

**THE JERSEY SOCIETY FOR THE
PREVENTION OF CRUELTY
TO ANIMALS (INCORPORATED)**

COMMITTEE'S REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



**JERSEY CHARITY
COMMISSIONER**

Registered with the Jersey Charity Commissioner, charity no.68

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THE JERSEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (INCORPORATED)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE SOCIETY, ITS COMMITTEE AND ADVISERS

Patron: Bailiff of Jersey, Sir William Bailhache

Committee:

Charles E. Gruchy, President
Arthur Morley, Vice President (Elected 23 May 2018)
Sean Power, Vice President (Retired 23 May 2018)
Sarah Ferguson, Honorary Treasurer (Elected 23 May 2018)
Roger Bignell, Honorary Treasurer (Retired 23 May 2018)
Diana Taylor-Cox, Honorary Secretary
Patricia Williams, Committee Member (Elected 23 May 2018)
Simon Williams, Committee Member (Elected 23 May 2018, Resigned 4 September 2018)
Margaret Holland Prior, Committee Member (Elected 23 May 2018)

Co-opted:

Linda Lowseck, Co-opted (23 May 2018)
Christian Jule, Co-opted (23 May 2018, resigned 28 September 2018)

Registered with the Jersey Charity Commissioner, charity no.68

Association of Jersey Charities membership number: 87

Web-site: www.jspca.org.je

Registered office

Animals' Shelter
89 St Saviour's Road
St Helier
Jersey
JE2 4GJ
Telephone: 01534 724 331

Honorary secretary

Diana Taylor-Cox

Chief Executive Officer

Kevin C Keen (appointed 26 September 2018)

Senior Management Team

Anel Crowther
Barbara Keywood
Dave Leese
Joanne McAllister BvetMed MRCVS
Jenna Le Cornu BSc (Hons) RVN C&GCertVNES
Kari Lees DipCAPBT
Karen Stokes

Auditor

Moore Stephens Audit & Assurance (Jersey) Limited
First Island House
Peter Street
St Helier
Jersey, JE2 4SP

Banker

RBSI Limited
Royal Bank House
Bath Street
St Helier
Jersey, JE4 8PJ

THE JERSEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (INCORPORATED)

COMMITTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

PRESIDENT'S REPORT

In spite of all the very difficult challenges faced, we have continued to work hard to achieve our principal objective of preventing cruelty to animals in 2018. Our animal ambulance was called out on thousands of occasions. We rehomed hundreds of animals and provided Vet care to over 400 domestic animals (where their owners could not afford private veterinary attention) and to many wild animals too.

For most of the year we have functioned without a chief executive, sharing duties among committee members to reduce costs for the Society. In the final quarter we secured the services of Kevin Keen who offered to undertake the role of chief executive on a voluntary basis until the end of March 2019, from April onwards he has agreed to carry out the role for a salary of up to £35,000 per year until a number of projects are completed and to give the Committee time to decide what sort of leader the Society needs for the future.

I am pleased to report that the financial performance of the Society was very much improved in 2018 with a small surplus on ordinary activities of £72,460 (2017 deficit £569,138) being generated after legacies of £540,417 (2017: £458,203) and a large one-off donation of £299,138. The underlying position is much improved but still some way from our objective.

At the year-end we had loans of £1.1 million which need to be repaid or refinanced in 2020, not an easy task but one we believe can be achieved. We also need to build an appropriate level of reserves to ensure the Society does not find itself in a cash flow crisis in the future. The Committee has concluded that this amount should cover six months budgeted operating costs (approximately £750,000) and be held in cash or readily realisable investments.

At the 2018 AGM we said goodbye and thanks to Roger Bignell and Sean Power who had worked hard for the Society over an extended period and welcomed Arthur Morley, Sarah Ferguson, Trish Williams, Simon Williams, Margaret Holland Prior, Linda Lowseck and Christian Jule. Both Christian and Simon stepped down later in the year due to other commitments. In total the Committee met formally on 15 occasions during 2018. I record my thanks to them all for the countless voluntary hours they put in for the charity at a crucial time.

We are also fortunate to have a very dedicated team of staff and volunteers who also worked tirelessly for the Society in 2018. Volunteers donated over 4,948 hours caring for animals and assisting with fund raising. I must also pay tribute to our many other supporters who have stuck with us, most notable in this respect being the Roy Overland Charitable Trust and Elizabeth Violet Annie Rouse Trust who have been nothing short of incredible.

