



OUR
STORIES

—
BLUE
CROSS
2012
ANNUAL
REPORT



01	Welcome from our Chairman
02	Who we are
04	Mission, vision and values
06	Trustees' report
14	Independent auditors' report
15	Consolidated statement of financial activities
16	Balance sheet
17	Consolidated cash flow statement
18	Notes to the financial statements
30	Reference and administrative details
31	Find us
32	Thank you

CONTENTS

After 115 years of helping pets, 2012 will be remembered as an exciting time in the history of Blue Cross. It was the year when we took brave steps to embrace the changing times and carve the way for the future of our organisation.



WELCOME FROM OUR CHAIRMAN

We are very ambitious about what we want to achieve. Our vision is that every pet will enjoy a healthy life in a happy home and we have a lot of work to do if we are to get close to realising it. We need better recognition of who we are and what we do if we are going to have a greater impact, and we have developed a strategy to help us achieve this. A fundamental part of this was to refresh the Blue Cross brand and, after an incredibly thorough review process, we launched it in 2012. Our new look makes it clear that everything we do is for pets and stands out in this competitive environment, and we are delighted with the positive feedback we have received.

It was also the year that we launched the Blue Cross Big Neutering Campaign to highlight the growing problem of unwanted puppies and kittens being given up, dumped and abandoned, and to promote the importance of neutering. It has been exciting to see us become a bolder organisation as we make positive steps to identify and tackle the animal welfare issues of the modern world.

As we look to the future of Blue Cross, in an economic climate which continues to be uncertain, we are incredibly grateful to our supporters who stand by us and enable us to help so many pets. We had another excellent year for legacy income as it reached £15.7m and our annual tea party event had its most successful year yet. Our growing network of charity shops generated an income of more than £2.3m for the first time. What all this means is that we can care for even more pets and their owners. Thanks to our supporters, we helped eight per cent more unwanted pets and we operated on three per cent more sick and injured animals in 2012, compared to 2011. We also reached out to 45 per cent more children and young people through our education talks, helping to nurture responsible pet owners for the future.

On behalf of the Trustees, I would like to thank everyone who has so generously given their time, money and dedication to Blue Cross so that we can care for sick, injured and homeless pets in 2012 and beyond.

A handwritten signature in blue ink that reads "Zair Berry".

Zair Berry
Chairman



Pets rehomed

7,677

Clinical consultations,
operations and diagnostics

96,964

Children reached
through education

46,684

Blue Cross has been dedicated to helping poorly, injured and abandoned pets since 1897. We opened the world's first animal hospital in 1906 and since then our doors have never closed to sick and homeless animals.

Today we run four animal hospitals and 12 rehoming centres across the UK, which provide treatment and seek happy homes for thousands of cats, dogs, small pets and horses every year.

WHO WE ARE

REHOMING

We find new homes for unwanted pets across the UK, and our tailor-made service means we help each pet find the right person for them.



	2012 £m	Restated 2011 £m
Income		
Voluntary Income		
Donations and gifts	8.4	8.0
Legacies	15.7	14.3
Income from shops	2.3	2.0
Investment income	1.1	0.7
Clinical services	1.4	1.6
Rehoming services	0.9	0.9
Rehabilitation	0.1	0.1
Other income	1.1	0.9
Total	31.0	28.5
Expenditure		
Clinical services	9.2	9.0
Rehoming services	6.9	7.1
Rehabilitation	1.9	1.2
Advice and support	0.9	0.8
Cost of shops	3.0	2.5
Cost of generating Voluntary Income	6.0	5.0
Raising awareness	3.1	1.2
Governance & Investment management costs	0.4	0.2
Total	31.4	27.0

BEHAVIOUR

We help pets that arrive at Blue Cross with behavioural issues and offer ongoing support to anyone who rehomes an animal from us.

This financial summary is taken from the audited accounts approved by the Board of Trustees, which are due to be received by the Members at the Annual General Meeting in June 2013.



PET BEREAVEMENT

The Pet Bereavement Support Service is available 365 days a year to help people who are struggling to cope with the loss of a much-loved pet.



CLINICAL

Our animal hospitals and clinics care for sick and injured pets when their owners can't afford private treatment.

EDUCATION

We promote pet welfare by giving talks at schools and youth groups and producing a range of pet advice leaflets.

OUR VISION

Every pet will enjoy a healthy life in a happy home.

OUR MISSION

We find happy homes for abandoned or unwanted pets, and we keep pets healthy by promoting welfare and providing treatment.

OUR VALUES

We are a values-driven organisation and everything we do is shaped by them. They are:

Integrity

We act in an ethical, transparent and honourable way. We are proud and respectful of our charity and each other, and what we achieve for animal welfare. Our work is honest, authentic and trustworthy.

Dynamic

We are ambitious and optimistic, striving for success. We are a learning organisation, open to new ideas and curious about ways to improve; we are flexible and brave to meet the ever-changing needs of animal welfare. We keep a sense of fun in what we do.

OUR VISION, MISSION AND VALUES



Responsible

We are proud of our professionalism, and hold ourselves accountable for the work we do. We take a pragmatic and considered approach and make decisions in an informed, reliable and transparent way. We challenge ourselves to be realistic about what we can achieve.

Compassionate

We believe in showing respect and kindness and we aim to be supportive and caring in all that we do. We are tolerant of others, and show empathy, understanding and patience, balanced with the need to be professional and accountable.

Fair and reasonable

We aim to be consistent and treat everyone equally. We will be non-judgemental, showing others respect and understanding. We will treat situations that arise in a flexible and open-minded way. We will be realistic and have fair and appropriate systems of reward and recognition for our people.



+100,000
dogs picked up as strays
by local authorities

+2,000,000
stray and feral cats on the
streets

TRUSTEES' REPORT

PUBLIC BENEFIT

All charities in England and Wales must undertake activities to further their purposes for the public benefit. The Trustees have considered the Charity Commission guidance on Public Benefit and this document demonstrates how Blue Cross fulfils its public benefit obligations.

THE NEED

In a nation of animal lovers where dogs are said to be man's best friend, the number of pets that are abandoned, badly treated or unnecessarily put to sleep is shockingly high.

Pet ownership is increasing year on year and this has consequences. It means that more pets are changing hands, often unregulated on the internet. There are up to 50,000 advertisements for animals on just one popular trading website at any one time and the majority of them are for puppies and kittens. Supply now outweighs demand and there are simply more pets than there are loving homes for them. More pets are being dumped and abandoned, or desperately need veterinary attention because their owners can't afford to pay the bills and, in the current economic climate, these problems are even more stark.

Last year more than 100,000 dogs were picked up as strays by local authorities and thousands were put to sleep because no homes could be found for them. Some estimates suggest that there are two million stray and feral cats in the UK and around 35,000 rabbits end up in rescue and rehoming centres every year. There are now thought to be around 6,000 more horses in the UK than there are good homes available.

Since 2010 our rehoming centres have taken in 27 per cent more stray and abandoned pets. Demand for our services is growing and we are dedicated to helping as many pets as possible and to putting a stop to the growing culture of pets being treated as disposable items.

OUR OBJECTIVES AND GOALS

The principal objective of Blue Cross is to encourage and promote kindness to, and the protection of, animals and to educate the public in responsible animal ownership.

In order to fulfil this objective we have a strategic plan to ensure that we have a wide reach and are as accessible to as many pets as possible in order to have the greatest impact. The three main pillars of the strategic plan are:

- greater accessibility – to reach and help as many pets as possible
- be recognised and well regarded – to influence the animal welfare agenda and attract more supporters
- be adequately funded – to achieve our ambitions and ensure financial sustainability

The Trustees review the aims, objectives and activities of the charity each year. This report looks at what we have achieved and the outcomes of our work in 2012.



OLLIE

Ollie was living alone on the streets of Ireland when he was only a few weeks old, with no one to take care of him and give him the love that he needed. Sadly many stray dogs like Ollie are put to sleep because no home can be found for them but thankfully he was rescued and brought to Blue Cross so we could make sure he had a happy, healthy future.

