

RSPCA NORTHUMBERLAND WEST BRANCH
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

RSPCA NORTHUMBERLAND WEST BRANCH

LEGAL AND ADMINISTRATIVE INFORMATION

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

RSPCA NORTHUMBERLAND WEST BRANCH

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RSPCA NORTHUMBERLAND WEST BRANCH

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The trustees present their report and accounts for the year ended 31 December 2017.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's [governing document], the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

The charity's aims and objectives are to help with the prevention of cruelty to animals and the promotion of kindness. The charity is very active in animal welfare, taking in many sick, injured or in need animals referred by the RSPCA Inspectorate and finding new and caring homes. The branch operates a welfare neutering scheme and will, wherever possible assist with grants to pet owners on low incomes towards other veterinary conditions.

The RSPCA Northumberland West Branch's vision is to work for a world in which all humans respect and live in harmony with all other members of the animal kingdom.

The Northumberland West Branch as a charity will, by all lawful means, prevent cruelty, promote kindness to and alleviate suffering of animals.

The Northumberland West Branch intends to achieve its mission by:

- being dedicated to providing a public service, delivering effective relief of animal suffering and enforcing the law.
- working tirelessly to reduce the harmful impact of human activities on animals through education, campaigning and the application of ethics, science and law.
- striving for the highest levels of efficiency, effectiveness and integrity.
- urging that, save where the public benefit requires, humankind should not intentionally cause suffering to any animal when it is not for its own benefit, or cause suffering by neglect. This applies whatever the animal, or the situation in which it finds itself.

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

RSPCA NORTHUMBERLAND WEST BRANCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

The Trustees have reviewed the outcomes and achievements of the Branch's objectives and activities for the year to ensure they remain focussed on the charity's aims and continue to deliver benefits to the public. The Trustees have complied with the duty under the Charity's Act 2006 to have due regard to public benefit guidance published by the Charity Commission which can be illustrated as follows:

- The Branch supports the local Inspectors by taking in, free of charge, mistreated or abandoned animals including pets whose owners suffer ill health or financial difficulties or pass away. The Branch provides education, information and advice, benefiting the public by promoting compassionate human sentiments towards animals.
- The Branch provides subsidised veterinary treatment for animals which are sick or injured and belong to local people on low incomes. This is achieved through a voucher scheme. During 2017 we issued 68 vouchers with a value of £4,344. This is an increase on both the number of vouchers issued in 2016 and the amount spent.
- The Branch offers subsidised neutering and micro-chipping of companion animals for owners on low incomes. This helps to control dog and cat populations and promotes responsible pet ownership. Animals in the care of the Branch receive veterinary treatment, vaccination, neutering, and micro-chipping and are assessed for re-homing.
- Free animal care advice is offered to pet owners, and talks are available by invitation to local school children and caring for pets. These activities benefit the public through the promotion of responsible pet ownership.
- RSPCA Northumberland West branch provides volunteering opportunities for those who wish to support our work including trusteeship, fundraising and retail at our shops. This benefits local people, schools and companies by providing the possibility of doing work which is compassionate and rewarding.

The main activities to achieve this are the operation of an animal re-homing programme and the management of three shops. Our force of volunteers provides invaluable support. We estimate that our volunteers contributed some 8,000 hours of their free time during 2017.

The branch re-homes animals in need at low cost to people willing and able to have a companion animal. Whilst we recognise, that companion animals provide measurable benefits to people's physical and mental health, we consider the provision of pets as subsidiary to the main charitable aim of this service, which is to reduce animal suffering. Our policy to charge a reasonable adoption fee for animals aims to highlight the ongoing personal and financial commitment of pet ownership. It would not be in the best interests of animals, and therefore would fall outside our objects, to re-home to those who could not afford them.

RSPCA NORTHUMBERLAND WEST BRANCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Achievements and performance

The RSPCA Northumberland West Branch has spent 2017 consolidating the work started in 2016 and exploring and reviewing ways of improving the service provided by the Branch to animals in need. We have continued to support the Inspectors in their work and feel that our relationship with them is strong so that we are able to respond quickly to any requests.

Our shops continue to be our main source of income however we have held various fund raising events over the year including the traditional RSPCA Week, various tombolas at Barclays Bank, instore events at the shops, the Annual Fun Dog Show, attendance at a Christmas Fayre and our most successful – the Boswell Appeal.

Boswell first came into our care in late 2016 and we were delighted when he went to his forever home. Unfortunately, through no fault of his own, Boswell was returned to us and we were unable to find him his perfect new home quickly. During this second prolonged stay with us, it was discovered he would require a costly operation which would be performed by a specialist vet. The cost of this operation was far in excess of what we would normally expect to spend on our animals but we felt that we had no other option to go ahead with the operation. It was decided to try and fund this operation by launching an appeal. All three shops were involved, the local paper came and photographed him and he was highlighted on Facebook. Our customers donated at the shops, donations were made on line and at our Hexham shop one of our managers went the extra mile by baking and making chutney for friends and asking for a donation. We kept everyone updated with his rehabilitation and progress following the operation so he was always in the public eye.