Although it has been a long and difficult journey and there is still some way to go, we approach 2019 with a level of optimism and confidence. One thing remains totally clear as we enter our 151st year, the animals of Jersey wild and domestic will continue to need our services for a very long time to come and we are determined to be here to provide for them all.


Charles Gruchy
President

May 10 2019

THE JERSEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (INCORPORATED)

CHIEF EXECUTIVE'S REPORT

I was appointed in late September 2018 with the priority to stabilise the finances of the Society by:-

1. Improving fund raising through increased awareness of our work and our difficult financial situation.
2. Reducing operating costs on a sustainable basis by identifying activities outside of our core charitable mission or those that could be carried out more efficiently.
3. Refinancing debt that was due for repayment and securing sufficient working capital to allow the Society to operate.

Once the island community became more aware of our situation there were numerous offers of support by local businesses and donation levels began to increase especially following the mail out supported by Jersey Post in November 2018.

Following careful consideration we decided to cease the provision of commercial dog boarding (but continue cat boarding) this led to the loss of three jobs, including one compulsory redundancy. The service was not profitable and we decided it was not appropriate to subsidise a commercial activity from charitable donations. Work will continue in 2019 to find ways to improve efficiency and reduce costs wherever feasible.

During the final quarter the Trustees of the Roy Overland Charitable Trust who have provided so much help to us over the years, agreed to provide us with secured loan of up to £500,000 on an interest free basis. This funding was to support the orderly reorganisation of the Society and provide working capital if required, during that time. Of this facility £100,000 was drawn down just before the year end, which remains outstanding at the date of this report. We were also very fortunate to obtain the support of the States of Jersey who agreed to provide a loan of £500,000 in order to repay Acorn Finance Limited which took place early in 2019. Finally, in March 2019, the Directors of Michel & Allan Limited agreed to extend repayment of their loan in the sum of £500,000 to June 2020.

With the financial position more stable, additional time has become available to focus on the future strategy of the Society, the management team concluded that the Society should be more active in education and advocacy around animal welfare issues, these recommendations were supported by the Committee, and will be implemented during the course of 2019.

In accordance with our stated objectives we carried out the following activities during 2018.

The prevention of cruelty to animals

In 2018 we increased our use of social media to highlight our work and to promote animal care, these posts were shared many thousands of times. The veterinary clinic continued to work with the States Veterinary department and police to assist in investigating cases of alleged cruelty.

The promotion of kindness to, and interest in, the welfare of animals by lectures to schoolchildren, youth clubs and similar bodies, or by any other method the Committee may decide.

We continued to work with Highlands College providing both facilities and animals for students undergoing animal care training.

In Summer Term 2018 the Society provided a number of Animal Days for children aged 7-11 years old. The Animal Days gave young people a chance to gain some hands-on experience with companion animals at the JSPCA and to learn about how to care for them. We also hosted a number of visits to the Shelter for other interested groups.

The provision of a temporary home for stray or injured animals or birds

During 2018 we successfully rehomed 39 dogs, 141 cats, 50 rabbits, 73 rodents and 9 ferrets. Their average stay with us was just under 7 weeks but in some cases much longer, especially if the animal had a training need or was difficult to rehome. During 2018 we rehomed 10 birds and 26 reptiles and aquatics, due to the special requirements for these animals their average stay is much longer. For example, one special case is Heston the cockatoo who has been with us for over 385 days. Heston is due to be rehomed to the UK in May 2019.

THE JERSEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (INCORPORATED)

CHIEF EXECUTIVE'S REPORT (continued)

The most challenging animals to rehome were terrapins but we were lucky that during 2018 Reg from Reg's Garden rehomed 25 terrapins. At the time of writing we still have 13 terrapins still looking for a new home.

The provision of a hospital and clinic service for injured or sick animals.

Our vet team provided care to domestic animals where the owner is unable to afford private vets, re-homed animals with on-going health issues, animals in our care prior to re-homing and sick and injured wild animals. During 2018 a total of 2,576 consultations were carried out by vets for animals attending the JSPCA clinics and 2,403 JSPCA animals were examined and treated prior to re-homing. In addition, 769 wildlife were examined and 421 surgical procedures were carried out on domestic and 79 surgeries were carried out on injured wildlife.

The provision of an Animals' Shelter and Boarding Kennels for animals.

