

# **FOUR PAWS UK**

## **Annual Report and Financial Statements**

31 December 2018

Company Registration Number  
5848230 (England and Wales)

Charity Registration Number  
1118102

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## Reference and administrative information

<b>Board of Trustees</b>	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:  Helmut Dungler Josef Pfabigan Peter Davies
<b>Principal Staff</b>	Brian da Cal Country Director UK
<b>Company Secretary</b>	Brian da Cal
<b>Address</b>	2nd Floor, Can Mezzanine 32-36 Loman Street London SE1 0EH
<b>Company registration number</b>	5848230
<b>Charity registration number</b>	1118102
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Solicitors</b>	Harbottle Associates 2 Kentish Buildings 125 Borough High Street London SE1 1NP
<b>Bankers</b>	Barclays Bank 26-30 Regent Street Weston-Super-Mare North Somerset BS23 1SH  HSBC 8 Canada Square London E14 5HQ

The trustees present their report and the financial statements for the year ended 31 December 2018, which also constitutes a directors' report.

The accounts have been prepared in accordance with the accounting policies set out on pages 27 to 30 of the attached accounts and comply with the Articles of Association, the Charities Act 2011, the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

## **GOVERNANCE, STRUCTURE AND MANAGEMENT**

### **Governance**

#### ***Governing document***

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

#### ***Directors and Trustees***

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

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

<b>Trustee</b>	<b>Appointed / resigned</b>
Helmut Dugler	Re-appointed 14/12/2016
Josef Pfabigan	Re-appointed 14/12/2016
Peter Davies	Re-appointed 14/12/2016

## **GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)**

### **Governance (continued)**

#### ***Trustee induction and training***

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

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

#### ***Structure and management***

The Trustees met as a group four times during 2018. Their principal responsibilities include determining the overall strategy, policies and direction and are also responsible for the governance of the charity. Day-to-day operations are delegated to the organisation's staff, overseen by the Country Director. For the year ended 31 December 2018 this consisted of an average of 15 members of staff.

#### ***Related parties***

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

#### ***Risk management and internal controls***

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

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

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

## GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

### Our key risks and uncertainties

The Trustee Board considers the following to be the key risks that FOUR PAWS needs to focus on:

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

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

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

2. **Significant impact of changes to the regulatory and legislative environment including fundraising** – the charity sector has continued to be a subject of focus during the year with increased regulation on fundraising practices.

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

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

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

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

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

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

## GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

### Public benefit

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

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

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

In accordance with the requirements of the Charities Act 2011, the Trustees have paid due regard to the Charity Commission's guidance on public benefit when deciding and planning FOUR PAWS' activities. The sections which follow demonstrate how FOUR PAWS met its charitable purpose in 2018 and its principal achievements under its respective strategic priority areas of work.

## OBJECTIVES AND ACTIVITIES

### Objects

The organisation's key objective is to relieve the suffering of animals in need of care and attention, and to promote humane behaviour towards animals. FOUR PAWS' focus areas are:

- ◆ companion animals;
- ◆ wild animals; and
- ◆ farm animals.

## OBJECTIVES AND ACTIVITIES (continued)

### Staff

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

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

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

Discussion and information sharing are actively encouraged across the FOUR PAWS international network and through use of our intranet, *PAWSNET*, to further improve internal communication.

### Key management personnel

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

- Country Director;
- ♦ Head of Finance;
- ♦ Head of Programmes;
- ♦ Head of Communications; and
- ♦ Head of Fundraising

Their pay is set in line with the procedure relevant for all staff discussed above.

### Volunteers

Over the year, 2 volunteers contributed approximately 98 days of campaigns support.

FOUR PAWS would like to take this opportunity to express our gratitude to our volunteers for their dedication, hard work and support throughout 2018.

### Equality and Diversity

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

## OBJECTIVES AND ACTIVITIES (continued)

### Environmental action and sustainability

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

### Fundraising

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

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

As part of its fundraising activities, FOUR PAWS engages professional 3rd parties to act on its behalf, for example to produce and distribute direct mailings. To ensure that the fundraising activities of 3rd parties are compliant with regulation and the charity's own internal standards, FOUR PAWS approves all 3rd party communication prior to distribution and has set clear guidelines in the agreements made with such parties.

We aim to respond to all complaints individually and in a timely manner. All complaints inform and influence our approach to fundraising. We confirm that during 2018 we did not receive any formal complaints.

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

### Grant making policy

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

## ACHIEVEMENTS AND PERFORMANCE IN 2018

### Companion Animals

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

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

#### ***Responsible selling: Thanks eBay Campaign***

Consumer behaviour shows that the majority of people looking to purchase a dog or other pets search online where they are exposed to the risks of buying their pet from irresponsible and illegal sellers. Currently, there are no efficient controls in place to ensure that only responsible sellers can use the services of these classified ad sites.

Through research, we have found a substantial volume of adverts that offered illegally imported puppies, banned breeds and endangered and wild caught species. We also found that the lack of proper regulation of these adverts could often result in people looking for a pet online, buying a sick, dangerous or even illegal animal.

FOUR PAWS has been running a public campaign to regulate the online trade of pets on classified ad sites since June 2016, which targeted classified ad sites in nearly all of the countries we operate in.

We focussed our campaign on *eBay*, as the market leader of classified ad sales in many countries and its recognition as a global brand.

Our goal is to get *eBay* to introduce seller identity verification as a means of identifying sellers and to work with *eBay* to help leverage change across the whole online classified sector.

In the UK, we identified nine, major classified ad sites/ platforms and following extensive research of these, identified examples of breaches in their terms and conditions, potential illegal activity and poor animal welfare.

