

Association of Jersey Charities membership number:87

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

COMMITTEE'S REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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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:

Mr C. E. Gruchy, President
Mr A. Morley, Vice President (Elected 23rd May 2018)
Mr S. Power, Vice President (Retired 23rd May 2018)
Ms S. Ferguson, Honorary Treasurer (Elected 23rd May 2018)
Mr R. Bignell, Honorary Treasurer (Retired 23rd May 2018)
Mrs P. Williams, Committee Member (Elected 23rd May 2018)
Mr S. Williams, Committee Member (Elected 23rd May 2018 – 4th September 2018)
Mrs M. Holland Prior, Committee Member (Elected 23rd May 2018)
Mrs L. Lowseck, (Co-opted Committee Member 23rd May 2018)
Mr C. Jule, (Co-opted Committee Member 23rd May 2018, resigned 29th September 2018)
Mrs V. J. Campbell, Honorary Secretary (Resigned 25th May 2017)
Mrs L. Cook, Committee Member (Resigned 25th May 2017)
Mrs D. Taylor-Cox, Committee Member / Honorary Secretary from 25th May 2017

Association of Jersey Charities membership number: 87

Web-site: jspca.org.je

Registered office

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

Honorary secretary

Mrs D. Taylor-Cox

Chief Executive Officer

Kevin Charles Keen (appointed 26th September 2018)
Stephen Coleman (left 19th October 2017)

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

COMMITTEE'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

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 statement is:

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

The constitution for members is readily available on the Society's website www.jspca.org.je and at the JSPCA Animals' Shelter at 89 St Saviours Road during normal working hours.

Details of the Committee members and officers are set out on page 1.

Composition and appointment of Committee Members and Officers

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.

Organisational structure and decision making

The operations and associated matters of the Society are overseen by the Committee and delegated to members of staff as appropriate.

Risk management

The Committee have assessed the major risks to which the Society is exposed, in particular those related to the operations and finances of the Society, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

All substantial capital items and other forms of expenditure, greater than £20,000, are discussed by the Committee and voted on. All other items of expenditure, less than £20,000 are discussed between the President, Vice-President and Honorary Treasurer and agreed upon. The Society's bank accounts require a minimum of two signatories no matter what the amount and two authorisations are needed for all internet banking processes.

COMMITTEE'S REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

OBJECTIVES & ACTIVITIES

Objectives

The objects of the Society 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.

Strategies for achieving objectives

In order to attain these objectives the Society needs to maintain, expand into new generating areas and where possible increase all current revenue streams. The income of the JSPCA can be divided into a number of areas the most prominent are:

- 1. Donations
- 2. Boarding
- 3. Cremation Fees
- 4. Donations from monthly standing orders
- 5. Education course income
- 6. Behaviour training
- 7. Legacies
- 8. Fundraising
- 9. Sponsorships
- 10. Subscriptions
- 11. Rental income from let Society properties
- 12. 24hr Ambulance Service Income
- 13. Stray dog contract income

Of these, legacies are the most inconsistent due to the demographic composition of the Island and the uncertain nature of amount and date of receipt when monies will come in. The donation pool is subject to the vagaries of the economic cycle and has a surge and fall effect despite efforts to move people to regular monthly donation via standing order. The membership pool provides a small but continued source of regular income.

COMMITTEE'S REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

Activities for achieving objectives

The activities above are divided into 7 main income streams:

BOARDING

For some years the Society had been seeking a more suitable site for the boarding of dogs without success. A review was carried out in 2018 and in the light of the difficulty in identifying a suitable site and the losses being incurred on this activity a decision was made to cease offering commercial boarding for dogs at the end of 2018 but to continue offering this service for cats. In the light of this decision the costs of locating and developing alternative sites totalling £186,661 which had previously been capitalised have been written off.

CREMATORIUM FEES

The communal cremation fees are now levied at an appropriate level to the Island's veterinary practices. The policy of "free wildlife communal cremations" is being maintained in accordance with the Royal Veterinary College guidelines to all animal welfare organisations and registered vet practices. The collection charge is waived for these along with other fee producing communal cremations if individuals are collected at the same time from the relevant vet practice.

