home.

HSI UK continued to act as Secretariat to the International Companion Animal Management Coalition (ICAM), focusing on developing a relationship with the World Organisation for Animal Health (OIE) and other non- ICAM-members working on street dog issues. The year 2017 saw the recruitment of new ICAM members, and the development of new terms of reference and code of conduct for all ICAM members to follow. HSI UK staff also facilitated the development of a new website for the coalition and started planning the 2018 ICAM conference.

Also on street dogs, the team made progress via recruitment of a consultant in country, towards signing an MOU with Mauritian government to stop the culling of some 2,000 dogs each month and run a pilot program to demonstrate our sterilisation program there.

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HSI UK staff planned and participated in country and regional surveys of street and owned dog populations in Humane Society International's programmes, as well as partner programmes, throughout Asia, the Middle East and Africa including Israel, Kenya, India and the Philippines. Data generated from these surveys were analysed and interpreted and were the basis for improvements to existing programmes and strategies to establish new dog management and rabies control programs in Africa and Asia. Further, HSI UK developed new protocols to collect quantitative and qualitative data on dog demographics and human-dog relationship dynamics, which provides crucial information on practices and human behaviours that need to be addressed in campaigns and programs; as a result, new strategies for sustainable dog and rabies control programs are being developed.

Impact

- HSI UK supported the rescue of over 500 dogs saved from dog meat farms, including 22 brought to the UK for rehoming and to become UK ambassadors for the campaign;
- Concerns over dog meat trade raised in diplomatic discussions between UK FCO and South Korean government;
- £314,248 raised in restricted funds for dog meat and street dog programmes, including £25,000 through an event hosted by the Duchess of Rutland at Belvoir Castle, and used to deliver campaigns helping dogs in Asia and Africa;
- Tens of thousands of UK supporters enabled to voice their concern over the dog meat trade, to South Korean government;
- Chinese police and animal protection partner organisations able to apply informed strategy to improve animal welfare in stray dog management; and
- The improvement and expansion of HSI's humane dog population management programmes in more than ten countries, neutering and improving the lives of hundreds of thousands of dogs.

4.4 Reduce the number of animals suffering in farming systems

Need and scope

HSI UK's global affiliates are active to help animals on farms in many countries around the world, working with companies and governments to move away from intensive confinement systems such as battery cages and sow stalls, and advocating for greater uptake in plant-based diets. In the UK, HSI UK's Forward Food programme focusses on inspiring and enabling food service companies to reduce their animal product procurement, by serving more tasty, nutritious and environmentally and health-friendly plant-based foods.

Goal

Through our Forward Food programme we aim to decrease the procurement of animal products in selected largescale UK food service institutions by at least 20% over 2 years.

Key activities and outputs

During 2017, our small Forward Food team conducted an impressive 14 culinary workshops that trained 111 chefs in plant-based cooking. These workshops met the specific needs of a range of organisations and included: six universities, three large food service providers, one catering college

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and one large central London meetings venue. The workshops received unanimous positive feedback, and led to the development of productive relationships with large food service business including Compass UK, Baxter Story and Gate Gourmet.

During 2017, the Forward Food team finessed and piloted a quantitative assessment to measure the impact plant-based menu changes can have in terms of greenhouse gas reductions and number of animals spared.

Impact

- 111 chefs from 11 companies inspired to create more plant-based dishes, and equipped with a toolkit to make menu changes in their companies;
- Following our training workshop and greenhouse gas assessment, a central London catering venue (Friends Meeting House) committed to a 50% reduction in animal products over 2 years, which will save in the region of 4,600 animals; and
- HSI UK secured a commitment from Compass Group UK, the UK's second largest food service provider, for a partnership to further expand their plant-based menu options in 2018.

4.5 General

The general election in June 2017 allowed HSI UK and other charities to make animal protection (especially the proposed repeal of the Hunting Act by the Conservative party) an election issue. HSI created a supporter action enabling people to contact their MPs to tell them that animals matter to them at the ballot box, and asking them to clarify their position on various topical animal welfare issues, including the threat to the Hunting Act.

HSI UK continued its involvement with, and contributions to, several umbrella bodies during 2017, including the Association of Lawyers for Animal Welfare, the All-Party Parliamentary Group for Animal Welfare, the CITES Liaison Group with the UK CITES Management Authority, the Fur Free Alliance and Wildlife and Countryside Link. HSI UK's Executive Director remained Chair for Link's Animal Welfare Strategy Group for a second year, and HSI UK's Senior Campaign Consultant continues to hold a seat on the Fur Free Alliance's Executive Committee.