OUR PRINCIPAL ACTIVITIES

Rehoming

Through our 12 rehoming centres, Home Direct scheme and rehoming pet fosterers, we helped eight per cent more pets than the previous year – 8,390 compared to 7,755.

Clinical

We carried out 96,964 clinical consultations, operations and diagnostics on sick and injured pets, slightly less than our figure of 97,024 in 2011. In total, we helped 33,126 individual pets at our hospitals and 1,100 at our pet care clinics around the country.

Behaviour

Our behaviour team carried out 2,676 consultations, assessments, telephone calls and site visits, compared to 2,460 the previous year.

Education

Our trained education speakers carried out 1,034 talks around the UK, reaching out to 45 per cent more children – 46,684 compared to 32,219.

Pet bereavement

The Pet Bereavement Support Service (PBSS) responded to 7,671 phone calls and emails from people struggling to cope with the loss of a pet – 625 more than 2011.

PBSS was previously run jointly with the Society for Companion Animal Studies (SCAS) but, following a strategic review, our relationship with SCAS ceased at the end of 2012. From 1 January 2013, PBSS is a service delivered solely by Blue Cross.

HIGHLIGHTS OF 2012

Helping more pets in desperate need

As part of our plans to help as many pets in desperate need as possible, we expanded both our fostering and Home Direct services to free up spaces at our rehoming centres for stray and abandoned pets who have no other choice but to stay in kennels. As a result, we were able to help 14 per cent more of these homeless pets.

Our Home Direct scheme means that animals can go directly from family to family which is a popular choice for people who need to give up their pet but are willing to keep them until we can find them a new home.

The new Blue Cross brand

As part of a strategic review we refreshed our brand to help us achieve our goal of increasing recognition of Blue Cross and what we do, so that we can have a greater impact. The new look was introduced in 2012 and we have now updated our name, Blue Cross, and legal governing documents to make sure that we comply with current legislation and registered our new logo.

Culture programme

The success of our organisation is dependent upon our people and we are committed to developing them and the charity through an organisation wide culture programme, which was launched in 2011. We continue to embed the values through a comprehensive training programme, The Blue Cross Way, which has been designed to support our people in living the values in all that they do.

New admissions block at Lewknor

We opened the new dog admission unit at our Lewknor rehoming centre, which was made possible thanks to a £250,000 gift in memory of Blue Cross supporter John Bone. It took five months to build and contains a suite of kennels with attached runs, large grooming and bathing room, quiet kennel, kitchen with laundry facilities, a fenced concrete surface run and separate grass run which is used as a sensory garden for new dogs.

The new facilities will enhance the quality of care we can give dogs during what can be a stressful time for them.



637
 pets rehomed
 through Home Direct
 (135 in 2011)

552
 pets rehomed
 through fostering
 scheme (431 in 2011)

Record breaking year for legacies

2012 was another excellent year for legacies with £15.7m in legacy income which will help to ensure the health and happiness of thousands of pets. More than half of our income comes from gifts in wills.

More charity shops

We increased our network of charity shops by a third, finishing 2012 with a total of 36 shops. This generated more than £2.3m of income for Blue Cross.

The Blue Cross Big Neutering Campaign

In response to the growing crisis of pets being treated as disposable items, we launched the Blue Cross Big Neutering Campaign in October, where we promoted the importance of neutering and highlighted the growing number of puppies and kittens being given up or abandoned.

War Horse

As we planned for our future, it was also a year to remember our roots. To mark the release of the much-anticipated Hollywood blockbuster War Horse, we made our historic archive of photos and memorabilia from World War I available online to the public for the first time. We received widespread media coverage, held a special fundraising event for supporters and loaned archive materials to the National Army Museum for their War Horse exhibition.

Award for project management

In May, Blue Cross became the first UK charity to be awarded Association for Project Management (APM) Corporate Accreditation status, which was given for our PlanIt Blue programme. This programme is helping to ensure that key projects, such as new builds or refurbishing centre facilities, are well managed and avoid problems such as costly over-runs or project delays. Thus anyone who funds or supports us can have confidence that their money is being used wisely due to us having a robust and effective way of managing projects.

OUR VOLUNTEERS

We have more than 2,500 volunteers who are dedicated to helping us care for pets in a variety of different roles, from hands-on animal care to providing administrative support to our teams. In 2012 they gave us 263,000 hours of their time – 50,000 more than the previous year.

We recognise the huge contribution our volunteers give and we are committed to making their time at Blue Cross as rewarding and fulfilling as possible. We have taken steps to communicate more effectively with our volunteers through a new database, called Connect for Pets, and a series of events for them to meet each other and find out more about the organisation.

FINANCIAL REVIEW

Principal sources of income

Our income has increased during the year to £31m (2011 Restated: £28.5m) and the principal sources are as follows:

	£'000
Donations and gifts	8,438
Legacies received	15,673
Investment income	1,103
Income from Blue Cross shops	2,317
Other activities for generating funds	1,043
Income from charitable activities	2,405
Total income	30,979

TRUSTEES' REPORT

Investment policy and performance

The value of the charity's investments has grown by £2.9m (2011 – £3.5m). The performance of the portfolio has been better than the general market performance in 2012 and within the agreed risk profile.

The investment portfolio is managed externally by the charity's Investment Managers on a discretionary basis, subject to appropriate policies and limits established by the Trustees within the investment and treasury management policy.

The Investment Sub Committee meet with the Investment Managers on a quarterly basis to review investments and ensure that they are in accordance with the investment and treasury management policy. All investments must be held in accordance with Blue Cross's ethical investment policy. Investments are allocated to four investment categories, namely: long term, restricted and endowment funds, medium term reserves and cash.

The charity holds cash as part of its liquid reserves and ensures an appropriate balance between minimising risk of loss of cash holdings with maximising the return on those holdings. Treasury holdings are only permitted if they are in accordance with specific criteria which are laid out in the investment and treasury management policy.

Changes in policy

The Trustees are responsible for selecting suitable accounting policies and applying them consistently. During the year they have reviewed and made changes to the policies on legacy income recognition and the treatment of restricted reserves. This has resulted in prior year adjustments requiring the restatement of the 2011 comparatives.

The new policy on legacy income recognition, detailed in note 1c to the accounts, brings Blue Cross into line with current sector best practice in this evolving area of accounting.

The net result of this change is the creation in 2012 of a legacy debtor of £5.4m. The restatement of the 2011 accounts on the same basis shows a legacy debtor of £5.9m.

The historic treatment of restricted donations, ie those which are to be used for specific capital projects, was to show them in the accounts as restricted capital funds on the balance sheet. Under the Charities SORP it is considered a reasonable approach to discharge the restriction on income donated for capital works when the work has been completed and an asset recognised. Blue Cross has now adopted this approach and the treatment is reflected both on the balance sheet and in Note 16 to the accounts. The 2011 comparatives have been restated to reflect this change in accounting policy.

Planned expenditure

During the course of the year Blue Cross carried out a strategic review of how and where we deliver our services and formulated a long term capital investment plan to support our ambitious plans for the future. The planned capital expenditure for both clinical and rehoming services is shown in note 21 to the accounts.

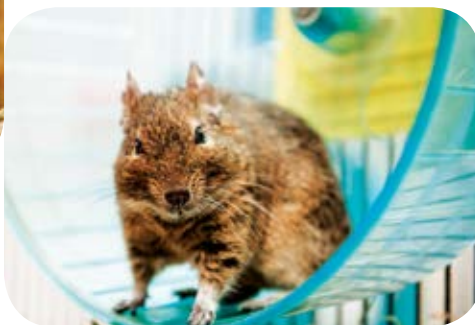
RESERVES POLICY

The charity holds general reserves to support the organisation in countering short term financial risk while recognising the interaction between reserves and long term strategic objectives and capital plans.

