



Behaviour

What we do

Environment

About our
Pet Hospitals
and who we
help

Companionship

Volunteers,
pet owners &
working with
others

Diet

The sustenance
we need to
survive


Health

Investing in our
organisational
capability

**Annual Trustees' Report
and Accounts 2019**

Year Ended 31 December 2019

PDSA Annual Trustees' Report and Accounts 2019

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Chair's Letter

Our founder Maria Dickin once said 'animals too must have a better world to live in'.

For more than a century, PDSA has sought to protect and strengthen the precious bond between pets and their owners. In the slums of 1917 East London, Maria Dickin set up a dispensary to relieve the suffering of animals whose owners could not afford veterinary care. In doing so, she was not simply helping animals, but helping to relieve the effects of poverty on families and communities.

Since then we have grown to be one of the UK's largest veterinary organisations, touching the lives of more pets and their owners than any other animal charity, by delivering compassionate care in our 48 Pet Hospitals nationwide.

And as I look back on 2019, I believe we are being true to Maria's vision of helping to create that 'better world' for both pets and their owners - regardless of their financial status.

In many ways 2019 was a momentous year in our history with the opening of our new PDSA Pet Wellbeing Centre in Manchester – named The Montague-Panton Hospital in recognition of a significant gift from their Animal Welfare Trust. I'd also like to thank players of People's Postcode Lottery for their generous support.

We also returned to the nation's TV screens with The People's Vet on Channel 4. Filmed at our two pet hospitals in Liverpool, The Jeanne Marching Centre in Kirkdale and the Thomas Williams Centre in Huyton. It showed the impact our work has on the people who rely on us, capturing the emotional bond between pets and their owners.

Recognising animals' devotion to duty and service continues to attract national media coverage through our inspiring Animal Awards programme. Most notably, last year we presented the PDSA Order of Merit to the heroic Metropolitan and British Transport Police Dogs that served during the London terror attacks of 2017.

We also took our PetWise message on tour, educating pet owners on the best way to take good care of animals, visiting towns and cities across the country as well as engaging with thousands of pet owners at events such as Crufts, the BBC's Countryfile Live, DogFest and the National Pet Show. All of which is helping us to become better known, loved and understood.

We couldn't provide our charitable veterinary service without the generosity and kindness of our supporters. We depend on voluntary donations so we can continue to be there for pets and their owners when they have nowhere else to turn. In particular I'd like to thank The Basil Larsen 1999 Charitable Trust for a very generous donation of £2 million which will be used to treat sick and injured dogs at our London Pet Hospitals. 2019 brought its challenges. There is a shortage of vets and vet nurses making it tougher and more costly to recruit the expert clinical staff we need. Our charity shops experienced many of the same pressures as other retailers. And securing the support and donations we need just to meet the demand for our services remains a priority.

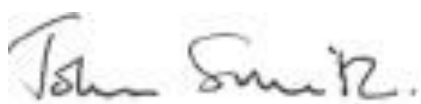
That said, I was delighted to see our total donations and income reach £112.7 million, an increase of 4.3% on 2018. Thanks to the compassion of supporters who left us gifts in their Wills, our legacy income reached £50.2 million meaning our net income for 2019 was £17.4 million. This is the third consecutive year where we have recorded a surplus following a period where our income fell short of the costs. With the security of another year's surplus, we were actively considering how best to invest in our charitable service to make an ever-greater impact on improving pet welfare and helping those in society who are less fortunate.

Circumstances have changed considerably. We are now facing the extremely serious implications of Covid-19 and the challenge of maintaining our veterinary service over a sustained period of disruption. We have developed business continuity plans designed to mitigate the effects of the virus, to protect our front-line Pet Hospitals and the vulnerable pets and people we support. Even with these plans and the actions we have taken, the impact of this crisis on PDSA will be significant. It is certain that the financial hardship that will follow this pandemic will increase the demand for our services, perhaps to levels we have never seen before.

I'd like to thank all our supporters, alongside our dedicated vets, nurses, our staff and our volunteers who have helped make 2019 a successful year and are working so hard to ensure we are there for vulnerable people and pets during this period of unprecedented crisis.