Impact

- In response to strong public support for animal-friendly policies, plans to repeal the Hunting Act were dropped by the Government.

5. Media communications, celebrity engagement and online support engagement

During 2017, HSI UK continued to achieve high levels of international and national media coverage for both our UK and global campaigns including Japanese whaling, the fur trade, trophy hunting, the dog meat trade in Taiwan, China and South Korea, bullfighting, the ivory trade, Brexit and animal welfare, and Forward Food. HSI UK recorded hundreds of media hits including in the Sunday Telegraph, Sky News, BBC, the Guardian, BuzzFeed, Daily Mirror, Daily Mail, Reuters, ITV, Deutsche Welle, Channel News Asia, Japan Today and NewsWeek.

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Celebrity endorsement for our campaigns in 2017 continued to grow and included shooting a highly successful #FurFreeBritain public service announcement with Lucy and Tiffany Watson; a visit to a South Korean dog meat farm closure with Pete Wicks and ITV's Good Morning Britain; a vegan Christmas guide with plant-based contributions from Ricky Gervais, Evanna Lynch, James McVey, Joanna Lumley and Lucy Watson; and a Parliament event in support of our South Korea dog meat campaign attended by Peter Egan, Sandi Bogle and Pete Wicks.

UK citizens account for the second largest following (after the USA) on HSI's global Facebook account, with more than 98,000 British fans. During the year, @HSIUKorg's twitter following rose from 2,200 to over 4,000. In July 2017, HSI UK launched its own Facebook page, dedicated to engaging with UK supporters on HSI's UK and global animal protection campaigns; and by year-end, it had gained 3,720 likes. In November 2017, HSI UK launched its own Instagram account, securing over 1,000 followers by year-end.

6. Fundraising, supporter liaison, and operational management

6.1 Fundraising approach

HSI UK's work in the UK and around the world would not be possible without the generosity of our supporters. We offer many different opportunities for our fundraisers and donors to engage with us to fulfil our charitable objectives. These include special events; regional and community fundraising activity and events; individual giving, which includes major gifts, mailing campaigns, and on-line donation campaigns.

HSI UK continues to raise the majority of its revenue through online campaigns, using both email and social media platforms such as Facebook. Our online email file at year-end consisted of 363,971 active UK supporters. HSI UK also runs a direct mail programme, using third party agencies for design and print (RKD) and lockbox fulfillment (Telebank). The number of supporters electing to communicate with us via post was 36,332. HSI UK continued to distribute the popular supporter stewardship mini-magazine, Animal Allies, to regular donors during 2017. Three issues were produced during the year, each sent to around 5,000 regular donors.

A growing number of supporters elected to undertake sponsored events in aid of HSI UK's work through our Just Giving platform, including the London to Brighton bike ride undertaken by staff and supporters, the London and Edinburgh marathons, a climb of Ben Nevis, skydiving in Dubai, as well as auctions, events and many other fundraising activities.

The generosity of legacy donors meant that HSI UK received over £300,000 in legacies during 2017. HSI UK recruited a part-time consultant with Legacy Link, tasked with identifying legacies that name HSI UK, and ensuring their efficient and lawful processing.

HSI UK was extremely pleased to be selected as a beneficiary of a fundraising dinner and auction kindly hosted by the Duchess of Rutland at Belvoir Castle. This event raised around £25,000 for our campaign to end Asia's dog meat trade.

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Staff received excellent feedback from supporters who attended our annual sell-out Comedy Night, raising £5,000 from ticket sales and a raffle in which many companies kindly donated prizes. HSI UK was also extremely grateful to receive a £10,000 grant from the Persula Foundation, and £2,000 in donations from Lush's sale of their 'charity pots', both restricted and used to support our Fur Free Britain campaign.

HSI UK had a presence at several events throughout the year including: the London Vegan Festival, the Woof Festival, the Ealing Animal Welfare Bazaar and Animal Aid's Christmas Fayre. Staff distributed campaign materials and gathered signatures for our dog meat, fur and other petitions, as well as selling a small amount of HSI merchandise in order to cover costs of attendance.

6.2 Commitment to responsible fundraising

HSI UK is a member of the Institute of Fundraising (IOF) and follows its Code of Fundraising Practice. HSI UK also follows the guidance and requirements of the Charity Commission fundraising guide (CC20). HSI UK voluntarily subscribes to the Fundraising Regulator and abides by its code.