As noted above the decision was made at the end of 2018 to cease the provision of dog boarding in 2019, although we offered to honour any bookings that had been made. Obviously, the decision was not one taken lightly and by coincidence came at the same time as another provider exited from the market. We also made the decision to continue cat boarding and refurbish the existing facility which was done with the very kind assistance of Back to Work who provided many hours of time in early 2019 to achieve this. As a core element of our charitable purpose we will continue to provide shelter to any animal without a home if it is within our sphere of competence and the facilities we have available. This includes the temporary boarding of animals whose owners are unable to care for them and the holding of animals seized by the States Vet or police.

The provision of humane euthanasia

One of the original reasons that the Charity was established for in 1868 was to provide humane euthanasia and sadly from time to time that is still necessary today. Such decisions are always carefully considered by our Ethics Committee. Our staff are first and foremost animal lovers so this is never an easy decision.

Donations in kind

The Society was in receipt of 4,948 hours (2017:3,378 hours) in respect of time donated by volunteers, a number of local business provided goods and services by way of donation including the Jersey Evening Post who provide a monthly rehoming page and Jersey Post who supported an island wide mail leaflet delivery in November.

Financial review

As noted by the President our financial performance in 2018 was the best we have achieved in some years with a small surplus of £74,258 being produced after legacies of £540,417, there was also a one off large donation of £299,318 arising from the winding up of a trust which favourably distorted our financial performance but even excluding that deficit before legacies was £767,275, 25% smaller than in 2017, and the lowest for some time. This was achieved through an increase in underlying income (excluding legacies and large one-off donations) of £144,519 and a reduction in operating costs of £116,347 further evidence of the hard work carried out by Committee and staff alike.

The financial position of the Society was also improved with net current liabilities being reduced to £93,402 from £984,759 last year. Early in 2019 a loan of £500,000 was obtained from the States of Jersey (secured by a first charge on our freehold property) to enable us to repay Acorn Finance Limited.

Our people

The Society is very fortunate to have many dedicated people working and volunteering for us, the last few years have been especially difficult for them. I would like to add my personal thanks to those of the President in thanking them for their dedication, professionalism and constant focus on the welfare of animals in Jersey.


Kevin C Keen
Chief Executive

May 10 2019

THE JERSEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (INCORPORATED)

COMMITTEE'S REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Society was founded in 1868 and incorporated on 28th May 1936 by an Act of the States of Jersey.

The Society's mission is:

“Prevent cruelty, promote knowledge, and provide for the aged, sick, lost and unwanted animals.”

The Society was added to the register of approved charities in accordance with the Charities (Jersey) Law 2014 on 8th March 2019.

Objectives

The objects of the Society as set out in the Constitution are: -

- (i) The prevention of cruelty to animals.
- (ii) The promotion of kindness to and interest in the welfare of animals by lectures to schoolchildren, youth clubs and similar bodies, or by any other method the Committee may decide.
- (iii) The provision of a temporary home for stray or injured animals or birds.
- (iv) The provision of a hospital and clinic service for injured or sick animals.
- (v) The provision of an Animals' Shelter and Boarding Kennels for animals.
- (vi) The provision of humane euthanasia.
- (vii) To make Awards at the discretion of the Committee for any meritorious-service in connection with any of the above Objects.
- (viii) To do all such other things as the Society may deem incidental or conducive to the attainment of any of the aforesaid Objects.

Governance

The Society is governed by a Committee of a maximum of six officers and six members. The Officers and Committee Members are elected by the membership at the annual general meeting of the Society for a period of three years. No Officer or Committee member may serve more than two consecutive terms. However, any Officer or Committee Member who has completed two consecutive terms of office may stand for re-election after a lapse of one calendar year, provided that he or she has remained a member of the Society for one calendar year in the last three years.

The Committee met on 15 occasions during 2018, details of the Committee members and officers are set out on page 1.

In September the Committee met informally to review the strategy of the Society following a report produced by Kevin Keen and have met regularly to review progress in bringing about financial viability without undue reliance on legacies. In late 2018 the Committee reviewed and amended the scheme of delegation to the Chief Executive.

In early 2019 Sarah Anderson, a Chartered Accountant, joined the Society on a voluntary basis and now prepares monthly management accounts for management and the Committee which are compared to budget. The Committee also regularly reviews rolling cash flow forecasts for next 3 months prepared by management.