### **ACHIEVEMENTS AND PERFORMANCE IN 2018 (continued)**

As part of the campaign, we developed a set of recommended measures and called on global brands to lead the way in protecting animals and people by adopting them. The measures include classified ad sites:

- ◆ having to verify sellers' identity, so that there is no anonymous selling on the sites for animal sales, and in this way, help to prevent illegal activity;
- ◆ running pre-checks of all adverts to remove illegal, misleading or inappropriate adverts before they go live;
- ◆ having mandatory information in the advert about the animal, for example important care, health and documentation details to help the buyer make an informed decision when buying a pet; and
- ◆ having in place a list of animals which are banned from being sold on the site including primates, endangered and wild caught animals, underage animals and pregnant animals, and effectively enforcing this ban.

In February, using the content of our investigations, *The Sun* newspaper published an exclusive article which revealed how sick "designer breed" puppies trafficked into the UK from Eastern Europe could be easily purchased online via *Gumtree* after responding to adverts placed by anonymous dealers.

In August, following our media exposure and growing public pressure, *Gumtree* announced that they would be introducing a mandatory paywall for people advertising pets on its site. The paywall would mean that anyone advertising pets would first have to enter valid credit card details or a recognised PayPal account. If implemented effectively, this would prevent people from selling puppies and other animals anonymously on the site and also enable authorities to trace sellers if they have carried out illegal activities, something which has not been possible to date.

During the year we continued to target *eBay* and gathered 7 celebrity signatures for our open letter to *eBay* including Dame Judi Dench, Peter Egan and Joanna Lumley.

We also continued our role as a member of the APHA (Animal Plant & Health Agency) Intelligence Working Group and adviser on the issue of Importation of Dogs into the UK and attended the APGAW (All Parliamentary Group for Animal Welfare) meeting on the new Regulations for the Licensing of Pet Activities such as breeding, vending and boarding.

In addition, we presented at the Ealing Animal Welfare event to raise awareness on the sale of dogs online and also attended the Pup Aid annual event.

### ***Dog Meat Free Indonesia (DMFI) Campaign***

During 2018, FOUR PAWS worked in coalition with Human Society International, Jakarta Animal Aid Network, Change for Animals Foundation, Animals Asia, Animal Friends Jogja and Care2 to make an impact on the horrendous dog and cat meat trade in Indonesia. In markets across the country, dogs and cats are routinely beaten to death with clubs and then blowtorched to remove their fur, often while the animal is still alive and in full view of other terrified dogs and cats crammed together in tiny cages awaiting their turn. The coalition is calling for a complete end to the trade based on the following:

**ACHIEVEMENTS AND PERFORMANCE IN 2018 (continued)**

- ◆ The dog meat trade is linked to the transmission of rabies and is a threat to public health and safety;
- ◆ Only a minority of Indonesians consume/ "benefit" from the dog and cat meat trade but it threatens the entire nation's pledge to eliminate rabies by 2020;
- ◆ The dog and cat meat trade operates illegally and encourages theft and illegal activity;
- ◆ Mankind has a "special relationship" with dogs and cats – for example in how they support the emergencies service, help and comfort the disabled and elderly, etc. and we therefore have a responsibility to protect them.
- ◆ There is growing opposition to the dog and cat meat trade in Indonesia, throughout Asia, and around the world.

In 2018, while the majority of campaigning, lobbying and investigations took place in Indonesia, FOUR PAWS and its coalition partners carried out two actions outside the Indonesian embassy in London. With concurrent actions outside other Indonesian embassies around the world and a demonstration in Jakarta, the aim was to send a clear message to the Indonesian government and president that the dog and cat meat trade is a risk to human health, is deeply cruel, unnecessary, and is damaging the country's reputation.

In June, a letter addressed to President Joko Widodo and signed by over 60 international celebrities including Ricky Gervais and Cameron Diaz was delivered to the Indonesian embassy in London. It revealed evidence of DMFI's investigations into markets in North Sulawesi and called for a total ban on the trade and consumption of dogs and cats in Indonesia. The action was supported on the day by Peter Egan and Bill Bailey. Then in August, news came that some national and regional government officials had agreed to issue a ban on the trade in dog and cat meat and this was followed in October with a letter from the Central government calling on provincial governments to take action. The DMFI coalition has welcomed these moves but will not rest until the pledges turn into real action on the ground. In October 2018, a petition with over 1,000,000 signatures was delivered to the same embassy. The campaign is far from over therefore and continues into 2019.

## ACHIEVEMENTS AND PERFORMANCE IN 2018 (continued)

### Farm Animals

#### *Food campaign*

Public institutions, such as schools, universities, hospitals and retirement homes serve meals on a daily basis. However, there is rarely any transparency about the origin of this food. In the case of animal products such as milk, eggs and meat, this lack of transparency may be hiding a background of suffering and poor animal welfare practices.

Approximately two thirds of farm animals are kept under factory farm conditions. These animals are kept in small, barren barn-systems throughout their lives (where they are kept indoors until slaughter and have no straw or enrichments to keep them busy).

FOUR PAWS is calling on public institutions to ensure they only source products that consider animal welfare. Whenever they buy animal products, the following requirements should be met:

- ◆ Natural behaviour must be allowed and encouraged
- ◆ Avoid pain and suffering
- ◆ Adopt appropriate animal species husbandry
- ◆ Provide more space as well as outdoor access and daylight
- ◆ Animal welfare should be prioritised ahead of maximising output
- ◆ Fair treatment of animals until death must be ensured

We have worked with our FOUR PAWS European Policy Office to review the new proposed UK Agriculture bill which will replace the EU Common Agricultural Policy (CAP) after the UK leaves the EU. Subsequently we have contacted MPs regarding our demands on the Agriculture Bill ahead of meetings to be held in 2019, when we will also launch our public campaign following our research into the transparency of the supply chains of UK local authorities.