Third parties contracted by HSI UK to engage in fundraising/data management activities on its behalf are also required to adhere to all relevant regulations as well as abiding by the above codes, and HSI UK staff maintain close oversight to ensure this. HSI UK staff provide regular training to third party companies representing the organization to supporters, including for fundraising purposes, and during 2017 undertook 'mystery shopper' enquiries with its postal, call and email fulfilment centre to identify opportunities to improve service to supporters and donors, based on the findings.

HSI UK maintains a log of all queries and complaints and during 2017, almost 500 queries were logged (not including those raised via social media channels), of which 2% were complaints relating to fundraising, primarily regarding the frequency of donation requests. All complaints were addressed and concerns rectified within five working days of receipt. HSI UK reviews all complaints very carefully and we will continue to make adjustments to fundraising practices in order to provide a positive experience for donors and supporters.

HSI UK's privacy policy (available on the website at <http://www.hsi.org/privacy-notice.html>) makes various commitments to ensure donors and supporters can be sure that their personal data is kept secure, in accordance with relevant data protection laws, as well as our commitment to be clear and transparent around the data we keep. HSI UK is fully aware of the new General Data Protection Regulation that enters into force in May 2018, and is prepared to ensure compliance. HSI UK has established a policy not to share any of its supporter data with other charities or companies. During 2017, no wealth screening activities took place and there are no future plans to engage in wealth screening.

HSI UK has had a vulnerable persons policy, with respect to its fundraising activities, since September 2016. This includes guidance to staff, and companies carrying out fundraising and donation processing on our behalf, on how to identify potentially vulnerable persons, a flagging

THE HUMANE SOCIETY INTERNATIONAL (UK)

TRUSTEES' REPORT YEAR ENDED 31 DECEMBER 2017

procedure to ensure that such risks are appropriately recorded, and a policy to provide clear guidance for when donations should be questioned and/or potentially politely declined.

6.3 Human Resources

The year 2017 saw the recruitment of a member of staff into the newly created role of Media and Campaigns Manager, and the recruitment of a Forward Food programme manager to replace a departing member of staff. HSI UK managed compliance with its evolving responsibilities under the Pensions Regulator. Throughout the year staff attended several training seminars and workshops, including media training, training in charity accountancy, mental health in the workplace training, and GDPR compliance training. In 2017, HSI UK's staff handbook was finalised and distributed to all staff.

At any given time during 2017, HSI UK has typically enlisted and utilised the support of one or two part-time volunteers to assist with general office duties. HSI UK also benefited from an intern who undertook a six-month internship to complete research for our ethical wildlife management programme.

6.4 Information Technology

A new, more cost-effective phone contract was secured, as well as an OneDrive backup system for all staff computers.

7. FINANCIAL REVIEW

HSI UK ended FY2017 with net income of £793,543 compared to a deficit of £427,314 last year. The 2016 deficit includes a large grant provided to a related party entity.

The 2017 revenue of £1,866,023 was composed of donations and legacies by generous supporters through our various fundraising campaigns and events. Legacies accounted for a 4% increase in revenues over last year. Donations also include funding support from the parent US companies, Humane Society International and The Humane Society of the United States.

Spending for 2017 was £1,072,480 broken down as follows:

- Campaign costs for raising funds (£146,153) - fundraising costs related to digital marketing campaigns and fundraising activities/events with the objective of attracting supports and generate donations to HSI UK. These includes agency fees, advertising publications and other materials. During 2017, the charity reduced direct marketing campaigns specifically for print and production development costs in favour of online development activities, which significantly reduced fundraising cost.
- Campaign costs for animal welfare (£54,056) - part of campaign cost incurred in undertaking HSI UK's existing programs is to promote animal welfare issues. These includes education

THE HUMANE SOCIETY INTERNATIONAL (UK)

