



# Blue Cross 2016 annual report







# Contents

- 3** Welcome from our Chairman
- 4** Who we are
- 5** How we've helped
- 6** Trustees' report (incorporating the strategic report)
- 19** Governance
- 24** Policies and standards
- 26** Independent auditor's report
- 28** Consolidated statement of financial activities
- 29** Consolidated balance sheet
- 30** Statement of cash flows
- 31** Notes to the financial statements
- 45** Reference and administrative details
- 46** Thank you to our donors
- 47** Find us

# Our services

- Rehoming** we find new homes for homeless and abandoned pets
- Veterinary** we care for sick and injured pets when their owners can't afford private treatment
- Behaviour** we help pets with behavioural issues to have happy, healthy futures
- Education** we educate pet owners of the future by giving talks and offering advice
- Pet bereavement** we support people struggling to cope with the loss of a much-loved pet

# Welcome from our Chairman



I welcome you to our 2016 annual report on behalf of all our Trustees. You will read in this report about some exciting successes and our plans for the future at a time of considerable challenge for the charity sector.

Our teams helped almost 43,000 sick, injured and homeless pets in 2016 (2015 38,000), reached over 86,000 pet owners of the future through educational talks (2015 69,000), and played a vital role in supporting those who lost a loved pet. We were delighted to open our brand new rehoming centre in Suffolk which has already enabled us to double the number of pets helped compared with the site it replaced. Through innovative ways of working, we made excellent progress this year towards meeting the ambition of our five-year strategy; to help twice the number of pets by 2020.

A major highlight of the year was the Blue Cross national conference on the future of pet welfare legislation and publication of our *Unpicking the Knots* report, at a crucial time for the sector given the parliamentary review earlier in the year. This puts Blue Cross at the forefront of the debate around the future of pet legislation and its enforcement, and we were delighted to receive cross sector support from other charities and ministerial participation. By working together, we will achieve so much more for animal welfare. We were delighted also to be selected as one of the *Daily Telegraph's* charities of the year for its Christmas appeal, which resulted in considerable publicity for our charity, as well as raising £149,701 in total.

Charity fundraising continues to be a matter of considerable public concern and media scrutiny. We take our responsibilities to our donors and supporters extremely seriously and work hard to ensure that the highest fundraising standards are met, as set out later in this report.

Despite increasing efficiencies and greater demand for our services, the need for capital investment and the fundraising challenges for the charity sector has resulted in planned deficits for 2015 and 2016. We recognise that it is important to achieve a balanced annual financial outturn in the medium term while continuing to deliver on our long term goals.

This year, we were extremely sad to learn of the unexpected passing of our Patron, His Grace The Duke of Westminster. His Grace had been our Patron since 1997 and we greatly appreciated his wise advice and encouragement. We also were very sorry to learn of the recent deaths of our past Chairman Dr Andrew Edney and Frank McGouran, Chairman of The Irish Blue Cross. Andy Prebble and Kris Glover retired from the Board during the year. We are very grateful to them both for their valuable contributions. We welcomed to the Trustee Team Clive Everest who has had a long financial career mainly in the public and charity sectors.

I am proud to see our teams and individuals' expertise and commitment recognised by awards won during the year. We owe a great debt of gratitude to all our fantastic people, both paid and volunteer, who daily go the extra mile to help pets in need of our support. It is a privilege to thank them for their dedication and compassion.

Tim Porter FCA  
Chairman





# Who we are



Sick, injured and homeless pets have relied on us since 1897. Abandoned or unwanted, ill or injured, pets turn to us for help every year. Our doors are always open to them, and with your support, they always will be.

Each year, thousands of cats, dogs, small pets and horses turn to our animal hospitals, clinics and rehoming services for treatment, and to find them the happy homes they deserve.

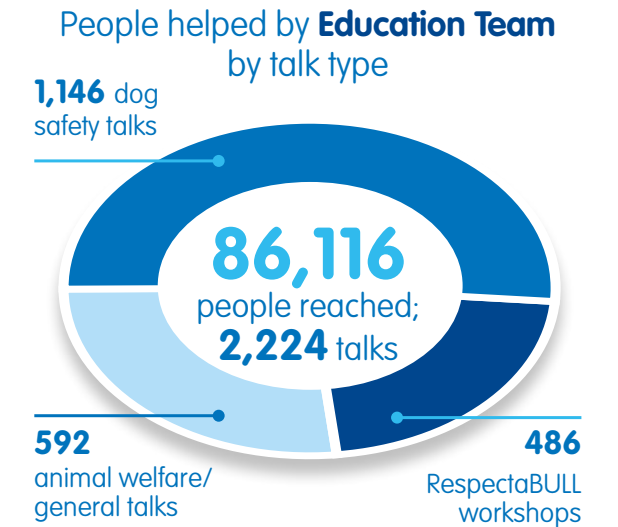
## Our vision

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.

# How we've helped



## Elsa

Elsa would have been back out on the streets had we not stepped in when another rescue centre closed. The sweet puppy had been abandoned, probably because she was deaf. Our Tiverton behaviourist, Pamela Barlow, taught Elsa sign language to give her the skills she needed to become a much loved pet. When a young couple wanted to rehome Elsa, we taught them the hand signals too so they could communicate with her. Now, they are one happy family.





## Public benefit



### Who used and benefitted from our services?

#### Rehoming

We find homes for homeless cats, dogs, small pets and horses across the UK and our tailor-made service lets us help each pet find the right home. In 2016 we helped 10,991 pets – 20 per cent more than last year and the most since our records began.

#### Veterinary

Our four animal hospitals and network of clinics treat sick and injured pets when their owners cannot afford private fees. We treated 31,990 pets in 2016 – 8.4 per cent more than in 2015.

#### Behaviour

We help pets who arrive at Blue Cross with behavioural problems and offer ongoing support to anyone who rehomes a pet from us. Our Behaviour Team carried out 6,503 consultations and assessments in 2016 – a 6.5 per cent increase on the previous year.

#### Education

We promote animal welfare to the pet owners of the future by giving talks and offering advice. In 2016 we reached 86,116 children and young people. This is a rise of 25 per cent in comparison with 2015.

#### Pet bereavement

Our Pet Bereavement Support Service provides free, confidential emotional support to people who are struggling to cope with the loss of a pet 365 days a year. Our trained volunteers handled 5,162 confidential calls and 1,936 emails from 5,852 grieving people in 2016.

### Top 10 reasons pets needed help to find a new home

- 1 Unsuitable for environment
- 2 Owner moving
- 3 Change in personal circumstances
- 4 Behaviour of animal
- 5 Owner ill
- 6 Owner's allergies
- 7 Financial
- 8 Unplanned litter
- 9 New baby
- 10 Lack of time





# Strategic report



## 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.

Our strategy is to reach as many pets as possible in order to have the greatest impact where we are needed most. In order to achieve this, we continue to focus on:

### Accessibility and reach

Making sure we have the right services and advice in the right places so we reach those who need us most. Our facilities need to operate effectively and efficiently.

### Famous, recognised and well regarded

We must strive to raise awareness of Blue Cross and how we help pets, and increase our influence with decision makers.

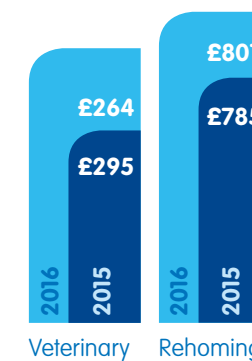
### Adequate funding

We must be adequately funded to achieve our ambitions, increasing and diversifying our income while managing our cost base.

## Our achievements

### Cost per animal helped.

We regularly review the cost and efficiency of our services to ensure that we spend our funds responsibly.



mean our supporters' generous donations go further and we can help more pets.

### Burford refurbishment

The £2.5m refurbishment of our Burford rehoming centre is scheduled for completion in 2017. Our current outdated facilities are being replaced with modern, spacious kennels and a cattery, maternity units for puppies and kittens, housing for new arrivals and a welcoming new reception area.

### Scope of service review

Our Veterinary Team is engaged in a comprehensive review of our scope of service in order to help the greatest number of pets in the future. Not only are we launching clinical guidelines to deliver welfare-focused, cost effective treatment, but we are also improving owners' awareness of their pets' needs with a focus on quality of life and preventive care, by launching formal health and welfare assessments. By taking a more holistic approach and recognising the importance of all five of the welfare needs we can make a real contribution to animal welfare. We're also looking at opportunities to reduce costs and raise income by increasing awareness of the costs of healthcare and continuing improvements in procurement.

### Rehoming training programme

We launched our new rehoming training programme, which will ensure all our team members, both paid employees and volunteers, receive the same training and development and can give all our pets the care they need.

### Home Direct Scheme expansion

Our successful Home Direct Scheme continued to grow, helping 30 per cent more pets than in 2015. Ten of our rehoming centres are now able to help small pets find new homes. Not only is this better for the pets but it

### Helping more pets

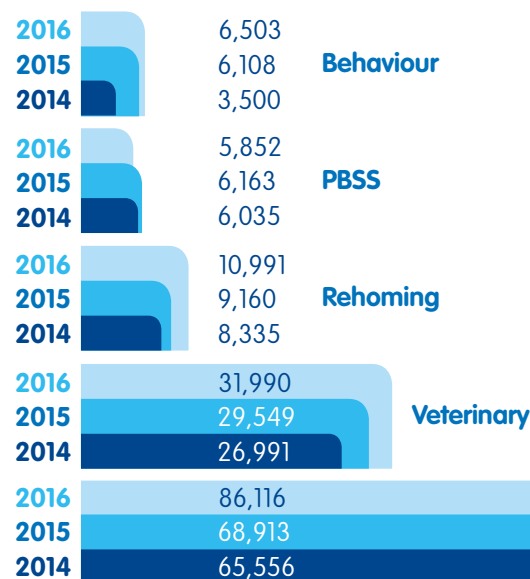
Blue Cross helped more pets than ever before across its Rehoming and Veterinary Services. We're proud to see our innovative and efficient ways of working mean we can devote resources wherever they're most required in areas of need across the country.