### Wild Animals

#### *Tiger Trade Campaign*

During the twentieth century, there has been a 90% decline worldwide in the tiger species, with current estimates suggesting that there are only around 3,900 tigers left in the wild. The relentless demand for tiger parts as well as for animals to be displayed commercially has significantly contributed to the loss of this species. Legal trade often facilitates illegal trade, posing a real threat to the population of wild tigers. Shockingly, tigers born in Europe in captivity are still traded for commercial purposes: for the circus ring or private keeping, as well as for photo opportunities.

FOUR PAWS has also discovered that tiger traders operating in Europe are willing and able to facilitate the transfer of tigers to Asian countries causing mass cruelty and loss of this species.

## **ACHIEVEMENTS AND PERFORMANCE IN 2018 (continued)**

### **Wild Animals (continued)**

#### ***Tiger Trade Campaign (continued)***

Research conducted by FOUR PAWS in June revealed a tiger breeding facility near Prague and where the sale of tigers to Asia was openly discussed by the owner. The trader offered to sell the animals to Asian buyers, help to obtain documents and facilitate the transfer. The Czech Authorities conducted a series of raids of members of the community believed to be in possession of tiger parts and have subsequently suspended commercial tiger exports after the discovery of dead tigers, skins, claws and bouillon concoctions from tiger bones.

In September, we launched our campaign to raise awareness of this trade by projecting images of a tiger's eye on to London landmarks, including Marble Arch.

In October, we urged the European Commission to ban all commercial trade of tigers involving the EU. Trade in wild tigers - an endangered species - is banned in the European Union but the breeding and trading of tigers held in captivity is allowed.

A spokesperson from the EU Commission advised that there were no plans for any immediate measures but that the issue would be discussed among member states at a forthcoming meeting of enforcement authorities.

We participated in the Illegal Wildlife Trade Conference hosted by the UK government, which brought together global leaders to help eradicate illegal wildlife trade and better protect the world's most iconic species from the threat of extinction.

We also met with the CITES scientific authority, Border Control and Heathrow Airport authorities in Peterborough.

#### ***Zoo animal rescue missions***

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

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

#### ***Fur Free Britain***

We joined forces with Humane Society International and other animal welfare charities to launch a petition calling for a *Fur Free Britain*. All together, we reached over 100,000 signatures which has now secured a debate in Parliament on the topic of fur. We will be continuing our work on this topic to get a ban on the import of all fur in the UK. The petition was handed over in March with the celebrity Brian May.

## ACHIEVEMENTS AND PERFORMANCE IN 2018 (continued)

### ***Russian Bear***

In April, a report emerged of a captive European Brown Bear that had been paraded and forced to "perform" for crowds before the kick-off of a football match of a local team in Russia. FOUR PAWS was quick to make a statement on the story, in particular, the cruelty that is usually involved in training a bear to perform in this way and of the additional stress it would have been under in front of a large stadium crowd. The statement was picked up and quoted in many news outlets, both in the UK and internationally, raising awareness of the issue and was followed up by interviews with Reuters News and Radio 5 live which were given by the UK Country Director.

### **International Animal Welfare Summit**

FOUR PAWS hosted the 1st International Animal Welfare Summit in April, in Vienna where more than 300 guests were in attendance to hear speeches and discussions from experts from the fields of science, nutrition and economics. The event examined the protection of animals in a global, political-economic and cultural-ethnic context and focussed on the theme: *"Animal Welfare - A Necessity for Human Survival or Only a Concern for the Privileged?"*

### **Project support**

During the year we received donations which enabled us to provide grant support to VIER PFOTEN International for projects including:

- ◆ Lionsrock Big Cat sanctuary in South Africa; and
- ◆ Ninh Binh Bile Bear sanctuary in Vietnam.

We received restricted donations to provide grant support to the *Speranta Foundation* in Romania to repair their solar panels which are used to provide energy to operate their dog shelter.

### **Coalitions**

We continue to participate in the coalition to ban the fur trade in the UK and also play an active role in the Animal Welfare working group meetings organized by the Wildlife and Countryside LINK.

### **Brexit**

As the UK moves closer to its departure from the European Union, FOUR PAWS, along with the rest of the animal welfare NGO community, has been deeply concerned as to how this will impact upon animal welfare and long held animal protections in the UK. The most obvious potential impact of the UK's departure is the lowering of animal welfare standards as it leaves European Treaties and seeks new trade deals with other countries which have significantly lower animal welfare standards. Of greatest concern in 2018 was discovery that, wording in respect of "recognition of animal sentience" would not to be carried over from the Lisbon Treaty into the Withdrawal Bill. This led to outrage and a backlash from the animal welfare community and the wider public. In response, the UK government opened a consultation for a draft Animal Welfare (Sentencing and Recognition of Sentience) Bill which ran from 12 December 2017 to 31 January 2018.

### **ACHIEVEMENTS AND PERFORMANCE IN 2018 (continued)**

FOUR PAWS contributed to this draft but unfortunately, it has not progressed through parliament for a number of reasons. The pressure on government therefore continues into 2019 and FOUR PAWS is now part of a coalition of 36 animal welfare organisations campaigning to make sure such a bill is tabled by government and enacted into law meaning that animal sentience and other animal protections remain firmly in place when the UK officially leaves the EU on the planned date of 29 March 2019.

### **Fundraising strategy**

During the year we continued to implement our 5-year fundraising strategy:

- ◆ We created a new television advert "*Baby Bear*" to raise awareness of bears cruelly taken from the wild and exploited as tourist attractions. This advert has contributed to the growth in income from new supporters.
- ◆ We successfully migrated to a new Fulfilment Agency enabling us to receive a better streamlined and more cost-effective service.
- ◆ We built a new, sustainable relationship with a freelance designer to reduce creative costs in our direct mail programme in 2019 and beyond.
- ◆ We also completed a review of our database to ensure our data is fully compliant with the regulatory criteria GDPR (General Data Protection Regulations).