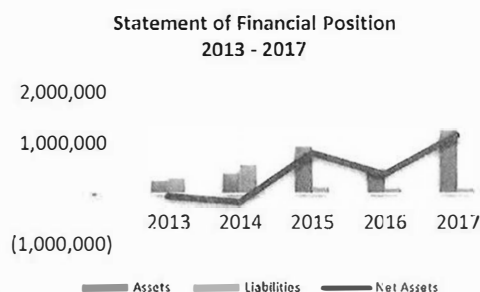
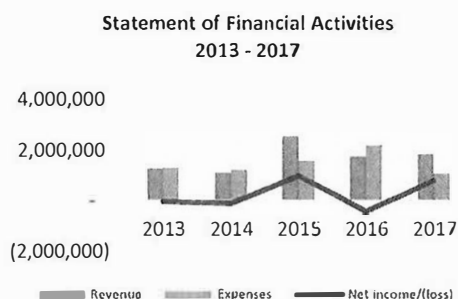
TRUSTEES' REPORT YEAR ENDED 31 DECEMBER 2017

materials/newsletters, mailings, and other materials disseminated to existing donors and the general public. Shifting to online activities substantially reduced fundraising cost.

- Grants (£44,255) - these were grants awarded to other charities in support of charitable, scientific or educational activities. The activities are designed to further the objectives of HSI UK in promoting animal welfare by providing direct care and/or rehabilitation of animals.
- UK Support Costs (£814,617) - these were costs incurred to deliver campaigns and programs; and run the HSI UK office. These includes staff costs, legal and professional fees, travel, office occupancy, utilities, communications, and other sundry expenses. The 2017 spending for office cost increased by 5% from 2016 due to an increase in the number of staff and an office rent increase.
- Governance costs (£13,399) - these are audit fees for statutory reporting requirements. The 2017 audit fee increased by 9% from last year.

2013 - 2017

The illustration below shows our financial activities and position for the last 5 years.



Reserves policy

Each year the trustees consider the appropriate level of free reserves. HSI UK's reserve policy is to maintain a level of free reserves that will enable to maintain a continuity of activity and to adjust in a measured way to changes in the economic environment. The trustees agree that free reserves equivalent to 3 months of operating expenditures is appropriate.

At 31 December 2017, free reserves measured as £594,706. It is in compliance with the company reserves policy. Three months of expenditures in 2017 total to approximately £300,000. The trustees intend to continue to work towards maintaining free reserves and financial success achieved during 2017.

THE HUMANE SOCIETY INTERNATIONAL (UK)

TRUSTEES' REPORT
YEAR ENDED 31 DECEMBER 2017

Grant giving policy statement

HSI UK disburses grants to other non-for-profit organizations. Each grant has specific eligibility requirements. Grant approval process includes several steps. Details of the approval process are described below:

- Grant templates, that were drafted and approved by the Office of General Counsel (OGC), must be used to draft the agreement.
- In the event that there is any change to the template language, approval must be obtained from OGC prior to submission.
- Further, special circumstances - in particular: grants that involve lobbying; to individuals; to non-profits - must receive additional approval from OGC, Accounting, and the HSI executive team.
- Full grantee identification, purpose, and banking information, as requested in the grant agreement, must be provided so that a background check on the grantee may be conducted.
- Budgets - and in particular restricted funds - must be fully verified for sufficient funds and purpose prior to submission of the grant.
- The grant agreement must be signed by an authorized representative of HSI UK and the grantee.
- The grant must be submitted to Accounts Payable to ensure payment of the grant amount.

PLANS FOR FUTURE PERIODS

In 2018, the Trustees look forward to overseeing the charity to continue with its existing campaigns, as well as respond reactively to key opportunities or threats to animal welfare in the UK. Following careful consideration, we have endorsed the office's proposal to bring responsibility of the direct mail programme from HSI's US headquarters across to the UK office.

Coupled with this move we also endorse and welcome plans for the UK office, working with US colleagues, to research and develop new fundraising channels in the UK including, perhaps, more mobile and TV-based education and fundraising opportunities. The Trustees also continue to encourage and support HSI UK in its endeavours to assist, through both advocacy campaigns and financial provisions, HSI's programmes to improve animal welfare around the world.

HSI UK would not be able to continue its work to protect animals around the world without the support it receives from its many friends and supporters in the UK. We are able to achieve our campaign successes and owe so much to them and their continued dedication to protecting the welfare of animals. Thank you.

Approved by the trustees on

and signed on their behalf by



G. THOMAS WAITE, III
Trustee

08/14/2018

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE HUMANE SOCIETY INTERNATIONAL (UK)

Opinion

We have audited the financial statements of The Humane Society International (UK) ("the Charitable Company") for the year ended 31 December 2017 which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. 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 2017 and of its incoming resources and application of resources 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 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 related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report & Financial Statements, other than the financial statements and our auditor's report thereon. The other information comprises: Trustees'. The Trustees are responsible for the other information.