THE JERSEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (INCORPORATED)

COMMITTEE'S REPORT (continued)

Risk management

The Committee consider the key risks to be:-

- Although reduced the Society is still reliant on legacies to fund day to day expenditure, this risk is exacerbated by a lack of liquid reserves. This risk is mitigated by being very active in fund raising and continuing to seek cost efficiencies where ever possible. The budget for 2019 anticipates a deficit of £130,000 before depreciation and legacies and a surplus on the same basis of £16,000 for 2020. The Society also has the support of the Roy Overland Charitable Settlement who have provided a standby loan facility of which up to £400,000 has not been drawn.
- The inability to raise sufficient funds to repay loans totalling £1 million due in June 2020, this risk is mitigated by the ability to sell parts of our freehold property if necessary, which the Committee believe could be achieved without compromising our core activities.
- The Committee remains acutely aware of the risk of cyber attacks on our core IT network. Our systems are protected by anti-virus software but in 2019 we plan to implement more up to date computer hardware and software.

Going concern

Given the strong asset base of the Society which includes a number of assets that are readily realisable without impacting on the core mission of the Society, the improved financial performance and the standby facility available from the nominee of the Roy Overland Charitable Trust the Committee are satisfied that adoption of the Going Concern basis of accounting is appropriate.

Auditors

The Committee propose the reappointment of Moore Stephens as Auditors and will seek authority at the Annual General Meeting to fix their remuneration.

STATEMENT OF COMMITTEE'S RESPONSIBILITIES

The Committee is responsible for preparing the Society's annual report and the financial statements of the Society in accordance with applicable law and regulations.

The Constitution of the Society requires the Committee to prepare the financial statements of the Society for each financial year. The Committee have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Charities Statement of Recommended Practice (SORP) Accounting and Reporting by Charities: SORP applicable to Charities preparing their accounts in accordance with the Financial reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Committee prepare financial statements that give a true and fair view of the state of affairs of the Society and of its financial position at the end of the year. In preparing these financial statements, the Committee are required to:

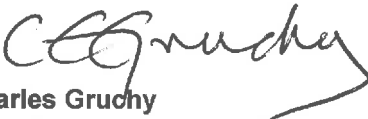
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP FRS 102;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements of the Society on the going concern basis unless it is inappropriate to presume that the Society will continue in operation.

THE JERSEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (INCORPORATED)

COMMITTEE'S REPORT (continued)

The Committee are responsible for keeping proper accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial statements of the Society and enable them to ensure that the financial statements comply with the provisions of the Constitution of the Society. The Committee are responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Committee on 10 May 2019 and signed on their behalf, by:


Charles Gruchy
President

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE JERSEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (INCORPORATED)

Opinion

We have audited the financial statements of The Jersey Society for the Prevention of Cruelty to Animals (Incorporated) (the "Society") which comprise the Balance Sheet as at 31 December 2018, and the Statement of Financial Activities, Cash Flow Statement for the year ended 31 December 2018, and notes to the financial statements, including summary of significant accounting policies. 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), including Charities Statement of Recommended Practice (SORP) Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable society's affairs as at 31 December 2018 and of its incoming resources and application of resources, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the Society's committee use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the Society's committee have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE JERSEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (INCORPORATED) - continued

Responsibilities of the Committee

As explained more fully in the Committee's Report on page 6 to 7, the Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Society's members as a body. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and its members, as a body, for our audit work, for this report, or for the opinion we have formed.



Moore Stephens Audit & Assurance (Jersey) Limited

First Island House
Peter Street,
St Helier
Jersey
JE2 4SP

Dated: 10 Nov 2019

THE JERSEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (INCORPORATED)

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	Restricted Funds £	Unrestricted Funds £	Total funds 2018 £	Total funds 2017 £
INCOME ENDOWMENTS FROM					
Incoming resources from generated funds:					
Donations and legacies	2	37,000	1,263,144	1,300,144	807,613
Income from charitable activities	3	-	530,317	530,317	542,865
Other trading activities		-	44,778	44,778	28,604
Rental income	4	-	117,666	117,666	87,076
Other income		-	5,255	5,255	6,751
TOTAL INCOME AND ENDOWMENTS		37,000	1,961,160	1,998,160	1,472,909
EXPENDITURE					
Expenditure on raising funds	5	-	49,292	49,292	19,700
Expenditure on charitable activities	6	122,030	1,754,378	1,876,408	2,022,347
TOTAL EXPENDITURE		122,030	1,803,670	1,925,700	2,042,047
NET INCOME/ (EXPENDITURE) ORDINARY ACTIVITIES		(85,030)	157,490	72,460	(569,138)
Net gain on disposal of fixed assets	9	-	1,798	1,798	139,500
Impairment of property costs	9	-	-	-	(239,937)
NET INCOME/ (EXPENDITURE)		(85,030)	159,288	74,258	(669,575)
Net movement in funds		(85,030)	159,288	74,258	(669,575)
<i>Total funds at 1 January</i>		<i>105,290</i>	<i>3,285,101</i>	<i>3,390,391</i>	<i>4,056,966</i>
TOTAL FUNDS AT 31 DECEMBER	14	20,260	3,444,389	3,464,649	3,390,391

All incoming resources and resources expended for the current and prior year are derived from continuing operations.