### Suffolk centre open

Our brand new Suffolk rehoming centre was officially opened in 2016. Purpose-built facilities designed to meet modern welfare standards will help us rehome double the number of pets that we were able to help at our previous Felixstowe site. We now have dedicated separate puppy and kitten areas, on-site veterinary facilities, and excellent exercise areas for dogs, and we are now in an easily-accessible location. Since opening in February, our Suffolk centre has helped over 800 pets.

### Newport unit open

We opened a new rehoming and advice unit in Newport, the first of its kind for any charity. The facility means we can find new homes for dogs, cats and small animals, as well as offering pet care advice and free microchipping. We're thrilled to bring new, innovative and cost effective Blue Cross services to a new area of the UK and our flexible ways of rehoming



The number of pets and people our services help increases each year.





## Outstanding people

We celebrated members of our team who have been recognised for the fabulous work they do and have won awards including:

- **Ryan Neile**, Senior Animal Behaviourist, was awarded Animal Charity Employee of the Year in the Petplan and Association of Dogs and Cats Homes animal charity awards
- **Naomi Orrey**, Senior Legacy Officer, won the Institute of Legacy Management's Legacy Professional of the Year award
- Our **Pet Bereavement Support Service** won the best Pet Services Category at the Pet Industry Federation awards for its new e-learning course
- **Grimsby animal hospital** was awarded the Public Service award by the *Grimsby Telegraph*
- Our **Digital Team** won best Not-for-Profit Website at the User Experience UK awards and best charity website at the UK Digital Experience awards

We presented the following awards:

- The Blue Cross Medal to Staffordshire bull terrier cross Romeo, who visits stroke patients and care home residents, donates blood, and helps children overcome dog phobia
- J A Wight Memorial Award for his outstanding contribution to the welfare of companion animals to David Grant MBE
- Veterinary Nurse of the Year to Samantha Shand for her commitments to charitable work and education
- British Equine Veterinary Association Welfare Award to Roly Owers, Chief Executive of World Horse Welfare in recognition of his outstanding commitment to equine welfare

frees up space in our facilities for animals that have no other choice, including strays.

## Volunteering

Our wonderful team of volunteers grew by almost 800 in 2016, to an incredible 4,299. Between them, they dedicated 455,550 hours of their time – nearly a third of all hours worked at Blue Cross. This was 11 per cent up on 2015, making it another record-breaking year. We couldn't help as many pets without them, so we'd like to say a huge 'thank you' to all of them.

## Public affairs

Throughout a year which saw much focus on the political arena, our Public Affairs Team worked together with sector partners, politicians and the government to influence policy makers and make a difference to pet welfare. We welcomed a number of MPs to our centres and hospitals and campaigned on a number of issues including the breeding and sale of pets, greyhound racing regulations and exotic animals kept as pets.

## National conference and landmark report

Our *What Lies Ahead* conference took place in November and was well attended and supported by other pet welfare charities. It brought together delegates from across the animal welfare sector, including the Defra minister for animal welfare, Lord Gardiner of Kimble, Environment, Food and Rural Affairs Select Committee (Efra) members, and representatives from the Labour and Liberal Democrat parties. The conference launched our landmark *Unpicking the Knots* report, which paints a comprehensive picture of enforcement of statutory animal welfare legislation, and recommended improvements. Support for our call for the government to act came from notable figures including the late George Michael and British Veterinary Association President, Gudrun Ravetz. We will be discussing our

findings in more detail with politicians in 2017 and using our influence when new legislation is proposed.

## Impact on pet welfare policy

### UK wide

We continued to meet and influence a wide range of politicians and members of the devolved administrations, and with the European parliament. We presented written and oral evidence at the Efra Committee's inquiry into the welfare of domestic pets, and were mentioned regularly in animal welfare debates within Westminster as a key voice within the sector. Efra's subsequent report was a positive step in the right direction but we urge the government to take much greater steps to ensure the health and welfare of dogs used for breeding and sale.

### Devolved nations

Our team launched our *One Click Away* report into the sale of exotic pets online at the Scottish parliament and Welsh assembly in 2016, which was well received by both administrations. We were extremely disappointed at the Scottish government's new animal welfare legislation, which backtracks on tail docking and does not go far enough on electric shock collars. We will continue to campaign for a UK-wide ban on such collars.

### Europe

Blue Cross came together with other animal welfare organisations from across Europe in September to call for a continent-wide action plan to be implemented to tackle the illegal trade in dogs and cats in the European Union.

We also launched the European Pet Advertising Advisory Group initiative with partner organisations across the continent, increasing our profile and working to prevent welfare issues.

## Education

Prevention remains the only way to stop irresponsible pet ownership and we are continuing to educate children and young people about pet welfare, responsible pet ownership, dog safety, and caring for horses.

Our annual National Equine Health Survey (NEHS) recorded data from almost 17,000 horses in 2016; a 12 per cent increase on 2015, making it our most successful year ever.

## Pet Bereavement Support Service

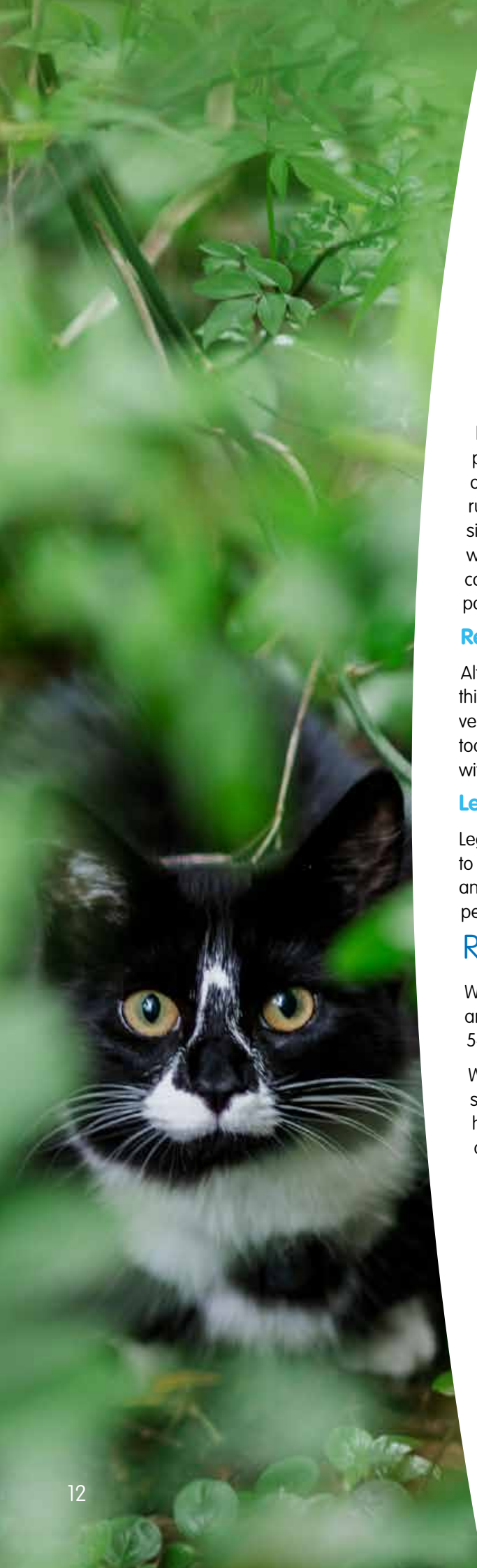
We launched our pet bereavement support e-learning course in May to give professionals working with pet owners the skills they need to help clients cope with loss and grief. The course is accredited by the National Council of Further Education and counts towards participants' continued professional development, and course fees are helping us raise funds.

## Raising our income

Every year we are humbled by the generosity of our supporters. This year we raised a record income of £35.3m. Whether you've supported us through a regular donation, participated in an event, responded to an appeal or donated items to one of our shops or purchased goods, thank you so much. We do not receive any government funding, and it is through donations alone that we are able to help tens of thousands of pets each year. For every £1 invested in raising funds, we received £5.24 back, compared to £3.88 in 2015.

We were delighted to be named one of the *Daily* and *Sunday Telegraph's* charities of the year, giving us significant exposure to new audiences and allowing us





### Raising our income - continued

to gain new support. Generous *Telegraph* readers raised £149,701 (£88,760 by year end) for us, for which we are extremely grateful.

### Fundraising

We are expanding our fundraising focus in communities local to Blue Cross services and are already seeing high engagement in the areas we help. We are fantastically well supported in these areas and know the public wants to help us achieve our goal of helping more pets. Individual fundraisers who baked, ran, held fetes and a host of other activities raised £70,000, and daring challengers and marathon runners raised almost £100,000 between them. Huge thanks to every single participant, and all the local retailers, societies and companies who have shown their support. Special thanks go to our generous corporate partners, trusts and foundations and philanthropists listed on page 46.

### Retail and shops

Although the external environment for retail has been extremely tough this year, our charity shops have bucked the trend and have performed very well with like-for-like sales up over three per cent on 2015. We also took our first steps into the world of e-commerce in December, with a pilot partnership with pet retail website PetsPyjamas.

### Legacies

Legacy income increased to £18.5m in 2016. We are extremely touched to hear the stories of those who cherished animals throughout their lives and have left us gifts in their Wills, so that we can continue to care for pets that need us.

### Raising our awareness

We climbed two places in the annual national Charity Brand Index and are now ranked 48th. Prompted recognition of Blue Cross increased to 54 per cent, and trust in Blue Cross grew to 65 per cent\*.

We have enjoyed much positive media coverage in the year. Highly successful campaigns included the pets of Blue Cross recording a happy 90th birthday song for Her Majesty The Queen, and Tap Dogs; a contactless payment donation device in a dog coat, worn by our specially trained volunteer dogs.

