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**Financial statements for
the year ended 31 March 2011**

NATIONAL ANIMAL WELFARE TRUST

**A charitable company limited by
guarantee and not having a share
capital**



**National Animal
Welfare Trust**

Charity No 1090499

Charity Information

Directors/Trustees	Nicholas Walters – Chairman Ms Heather Lamont – Honorary Treasurer Ms Diana Brown Nigel Holland Ms Jan Barlow Ms Laura Magee Ms Susan Francombe
Officers	David Warner – Chief Executive Officer
Secretary	David Warner
Company number	4251503
Charity number	1090499
Independent Auditors	Baker Tilly UK Audit LLP St Philips Point Temple Row Birmingham B2 5AF
Bankers	National Westminster Bank 80 Shenley Road Borehamwood Hertfordshire WD6 1DZ
Solicitors	Withers LLP 16 Old Bailey London EC4M 7EG
Investment Managers	Rensburg Sheppards 2 Gresham Street London EC2V 7QN
Business Address	Tylers Way Watford-by-pass Watford Hertfordshire WD25 8WT
Registered Office	Tylers Way Watford-by-pass Watford Hertfordshire WD25 8WT

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2011

Review of the Year and Plans for the Year Ahead

Introduction

The Trustees present their report and accounts for the year ended 31 March 2011, which have been prepared in accordance with the current statutory requirements and with the charity's governing document. This report and accounts follow the reporting requirements set out in SORP 2005.

What we do and where we work

The National Animal Welfare Trust's primary purpose is to rescue and re-home domestic animals and provide a place of sanctuary or retirement for animals of all types.

These activities are achieved through the work of our five animal rescue centres: London & Home Counties, based at Watford in Hertfordshire; Berkshire Centre based at Trindledown Farm near Newbury; Somerset Centre based at Heaven's Gate Farm, near Langport; our Cornish Centre, based at Hayle; and our voluntary branch centre based at a rented boarding kennels and cattery near Thurrock.

In addition to our rescue and re-homing centres the trust has a network of volunteer fundraisers who support our work. These volunteer fundraisers include some formally constituted groups (such as the Surrey Branch, the Bridgwater Supporters Group & Herts & Essex HULA) as well as individual fundraisers who are supported by our small Head Office team and Centre based staff.

2011 Year End Financial Summary

For the second year in succession the year ended 31 March 2011 was financially very challenging. We reported last year that *"... in March 2010 the Trustees approved a further deficit budget for April 2010 to March 2011, they are pleased to report that recent improvements in anticipated legacy receipts from notified estates means that this projected budget deficit has been removed, and that we should end the current financial year in a position that would not adversely impact on our free reserves."* Whilst our receipts from legacies were significantly higher than the budget figure, we over estimated the extent that the value of our investments would grow.

In addition we had a number of post year-end balance sheet adjustments which resulted in a reduction in the value of our fixed assets and an increase in our general funds; the overall impact of these being a net loss for the year of £470,414.

The Trustees are clear that action needs to be taken to improve our overall financial position and ensure that we can continue our work and live within our means. We have spent a considerable amount of time over the last year undertaking a detailed review and starting to map out a new strategy. This is a major piece of work for the year ahead.

Vision, Mission and Values

The review that we have been undertaking includes work on updating and developing our Vision, Mission and Values. The final outcome of this work is due to be completed during the second half of 2011.

Currently we define our Vision, Mission and Values as:

Vision

We are working towards a future when no animal is refused help, where every animal entering our care is found a suitable and loving home and whilst in our care all animals are looked after in line with our values.

As this ultimate vision is aspirational, we have also taken time to define an achievable and practical mission for the charity to set the framework within which the objects of the charity can be achieved.

Mission

Our Mission is to be one of the leading animal welfare and re-homing charities for the care and rehabilitation of animals.

Values

To achieve our Vision, and fulfil our Mission, the National Animal Welfare Trust has developed a set of values that will guide and underpin our work.

The fundamental principle of our approach to animal welfare is that no healthy animal will be destroyed.

Our non-destruction principle is underpinned by our wish to ensure that needs of the animals¹ we care for (as required by the Animal Welfare Act 2006) are fully met. These are:

- a) its need for a suitable environment,
- b) its need for a suitable diet,
- c) its need to exhibit normal behaviour patterns,
- d) any need it has to be housed with, or apart from, other animals, and
- e) its need to be protected from pain, suffering, injury and disease

Going beyond our statutory responsibilities, the Trust has developed a further set of values that we aspire to. The challenge is in ensuring these are a consistent feature of the work that we do, in both caring for animals and in our relationships with the public who benefit from our work, and provide the resources needed to fulfil our mission.

The National Animal Welfare Trust will be:

- Transparent and accountable – the Trust will strive to work in a way that is transparent and accountable to supporters, donors, beneficiaries and other stakeholders;
- Respectful – the Trust will treat all animals and humans with respect and dignity;
- Responsible – the Trust will promote responsible pet ownership and animal welfare, and has an expectation that the public who support our work by re-homing an animal will take proper responsibility for caring for that animal for the rest of its life;

The National Animal Welfare Trust will be run in such a way that it:

- Provides Value for Money – the Trust will ensure that every penny donated to us will be spent wisely and effectively;
- Is aspirational – the Trust will aspire to achieving best practice in all areas of its work;
- Attracts and retains high quality and committed staff and volunteers;
- Is compliant with the wide range of statutory responsibilities that control our work.