The notes on pages 13 to 22 form part of these financial statements.

THE JERSEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (INCORPORATED)

**BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible fixed assets	9		4,166,194		4,375,150
CURRENT ASSETS					
Stocks	10	35,309		30,257	
Debtors	11	258,158		41,064	
Cash at bank		282,994		120,514	
		<u>576,461</u>		<u>191,835</u>	
CREDITORS: amounts falling due within one year	12	(669,503)		(1,176,594)	
NET CURRENT LIABILITIES			(93,042)		(984,759)
CREDITORS: amounts falling due after more than one year	13		(608,503)		-
TOTAL ASSETS LESS TOTAL LIABILITIES			<u>3,464,649</u>		<u>3,390,391</u>
CHARITY FUNDS					
Restricted funds	14		20,260		105,290
Unrestricted funds	14		3,444,389		3,285,101
			<u>3,464,649</u>		<u>3,390,391</u>

The financial statements were approved by the Committee on 10 May 2019 and signed on their behalf, by:


President
C. E. Gruchy


Chief Executive
K. C. Keen

The notes on pages 13 to 22 form part of these financial statements.

THE JERSEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (INCORPORATED)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Net cash generated/ (used) from operating activities	15	32,595	(572,455)
Cash flow from investing activities			
Rental income		117,666	87,076
Proceeds from the sale of assets		18,500	481,500
Purchase of assets		(858)	(37,225)
Net cash inflow from investing activities		<u>135,308</u>	<u>531,351</u>
Cash flow from financing activities			
Repayment of overdraft		-	(837,701)
Loans received		100,000	1,011,685
Finance charges		(16,025)	-
Interest paid		(89,398)	(15,659)
Net cash (outflow)/ inflow from financing activities		<u>(5,423)</u>	<u>158,325</u>
Increase in cash and cash equivalents		162,480	117,221
Cash and cash equivalents at 1 January		120,514	3,293
Cash and cash equivalents at 31 December		<u>282,994</u>	<u>120,514</u>

All cash and cash equivalents are held in hand or at bank in instant access accounts.

The notes on pages 13 to 22 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Charities Statement of Recommended Practice (SORP) Accounting and Reporting by Charities : SORP applicable to Charities preparing their accounts in accordance with the Financial reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

1.2 Fund accounting

The Unrestricted funds represent the free funds of the Society which have not been designated for particular purposes by the Committee.

The Restricted funds represent funds or assets donated to the Society that are subject to specific restrictions imposed by the donor or by the nature of the appeal or grant. Funds formally held as restricted funds are transferred to unrestricted funds once all the restrictions are met.

Rental income, gains and losses are allocated to the appropriate fund.

1.3 Incoming resources

Donations are accounted for when any conditions for receipt have been met and there is reasonable assurance of receipt.

Legacies are accounted for when received or if before receipt, there is sufficient evidence to provide the certainty that the legacy will be received and can be measured with reasonable accuracy.

All other sources of income are accounted for on an accruals basis.

All incoming resources are included in the Statement of Financial Activities (SOFA) when the Society is legally entitled to the income and the amount can be quantified with reasonable accuracy.

1.4 Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Society to the expenditure.

Support costs include central functions and facilities and have been allocated to activity cost centres on a basis consistent with the use of resources, eg: staff costs by time spent, property costs by usage, etc.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to accounting and audit, legal fees, a proportion of management wage costs and finance costs.

1.5 Cash at bank

Cash at bank includes cash and cash equivalents held in hand or at bank in instant access accounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

1. ACCOUNTING POLICIES (continued)

1.6 Debtors

Trade and other debtors are recognised at the settlement date after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

1.7 Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

1.8 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Tangible fixed assets are depreciated on the reducing balance or straight line basis at the following annual rates calculated to write off their cost to their estimated residual value over their expected useful lives:

Freehold buildings	-	2% - 4% straight line
Plant, equipment & furniture	-	10% reducing balance
Motor vehicles	-	20% straight line
Computer equipment	-	25% straight line

New freehold buildings are considered to have expected useful lives of 50 years.