Well-known and respected actor, Pam Ferris, became our first Celebrity Ambassador. Both Pam and several other celebrities have helped to raise our profile among the pet-loving public.

Our multi-award-winning website saw a significant increase in traffic, with over 42 per cent more visitors, and 23 per cent making a donation and more than 52 per cent more people filling in an application form to rehome a pet, in the last six months of the year. We became even more popular on social media, with Twitter followers growing to over 60,000 and over 277,000 likes on Facebook.

\*Source: Charity Awareness Monitor, Jan 17, nfpSynergy

## People and Development

### Job evaluation

During 2016 we have worked extensively on implementing a job evaluation scheme for our employees. This work is really important as it allows us to evaluate how each role contributes and fits into the organisation as a whole.

### Pay benchmarking

Using a grading structure, we are benchmarking salaries to roles using market data and, critically, affordability for our charity. This will ensure we are paying fair and realistic salaries for each and every job at Blue Cross based on the value of that role.

After much consideration and in light of the introduction of the National Living Wage, we have uncoupled from the Living Wage Foundation. Together with the salary benchmarking we have undertaken, this gives us greater control over market rate and salary levels.



Cinderella and Princess

Cinderella was on the brink of death and heavily pregnant when she was found scavenging for food, in a desperate bid to keep her unborn foal alive. The horse welfare crisis shows no sign of slowing, and we are there when horses in need of our care desperately require our support. Our team's dedication and care kept the elderly mare going, and we were overjoyed when Princess was born safely and healthy. We're proud to have helped mare and foal, who are now growing strong.

## Challenges we've faced

### Northiam rehoming centre closure

It was with genuine sadness that we made the decision to proceed with the closure of our Northiam rehoming centre in Sussex in October. After searching for a new, more accessible site in the south east for six years, we reached the conclusion that to use our valued donations wisely, we needed to close the centre.

We would like to say a heartfelt thank you to our dedicated team who helped many thousands of unwanted and abandoned pets over the past 60 years.

### Encouraging responsible pet purchases

Ensuring people continue to think about rehoming a homeless pet instead of buying from the internet remains a challenge for us. Sadly, it is too easy for pet dealers to advertise and sell puppies and kittens, and busting the myth that rescue pets are 'damaged goods' is very difficult.

We continue to look for new ways to ensure people think about rescue when they are looking for a pet, and will maintain pressure on the government to make the pet sales market much more transparent and welfare-minded.

### Raising income in a highly challenging environment

Since the inception of our 2020 Vision, the economic and fundraising landscape for charities has changed quite profoundly. Public trust in charities is at a low level and there is considerable caution before donating to charity. This has also been evident in increased consumer caution in a more uncertain economic climate post the Brexit decision. While our existing supporters have responded magnificently to our appeals, it is increasingly challenging to recruit new supporters.

Scrutiny of fundraising practices has had a significant impact on charity sector activities, most notably face to face and telephone fundraising, with the consequence that many reputable organisations engaged in these activities on behalf of charities have withdrawn from this market. It is fundamental that public trust in charities is restored and Blue Cross seeks to apply the highest fundraising standards as set out in more detail on page 25.





## Eddie

Curious kitten Eddie had never been outside before and wanted to explore before he was ready. He fell from a window three storeys up and needed emergency veterinary attention. Luckily, he had no internal injuries, but his leg was so badly broken that it had to be amputated. We helped him take his first few steps on three paws, and he recovered quickly.

# Plans for the future



## Our goals for 2016

achieved/  
on target?

Continue and complete the refurbishment of our Burford rehoming centre



Expand our grant scheme to help more pets in private practice where we do not have facilities



Open a new pet care clinic



Get planning permission to refurbish at least two more of our rehoming centres



Start transferring ownership of horses in some cases



Pilot a new, more agile way of introducing rehoming to new geographic areas



## Committed to helping more pets and people

**We're on a mission to double the number of pets we help, and we won't stop until we reach our ambitious goal. In 2017 we will:**

- complete the refurbishment of our Burford rehoming centre
- continue to upgrade our existing rehoming centres to ensure they provide the right facilities for homeless pets
- expand our national rehoming network to reach an even wider area of the country
- open another rehoming and advice unit, bringing facilities to a new area
- look for ways to expand our behaviour services to reach a new audience
- open a new pet care clinic in Cwmbran in early 2017
- maximise our impact by developing our emergency veterinary grant
- work with a wider network of veterinary practice partners so we can treat sick and injured pets across the UK

### Importance of awareness

Our TV advertising campaign was launched shortly after considerably increased sector fundraising scrutiny came to public prominence and this had an undoubtedly significant impact on the income generated. While the campaign did not translate into the value of donations we had hoped for, it helped build brand awareness and increased consideration to donate as shown by the statistics on page 12, and increased interest in our services.

### Growth strategy

We remain firmly committed to our growth strategy. Considerable progress has been made in 2015 and 2016. The target of 2020 is self-imposed and was set at a time when the economic and fundraising climates were more benign. We have the benefit of being in control as to the timing of expansion and while we acknowledge it will now take longer to achieve our plans, we are determined to do so. It is important that our strategy is sustainable and proportionate to the current environment. This emphasises the importance of being flexible and adaptable in our working practices and diversifying our funding income.

### Retail offering

Our shops remain important in developing local profiles and supporters where we may not otherwise have a presence and also as a means of diversifying income. However we must remain agile and flexible in terms of our offering and mode of operation. We are currently exploring the expansion of our e-commerce and digital retail activity.

### Income diversification

We are indebted to our generous supporters who remember us in their Wills, and are grateful for the increase in legacy income in 2016. Nonetheless, legacy giving is likely to decline in the long term if the current economic conditions are maintained as people will live longer and need to spend more on their health and social care. Therefore it is important that we continue to explore means of diversifying our income and reduce the proportion of income legacies comprise.

### Providing cost effective services

The need for our Veterinary and Rehoming Services has never been greater, however there is also a critical need to drive down the cost of service. Considerable attention has been given over 2016 to our scope of service, operational protocols, consistency of standards to ensure efficiencies and increased centralisation of ordering and procurement. We continue to explore further ways of reducing our cost base including the use of technology to lower the cost of medicine and change traditional business models.

### Impact of Brexit on our operations and pet welfare

Uncertainty surrounding the terms of the United Kingdom's exit from the European Union (EU) will continue as the period of negotiation begins. New immigration rules are likely to be established, which may restrict the rights of EU citizens to work in the veterinary profession within the UK. Blue Cross currently employs EU citizens in a range of roles, and we will monitor changes to work rules closely.

The Prime Minister has indicated laws enacted during the UK's membership of the EU will be reviewed as and when it is deemed necessary by the UK legislature. Legislation governing the movement of pets is unlikely to be prioritised.

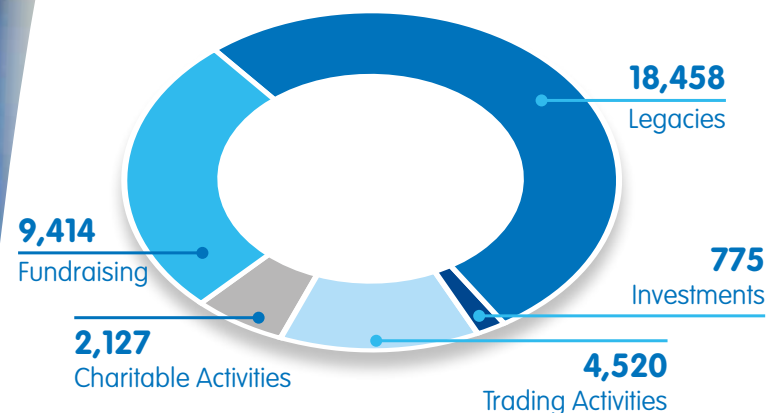
EU citizens will most likely continue to be allowed to visit the UK accompanied by pets as they do currently. Puppy smugglers will continue to be able to take advantage of these entry arrangements. Commercial pet sellers may have to pay import duty on their sales if the UK exits the Customs Union, which could lower the number of legally-imported animals; however we know that illegal smuggling is where the major problem lies.

The Prime Minister has also indicated that the government would seek to maintain the common travel area between the UK and Republic of Ireland. An agreement on this may see the UK-Irish border becoming the main route of entry for pet smugglers in future, and we would seek to work collaboratively with the Irish Blue Cross to protect animal welfare in this instance.

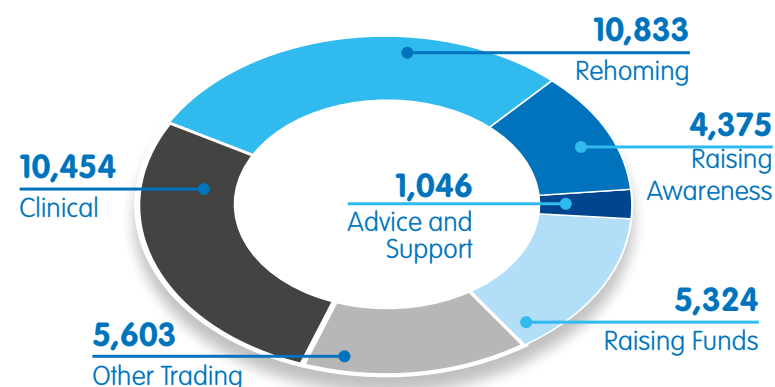


# Financial review

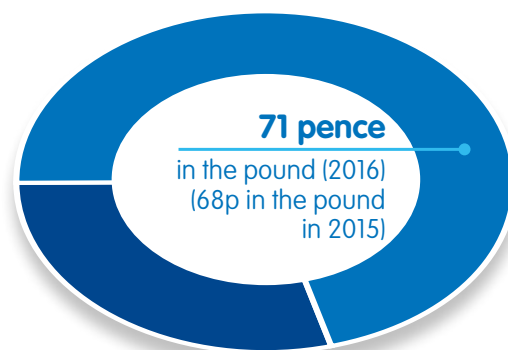
Breakdown of income  
All amounts are in £000



Breakdown of expenditure



Pence in the pound spent on charitable activities



## Financial outturn

The overall result for the year was a surplus of £1m after investment gains of £3.4m. The deficit on our activities for the year was £2.4m against a budgeted deficit of £4.4m. The deficit on our activities for 2015 was £5.5m. In the current environment of more challenging fundraising conditions, the Board recognises the importance of achieving a balanced financial outturn whilst continuing to deliver on our longer term plans.