In all we raised £1393 which was incredible. More importantly Boswell made a full recovery from his operation and is now happily settled into his new home. We would like to thank everyone who donated or help raised funds to support Boswell and our ongoing work

When Boswell came to us originally he had been well cared for however sadly many of the animals who come to us have had very difficult circumstances to overcome none more so than a family group of Papillons. They were extremely neglected when they came to us not only physically but also mentally and were so shy and withdrawn that they were kept together but in isolation from the rest of the kennels. Thanks to the dedication of everyone at Frankham Fell these dogs were all rehabilitated, found homes and today are completely unrecognisable from when they first came into the Branch's care.

Each year sees at least one large litter of puppies coming into the Branch. In 2017 these were nine beautiful salukis. We were overwhelmed with offers for new homes from them and were delighted to see many of them return to attend our annual Fun Dog Show held in July. This continues to be a well supported event and as well as the classes there was a dancing dog display and a parade of rescue dogs who have been rehomed through the Branch in the past year. We were fortunate to have a great amateur photographer present who took some great photos of the event.

As we are rehoming so many more animals we made the decision last year to recruit and train volunteer home checkers to free up our Adoptions Officer to undertake the increased number of assessments and monitoring to ensure we can provide the right help to the animals in our care. We have taken our time to train all our new home checkers as they need to be accompanied on visits initially by either our Adoptions officer or a home checker from another branch. We are extremely grateful for the help and support we have received in particular from Newcastle and North Northumberland branch and now have a number of dedicated home checkers who have joined our team. They are already making a positive contribution to the Rehoming Process by helping us to identify and check more potential new home and by freeing up the Adoptions Officer so he can spend time working with the animals in kennels.

Although there has been a decrease in demand for people to have their animals microchipped, partly due to the change in law for dogs in 2016, we still provided microchipping to 26 animals across our Branch area. This year saw the use of Ebay as a means of increasing sales. It was felt that some items donated appealed to a specialist market or we were not able to realise the full worth of a particular product selling it for a limited period in one of our shops. Ebay has provided us with the opportunity of opening a fourth "shop" without associated costs. Sales have steadily increased over the first six months and we are confident that 2018 will continue this trend. We feel that Ebay provides us with more opportunity and greater flexibility for selling.

RSPCA NORTHUMBERLAND WEST BRANCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Our greatest achievement in 2017 was the number of animals rehomed throughout the year. We found homes for 83 dogs, 86 cats, 82 rabbits and 21 other animals including ferrets and guinea pigs. To accomplish such figures would be impossible without the hard work of the staff and volunteers in the shops and our Adoptions Officer and his team of home checkers and the Trustees appreciate their continued help and support.

Financial review

None of the above would be possible without a steady flow of money and as stated earlier we are very dependent on our shops and subsequently customers for our income.. Takings from the shops in 2017 totalled £194,156 and which is approximately £5000 less than 2016. However the gross profit across all three shops was still up £1000 on 2016. We had hoped to see a significant reduction in wage costs in 2017 however they remained at the same level as 2016 and this was mainly due to staff sickness and the introduction of the statutory pension provision.

Legacies and donations totalled £85,097 an increase of £7748 and the Branch would like to express its' gratitude to everyone for their generosity and thoughtfulness.

The Branch continued to work closely with Scott Mitchell and Associates and many other vets in the area. Total veterinary expenditure was at a record level of £41,594 an increase of nearly 25% and animal boarding costs also rose by approximately 7% year on year. In total the branch spent £134,484 on all associated animal rehoming costs which is 8% more than 2016 and 43% more than 2015.

The reserves have again remained at an acceptable level and with the guidelines of the Charity Commission. The Branch continued to take the necessary steps to be enable it to increase the amount of animal welfare undertaken and is hoped that 2018 will continue this trend.

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

At the end of 2017 the charity had freely available unrestricted reserves of £341k (excluding tangible fixed assets). These reserves represent 15 months' estimated total operating expenditure.

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

The current investment policy aim is:

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

Currently investments are valued at £227k.

