

**Petplan
Charitable Trust**

Annual Report and Accounts

31 December 2015

Charity Registration Number 1032907

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Reference and administrative information

Trustees	David Simpson Hon. Assoc. RCVS (Chair) Clarissa Baldwin CBE Patsy Bloom Hon. Assoc. RCVS John Bower MBE BVSc MRCVS Edward Chandler BVetMed FRCVS Jamie Crittall Gary Davess Peter Laurie Kathryn Willis MPhil FIA ARCS
Trust administrator	Catherine Bourg BA MSc
Registered office	Great West House (GW2) Great West Road Brentford Middlesex TW8 9EG
Charity registration number	1032907
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Yorkshire Bank 7 Gold Street Northampton NN1 1EN
Investment managers	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA

Reference and administrative information

Solicitors

Bates Wells & Braithwaite LLP
2-6 Cannon Street
London
EC4M 6YH

Trustees' report Year to 31 December 2015

The Trustees present their report together with the accounts of the Petplan Charitable Trust for the year ended 31 December 2015.

The accounts have been prepared in accordance with the accounting policies set out on pages 15 to 18 of the attached accounts and comply with the charity's trust deed, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

Structure, governance and management

The Petplan Charitable Trust is a registered charity (Charity Registration No. 1032907) and is governed by a Trust Deed dated 21 January 1994.

The Trust is governed by a Board of Trustees which meets twice a year. The Trust Deed states that, at any time, there should be no less than three Trustees. The Board considers recommendations made by the Welfare Committee, which meets once a year to consider welfare/educational grant applications, and the Scientific Committee, which meets once a year to consider scientific grant applications. Members of the Board of Trustees sit on both the Welfare and Scientific Committees.

The Trustees and Committee members are chosen for their knowledge and expertise in the specialist veterinary/animal health field. Trustees serve for a term of up to two years, on a rotation basis, after which they may be re-elected for further terms. All Trustees are aware of their duties and responsibilities as charity trustees and sign a contract between themselves and the charity when they agree to serve.

The Committee members who served during the period were as follows:

Welfare Committee

Clarissa Baldwin CBE (Welfare Secretary)

Claire Bessant (Chief Executive, International Cat Care)

Edward Chandler BVetMed FRCVS

Roly Owers (Chief Executive, World Horse Welfare)

Scientific Committee

Edward Chandler BVetMed FRCVS (Scientific Secretary)

Professor Mike Day BSc BVMS Hons, PhD DSc DipIECVP FASM FRCPATH FRCVS – University of Bristol

Professor Kin-Chow Chang BVSc MSc PhD FRCVS – University of Nottingham

Professor Jonathan Elliott MA VetMB PhD MRCVS – Royal Veterinary College (Chair)

Michael Herrtage MA BVSc DVR DVD DSAM, DipECVIM, DipECVDI, MRCVS – University of Cambridge

Lynne Hill MVB MBA MRCVS – University of Bristol (resigned 7 January 2015)

Cathy McGowan BVSc PhD DEIM DipECEIM MRCVS – University of Liverpool

Dr Tim Parkin BSc, BVSc, PhD, DipECVPH, MRCVS – University of Glasgow

Trustees' report Year to 31 December 2015

Structure, governance and management (continued)

Scientific Committee (continued)

Professor Richard Piercy MA VetMB DipACVIM MRCVS – Royal Veterinary College

Dr Keith Thoday BVetMed PhD DVD DipECVD MRCVS – Chair of Veterinary Dermatology, University of Edinburgh

Dr Andrew Waller – Head of Bacteriology, Animal Health Trust

Professor Sarah Wolfensohn OBE BSc MA VetMB CertLAS FSB DipECAWBM-WSEL MRCVS – University of Surrey (appointed 10 March 2015)

The following Trustees have been in office since 1 January 2015 except where noted:

Board of Trustees	Appointed/ resigned
David Simpson (Chair)	
Clarissa Baldwin	
Patsy Bloom	
John Bower	
Edward Chandler	
Jamie Crittall	
Gary Davess	
Peter Laurie	
Kathryn Willis	

The connections of the Trustees to Petplan Limited and its group companies are as stated below:

John Bower	Veterinary Surgeon.
Gary Davess	Director of Allianz Retail.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these accounts, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and

Structure, governance and management (continued)

Statement of Trustees' responsibilities (continued)

- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the accounts comply with the Charities Act 2011, the applicable Charity (Accounts and Reports) Regulations and the provisions of the charity's trust deed. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Key management personnel

The Trustees consider that they, along with the trust administrator, comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

None of the Trustees receive any remuneration or reimbursement of expenses in connection with their duties as Trustees.