By working together, I know PDSA will not just weather this storm but, in many ways, it will emerge stronger than ever.

We will continue Maria Dickin's legacy and I'm sure that she would be incredibly proud of her charity today – despite all our challenges, her mission to help sick and injured animals and their owners will remain our absolute priority.



John Smith
Chair



Director General's Letter

As we moved on from our centenary year celebrations of 2018, we entered 2019 as determined as ever to help the pets and people that need us most.

Looking back on our 100-year history made us all want to push even harder to make PDSA better known, loved and understood and that was our key focus for the year. This is critical to us winning the support and income we need to reach more pets and owners in need.

Our work could not go on without the support of our many friends and we are indebted to them. Thanks to our kind supporters we enjoyed our best year for income including more than £50 million that was left to PDSA from gifts in Wills alone. This gave us a strong foundation as we planned our charitable work for 2020 and beyond.

We are an ambitious organisation because we believe in what we do and know that we can make a difference. To help achieve our vision of a lifetime of wellbeing for every pet, we are guided by four strategic objectives:

- **Improve pet wellbeing**
- **To be better known, loved and understood**
- **Increase support and grow income**
- **Grow our organisational capability**

We went into 2020 with clear, exciting and ambitious plans. To reach more pets and people in need. To strengthen our brand so more people know us and choose to support our cause. We had planned a comprehensive review of our digital platforms and to develop closer relationships with partner organisations and groups in our local communities.

Instead, we find ourselves responding to the global Covid-19 crisis and adjusting to the challenges this brings. We had prepared detailed business continuity plans and were able to react quickly as the UK Government introduced emergency measures to prevent the spread of this disease. The organisation rallied around five key areas of focus:

- **Reducing the risk for our people**, playing our part in supporting social distancing and shielding guidance;
- **Protecting our front-line service**, so we continue to be there for the most vulnerable people in our communities when their pet is ill or injured;
- **Close control of our cash flow** as we face increased demand on our veterinary service at the same time as our mechanisms for generating income are disrupted;
- **Clear and effective communications for our staff**, volunteers, supporters and pet owners;
- **Ensuring we are planning for the financial hardship** that will follow this crisis and the inevitable increase in demand for our services.

Like many other organisations, PDSA has had to react quickly to substantial disruption to our existing operations and ways of working.

With many of our traditional income streams temporarily halted during this period of global crisis, it is more important than ever for us to attract new supporters.

Alongside our teams maintaining our operations and protecting the charity, we continue to develop new ways of reaching people and getting the right messages to them at the right time, particularly through TV and social media. We also have an ambition to grow our market share when it comes to the incredibly generous gifts people leave us in their Wills.

In these unprecedented times, there has never been a more critical time for us to build a new Pet Hospital in Nottingham, as part of our hospital replacement programme, we continue to work closely with Nottingham University. Modern veterinary facilities such as this will be much needed as we come out of the current emergency.

Our founder, Maria Dickin, once said that she wanted only three things for PDSA. First, for people to bring their sick and injured pets so they receive the care they need. Second, for people to support PDSA by giving money. And third, loyal staff dedicated to our cause. I am so proud of how all our staff have responded to the rapid and substantial challenges posed by the Covid-19 crisis. They have all stepped up to the challenges we face. Vet services have been deemed essential by the Government, and our front-line hospital staff are continuing to work with the public, every day, to protect the precious bond that exists between pets and their owners. My heartfelt thanks go to each and every one of them.

Before anyone had even heard of Covid-19 we had a continued focus on employee engagement as part of our plan to become a great place to work and an organisation of choice. This is why I was so proud that we were listed in the *Sunday Times* Top 100 best not-for-profit organisations to work for, and being rated as 'One To Watch' by Best Companies meaning we have good levels of engagement with our teams. Through the survey, our people told us they were proud to work for this organisation and that we live our values – never has this been demonstrated more so than in the last few months. We will continue to celebrate what we do well and strive to make PDSA an even better place to work.