RENTAL INCOME FROM PROPERTIES

The Society sold 70 Val Plaisant in 2017.

There are four units of accommodation at the Society's site, 89 St Saviours Road. The licence fee of all four are being addressed and all four are to be let on a commercial basis.

The Education Centre on the St Saviours' site, which had been little used since Highlands College ceased funding for their companion animal husbandry course in 1998. It has now been let on a commercial basis to a Nursery group on a three yearly renewable lease.

There is also a let Grooming Parlour within the Society's new build which is let on an annual basis. The lease, is renewable and reviewed every year.

The Society has also entered into agreements with Sure Telecom for the renting of mobile repeating dish space on the Annie Rouse Building, covering some 15sq ft at an annual rental of £7,000 for eight years with a review after 3 years.

MEMBERSHIP FEES

The membership remains relatively low but is an important contribution to the Society. The Committee are actively working to expand the membership.

DONATIONS

The Society received a number of generous donations during the year. The Committee would particularly like to thank the Roy Overland Trust for their support in funding the cost of drugs, training and other expenses during 2017.

**COMMITTEE'S REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

LEGACIES

These continue to contribute as one of the sources of everyday working capital and have done so for a considerable period of time. However, the trend of reliance on such an unpredictable source of major financial support is under review as the Society is aware that it needs to move away from a dependency on legacies to fund its day to day activities.

ISLAND STRAY DOG CONTRACT

The Society was successful in its bid for the 3 year Island stray dog contract. This commenced in December 2014 for a period of 3 years with the option to extend for another 3 years. This option was exercised in 2017. The Society is paid an annual retainer in advance of £10,000 per annum and charges out for collection and boarding of the stray animal direct to the owner concerned. Should the owner not pay, the Society costs are covered by the Parish where the dog was straying, therefore no bad debt accrues from this activity.

Achievements and performance

Review of activities

SOCIETY CHARITABLE OPERATIONS

24 HR AMBULANCE SERVICE

This is provided by the Society for tasking by the members of the Public or any professional body. The service is co-ordinated and tasked from Reception at 89 St Saviour's Road during 08:00hrs - 17:00hrs and is normally on site within 20 minutes of being called out. The Ambulance also collects communal pet and wildlife cremations from the Island's vet practices on a daily basis. From 17:00hrs daily the service is placed on a dedicated "out of normal working hours" mobile phone number. The duty driver then attends to incidents as they are called. There is a high level of seasonality in the service with heavy activity during the summer months and lessening during the spring and autumn months. It has its quietest time during the winter months. This service has a considerable staffing requirement to ensure full 24 hour coverage at all times of the year.

FOSTER CLINIC

This is a service provided to enable those animals, which have been disclaimed to the JSPCA with a known illness, to receive ongoing treatment for their specific ailments at no cost to the new owner, if deemed "full foster" status. The Clinic is also utilised to check over and carry out veterinary procedures where applicable on all disclaimed, stray and wild animals that are brought in to be the responsibility of the Society prior to release or re-homing.

WELFARE CLINIC

This is a service offered to islanders who are in receipt of income support providing subsidised veterinary care and is limited to three animals only at time of registration. The clinic is open Monday – Friday between the hours of 8.00am – 10.30am and 1.30pm - 3.30pm. An appointment is required and clients must make a contribution payable before accessing the clinic's vet. All pets are also micro chipped at no cost during the first consultation if required. All subsequent visits are also subject to a consultation charge.

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

COMMITTEE'S REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2017

RE-HOMING KENNELS & CATTERY

These facilities are staffed by those currently involved with boarding facilities we offer in relation to dogs and cats. The animals in this facility are "on show", after health checking, in a separate block for dogs and in an isolated wing for cats. This ensures there is complete demarcation between boarders and those animals awaiting new homes. The same staff also carry out the "home visit" which is an integral part of the JSPCA adoption process. The costs of feeding, cleaning, socialisation, accommodation and any vet services required during the animals' stay are borne by the Society. Upon successful re-homing the Society makes an appropriate charge to the new owner to recover some of the costs of care.