Risk management

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

RSPCA NORTHUMBERLAND WEST BRANCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

By definition risk management is:-

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

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

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

These objectives will be achieved by:

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

RSPCA NORTHUMBERLAND WEST BRANCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Plans for the future

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

1. RRR Rescue, Rehabilitation and Re-homing Animals
2. Continue to work to assist feral cats
3. Continue to offer welfare help.
4. Raise awareness of the work of the RSPCA Northumberland West
5. Increase uptake of Gift Aid.
6. Investigate new ways of advertising animals
7. Hold three mini welfare days
8. Review policies and processes for rehoming
9. Increase fundraising
10. Attract new volunteers
11. Hold a Fun Dog Show
12. Continue to grow our Ebay sales

RSPCA NORTHUMBERLAND WEST BRANCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Structure, governance and management

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

The trustees who served during the year were:

J Ormiston - Chairman

H Crooks

(Resigned 6 June 2017)

R Duggan

B Hodgson

E Hodgson

S Hogarth

A Wakelam

S Watkins

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

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

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

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

.....
J Ormiston - Chairman

Trustee

Dated:

RSPCA NORTHUMBERLAND WEST BRANCH

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF RSPCA NORTHUMBERLAND WEST BRANCH

I report on the accounts of the charity for the year ended 31 December 2017, which are set out on pages 9 to 20.

Respective responsibilities of trustees and examiner

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

It is my responsibility to:

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

Basis of independent examiner's report

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

Independent examiner's statement

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

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

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

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

Anthony Dunn
Stokoe Rodger LLP

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

RSPCA NORTHUMBERLAND WEST BRANCH

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017

		Unrestricted funds	Designated funds	Total 2017	Total 2016
	Notes	£	£	£	£
<u>Income from:</u>					
Donations and legacies	3	87,097	-	87,097	77,349
Charitable activities	4	3,392	-	3,392	2,454
Shop income	5	193,055	1,101	194,156	199,109
Investment income	6	18	-	18	26
Other income	7	1,880	-	1,880	2,085
Total income and endowments		285,442	1,101	286,543	281,023
<u>Expenditure on:</u>					
Shop expenses and fundraising costs	8	130,450	-	130,450	137,543
Boarding, rehoming and care of animals	9	137,442	6,050	143,492	146,862
Total resources expended		267,892	6,050	273,942	284,405
Net gains on investments		19,451	-	19,451	21,904
Net incoming resources before transfers		37,001	(4,949)	32,052	18,522
Gross transfers between funds		(330)	330	-	-
Net movement in funds		36,671	(4,619)	32,052	18,522
Fund balances at 1 January 2017		304,675	6,050	310,725	292,203
Fund balances at 31 December 2017		341,346	1,431	342,777	310,725

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

All income and expenditure derive from continuing activities.

RSPCA NORTHUMBERLAND WEST BRANCH

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	13		3,037		3,341
Investments	14		227,051		207,600
			<u>230,088</u>		<u>210,941</u>
Current assets					
Stocks	15	586		576	
Debtors	16	29,259		69,511	
Cash at bank and in hand		99,893		45,025	
		<u>129,738</u>		<u>115,112</u>	
Creditors: amounts falling due within one year	17	(17,049)		(15,328)	
Net current assets			112,689		99,784
Total assets less current liabilities			<u>342,777</u>		<u>310,725</u>
Income funds					
<u>Unrestricted funds</u>					
Designated funds	18	1,431		6,050	
General unrestricted funds		341,346		304,675	
		<u>342,777</u>		<u>310,725</u>	
			<u>342,777</u>		<u>310,725</u>

The accounts were approved by the Trustees on

.....
J Ormiston - Chairman
Trustee

.....
A Wakelam
Trustee

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Charity information

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

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's [governing document], the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

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

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

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

1.2 Going concern

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

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

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

1.4 Incoming resources

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

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

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.5 Resources expended

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

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

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

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

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

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

1.6 Tangible fixed assets

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

All assets costing £100 or more are capitalised.

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

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

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

1.7 Impairment of fixed assets

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

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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

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

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

1.8 Stocks

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

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

1.9 Cash and cash equivalents

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

1.10 Financial instruments

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

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

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

Basic financial assets

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

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.11 Employee benefits

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

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

1.12 Retirement benefits

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

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

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

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

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

3 Donations and legacies

	2017	2016
	£	£
Donations and gifts	52,013	38,599
Legacies receivable	33,084	38,750
Grants received	2,000	-
	<u>87,097</u>	<u>77,349</u>

4 Charitable activities

	2017	2016
	£	£
Income from fundraising	<u>3,392</u>	<u>2,454</u>

5 Other trading activities

	Unrestricted funds	Designated funds	Total 2017	Total 2016
	£	£	£	£
Shop income	<u>193,055</u>	<u>1,101</u>	<u>194,156</u>	<u>199,109</u>
For the year ended 31 December 2016	<u>199,109</u>	<u>-</u>		<u>199,109</u>