Like so many other charities, we could not function without our army of volunteers, whether helping in a shop, supporting our staff in a Pet Hospital, or organising fundraising on our behalf. We are indeed lucky to have their wonderful support and I know that they are looking forward to the day we can return to some sort of normality and they can once again help us in their own special way.

We are living in the most extraordinary times and I'm sure we will be dealing with this pandemic for a protracted period of time. When we come out of it, we will find ourselves in a period of austerity, where many people will need our help.

However, PDSA is a strong organisation and it is at times like these that I draw on the strength of the past - thinking of what Maria Dickin would do – and looking positively to the future, given the phenomenal people we have in all areas of PDSA.

Thank you for reading our 2019 Annual Report and I hope you better understand the aims, achievements and ambitions of PDSA and the important part we play in society.

Jan McLoughlin.

Jan McLoughlin
Director General



Annual Review

Within sections one to five of this report we will be covering the organisation's objectives, activities, achievements and performance. The Trustees consider that due regard has been paid to the Public Benefit Guidance published by the Charity Commission in relation to section 4 of the Charities Act 2011.

Whilst this review covers our operations in 2019 the impact of the 2020 Covid-19 pandemic on PDSA will be significant and is impacting our plans to deliver on our strategic objectives.

Demand for our services will increase significantly as the UK economy is impacted, leading to millions of people facing financial hardship.

PDSA entered this crisis period in good financial health following three years of surplus, and with four clear strategic priorities. For 2020, our focus will clearly be on providing essential treatment to support those most in need.



Behaviour - What we do



Animal Welfare Need #1: Behaviour The freedom for pets to behave naturally

Saving pets. Changing lives.
It's what we do. It's why we exist.

Every day in our Pet Hospitals and through our community outreach and education programmes, our dedicated staff and volunteers work to save pets from pain, injury and suffering while supporting pet owners in need. This is our 'behaviour.'

Our aim is to achieve the best pet wellbeing outcomes by helping more pets and owners in need. We are here for pet owners who have nowhere else to turn for help with their sick and injured pets. We supported 2.7 million people with our services, our programme of education and prevention to help better care for our pets.

Our mission is to work with pet owners to improve the life of their pets. We describe this as:
Prevent, Educate Treat and Support

- **Preventing illness, suffering and the unnecessary death** of pets
- **Educating people** about the five animal welfare needs and **raising the status of animals** in society
- **Treating sick and injured pets in deprived communities across the UK**
- **Supporting pet owners** by recognising the bond and companionship a pet provides and the importance of this to those most in need.

These four pillars continue to underpin how we deliver our mission.

However, the Covid-19 crisis means that, for most of 2020, we will focus on delivering emergency treatment for pets whose owners have nowhere else to turn. The provision of this essential veterinary care is within the UK Government definition of essential services.

We understand only too well that pets are part of the family. Our four-legged friends give unconditional love and are sometimes their owner's only companion. They don't deserve to suffer due to financial worries, so we are proud to have been helping owners in need give their pets the treatment and care they deserve.

We have been doing just that for more than 100 years, through two World Wars, the Great Depression, and now a global pandemic.

PDSA's Strategic Objectives

1. **Provide the best possible pet wellbeing outcomes** for people in need in the most cost-effective way, so we can reach and help more pets and their owners.
2. **Make PDSA better known, loved and understood** to build understanding of what we do and the role we play in the lives of the poorest people in our society.
3. **Increase support to raise the funds we need to grow our income.** We rely on donations from pet lovers across the UK to fund the care we provide to those most in need.
4. **Ensure we have the organisational capability** we need to achieve our objectives and increase our public benefit, investing in our people, processes, equipment & technology.

We believe that....

Healthy pets make our world a better place

Pets enrich our lives and our wellbeing. They give companionship and love, without question. And their service to humankind strengthens our families and communities. This special bond between pets and owners is worth protecting.

Pet care should not be a privilege

All pets deserve a happy and healthy life. We will care for them when their owner has nowhere else to turn.

True care is unquestioning

The best way to help people is not to judge them, but to understand their unique circumstances and support them in taking better care of their pets.