DONATED RESOURCES

The Society is in receipt of donated resources in terms of the time "donated" by volunteers. This amounted to an estimated 3,800 hours in 2017. The JEP provides a monthly rehoming page advert which is supported by many local businesses.

AFFILIATE SUPPORT

The JSPCA hopes to improve relations with its affiliated Charities by incorporating them in Open Days and other events.

FINANCIAL REVIEW

Total income in 2017 was £1,472,909, representing a 6% increase on the previous year. Included in income were legacies of £458,203 which were some 77% higher than the previous year. Expenditure of £2,042,047 was slightly below 2016. The deficit on ordinary activities was £569,138 which was £84,032 better than the previous year.

Following pressure from the Society's bankers for the repayment of the overdraft (which stood at £837,701 at the end of 2016) two loans were obtained totalling just over £1 million leaving a small cash balance at the year-end of £120,514.

Net Assets at the end of 2017 totalled £3,390,391, representing a reduction of £669,575. The principal asset of the Society was its freehold property which was carried at net book value of £4.1 million.

REGISTRATION WITH THE JERSEY CHARITY COMMISSIONER

The charity has applied for registration with the Charity Commission before the deadline of 31 December 2018.

CONCLUSIONS

2017 was without doubt one of the most challenging in the Society's long history.

For the majority of 2018 the Committee took responsibility for the day to day management of the Society but in late September appointed Kevin Keen as Interim CEO, a role he agreed to carry out on a voluntary basis until March 2019. Mr Keen has extensive experience of Jersey organisations going through challenging times and has been assisting the Committee with a review of the activities of the Charity and increased efforts to raise

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

COMMITTEE'S REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2017

CONCLUSIONS (continued)

additional funds and reduce expenditure. New financing arrangements are being put in place which enable the Committee to conclude that the Society can continue to adopt the going concern basis. The States of Jersey have agreed to provide a loan of £500,000, in addition the Trustees of the Roy Overland Trust have agreed to provide an interest free loan facility of up to £500,000.

Finally, I would like to record my thanks to the staff, volunteers and Committee members for their support during this most difficult time. I would also wish to place on record the incredible support we have received from the Trustees of The Roy Overland Charitable Trust and the Elizabeth Violet Annie Rouse Settlement - they have been quite incredible. Of course there is also the amazing support of the public of Jersey who have shown in so many ways that they are behind this charity. The support we have received has been heartening.

There is no doubt that the last couple of years have been difficult and although there is still much to do, I believe that we can approach 2019 with cautious optimism.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- 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 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 19/2/19 and signed on their behalf, by:



Mr C Gruchy
President

19/2/2019

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 2017, and the Statement of Financial Activities for the year ended 31 December 2017, 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 2017 and of its incoming resources and application of resources, for the year then ended; and
- have been properly prepared in accordance with Charities SORP FRS 102.

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.

Material Uncertainty Related to Going Concern

We draw your attention to the financial statements, which indicates that the Society's expenditure exceeded its income by £669,575 during the year ended 31 December 2017 and, as of that date, the Society has net current liabilities of £984,759. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Society's ability to continue as a going concern. However, as stated to Note 1.12 to these financial statements, the Committee have reviewed management accounts for 2018 and cash flow forecasts for 2019. In addition, the States of Jersey have agreed to provide a loan of £500,000 at 5% interest per annum and the trustees of the Roy Overland Trust have agreed to provide an interest free loan facility of up to £500,000. This will allow the existing loans, on a much higher rate of interest, to be repaid. The Society owns property, currently leased, which could be sold in order to repay all borrowings.

Our opinion is not modified in respect of this matter.

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.

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

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.

Responsibilities of the Committee

As explained more fully in the Committee's Report on page 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.