### **Staff recruitment**

During the year we recruited a Communications and Campaigns Officer to support the development of our national and international campaigns and the delivery of communication activities.

We also increased our international team within FOUR PAWS, supporting the Wild Animals Programs and Companion Animals Campaigns teams.

### **Compliance with GDPR regulations**

We set up a Project Group to ensure that we would be fully compliant with the GDPR regulations brought into effect in May 2018. This included a full review of our data, processes and contracts in addition to staff and Trustee training. We also updated our operational policies and have implemented a monitoring and review process to ensure continued compliance.

### **Migration to Office 365**

To increase international collaboration of the FOUR PAWS offices globally, we successfully migrated to Office 365, a cloud-based version of Microsoft Office applications.

## FINANCIAL REVIEW

Income for the year was £2,513k, being £77k lower than last year primarily due to a £262k reduction in the Google ad grant reflecting the challenge to meet the changed metric requirements to achieve this. The grant from VIER PFOTEN International increased by £76k to support Companion Animal and Wild Animal campaigns and projects.

Unrestricted voluntary donations increased by 19.8%, reflecting the continuing growth in our online donations bringing £484k compared to £283k in 2017. Income from our direct mail cash appeals also saw an increase of 10% as we raised awareness of animal cruelty and our mission to improve the lives of animals globally.

Our June direct mail appeal brought our highest response ever from our supporters sharing the rescue of *Kvitka*, a bear that had been rescued from the cruel practice of bear baiting where *Kvitka* had been used at a hunting station in western Ukraine to teach dogs to hunt. Our August appeal brought in our highest average gift from our supporters when we shared news of Four Paws' new sanctuary, *Elephants' Lake*, being built in Myanmar where we will rehabilitate former logging elephants as well as provide species appropriate homes.

Regular giving remained consistent year on year at £283k however we have seen a move towards regular giving online which is included in our online donations reported above.

We saw a small increase in restricted donations with £12k received in the year, including £5k donation for Speranta dog sanctuary to support the repair of their solar panels.

We continued to invest in the acquisition of new donors through Direct Response TV and launched our new advert "*baby bear*". We reduced our investment in online acquisition of new donors during the year whilst we review our Digital fundraising strategy, aligning this with *One Digital* strategy, to drive and support digital transformation across the Four Paws global network. This contributed to a reduction in the cost of generating funds by £62k.

Charitable activity expenditure overall fell by £129k due to a £262k reduction in Google ad grant spend combined with £61k lower spend on international Wild Animal campaigns. However, during the year, we increased our contribution towards international stray animal campaigns and programmes with activities in South East Asia, and also increased our spending on Farm Animals Campaigns with the beginning of the *Food campaign*.

The year finished with a net surplus of £161k, compared to a net surplus of £47k in 2017.

During the year we repaid all existing loan liabilities to VIER PFOTEN Tierschutzverein of £59K and £161k under the multi-grant agreement with VIER PFOTEN International for animal welfare projects.

As defined in the SORP, we are showing unrestricted funds of £623k at 31 December 2018 (2017 - £470k). This includes general reserves of £513k (2017 - £249k) and also a revaluation reserve of £110k (2017 £221k) which relates to the revaluation of the database.

Restricted funds are £8k held for specific purposes at this time (2017 - £Nil).

## **FINANCIAL REVIEW** (continued)

### **Investment powers and policy**

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

### **Reserves policy**

FOUR PAWS may hold the following categories of financial reserves:

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

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

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

Each year the trustees consider the appropriate level of unrestricted reserves. They review FOUR PAWS UK's requirements and consider the likelihood of these financial contingencies and the impact they might have. The target level of these reserves is 10% of budgeted Individual Giving income as a basis for setting a minimum level combined with holding reserves to meet the committed payments under the multi-grant agreement with VIER PFOTEN for animal welfare projects. For 2018 this was £136k and £161k respectively giving a combined target of £297k.

The unrestricted reserves at 31st December 2018, excluding the revaluation reserve, stood at £513k, an increase of £264k against the previous year. After excluding the net book value of the tangible fixed assets, the free reserves are £500k. This has exceeded the combined target set by the trustees of £297k. We will use the surplus funds from this year to invest in our fundraising acquisition in DRTV during 2019. This will strengthen our income from regular donors to achieve greater future financial sustainability.

### **Assessment of going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements and have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The most significant areas of judgement that affect items in the accounts are detailed above and in the accounting policy regarding critical accounting estimates and areas of judgement. This includes the current valuation of the donor database held as an intangible asset where the trustees consider the assumption of future economic benefit derived in the form of donations to remain valid.