These beliefs have served us well over the last hundred years and remain relevant today as we face perhaps our biggest challenge as the economic impact of the Covid-19 pandemic hits the most vulnerable communities hardest.

As families across the UK experience months of lockdown, social distancing and shielding we see the joy and comfort their pets bring. They are a reason to get outdoors and exercise. They give us unquestioning love and companionship when we are feeling down or lonely. Perhaps now, in 2020, more than ever, our pets are making our world a better place.

Our strategies bring to life how we will achieve our charitable objects, as described in the two Acts of Parliament (1949 and 1956) and the Parliamentary Scheme 2015 that govern PDSA. These define our objects as:

- (a) The provision of free medical or surgical treatment, or such treatment at reduced charges, to animals belonging to persons who are unable to afford the services of a veterinary surgeon.
- (b) The prevention of suffering of animals by the provision of preventive treatment, care and advice (whether free, at a reduced charge, or at full charge).
- (c) The education of the public in matters concerning animal health and welfare in general.
- (d) The advancement of animal welfare for the public benefit by any other means.

How we prevent illness and suffering

Many pet owners aren't aware of the Five Animal Welfare Needs which are enshrined in the Animal Welfare Acts. This means they are less likely to provide vital lifesaving preventive care for their pets.

We are helping to drive positive change by educating owners about their pets' **behaviour**, **environment**, **companionship**, **diet** and **health**. That means they can identify the need for:

- exhibiting normal behaviour patterns
- housing with or apart from other animals
- a suitable environment
- a suitable diet
- protection from pain, suffering and disease.

One of the key things that will prevent unnecessary suffering and illness is preventive care, such as neutering and vaccinating pets against infectious diseases, such as parvovirus in dogs and feline leukaemia in cats. Unfortunately, we see that vaccination rates have declined, potentially exposing millions of pets to dangerous infectious diseases.

We also encourage owners to register with a vet to ensure early detection of any potential problems and subsequent treatment. One of the ways we take our preventive services, such as vaccination clinics, into communities is with our PetWise vehicles.

PetWise on Tour

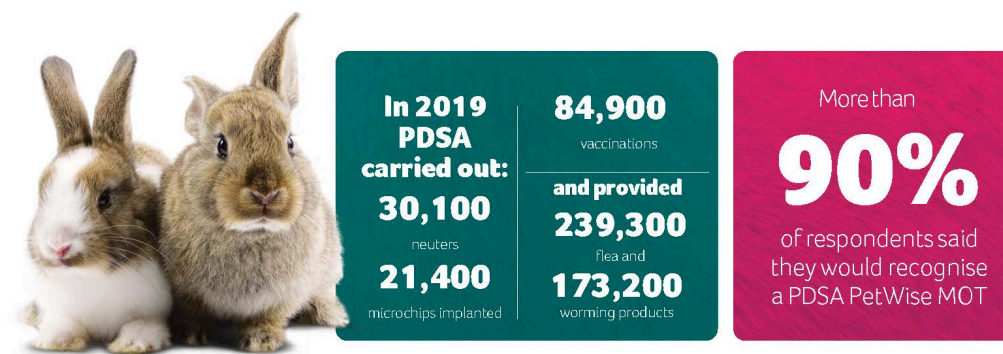
Our PDSA PetWise programme continued to expand its reach. In 2019, we held 81 days of outreach using the PetWise Mobile Unit, kindly supported by players of People's Postcode Lottery, as well as 138 days using our PetWise vans which were kindly donated by PDSA supporter Robert Breckman in memory of his wife Julie.

More than 2,000 Petwise Health Checks or pet advice sessions took place delivering a significant number of clinical treatments such as vaccinations and preventive treatments and promoting local PDSA services.

Our impact measurement continued to show the need for education with 48% of dogs seen not neutered, 24% not vaccinated and 50% not wearing an identity tag, which is a legal requirement. In addition, 64% of dogs seen, scored red or amber in health, 44% in diet, 26% in behaviour and 23% in environment. This demonstrates there is still a need to help ensure pets are the healthiest and happiest they can be. Our proactive outreach helps pet owners take action to protect their pet from unnecessary suffering.