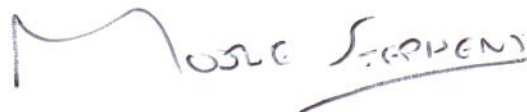
Auditor's responsibilities for the audit of the financial statements

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: 19 February 2019

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

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2017**

| | Note | Restricted Funds £ | Unrestricted Funds £ | Total funds 2017 £ | Total funds 2016 £ |
|--|-----------|--------------------------|----------------------------|-----------------------------|-----------------------------|
| INCOME ENDOWMENTS FROM | | | | | |
| Incoming resources from generated funds: | | | | | |
| Donations and legacies | 2 | 105,290 | 702,323 | 807,613 | 698,662 |
| Other trading activities | | - | 28,604 | 28,604 | 72,031 |
| Income from investments | 4 | - | 87,076 | 87,076 | 95,989 |
| Income from charitable activities | 3 | - | 542,865 | 542,865 | 515,595 |
| Other income | | - | 6,751 | 6,751 | 7,563 |
| TOTAL INCOME AND ENDOWMENTS | | 105,290 | 1,367,619 | 1,472,909 | 1,389,840 |
| EXPENDITURE | | | | | |
| Expenditure on raising funds | 5 | - | 19,700 | 19,700 | 89,227 |
| Expenditure on charitable activities | 6 | - | 2,022,347 | 2,022,347 | 1,954,323 |
| TOTAL EXPENDITURE | | - | 2,042,047 | 2,042,047 | 2,043,550 |
| NET INCOME/ (EXPENDITURE) ORDINARY ACTIVITIES | | 105,290 | (674,428) | (569,138) | (653,170) |
| Net gain on disposal of fixed assets | 9 | - | 139,500 | 139,500 | 3,670 |
| Impairment of property costs | 9 | - | (239,937) | (239,937) | - |
| NET INCOME/ (EXPENDITURE) | | 105,290 | (774,865) | (669,575) | (650,040) |
| Net movement in funds | | 105,290 | (774,865) | (669,575) | (650,040) |
| <i>Total funds at 1 January</i> | | <i>-</i> | <i>4,059,966</i> | <i>4,059,966</i> | <i>4,710,006</i> |
| TOTAL FUNDS AT 31 DECEMBER | 13 | 105,290 | 3,285,101 | 3,390,391 | 4,059,966 |

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

The notes on pages 12 to 20 form part of these financial statements.

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

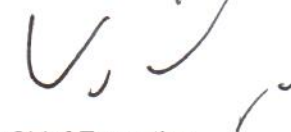
**BALANCE SHEET
AS AT 31 DECEMBER 2017**

| | Note | £ | 2017 £ | £ | 2016 £ |
|---|------|--------------------|------------------|--------------------|--------------------|
| FIXED ASSETS | | | | | |
| Tangible fixed assets | 9 | | 4,375,150 | | 5,119,716 |
| CURRENT ASSETS | | | | | |
| Stocks | 10 | 30,257 | | 35,123 | |
| Debtors | 11 | 41,064 | | 107,012 | |
| Cash at bank | | 120,514 | | 3,293 | |
| | | <u>191,835</u> | | <u>145,428</u> | |
| CREDITORS: amounts falling due within one year | 12 | <u>(1,176,594)</u> | | <u>(1,205,178)</u> | |
| NET CURRENT LIABILITIES | | | <u>(984,759)</u> | | <u>(1,059,750)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>3,390,391</u> | | <u>4,059,966</u> |
| CHARITY FUNDS | | | | | |
| Restricted funds | 13 | | 105,290 | | - |
| Unrestricted funds | 13 | | 3,285,101 | | 4,059,966 |
| | | | <u>3,390,391</u> | | <u>4,059,966</u> |

The financial statements were approved by the Committee on 19/2/19 and signed on their behalf, by:



President
C. E. Gruchy



Chief Executive
K. C. Keen

The notes on pages 12 to 20 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and on a going concern basis in accordance with the United Kingdom Accounting Standards and comply with Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (SORP-revised 2015) issued by the Charities Commission.

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.

Investment 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 sufficient reliability.