## PLANS FOR FUTURE PERIODS

FOUR PAWS, as part of the wider VIER PFOTEN International network for animal welfare, has signed up to a long-term strategic direction to 2025. This strategy includes the key areas of focus:

- 1. Quality standards:** Our projects establish global quality standards for bears, big cats and stray animals.
- 2. Positive campaigns:** The strategic approach for our campaigns is to change industry first and legislation afterwards; switch from negative to positive campaigning; start changing EU-related standards/legislation on national level first.
- 3. Flexible response to urgent cases:** We react rapidly in urgent cases, disaster relief and emergency missions. We prioritize “all hands-on deck” situations over planned work. We encourage all staff to help out in urgent animal-related situations and support this as an employer.
- 4. A global player with a European Focus:** Our operations within Europe will enable us to raise awareness amongst consumers, retailers and producers to change pan-European consumption markets. Our projects, disaster relief, communication & fundraising activities are run globally.
- 5. Powerful partnerships:** We conduct powerful strategic alliances with international partners (i.e. UN, NGOs, companies) with a special focus on the European market.
- 6. Mobilise millions:** We mobilise millions of people to engage for consumer action, behavioural change and financial support.
- 7. Convey our stories globally:** We build a strong international media network to convey our stories on a global scale.
- 8. Financial growth:** We strive for ambitious and sustainable growth of our Fundraising portfolio and markets to have more impact and engage more donors.
- 9. Dedicated people in the right places:** We employ and nurture dedicated people in the right places, with a special focus on people who can stretch limits and strive for the impossible.
- 10. Local empowerment for our international network:** Our international structure becomes even more effective in its global focus. At the same time, it strengthens empowerment on the local level to ensure national implementation of our international work.
- 11. Leadership and organisational excellence:** We optimise our effectiveness/efficiency by orchestrating our work.

## PLANS FOR FUTURE PERIODS (continued)

### Looking ahead to 2019

Next year, we will support and implement the international programme priorities locally while continuing to actively participate in national coalitions and explore new niches for FOUR PAWS in the UK.

Our key objectives include:

- ◆ Target public institutions identified in our Food Campaign and get them to amend their procurement policies so that they source animal products from better animal welfare keeping conditions and thereby signal changes to the farming sector through their purchasing power.
- ◆ We will continue to position ourselves as the animal welfare organisation driving change for millions of animals around the world in the textiles industry. We will demand long term commitment from brands in the wool industry to ensure traceability in their procurement and use of non-mulesed wool from Australia, ending mulesing in Australia by 2025.
- ◆ Continue to target online classified ad platforms such as those owned by eBay to require identity verification from sellers using classified ads for pet sales and ensure the transparent, ethical and sustainable breeding and selling of all companion animals by improving the traceability.
- ◆ Develop an awareness of the Dog and Cat meat trade in South East Asia and drive mobilisation via social media. Four Paws has joined two international associations, Asia Canine Protection Alliance and Dog Meat Free Indonesia, to end the dog and cat meat trade sustainably in Southeast Asia by the year 2030.
- ◆ Continue the implementation of our 5-year Fundraising Strategy:
  - ◇ introduce a bi-annual magazine to update our supporters with news of our projects and key campaigns
  - ◇ renew our legacy strategy
  - ◇ optimise the investment in our television adverts to bring on board new supporters
  - ◇ roll out our new digital programme to recruit new supporters
  - ◇ further develop our Major Donor Programme
  - ◇ research new fundraising products to diversify our income streams to ensure future financial sustainability
- ◆ In April, relocate to CAN Mezzanine's Borough premises in Great Dover Street, London for the duration of the 2-year redevelopment by CAN Mezzanine of our current premises at Loman Street. We will take this opportunity to implement a system of hot desking to minimise the office space we require whilst also looking to operate in a more paperless environment to reduce storage needs.
- ◆ Continue to monitor, prepare for and respond to the potential impacts of the UK's departure from the EU in 2019, both externally in terms of how this will affect animal protections and internally with regards to staffing, fundraising and governance.

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

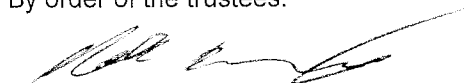
Each of the trustees confirms that:

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

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

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

By order of the trustees:



Chair of trustees

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

**Opinion**

We have audited the financial statements of FOUR PAWS UK (the 'charitable company') for the year ended 31 December 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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.

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 2018 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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.

## **Independent auditor's report 31 December 2018**

### **Other information**

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

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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ 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 trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit

**Responsibilities of trustees**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

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



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

28/3/19

**Statement of financial activities** Year to 31 December 2018

	Notes	Un – restricted funds £	Restricted funds £	Revaluation funds £	Total funds 2018 £	Unrestricted funds £	Restricted funds £	Revaluation funds £	Total funds 2017 £
<b>Income and expenditure</b>									
<b>Income from:</b>									
Donations and legacies	1	2,499,813	12,845	—	2,512,658	2,580,977	9,000	—	2,589,977
<b>Total income</b>		<u>2,499,813</u>	<u>12,845</u>	<u>—</u>	<u>2,512,658</u>	<u>2,580,977</u>	<u>9,000</u>	<u>—</u>	<u>2,589,977</u>
<b>Expenditure on:</b>									
Raising funds	2	811,315	—	110,350	921,665	873,135	—	110,350	983,485
Charitable activities									
Advocacy for animal welfare and raising awareness		906,867	—	—	906,867	1,026,689	—	—	1,026,689
Wild animal programs and campaigns		137,182	—	—	137,182	180,283	18,000	—	198,283
Companion animals programs and campaigns		341,813	5,000	—	346,813	321,460	1,000	—	322,460
Farm animals programs and campaigns		38,879	—	—	38,879	11,610	—	—	11,610
<b>Total expenditure</b>		<u>2,236,056</u>	<u>5,000</u>	<u>110,350</u>	<u>2,351,406</u>	<u>2,413,177</u>	<u>19,000</u>	<u>110,350</u>	<u>2,542,527</u>
<b>Net income (expenditure) and net movement in funds</b>	3	263,757	7,845	(110,350)	161,252	167,800	(10,000)	(110,350)	47,450
<b>Reconciliation of funds:</b>									
Total funds brought forward	A	249,216	—	220,701	469,917	81,416	10,000	331,051	422,467
Total funds carried forward	12,13	<u>512,973</u>	<u>7,845</u>	<u>110,351</u>	<u>631,169</u>	<u>249,216</u>	<u>—</u>	<u>220,701</u>	<u>469,917</u>

All of the charitable company's activities during the above two financial periods derived from continuing operations. The charitable company has no recognised gains and losses other than those shown above.