The Board's policy is to maintain sufficient liquid reserves to counter the most significant short term financial risk to the organisation, which has been identified as a sudden fall in income. The appropriate benchmark has been determined as the ratio of liquid reserves to the amount required to cover the following expenditure:

- six months future budgeted expenditure which has been determined as being a sufficient timeframe to manage material cost reductions or fund emergency appeals while minimising the impact on our service delivery and core organisational capabilities
- all contracted capital expenditure
- all expenditure committed under leases through to their expiry

The Board reviewed this measure and decided that the minimum target ratio is 1.00. The Executive will provide justification for any material variation from this target and, where appropriate, take corrective action. At 31 December 2012, free reserves were £31.0m and the organisation is operating at a ratio of 1.5, which exceeds the target reserves policy.



CHILLI AND NACHO

Degus Chilli and Nacho were found abandoned in a pet carrier in the bathtub after a house eviction and brought to Blue Cross. Our vets gave them a thorough health check and discovered that sadly Nacho was blind, but he doesn't let that stand in his way at all. Both degus are really active and sociable and we have now found them a new home.

GOVERNANCE

The organisation is a charitable company limited by guarantee, incorporated on 11 September 1940 and registered as a charity on 8 February 1965.

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. These Articles were reviewed in 2012 and updated in line with current legislation and the amended Articles were approved at an Extraordinary General Meeting on 14 November 2012.

Blue Cross is governed by a Board of Trustees, all of whom are Members of the charity. The Trustees meet a minimum of four times per year. The Articles of Association require a minimum of five Trustees and a maximum of 15. During the year the actual number of Trustees varied between 13 and 15, as shown on page 30.

New Members of the Board are co-opted by existing Trustees to maintain or augment the range of skills and experience appropriate to the needs and activities of the charity and subsequently proposed for election by the Members at the Annual General Meeting (AGM).

New Trustees are provided with appropriate Charity Commission guides, the Blue Cross Handbook, a copy of the Articles of Association, a full set of the charity's policies, the current strategic plan, the latest statutory accounts and an outline of their duties and responsibilities. New Trustees meet with the Chief Executive to undertake an induction process.

In addition to the main board there are four committees which operate under the delegated authority of the full board and advise or make recommendations to the board. These committees are:

- Audit Committee (AUDIT),
- Commercial and Retail Committee (COMCO),
- Finance and Support Committee (FISCO),
- Service Delivery Committee (SEDCO).

The Investment Sub Committee (ISC) is a sub-committee of Trustees and Executives that reports direct to FISCO and meets four times a year.

Membership of these committees and sub-committee at 31 December 2012 is shown below:

- Tom Corran:
COMCO, FISCO
- Professor Anthony Forster:
AUDIT, SEDCO
- Roger Green MRCVS:
AUDIT, SEDCO
- Tim Hutton MRCVS:
AUDIT, SEDCO (Chairman)
- Julie Hyde RGN MA:
AUDIT (Chairman), SEDCO
- Tim Porter FCA:
COMCO, FISCO (Chairman),
ISC (Chairman)
- Andy Prebble:
COMCO (Chairman), FISCO, ISC
- Mervyn Reed FCA:
COMCO, FISCO, ISC
- The Hon Henrietta Roper-Curzon:
COMCO, FISCO
- Adrian Rowbotham:
COMCO, FISCO
- Neil C Smith MRCVS:
AUDIT, SEDCO
- Stephen Swift:
COMCO, SEDCO
- Dr David Watt PhD FRICS:
AUDIT, FISCO

TRUSTEES' REPORT

LOOPY

Rabbit Loopy came to Blue Cross with her unwanted litter of seven two-week-old kits. The small animal team at our rehoming centre in Burford looked after the rabbits and helped them to grow strong and healthy. When they were old enough they were weaned from their mum and rehomed.



As Chairman of the Board of Trustees, Zair Berry is an ex-officio Member of all committees. All Trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the accounts.

The Articles of Association require that a third of the Board of Trustees retire by rotation. The following Trustees retired by rotation and, all being eligible, were re-elected to the board at the AGM held on 27 September 2012:

- Zair Berry FCA
- The Hon Henrietta Roper-Curzon
- Adrian Rowbotham

Peter Brooks also retired by rotation but chose not to seek re-election.

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

The Trustees are required to prepare the annual report and financial statements for each financial year in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. The Trustees are also required to prepare financial statements which give a true and fair view of the state of affairs of Blue Cross and the incoming resources and application of resources, including the net income or expenditure of the charity for the year. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Blue Cross will continue in operation

The Trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of Blue Cross and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Trustees confirms that to the best of his/her knowledge there is no information relevant to the audit of which the auditors are unaware. Each of the Trustees also confirms that he/she has taken all necessary steps to ensure that he/she is aware of all relevant audit information and that this information has been communicated to the auditors.



WESLEY

Wesley was found as a stray and picked up by the dog warden, who brought him to Blue Cross so we could find him a new home. Wesley was really nervous when he first arrived so we had to slowly build up his confidence and teach him to trust people. Wesley settled into the centre but really wanted a home of his own with owners who could give him the time and patience he needed to get used to life with a new family. He has now been happily rehomed.

RISK AND CONTROL FRAMEWORK

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to Blue Cross's aims and objectives, to evaluate their likelihood and impact should they be realised, and to manage them efficiently, effectively and economically. The identification and assessment of key risks is determined by reference to our corporate and business plans to ensure that our efforts and resources expended in managing risk are aligned to those areas of greatest importance and impact. As a result, Blue Cross's approach includes the identification and mitigation of risks which are financial, compliance-related and operational to ensure that all key risks to the organisation are being managed.

Blue Cross has a structured risk management process and responsibility lies with the Executive Team (ET) for the identification, assessment and management of the risks. The risk appetite is set by the Board of Trustees and is applied on a risk-by-risk basis. In 2012 Blue Cross continued to embed this approach and the systems of identifying, measuring and reporting risk to Trustees and Senior Managers became a regular and maturing process. The key risks facing Blue Cross fall into two broad areas:

- those that impact upon the organisation's ability to grow income so as to be able to both maintain daily operations and fund future plans
- ensuring that internal processes and controls are appropriate and give assurance that the organisation is being efficiently and effectively managed as it develops

The Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The review is informed by the work of the internal auditors and comments made by the external auditors in their management letter and other reports. A plan to address weaknesses and ensure continuous improvement of the system is in place.

From January 2012, internal audit services have been provided by Sayer Vincent.

DAY TO DAY MANAGEMENT

The Trustees delegate responsibility for the day to day management of the charity to the Chief Executive and the ET who also attend Board and Committee meetings as required. The ET reports to the Board on the performance of their respective directorates against the strategic plan set out by the Trustees and on financial and operational trends measured against the annually approved budget. Key performance indicators are in place to facilitate this process.

Members of the ET at 31 December 2012 were as follows:

- Chief Executive:
Kim Hamilton
- Director of Service Delivery:
Kerstin Alford
- Director of People and Development:
Rachel Briggs
- Director of Finance and Resources:
Huw Davies
- Director of Commercial and Retail:
Mark Evans
- Director of External Affairs:
Steve Goody
- Director of Business Assurance:
Richard Hollands

MEMBERSHIP

On 31 December 2012 there were 62 Members of Blue Cross entitled to vote at the AGM. Admission to Membership requires approval of the Trustees.

TRUSTEES' REPORT





MIRANDA

Kittens Astra, Nova, Star and Miranda were dumped in a park in Reading with their mum Midnight when they were just two months old. They were brought to the Blue Cross rehoming centre in Lewknor so we could give them the care they needed. Despite their ordeal, they are friendly kittens who love attention and, with some TLC, their confidence grew every day. It wasn't long before they were reserved to new families and Midnight has also found a loving home too.

EQUALITY AND DIVERSITY STATEMENT

We are a values-led organisation. We aim to ensure that these values, encompassing equality and diversity, are at the heart of all we do in both the services we provide, and as an employer.

We recognise that people who provide and use our services come from diverse backgrounds, with varying experiences and needs.