### Income

Legacy income at £18.5m was £1.1m up on 2015 and represented a continuing strong legacy income. Fundraising income, at £9.4m, was £0.5m down on 2015 owing to the challenging fundraising environment. 2016 had one capital appeal which raised £56,000 whereas 2015 included income of £485,000 in respect of three capital appeals. Service delivery income at £2.1m was 20 per cent up on 2015, reflecting the significant increase in veterinary and rehoming activity.

### Expenditure

Our salary costs increased by £0.9m to £20.1m reflecting a 1.5 per cent employee increase and 4.9 per cent Living Wage increase. Operational overheads reduced by £3m, mainly as a result of decreased marketing activity and face to face fundraising. Operational costs were marginally ahead of 2015 due to the increase in pets helped. Costs were carefully monitored by the Executive Team throughout the year, enabling the budgeted deficit on our activities to be reduced by £2.1m.

During the year, Blue Cross spent £26.7m (2015 £26.9m) on charitable activities, which represents 71 per cent of total expenditure in the year. The total expenditure spent on charitable activities in 2015 was 68 per cent.

### Balance sheet

Our balance sheet comprises net assets of £60.7m (2015 £59.6m). Due to a strong performance our investments increased in value by £3.3m. The legacy debtor rose by £1.9m reflecting the increase in legacy income. A £10m five-year borrowing was taken out to fund our medium term expansion. Cash totalled £5.9m at the year end.

## Investment policy and performance

The performance of the portfolio has been satisfactory in the general market conditions of 2016 and within the agreed risk profile.

The investment portfolio is managed externally by the charity's investment managers, Rathbone Investment Management Ltd, on a discretionary basis, subject to appropriate policies and limits established by the Trustees within the investment and treasury management policy. All investments must be held in accordance with Blue Cross's ethical investment policy, which is reviewed annually. 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.

### Accounting policies

There have been no changes of accounting policies during the year.

The 2016 annual report and financial statements have been prepared in accordance with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities SORP (FRS102).

### Planned expenditure

The planned capital expenditure for both Veterinary and Rehoming Services is shown in Note 21 to the accounts, which reflects our current capital plans.

### Finance

During the year Blue Cross reviewed its banking arrangements and appointed Barclays Bank plc as its principal bankers following a competitive tender process. In order to finance our continued expansion, a loan of £10m was advanced by Barclays Bank plc, which enabled the £2m loan from Rathbone Investment Management Ltd to be repaid. The Trustees decided that the continuing low rates of interest made a bank loan preferable to encashing part of the investment



portfolio, which has increased by £3.0m since the loan was taken out. The Trustees sought independent advice under section 124 of the Charities Act 2011 before the loan was advanced. The main terms of the loan are disclosed at note 14 to the accounts. A key objective is the need to generate cash to repay the loan.

### 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 reviews this measure annually and has decided that the minimum target ratio is 0.5, subject to a minimum liquid reserve of £15m. At 31 December 2016 the charity was operating at a ratio of 0.98 per cent (2015 0.96 per cent) with a liquid reserve of £25.4m (2015 £26.5m).

### Wills ruling

Following our appeal with RSPCA and RSPB in the case of *lloft v Mitson* we are pleased that the Supreme Court has given welcome reassurance that - save in limited and specific circumstances - the wishes recorded in a person's Will must be respected. Blue Cross, RSPCA and RSPB and the charitable sector as a whole, rely on generous gifts left in Wills, without which much of their valuable work could not be done. This judgement will allow us to continue to honour the wishes of individuals who choose to remember charities in their Will.

## Governance

Blue Cross was founded in 1897 under our former name, Our Dumb Friends League. 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.

### Governance and management structure

#### Trustees

Blue Cross is governed by a Board of Trustees, all of whom are Members of the charity and are volunteers, who receive no benefits from 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 14 and 15, as shown on page 45.

In appointing Trustees, the Board is mindful of the need to ensure diversity and that it represents a wide range of skills and experiences appropriate to the charity's activities. Recruitment of Trustees is delegated to a committee of Trustees under the Chairman's leadership, which will make recommendations to the Board.

During the year the Trustees reviewed Trustee tenure in the light of the Charity Commission's guidance on this matter and decided that tenure should in general be limited to three terms of three years. However, if specific skills or knowledge were desirable to be retained and, provided that such a Trustee was making a valuable contribution, then their term as Trustee could exceed nine years. However, no more than a third of Trustees at any time can serve beyond nine years. The question of tenure and continuing contribution is carefully evaluated by the Chairman in his annual discussion with each Trustee.

The Chairman is subject to an annual appraisal process by a senior Trustee based on feedback by each Trustee. The Chairman discusses on an annual basis with each Trustee their current and future contribution and any development needs.

Trustees attend an annual development day as part of their continuing professional development where, for example, they will be updated on current animal welfare issues and other legislative developments.

The Trustees regularly review governance best practice and they have recently considered the charity governance code consultative document. The Board has already implemented many of the recommendations of the consultative document and will monitor this on a regular basis.

## Trevor

Abandoned on a mountain in Wales, Trevor was terrified, lonely, starving and freezing cold. The conditions were so bitter he even lost the tips of his ears to frostbite, and was so underweight that his hip bones were protruding from his frail body. When he first arrived at our Suffolk rehoming centre as one of the first dogs to be helped there, he was shut down, nervous and battling a whole range of health problems. But thanks to us, he's now in a happy home and has managed to put his appalling past behind him.





## Committees

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

**Audit Committee** (Audit): satisfies itself on behalf of the Board that adequate and effective systems of control and risk management are in place across the organisation.

**Commercial and Retail Committee** (Comco): considers all matters relating to the commercial, marketing, communications and income generating activities of the charity.

**Finance and Support Committee** (Fisco): supports the Finance and Resources and People and Development Directorates in the implementation of the charity's strategic plan and oversees their financial and operational effectiveness against agreed business plans and the annual budget.

**Remuneration Committee** (Remco): considers the remuneration of the Executive Team (see page 21) and overall pay policy of the charity.

**Service Delivery Committee** (Sedco): monitors the strategic and operational performance of the service delivery activities of Blue Cross, against the agreed business delivery plan and encourages innovation and continuous improvement.

**The Investment Sub Committee** (ISC) is a sub-committee that reports direct to Fisco and meets quarterly with our investment managers to review investment performance and ensure investments are held in accordance with Blue Cross's ethical investment policy.

Membership of these committees and sub-committee at 31 December 2016 is shown below:

Zair Berry FCA: Comco, Fisco, ISC  
Catherine Brown: Comco, Fisco (Chairman), ISC (Chairman)  
Amy Clarke: Comco, Fisco, ISC  
Clive Everest FCA: Audit, Fisco, ISC  
Professor Anthony Forster FHEA FRSA AcSS: Audit, Remco, Sedco  
Vicky Hemming: Fisco, Remco  
Dr Tim Hutton MRCVS: Audit, Sedco  
Tim Porter FCA: Chairman of the Board  
The Hon Henrietta Roper-Curzon: Comco, Fisco, Remco  
Rt Rev David Rossdale: Audit, Fisco, ISC  
Colonel Neil C Smith MRCVS: Audit, Sedco (Chairman)  
Dr Jeremy Stewart MRCVS: Comco, Sedco  
Stephen Swift: Comco (Chairman), Fisco, Remco (Chairman)  
Deirdre Walker: Audit (Chairman), Sedco

Nico Lutkins was appointed a Trustee on 30 March 2017.

As Chairman of the Board of Trustees, Tim Porter is an ex-officio Member of all committees. Any expenses reclaimed from the charity by Trustees are set out in note 6 to the accounts.

## Membership

On 31 December 2016 there were 59 Members of Blue Cross entitled to vote at the AGM. Admission to Membership requires approval of the Trustees.

## Statement of Trustees' responsibilities

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 basis of going concern 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.

## Executive Team

The Trustees delegate responsibility for the day to day management of the charity to the Chief Executive and the Executive Team who also attend Board and Committee meetings as required. The Executive Team 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 Executive Team at 31 December 2016 were as follows:

Chief Executive: Sally de la Bedoyere  
Deputy Chief Executive/Chief Operating Officer: Steve Goody  
Director of Clinical Services: David Catlow (appointed 29 March 2016)  
Director of Finance and Resources: Huw Davies (resigned 10 February 2017)  
Director of Fundraising, Marketing and Communications: Julia McKechnie-Burke (appointed 1 April 2016)  
Director of People and Development: Rachel Briggs  
Director of Rehoming Services: Mandy Jones (appointed 29 March 2016)  
Director of Strategic Business Planning: Kelly Grellier (appointed 18 April 2016)





### Directorate restructure

We undertook a restructure in some directorates in 2016, following agreement the previous year between the Trustees and Executive Team to ensure each directorate has a specific focus on enabling key decisions to be made quickly, and help teams to implement key projects more effectively.

Our new structure is designed to ensure service growth is coordinated across the country, resources are shared to save significant costs, donations are maximised and spending is not duplicated.

### Risk management

Responsibility for risk management lies with the Executive Team. The system of internal control seeks to identify and prioritise the risks to Blue Cross's aims and objectives, to evaluate their likelihood of occurrence and potential impact, and to manage them efficiently and effectively. This identification and assessment of key risks is determined by reference to our strategic and business plans to ensure that our risk management processes are focussed on the areas of greatest impact and importance.

