

Charity Registration No. 206300

**RSPCA SUSSEX CHICHESTER
& DISTRICT BRANCH**

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2017**

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	D Harris M Falloon C Waterworth S O'Kane A Gofton J Thatcher P Marshall P Fitzpatrick N Cockram	(Appointed 5 March 2018) (Appointed 5 March 2018) (Appointed 5 March 2018) (Appointed 5 March 2018) (Appointed 5 March 2018) (Appointed 5 March 2018) (Appointed 5 March 2018) (Appointed 5 March 2018)
Charity number	206300	
Principal address	Mount Noddy Animal Centre Blackmill Lane Eartham Chichester West Sussex PO18 0LL	
Auditor	Watling & Hirst Limited Cawley Place 15 Cawley Road Chichester West Sussex PO19 1UZ	

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

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RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The trustees present their report and the audited financial statements of the charity for the year ended 31 December 2017.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the National RSPCA Branch Rules, 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 object of the charity is to promote kindness and good care, and prevent or suppress cruelty to animals by all lawful means with particular reference to the geographic area of the Branch, in accordance with the policies of the Society.

In planning our activities for the year, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit - running a charity (PB2)'.

The trustees have adopted the following strategic aims:

- To support the Society's Inspectorate in their work funding veterinary treatment and emergency accommodation for mistreated or abandoned animals;
- To accept stray and owned animals for rehoming;
- To increase awareness of the animal centre and its offer;
- To maximise and diversify income streams and voluntary income; and
- To provide volunteering opportunities in animal care, retail and fundraising.

Achievements and performance

In putting these strategic aims into action, we have three main areas of operation, which are: Mount Noddy Animal Centre; Retail; and Fundraising and Public Awareness.

i) Mount Noddy Animal Centre - rescues, rehabilitates and rehomes cats and dogs. One of our key aims is to provide accommodation for animals in need of emergency rehoming, which cannot get help elsewhere. We particularly focus on providing emergency care for those animals, which have been mistreated, neglected or abandoned, and animals at risk. We take in lost animals and take steps to reunite them with owners. We support our local RSPCA Inspectors by taking in, free of charge, mistreated or abandoned animals, including pets whose owners suffer ill health or financial difficulties or die. The Society's Inspectorate, as well as providing education, information and advice, rescues the most abused and neglected animals at the extreme end of suffering and enforces laws against the cruel mistreatment of animals in England and Wales by bringing prosecutions. This work is key to 'the prevention or suppression of cruelty' part of the RSPCA objects and promotes humane sentiments towards animals which involves moral benefit to humankind as a whole.

During the year, the Branch took in 90 dogs and 148 cats. It rehomed direct from the Centre 199, a total of 70 dogs and 129 cats compared to 234 (90 dogs and 143 cats) in 2016. Some of the dogs and cats we took in during the year were transferred to other RSPCA Branches for rehoming.

We continued to respond to the needs of dogs with challenging behaviour. During the year, an experienced Animal Behaviourist worked alongside the Mount Noddy staff team, to improve the dogs rehoming chances, achieving good results.

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

ii) **Retail** - The shops generated turnover of £281,471 resulting in an operating profit of £83,168.

In November we opened our fourth shop in Worthing. The opening was supported by two local RSPCA Inspectors, providing information and advice to the public on animal welfare and their work in the local area. We believe the charity shop sector has reached its peak against competition from eBay, other online and retail second hand goods outlets and are expecting a downturn in charity shop trading. However, we opened our fourth shop as we still expect to generate reasonable profits in the coming years and the shops also provide a platform to raise awareness of the work we do at Mount Noddy Animal Centre and promote animal welfare. Our charity shops provide a valuable source of low cost good quality recycled goods to the benefit of the public and the local environment. Our thanks go to our shop managers and staff for their hard work and our shop volunteers for their dedication and time they give.

iii) **Fundraising & Public Awareness** – Our main source of income, other than through the charity shops, rehoming fees and legacies is from fundraising events. Organising fundraising events that will generate a surplus also provide us with the opportunity to raise public awareness within the geographic area of the Branch.