¹ In developing our Vision, Mission and Values the Trust chose not to define the word animal. The prime focus of our work is small domestic animals, but that there may be occasions when it is appropriate for us to take in another type of animal. This would then be decided on a case-by-case basis.

History

The Trust was formed in 1971 and has grown considerably since then, and was incorporated as a Charitable Company in 2001. It is now one of the top 2,000 charities (by incoming resources) in England & Wales, and one of the top 500 fundraising charities. As one of the top 10 animal rescue and re-homing charities in the UK, the Trust was a founder member of the Association of Dogs and Cats Homes (ADCH), which provides a regular forum for joint working and discussion on relevant matters.

Public Benefit

Providing *Public Benefit* is integral to our primary purpose as a charity: *"to rescue and re-home domestic animals and provide a place of sanctuary or retirement for animals of all types"*.

The Trustees believe that the achievements, activities and outcomes detailed below demonstrate how the trust fulfils the requirements of the Charities Act 2006 for each charity to articulate how it meets the public benefit test. In their guidance to charities the Charity Commission has identified two principles which must be met to demonstrate public benefit, these being: 1) There must be an identifiable benefit or benefits; 2) Benefit must be to the public, or a section of the public.

Fundamental to our work as a charity is that we provide benefit to the public by a) providing all sections of the community the opportunity to visit our centres and re-home a previously unwanted, abandoned or homeless animal – subject only to ensuring that there is an appropriate match between the needs of the animal and the individual circumstances of the re-homer; and b) providing all sections of the community the opportunity to hand over their companion animal into our care – subject only to the constraints imposed on us by our facilities (we don't have space to provide an instant response to every request for help), our resources (we don't have the financial resources to provide for every animal in need) and our ability to find a new home for the animal.

In addition to the public benefit provided through our primary purpose (as set out above) there are a number of additional ways in which we provide a benefit to the public and communities that we work in. These include:

- Staff at our Watford Centre working with the Police, local authorities and other welfare agencies as part of a multi-agency initiative to tackle dog related anti-social behaviour and improve animal welfare;
- At our Somerset Centre a partnership with a local charity supporting adults with serious learning difficulties provides volunteering and work experience opportunities;
- At our Watford Centre a partnership with a local mental health hospital is strengthening the bond between animals and humans;
- At our Berkshire Centre a team building day with Mars Drinks employees helping with painting and general maintenance.
- At all our Centres providing work experience and volunteering opportunities for people with special needs;

To the Trustees' best knowledge and belief the Trust has complied with the relevant requirements of the Charities Act 2006 regarding public benefit.

Animal Welfare and Veterinary Care

During the twelve months ending March 2011, the Trust:

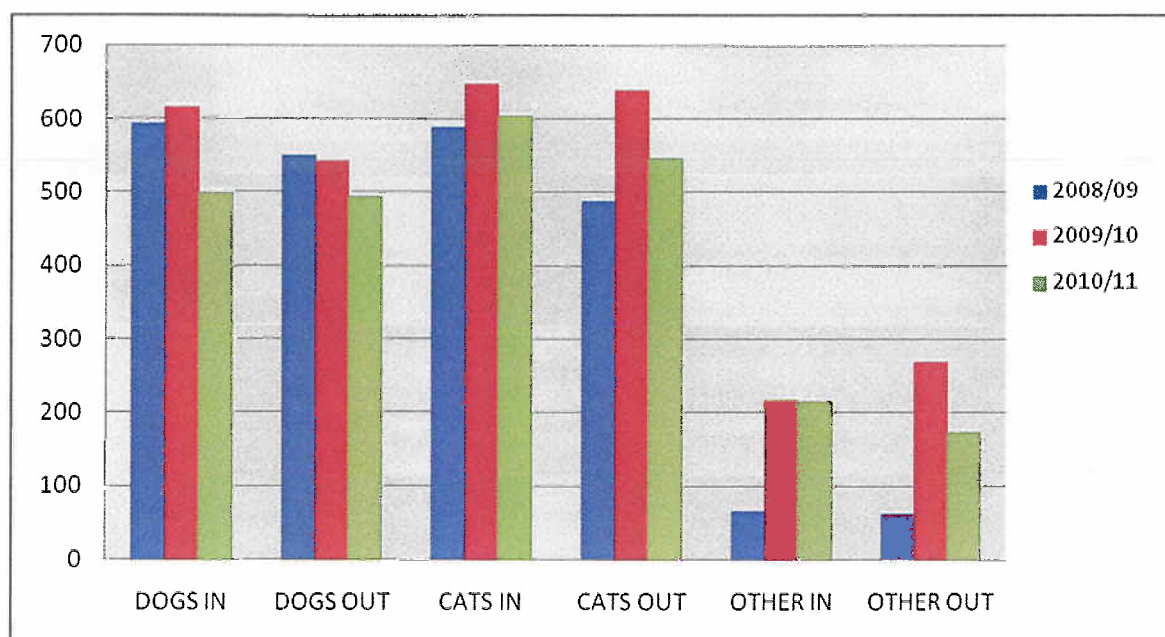
- Re-homed over 1,200 animals
- Received into our care over 1,300 animals
- Continued to care for over 500 animals every day

Sadly, over the last 12 months, we also lost 87 animals due to old age or ill-health, of which 66 were put to sleep on the advice of our veterinary staff.