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.

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 includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which are included in the Trustees' 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 Strategic report or the Trustee's 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines 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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:
<https://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.



Don Bawtree (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick

Date 15 Aug 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

THE HUMANE SOCIETY INTERNATIONAL
(UK)
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Unrestricted Funds £	Restricted Funds £	2017 £	2016 £
INCOME FROM:					
Donations and legacies	2	1,472,389	393,634	1,866,023	1,745,654
Total income		1,472,389	393,634	1,866,023	1,745,654
EXPENDITURE ON:					
Raising funds	3	146,153	-	146,153	449,824
Charitable activity Promoting animal welfare	4	784,921	141,406	926,327	1,723,144
Total expenditure		931,074	141,406	1,072,480	2,172,968
Net income/(expenditure)		541,314	252,229	793,543	(427,314)
RECONCILIATION OF FUNDS					
Fund balance brought forward at 1 January 2017		53,392	324,852	378,244	805,558
Fund balance carried forward at 31 December 2017		594,706	577,081	1,171,787	378,244

The Humane Society International (UK) has no recognised surpluses or deficits other than those disclosed above. All transactions relate to continuing activities. This incorporates the income and expenditure account.

The note on pages 26 to 32 form an integral part of these financial statements

**THE HUMANE SOCIETY INTERNATIONAL
(UK)**

BALANCE SHEET AT 31 DECEMBER 2017

Registration number 4610194 (England and Wales)

	Notes	2017		2016	
		£	£	£	£
CURRENT ASSETS					
Debtors	10	149,303		49,263	
Cash at bank and in hand		<u>1,093,778</u>		<u>436,598</u>	
		1,243,081		485,861	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	11	<u>112,633</u>		<u>107,617</u>	
NET CURRENT ASSETS			1,130,447		378,244
NET ASSETS			<u>1,130,447</u>		<u>378,244</u>
REPRESENTED BY:					
Restricted funds	12		577,081		324,852
Unrestricted funds	12		594,706		53,392
TOTAL FUNDS			<u>1,171,787</u>		<u>378,244</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic

These financial statements were approved by the Board of Directors and authorized for issue on 08/11/2018. They were signed on its behalf by:


G. THOMAS WAITE, III
Trustee

The note on pages 26 to 32 form an integral part of these financial statements

THE HUMANE SOCIETY INTERNATIONAL
(UK)
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017	2016
Cash from operating activities			
Net cash provided by operating activities	A	<u>698,519</u>	<u>208,732</u>
Increase/(decrease) in cash and cash equivalents in the year		698,519	208,732
Cash and cash equivalents at the beginning of the year		436,598	227,866
Total cash and cash equivalents at the end of the year		<u>1,135,117</u>	<u>436,598</u>

A) Reconciliation of net income to net cash flow from operating activities

	2017 £	2016 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	793,543	(427,314)
(Increase)/decrease in debtors	(100,040)	656,925
Increase/(decrease) in creditors	<u>5,016</u>	<u>(20,879)</u>
Net cash provided by operating activities	<u>698,519</u>	<u>208,732</u>

THE HUMANE SOCIETY INTERNATIONAL (UK)

Notes to the Financial Statements
For the year ended 31 December 2017

1. Accounting Policies

1.1 Accounting convention

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 (FRS102) (effective 1 January 2015) - (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and Companies Act 2006.

Basis of measurement

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also required management to exercise judgement in applying accounting policies.

1.2 Income

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grant income is recognised when the charity has entitlement to the funds, it is probable the income will be received, the amount can be measured reliably and any performance conditions have been fully met.

Income from grants, where relating to performance and specific delivery requirements are recognised when the charity earns the right to consideration by its performance.

1.3 Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the Charity.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure that meets these criteria is charged to the fund. Restricted funds are comprised of donations received for Street Animal Welfare, Stop Wildlife Abuse and Fur Free campaigns.

1.4 Allocation of expenditures

Support costs have been allocated to raising funds and charitable activities on the basis of expenditure incurred, pro-rated where appropriate using the proportions of the staff time engaged in these functions. Expenditure includes irrecoverable VAT where applicable.

Expenditures have been recognized on an accrual basis.