For the first time we sent out a survey to our PetWise visitors to capture their thoughts and to find out whether they had acted upon the advice they were given. We found that 42% had completed some actions, while 31% said they had completed them all.

Occasionally our teams were also in the right place at the right time, with one pet owner saying, 'I called at the PetWise vehicle as it was an emergency. My springer spaniel had badly ripped her ear; the team were kind enough to carry out first aid and bandaged her ear up to stem the flow of blood'.



Our PetWise programme was suspended in March 2020 to comply with UK Government requirements on social distancing and non-essential travel.

Case study: Using PetWise Health Checks to drive pet wellbeing improvements

PDSA's vision is for a lifetime of wellbeing for every pet. And that means we want to educate pet owners about the Five Animal Welfare Needs and understand how they apply to every pet. Every day, our vets and vet nurses see evidence that these needs are not being met as shown in our *PDSA Animal Wellbeing (PAW) Report*. The *PAW Report* has been a barometer for pet wellbeing in the UK for the last nine years, identifying issues and helping drive positive change.

A powerful way of detecting unmet animal welfare needs in individual pets is through regular quality of life assessments in veterinary practices. This is why PDSA developed its innovative PetWise Health Checks. Taking the form of a 'wellness' consultation, PetWise Health Checks are used to discuss each of the Five Animal Welfare Needs as they relate to a client's pet, with a Red, Amber and Green scheme used as the basis for either a 'well done' or to sensitively offer advice and recommendations.

All of PDSA's Pet Hospitals are now providing PetWise Health Checks. Analysis from a veterinary researcher at the University of Bristol found that overall, a higher frequency of green scores and a lower frequency of red and amber scores was reported at a follow-up health check compared to a first . We were delighted to learn that PDSA's PetWise Health Checks are now being promoted internationally as a good practice example in the World Small Animal Veterinary Association (WSAVA) *Animal Welfare Guidelines for Companion Animal Practitioners and Veterinary Teams*.

Our Petwise Health Checks, and other education programmes were suspended in March 2020 as we focused our resource on the delivery of essential and emergency services only.

Educating current and future pet owners

Through digital and face-to-face activity, we were able to reach many current and future pet owners to educate them about the best ways to keep their pets happy and healthy.

We now have seven Community & Education Veterinary Nurses (CEVN) who work in tandem with our Pet Hospital teams to deliver school and community education programmes.

In schools across the UK, our CEVN team met more than 62,000 children, while our PetWise School Award helped us to reach almost 100,000 children through our digital packages.

Education workshops help us to deliver a wide variety of pet-related topics:

Get PetWise: provides an overview of what pets need to be happy and healthy. Using our knowledge of caring for dogs, cats and rabbits, we teach responsible pet ownership.

Get set for the right pet: these talks have a mathematical focus for appropriate ages and encourage the audience to have the right information at their fingertips when it comes to choosing a pet.

Canine Communications: identifies how to identify dogs' body language and recognise what they are telling us so we can stay safe around them.

Animal Heroes: looks at the bravery and heroism of animals involved in conflict from wartime to the present day. We focus on our prestigious Animal Awards programme and its recipients.

In the Pet Hospital: bringing day-to-day life in a Pet Hospital to life with a focus on the different careers available and the qualifications needed to go into the veterinary profession.

The PetWise School Award was hugely successful during 2019, reaching 488 schools across the UK. It has proved to be popular amongst schools in the North East in particular.

We had planned to grow this programme during 2020 to ensure the next generation of pet owners are aware of how to meet their pet's welfare needs. With the extended closure of schools to reduce the spread of Covid-19 we revised our PetWise content for teachers to be accessible for parents as a tool to use with their children at home.

We measure the impact we have on learners following our interventions in schools using pre and post assessments and we increased the children's' knowledge by 35% during the year.

We have now introduced a new digital way of measuring this impact for 2020 so we can record the change in attitude, empathy and confidence, as well as knowledge. We will also be introducing impact assessments on our digital award programme.