## Balance sheet 31 December 2018

	Notes	2018 £	2018 £	2017 £	2017 £
<b>Fixed assets</b>					
Intangible assets	6		110,351		220,701
Tangible assets	7		<u>13,483</u>		<u>7,842</u>
			123,834		228,543
<b>Current assets</b>					
Debtors	8	376,533		179,788	
Cash at bank and in hand		<u>249,612</u>		<u>358,471</u>	
		626,145		538,259	
<b>Creditors: amounts falling due within one year</b>	9	<u>(118,810)</u>		<u>(243,480)</u>	
<b>Net current assets</b>	3		<u>507,335</u>		<u>294,779</u>
<b>Creditors: amounts falling due after more than one year</b>	10		—		(53,405)
<b>Net assets</b>			<u>631,169</u>		<u>469,917</u>
<b>The funds of the charity</b>	11				
Revaluation reserve		110,351		220,701	
General funds		<u>512,973</u>		<u>249,216</u>	
			623,324		469,917
Restricted funds	11		<u>7,845</u>		<u>—</u>
			<u>631,169</u>		<u>469,917</u>

The notes on pages 30 to 38 form part of the financial statements.

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



Chair of trustees

Company registration number 5848230 (England and Wales).

**Statement of cash flows** Year to 31 December 2017

	Notes	2018 £	2017 £
Cash inflow from operating activities	A	(96,741)	48,640
Cash outflow from investing activities	B	(12,118)	(3,094)
Increase in cash and cash equivalents	C	(108,859)	45,546

**Notes to the statement of cash flows for the year to 31 December 2018**

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

	2018 £	2017 £
Net income (expenditure) before revaluation	161,252	47,450
Depreciation charge	6,477	6,554
Amortisation charge	110,350	110,350
Increase in debtors	(196,745)	(17,827)
(Decrease) increase in creditors	(178,075)	(97,887)
<b>Net cash inflow from operating activities</b>	<b>(96,741)</b>	<b>48,640</b>

**B. Cash flows from investing activities**

	2018 £	2017 £
<b>Investing activities</b>		
Payments to acquire tangible fixed assets	(12,118)	(3,094)
<b>Cash outflow from investing activities</b>	<b>(12,118)</b>	<b>(3,094)</b>

**C. Analysis of changes in cash**

	At 1 January 2018 £	Cash flows £	At 31 December 2018 £
Cash at bank and in hand	358,471	(108,859)	249,612

## **Principal accounting policies 31 December 2018**

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

### **Basis of accounting**

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('Charities FRS 102 SORP 2015'), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

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

### **Critical accounting estimates and areas of judgement**

The most significant area of judgement that affects items in the accounts is the current valuation of the donor database held as an intangible fixed asset where the trustees consider the assumptions of future economic benefit derived in the form of donations to remain valid. The database held as an intangible asset was revalued internally on 31 December 2014 using the net present value of future cashflows discounted at a rate of 3.1%.

Another key judgement is the allocation of direct mailing campaigns expenditure between fundraising or charitable activities. The method used in the allocation is based on lines of copy in the mailing.

### **Going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect of a period of one year from the date of approval of these financial statements.

The trustees of FOUR PAWS UK, having considered the above, have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## Principal accounting policies 31 December 2018

### Income

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

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

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

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

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

### Expenditure and the basis of apportioning costs

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

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

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

**Expenditure and the basis of apportioning costs** (continued)

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

All expenditure is inclusive of irrecoverable VAT.

The charity has a multi-grant agreement with VIER PFOTEN International to 2018 which is paid over in line with the agreed payment schedule.

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

**Debtors**

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

**Cash at bank and in hand**

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

**Creditors and provisions**

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

**Fund accounting**

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

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

The revaluation reserve represents the carrying value of the database at the balance sheet date. The database was revalued on 31 December 2014 as set out in note 6 to the accounts.

## Principal accounting policies 31 December 2018

### Foreign currencies

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

### Pension costs

#### *Defined contribution pension schemes*

The charity operates a defined contribution pension scheme. The amounts charged represent the contributions payable to the scheme in the year. Employer contributions to the scheme are currently a maximum of 5% of pensionable salary.

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

### Intangible fixed assets

Intangible fixed assets are amortised at rates calculated to write off the assets on a straight basis over their estimated useful economic lives, not to exceed five years. Intangible assets are reviewed annually for any indication that the carrying value of an asset may not be fully recoverable. The amortisation rate in use is as follows:

Donor database	20% straight line
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### Tangible fixed assets

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

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

Only assets costing £300 or above are capitalised.

### Finance leases

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

## 1 Donations and legacies

	Unrestricted funds £	Restricted funds £	2018 Total funds £
<b>Voluntary income</b>			
Donations	1,511,665	12,545	1,524,210
Gift aid	128,348	—	128,348
Legacies	447,678	300	447,978
Grants	308,077	—	308,077
Gifts in kind	104,045	—	104,045
<b>2018 Total funds</b>	<b>2,499,813</b>	<b>12,845</b>	<b>2,512,658</b>

	Unrestricted funds £	Restricted funds £	2017 Total funds £
<b>Voluntary income</b>			
Donations	1,261,797	8,000	1,269,797
Gift aid	115,910	—	115,910
Legacies	605,772	1,000	606,772
Grants	231,500	—	231,500
Gifts in kind	365,998	—	365,998
<b>2017 Total funds</b>	<b>2,580,977</b>	<b>9,000</b>	<b>2,589,977</b>