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 short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (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 £1,000 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 3,378 hours in 2017 (2016: 8,110). 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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)**

1. ACCOUNTING POLICIES (continued)

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 reviewed management accounts for 2018 and cash flow forecasts for 2019. In addition, the States of Jersey have agreed to provide a loan of £500,000 at 5% interest per annum and the trustees of the Roy Overland Trust have agreed to provide an interest free loan facility of up to £500,000. This will allow the existing loans, on a much higher rate of interest, to be repaid. The Society owns property, currently leased, which could be sold in order to repay all borrowings.

1.13 Other trading activities

Other trading activities comprise 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 2017 £ | Unrestricted funds 2017 £ | Total funds 2017 £ | <i>Total funds 2016 £</i> |
|-----------------------------------|--|--|---------------------------------------|---------------------------------------|
| Donations | 105,290 | 242,670 | 347,960 | 438,182 |
| Subscriptions and membership fees | - | 1,450 | 1,450 | 1,215 |
| Legacies | - | 458,203 | 458,203 | 259,265 |
| | <u>105,290</u> | <u>702,323</u> | <u>807,613</u> | <u>698,662</u> |

3. INCOME FROM CHARITABLE ACTIVITIES

| | Restricted Funds 2017 £ | Unrestricted funds 2017 £ | Total funds 2017 £ | <i>Total funds 2016 £</i> |
|---------------------------|--|--|---------------------------------------|---------------------------------------|
| Boarding | - | 170,896 | 170,896 | 166,381 |
| Rehoming | - | 164,976 | 164,976 | 137,383 |
| Stray Dog Contract | - | 15,286 | 15,286 | 14,830 |
| Additional Animal Welfare | - | 191,707 | 191,707 | 197,001 |
| | <u>-</u> | <u>542,865</u> | <u>542,865</u> | <u>515,595</u> |

4. INCOME FROM INVESTMENTS

| | Restricted funds 2017 £ | Unrestricted funds 2017 £ | Total funds 2017 £ | <i>Total funds 2016 £</i> |
|---------------|--|--|---------------------------------------|---------------------------------------|
| Rental Income | - | 87,076 | 87,076 | 95,989 |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)**

5. EXPENDITURE ON RAISING FUNDS

| | Restricted funds 2017 £ | Unrestricted funds 2017 £ | Total funds 2017 £ | <i>Total funds 2016 £</i> |
|--------------------------|--|--|---------------------------------------|---------------------------------------|
| Direct fundraising costs | - | 5,516 | 5,516 | 15,200 |
| Support cost | - | 14,184 | 14,184 | 74,027 |
| | - | 19,700 | 19,700 | 89,227 |

6. EXPENDITURE ON CHARITABLE ACTIVITIES

| | Restricted Funds 2017 £ | Unrestricted funds 2017 £ | Total funds 2017 £ | <i>Total funds 2016 £</i> |
|---------------------------------|--|--|---------------------------------------|---------------------------------------|
| Cruelty Prevention | - | 91,734 | 91,734 | 113,923 |
| Education & Promoting Knowledge | - | 100,831 | 100,831 | 147,361 |
| Boarding | - | 330,575 | 330,575 | 390,187 |
| Rehoming | - | 551,183 | 551,183 | 548,764 |
| Governance | - | 295,385 | 295,385 | 64,548 |
| Additional Animal Welfare | - | 652,639 | 652,639 | 689,540 |
| | - | 2,022,347 | 2,022,347 | 1,954,323 |

7. NET OUTGOING RESOURCES

| | | |
|--|-------------------|-------------------|
| This is stated after charging: | 2017 £ | 2016 £ |
| Depreciation of tangible fixed assets: | | |
| - owned by the society (note 9) | 199,854 | 221,306 |
| Impairment of fixed assets (note 9) | 239,937 | - |
| Auditor's remuneration - audit | 9,000 | 9,000 |
| - other services | 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 2017