Our education and community programmes:

Pet First Aid for Kids – We have put on hold our plans to launch a mini first aid course for Key Stage 2 and 3 children in 2020. We will relaunch this at the right time. The majority of these courses will be run in schools over half a day and will include a range of activities around CPR, heat stroke, hazards around the home and bandaging.

PetWise School Award – A bronze, silver and gold award for schools and uniform groups. The National Curriculum-linked sessions educate the next generation of pet owners and now covers the Welsh, Scottish and Northern Irish curricula. In response to the closure of schools across the UK, we have re-purposed our support for teachers to make this accessible for parents to use with their children.

Pet Protectors Club – For children who want to be vets or simply love their pets.

Pet First Aid – More than 170 Pet First Aid courses were delivered across the UK and more than 2,000 delegates attended a course. We had planned to deliver the same number of courses in 2020 and seek Continuous Professional Development accreditation for the course. However, in response to the Covid-19 crisis we will switch to online course delivery through social media tools such as Facebook Live.

Pet Hospital team training – Throughout 2019 the CEVN team have provided training to our Pet Hospital teams around community and education activities and delivered various sessions as CPD in support. This has had a positive outcome on the amount of additional outreach work our teams have been able to deliver in and around their Pet Hospital catchment areas.

Feedback from one of our first PetWise Schools, Benton Dene:

This was a fantastic opportunity for our children to complete an award. The award was engaging and interesting at every point. Everything you need to deliver the sessions is all there from activity worksheets to PowerPoint slides. Planning sheets linking to the curriculum are there too. Help and support from the PDSA is available if you have any issues with downloads or uploads!

The award covers lots of areas from what pets need to specific pet communication. Some of the class (including the teachers!) became quite upset when we watched some of the videos of injured/ poorly pets but it was amazing to see one of the dogs 'Finn' appearing on Britain's Got Talent. The children were all saying it was because the PDSA helped him!

The award was only completed in one class but is something we are looking to roll out to other classes and eventually the whole school. The boys who have done the award are looking forward to sharing their knowledge with other pupils.

Thank you PDSA for an amazing award.

Testimonials from some of the children



KidZania

We continued to hold activities at KidZania, an 'edutainment' centre for children in London. We have reached more than 55,000 children since opening our mini Pet Hospital on 10 July 2017. There are around 60 activities available for children to take part in and our activity is currently the fifth most popular in the city. We will reach fewer children at KidZania in 2020 as the centre has been closed in line with UK Government response to the Covid-19 crisis.

Pet Health Hub

Providing easy-to-understand, evidence-based clinical advice to pet owners in innovative ways is central to improving pet wellbeing. Thanks to funding from the players of the People's Postcode Lottery, our new online Pet Health Hub has now delivered trusted information about common clinical conditions to hundreds of thousands of pet owners. Our intention is that, in time, the Pet Health Hub will become as beneficial to pet wellbeing as NHS Choices is for human health.

From March 2020 we have seen significant increases in visits to our Pet Health Hub from pet owners seeking information and guidance on keeping their pets well as they face extended periods of social distancing and isolation. We have adapted our content to provide expert vet advice to pet owners so they can protect the welfare of their pet during the Covid-19 crisis.

Impacts

- At the end of 2019, 477,234 users had accessed the Pet Health Hub.
- 98% of people said that the article they read helped them care for their pet
- 97% learnt something new
- 91% said it had helped prevent their pet from suffering

You can access our Pet Health Hub at www.pdsa.org.uk/phh

Treating the sick and injured pets of those in need

Across our PDSA Pet Hospitals and other services we provide 2.7 million veterinary treatments a year, and save an average of 265 pets' lives a day in our Pet Hospitals.

Most of our treatments are carried out in our Pet Hospitals, which are very busy environments where demand for our care often outstrips our capacity. This is where the core of our work takes place where we provide life-saving care, preventive services and educate pet owners on how to better care for their pets.

In 2019, nearly half a million pets were seen by PDSA vets and nurses.

We continually look at ways to make our resources go further so we can reach more pets and their owners with the funding we receive.