The salary of the trust administrator is reviewed and agreed annually by the Trustees.

Risk management

The Trustees have assessed all the major risks to which the Trust is exposed, in particular those relating to the specific operational areas of the Trust, its investments and its finances. The Trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the Trust, they have established effective systems to mitigate those risks.

The Trustees have identified two key risks faced by the charity:

- ◆ The charity makes grants to other charitable and academic organisations. The Trustees and Committees responsible for overseeing the grant making activity always ensure that they are fully briefed about and familiar with the work of a potential recipient of funds, that funds are transferred via bank transfer, that proof of receipt is obtained and that, wherever possible a full written report of how the monies have been utilised and applied is obtained from the recipient.
- ◆ The charity's principal asset comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The investments are managed by reputable investment managers who adhere to a policy agreed by the trustees. The trustees meet twice a year with the investment managers and the manager's performance and that of the portfolio are monitored. The investment strategy is assessed regularly to ensure it remains appropriate to the charity's needs - both now and in the future.

Objectives, activities and performance

In setting the Trust's objectives and planning its activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The Trust has the following aims and objectives:

- ◆ To provide grants for the welfare of dogs, cats, horses and rabbits by funding clinical veterinary investigation, education and welfare projects. The Trust does not and will not consider applications which involve experimental or invasive surgery.
- ◆ To promote and improve the welfare of animals and relieve their suffering.
- ◆ To give Petplan policy holders the opportunity to act as a major collective force for the well being of animals through modest individual donations which, when added together, will allow substantial grants to be made.
- ◆ To harness the compassion and concern of the Petplan policy holders for the good of all animals.

The principal activity of the Trust is to make grants from donations received to fund clinical veterinary investigation, education and welfare projects. Two rounds of grants are awarded each year, welfare and scientific. Capital grants for major projects may also be awarded to Veterinary Schools when funds allow, although there has been a moratorium in place on these since 2007.

In 2014 the Trust invested in an online applications package called Benefactor. This has greatly improved the application process both for the applicants and the Committees who assess them, and means that the grant administration is more streamlined.

Welfare grant applications are scrutinised by the Welfare Committee before a shortlist is put forward for consideration by the Trustees. All applicants must be registered charities, and must provide comprehensive information including photographs and their most recent accounts.

Several charities are visited each year, and all successful applicants are required to provide a written report within twelve months detailing how the funds have been utilised.

Scientific grant applications are invited from the major veterinary schools and are split into two as follows:

- ◆ Pump priming grants, up to a maximum of £10,000, which are meant to fund initial research over a period of no more than one year. Pump priming grant applications are scrutinised by the Scientific Advisory Committee (SAC) before a shortlist is put forward for consideration by the Trustees.
- ◆ Full grants (which can be any amount at the discretion of the Trustees), which fund in-depth research over one, two or three years. In order to qualify for a full grant, applicants must first complete an initial application which is scrutinised by the SAC. If appropriate, the applicant is then required to complete a second, full application. These full applications are once again checked by the SAC and are also subject to external peer review. A final shortlist is drawn up and shortlisted applicants are invited for interview with the SAC. From those interviewed, the SAC will make recommendations to the Trustees.

Objectives, activities and performance (continued)

All successful applicants are required to provide project reports to update the Trust on progress. The project reports are reviewed by the SAC and any which fail to meet the required standard are followed up before additional funds are awarded.

Between 2010 and 2014 the Trust administered the **Pedigree Adoption Scheme** on behalf of Mars Petcare UK Limited. Under this scheme, members of the public were invited to make donations to fund grants to the members of the Association of Dogs and Cat Homes (ADCH). In line with the Trust's practice for the approval of welfare grants, a committee was established to review all applications made under this scheme and to make recommendations to the Trustees. During the year the committee consisted of Clarissa Baldwin, David Simpson and Edward Chandler, together with two representatives of Mars Petcare UK Limited. The monies to be awarded were held by the Trust in a dedicated restricted fund. During 2015 the Trust decided to withdraw from administering the Scheme and advised Mars Petcare UK Limited. A small balance remained on the account at the end of the year which was distributed, on behalf of Mars Petcare UK Limited, by way of awards and grants to ADCH in April 2016.