Thanks to our experienced and committed animal care staff and volunteers the Trust has always had a justifiably high reputation for the quality of our animal care work. Our overriding objective remains to ensure that this quality is continued and, where possible, enhanced.

The Trust is home to a wide variety of animals, primarily dogs and cats, but also farm animals, horses and donkeys, ducks, poultry, and small domestic pets too.

The graph below shows the flow through of animals, across the organisation, over the last three years.



Our Operations Director and Veterinary Director keep under review all aspects of our animal welfare work and veterinary care.

The developments over the last 12 months include:

- Establishing an on-going programme of moving animals between centres to suit their needs and improve homings;
- Introducing new animal welfare policies including: Correction Collars and Slip Leads, E-Coli & Zoonosis
- Success in re-homing longer term dogs and cats
- Establishment of minimum veterinary standards
- Increasing intake and homings of elderly dogs at Trindledown
- Insulating the kennels at Watford to provide better animal accommodation
- Refurbishing a decommissioned kennel block at Watford into an indoor training and meeting area thanks to a grant from the Pedigree Adoption Drive.

As these examples show the Trust goes that extra mile to give all animals entering its care a chance of leading a normal life and finding forever homes.

ROSE

Four and a half month collie Rose was brought into our Somerset Centre. She had originally been bred to be a working dog but it soon became clear that Rose could not hear so it was not safe for her to remain on the farm.

At her initial assessment with the vet a heart condition was detected and it was thought that she only had about six weeks before she might go into heart failure. Unfortunately the family that brought Rose in were not able to afford to pay for surgery.

Rose had such a great personality and we knew that if she had the corrective surgery she stood a chance of leading a normal healthy life. We embarked on a fundraising campaign to raise enough money for the procedure. Our supporters were fantastic and a total sum of £5,000 was raised, enabling Rose to have the treatment and also for a fund to be established to help other animals that come into our care needing special treatment.

It needed a very special family to care for Rose and take on the extra training needed for a deaf dog. Rose is now thoroughly enjoying her new life thanks to NAWT and its supporters.

PODGE

Podge came to us as an unwanted cat and as she was white, everyone believed her to be deaf, which was not the case. She did not cope well in the cattery and was very easily stressed out, so spent most of her time in the Reception at Watford. Podge became quite a character and it was very hard for visitors to reception not to give her a treat every time she let out a pitiful cry. The weight piled on, which was putting her health at risk. It was decided to put Podge on a strict diet and move her to 'top' cattery, along with her arm chair and toys, in the hope of reducing her food intake and increasing her chance of finding a loving home.

It took Podge three months to get down to a healthy weight and several times we thought a new home had been found but people did not feel able to cope with the extra care she needed together with the cost of ongoing medication. However we persevered and after three years with us Podge has now found her forever home with one of the volunteers who was a regular visitor to reception.

Unfortunately continuing financial pressures have meant that we made little additional progress during the year towards our objective of meeting the highest possible standards of veterinary work, and demonstrating best practice in Clinical Governance, as we have had to divert the majority of our Veterinary Director's time back into providing day to day veterinary care for the London & Home Counties Centre.

The continuing challenging financial environment that we operate in is also causing us to review our current veterinary standards to see if they need to be modified.

Our two veterinary nurses, at Watford and Somerset, have continued to provide a very valuable additional resource to the animal care staff, and help ensure that the animals in our care get the best possible support at all times.

Across the Trust as a whole we have:

- spayed or neutered 578 animals;
- undertaken nearly 6,000 individual animal consultations.

During 2009 we reviewed the definition of our charitable activities and confirmed that we have only one specific charitable activity **Animal Rescue and Re-homing**, as whilst we continue to provide a place of sanctuary and a home for life for animals we take in, our expectation is that all animals entering our care will be found a new forever home.

Staff and Volunteers

As has been highlighted 2010-11 was a very challenging year for the charity, and the Trustees would like to take this opportunity to thank the staff and volunteers of the Trust for the positive and supportive way they coped with and responded to the difficult financial times we find ourselves in. These financial challenges have meant that we have had to put on hold a number of planned developments and enhancements in our remuneration and benefits package.

The Trust now employs 82 full time and 11 part time staff, 90% of whom are involved in the working of running and maintaining our animal rescue centres.

In addition to our paid workforce we have over 400 supporters who volunteer their time to help the Trust. These voluntary efforts are a very valuable additional resource, and cover a range of activities including: fundraising; home checking; dog walking; dog grooming and cat cuddling, and the Trustees would like to take this opportunity to thank them for the time and support to the Trust.

Using the minimum wage as our yardstick, we conservatively estimate that the time donated by our volunteers has a value in excess of £220,000. This is a very significant resource, and the Trustees would like to take this opportunity to publicly thank all those who support our work in this way.

During the year our Chief Executive has held a series of meetings with staff and volunteers across the organisation to brief them on the work of the charity and on the plans for the year ahead. A further round of such meetings will be held later in 2011.

As part of our commitment to volunteers we have signed up to the Volunteering England 3R Promise.

We continue to monitor key areas of human resource performance.

During the year 588 (2009-10: 475) staff days were lost to sickness, a slight increase on the previous year and which is an average of 5.25 (4.6) per employee. Staff turnover for the year again was slightly down, 18% compared with 19% in the previous year. Average length of service of staff that left during the year has increased to 40 months, compared with 26 months in 2009-10.