Through a structured approach, the Executive Team regularly reviews our internal processes and controls to ensure that they are appropriate and give assurance that the organisation is being efficiently and effectively managed as it develops. This review is assisted by the work of our internal auditor and the comments made by our external auditors in their management letters and other reports. The results of these reviews and appropriate recommendations are regularly reported to and discussed by the Audit Committee and Board.

Following successful recruitment of the new role of Head of Risk and Business Continuity, this has enabled us to review our risk management policy and framework and work will continue in 2017 to fully embed our robust strategy. This will be linked with our internal audit assurance framework to guide and focus our assurance activities. We have a formal whistleblowing policy and procedure in place.

### Principal risks and uncertainties

As with any charity that is wholly dependent on voluntary income the principal risks and uncertainties for Blue Cross are centred on the continuity of the income stream. It is the lifeblood that enables us to move closer to our vision of every pet enjoying a healthy life in a happy home.

#### External risks

Externally, the key risks relate to anything that might damage the reputation of Blue Cross and cause a loss of supporter confidence and thus reduced income.

### Income streams

To mitigate the income risk the charity is seeking to diversify its income streams to give greater resilience and reduce the reliance on traditional income sources. The development of our shop portfolio over the last few years is part of a long term strategy to raise the profile of the organisation in more communities than have traditionally been reached by the rehoming centres and hospitals. Alongside raising our profile, the income received as the portfolio matures and set up costs are absorbed will reduce the reliance on legacy income, the timing of which is, by its nature, less predictable. While the long term aim is to continue to grow legacy income, the intention is that it becomes a smaller percentage of total income.

### Political environment

The current political uncertainty surrounding the UK's revocation of its membership of the European Union is causing the potential for greater volatility in the investment markets. The Trustees are mindful of the additional risk that this uncertainty poses to the investment portfolio. Uncertainty also means that personal finances are likely to be stretched, and as a result, the public may donate less money to the charity sector. A large proportion of vets in practice in the charity sector have qualified at overseas universities and any changes to visa requirements could have a detrimental impact on our ability to recruit EU qualified veterinary staff.

### Internal risks

Internally there are two high level risks that have the potential to have a serious impact on the charity.

### Loss of sites or services

There is the impact of any serious incident that results in the loss or cessation of sites and services. This risk is mitigated by good site and service design and sound management allied to good staff training and well developed operating procedures, which underpins the Service Delivery Development Programme. We have in place disaster and business recovery plans for key sites and activities.

### Reliance on our people

The second internal risk is the impact of reduced motivation and morale of the workforce, both paid and volunteer. The charity continues to make significant investments in training its people with the explicit intention of providing an engaged, motivated and valued workforce. Building skills, maintaining motivation and morale is vital.







# Policies and standards

## Remuneration Committee report

### Composition and role

The Remuneration Committee met three times in 2016. Its members are the Chairman, four Trustees, as well as the Chief Executive and the Director of People and Development, who are not present when their performance and remuneration are discussed. No other executives attend the committee.

The objectives of the committee are to:

- review and recommend the remuneration of the Chief Executive and the Executive Team
- review and approve Blue Cross's overall pay policy
- conduct the Chief Executive's annual review and set their objectives for the forthcoming year
- review and approve any proposed termination payment proposals to be made

All recommendations made by the committee must then be approved by the Board.

### Remuneration policy

Blue Cross is committed to ensuring that our Executive Team and employees are paid fairly and in a way that attracts and recruits people with the right skills to have the greatest impact in delivering our charitable objectives.

In assessing remuneration levels the committee considers the following factors:

- Inflation – keeping pay levels in line with movements in the cost of living
- Market forces – making sure pay levels are set so that they are compatible with the recruitment and retention objectives applicable to the role under consideration
- Merit increases – benchmarking such increases in terms of amount and justification, ie, performance and achievement and delivery against agreed objectives

- Increased responsibility – accommodating real changes in responsibility
- Affordability – ensuring Blue Cross has the financial resources to afford the proposed remuneration

The objective of this policy is to ensure that the Chief Executive, Executive Team and employees are provided with appropriate remuneration to encourage optimum performance and are rewarded in a fair and responsible manner for their individual contributions to the overall success of Blue Cross.

Each year the Chief Executive and the Executive Team participate in performance appraisals, as part of the same feedback and appraisal scheme operated for all Blue Cross employees.

The remuneration of the Chief Executive and Executive Team is reviewed annually and an independent consultant conducts a comparability review with proposals for each role for the forthcoming year. Blue Cross aims to pay the voluntary sector median salary for its senior executives. In 2016 the total Executive Team remuneration represented 101.9 per cent (2015 – 101.7 per cent) of the voluntary sector median for their specific roles.

As disclosed, Blue Cross has completed job evaluation and commenced salary benchmarking exercises during the year. In approving pay levels for 2017, the committee continues to recognise that increases must be affordable so that Blue Cross has sufficient funds available for its key strategic priorities. Cost of living and any additional increases will be applied where applicable within new pay ranges, which have been established for each role. For example, where someone is significantly below their pay range they may receive cost of living plus an additional increase. Where an individual is at the top of their pay range they may not receive cost of living or an increase. The ratio of remuneration of the highest paid employee (£120,000) to the average remuneration of employees (£21,523) was 5.58 times (2015 5.8 to 1).

A total amount of £161,389 was provided in relation to termination payments for 12 employees. Of this, £19,554 was outstanding at the end of the year. This was approved by the Remuneration Committee.

In framing the remuneration policy, the committee has fully considered the recommendations of the annual survey of the Association of Chief Executives of Voluntary Organisations (ACEVO) and the National Council of Voluntary Organisations (NCVO) report of April 2014 into charity senior executive pay and guidance for Trustees in setting remuneration.

### Remuneration of Executive Team

Remuneration of the Executive Team comprises:

- 1 Annual salary. Based on the voluntary sector median market pay levels, an annual independent survey of voluntary organisations, and also reflecting the individual's performance and experience in their specific role.
- 2 Car allowance. An annual car allowance of £5,000 is provided for those not provided with a vehicle by the charity.
- 3 Life assurance. Blue Cross covers all employees for death in service at a level of four times salary.
- 4 Pension. Blue Cross offers a pension arrangement for all employees and provides an employer's contribution of up to 10 per cent of salary matched by an employee contribution of up to five per cent.
- 5 Permanent health. Blue Cross provides a scheme to enable employees to receive continuity of salary in the event of long term illness.

The above life assurance, pension and permanent health benefits are available to all Blue Cross employees at exactly the same levels.

## Fundraising standards

Restoring public trust in charity fundraising is vital and it is extremely important to demonstrate our transparency and impact. We have been active in discussions with the Fundraising Regulator on its proposals for the charity sector and fully support the intentions of the Regulator to improve fundraising standards and public trust. These are the fundraising standards that Blue Cross operates.

### Open and accountable fundraising

Blue Cross is committed to treating our supporters

\*From over 5.5m individuals contacted directly in 2016.

with the highest respect and we do all we can to earn and retain their trust. We ensure personal details and donations are kept secure and comply fully with all relevant regulations including the Data Protection Act 1998, the Privacy and Electronic Communications Regulations 2003 and the Telephone Preference Service. In line with our Supporter Charter, we will never sell or share our supporters' data.

### Communicating with our supporters

We seek to keep our supporters updated about our news and the positive impact on pet welfare we are making thanks to their donations by communicating using their preferred contact method, where known. We do not undertake any form of fundraising which we believe a person might find to be an uncomfortable experience.

### Complying with fundraising laws, regulation and recognised standards

Blue Cross is a member of the Institute of Fundraising and actively supports the Fundraising Regulator; we seek to comply fully with their codes of practice. We also do our very best to make sure that the ways we fundraise meet our own organisational values, which include being compassionate, responsible and acting with integrity in everything we do.

### Protecting vulnerable people

Blue Cross is sensitive to fundraising from vulnerable individuals and our employees, volunteers and partners adhere to the Institute of Fundraising's code of practice for vulnerable people. When we become aware that we are dealing with a vulnerable person, we will take all reasonable steps to allow for any difficulties that they may have.

### Complaints and negative feedback

We welcome all feedback and listen to it, taking action whenever and wherever appropriate. In 2016 we received 107 fundraising complaints\*; a 72 per cent decrease since 2015. We treat all complaints seriously, investigate them fully and respond promptly.

### Working with partner agencies

Blue Cross works with approved fundraising partners to recruit new supporters and raise awareness about our work. As representatives of the charity, all our fundraisers are carefully selected and go through a rigorous recruitment process. We also ensure they



# Independent auditor's report

## Policies and standards continued

receive ongoing training, development and careful monitoring. It is incredibly important to us that our fundraisers act as knowledgeable ambassadors for Blue Cross, as well as behaving professionally and courteously.

Our full supporter charter, complaints procedure and fundraising policies can be read on our website:  
[bluecross.org.uk/supportercharter](http://bluecross.org.uk/supportercharter)

### 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, 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.

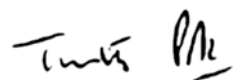
We work towards four broad objectives that we consider to encompass best practice:

- 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 acted as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

The Trustees' Report and Strategic Report were approved by the Trustees in their capacity as directors of the company on 30 March 2017 and are signed on their behalf by



Tim Porter, FCA, Chairman

### 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](http://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 2016 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' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Trustees' report has been prepared in accordance with applicable legal requirements. Based on our knowledge and understanding of the charity and its environment obtained during the course of the audit we have identified no material misstatements in the Trustees' report.