We believe in equality for all, and that every person has the right to be treated fairly and with dignity and respect regardless of gender, disability, ethnicity, religion and belief, gender reassignment, orientation, age, or pregnancy or maternity, or marriage and civil partnerships. We embrace the different skills and experiences our employees bring to work, and we will treat people without prejudice based on their individual merit.

We will work towards four broad objectives that we consider to encompass best practice:

- to develop and deliver our services to ensure they are inclusive and accessible to all
- to ensure diversity is embedded within the values of Blue Cross and viewed by all as integral to what we do
- to commit to a zero tolerance approach to discrimination and/or harassment
- to equip our people to deliver customer excellence in the services we provide

Auditors

BDO LLP were appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the Trustees on 8 May 2013 and signed on their behalf by

Zair Berry FCA
Chairman
Board of Trustees

LOOKING FORWARD

Here are just some of our plans for the future:

Site and service development

We are beginning a long term programme to develop and invest in our sites and services so we can increase accessibility and help significantly more pets. We are actively looking for several plots of land to enable us to increase our presence and to better locate some of our existing sites to areas where they can have a greater impact.

As per Note 21 to the Accounts over the next five years we plan to spend nearly £10m on our clinical service provision and around £19m on our rehoming centres.

Expanding our rehoming fostering scheme

We will recruit more rehoming foster volunteers so that we can help even more pets in areas where we don't have centres, and free up more spaces at our centres to help those pets with greater welfare needs.

Promote Blue Cross awareness and campaigning objectives

We intend to influence the animal welfare agenda and raise brand awareness through targeted campaigns.

More charity shops

We plan to open another 14 charity shops across the UK, taking our total to 50 and to generate an income of more than £3m to help the pets in our care.

MOLLY

Molly was one of 40 horses that were abandoned in a field with hardly any food, water or shelter. She had a severe infection which meant that she needed an operation to remove one of her eyes. Molly recovered well but she was very nervous and our team spent a long time building her trust in people. When she was ready, we found her the perfect family and she is having a great time with her nine-year-old rider who adores her.



INDEPENDENT AUDITORS' REPORT

To the Trustees and Members of Blue Cross

We have audited the financial statements of Blue Cross for the year ended 31 December 2012 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Trustees and Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Trustees Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's Trustees and 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 charity and the charity's Trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

INDEPENDENT AUDITORS' REPORT

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)
- the information given in the Trustees' Annual Report is consistent with the financial statements

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or 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.



Don Bawtree

Senior Statutory Auditor
for and on behalf of BDO LLP,
Statutory Auditor
Gatwick
United Kingdom

Date: 8 May 2013

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating an Income & Expenditure Account)

For the year ended 31 December 2012

	Note	Unrestricted Funds £'000	Restricted Funds £'000	2012 Total £'000	Restated 2011 Total £'000
Incoming resources					
Incoming resources from generated funds					
Voluntary Income					
Donations and gifts		8,107	331	8,438	7,981
Legacies received	1	11,179	4,494	15,673	14,326
Activities for generating funds					
Raffle and sponsorship		594	34	628	401
Income from Blue Cross shops		2,317	–	2,317	1,963
Income from trading subsidiaries	4	415	–	415	523
Investment income	3	1,103	–	1,103	739
Incoming resources from charitable activities					
Clinical		1,356	53	1,409	1,607
Rehoming		872	62	934	947
Rehabilitation		60	2	62	80
Total incoming resources		26,003	4,976	30,979	28,567
Resources Expended					
Cost of generating funds					
Costs of generating voluntary income		6,060	–	6,060	5,028
Costs of Blue Cross shops		3,007	–	3,007	2,513
Investment management cost		111	–	111	77
Charitable activities					
Clinical		7,373	1,841	9,214	8,955
Rehoming		4,559	2,356	6,915	7,086
Rehabilitation		1,736	120	1,856	1,186
Raising awareness		3,055	–	3,055	1,202
Advice and support		907	–	907	830
Governance Costs		233	–	233	150
Total resources expended	7	27,041	4,317	31,358	27,027
Net (outgoing)/incoming resources before transfers		(1,038)	659	(379)	1,540
Transfers between funds		279	(279)	–	–
Net (outgoing)/incoming resources before other recognised gains and losses		(759)	380	(379)	1,540
Realised gains/(losses) on investment assets		83	–	83	(71)
Net (expenditure)/income for the year		(676)	380	(296)	1,469
Unrealised gains/(losses) on investment assets	11	2,511	–	2,511	(1,377)
Net movement in funds		1,835	380	2,215	92
Reconciliation of funds					
Funds brought forward as previously reported		49,558	7,356	56,914	56,785
Prior year adjustment	16	11,595	(5,655)	5,940	5,977
Funds brought forward as restated		61,153	1,701	62,854	62,762
Funds carried forward at 31 December 2012	15	62,988	2,081	65,069	62,854

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 16 to the financial statements.

The notes on pages 18 to 29 form part of these accounts.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME & EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2012

BALANCE SHEET

For the year ended 31 December 2012

	Note	2012 £'000	The Group Restated 2011 £'000	2012 £'000	The Charity Restated 2011 £'000
Fixed assets					
Tangible assets	10	18,235	18,127	18,208	18,093
Investments	11	27,240	24,337	27,240	24,337
		45,475	42,464	45,448	42,430
Current assets					
Stocks	12	124	64	114	64
Debtors	13	7,353	7,368	7,903	7,527
Short-term deposits		7,500	7,500	7,500	7,500
Cash at bank and in hand		6,832	7,566	6,402	7,370
		21,809	22,498	21,919	22,461
Liabilities					
Creditors: Amounts falling due within one year	14	(2,215)	(2,108)	(2,173)	(2,072)
Net current assets		19,594	20,390	19,746	20,389
Net assets	15	65,069	62,854	65,194	62,819
Restricted funds	16	2,081	1,701	2,081	1,701
Unrestricted funds	16	62,988	61,153	63,113	61,118
Total funds		65,069	62,854	65,194	62,819

Approved by the Trustees on 8 May 2013 and signed on their behalf by



Zair Berry FCA
Chairman
Board of Trustees



Tim Porter FCA
Chairman
Finance and Support Committee

Company Number 363197

The notes on pages 18 to 29 form part of these accounts.

BALANCE SHEET

FOR THE YEAR ENDED
31 DECEMBER 2012

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2012

	2012 £'000	Restated 2011 £'000
Net cash (outflow)/inflow from operating activities	(344)	1,794
Investment income	1,103	739
Capital expenditure	(1,184)	(954)
Net movement in investment funds	(309)	(4,969)
(Decrease) in cash	(734)	(3,390)

Reconciliation of Operating deficit to Net cash inflow from operating activities

Net (outgoing)/incoming resources for the year	(379)	1,540
Depreciation	1,076	989
(Increase)/Decrease in stocks	(60)	–
Decrease/(Increase) in debtors	15	213
Increase/(Decrease) in creditors	107	(209)
Investment income	(1,103)	(739)
Net cash (outflow)/inflow from operating activities	(344)	1,794

Analysis of cash flows for headings netted in the Cash flow Statement

Investment income

Investment income received & receivable	830	672
Interest received & receivable	273	67
	1,103	739

Capital expenditure

Purchase of tangible fixed assets	(1,184)	(954)
	(1,184)	(954)

Investment Funds

Purchase of investments	(3,493)	(7,073)
Sale of investments	3,184	2,104
Net movement on investment funds	(309)	(4,969)

Analysis of movements in net funds	At 1 Jan 2012 £'000	Movement £'000	At 31 Dec 2012 £'000
Net cash:			
Cash held by investment managers	496	516	1,012
Short term deposits	7,500	–	7,500
Cash in hand	7,070	(1,250)	5,820
	15,066	(734)	14,332

The notes on pages 18 to 29 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED
31 DECEMBER 2012

1 ACCOUNTING POLICIES

A summary of principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below:

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005), applicable accounting standards and the Companies Act 2006.