Impacts of treatment

- An average of **265 pets' lives saved each day** across our Pet Hospitals
- **Relief of pain and suffering**
- **Injuries repaired**
- Pets lead **happier, healthier lives** as chronic conditions can be **well managed**
- Owners and pets are **kept together for longer** – **reducing owner's stress and concerns**

The 9th PDSA Animal Wellbeing (PAW) Report

Our annual *PAW Report* provides both a comprehensive overview of the wellbeing of our nation's pets and an in-depth assessment of how well the five welfare needs of different species, as enshrined in the Animal Welfare Acts, are being met by their owners. Used across the veterinary profession, animal welfare sector, and by national, devolved and local Governments to benchmark pressing issues and measure the impact of legislation, interventions and campaigns, the *PAW Report* is an invaluable tool to help drive positive change for the nation's pets.



Eradicating vaccine preventable disease in dogs

There has been an alarming fall in vaccination levels of dogs receiving their primary course when young, which has fallen from 88% in 2016 to a worrying low of 72% in 2019.

The UK is at a high risk of a severe outbreak of potentially fatal preventable diseases at a level not seen since the 1979 parvovirus outbreak when this disease first appeared in dogs in the UK.

Vaccine-preventable disease outbreaks such as parvovirus in dogs would have until very recent times been unimaginable in the UK today, but the spectre of these horrific diseases now looms large. Vaccine hesitancy is now one of the biggest threats to both human and animal health, while cost remains prohibitive for pet owners on low incomes.

During the summer of 2019 we offered a six-week vaccine amnesty with an offer to re-start vaccination course for the price of a booster - £28 instead of £35. This was available to all clients with lapsed pets and we trialled text messaging some clients as part of the campaign. During the amnesty, we re-started the vaccines of 2,358 pets which is a 149% increase in cat re-starts and a 135% increase in dog re-starts, compared to the same time in 2018.

Millions of pets are unprotected and at risk. The suspension of preventive treatment from March 2020 to focus on essential vet care only will lead to more pets missing their boosters, or first vaccinations. As we move beyond the Covid-19 crisis we believe a sector wide response will be needed to reduce the risk of an epidemic of infectious disease in our pet population, which remains real and urgent.

We tracked a significant drop in pets that had a primary vaccination when young from 84% in 2016 to 66% in 2019. To tackle this decline, we developed a test campaign which addressed the three main reasons given by owners for not vaccinating their pets, both in the *PAW Report*, and through a hospital staff survey on this issue: cost, misunderstanding vaccinations and 'hadn't thought about it'.

Cost: *'too expensive'* was the most common reason for not vaccinating. We negotiated a vaccine amnesty and were able to offer primary vaccinations for the price of a booster to assist with the financial element.

Misunderstanding vaccinations: owners told us they thought they *'weren't necessary'* or *'pet doesn't come into contact with other animals'*. We analysed responses to the hospital staff survey about common misconceptions then worked with Human Behaviour Change experts to develop and run webinars to help teams understand reasons for clients not vaccinating their pets, and how to start to change these behaviours.

Reminder needed: owners *'hadn't got round to it'* or *'hadn't thought about it'*. We utilised the launch of the *PAW Report* findings to generate awareness of the concerning drop in pet vaccination rates through the national media, ran a targeted social media campaign to raise awareness of the need to vaccinate, sent 7,948 reminder text messages to clients whose pets weren't protected, displayed targeted posters in each hospital and prompted staff to discuss vaccinations.

This integrated test campaign drove a 139% year-on-year uplift in vaccinations across our hospital network.

Case study: Trevor was given a 50/50 chance of survival after he caught parvovirus.



Parvovirus is a killer disease for dogs, causing horrific vomiting and bloody diarrhoea. Luckily, a simple vaccination can put a stop to parvo and a range of other potentially fatal diseases.

Twelve-week-old Trevor had only been with his new owner for a few days when she brought him in for his first vaccinations. He'd been under-the-weather since he arrived at his new home and quickly went downhill.

Vets told Courtney that Trevor was too ill to be vaccinated – and diagnosed him with life- threatening parvovirus.