6 Investments

	2017	2016
	£	£
Interest receivable	<u>18</u>	<u>26</u>

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

7 Other income

	2017	2016
	£	£
Other income	1,880	2,085

8 Costs of generating funds

	2017	2016
	£	£
<u>Shop expenses</u>		
Shop trading costs	54,260	55,202
Staff costs	70,083	74,940
Depreciation and impairment	316	258
Support costs	2,317	2,657
Total shop expenses	126,976	133,057
<u>Other fundraising costs</u>		
Fundraising costs	3,474	4,486
	130,450	137,543

9 Charitable activities

	Boarding, rehoming and care of animals	Support costs	Total 2017	Total 2016
	£	£	£	£
Staff costs	17,928	-	17,928	16,986
Depreciation and impairment	485	-	485	647
Activities undertaken directly	113,602	2,317	115,919	106,366
	132,015	2,317	134,332	123,999
Share of governance costs (see note 10)	9,160	-	9,160	22,863
	141,175	2,317	143,492	146,862

Governance costs includes £2,000 (2016-£2,000) with regard to independent examination and accountancy fees.

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

10 Governance and share of support costs

	Governance costs £	2017 £	2016 £
Share of support costs			
Staff costs	-	-	4,939
Depreciation	79	79	92
Unrecoverable VAT on overheads	1,785	1,785	995
Other administrative expenses	532	532	1,662
Governance costs			
Accountancy	2,000	2,000	2,000
Donations to Headquarters etc	650	650	1,600
Professional fees	4,113	4,113	11,575
	<u>9,159</u>	<u>9,159</u>	<u>22,863</u>

11 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, but one of them were reimbursed a total of £11 travelling expenses.

12 Employees

Number of employees

The average monthly number employees during the year was:

	2017 Number	2016 Number
	<u>7</u>	<u>7</u>
Employment costs	2017 £	2016 £
Wages and salaries	87,381	95,607
Social security costs	353	1,258
Other pension costs	277	-
	<u>88,011</u>	<u>96,865</u>

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

13 Tangible fixed assets

	Office equipment £	Fixtures & fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2017	1,362	37,228	14,540	53,130
Additions	25	550	-	575
At 31 December 2017	1,387	37,778	14,540	53,705
Depreciation and impairment				
At 1 January 2017	992	36,197	12,599	49,788
Depreciation charged in the year	79	316	485	880
At 31 December 2017	1,071	36,513	13,084	50,668
Carrying amount				
At 31 December 2017	316	1,265	1,456	3,037
At 31 December 2016	370	1,030	1,941	3,341

14 Fixed asset investments

	Listed investments £	Alternative investments £	Cash in portfolio	Total £
Cost or valuation				
At 1 January 2016	156,157	31,491	19,952	207,600
Valuation changes	15,435	4,016	-	19,451
Movement	5,248	-	(5,248)	-
At 31 December 2017	176,840	35,507	14,704	227,051
Carrying amount				
At 31 December 2017	176,840	35,507	14,704	227,051
At 31 December 2016	156,157	31,491	19,952	207,600

15 Stocks

	2017 £	2016 £
Finished goods and goods for resale	586	576

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

16 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	33	1
Other debtors	23,626	63,910
Prepayments and accrued income	5,600	5,600
	<u>29,259</u>	<u>69,511</u>

17 Creditors: amounts falling due within one year

	2017 £	2016 £
Other taxation and social security	62	1,405
Trade creditors	14,587	11,923
Accruals and deferred income	2,400	2,000
	<u>17,049</u>	<u>15,328</u>

18 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds				
	Balance at 1 January 2017 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2017 £
Rothbury Shop Cat Space Fund	2,795	-	(2,795)	-	-
Rothbury Shop Dog Space Fund	3,255	-	(3,255)	-	-
Hexham Shop Cat and Dog Space Fund	-	1,101	-	330	1,431
	<u>6,050</u>	<u>1,101</u>	<u>(6,050)</u>	<u>330</u>	<u>1,431</u>

The Rothbury Shop Cat Space Fund relates to fundraising for money set aside for cat spaces.

The Rothbury Shop Dog Space Fund relates to fundraising for money set aside for dog spaces.

The Hexham Shop Cat and Dog Space fund relates to money raised by the Hexham Shop and set aside for cat and dog spaces.

RSPCA NORTHUMBERLAND WEST BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

19 Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Total £
Fund balances at 31 December 2017 are represented by:			
Tangible assets	3,037	-	3,037
Investments	227,051	-	227,051
Current assets/(liabilities)	111,258	1,431	112,689
	<u>341,346</u>	<u>1,431</u>	<u>342,777</u>

20 Related party transactions

The charity operates as a branch of the Royal Society for the prevention of Cruelty to Animals (RSPCA). During the year a contribution of £500 (2016 £1,100) was paid to the RSPCA as a contribution towards their costs.

During the year contributions from head office were received by the branch in respect of Door to Door Donations of £22,761 (2016 £22,047).