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

	2018 £	2017 £
Google adwords	104,055	365,998
	<b>104,055</b>	<b>365,998</b>

## 2 Expenditure on

	Direct costs £	Grants £	Support costs £	Total costs 2018 £
<b>Charitable activities</b>				
Advocacy for animal welfare and raising awareness	765,823	—	141,044	906,867
Wild animals programs and campaigns	122,583	—	14,599	137,182
Companion animals programs and campaigns	281,913	5,000	59,900	346,813
Farm animals programs and campaigns	32,832	—	6,047	38,879
	<b>1,203,151</b>	<b>5,000</b>	<b>221,590</b>	<b>1,429,741</b>
<b>Raising funds</b>				
Staff costs	161,846	—	—	161,846
Amortisation	110,350	—	—	110,350
Investment in donor acquisition	151,168	—	—	151,168
Other	435,188	—	63,113	498,301
	<b>858,552</b>	<b>—</b>	<b>63,113</b>	<b>921,665</b>
<b>Total expenditure</b>	<b>2,061,703</b>	<b>5,000</b>	<b>284,703</b>	<b>2,351,406</b>

**2 Expenditure on (continued)**

	Direct costs £	Grants £	Support costs £	Total costs 2017 £
<b>Charitable activities</b>				
Advocacy for animal welfare and raising awareness	827,400	76,000	123,289	1,026,689
Wild animals programs and campaigns	160,266	18,000	20,017	198,283
Companion animals programs and campaigns	289,255	1,000	32,205	322,460
Farm animals programs and campaigns	10,104	—	1,506	11,610
	1,287,025	95,000	177,017	1,559,042
<b>Raising funds</b>				
Staff costs	132,234	—	—	132,234
Amortisation	110,350	—	—	110,350
Investment in donor acquisition	302,323	—	—	302,323
Other	383,517	—	55,061	438,578
	928,424	—	55,061	983,485
<b>Total expenditure</b>	<b>2,215,449</b>	<b>95,000</b>	<b>232,078</b>	<b>2,542,527</b>

The allocation between funds is:

	2018		2017	
	Unrestricted funds £	Restricted funds £	Unrestricted funds £	Restricted funds £
Advocacy for animal welfare and raising awareness	906,867	—	1,026,689	—
Wild animals programs and campaigns	137,182	—	180,283	18,000
Companion animals programs and campaigns	341,813	5,000	321,460	1,000
Farm animals programs and campaigns	38,879	—	11,610	—
Raising funds	921,665	—	983,485	—
	2,346,406	5,000	2,523,527	19,000

**Analysis of support costs**

	Raising funds £	Advocacy and raising awareness £	Wild animals £	Companion animals	Farm animals £	Total costs 2018 £
Staff costs	24,490	32,627	5,223	12,011	1,399	75,750
Premises costs	14,542	—	—	—	—	14,542
Governance	4,011	3,577	573	1,317	153	9,631
Other costs	20,071	104,840	8,804	46,573	4,495	184,783
	63,114	141,044	14,600	59,901	6,047	284,706

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

## 2 Expenditure on (continued)

### *Analysis of support costs (continued)*

	Raising funds £	Advocacy and raising awareness £	Wild animals £	Companion animals	Farm animals £	Total costs 2017 £
Staff costs	33,435	29,261	5,668	10,229	357	78,950
Premises costs	17,817	—	591	—	—	18,408
Governance	3,029	2,651	513	927	32	7,152
Other costs	781	91,377	13,245	21,049	1,116	127,568
	55,062	123,289	20,017	32,205	1,505	232,078

## 3 Net movement in funds

This is stated after charging:

	2018 £	2017 £
Trustees' reimbursed expenses	875	334
Depreciation	6,477	6,554
Amortisation	110,350	110,350
Auditors' remuneration		
. Audit fee		
. Current year	8,760	7,665
. Prior year	—	855

## 4 Employee and key management remuneration

### *Summary*

Staff costs during the year were as follows:

	2018 £	2017 £
Salaries and wages	618,872	513,403
Social security costs	63,488	52,114
Other pension costs	20,505	17,249
	702,865	582,766

No employee earned £60,000 per annum or more including taxable benefits but excluding employer pension contributions during the year.

### *Staff numbers*

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

	Headcount		Full time equivalent	
	2018	2017	2018	2017
Average number of employees	15	14	15	14

#### 4 Employee and key management remuneration (continued)

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

	2018 £	2017 £
The costs of the scheme to the charity for the year	20,505	17,249
	<u>20,505</u>	<u>17,249</u>

None of the trustees received any remuneration in respect of their services during the year (2017 - £nil). During the year out of pocket travelling expenses amounting to £875 (2017- £334) were reimbursed to one (2017 - one) trustee.

#### *Key management personnel*

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

The total employee benefits of the key management personnel of the charity were £270,882 (2017 - £267,375).

#### 5 Taxation

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

#### 6 Intangible fixed assets

	Donor database £	Total 2017 £
<b>Valuation</b>		
At 1 January 2018 and 31 December 2018	<u>551,751</u>	<u>551,751</u>
<b>Amortisation</b>		
At 1 January 2018	331,050	220,700
Charge for the year	<u>110,350</u>	<u>110,350</u>
At 31 December 2018	<u>441,400</u>	<u>331,050</u>
<b>Net book values</b>		
At 31 December 2018	<u>110,351</u>	<u>220,701</u>
At 1 January 2018	<u>220,701</u>	<u>331,051</u>

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

## Notes to the financial statements 31 December 2018

### 7 Tangible fixed assets

	Office equipment £	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 January 2018	5,361	17,711	15,024	38,096
Additions	—	12,118	—	12,118
At 31 December 2018	5,361	29,829	15,024	50,214
<b>Depreciation</b>				
At 1 January 2018	4,517	13,910	11,827	30,254
Charge for the year	844	3,667	1,966	6,477
At 31 December 2018	5,361	17,577	13,793	36,731
<b>Net book value</b>				
At 31 December 2018	—	12,252	1,231	13,483
At 31 December 2017	844	3,801	3,197	7,842

Office equipment includes assets with a net book value of £nil (2017– £738) held under finance leases. Depreciation of £738 has been charged on assets under finance lease in the year.