The financial statements consolidate the results of the charity and its wholly-owned subsidiaries Blue Cross (D&B) Limited and Blue Cross Trading Limited on a line by line basis. Transactions and balances between the charity and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the organisations are disclosed in the notes. Detailed profit and loss accounts of Blue Cross Trading Company and Blue Cross (D&B) Company are disclosed in note 6.

A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by paragraph 397 of SORP 2005.

b) Income

Incoming resources are included gross in the Statement of Financial Activities (SOFA) when the charity is entitled to the income at the date of notification, provided that sufficient information has been received to value the charity's entitlement with virtual certainty. Specifically, policies for certain types of income are as follows:

- donations and gifts are recognised on a cash received basis
- raffle income is recognised when the cash is received and sponsorship income is accounted for when receivable
- income from Blue Cross shops includes the sale of donated goods through shops and the income is recognised when the goods are sold and the cash received
- income from trading subsidiaries is represented by the commission receivable, excluding VAT on goods sold during the year. This includes sales from "Blue Cow"
- investment income is accounted for when receivable
- clinical, rehoming and rehabilitation income is accounted for when receivable
- the policy for legacy income is shown in note 1c below

c) Legacies

Pecuniary legacies are recognised as receivable once probate has been granted and notification has been received. Residuary legacies are recognised as receivable once probate has been granted and they can be valued. Legacies are included at 90 per cent of the estimated value to reflect the inherent uncertainty that exists where a substantial proportion of the estimated income is represented by property and other investments whose value is subject to market fluctuations until realised.

Blue Cross is also entitled to receive income from other estates which are subject to life tenancies, trust funds and which mainly comprise shares in properties and investments. As Blue Cross's interest is reversionary, income from these estates is not recognised at this stage.

d) Tangible fixed assets

Tangible fixed assets represent freehold land and buildings, motor vehicles and equipment. All fixed assets purchased for more than £5,000 and with an expected life of more than one year are included at cost and depreciated on the bases outlined below. Freehold land and buildings are stated at cost.

e) Depreciation

The Board has set depreciation rates that are prudent and realistic and use the following rates, all on a straight line basis, to reduce by annual instalments the cost of the tangible assets over their estimated useful lives. The land element of buildings is not depreciated.

Freehold buildings – hospitals and administration	50 years
Freehold buildings – rehoming centres	25 years
Leasehold improvements	5 years
Equipment	4 years
Motor vehicles	3 years
Computers	4 years

f) Listed investments

Investments held as fixed assets are revalued at mid-market value at the balance sheet date. The gain or loss for the period is taken to the SOFA.

g) Stocks

Stocks are valued at the lower of cost and net realisable value. Full provision is made for slow moving and obsolete items.

h) Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the SOFA on a straight line basis over the minimum lease term.

i) Expenditure

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all costs relating to that category. Where costs cannot be directly attributed to an activity or function they have been allocated on a basis of head count, along with a fair proportion of overhead costs.

Costs of generating funds relate to those costs incurred in seeking voluntary donations or as incurred in publicising or marketing the charity. All investment management charges and the costs associated with the trading company, Blue Cross Trading Company Limited, are also included.

Charitable activities are all costs incurred in meeting the core objectives of the charity.

Governance costs are the costs associated with the governance arrangements of the charity. This includes internal and external audit fees and other costs that have arisen from constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

Irrecoverable VAT is included in relevant expense categories.

The support cost of management and administration of the charity, comprising the salary and overhead costs of the central function, is apportioned to charitable activities on the basis of an estimate of staff time attributable to each activity as follows:

	2012 %	Restated 2011 %
Cost of generating funds	8.41	7.96
Service Delivery:		
Clinical	31.30	32.88
Rehoming	33.89	39.16
Rehabilitation	8.76	6.36
Raising awareness	3.19	2.71
Blue Cross shops	11.07	8.13
Advice and support	3.05	2.54
Governance Costs	0.33	0.26
	100.00	100.00

1 ACCOUNTING POLICIES (continued)

j) Pensions

The charity contributes to a “money purchase” pension scheme for salaried employees. Payments made to the scheme and charged in the accounts comprise current contributions. Pension contributions are charged to the SOFA as incurred. The pension cost charge represents contributions payable under the terms of the employees’ contracts. The charity has no pension liabilities other than for the payment of those contributions.

k) Funds

Restricted funds represent funds which are to be used in accordance with the specific restrictions imposed by the donors or which have been raised for particular purposes. The aim and use of each restricted fund is set out in notes to the financial statements.

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives and which have not been designated for other purposes.

l) Change in Accounting Policy

The new policy on legacy income recognition, detailed in note 1c to the accounts, brings Blue Cross into line with current sector best practice in this evolving area of accounting. The net result of this change is the creation in 2012 of a legacy debtor of £5.4m. The restatement of the 2011 accounts on the same basis shows a legacy debtor of £5.9m.

2 NET INCOMING RESOURCES FOR THE YEAR

	2012 £'000	2011 £'000
The net incoming resources for the year is stated after charging:		
Depreciation	1,076	989
External auditor’s remuneration:		
Audit	24	22
Operating Lease Rentals	955	797

3 INCOME FROM INVESTMENTS

	2012 £'000	2011 £'000
Investment income received & receivable	830	672
Interest received & receivable	273	67
	1,103	739

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2012
continued

4 BLUE CROSS TRADING COMPANY LIMITED

Blue Cross Trading Company Limited is a wholly owned subsidiary which primarily generates its income through commission on the sales of gifts and Christmas cards by mail order as well as from sales of goods bought in for re-sale in the shops. Turnover also includes sales at the charity's rehoming centres and income generated by the Blue Cow milkshake operation which is run through an outlet in Stratford Upon Avon and at a number of events throughout the UK. Net taxable profits where applicable are transferred to Blue Cross by way of gift. A summary of the trading results is shown in note 6. The loss in the year arose as a result of a number of one off events, principally the termination of the relationship with Moo Moo's, a trial of a Spot the Ball product and a data cleansing exercise.

5 BLUE CROSS (D&B) COMPANY LIMITED

The charity has set up a wholly owned subsidiary incorporated in the UK, whose main activity is to undertake the design and building of the charity's hospitals and rehoming centres in the most cost effective manner for the benefit of the charity. Its turnover is derived from invoicing the charity at cost for each major capital project as the costs are incurred. Any net profits would be transferred to Blue Cross by way of gift. A summary of the trading results is shown in note 6.

6 SUBSIDIARY COMPANIES RESULTS

A summary of the trading results for Blue Cross Trading Company Limited and Blue Cross (D&B) Company Limited are shown below:

Profit and Loss Account	Blue Cross Trading Company Limited		Blue Cross (D&B) Company Limited	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Turnover	415	486	–	37
Cost of Sales	(384)	(305)	–	(37)
Operating profit	31	181	–	–
Administrative Expenses	(181)	(146)	–	–
(Loss)/Profit on ordinary activities	(150)	35	–	–
Tax on (loss)/profit on ordinary activities	(10)	–	–	–
(Loss)/Profit on ordinary activities after taxation	(160)	35	–	–
Gifted to Blue Cross	–	–	–	–
Retained Profit brought forward	35	–	–	–
Retained (Loss)/Profit carried forward	(125)	35	–	–

Total gross income for the parent entity during the year was £30,564,000 (2011 – £28,044,000).