Site Developments and Improvements

Since 2009 our plans for further improvements to our physical facilities have been on hold as a result of the difficult economic environment we are currently working in. These plans include the complete re-development of the London & Home Counties Centre near Watford together with our small head office facilities, and new kennel accommodation at Somerset. Planning permission for both schemes runs out over the next twelve months and we are in discussions with the relevant authorities to ensure that they can be renewed.

In all of our new building projects we are incorporating the principles of environmental sustainability as far as possible, and we have sought to ensure a pragmatic approach to environmental sustainability and green technologies, seeking to demonstrate our commitment to the environment with best use of our limited resources, and to include initiatives that will add value and reduce our on-going running costs.

Pethers Farm

Pethers Farm is a farm house, cottage and land in Somerset that was left to the Trust from the Estate of Stella Fisk, and was subject to a life tenancy. During the year the life tenants moved into a care home, and subsequently have agreed to surrender their remaining life interest in the property. We are now taking steps to dispose of the site, on the most advantageous terms possible. The resources generated from this sale will be used by the Trust to support our future strategic aims.

Financial Performance

Over its life the Trust has grown to be one of the top three per cent (measured in terms of incoming resources) of charities in England and Wales, one of the top 500 fundraising charities in England, and one of the top ten animal rescue and re-homing charities in England.

We have continued to make improvements in our internal controls and budgeting, as well as being more proactive in treasury management and cost control. During the last year we continued to work hard to bring down costs further without compromising the care of the animals, and this will continue over the next 12 months and beyond. The trustees would like to especially thank our Centre Managers and operational staff for the magnificent work that they have done in making very valuable donated pounds go further in meeting the needs of the animals in our care.

We reported last year that we were anticipating 2010/11 to be a very challenging financial year and so it turned out. Although we were hopeful that we would end the year without having to draw further on reserves, this was unfortunately not the case, and we ended the year with an income and expenditure deficit of £163,000. However as a result of a number of significant accounting adjustments, our overall Unrestricted General Funds grew by almost £465,000.

The continuing challenging financial environment for the UK means that we are continuing to plan on the basis that income from legacies (our principal income stream) will be lower than in previous years, and that fundraising more generally will be particularly challenging.

We have put in place a number of additional controls to ensure that the Trustees and management team can exercise effective and timely scrutiny and judgement in managing the financial affairs of the charity. These measures include:

- fortnightly income and expenditure reviews;
- monthly management accounts and cash-flow forecasts;
- monthly monitoring of legacy income, coupled with realistic income estimation and quarterly detailed reviews of significant estates;
- an overdraft facility.

Review of 2010-11

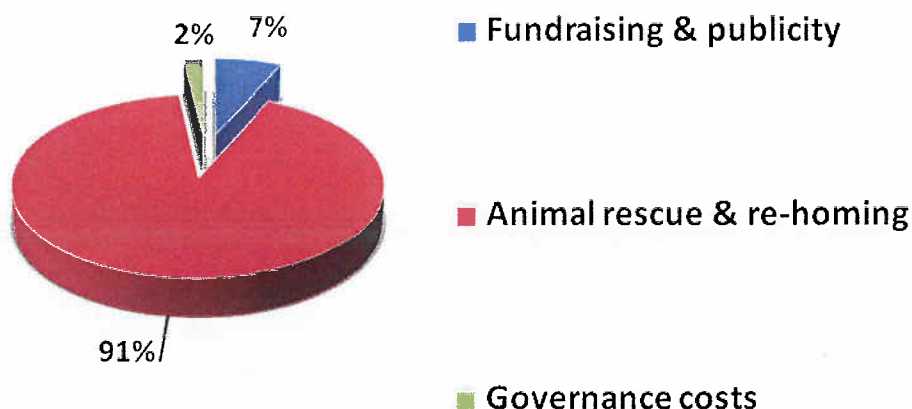
During the year the Trust received legacy income of £1.924 million compared with £1.283 million in the previous year which represents 74% (2010: 52%) of our total income for the year. This was a welcome improvement on the previous year when we saw a significant fall which resulted from a combination of reduced values occurring as a result of the wider economic challenges facing the UK, a significant slow-down in realisation of assets in estates, and fall in the number of estates where the trust was a beneficiary. In response to the last of these we have already taken a number of steps to improve our legacy marketing and these will continue over the next 12 months.

Total income for the year was £2.599 million compared with £2.473 million in the previous year, an increase of 5%.

Total expenditure increased by 9.4% from £2.864 million to £3.135 million. Within that, total expenditure costs of generating funds increased from £182,640 to £208,047. This amounts to almost 7% of our total expenditure, and includes the costs of our fundraising appeals as well as the costs associated with administration of legacy income.

Our spending on direct charitable activities increased by 9%, from £2.621 million to £2.868 million.

2011 Expenditure



As required, the Trustees have reviewed the Trust as a “going concern” for the next 12 months, and have concluded that this is the case. This review looked at a number of factors including: the legacy pipeline of notifications and anticipated income; the fact that an overdraft facility has been secured against Pethers Farm, (although the Trustees are confident that this is unlikely to be utilised in the next 12 months); the fact that senior management review income, expenditure and cash-flow forecasts on a fortnightly basis; and that the Trust has sufficient free reserves to cover a short-term decrease in income.