### 8 Debtors and prepayments

	2018 £	2017 £
Other debtors	17,531	12,516
Prepayments and accrued income	359,002	167,272
	<b>376,533</b>	<b>179,788</b>

### 9 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	42,302	9,113
Accruals	76,508	68,504
Hire purchase liability	—	554
Grants payable	—	165,309
	<b>118,810</b>	<b>243,480</b>

## Notes to the financial statements 31 December 2018

### 10 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Hire purchase liability	—	—
Grants payable	—	53,405
	—	53,405

Grants totalling £nil are owed to VIER PFOTEN International and £nil to VIER PFOTEN Tierschutzverein (2017 - £169,909 and £57,805 respectively). The charity made a foreign exchange loss of £nil on these multigrant agreements as a result of the increase in the value of the Euro against the Pound Sterling (2017 – loss of £2,244). VIER PFOTEN International and VIER PFOTEN Tierschutzverein are connected to FOUR PAWS because Helmut Dungler is a trustee of FOUR PAWS and also Chief Executive Officer of VIER PFOTEN International.

### 11 Movements in funds

	At 1 January 2018 £	Income £	Expenditure £	At 31 December 2018 £
<b>Restricted funds</b>				
Stray Dogs	—	10,000	(5,000)	5,000
Bile Bears	—	1,600	—	1,600
Fier Zoo	—	245	—	245
Lions Rock	—	1,000	—	1,000
	—	12,845	(5,000)	7,845
<b>Unrestricted funds</b>				
Revaluation reserve	220,701	—	(110,350)	110,351
General funds	249,216	2,499,813	(2,236,056)	512,973
	469,917	2,499,813	(2,346,406)	623,324
<b>Total funds</b>	469,917	2,512,658	(2,351,406)	631,169

## 11 Movements in funds (continued)

	At 1 January 2017 £	Income £	Expenditure £	At 31 December 2017 £
<b>Restricted funds</b>				
Vietnam Bile Bears	—	7,000	(7,000)	—
Lionsrock	10,000	1,000	(11,000)	—
Stray dogs	—	1,000	(1,000)	—
	<u>10,000</u>	<u>9,000</u>	<u>(19,000)</u>	<u>—</u>
<b>Unrestricted funds</b>				
Revaluation reserve	331,051	—	(110,350)	<b>220,701</b>
General funds	81,416	2,580,977	(2,413,177)	<b>249,216</b>
	<u>412,467</u>	<u>2,580,977</u>	<u>(2,523,527)</u>	<u><b>469,917</b></u>
<b>Total funds</b>	<u>422,467</u>	<u>2,589,977</u>	<u>(2,542,527)</u>	<u><b>469,917</b></u>

### Stray dogs

Our partner organisation, SPERANTA dog shelter in Romania, which houses and provides care for over 300 dogs awaiting adoption, needed financial assistance with emergency repairs to the solar panels providing energy to the shelter. We received donations of £10,000 to support this and provide care for the dogs.

### Bile bears

In 2017, Four Paws opened a newly constructed bear sanctuary at Ninh Binh, Vietnam, to house and rehabilitate Asiatic black bears that had been rescued from bile bear farms. In 2018, we received donations of £1,600 towards the rehabilitation of one of the bile bears that had been rescued.

### Fier Zoo

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

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

We received restricted donations of £245 towards the rescue and veterinary care of these animals

## 11 Movements in funds (continued)

### *LIONSROCK Big Cat Sanctuary*

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

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

In 2018, we received a donation of £1,000 (2017 - £1,000) to support the ongoing care of these big cats.

## 12 Revaluation reserve

	2018 £	2017 £
Revaluation reserve brought forward	220,701	331,051
Amortisation charge during the year	(110,350)	(110,350)
Revaluation reserve carried forward	110,351	220,701

## 13 Analysis of net assets between funds

	Restricted £	Revaluation £	General £	Total 2018 £
Intangible assets	—	110,351	—	110,351
Tangible assets	—	—	13,483	13,483
Current assets	7,845	—	618,305	626,150
Current liabilities	—	—	(118,810)	(118,810)
Long term liabilities	—	—	—	—
	7,845	110,351	512,978	631,174

	Restricted £	Revaluation £	General £	Total 2017 £
Intangible assets	—	220,701	—	220,701
Tangible assets	—	—	7,842	7,842
Current assets	—	—	538,259	538,259
Current liabilities	—	—	(243,480)	(243,480)
Long term liabilities	—	—	(53,405)	(53,405)
	—	220,701	249,216	469,917

#### **14 Transactions with trustees and related party transactions**

One trustee received payments totalling £875 (2017 - £334) as reimbursements for travel costs.

No other remunerations or expenses were paid to the trustees or persons related to them

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

Two of the UK Trustees are also in Key Management positions at VIER PFOTEN International: Helmut Dungler is the Chief Executive Officer (and Founder) and Josef Pfabigan is the Chief Finance Officer.

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

During the year, payments totalling £169,909 were made to the VIER PFOTEN International network in respect of the multigrant agreements (2017 – £89,401) and grants of £308,000 were received (2017 – £231,500). At the end of the year, the amount owed to VIER PFOTEN International was £nil (2017 - £169,909) and the amount owed to VIER PFOTEN Tierschutzverein was £nil (2017 - £57,805). The amount owing from VIER PFOTEN International was £nil (2017 – £nil).