During the summer we had an exhibition stand at the Goodwood Festival of Speed, which attracted 200,000 visitors over the weekend event. It provided an opportunity for our staff and volunteers to showcase the work of the Branch and cats and dogs in our care at Mount Noddy Animal Centre, needing their forever homes.

We held a yard sale of donated furniture and raised £1,000.

In December we held our third 'Santa in a Camper' event, which attracted 602 visitors (2016: 400) to the Mount Noddy Animal Centre and raised £3,770 (2016: £1,800).

We received support from local companies through corporate volunteering days; match funding and adopting our Branch as Charity of the Year. We would like to thank Wiley, Santander and the Body Shop for their support with our fundraising activities.

Our junior supporters club 'Team Noddy', raised £524 through selling items at a car boot sale, selling homemade cakes, making cat toys and donating toys and clothing to our charity shops.

Our small staff team could not achieve the positive results without the invaluable support of our team of dedicated volunteers. During the year 80 people attended our volunteer induction sessions and went on to join our team of over 150 active volunteers who receive training and ongoing support. The volunteer activities they undertook range from dog walking, cat cuddling, fostering a cat or dog, cleaning the cat and dog accommodation, helping us maintain the grounds, fundraising events, reception cover and volunteering at our charity shops. We thank all our volunteers for the time they generously give which is not incorporated into the financial statements. If it were, it would equate to a considerable sum.

Financial review

The financial statements cover the activities of RSPCA Sussex, Chichester & District Branch. Income for the year was £9,064,015 (2016: £642,816) and Expenditure £768,183 (2016: £355,311). There was a net operating surplus during the year of £9,836,082. Total reserves at 31st December 2017 are £11,195,215 (2016: £1,359,133). Included in the unrestricted reserves are fixed assets, the investment properties, of £7,861,000.

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Income

Total income for the year was £9,064,015. We received £8,392,238 in legacies: a very generous legacy from the estate of the late Miss P J Melvin of £8,185,544 (properties £6,320,750 and cash £1,864,794). The rental income from the portfolio of properties will ensure a legacy for years to come. We also received the following amounts from the estates of: the late Mrs Meeson of £21,011, the late Mrs Bentley of £3,000, the late Mrs Francis of £2,196, the late Mrs Dash of £1,000, the late Mrs Tebbut of £9,523, the late Ms J Parker of £87,154, the late Mr Breacher of £40,000, the late Mrs Cathcart of £2,000, the late Ms Oram of £30,029, the late Mrs R Parker of £281, the late Ms Albert of £10,000 and the late Mrs Gibson of £500. We sincerely thank all of them for remembering animals in need in their Wills.

Expenditure

Total expenditure on charitable activities was £768,183.

Reserves policy

The Charity maintains reserves to cover the impact of unforeseen events, to meet its financial obligations and to set aside funds for future development or to meet future commitments.

The trustees will agree a framework for determining the minimum level of reserves, which should be maintained. We will establish an unrestricted reserve level to cover the continuing liabilities arising from four shop leases and the employment of staff and the animals in our care, in the unlikely event of winding down the charity's activities. This will be six months expenditure, which is in line with Charity Commission guidelines.

The trustees will be establishing designated funds for future projects, to further the charity's objectives.

Investments

The trustees have wide powers of investment governed and restricted by the Royal Society for the Prevention of Cruelty to Animals Investment Act 1958.

The trustees will be addressing the surplus general unrestricted reserves in the coming months and making a decision where to invest funds not immediately required by the charity. Funds will be invested across more than one investment provider in markets that are closely regulated and covered under the Financial Services Compensation Scheme.

Risks

The trustees actively review the risks, which the charity faces on a regular basis, covering operational and financial aspects, and put systems in place to mitigate these risks. The Branch adheres to RSPCA policies & guidelines and health and safety law and best practice. The Branch has a human resources contract for advice with experts Acton Jennings.

The trustees considered the key risk was Governance, if they were not able to find the right skills mix and experience of people willing to stand for election to return the Branch to the control of a Local Committee. Towards the end of 2017, eight people had been identified with excellent skills and experience who were willing to stand for election as trustees.