### 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: 7 April 2017

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

for the year ended 31 December 2016

	Unrestricted Funds £'000	Restricted Funds £'000	2016 Total £'000	Unrestricted Funds £'000	Restricted Funds £'000	2015 Total £'000
<b>Income and endowments from:</b>						
Donations and Legacies	24,225	3,647	27,872	24,185	3,122	27,307
Charitable activities	2,115	12	2,127	1,733	21	1,754
Other trading activities	4,520	-	4,520	4,273	-	4,273
Investment income	775	-	775	824	-	824
<b>Total income</b>	1 31,635	3,659	35,294	31,015	3,143	34,158
<b>Expenditure on:</b>						
Charitable activities						
Clinical	8,453	2,001	10,454	9,171	1,189	10,360
Rehoming	9,249	1,584	10,833	8,804	1,437	10,241
Raising awareness	4,375	-	4,375	5,385	-	5,385
Advice and support	1,046	-	1,046	953	-	953
Raising funds	5,324	-	5,324	7,033	-	7,033
Other trading activities	5,603	-	5,603	5,645	-	5,645
<b>Total Expenditure</b>	2 34,050	3,585	37,635	36,991	2,626	39,617
Net gains on investment assets	9 3,387	-	3,387	58	-	58
<b>Net Income/(Expenditure) before transfers</b>	972	74	1,046	(5,918)	517	(5,401)
Transfers between funds	15 925	(925)	-	671	(671)	-
<b>Net movement in funds for the year</b>	1,897	(851)	1,046	(5,247)	(154)	(5,401)
<b>Reconciliation of funds</b>						
Funds brought forward at 1 January 2016	57,870	1,727	59,597	63,117	1,881	64,998
<b>Funds carried forward at 31 December 2016</b>	15 59,767	876	60,643	57,870	1,727	59,597

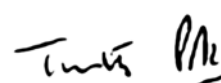
All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 16 to the financial statements.

## Consolidated balance sheet

for the year ended 31 December 2016

	Consolidated		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
<b>Fixed assets</b>				
Tangible assets	8 23,384	23,220	23,384	23,220
Investments	9 30,808	27,542	30,808	27,542
	54,192	50,762	54,192	50,762
<b>Current assets</b>				
Stocks	10 170	155	114	117
Debtors	11 13,282	11,273	13,544	11,595
Cash at bank and in hand	5,905	2,548	5,681	2,251
	19,357	13,976	19,339	13,963
<b>Liabilities</b>				
Short term loan	12 -	(2,004)	-	(2,004)
Creditors: Amounts falling due within one year	13 (2,906)	(3,137)	(2,888)	(3,124)
<b>Net current assets</b>	16,451	8,835	16,451	8,835
Long term loan	14 (10,000)	-	(10,000)	-
<b>Net assets</b>	15 60,643	59,597	60,643	59,597
Restricted funds	16 876	1,727	876	1,727
Unrestricted funds	16 59,767	57,870	59,767	57,870
<b>Total funds</b>	60,643	59,597	60,643	59,597

Approved by the Trustees on 30 March 2017 and signed on their behalf by



Tim Porter FCA  
Chairman



Stephen Swift  
Vice Chairman

Company number 363197

The notes on pages 31 to 44 form part of these accounts.



## Statement of cash flows

for the year ended 31 December 2016

	2016 £'000	2015 £'000	
<b>Cash flows from operating activities:</b>			
Net Cash provided by (used in) operating activities	(3,519)	(6,632)	Table A
<b>Cash flows from Investing activities:</b>			
Investment income	775	824	
Purchase of fixed assets	(2,016)	(6,030)	
Purchase of investments	(4,637)	(4,645)	
Sale of investments	4,758	9,570	
<b>Net cash from investing activities</b>	<b>(1,120)</b>	<b>(281)</b>	
<b>Cash flows from financing activities:</b>			
Cash inflows from new borrowing	7,996	2,004	
<b>Net cash provided by financing activities</b>	<b>7,996</b>	<b>2,004</b>	
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>3,357</b>	<b>(4,909)</b>	
Cash and cash equivalents at beginning of year	2,548	7,457	
<b>Cash and cash equivalents at end of year</b>	<b>5,905</b>	<b>2,548</b>	Table B

<b>Table A</b>	2016 £'000	2015 £'000
<b>Net Income (expenditure) for financial year</b>	1,046	(5,401)

### Adjustments for:

Depreciation of property, plant and equipment	1,851	1,522
Gains on investments	(3,387)	(58)
Dividends, Interest and rents from investments	(775)	(824)
Loss on disposal of fixed assets	1	18
Increase in stocks	(15)	(6)
Increase in debtors	(2,009)	(2,171)
(Decrease)/increase in creditors	(231)	288
<b>Net cash used in operating activities</b>	<b>(3,519)</b>	<b>(6,632)</b>

<b>Table B</b>	2016 £'000	2015 £'000
Cash in hand	5,905	2,548
<b>Total cash and cash equivalents</b>	<b>5,905</b>	<b>2,548</b>

## Notes to the financial statements

for the year ended 31 December 2016

### 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 on the Going Concern basis, 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 (FRS102), applicable accounting standards, the Companies Act 2006, and the Charities and Trustee Investment (Scotland) Act 2005.

#### b Income

All income is recognised when the charity is entitled to the income, it is probable that income will be received and the amount can be measured reliably. Specific policies for certain types of income are as follows:

- 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 and includes any associated donations
- The policy for legacy income is shown in note c below

#### c Legacies

Incoming resources are included gross in the statement of financial activities 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. 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. This rate is based on historical rates of actual receipts.

Blue Cross is also entitled to receive income from approximately another 124 estates (2015 120), which are subject to life tenancies, trust funds and which mainly comprise shares in properties and investments. As Blue Cross interest is reversionary, income from these estates is not recognised at this stage.

Blue Cross maintains a legacy pipeline system, which in addition to including the above includes further estimated legacy values that do not meet the recognition criteria, and which therefore have not been included in these accounts.



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 properties is not depreciated but is tested for impairment.

Freehold properties - hospitals and administration	50 years
Freehold properties - 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 bid price at the balance sheet date, except for investments in subsidiaries which are valued at cost. The gain or loss for the period is taken to the statement of financial activities.

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 statement of financial activities 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.

Dilapidations have been calculated on properties where the lease has or is about to expire.

Irrecoverable VAT is included in relevant expense categories.

i Expenditure (continued)

The support cost of management and administration of the charity (including governance costs), 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:

	2016 %	2015 %
Cost of generating funds	8.16	8.01
Service Delivery:		
Clinical	28.78	29.39
Rehoming	39.44	38.55
Raising awareness	4.18	3.45
Blue Cross shops	16.24	17.17
Advice and support	2.74	2.81
Governance Costs	0.46	0.62
	100.00	100.00

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 statement of financial activities 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 Financial Instruments

Blue Cross only holds basic financial instruments. Investments are measured at fair value and shown in note 9 to the accounts. Financial instruments held within current assets and current liabilities are measured at the cash expected to be paid or received which is considered to be amortised cost and is shown in notes 11, 12 and 13. The bank loan is measured at the value drawn and any associated costs have been taken to the statement of financial activities.



## 1 Total Income

	2016 £'000	2015 £'000
<b>Donations and legacies</b>		
Donations and gifts	8,880	9,495
Legacies received	18,458	17,356
Raffle and sponsorship	534	456
	<b>27,872</b>	<b>27,307</b>
<b>Charitable activities</b>		
Clinical	1,221	1,005
Rehoming	876	749
Advice and support	30	-
	<b>2,127</b>	<b>1,754</b>
<b>Other trading activities</b>		
Income from Blue Cross shops	4,018	3,750
Income from trading subsidiaries	502	523
	<b>4,520</b>	<b>4,273</b>
<b>Investment income</b>		
Investment income received & receivable	757	814
Interest received & receivable	18	10
	<b>775</b>	<b>824</b>
<b>Total incoming resources</b>	<b>35,294</b>	<b>34,158</b>



## 2 Total Expenditure

	Generating voluntary income £'000	Blue Cross shops £'000	Clinical £'000	Rehoming £'000	Raising awareness £'000	Advice and support £'000	Governance £'000	Support costs £'000	Group 2016 Total £'000	Group 2015 Total £'000
Staff costs (note 6)	1,543	2,041	6,218	5,467	956	651	50	3,142	<b>20,068</b>	19,200
Other staff related costs	30	49	102	79	26	9	2	246	<b>543</b>	522
Service delivery	-	-	1,340	1,277	-	-	-	-	<b>2,617</b>	2,529
PR and marketing	2,847	20	1	9	2,985	71	-	24	<b>5,957</b>	9,017
Trading costs	-	184	-	-	-	-	-	-	<b>184</b>	167
Property	2	1,726	299	706	15	15	-	215	<b>2,978</b>	2,974
Equipment and IT	133	55	130	140	32	4	-	873	<b>1,367</b>	1,262
Depreciation	-	208	-	-	-	-	-	1,629	<b>1,837</b>	1,522
Transportation costs	35	115	90	266	45	57	2	148	<b>758</b>	1,120
Other operating costs	164	71	39	94	24	48	23	598	<b>1,061</b>	1,118
Grants	-	-	225	40	-	-	-	-	<b>265</b>	186
<b>Total</b>	<b>4,754</b>	<b>4,469</b>	<b>8,444</b>	<b>8,078</b>	<b>4,083</b>	<b>855</b>	<b>77</b>	<b>6,875</b>	<b>37,635</b>	39,617
Governance Reallocation	6	13	22	31	3	2	(77)	-	-	-
Support costs reallocation	564	1,121	1,988	2,724	289	189	-	(6,875)	-	-
<b>Total</b>	<b>5,324</b>	<b>5,603</b>	<b>10,454</b>	<b>10,833</b>	<b>4,375</b>	<b>1,046</b>	<b>-</b>	<b>-</b>	<b>37,635</b>	39,617
Total 2015	7,033	5,645	10,360	10,241	5,385	953	-	-	-	39,617

Governance costs and support costs are allocated on a fulltime equivalent headcount basis.