7 TOTAL RESOURCES EXPENDED

	Generating voluntary income £'000	Blue Cross Shops £'000	Clinical £'000	Rehoming £'000	Rehabilitation £'000	Raising Awareness £'000	Advice and support £'000	Governance £'000	Support costs £'000	Group 2012 Total £'000	Group 2011 Total £'000
Staff costs (note 8)	1,356	1,126	5,626	3,317	881	651	445	55	2,049	15,506	14,413
Other staff costs	58	34	118	64	18	21	9	25	224	571	495
Service delivery	–	–	1,527	1,019	184	–	–	–	–	2,730	2,579
PR and marketing	3,400	126	2	15	2	2,089	224	21	4	5,883	3,376
Trading costs	574	–	–	–	–	–	–	–	–	574	446
Appeal costs	268	–	–	–	–	–	–	–	–	268	232
Transportation costs	41	93	86	196	70	25	48	20	148	727	712
Administration	30	51	–	–	234	21	24	1	–	361	377
Grants	–	–	–	86	–	85	–	–	–	171	176
Property	4	913	381	608	85	16	–	–	183	2,190	2,044
Equipment and IT	23	37	188	164	8	7	1	1	389	818	740
Legal and professional	59	54	(47)	3	1	4	26	96	297	493	449
Depreciation	–	102	–	–	–	–	–	–	964	1,066	988
Total	5,813	2,536	7,881	5,472	1,483	2,919	777	219	4,258	31,358	27,027
Support costs reallocation	358	471	1,333	1,443	373	136	130	14	(4,258)	–	–
Total	6,171	3,007	9,214	6,915	1,856	3,055	907	233	–	31,358	27,027

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2012
continued

8 STAFF COSTS

	2012 Group £'000	2011 Group £'000
Wages and salaries	13,298	12,295
Social security costs	1,233	1,168
Pension contributions	485	454
	15,016	13,917
Other staff costs	490	496
	15,506	14,413

The average weekly number of employees engaged in the activities of the charity during the year, shown as number of employees and full time equivalents, was:

	2012 Group Average	2011 Group Average Restated	2012 Group FTE	2011 Group FTE Restated
Generating voluntary income	60	56	45	42
Raising awareness	25	23	17	16
Blue Cross shops	121	113	59	55
Clinical	225	209	167	155
Rehoming	255	237	181	168
Rehabilitation	58	54	47	43
Advice and support	25	23	16	15
Governance	2	2	2	2
	771	717	534	496

The number of employees whose emoluments (including benefits in kind) were in excess of £60,000 for the year were:

	2012 Group Number	2011 Group Number
£60,001 – £70,000	2	4
£70,001 – £80,000	5	4
£80,001 – £90,000	1	–
£110,001 – £120,000	1	1

Contributions made in the year for the provision of money purchase pension schemes totalled £45,383 for these nine employees (2011 - £41,598 for nine employees).

One employee who is no longer employed by Blue Cross received £174,233 during the course of the year.

In accordance with the Articles of Association of Blue Cross, the Trustees received no remuneration for their services during the year.

Travelling and subsistence expenses were reimbursed to 11 Trustees and amounted to £5,580 (2011 – 14 Trustees £8,099).

Trustees Indemnity Insurance was provided in the year at a total cost of £2,216 to the charity (2011 – £2,291).

9 TAXATION

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively for charitable purposes.

Blue Cross Trading Company Limited makes qualifying donations of taxable profits to Blue Cross.

10 TANGIBLE FIXED ASSETS

Group

	Freehold Land & Buildings £'000	Leasehold improvement £'000	Equipment £'000	Motor Vehicles £'000	Computers £'000	Total £'000
Cost						
At 1 January 2012	26,245	425	500	94	334	27,598
Additions	341	398	169	–	276	1,184
At 31 December 2012	26,586	823	669	94	610	28,782
Depreciation						
At 1 January 2012	8,725	122	450	94	80	9,471
Charge for the year	818	103	49	–	106	1,076
At 31 December 2012	9,543	225	499	94	186	10,547
Net Book Value						
At 31 December 2012	17,043	598	170	–	424	18,235
Net Book Value						
At 31 December 2011	17,520	303	50	–	254	18,127

Charity

	Freehold Land & Buildings £'000	Leasehold improvement £'000	Equipment £'000	Motor Vehicles £'000	Computers £'000	Total £'000
Cost						
At 1 January 2012	26,245	425	461	94	334	27,559
Additions	341	398	166	–	276	1,181
At 31 December 2012	26,586	823	627	94	610	28,740
Depreciation						
At 1 January 2012	8,725	122	445	94	80	9,466
Charge for the year	818	103	39	–	106	1,066
At 31 December 2012	9,543	225	484	94	186	10,532
Net Book Value						
At 31 December 2012	17,043	598	143	–	424	18,208
Net Book Value						
At 31 December 2011	17,520	303	16	–	254	18,093

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2012
continued

11 FIXED ASSET INVESTMENTS

	Group and Charity 2012 £'000	Group and Charity 2011 £'000
Market value at 1 January 2012	24,337	20,816
Disposals at brought forward market value	(3,101)	(2,175)
Acquisitions at cost	3,493	7,073
Unrealised gains on revaluation	2,511	(1,377)
Market value at 31 December 2012	27,240	24,337

The above investments consist of:

	UK	Non-UK	2012 £'000	2011 £'000
Fixed Interest securities	7,519	828	8,347	6,209
Other listed shares and securities	11,364	7,529	18,893	18,128
Investments in subsidiary undertakings	–	–	–	–
	18,883	8,357	27,240	24,337
Historical cost as at 31 December 2012			24,327	23,511

12 STOCKS

	Group 2012 £'000	Group 2011 £'000	Charity 2012 £'000	Charity 2011 £'000
Veterinary drugs for charitable purposes	114	64	114	64
Goods for resale	10	–	–	–
	124	64	114	64

13 DEBTORS

	Group 2012 £'000	Group 2011 £'000	Charity 2012 £'000	Charity 2011 £'000
Income Tax Recoverable	169	94	169	93
Trade debtors	28	44	–	–
Amounts owed by group undertakings	–	–	485	114
Legacy debtors	5,428	5,940	5,428	5,940
Other debtors	189	21	189	21
Prepayments and accrued income	1,419	1,129	1,412	1,119
Loan to Blue Cross (D&B) Co Ltd	–	–	100	100
Loan to The Irish Blue Cross	120	140	120	140
	7,353	7,368	7,903	7,527

The amount owed to Blue Cross by Blue Cross (D&B) Company Limited is a loan secured by a fixed and floating charge over the company's assets and was due for repayment by the end of December 2012. The repayment took place during the first quarter of 2013.

At the balance sheet date there was a loan of £120k (2011 – £140k) to The Irish Blue Cross, a registered charity in Ireland. The loan is interest free and repayment is due by 2019. The grant given to The Irish Blue Cross shown in note 17 is used to offset loan repayments.

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2012 £'000	Group 2011 £'000	Charity 2012 £'000	Charity 2011 £'000
Trade creditors	1,185	984	1,161	958
Social security and other taxes	342	329	332	329
Other creditors	97	4	92	4
Accruals	591	791	588	781
	2,215	2,108	2,173	2,072

15 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted £'000	Unrestricted £'000	Total funds £'000
Tangible fixed assets	–	18,235	18,235
Investments	195	27,045	27,240
Net current assets	1,886	17,708	19,594
Net assets at the end of the year	2,081	62,988	65,069

16 MOVEMENT IN FUNDS

Purposes of restricted funds

The principal restricted funds are those held in respect of the following funds. These funds are specifically for use at the centres named below.

	At 1 January 2012 £'000 Restated	Incoming resources £'000	Outgoing resources £'000	Gains and transfers £'000	At 31 December 2012 £'000
Restricted funds:					
With balances above £250k:					
Bromsgrove Adoption Centre	–	536	–	–	536
Burford	532	–	–	–	532
Burford (Or There's Ghillie)	500	–	–	–	500
Lewknor Capital	279	–	–	(279)	–
Other Restricted Funds	390	4,440	(4,317)	–	513
Total restricted funds	1,701	4,976	(4,317)	(279)	2,081
Unrestricted funds	61,153	26,003	(27,041)	2,873	62,988
Total funds	62,854	30,979	(31,358)	2,594	65,069

Prior year adjustment – restricted funds

The brought forward balance of restricted funds was restated and reconciles to the balance shown below as follows:

	£'000
Restricted Funds brought forward as previously reported	7,356
Funds relating to completed capital projects, where restrictions have been discharged	(5,655)
Funds brought forward as restated	1,701

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2012
continued

17 RELATED PARTIES, SUBSIDIARY CHARITIES AND WELFARE ASSOCIATES

Related parties

The Irish Blue Cross

	2012 £'000	2011 £'000
Grant in the year	20	20

The Irish Blue Cross provides veterinary care in the city of Dublin and an equine welfare service for race meetings and other events in Eire.