8. SUPPORT COSTS

| | Fundraising | Governance | Cruelty Prevention | Education & Promoting Knowledge | Boarding | Rehoming | Additional Animal Welfare | Total 2017 | Total 2016 |
|------------------|-------------|------------|--------------------|---------------------------------|----------|----------|---------------------------|------------|------------|
| | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Office costs | 4,815 | 5,190 | 12,966 | 21,352 | 33,304 | 30,400 | 48,207 | 156,234 | 180,593 |
| Property costs | - | 10,209 | 20,417 | 51,043 | 81,670 | 20,417 | 20,417 | 204,173 | 218,745 |
| Human resources | 47,340 | 1,952 | 16,659 | 24,011 | 25,610 | 26,018 | 26,250 | 167,840 | 196,812 |
| Finance costs | - | 25,027 | - | - | - | - | - | 25,027 | 34,845 |
| Management costs | - | 95,939 | - | - | - | - | - | 95,939 | 27,572 |
| | 52,155 | 138,317 | 50,042 | 96,406 | 140,584 | 76,835 | 94,874 | 649,213 | 658,567 |

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.

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 2017

9. TANGIBLE FIXED ASSETS

| | New Kennels | New Houses | Freehold property | Freehold Property- Anne Rouse Building | Motor Vehicle | Fixture & fittings | Computer equipment | Total |
|-----------------------|-------------|------------|-------------------|--|---------------|--------------------|--------------------|-----------|
| Cost | £ | £ | £ | £ | £ | £ | £ | £ |
| At 1 January 2017 | 164,236 | 53,276 | 3,043,527 | 3,190,320 | 77,801 | 468,841 | 17,298 | 7,015,299 |
| Additions | 22,425 | - | - | - | - | 14,800 | - | 37,225 |
| Impairment charge | (186,661) | (53,276) | - | - | - | - | - | (239,937) |
| Disposal | - | - | (475,000) | - | (6,995) | - | - | (481,995) |
| At 31 December 2017 | - | - | 2,568,527 | 3,190,320 | 70,806 | 483,641 | 17,298 | 6,330,592 |
| Depreciation | | | | | | | | |
| At 1 January 2017 | - | - | 1,297,070 | 286,812 | 40,950 | 254,959 | 15,792 | 1,895,583 |
| Disposal | - | - | (133,000) | - | (6,995) | - | - | (139,995) |
| Charge for the year | - | - | 102,741 | 63,806 | 9,212 | 22,868 | 1,227 | 199,854 |
| At 31 December 2017 | - | - | 1,266,811 | 350,618 | 43,167 | 277,827 | 17,019 | 1,955,442 |
| Net book value | | | | | | | | |
| At 31 December 2017 | - | - | 1,301,716 | 2,839,702 | 27,639 | 205,814 | 279 | 4,375,150 |
| At 31 December 2016 | 164,236 | 53,276 | 1,746,457 | 2,903,508 | 36,851 | 213,882 | 1,506 | 5,119,716 |

• 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 70 Val Plaisant, with a net gain of £138,000. A motor vehicle was also disposed of, with a net gain of £1,500.

• The Committee have decided not to proceed with the New Kennels and New Houses development, and therefore previously capitalised expenditure on these properties has been written off creating a total impairment of £239,937.

• 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

10. STOCKS

| | 2017 £ | 2016 £ |
|-----------------------------|---------------|---------------|
| Drugs, food and merchandise | <u>30,257</u> | <u>35,123</u> |

11. DEBTORS

| | 2017 £ | 2016 £ |
|--------------------------------|---------------|----------------|
| Charitable income debtors | 29,353 | 14,028 |
| Other debtors | 2,947 | 81,021 |
| Prepayments and accrued income | 8,764 | 11,963 |
| | <u>41,064</u> | <u>107,012</u> |

12. CREDITORS:

Amounts falling due within one year

| | 2017 £ | 2016 £ |
|---------------------------------|------------------|------------------|
| Charitable activity creditors | 117,188 | 102,083 |
| Other creditors | 36,026 | 223,560 |
| Bank overdraft | - | 837,701 |
| Loan – Acorn Finance Limited | 502,750 | - |
| Loan – Michel and Allan Limited | 508,935 | - |
| Accruals and deferred income | 11,695 | 41,834 |
| | <u>1,176,594</u> | <u>1,205,178</u> |

The Society had two registered promissory notes in the sum of £500,000 and £275,000 respectively held by RBSI Limited to guarantee as a first charge against the Society's property assets to underwrite the overdraft which was repaid in October 2017.