Reserves Policy and Position

The Trust’s Reserves Policy has three objectives:

- A target of 12 months running costs held in free reserves, with a minimum of three months running costs, to guard against fluctuations in income and cash-flow requirements;
- To build up the Trust’s investment portfolio to provide long-term security for the work of the charity;
- To build up sufficient funds to support the significant capital investment still needed in the Trust’s centres (currently estimated at £7 million) in *the Asset Replacement Fund*, which currently is at nil.

On an annual basis the Trustees will review the resources available to the charity to invest in reserves, so as to achieve the best balance between these objectives.

The Board has agreed a small deficit budget for 2011/12, and whilst the most recent forecasts of future income suggest that this deficit has been covered the Trustees are aware that they might need to realise further funds from reserves to meet any deficit that may occur.

The net movement in funds for 2010/11 of £470,414 means that as at the 31st March 2011, the Trust held total funds of £6,031,631 (£6,502,045 as at 31st March 2010).

The deficit (net movement in funds) of £470,414 is made up as follows:

- £45,000 - Fixed asset adjustment relating to treatment of a tangible fixed asset property;
- £262,341 – Impairment review of Assets under course of construction and other debtor adjustments;
- £163,073 – Operating deficit for the year

Restricted Funds

During the year Restricted Funds decreased by £579,920 and as at 31st March 2011 totalled £157,820, which represents income that has been specifically raised to support the work of our voluntary branch in Thurrock. A further £223,286 of restricted legacy funds were received during the year and these were expended during the year at the different Centres to which they were restricted.

The significant decrease in the level of Restricted Funds is accounted for by the fact that during the year the life tenancy came to an end and the fund has therefore become unrestricted and moved into current assets.

Designated Funds decreased in total by £355,352 to £3,583,408. Within this total the Building Fund – which represents the value of the Trust's operational freehold land and buildings – decreased by £369,520 to £3,487,454.

A new designated fund (the Moody Fund) has been created and is currently valued at £74,000. This represents the Trust's share of some long-term assets that were bequeathed to the charity from the Estate of Ethne Pauline Moody, and which are currently being held in a "Bare Trust" whilst they are realised and disposed off. This process will continue for a number of years.

As at 31 March 2011 unrestricted general funds totalled £2,290,403, which provides 10 months of running costs based on the 2011-12 approved budget. As noted above the reason for this increase in our unrestricted general funds arose from the movement of Pethers Farm into unrestricted current assets.

Investment Performance and Policy

During the year the value of our main investment fund achieved an unrealised gain of £63,726 (an increase of over 5%), broadly in line with the overall improvement in the investment markets.

The investment policy of the Trust is to create general reserves by holding a range of quoted investments on a long term basis to generate a mix of income and capital growth, by adopting a moderate level of risk.

During the year the Trustees have agreed to move the Trust's investment funds from Rensburg Sheppards and split the funds between Common Investment Funds managed by CCLA Investment Management Limited and Newton Investment Management Limited. This process will be completed during 2011/12.

The Trustees have considered the issue of ethical considerations within our investment policy, and have an agreed policy, which is that no direct investment will be knowingly permitted in companies whose business operations conflict or detract from our charitable objects.

Fixed Assets

The value of our Fixed Assets decreased by £997,764; whilst the majority of this results from the treatment of Pethers Farm, a further significant element relates to an impairment provision in the value of assets of £217,341

Fundraising and Marketing

Legacy income continues to form the major source of revenue for the Trust and will do for some time while our other fundraising activities develop.

We are now in the fourth year of a five year direct marketing (DM) strategy, which has at its core the development of existing supporters, ensuring long term committed giving and attracting new donors to the charity. The recruitment of new donors remains a major challenge for the Trust and we will be exploring a number of new initiatives over the next year.

Further corporate support has been welcomed from Pets at Home, COSTCO, John Lewis, ClickNow, and Cottages for You, Waitrose, Sainsburys, Vodafone, Mars UK and Charity Greetings. Pets at Home are also offering community fundraising opportunities to the Trust's centres and supporter groups within eight of their stores.

During the year we signed up to the Remember a Charity website, which promotes the leaving of gifts to charities in Wills.

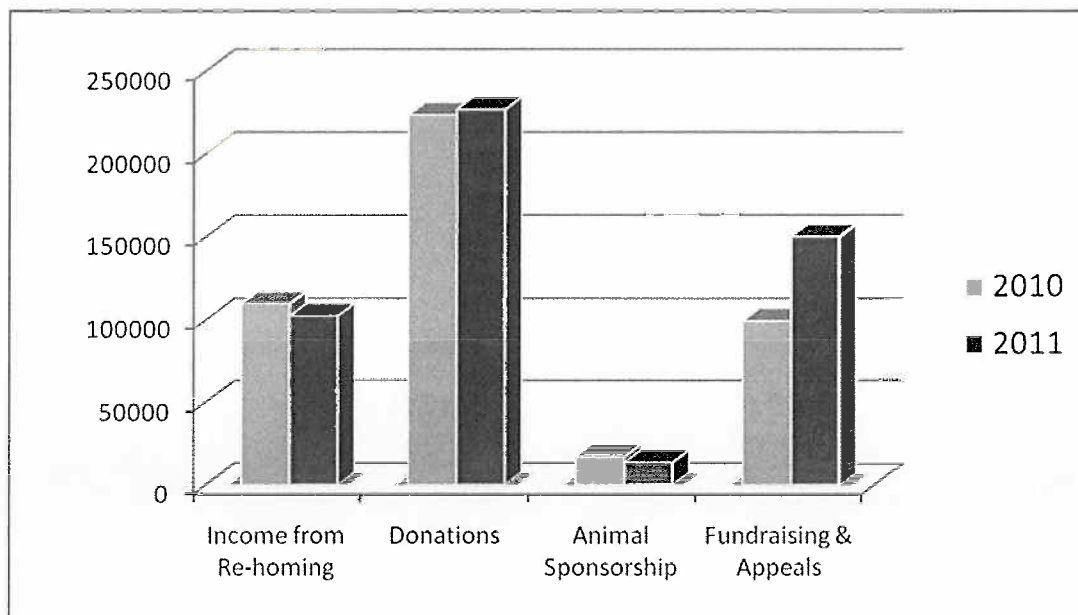
The uptake of Pet Plan insurance policies by re-homers continues to perform well, with the help of the training and support from Pet Plan.