The following Trustees of The Irish Blue Cross are also Trustees or employees of Blue Cross:

- Kerstin Alford
- Zair Berry
- Kim Hamilton
- Neil C Smith

The Society for Companion Animal Studies (SCAS)

	2012 £'000	2011 £'000
Grant in the year	85	85

Blue Cross was a Member of SCAS which is a registered charity incorporated as a company limited by guarantee and not having a share capital. Blue Cross's liability as a Member is restricted to £1. SCAS provides funding for academic studies into the interaction between people and their companion animals, publishes and distributes the results and facilitates an annual conference which brings together the leading experts and advocates in the field of the human-animal bond.

Following a review of strategic partnerships it was agreed that funding from Blue Cross to SCAS would cease from the end of the 2012 financial year and SCAS are actively seeking alternate funding arrangements.

The following Trustees of SCAS were also Trustees or employees of Blue Cross during the year:

- Steve Goody (Resigned 31/12/12)
- Kim Hamilton (Resigned 31/12/12)
- Diane Sinclair

Jo-Ann Fowler is the Executive Director of SCAS and is also an employee of Blue Cross.

17 RELATED PARTIES, SUBSIDIARY CHARITIES AND WELFARE ASSOCIATES continued

Subsidiary charities

The following charities are classified as subsidiary charities on the Charity Commission's Register and are included in the accounts. In accordance with the provisions of the Charities Acts regarding small charities, Blue Cross aims to utilise any small funds held by its subsidiary charities.

- The War Horses Fund
- Annie Gordon Fund
- London Institute Mrs Morgan's Fund
- Bertie Copinger Prichard Fund (Captive and Performing Animals Fund)
- Mary Margaret Baroness Seaforth of Brahan (Sister Mabel's Free Dispensary for Sick Animals)
- Edith Alice Bromley-Bourne Fund
- Rosie May Hare Winton Fund
- Amy Alice Baldwin Fund
- Louisa Snow Fund
- Lucy Anne Fraser Oldfield Fund
- M I S Hounsell Fund

Welfare associates

Blue Cross has supported the following charities by giving them grants to assist in the execution of their work:

Charity name	Amount of grant
The Mayflower Sanctuary	£20,000
Mountains Animal Sanctuary	£20,000
Pet Fostering Service Scotland (PFSS)	£25,000

Connected charity

Blue Cross is a Member of Assisi Animal Charities Foundation which is a registered charity incorporated as a company limited by guarantee and not having a share capital. Blue Cross's liability as a Member is restricted to £10. Assisi coordinates and promotes payroll giving to benefit the work of five animal charities, including Blue Cross, on a scale that would not be economic for the charities to carry out on an individual basis.

18 PENSION COSTS

The charity contributes to a "money purchase" pension scheme for salaried employees. Payments made to the scheme and charged in the accounts comprise current contributions. These contributions payable by the charity amounted to £485k (2011 – £454k). All contributions were paid in the year.

19 LEGACIES

At the year-end the charity was aware that it was a beneficiary of an estimated 299 (2011 – 318) estates where, either it was not certain that the legacy would be received, or the value could not be reliably measured. The current estimate of the total amount concerned is £5.2m (2011 – £5.7m).

20 COMPANY STATUS

Blue Cross is a registered charity constituted as a company limited by guarantee, and does not have share capital. The liability of each Member is limited to £1.

21 COMMITMENTS

Details of commitments at the accounting date are as follows:

	2012 £'000	2011 £'000
Contracted for but not provided for:		
Bromsgrove Cattery Project	32	–
Rolleston Minor Works	6	–
Suffolk Project	6	–
Lewknor Admissions Unit	–	250
Torbay Veterinary Facility	–	61
IT Infrastructure Projects	17	128
	61	439

The commitments contracted for but not provided represent the contract values, less payments made for building projects in progress.

	2012 £'000	2011 £'000
Expenditure planned over next 5 years but not contracted for:		
Clinical	9,410	905
Rehoming	18,563	1,280
Blue Cross Shops	130	706
Infrastructure	2,558	590
Total Planned Expenditure	30,661	3,481

The increase in planned expenditure shown above is as a result of a strategic review of the long term capital investment programme, more details of which can be found in the Trustees' Report section of this document.

22 CONTINGENT LIABILITIES

Blue Cross, on occasion, is required to give indemnities to the Executors of estates where Blue Cross is a beneficiary. The charity does not expect these indemnities to crystallise before expiry and aims to ensure that such indemnities are limited to the value of Blue Cross's share of the legacy, have the earliest possible expiry date, and are not given on a joint or several basis. The total value of indemnities given, but not provided in the accounts, outstanding as at 31 December 2012 is £453k (2011 – £443k).

23 OTHER FINANCIAL COMMITMENTS

At 31 December 2012 Blue Cross was committed to making the following payments under operating leases in the year to 31 December 2013:

	2012 £'000	2011 £'000
Operating leases which expire:		
Within 1 year	60	42
Within 2 to 5 years	384	249
More than 5 years	629	467
	1,073	758

Company number: 363197

Charity number in England
and Wales: 224392

Charity number in Scotland: SC040154

**Registered office and
operational address:**

Shilton Road
Burford
Oxfordshire OX18 4PF

Patron

His Grace the Duke of Westminster KG CB
CVO OBE TD CD DL

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED
31 DECEMBER 2012

Honorary Members

Our President, RT Vyner CBE, retired from his role on 31 December 2012. Tom has given 15 years of service to Blue Cross and has been a great supporter and friend of the charity. He has made a huge contribution during his time as Trustee and President and will remain as a member and continue to be a valuable part of our team.

Following Tom's retirement as President of the charity, the Board decided that they would not appoint a new President to succeed him at this time.

The Board subsequently decided that the roles of Vice-President and Honorary Vice-President were incongruous if there is no President in post, however they wanted to recognise the extraordinary service individuals had given to the charity over many years and have created the role of Honorary Member.

- The Rt Hon Earl Cadogan DL (appointed 1/1/13)
- Dr Andrew Edney MRCVS (appointed 1/1/13)
- The Lord Kirkham CVO (appointed 1/1/13)
- Lord Sheppard of Didgemere KCVO Kt (appointed 1/1/13)
- WJB Sneath (appointed 1/1/13)
- Sir John Spurling KCVO OBE (appointed 1/1/13)
- RT Vyner CBE (appointed 1/1/13)

Ambassador

The Board also created the role of Ambassador for those willing to continue to play an active role in future big gift campaigns.