Plans for the future

The return of the Branch to the control of a Local Management Committee was successfully achieved through the election of eight individuals as trustees at the AGM in March 2018.

The new Management Committee will:

- develop a Strategic plan for 2018-2022 to ensure our future activities remain focused on our charitable aims and objectives. The performance against the new plan will be reviewed quarterly at trustee meetings;
- develop the Mount Noddy Animal Centre to improve the animal accommodation and increase the delivery of animal welfare services;
- continue to work in partnership with other RSPCA Branches sharing skills and best practice;

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

- continue to build our public profile to make Mount Noddy Animal Centre an integral part of the local community;
- use events and social media to showcase our work and improve the rehoming opportunities for the cats and dogs in our care; and
- continue to diversify our income streams and work towards ongoing financial sustainability to meet the challenges and opportunities in the year ahead.

Structure, governance and management

RSPCA Sussex, Chichester and District Branch is a charity constituted as an unincorporated association. The charity operates as an autonomous Branch of the National RSPCA subject to its rules for Branches (updated in 2006).

The Committee is responsible for the governance of the charity and take decisions regarding policy and approves strategic actions undertaken by the charity. The Committee members are the charity trustees of the Branch and do not receive remuneration for their involvement.

During 2017, the charity remained administered by the National Society. The Management Committee of three RSPCA Council trustees comprising Daphne Harris, Paul Baxter and Joseph Piccioni continued to manage the affairs of the Branch.

The Committee held regular meetings at which decisions were made and conveyed to the Branch Manager to be actioned. The day-to-day running of the shops was delegated to the shop managers under the supervision of the Branch Manager. The animal welfare work was delegated to the Animal Operations Manager and Animal Care Assistants and volunteers under the supervision of the Branch Manager.

A recruitment campaign was launched to identify people with the appropriate skill mix and experience for the charity to return the Branch to the control of a Local Committee.

The trustees who have served during the year and up to the date of signature of the financial statements were:

D Harris	
P Baxter	(Resigned 5 March 2018)
J Picconi	(Resigned 5 March 2018)
M Falloon	(Appointed 5 March 2018)
C Waterworth	(Appointed 5 March 2018)
S O'Kane	(Appointed 5 March 2018)
A Gofton	(Appointed 5 March 2018)
J Thatcher	(Appointed 5 March 2018)
P Marshall	(Appointed 5 March 2018)
P Fitzpatrick	(Appointed 5 March 2018)
N Cockram	(Appointed 5 March 2018)

Key Management Personnel

Branch Manager	Clare Palmer
Animal Operations Manager	Susie Carter

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of Trustees' responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales 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 charity and of the incoming resources and application of resources of the charity for that year.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 charity will continue in operation.

The trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



N Cockram

Trustee

Dated: 15. OCT. 18

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

Opinion

We have audited the financial statements of RSPCA Sussex, Chichester & District Branch (the 'charity') for the year ended 31 December 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2017 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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 charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The 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 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.

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of Trustees' responsibilities, 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 charity'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 cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Other matters which we are required to address

In the previous period, the trustees took advantage of audit exemption as total incoming resources did not exceed the threshold required for an audit under the Charities Act. Therefore, the prior period financial statements were not subject to audit.

Your attention is drawn to the fact that the charity has prepared financial statements 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)" 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.

This has been done in order for the financial statements 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.

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew Robert James Housden FCCA (Senior Statutory Auditor)
for and on behalf of Watling & Hirst Limited