Grants payable, which does not have any conditions attached, are accounted for in full as liabilities of the Charity when approved by the trustees and notified to the recipient. Grant payables to third parties are included in expenditure for charitable activities. Where unconditional grants are made, these amounts are recognized when a legal or constructive obligation is created, typically when the

THE HUMANE SOCIETY INTERNATIONAL (UK)

Notes to the Financial Statements
For the year ended 31 December 2017

recipient is notified that a grant will be made to them. Where grants are conditional on performance, the grant is only recognized once any unfulfilled conditions are outside of the control of the Charity.

Expenses that can be identified with a specific program or support service are charged accordingly to their natural expenditure classification. Certain costs common to multiple functions have been allocated between raising funds and promoting animal welfare. General and administrative expenses include those costs that are not directly identifiable to any specific function, but provide for the overall support of the Charity.

1.5 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Statement of Financial Activities.

1.6 Financial instruments

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

1.7 Going concern

The Trustees are required to prepare the financial statements on the going concern basis unless it is not appropriate. The trustees have reviewed the going concern status of the Charity by considering the cash position of the Charity as at 31 December 2017, together with the anticipated level of funding for the coming year and the continued support of its parent, The Humane Society of the United States (HSUS). Based on this review, the trustees have concluded that the financial statements should continue to be prepared on the going concern basis.

1.8 Judgment in applying accounting policies and key sources of estimation

The preparation of financial statements require management to make estimates and judgments that affect the reported amounts of assets and liabilities and actual outcomes could differ from those estimates.

1.9 Concentration of credit risk

The Charity's assets that are exposed to credit risk consist primarily of cash, gifts and other receivable, and related party transactions. The Charity's gifts and other receivables balance consists primarily of amounts due from individuals and corporations. Historically, the Charity has not experienced significant losses related to the receivable balances and, therefore the credit risk to them is minimal.

1.10 Legacy accounting policy

THE HUMANE SOCIETY INTERNATIONAL (UK)

Notes to the Financial Statements
For the year ended 31 December 2017

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 finalized and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

2. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	2017 £	2016 £
Donations	1,128,218	393,634	1,521,852	1,678,980
Legacies	343,820	-	343,820	66,674
Other income	351	-	351	-
	<u>1,472,389</u>	<u>393,634</u>	<u>1,866,023</u>	<u>1,745,654</u>

The donations and legacies income in 2016 was £1,745,654 of which £1,424,732 was unrestricted and £320,922 was restricted.

3. Raising funds

	Unrestricted Funds £	Restricted Funds £	2017 £	2016 £
Campaign costs	146,153	-	146,153	449,824
	<u>146,153</u>	<u>-</u>	<u>146,153</u>	<u>449,824</u>

The campaign costs in 2016 were £449,824 of which £449,824 was unrestricted and £Nil was restricted.

4. Promoting Animal Welfare

	Unrestricted Funds £	Restricted Funds £	2017 £	2016 £
Campaign costs for animal welfare	54,056	-	54,056	166,373
Grants paid (note 5)	22,672	21,583	44,255	769,728
UK support costs (note 6)	694,794	119,823	814,617	774,804
Governance costs (note 7)	13,399	-	13,399	12,239
	<u>784,921</u>	<u>141,406</u>	<u>926,327</u>	<u>1,723,144</u>

THE HUMANE SOCIETY INTERNATIONAL (UK)

Notes to the Financial Statements
For the year ended 31 December 2017

Expenses for promoting animal welfare in 2016 were £1,723,144 of which £1,022,073 was unrestricted and £701,071 was restricted.

5. Grants paid

	Unrestricted Funds £	Restricted Funds £	2017 £	2016 £
The Humane Society of the United States	-	-	-	647,165
Others	22,672	21,583	44,255	122,563
	<u>22,672</u>	<u>21,583</u>	<u>44,255</u>	<u>769,728</u>

Grants paid in 2016 were £769,728 of which £43,902 was unrestricted and £725,826 was restricted.

6. UK Support Costs

	Unrestricted Funds £	Restricted Funds £	2017 £	2016 £
Legal and professional fees	264,404	97,142	361,546	390,530
Staff costs	234,946	-	234,946	207,688
Travel	13,217	7,591	20,808	19,572
Bank charges	42,516	-	42,516	55,107
Subscriptions	23,375	2,242	25,617	24,599
Management overhead	31,989	-	31,989	29,673
Printing, postage and stationery	20,998	9,566	30,564	37,994
Rent	32,698	-	32,698	15,396
Accountancy	4,500	-	4,500	4,500
Foreign exchange differences	10,369	-	10,369	(25,206)
Telephone	4,091	-	4,091	2,988
Sundry expenditure	8,540	3,283	11,823	6,605
Insurance	3,150	-	3,150	5,358
	<u>694,794</u>	<u>119,823</u>	<u>814,617</u>	<u>774,804</u>

HSI UK office costs in 2016 were £774,804 of which £799,559 was unrestricted and (£24,755) was restricted.