A Langton (appointed 01/05/13)

Trustees

Trustees, who are also directors under company law and who served during the year and up to the date of this report were as follows:

- Zair Berry FCA (Chairman)
- Dr David Watt PhD FRICS (Vice-Chairman)
- Peter Brooks (retired 27/09/12)
- Tom Corran (appointed 27/09/12)
- Professor Anthony Forster (co-opted 06/12/12)
- Roger Green MRCVS
- Tim Hutton MRCVS
- Julie Hyde RGN MA
- Tim Porter FCA (appointed 27/09/12)
- Andrew Prebble
- Mervyn Reed FCA
- The Hon Henrietta Roper-Curzon
- Adrian Rowbotham
- Diane Sinclair LLB QDR (resigned 15/02/12)
- Neil C Smith MRCVS (appointed 27/09/12)
- Stephen Swift (appointed 27/09/12)

Secretary to the Board

Kim Hamilton MSc

Bankers

National Westminster Bank Plc
141 Ebury Street
London SW1W 9QP

Solicitors

Bircham Dyson Bell LLP
50 Broadway
Westminster
London SW1H 0BL

Wilson Solicitors LLP
4 Lincoln's Inn Fields
London WC2A 3AA

External auditors

BDO LLP
2nd Floor, 2 City Place
Beehive Ring Road
Gatwick
West Sussex RH6 0PA

Internal auditors

Sayer Vincent
8 Angel Gate
326 City Road
London EC1V 2SJ

Investment managers

Rathbones Investment
Management Limited
1 Curzon Street
London W1J 5FB

Blue Cross animal hospitals

- 1 Victoria
- 2 Hammersmith
- 3 Merton
- 4 Grimsby

Blue Cross rehoming centres

- 1 Bromsgrove
- 2 Burford
- 3 Cambridge
- 4 Felixstowe
- 5 Hertfordshire
- 6 Lewknor
- 7 Northiam
- 8 Rolleston
- 9 Southampton
- 10 Thirsk
- 11 Tiverton
- 12 Torbay

Pet fostering

- 13 Cleveland
- 14 County Durham
- 15 Cumbria
- 16 Lincolnshire & Leicestershire
- 17 Staffordshire
- 18 Surrey & Kent
- 19 West Yorkshire
- 20 Wiltshire
- 21 Pet Fostering Service Scotland

Associates

- 1 Mayflower Sanctuary
- 2 Mountains Animal Sanctuary*

Partner charities

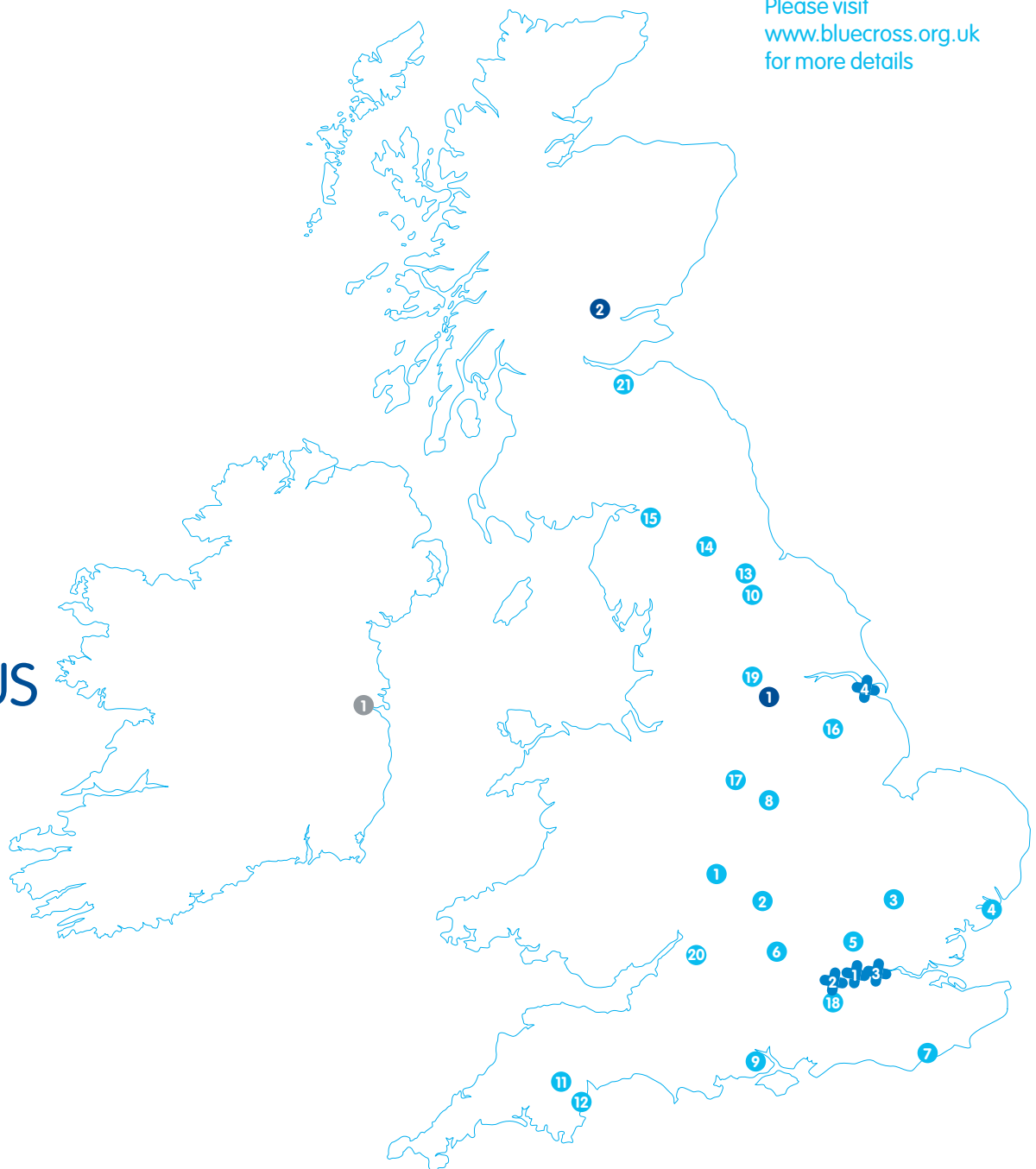
- 1 The Irish Blue Cross

Blue Cross shops

Abergavenny, Andover, Banbury, Bridgnorth, Bromsgrove, Cheltenham, Chippenham, Cirencester, Droitwich, Dursley, Fleet, Frome, Henley-on-Thames, Hereford, Hungerford, Kidlington, Leamington Spa, Ledbury, Ludlow, Marlborough, Monmouth, Newbury, Pershore, Stow-on-the-Wold, Stratford, Summertown, Tewkesbury, Trowbridge, Warminster, Wootton Bassett, Warwick, Wokingham, Worcester, Wells, Witney and Yardley.

Please visit www.bluecross.org.uk for more details

FIND US



* This relationship ceased on 31/12/12.

We don't receive any government funding, and we rely on donations to pay for our work. In 2012 we helped more than 40,000 sick, injured and homeless pets thanks to you.

However you chose to help us in 2012, whether you donated, fundraised, volunteered, visited one of our shops, rehomed a pet or worked for us, thank you for your support.

THANK YOU

1 MINT

Kendal and Mint were dumped in a rucksack in a country park near Southampton. Luckily the terrified kittens, who were only a few weeks old, were discovered and brought to Blue Cross. They were both poorly when they arrived and we treated them for ear mites and gave them vital flea and worming treatments. They've now found a loving home together.

2 MUNCH AND FRIE

Munch and Frie were seized from a small back garden strewn with rubbish and scrap metal. They were belly-high in mud, underweight with matted coats and infested with lice. Munch and Frie were very timid when they arrived at Blue Cross but, over time, they became more confident and we were able to give them the training they needed to prepare them for their future. They have now been rehomed and are doing really well.

3 FYNN

Fynn was in terrible pain when he was brought to our Victoria animal hospital. Results from his X-rays showed that he had fractured his hip. We operated on Fynn immediately and then cared for him at the hospital while he recovered from the surgery. Fynn was looked after by Blue Cross vets and nurses, and later a foster carer, for three months while he recuperated and waited to find a new family to give him a home. He is now enjoying life with a new owner.

4 BELLA

Puppy Bella was part of an unwanted litter. When she arrived at Blue Cross she was covered in fleas and her skin was red and sore from where she had been scratching herself to try to ease her discomfort. Our nurses gave Bella the clinical care she needed and slowly her skin began to improve. We found Bella a lovely foster home where she could recuperate and grow strong and healthy. As soon as she was well enough, we found her a permanent home.



1



2



3



4





Blue Cross
Shilton Road, Burford
Oxon OX18 4PF
Tel: 0300 777 1897
Fax: 0300 777 1601

Email: info@bluecross.org.uk
www.bluecross.org.uk

Blue Cross is a charity registered
in England and Wales (224392)
and in Scotland (SC040154).