A rolling programme of applications to Charitable Trusts continued during the year, and we would like to thank the Trustees of the following Trusts for their support during the year: Joan Ainslie, Pauline Bishop, Walker 597, Pedigree, A M Fenton, Limoges, Freddie Smith and Animal Affairs Bristol.

The Trustees are strongly of the view that the Trust needs to be transparent and accountable in all that we do, and we are members of the Fundraising Standards Board (FRSB) ensuring the highest standards of fundraising practice.

Review of the year

Our voluntary income (excluding legacies, events, grants and other) increased by 15% from £344,763 to £396,427, whilst our self-generated income declined slightly from £191,535 to £181,285. The trustees would like to thank our numerous donors, friends and supporters who provide the money to enable the charity to fulfil its mission of being one of the leading animal welfare charities for the care and rehabilitation of animals, and our volunteer fundraisers who do so much to help our work every year.



The Trustees are pleased with the fact that our fundraising and publicity costs amounted to only £208,047, equal to 6.6% of the total expenditure for the year.

During the year staff, volunteers and the general public have carried out a range of activities and events to raise money and the profile of the charity.

NAWT was also involved in the Rescue Dog Agility Display team at Discover Dogs & Crufts.

AWT Trading Ltd

The charity has a 100% owned trading subsidiary, AWT Trading Ltd, which conducts various trading activities to support the charity.

Overall AWT Trading Ltd made a profit of £4,172 on sales of £52,258, which was being retained as working capital. However donations to the value of £4,935 were transferred to the charity.

Future Strategy

In October 2010 the Board held a facilitated Strategic Review meeting and concluded that it wished to do all that it could to ensure that NAWT had a sustainable and independent future. It was recognised that this strategic direction would require significant investment in diversifying the income profile of the charity.

Subsequently the Board has agreed the following steps:

- Funds realised from the disposal of Pethers Farm be used to create a designated fund to invest in fundraising and marketing with the aim of ensuring the long-term independent sustainable future for the Trust;
- To pro-actively seek opportunities to grow by takeover as part of our independence and sustainability strategy;
- Develop and launch a new strap line as part of our 40th Anniversary Celebrations to concisely communicate NAWT's purpose statement;
- Use our 40th Anniversary Celebrations as a platform to launch our new strategic direction.

Significant events since the year-end

2011 is the 40th Anniversary of the formation of the National Animal Welfare Trust (originally Animal Welfare Trust), although our pedigree goes back to the 1950s through the work of the British Union for the Abolition of Vivisection (BUAV) Dog Rescue. Much has changed over the last 40 years, but sadly our rescue and rehoming work is as much needed today as it was in 1971.

We have planned a wide range of activities and events to celebrate this significant milestone in our history and as well as spending time looking back at our past we will also be setting out our thoughts and vision for the work of the charity, and the cause of animal rescue in the years to come.

The operating environment for charities remains particularly challenging and whilst the demand for our services continues to grow the public (whose financial support we rely on) are finding it harder then ever to donate to good causes.

In recognition of this the Trustees have agreed a challenging 5 year Fundraising and Marketing Strategy designed to grow our overall level of income over this period.

Since 31 March the Trust has continued to benefit from the notification of new legacies. However the continuing challenging economic climate is still impacting on the value of residuary estates, as property prices remain flat, and in some areas continue to fall. It is also taking considerably longer to dispose of property assets, which in turn has the potential to impact on the receipt of cash.

The Trustees have also agreed to proceed with taking over a small animal rescue charity in Essex during the 2011/12 financial year; no consideration is required for this acquisition and its current activities will augment our existing operations.

Structure, Governance and Management

The following served as Trustees throughout the year unless otherwise indicated and also served on the different sub-committees:

Nicholas Walters MA – <i>Chairman</i>	-	Non sub-committee member
Jan Barlow MA, MSc	-	Animal Welfare and HR
Diana Brown	-	Animal Welfare and HR
Susan Francombe BSc (Hons), C.Eng, MICE, LLDip	-	Animal Welfare & HR
Heather Lamont MA (Hons), FCA, MBA, DChA, MSc1	-	FFI
Laura Magee BEng (Hons)	-	FFI
Nigel Holland BA (Hons), ACMA	-	FFI
Dudley Edmunds (Resigned 26/05/2010)	-	Animal Welfare & FFI

Governing Documents

The National Animal Welfare Trust (NAWT) is a charitable company which operates under its Memorandum and Articles. The Company was incorporated on 12 July 2001 under the Companies Acts 1985 to 1989 as a Company Limited by Guarantee and not having a share capital. The Company Registered Number is 4251503 and Charity Registration Number is 1090499.