## Total Expenditure for the year

	2016 £'000	2015 £'000
Total expenditure for the year is stated after charging:		
Depreciation	<b>1,851</b>	1,522
External auditor's remuneration:		
Audit	<b>35</b>	39
Other assurance and taxation services	<b>12</b>	3
Operating Lease Rentals	<b>1,583</b>	1,557



### 3 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. 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 (which closed in November 2016) and at a number of events throughout the UK. Net taxable profits are transferred to Blue Cross by way of gift. A summary of the trading results is shown in note 5.

### 4 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 5.

### 5 Subsidiary Companies Results

A summary of the trading results for Blue Cross Trading Company Limited (Company number: 2203092) and Blue Cross (D&B) Company Limited (Company number: 4879277) are shown below:

Profit and Loss Account	Blue Cross Trading Company Limited	
	2016 £'000	2015 £'000
Turnover	502	523
Cost of Sales	(185)	(190)
<b>Operating profit</b>	<b>317</b>	<b>333</b>
Administrative Expenses	(50)	(27)
Management charge from Blue Cross	(33)	(33)
<b>Profit on ordinary activities</b>	<b>234</b>	<b>273</b>
Tax on profit on ordinary activities	-	-
<b>Profit on ordinary activities after taxation</b>	<b>234</b>	<b>273</b>
Gifted to Blue Cross	(234)	(273)
Retained (Loss) brought forward	-	-
Retained Profit / (Loss) carried	-	-
<b>Total assets</b>	<b>322</b>	<b>386</b>
<b>Total liabilities</b>	<b>(322)</b>	<b>(386)</b>
<b>Total funds</b>	<b>-</b>	<b>-</b>

Blue Cross (D&B) had no transactions in 2016 or 2015.

Total gross income for the parent entity during the year was £35,059,000 (2015 - £33,635,000).

### 6 Staff costs

	2016 Group £'000	2015 Group £'000
Wages and salaries	16,888	16,091
Social security costs	1,495	1,418
Pension contributions	1,116	1,058
	<b>19,499</b>	<b>18,567</b>
Other staff costs	567	633
	<b>20,066</b>	<b>19,200</b>

A total amount of £161,389 was provided for in relation to termination payments for 12 employees. Of this £19,554 was outstanding at the end of the year. These were approved by the Remuneration Committee.

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:

	2016 Group Average	2015 Group Average	2016 Group FTE	2015 Group FTE
Generating voluntary income	57	55	52	50
Raising awareness	28	23	27	22
Blue Cross shops	152	159	104	108
Clinical	225	232	183	185
Rehoming	292	276	251	243
Advice and support	21	22	17	18
Governance	3	4	3	4
	<b>778</b>	<b>771</b>	<b>637</b>	<b>630</b>

The Executive Team, as defined in the Trustee Report, received total remuneration excluding pension contributions of £787,310 (2015-£674,438). This increase reflects a reorganisation of the Executive Team with two executives leaving the charity and two new executive roles created from April 2016.

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

	2016 £'000	2015 £'000
£60,001 - £70,000	3	4
£70,001 - £80,000	2	3
£80,001 - £90,000	3	1
£90,001 - £100,000	2	2
£120,001 - £130,000	1*	1*

\*Denotes Chief Executive.

Contributions made in the year for the provision of money purchase pension schemes totalled £81,837 for those eleven employees (2015 - £60,515 for eleven employees).



## 6 Staff costs (continued)

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

Travelling and subsistence expenses were reimbursed to nine Trustees and amounted to £9,321 (2015 - six Trustees £3,512).

During the year, Trustees donated £3,180 to Blue Cross.

Trustee Indemnity Insurance was provided in the year at a total cost of £2,497 to the charity (2015 - £2,417).

During 2016 our Volunteer Team expanded to over 4,200 (2015 - over 3,500) volunteers together contributing 455,550 hours (2015 - over 409,000) to the charity. Volunteers continue to play a vital part in the delivery of our Re-homing, Clinical, Education and PBSS Services; as well as supporting our retail operations, fundraising activities and support teams.

## 7 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 to charitable purposes.

Blue Cross Trading Company Limited makes qualifying donations of taxable profits to Blue Cross. No corporation tax liability arose in the year.



## 8 Tangible fixed assets

Group	Freehold land and buildings £'000	Leasehold improvement £'000	Equipment £'000	Motor Vehicles £'000	Computers £'000	Assets under construction £'000	Total £'000
<b>Cost</b>							
At 1 January 2016	28,701	1,270	1,078	146	1,753	4,725	37,673
Additions	117	38	60	4	205	1,592	2,016
Disposals	-	-	(28)	-	-	-	(28)
Transfers	4,770	-	-	-	-	(4,770)	-
<b>At 31 December 2016</b>	<b>33,588</b>	<b>1,308</b>	<b>1,110</b>	<b>150</b>	<b>1,958</b>	<b>1,547</b>	<b>39,661</b>
<b>Depreciation</b>							
At 1 January 2016	12,070	815	655	117	796	-	14,453
Charge for the year	1,103	198	168	20	362	-	1,851
Disposals	-	-	(27)	-	-	-	(27)
<b>At 31 December 2016</b>	<b>13,173</b>	<b>1,013</b>	<b>796</b>	<b>137</b>	<b>1,158</b>	<b>-</b>	<b>16,277</b>
<b>Net Book Value</b>							
<b>At 31 December 2016</b>	<b>20,415</b>	<b>295</b>	<b>314</b>	<b>13</b>	<b>800</b>	<b>1,547</b>	<b>23,384</b>
Net Book Value At 31 December 2015	16,631	455	423	29	957	4,725	23,220
<b>Charity</b>							
Charity	Freehold land and buildings £'000	Leasehold improvement £'000	Equipment £'000	Motor Vehicles £'000	Computers £'000	Assets under construction £'000	Total £'000
<b>Cost</b>							
At 1 January 2016	28,701	1,270	1,051	146	1,753	4,725	37,646
Additions	117	38	59	4	205	1,592	2,015
Disposals	-	-	-	-	-	-	-
Transfers	4,770	-	-	-	-	(4,770)	-
<b>At 31 December 2016</b>	<b>33,588</b>	<b>1,308</b>	<b>1,110</b>	<b>150</b>	<b>1,958</b>	<b>1,547</b>	<b>39,661</b>
<b>Depreciation</b>							
At 1 January 2016	12,070	815	628	117	796	-	14,426
Charge for the year	1,103	198	168	20	362	-	1,851
Disposals	-	-	-	-	-	-	-
<b>At 31 December 2016</b>	<b>13,173</b>	<b>1,013</b>	<b>796</b>	<b>137</b>	<b>1,158</b>	<b>-</b>	<b>16,277</b>
<b>Net Book Value</b>							
<b>At 31 December 2016</b>	<b>20,415</b>	<b>295</b>	<b>314</b>	<b>13</b>	<b>800</b>	<b>1,547</b>	<b>23,384</b>
Net Book Value At 31 December 2015	16,631	455	423	29	957	4,725	23,220

Assets under construction relate to the build projects at Burford (2015 - Suffolk and Burford).

## 9 Fixed asset investments

	Group and Charity 2016 £'000	Group and Charity 2015 £'000
Market value at 1 January 2016	27,542	32,409
Disposals at brought forward market value	(4,916)	(9,681)
Acquisitions at cost	4,637	4,645
Unrealised gains on revaluation	3,545	169
<b>Market value at 31 December 2016</b>	<b>30,808</b>	<b>27,542</b>

The above investments consist of:

	UK	Non-UK	2016 £'000	2015 £'000
Fixed Interest securities	2,432	547	2,979	2,386
Other listed shares and securities	13,516	14,313	27,829	25,156
Investments in subsidiary undertakings	-	-	-	-
	15,948	14,860	30,808	27,542
Historical cost as at 31 December 2016			23,345	23,595

## 10 Stocks

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Veterinary drugs for charitable purposes	114	117	114	117
Goods for resale	56	38	-	-
	170	155	114	117

## 11 Debtors

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Income Tax Recoverable	208	117	208	117
Trade debtors	12	10	12	10
Amounts owed by group undertakings			292	356
Legacy debtors	11,606	9,689	11,606	9,689
Other debtors	502	482	500	499
Prepayments and accrued income	914	915	886	864
Loan to The Irish Blue Cross	40	60	40	60
	13,282	11,273	13,544	11,595

At the balance sheet date a loan of £40,000 (2015 - £60,000) was outstanding to The Irish Blue Cross, a registered charity in Eire. 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.

## 12 Short term loan

The loan of £2,004,000 in 2015 was a short term loan secured on the investment portfolio, which was repaid in May 2016.

## 13 Creditors: amounts falling due within one year

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Trade creditors	1,309	1,662	1,301	1,653
Social security and other taxes	381	360	381	360
Other creditors	282	372	282	372
Accruals and deferred income	934	743	924	739
	2,906	3,137	2,888	3,124

## 14 Long term loan

During 2016 a long term loan of £10m linked to Libor was taken out secured on the Victoria Properties. This is repayable over five years, the first payment of £2m due in 2019, second of £3m in 2020 with the remaining £5m in 2021.

## 15 Analysis of net assets between funds

	Restricted £'000	Unrestricted £'000	Total funds £'000
Tangible fixed assets	-	23,384	23,384
Investments	204	30,604	30,808
Net current assets	672	5,779	6,451
<b>Net assets at the end of the year</b>	<b>876</b>	<b>59,767</b>	<b>60,643</b>

## 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 the use at the centres named below.

	At 1 January 2016 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains £'000	At 31 December 2016 £'000
<b>Restricted funds:</b>						
<i>With transactions above £250k:</i>						
Burford capital	858	40	-	(898)	-	-
Burford running costs	-	417	(417)	-	-	-
Southampton running costs	-	335	(355)	-	-	-
Thirsk running costs	-	255	(255)	-	-	-
Victoria running costs	-	1,266	(1,266)	-	-	-
Other Restricted Funds	869	1,346	(1,312)	(27)	-	876
Total restricted funds	1,727	3,659	(3,585)	(925)	-	876
Unrestricted funds	57,870	31,635	(34,050)	925	3,387	59,767
<b>Total funds</b>	<b>59,597</b>	<b>35,294</b>	<b>(37,635)</b>	<b>-</b>	<b>3,387</b>	<b>60,643</b>



## 17 Related parties, subsidiary charities and welfare associates

### Related parties:

	2016 £'000	2015 £'000
The Irish Blue Cross		
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:

Zair Berry FCA  
The Hon Henrietta Roper-Curzon  
Colonel Neil C Smith MRCVS  
Stephen Swift

Other than the transactions with its subsidiaries, which are disclosed in note 5, and the above transactions with the Irish Blue Cross there have been no other related party transactions.