Included within freehold buildings are investment properties which produce rental income. These properties are depreciated on a 4% straight line basis.

Assets purchased that are below £800 are normally charged to expense in the year such costs are incurred.

The Committee perform an impairment review each year and do not consider the realisable value of the fixed assets to be less than the carrying value.

1.9 Donated Resources

The Society is in receipt of donated resources in terms of the time donated by volunteers. This time is estimated to amount to 4,948 hours in 2018 (2017: 3,378) and represents 618 working days (2017: 422). This time has not been valued and included in the Statement of Financial Activities as it is impossible to quantify the cost of staff to replace the volunteers' work.

1.10 Stocks

Stocks of unsold goods (including clinic drugs and animal food) are included at the lower of cost and net realisable value.

THE JERSEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

1. ACCOUNTING POLICIES (continued)

1.11 Taxation

The Society is established for a charitable purpose and is therefore exempt from Jersey Income Tax under Article 115(a) of the Income Tax (Jersey) Law 1961 provided its income is applied towards charitable purposes.

1.12 Going concern

The Financial Statements of the Society still use the going concern basis. The Society's Committee consider that this is the appropriate basis on which to prepare the Financial Statements. In arriving at this opinion, the Committee have considered the improved financial performance in 2018 and the decrease in net current liabilities. They have also reviewed management accounts and cash flow forecasts for 2019.

The Committee have considered the requirement to repay loans of £1 million in June 2020. The intention would be to fund this from funds raised (specifically donations and legacies) and further reduction in costs, however if this were not possible the Society could sell property, not needed for operational purposes, to cover this commitment.

1.13 Other trading activities

Other trading activities include education income from the provision of full and part time City and Guild Courses paid for by Highlands College.

2. DONATIONS AND LEGACIES

	Restricted Funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Donations	37,000	720,341	757,341	347,960
Subscriptions and membership fees	-	2,386	2,386	1,450
Legacies	-	540,417	540,417	458,203
	<u>37,000</u>	<u>1,263,144</u>	<u>1,300,144</u>	<u>807,613</u>

3. INCOME FROM CHARITABLE ACTIVITIES

	Restricted Funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Boarding	-	152,483	152,483	170,896
Rehoming	-	14,273	14,273	48,419
Stray Dog Contract	-	10,500	10,500	15,286
Veterinary Clinic	-	103,339	103,339	116,557
Additional Animal Welfare	-	249,722	249,722	191,707
	<u>-</u>	<u>530,317</u>	<u>530,317</u>	<u>542,865</u>

THE JERSEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (INCORPORATED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)**

4. INCOME FROM INVESTMENTS

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Rental Income	-	117,666	117,666	87,076

5. EXPENDITURE ON RAISING FUNDS

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Direct fundraising costs	-	16,581	16,581	5,516
Support cost	-	32,711	32,711	14,184
	-	49,292	49,292	19,700

6. EXPENDITURE ON CHARITABLE ACTIVITIES

	Restricted Funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Cruelty Prevention	1,455	135,454	136,909	91,734
Education & Promoting Knowledge	3,535	100,956	104,491	100,831
Boarding	18,666	350,474	369,140	330,575
Rehoming	17,540	452,409	469,949	551,183
Governance	30,189	285,950	316,139	295,385
Additional Animal Welfare	50,645	429,135	479,780	652,639
	122,030	1,754,378	1,876,408	2,022,347

7. NET OUTGOING RESOURCES

This is stated after charging:	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the society (note 9)	193,113	199,854
Impairment of fixed assets (note 9)	-	239,937
Auditor's remuneration - audit	9,500	9,000
- other services	2,050	28,868

THE JERSEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

8. SUPPORT COSTS

	Fundraising	Governance	Cruelty Prevention	Education & Promoting Knowledge	Boarding	Rehoming	Additional Animal Welfare	Total 2018	Total 2017
	£	£	£	£	£	£	£	£	£
Office costs	3,370	2,961	4,497	10,343	14,431	5,732	5,732	47,066	156,234
Property costs	-	13,339	26,678	66,694	106,711	26,678	26,678	266,778	204,173
Human resources	62,657	-	20,886	31,328	31,328	31,328	31,328	208,855	167,840
Finance costs	-	16,025	-	-	-	-	-	16,025	9,368
Interest paid	-	89,398	-	-	-	-	-	89,398	15,659
Management costs	-	69,184	-	-	-	-	-	69,184	95,939
	<u>66,027</u>	<u>190,907</u>	<u>52,061</u>	<u>108,365</u>	<u>152,470</u>	<u>63,738</u>	<u>63,738</u>	<u>697,306</u>	<u>649,213</u>

Basis of allocation:

Office costs: Allocated either using floor area relating to each activity (for costs relating to buildings) and on estimated usage for other costs.