22.10.18

Chartered Certified Accountants
Statutory Auditor

Cawley Place
15 Cawley Road
Chichester
West Sussex
PO19 1UZ

Watling & Hirst Limited is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

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

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<u>Income from:</u>					
Donations and legacies	3	8,458,890	4,423	8,463,313	466,612
<u>Charitable activities</u>					
Boarding and adoption fees		23,566	-	23,566	26,770
Other trading activities	4	294,878	-	294,878	148,353
Investments	5	282,258	-	282,258	1,081
Total income		9,059,592	4,423	9,064,015	642,816
<u>Expenditure on:</u>					
Raising funds	6	271,837	-	271,837	132,720
<u>Charitable activities</u>					
Rescue Centre	7	496,346	-	496,346	222,591
Total charitable expenditure		496,346	-	496,346	222,591
Total resources expended		768,183	-	768,183	355,311
Net gains/(losses) on investments	11	1,540,250	-	1,540,250	-
Net incoming resources before transfers		9,831,659	4,423	9,836,082	287,505
Gross transfers between funds		74,128	(74,128)	-	-
Net income/(expenditure) for the year/ Net movement in funds		9,905,787	(69,705)	9,836,082	287,505
Fund balances at 1 January 2017		1,285,005	74,128	1,359,133	1,071,628
Fund balances at 31 December 2017		11,190,792	4,423	11,195,215	1,359,133

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

All income and expenditure derive from continuing activities.

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	12		842,179		852,466
Investment properties	13		7,861,000		-
			<u>8,703,179</u>		<u>852,466</u>
Current assets					
Stocks	14	5,939		2,300	
Debtors	15	468,120		335,128	
Cash at bank and in hand		2,236,042		202,107	
			<u>2,710,101</u>	<u>539,535</u>	
Creditors: amounts falling due within one year	16	(218,065)		(32,868)	
Net current assets			<u>2,492,036</u>		<u>506,667</u>
Total assets less current liabilities			<u><u>11,195,215</u></u>		<u><u>1,359,133</u></u>
Income funds					
Restricted funds	17	4,423		74,128	
Unrestricted funds		11,190,792		1,285,005	
			<u><u>11,195,215</u></u>		<u><u>1,359,133</u></u>

The financial statements were approved by the Trustees on15/10/18

D. Harris
D Harris
Trustee

N Cockram
N Cockram
Trustee

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	22		8,088,273		(29,042)
Investing activities					
Purchase of tangible fixed assets		(19,011)		(24,424)	
Proceeds on disposal of tangible fixed assets		3,165		190	
Purchase of investment property		(6,320,750)		-	
Interest received		282,258		1,081	
Net cash used in investing activities			(6,054,338)		(23,153)
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			2,033,935		(52,195)
Cash and cash equivalents at beginning of year			202,107		254,302
Cash and cash equivalents at end of year			<u>2,236,042</u>		<u>202,107</u>
Short term deposits included in current asset investments			-		-
Bank overdrafts included in creditors payable within one year			-		-

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Charity information

RSPCA Sussex, Chichester & District Branch is an unincorporated charity. The branch was formed in 1961, and became a registered charity on 29th January 1964.

1.1 Accounting convention

The accounts have been prepared in accordance with the RSPCA branch rules, effective from 1st January 2006, 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 financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements 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, modified to include include investment properties at fair value. The principal accounting policies adopted are set out below.

1.2 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.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.3 Incoming resources

Income is recognised and included in the accounts once the charity has entitlement to the funds, any performance conditions attached to the income have been met or are fully within the control of the charity, there is sufficient certainty that receipt of the income is considered probable and the amount can be measured reliably.

For legacies, entitlement is taken as the earlier of:

- The date on which the charity is aware that probate has been granted;
- The estate has been finalised and notification has been made by the executor(s) to the Centre that a distribution will be made; or
- When distribution is received from the estate.

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

Goods donated for resale are included as income when they are sold.

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Donated goods for ongoing use by the charity in carrying out its activities are recognised as tangible fixed assets with the corresponding gain recognised as income from donations.

Income received in advance of any service is deferred until the criteria for income recognition are met.

Income received in respect of rents from investment properties is recognised on a straight line basis in line with the lease.

1.4 Resources expended

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

1.5 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.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	2.5% straight line basis
Leasehold land and buildings	straight line over lease term
Plant and equipment	10% reducing balance basis

Freehold land is not depreciated.

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.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

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).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

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, 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.

Basic financial liabilities

Basic financial liabilities, including creditors 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.

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

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.