THE HUMANE SOCIETY INTERNATIONAL (UK)

Notes to the Financial Statements
For the year ended 31 December 2017

7. Governance costs

	Unrestricted Funds £	Restricted Funds £	2017 £	2016 £
Audit fees:				
Current period	11,700	-	11,700	10,000
Prior period	1,699	-	1,699	2,239
	13,399	-	13,399	12,239

The governance costs in 2016 were £12,239 of which £12,239 was unrestricted and £Nil was restricted.

8. Wages and salaries

	Unrestricted Funds £	Restricted Funds £	2017 £	2016 £
Wages and salaries	209,629	-	209,629	187,493
Social security costs	21,023	-	21,023	19,488
Employee Benefits	4,293	-	4,293	3,169
	234,946	-	234,946	210,150

The wages and salaries costs in 2016 were £210,150 of which £210,150 was unrestricted and £Nil was restricted.

The average number of employees during the year was 7 (2016: 7).

The Trustees consider the Trustees and Executive Director as the key management personnel of the Charity. The total employment benefits including employer pension contributions of the key management personnel were £60,098 (2016: £56,659). No employees had employee benefits in excess of £60,000 (2016: Nil).

No Trustee received remuneration for performance of their role as Trustee during the year. No (2016: Nil) expenses were reimbursed to Trustees during the year.

9. Taxation

The Humane Society International (UK) is a registered charity and therefore is not liable to income tax or corporate tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

THE HUMANE SOCIETY INTERNATIONAL
(UK)

Notes to the Financial Statements
For the year ended 31 December 2017

10. Debtors

	2017	2016
	£	£
Other debtors:		
Other debtors	82,026	49,190
Amount due from parent undertaking	108,616	-
Prepayments and accrued income	-	73
	<u>190,642</u>	<u>49,263</u>

11. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	66,766	67,837
Other taxes and social security costs	9,543	17,682
Loan from parent undertaking	-	3,833
Accruals	36,324	18,265
	<u>112,633</u>	<u>107,617</u>

The loan from the parent undertaking has been repaid in the year (2016: £3,833) and was an unsecured liability.

12. Funds

Analysis of net assets between funds	Unrestricted	Restricted	2017
	£	£	£
Current assets	707,340	577,081	1,284,420
Current liabilities	(112,633)	-	(112,633)
At 31 December 2017	<u>594,706</u>	<u>577,081</u>	<u>1,171,787</u>

Analysis of net assets between funds	Unrestricted	Restricted	2016
	£	£	£
Current assets	161,009	324,852	485,861
Current liabilities	(107,617)	-	(107,617)
At 31 December 2016	<u>53,392</u>	<u>324,852</u>	<u>378,244</u>

THE HUMANE SOCIETY INTERNATIONAL (UK)

Notes to the Financial Statements
For the year ended 31 December 2017

13. Lease commitments

At 31 December 2017, the company had total commitments under non-cancellable operating leases as follows:

	2017 £	2016 £
Expiry date:		
Within one year	<u>6,120</u>	<u>1,260</u>

14. Related parties

During the year, the Charity received a grant of £44,108 (2016: £257,025) from The Humane Society of the United States (The HSUS).

Included within other debtors and falling due within one year is an amount due from The HSUS totaling £108,616 (2016: NIL). This represents expenses of £148,537 (2016: £638,276) paid by the Charity in behalf of The HSUS, net of £39,921 (2016: £241,472) for expenses paid by The HSUS in behalf of the Charity.

Included within other creditors and falling due within one year is an amount due to The HSUS totaling NIL (2016: £3,833).

The parent company has a charge over the assets of the company.

15. Ultimate Controlling Party

The Charity's ultimate controlling party is The Humane Society of the United States (HSUS), a not-for-profit organization in the United States, with registration number 53-0225390. The HSUS seeks to prevent and bring an end to animal cruelty in all of its forms, and to celebrate and strengthen the human-animal bond. The controlling party exercises control over by virtue of common trustees. Copies of the consolidated group accounts are available at www.humanesociety.org.