The objects of the charitable company are:

- the provision of care and shelter for stray, neglected and unwanted animals of all kinds,
- the protection of animals of all kinds from ill-usage, cruelty and suffering,
- and in particular, to rescue and provide care and shelter for stray, neglected and unwanted animals of all kinds and find suitable homes for any such animals.

The Trust acquired Trust Corporation Status in 2007.

The Memorandum and Articles were amended in November 2008 to reflect changes introduced by the Companies Act 2006, and to provide a new specific power to borrow money; these changes were approved by the Charity Commission.

Trustees

Historically, in common with many charities, our Trustees were recruited via word of mouth and through personal networks. As previously reported, and following a governance review, the Trustees decided on a more rigorous and formal process for future recruitment and appointment of Trustees. This process followed Charity Commission guidance on good practice, and included:

- a skills audit to identify those areas where the Trust could benefit from additional expertise on its governing body;
- advertising for new Trustees in relevant publications (including local press and national charity publications) and through the Association of Dogs and Cats Homes;
- a selection process involving Trustees, supported by the Chief Executive; and
- the development of a Trustee induction plan and a Trustee handbook.

The Trustees keep under review their own training needs, and the Trust provides opportunities for them to participate in external events. The Chief Executive is responsible for ensuring that Trustees are kept up to date with external matters affecting the organisation, such as relevant legislation or good practice developments.

Organisational Structure

The Trustee body meets quarterly, and is responsible for agreeing and reviewing the overall strategy of the Trust, reviewing and approving policies, agreeing the budget and approving the annual accounts, ensuring that there are effective governance arrangements, establishing delegated authorities and management frameworks, and monitoring overall operational performance. Detailed scrutiny is delegated to sub-committees of the Trust, which comprise: Finance, Fundraising and Investment (FFI); Human Resources; and Animal Welfare. Detail of which member served on which sub-committee is shown on page 11.

The Trustees approved a new five year strategic plan in January 2008 and agreed five strategic objectives for the period 2008-2012:

a) Governance

Ensuring the Trust has the appropriate governance arrangements in place to enable the Board to effectively discharge its responsibilities as the "custodians" of the charity's purpose and activities.

b) Management, Culture & Values

That the Trust has appropriate management structures and systems in place to ensure that all the activities of the charity are properly undertaken within a culture of accountability and transparency to stakeholders, beneficiaries and the wider public, and that we aspire to be a values led organisation which has the ambition of being, and of being able to demonstrate, that we are an exemplar animal welfare charity.

c) *Physical Facilities*

That the facilities the charity operates from provide the best possible environment for the animals in our care, meet the requirements of the Animal Welfare Act, and provide a positive experience for visitors.

d) *Animal Welfare*

That the Trust has a coherent approach to animal welfare, backed up by a staff and volunteer team with the right skills and experience to provide the best possible care for the animals that we look after.

e) *Resources*

That the Trust has available all the resources needed to support our work and achieve our objectives, and that these resources are sustainable into the medium term.

Whilst these remain the current strategic objectives, as reported above, the Trustees are currently undertaking a further review in light of the significant changes to the operating environment for the Trust arising from the challenging economic conditions.

Responsibility for achieving these strategic objectives and for the day-to-day management of the Trust is delegated to the Chief Executive, who leads a management team consisting of the Operations Director, Veterinary Director, and Resources Director.

A framework of delegated authorities is in place, and is kept under regular review. Within each of our four main rescue and re-homing centres the Centre Manager is supported by a team of staff, including animal care supervisors and workers, reception, administrative and maintenance staff.

During the year the Trustees approved a new Conflicts of Interest Policy and Trustee Code of Conduct, and undertook a full review of the performance of the charity against the revised Charity Commission Hallmarks of An Effective Charity, which showed that we fully met all but one of the Performance Indicators.

As previously reported the Trust acquired Trust Corporation Status to assist in the administration of legacies, particularly those where NAWT is Executor. During the year we continued to act as Trustee of a Trust established on behalf of the charitable beneficiaries of a complex legacy estate and agreed to take on the role of Executor in one estate where the Trust was a beneficiary.

Wider Networks

The Trust is an Executive Member of the Association of Dogs and Cats Homes, which brings together over 80 animal rescue and re-homing charities, and provides opportunities for the exchange of information and experience, joint training events, cost-sharing and representation to government. We are pleased to report that our Chief Executive acts as Secretary of the Association of Dogs and Cats Homes which is an indicator of the regard within which the charity is held by its colleague organisations. The Trust is also a member of the Fundraising Standards Board, Institute of Legacy Management and Worklife Support (Employee Assistance Programme), and the Chief Executive is a member of the Association of Chief Executives of Voluntary Organisations. Each of our rescue and re-homing centres is also a member of the local Council for Voluntary Services.

Related Parties and Subsidiaries

The Trust is the sole shareholder of a trading subsidiary, AWT Trading Ltd, which sells a range of pet related products, gifts and cards through our centres, supporter groups and branches, and by mail order and online.

Risk Assessment and Management

The Trustees have considered the financial and non-financial risks faced by the charitable company and have carried out a number of reviews of internal controls.

A risk register for the Charity is reviewed annually by the Board and kept under regular review by the Senior Management Team.

During the last 12 months we continue to make good progress in tackling health and safety work through the local health and safety committees at each of its centres, and a national committee to keep under review the work needed.

Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Statement as to Disclosure of Information to Auditors

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Trustees has confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Statement of Trustees' responsibilities

The Trustees (who are also Directors of National Animal Welfare Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the National Animal Welfare Trust website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Approved by the Trustees on 19 July 2011
and signed on their behalf by



Nicholas Walters
Trustee



Heather Lamont
Trustee

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES ON THE AUDITED ACCOUNTS OF NATIONAL ANIMAL WELFARE TRUST

We have audited the financial statements of National Animal Welfare Trust Limited for the year ended 31 March 2011 on pages 17 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 15, the trustees (who are also the directors of the 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.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 and of its 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; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other requirement of 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.

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 requires us to report to you if, in our opinion:

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

Simon Hart

SIMON HART (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

St Philips Point

Temple Row

Birmingham

B2 5AF

Date 30/9/2011

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2011**

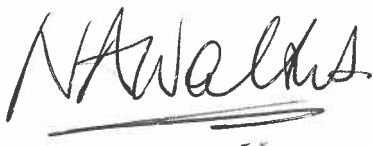
	Notes	Unrestricted Funds	Restricted Funds	Total 2011	Total 2010
		£	£	£	£
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income					
Legacies		1,694,041	230,298	1,924,339	1,283,374
Donations	2a	200,111	26,670	226,781	223,286
Subscriptions		6,294	-	6,294	5,718
Sponsorship		11,624	1,803	13,427	16,775
Fundraising and appeals		147,832	2,093	149,925	98,984
Events, Grants & other	2b	21,298	142	21,440	554,438
Sub-total voluntary income		2,081,200	261,006	2,342,206	2,182,575
Activities for generating funds					
Rent receivable		15,478	-	15,478	26,224
Sale of donated goods		15,492	-	15,492	15,240
Sub-total activities for generating funds		30,970	-	30,970	41,464
Investment income					
AWT Trading Limited		4,935	-	4,935	6,543
Dividends and interest received		40,209	-	40,209	50,956
Sub-total investment income		45,144	-	45,144	57,499
Incoming resources from charitable activities					
Commissions and royalties		31,506	925	32,431	30,705
Homing		96,112	6,225	102,337	109,787
Charity shop receipts		39,745	6,772	46,517	51,043
Sub-total income from charitable activities		167,363	13,922	181,285	191,535
TOTAL INCOMING RESOURCES		2,324,677	274,928	2,599,605	2,473,073
RESOURCES EXPENDED					
Cost of generating funds					
Fundraising, publicity and other		208,047	-	208,047	182,640
Charitable activities					
Animal rescue and re-homing		2,591,912	276,530	2,868,442	2,621,025
Governance costs					
		54,472	4,103	58,575	60,584
TOTAL RESOURCES EXPENDED	2c	2,854,431	280,633	3,135,064	2,864,249
Net expenditure for the year before other recognised gains and losses		(529,754)	(5,705)	(535,459)	(391,176)
Realised gains on investment assets		1,319	-	1,319	28,558
Net expenditure for the year		(528,435)	(5,705)	(534,140)	(362,618)
Gross transfers between funds		574,215	(574,215)	-	-
Net incoming/(outgoing) resources before other unrealised gains and losses		45,780	(579,920)	(534,140)	(362,618)
Unrealised gains on investment assets	5	63,726	-	63,726	265,137
Net movement in funds		109,506	(579,920)	(470,414)	(97,481)
Balances brought forward at 1 April 2010		5,764,305	737,740	6,502,045	6,599,526
Balance carried forward at 31 March 2011		5,873,811	157,820	6,031,631	6,502,045

No separate Statement of Total Recognised Gains and Losses has been presented, as all such gains and losses have been dealt with in the Statement of Financial Activities. All incoming resources and resources expended derive from continuing activities.

**BALANCE SHEET
AS AT 31 MARCH 2011**

	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible fixed assets	4		3,501,105		4,498,869
Investments:					
Listed	5	1,236,312		1,147,390	
Unlisted	5	10		10	
			1,236,322		1,147,400
			4,737,427		5,646,269
Current assets					
Stock		5,365		6,630	
Debtors	6	966,966		103,059	
Bank and cash		497,069		916,417	
		1,469,400		1,026,106	
Creditors: amounts falling due within one year	7	(175,196)		(170,330)	
Net current assets			1,294,204		855,776
Net assets			6,031,631		6,502,045
The funds of the charity					
Restricted funds	9		157,820		737,740
<u>Unrestricted funds:</u>					
Designated funds	10		3,583,408		3,938,760
General funds	11		2,290,403		1,825,545
Total charity funds			6,031,631		6,502,045

Approved by the Trustees and authorised for issue on 19 July 2011
and signed on their behalf by:



Nicholas Walters
Trustee



Heather Lamont
Trustee

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	£	2010 £	£
Net cash (outflow) from operating activities	17		(404,684)		(196,864)
Returns on investments and serving of finance:					
Dividends and interest received			40,209		50,956
Capital expenditure and financial investment:					
Payments to acquire tangible fixed Assets		(31,039)		(158,396)	
Receipts from sale of tangible fixed assets		-		8,797	
Payments to acquire investments		(36,653)		(90,535)	
Receipts from sale of investments		207,521		189,730	
Net cash inflow/(outflow) from capital expenditure and financial investments			139,829		(50,404)
Decrease in cash and cash equivalents in the year	18		(224,646)		(196,312)