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.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2017	Total 2016
	£	£	£	£
Donations and gifts	66,652	4,423	71,075	59,506
Legacies receivable	8,392,238	-	8,392,238	407,106
	<u>8,458,890</u>	<u>4,423</u>	<u>8,463,313</u>	<u>466,612</u>
For the year ended 31 December 2016	<u>466,612</u>	<u>-</u>		<u>466,612</u>

4 Other trading activities

	2017	2016
	£	£
Fundraising activities	8,634	3,535
Sale of goods - charity shops	281,471	142,781
Sale of goods - rehoming centre	4,773	2,037
	<u>294,878</u>	<u>148,353</u>
Other trading activities		

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

5 Investments

	2017	2016
	£	£
Rental income	282,164	900
Interest receivable	94	181
	<u>282,258</u>	<u>1,081</u>

6 Raising funds

	2017	2016
	£	£
<u>Trading costs</u>		
Operating charity shops	96,128	72,158
Staff costs	87,155	50,170
Depreciation and impairment	7,961	4,461
Support costs	7,059	5,931
Trading costs	<u>198,303</u>	<u>132,720</u>
<u>Investment property costs</u>	<u>73,534</u>	<u>-</u>
	<u>271,837</u>	<u>132,720</u>

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

7 Charitable activities

	2017	2016
	£	£
Staff costs	120,924	109,900
Depreciation and impairment	18,172	1,005
Rates, water and refuse	6,286	3,244
Light and heat	19,459	8,267
Repairs and renewals	9,752	18,355
Insurance	1,965	1,313
Veterinary fees, drugs and food	52,414	35,860
Training costs	1,201	1,903
Consumables	7,518	8,285
Goods for resale/fundraising costs	11,718	428
	<u>249,409</u>	<u>188,560</u>
Share of support costs (see note 8)	26,733	17,365
Share of governance costs (see note 8)	220,204	16,666
	<u>496,346</u>	<u>222,591</u>
Analysis by fund		
Unrestricted funds	<u>496,346</u>	
	<u>496,346</u>	
For the year ended 31 December 2016		
Unrestricted funds		<u>222,591</u>
		<u>222,591</u>

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

8 Support costs	Support costs £	Governance costs £	2017 £	2016 £	Basis of allocation
Office and advertising	5,610	-	5,610	3,416	Invoice based
Telephone	1,823	-	1,823	2,294	Invoice based
Miscellaneous expenses	14,444	-	14,444	9,539	Invoice based
Motor expenses	4,923	-	4,923	3,917	Invoice based
Fixed assets disposal	750	-	750	605	Based on use of asset
Disallowable VAT	3,165	-	3,165	110	Invoice based
Audit fees	-	14,540	14,540	-	Governance
Legal and professional	-	208,741	208,741	16,686	Governance
Independent examiners' fees	-	-	-	3,395	Governance
	<u>30,715</u>	<u>223,281</u>	<u>253,996</u>	<u>39,962</u>	
Analysed between					
Trading	3,982	3,077	7,059	5,931	
Charitable activities	26,733	220,204	246,937	34,031	
	<u>30,715</u>	<u>223,281</u>	<u>253,996</u>	<u>39,962</u>	

Governance costs includes payments to the auditors of £9,500 (2016- £nil) for audit fees.

9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Employees

Number of employees

The average monthly number employees during the year was:

2017 Number	2016 Number
17	12

Employment costs

2017 £	2016 £
208,079	160,070

Wages and salaries

No staff member received emoluments exceeding £60,000.

There were a total of 7 (2016: 7) full time equivalent employees in the year.