Property costs: Allocated using floor area relating to each activity (for costs relating to the buildings)

Human resources costs: Allocated based on number of staff employed within a particular area with some staff members time being divided amongst several areas based on the time spent working on each area. As disclosed in note 14, a grant of £30,000 was received from the Roy Overland Charitable Trust to fund temporary support staff.

Finance costs: Allocated based on finance related time spent on each area together with all bank interest, bank charges and audit and accountancy fees.

Management costs: Allocated based on management time spent on each area together with all legal and professional fees, licences and subscriptions.

THE JERSEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

9. TANGIBLE FIXED ASSETS

Cost	Freehold property £	Freehold Property- Anne Rouse Building £	Motor Vehicles £	Fixtures & fittings £	Computer equipment £	Total £
At 1 January 2018	2,568,527	3,190,320	70,806	483,641	17,298	6,330,592
Additions	-	-	-	858	-	858
Disposal	-	-	(17,836)	(6,000)	-	(23,836)
At 31 December 2018	2,568,527	3,109,320	52,970	478,499	17,298	6,307,614
Depreciation						
At 1 January 2018	1,266,811	350,618	43,167	277,827	17,019	1,955,442
Disposal	-	-	(7,135)	-	-	(7,135)
Charge for the year	102,714	63,806	5,645	20,669	279	193,113
At 31 December 2018	1,369,525	414,424	41,677	298,496	17,298	2,141,420
Net book value						
At 31 December 2018	1,199,002	2,775,896	11,293	180,003	-	4,166,194
At 31 December 2017	1,301,716	2,839,702	27,639	205,814	279	4,375,150

The Society's freehold property was professionally valued in February 2012 at £6,270,000 by Sarre & Company.

During the year, the Society disposed of a motor vehicle, with a net gain of £1,798 (note 18).

On 21 December 2007 the Society was donated a plot of land known as Field 732, Mont les Vaux, St Brelade. Due to the restrictions placed on the usage of that land the President of the JSPCA Committee has concluded that there is a market value attributable to the land of £1,000, which is the buyback clause option for the donating family if exercised within 50 years from passing the contract in 2007.

In 2017, the Committee decided not to proceed with the planned kennels and new houses development, and therefore previously capitalised expenditure on these projects was written off, creating a total impairment of £239,937.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

10. STOCKS

	2018 £	2017 £
Drugs, food and merchandise	35,309	30,257

11. DEBTORS

	2018 £	2017 £
Charitable income debtors	33,593	29,353
Other debtors (including legacies)	222,208	2,947
Prepayments and accrued income	2,357	8,764
	258,158	41,064

12. CREDITORS:

Amounts falling due within one year

	2018 £	2017 £
Charitable activity creditors	31,610	117,188
Other creditors	43,820	36,026
Loan – Acorn Finance Limited	513,752	502,750
Loan – Michel and Allan Limited	-	508,935
Accruals and deferred income	80,321	11,695
	669,503	1,176,594

The loan with Acorn Finance Limited was taken on 11 July 2017, secured on the Society's freehold property and bearing interest at 9.85%. It was repaid in full on 21 February 2019.

The loan with Michel & Allan Limited was taken on 5 October 2017, is secured on the Society's freehold property and bears interest at 6% above base rate. It was repayable within one year; however the loan has subsequently been extended to 30 June 2020.

13. CREDITORS:

Amounts falling due after more than one year

	2018 £	2017 £
Loan – Channel International Limited	100,000	-
Loan – Michel and Allan Limited	508,503	-
	608,503	-

The loan with Channel International Limited represents funds advanced against a facility of £500,000. The loan is secured on the Society's freehold property, is interest free and is not repayable before 27 May 2020.