Grants approved during the year less those returned or cancelled were:

	2015 £	2014 £
Scientific grants	306,535	489,956
Welfare and educational grants	206,552	180,723
Pedigree adoption scheme grants	94,000	93,483
	<u>607,087</u>	<u>764,162</u>

At the inception of the Trust in 1994, Petplan policy holders were invited to make an annual voluntary £1 donation to the Trust. The suggested amount was increased to £1.50 in April 2007 and increased to £2 in May 2015. The Trustees would like to express their thanks to Petplan Limited for actively supporting the work of the Trust.

The Trust has its own website – www.petplantrust.org – which explains how the Trust is administered and contains information and articles about some of the organisations helped by the Trust. The Trust also produces its own newsletter, which is displayed on the website.

Within the scientific community the Trust appears to grow in stature year on year. Good friends are being made with specialist referees from Australia, USA and Europe and occasionally China and Japan. The Trust is clearly perceived as a valuable asset to research into the welfare of companion animals.

Investment policy

The Trust's funds are managed by Cazenove Capital Management Limited (formerly known as Schroder Investment Management Limited) with an emphasis on capital growth rather than income.

The previous cash position in the investments was reduced to 10% during the year as some uncertainties in the markets became less concerning.

Investment policy (continued)

Representatives from the Board of Trustees communicate with the investment managers on a regular basis to ensure that funds are being managed in the most appropriate way and the investments are fully reviewed and discussed at all meetings of the Board of Trustees

Reserves policy

Overall the Trust's strategy remains that of establishing a firm capital base so that it can make an enduring contribution through its grants. Total reserves as at 31 December 2015 were £503,556, of which £492,052 were unrestricted free reserves. The Trustees consider this level of free reserves to be adequate but not excessive at the present time.

In the early years of the Trust's existence the Trustees, unsure as to the likely strength of donations, considered that this strategy would be best achieved by investing a significant portion of donations received. But by 2002 the Trustees felt that a clear pattern of donation level had been established and that the continued commitment of Petplan Limited to support the Trust allowed them greater flexibility. Therefore, since 2002 a greater proportion of funds has been released annually for grants.

Whilst it remains the policy to release the greater proportion of funds for grants annually the Board of Trustees has decided that in the coming years it will place some further funds into the investment portfolio.

Financial review

In view of the economic climate and the financial uncertainties this has created, the Trustees continued to adopt a conservative approach to the Trust's finances.

Donations and legacies amounted to £832,086 (2014 - £609,400), of which £97,000 is restricted (2014 - £1,284). Income from investment activity resulted in investment income of £31,341 (2014 - £27,949), interest receivable of £244 (2014 - £882), of which £31 is restricted (2014 - £28), realised gains on investments of £nil (2014 - £6,727) and unrealised gains on investments of £5,004 (2014 - £24,292).

New grants pledged from unrestricted funds, less cancelled grants from previous years, totalled £513,087 (2014 - £670,679). Restricted grants of £94,000 (2014 - £93,483) were also awarded. In addition, other charitable expenditure of £132,919 (2014 - £120,510) was incurred of which £2,002 was restricted (2014 - £1,949).

The Trust continues to invest funds for the future, and at 31 December 2015 had £1,199,303 (2014 - £1,167,778) invested in a portfolio under discretionary fund management. Total net assets of the Trust at 31 December 2015 were £503,556 (2014 - £374,887), of which £11,504 were restricted (2014 - £10,475).

Plans for future periods

During the coming year Trust's website will be completely rebuilt to better communicate the work and achievements of the Trust and also better engage with donors.

Traditionally, the Trust has maintained a structured approach to grant giving through application and review to either the Trust's Welfare or Scientific Committees. This policy will continue for the majority of the Trust's grants but, alongside this, the Trust will endeavour to be more proactive in identifying areas and organisations that it is interested in supporting. Several initiatives have been identified and once approved by Trustees will be reported separately in future reports.

Approved on behalf of the Trustees

A handwritten signature in black ink, appearing to be 'J. R. A.', written over a faint circular stamp or watermark.

Trustee

Date of approval:

12/9/16