11 Net gains/(losses) on investments

	2017 £	2016 £
Revaluation of investment properties	1,540,250	-

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12 Tangible fixed assets

	Freehold buildings	Leasehold land and buildings	Plant and equipment	Total
	£	£	£	£
Cost				
At 1 January 2017	805,445	40,171	39,375	884,991
Additions	-	18,613	398	19,011
Disposals	-	-	(7,289)	(7,289)
At 31 December 2017	805,445	58,784	32,484	896,713
Depreciation and impairment				
At 1 January 2017	-	5,877	26,648	32,525
Depreciation charged in the year	17,586	7,549	998	26,133
Eliminated in respect of disposals	-	-	(4,124)	(4,124)
At 31 December 2017	17,586	13,426	23,522	54,534
Carrying amount				
At 31 December 2017	787,859	45,358	8,962	842,179
At 31 December 2016	805,445	34,294	12,727	852,466

13 Investment property

	2017 £
Fair value	
At 1 January 2017	-
Additions through external acquisition	6,320,750
Net gains or losses through fair value adjustments	1,540,250
At 31 December 2017	7,861,000

Investment property comprises a portfolio of residential and commercial properties in South-West London. The fair value of the investment property has been arrived at on the basis of a valuation carried out by Peter N Dickin & Co Chartered Surveyors, who are not connected with the charity. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

	2017 £	2016 £
Freehold	7,861,000	-
Long leasehold	-	-
Short leasehold	-	-

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

14 Stocks	2017	2016
	£	£
Finished goods and goods for resale	5,939	2,300
	<u> </u>	<u> </u>
15 Debtors	2017	2016
Amounts falling due within one year:	£	£
Other debtors	238,006	22,723
Prepayments and accrued income	230,114	312,405
	<u> </u>	<u> </u>
	<u>468,120</u>	<u>335,128</u>
16 Creditors: amounts falling due within one year	2017	2016
	£	£
Other taxation and social security	2,714	2,137
Trade creditors	18,448	3,918
Other creditors	13,325	12,000
Accruals and deferred income	183,578	14,813
	<u> </u>	<u> </u>
	<u>218,065</u>	<u>32,868</u>

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

17 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				Balance at 31 December 2017
	Balance at 1 January 2017	Incoming resources	Resources expended	Transfers	
	£	£	£	£	£
Field Fund	14,418	-	-	(14,418)	-
Kennel Fund	59,710	-	-	(59,710)	-
Operation Fund	-	4,423	-	-	4,423

Field Fund - established for the purchase of the Field of Dreams, which is adjacent to the centre. Following the purchase, the trustees agreed that the remaining funds should be transferred to unrestricted reserves for use on other projects around the centre.

Kennel Fund - established to finance the building of a new kennel block at the centre. As with the Field Fund, the balance remaining following the building of the new kennel block is to be transferred to unrestricted reserves for use on other projects around the centre.

Operation Fund - established to raise funds for an operation required by Steve, the dog.

18 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 31 December 2017 are represented by:			
Tangible assets	842,179	-	842,179
Investment properties	7,861,000	-	7,861,000
Current assets/(liabilities)	2,487,613	4,423	2,492,036
	<u>11,190,792</u>	<u>4,423</u>	<u>11,195,215</u>

19 Contingent asset

Included within Prepayments and accrued income is an amount of £189,794, due in respect of the final distribution of a legacy. An amount of £325,000 has been excluded from this figure as the amount is currently under dispute with receipt considered probable, but not virtually certain. In accordance with FRS 102, this amount has not been included as an asset.

20 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£	£
Within one year	<u>144,267</u>	<u>115,583</u>

RSPCA SUSSEX, CHICHESTER & DISTRICT BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

20 Operating lease commitments

(Continued)

Operating lease commitments comprise four leases with monthly rents of £1,750 (24 months remaining), £2,183 (6 months remaining), £2,083 (8 months remaining) and £1,250 (58 months remaining).

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017	2016
	£	£
Aggregate compensation	42,241	37,847
	<u>42,241</u>	<u>37,847</u>
22 Cash generated from operations	2017	2016
	£	£
Surplus for the year	9,836,082	287,505
Adjustments for:		
Investment income recognised in statement of financial activities	(282,258)	(1,081)
Fair value gains and losses on investment properties	(1,540,250)	-
Depreciation and impairment of tangible fixed assets	26,133	5,466
Movements in working capital:		
(Increase) in stocks	(3,639)	(1,300)
(Increase) in debtors	(132,992)	(313,636)
Increase/(decrease) in creditors	185,197	(5,996)
Cash generated from/(absorbed by) operations	8,088,273	(29,042)