The loan with Michel & Allan Limited was taken on 5 October 2017, is secured on the Society's freehold property and bears interest at 6% above base rate. It was repayable within one year; however the loan has subsequently been extended to 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

14. SUMMARY OF FUNDS

	Brought Forward £	Incoming Resources	Resources Expended £	Carried Forward £
Restricted funds	105,290	37,000	(122,030)	20,260
Unrestricted funds	3,285,101	1,962,958	(1,803,670)	3,444,389
Total funds	<u>3,390,391</u>	<u>1,999,958</u>	<u>(1,925,700)</u>	<u>3,464,649</u>

In December 2017 a grant of £105,290 was received from the Roy Overland Charitable Trust for the purchase of drugs and medicine for the treatment of animals (£60,000) and for other specific charitable activities (£45,290).

In 2018, further grants from the Roy Overland Charitable Trust were received for the temporary employment of staff (£30,000) and for staff training (£7,000).

15. RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2018 £	2017 £
Net income/ (expenditure) for the year	74,258	(669,575)
<i>Add back:</i>		
Depreciation of fixed assets	193,113	199,854
Impairment of fixed assets	-	239,937
Finance charges	16,025	-
Loan interest	89,398	15,659
<i>Deduct:</i>		
Gain on sale of fixed assets	(1,798)	(139,500)
Rental income	(117,666)	(87,076)
(Increase)/Decrease in stocks	(5,052)	4,866
(Increase) /Decrease in debtors	(217,094)	65,948
Decrease/ (Increase) in creditors	1,411	(202,568)
Net cash generated /(used) from operating activities	<u>32,595</u>	<u>(572,455)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Tangible fixed assets	-	4,166,194	4,166,194	4,375,150
Current assets	20,260	556,201	576,461	191,835
Creditors due within one year	-	(669,503)	(669,503)	(1,176,594)
Creditors due over one year	-	(608,503)	(608,503)	-
Total assets less total liabilities	20,260	3,444,389	3,464,649	3,390,391

17. COMMITMENTS AND INTENTIONS TO SPEND

No material commitments were entered into before the year end or at the date of signing these Financial Statements other than as disclosed in Notes 12 and 13.

18. RELATED PARTY TRANSACTIONS

On 7 March 2018, a motor vehicle was sold to Sean Power, then a member of the Committee, for the sum of £12,500. The vehicle was independently valued and sold for £1,798 more than its carrying value in the asset register.

19. STAFF COSTS

The Society employed 34.5 full-time equivalent members of staff (2017: 41.5) during the year.

	2018 £	2017 £
Gross wages, salaries and benefits in kind	1,093,302	1,231,416
Employers social security contributions	64,613	72,812
Total	1,157,915	1,304,228

Staff receiving emoluments of over £60,000 were as follows:

Band £60,000 to £69,999	2 (2017 – 1)
Band £70,000 to £79,999	0 (2017 – 1)
Band £90,000 to £99,999	0 (2017 – 1)

Staff costs have been allocated as follows:

- £951,825 (2017: £1,148,095) within Charitable Activities, activities undertaken directly.
- £177,579 (2017: £109,293) within Charitable Activities, support costs.
- £28,511 (2017: £46,840) within Fundraising, support costs.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

19. STAFF COSTS (continued)

The average number of full time equivalent employees in the year was as follows:

	2018	2017
Fundraising	1.0	0.5
Charitable activities	31.0	37.0
Governance	2.0	0.5
Support	0.5	3.5
Total	<u>34.5</u>	<u>41.5</u>

20. COMMITTEE AND OFFICERS

No Committee members received nor waived any emoluments during the year (2017: nil).

Committee expenses incurred during the year amounted to £nil (2017: £nil).

21. LEGACIES RECEIVABLE

It is the Society's policy that legacies are not reflected in the Statement of Financial Activities until there is certainty that the legacy will be received and the value can be measured with reasonable accuracy.

Under the terms of known legacies existing at the balance sheet date, legacies from the estates of the late Edith Sylvester, Kathleen Hafler, Jane Harrison and Ronald Bisson have been accrued at the year end. The total sum accrued is £211,942 of which £161,942 has been received post year end.

22. CONTROLLING PARTY

There is no ultimate controlling body. The Society is controlled by the Committee, which is elected by the charity's members under the terms of the Constitution.

23. SUBSEQUENT EVENTS

As reported in note 12, the loan with Acorn Finance Limited was repaid on 21 February 2019. On the same day the Society was granted a loan by the States of Jersey in the sum of £500,000. The loan is secured on the Society's freehold property, is repayable on 30 June 2020 and bears interest at 5%.

The Society has been awarded a grant of up to £50,000 from the Association of Jersey Charities for the purchase of computer equipment and the implementation of new software in 2019.