The loan with Acorn Finance Limited was taken on 11 July 2017, is secured on the Society's freehold property and bears interest at 9.85%. It is repayable within one year, however the term has subsequently been extended and repayment is expected to be made on 19 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 is repayable within one year, however the loan has subsequently been extended and at the time of signing of these financial statements it is still in place.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

13. SUMMARY OF FUNDS

| | Brought Forward £ | Incoming Resources £ | Resources Expended £ | Transfers In/out £ | Carried Forward £ |
|--------------------|----------------------|-------------------------|-------------------------|-----------------------|----------------------|
| Restricted funds | - | 105,290 | - | - | 105,290 |
| Unrestricted funds | 4,059,966 | 1,507,119 | (2,281,984) | - | 3,285,101 |
| Total funds | 4,059,966 | 1,612,409 | (2,281,984) | | 3,390,391 |

In late December 2017 a grant of £105,290 was received for the specific purpose of purchase of drugs and medicine for the treatment of animals. The grant has therefore been shown in a restricted fund. As at 31 December 2017 no applicable expenditure had been incurred and therefore the fund has been carried forward in full to 2018.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Restricted funds 2017 £ | Unrestricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|-------------------------------|-------------------------------|---------------------------------|--------------------------|--------------------------|
| Tangible fixed assets | - | 4,375,150 | 4,375,150 | 5,119,716 |
| Current assets | 105,290 | 86,545 | 191,835 | 145,428 |
| Creditors due within one year | - | (1,176,594) | (1,176,594) | (1,205,178) |
| | 105,290 | 3,285,101 | 3,390,391 | 4,059,966 |

15. COMMITMENTS AND INTENTIONS TO SPEND

In the financial statements for 2016, it was reported that the Committee had undertaken payments totalling £217,512 in respect of a new kennel facility. As disclosed in note 9, the Committee have decided not to proceed with this development, and therefore these costs have been written off.

There are no similar commitments to disclose as at 31 December 2017 or at the time of signing of these financial statements.

16. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year. Committee expenses incurred during the year amounted to £nil (2016: £10,324).

17. STAFF COSTS

The Society employed 41.5 full-time equivalent members of staff (2016: 41.5) during the year. Three members of staff received emoluments over £60,000.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

17. STAFF COSTS (continued)

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Gross wages, salaries and benefits in kind | 1,231,416 | 1,196,667 |
| Employers social security contributions | 72,812 | 73,844 |
| Total | <u>1,304,228</u> | <u>1,270,511</u> |

Staff costs have been allocated as follows:

- £1,148,095 (2016: £1,087,722) within Charitable Activities, activities undertaken directly.
- £109,293 (2016: £115,568) within Charitable Activities, support costs.
- £46,840 (2016: £67,221) within Costs of generating voluntary income, support costs.

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

| | 2017 | 2016 |
|-----------------------|-------------|-------------|
| Fundraising | 0.5 | 0.5 |
| Charitable activities | 37.0 | 37.0 |
| Governance | 0.5 | 0.5 |
| Support | 3.5 | 3.5 |
| Total | <u>41.5</u> | <u>41.5</u> |

18. COMMITTEE AND OFFICERS

No Committee members received nor waived any emoluments during the year (2016: nil).

19. 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 sufficient reliability.

Based on this policy, there were no known legacies at the year-end which have been reflected in the financial statements.

20. CONTROLLING PARTY

There is no ultimate controlling body. The Society is controlled by the Committee.

21. SUBSEQUENT EVENTS

Changes in Committee membership and key staff are reported in the Committee report, page 1.

Changes in loan facilities are reported in the Committee report, page 7 and in note 12. The loan with Acorn Finance was repaid on 19th February 2019.