### Subsidiary Charities

The following charities are classified as subsidiary charities on the Charity Commission's Register and are included in the accounts and managed through the restricted reserves. In accordance with the provisions of the Charities Acts regarding small charities, the charity 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:

	2016 £'000	2015 £'000
The Mayflower Sanctuary		
Grant in the year	20	20

### Connected charity

Blue Cross is a member of Together for Animals (charity number 1102985) 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. Together for Animals co-ordinates 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 £1,116,103 (2015 - £1,057,515). 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 223 (2015 - 209) 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 £3.4m (2015 - £2.9m).

## 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:

	2016 £'000	2015 £'000
Contracted for but not provided for:		
Burford Refurbishment	695	-
Suffolk Project	-	320
	<b>695</b>	<b>320</b>

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

Expenditure planned over next five years but not contracted for:

	2016 £'000	2015 £'000
Clinical	805	760
Rehoming	4,882	13,209
Blue Cross shops	120	40
Infrastructure	2,880	2,860
<b>Total Planned Expenditure</b>	<b>8,687</b>	<b>16,869</b>

## 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 and several basis. The total value of indemnities given, but not provided in the accounts, outstanding at 31 December 2016 is £613,116 (2015 - £667,668).

## 23 Other financial commitments

At 31 December 2016 Blue Cross was committed to making the following payments under operating leases in future years:

Operating leases which expire:	Land and buildings £'000	Other £'000	2016 £'000	2015 £'000
Within 1 year	1,244	181	1,425	1,529
Within 2 to 5 years	3,550	208	3,758	4,300
More than 5 years	776	–	776	1,387
	5,570	389	5,959	7,216

## Reference and administrative details

for the year ended 31 December 2016

Company number: 363197  
Charity number in England and Wales: 224392  
Charity number in Scotland: SC040154

### Chief Executive Officer

Sally de la Bedoyere

### Registered office and operational address:

Shilton Road  
Burford  
Oxfordshire  
OX18 4PF

### Secretary

Huw Davies (resigned 7 February 2017)  
Adele Fuller (appointed 7 February 2017)

### Bankers

Barclays Bank plc  
Wytham Court  
11 West Way  
Oxford  
OX2 0JB

### Patron

His Grace the Duke of Westminster KG CB CVO OBE TD  
CD DL (died 9 August 2016)

### Solicitors

Bircham Dyson Bell LLP  
50 Broadway  
Westminster  
London  
SW1H 0BL

### Honorary Members

The Rt Hon Earl Cadogan DL  
Dr Andrew Edney MRCVS (died 2 March 2017)  
The Lord Kirkham CVO  
Mr and Mrs A Langton  
WJB Sneath  
Sir John Spurling KCVO OBE  
RT Vyner CBE

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

### Ambassadors

Pam Ferris  
Kris Glover (appointed 11 October 2016)

### External auditors

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

### 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:

Tim Porter FCA (Chairman)  
Zair Berry FCA  
Catherine Brown  
Amy Clarke  
Clive Everest FCA (appointed 22 September 2016)  
Professor Anthony Forster FHEA FRSA AcSS  
Kris Glover CABC (resigned 11 October 2016)  
Vicky Hemming  
Dr Tim Hutton MRCVS  
Andy Prebble (resigned 23 June 2016)  
The Hon Henrietta Roper-Curzon (Vice-Chairman)  
Rt Rev David Rosedale  
Colonel Neil C Smith MRCVS  
Dr Jeremy Stewart MRCVS  
Stephen Swift (Vice-Chairman)  
Deirdre Walker

### Investment managers

Rathbone Investment Management Limited  
1 Curzon Street  
London  
W1J 5FB





# Thank you to our donors

Blue Cross would like to give particular thanks to the following trusts, companies and individuals for their generous support throughout 2016

## Corporate Partners

Animal Friends Insurance Services Ltd  
CEVA Animal Health Ltd  
Mars Petcare UK  
National Veterinary Services Ltd  
Pet Plan Limited  
Pets at Home  
Support Adoption for Pets  
Tesco PLC  
The Telegraph  
Zoetis

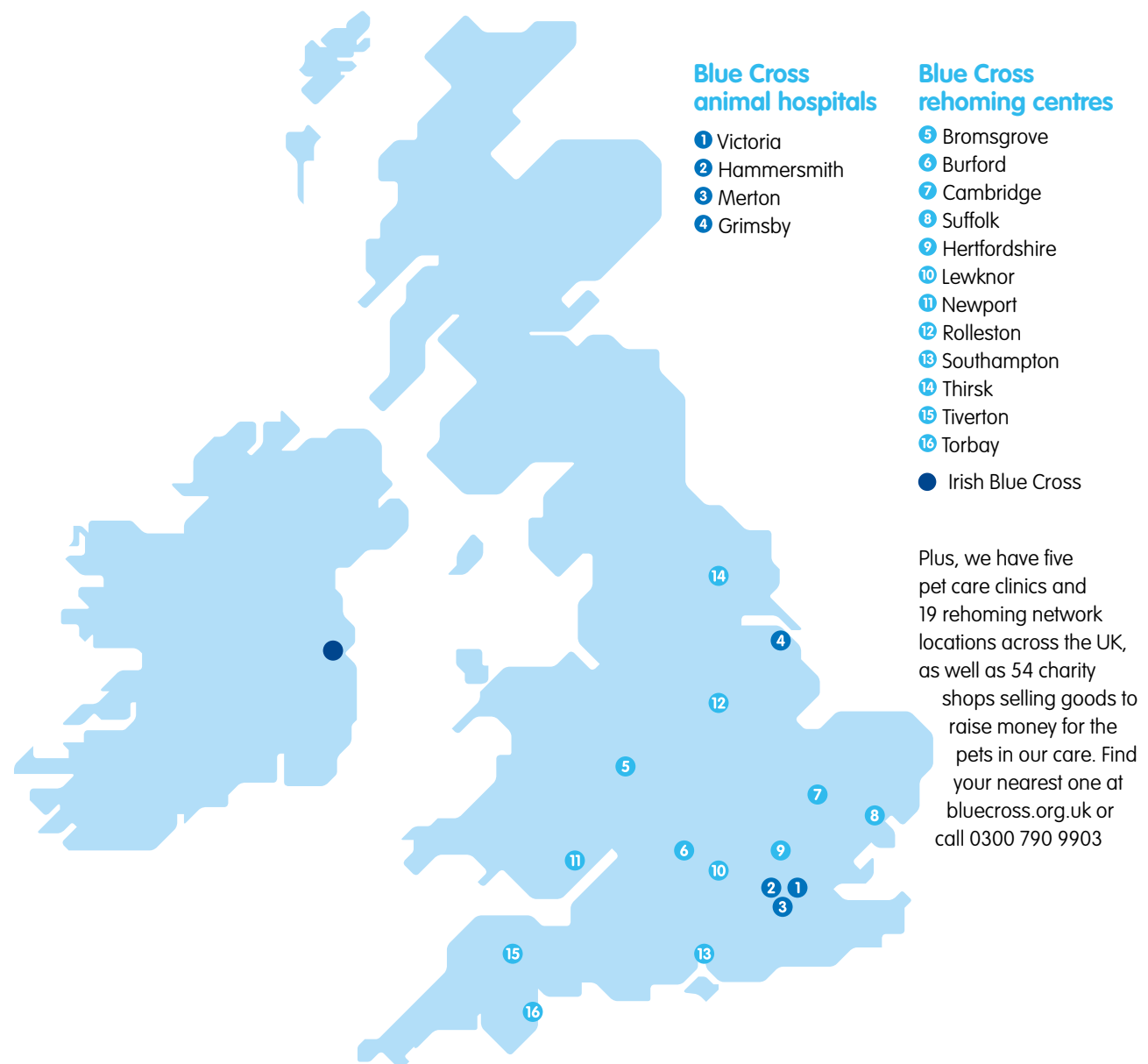
## Trusts and Foundations

The Sir Peter O'Sullivan Charitable Trust  
Lester John Desmond Discretionary Trust  
The MT & VL Wythe Charitable Trust for Animals

## Individuals

Kateryna and John Downer  
Michael Price  
Anne Stratton  
John Wright

# Find us



## Pet bereavement

"Oliver was extremely special to me," Marion Laurence recalls of her beloved collie cross, who passed away at the grand old age of 15 and a half. "When he died I needed help."

Marion turned to our Pet Bereavement Support Service, and now, 12 years on, is helping others cope with their grief. "The help I received from the helpline was brilliant," Marion continues. "I felt that someone truly understood what I was going through, and wanted to help others who were like me."







Blue Cross  
Shilton Road, Burford  
Oxon OX18 4PF

Tel: 0300 777 1897  
Fax: 0300 777 1601

Email: [info@bluecross.org.uk](mailto:info@bluecross.org.uk)  
Website: [bluecross.org.uk](http://bluecross.org.uk)

[facebook.com/  
thebluecrossUK](https://www.facebook.com/thebluecrossUK)



[twitter.com/  
The\\_Blue\\_Cross](https://twitter.com/The_Blue_Cross)



[youtube.com/  
thebluecrossUK](https://www.youtube.com/thebluecrossUK)