Our team of vets at Nottingham PDSA Pet Hospital battled to save the young puppy's life but his conditions got worse as the disease took hold. He needed intensive nursing and suffered from dehydration as his sickness and bloody diarrhoea took its toll.

He was put on a drip and given fluids, and other medication including pain relief, to help him feel better while his immune system fought the virus.

Tragically, parvovirus is deadly for many dogs and not all stories have the happy ending. Trevor did survive, but suffered greatly. A simple vaccination is the answer and is often the difference between life and death.

Environment – About our Pet Hospitals and who we help



Animal Welfare Need #2: Environment

Pets need a suitable environment to live in. This should include the right type of housing with a comfortable place to rest and hide as well as appropriate space to exercise and explore.

Our 'environment' is spread across the UK through our network of 48 PDSA Pet Hospitals. We go where we're needed most and that means being in communities where deprivation levels are at their highest and the need for our charitable services is greatest.

Our aim is to maintain a national network of Pet Hospitals, located in communities with multiple indicators of deprivation, across all four nations of the UK. This is where we deliver the vast majority of our **Treat** services, alongside our **Prevent, Educate** and **Support** activity. Our Pet Hospitals provide the safety net for pet owners who have nowhere else to turn for help with the sick and injured pets.

Pet Hospitals

Maintaining and replacing our Pet Hospitals and building new Pet Hospitals is a core part of our wider estate strategy. Currently we have 48 Pet Hospitals across the UK; some purpose-built and owned by the charity, others are buildings gifted and equipped to meet our needs. The new and replacement Pet Hospitals we build are modern and fit-for-purpose, optimising space and energy efficiency, using the latest technologies in heat exchange and solar power and insulation.

When relocating or adding to our estate, we consider not only the community we serve but also how we can derive the greatest impact from our service. New models of providing veterinary care include ideas like a 'hub and spoke model' which means a larger Pet Hospital supporting a series of clinics delivered in communities who find it harder to access one of our Pet Hospitals.

A PDSA Pet Hospital currently costs in the region of £2.5 million to build and £300,000 to equip, in addition to the cost of purchasing land. Once up and running a Pet Hospital typically costs £1.2 million a year to run.

Running costs are generously gifted through a community of committed supporters – principally through individual regular giving, voluntary donations from hospital users and from gifts in Wills. Much of the income comes from people who have had times in their lives when they have needed and used PDSA and when they are able to, they 'give back'. What these core supporters don't have is the money to build new Pet Hospitals so we are looking for people that might share our values, work alongside us in our community and help to build and equip new Pet Hospitals.



The combination of our Pet Hospitals, PetWise vehicles and Pet Care Scheme means we care for more than half a million pets each year.

- PDSA is a registered charity in Scotland where we have five Pet Hospitals and help 44,000 pets. It costs £5.2 million to run our services in Scotland.
- In Northern Ireland we have one Pet Hospital and a Pet Clinic in Belfast and help 10,000 pets. It costs £1.2 million to run our services in the city.



Two years ago, we introduced low cost veterinary services across our Pet Hospitals so we could support more pet owners. In 2019 we treated 125,000 pets through our low-cost services. Our core service remains free to those in financial hardship and 306,000 pets benefited from free services this year.

Who we help

We believe that no pet should suffer because their owner can't afford the care they need. We offer free and low cost treatments to those in the catchment area of our 48 Pet Hospitals and who match the following criteria:

Free service (one free pet) in receipt of one or more of:	Low cost service (for any number of pets) in receipt of one or more of:
Housing Benefit	State-retired pensioners who are householders in Council Tax band A-D
	Child Tax or Working Tax Credits
	Pension Credit
Council Tax Benefit/ reduction scheme	Income Support
	Employment & Support Allowance (ESA)
	Disability Living Allowance/Personal Independent Payment (PIP)
Universal Credit with a housing element	Job Seeker's Allowance
	Universal Credit (without housing element)
	Eligible owners with more than one pet are able to register additional animals for our low cost service

Expanding our reach

During 2019, we continued to expand our charitable provision into communities our Pet Hospitals cannot reach using the PDSA Pet Care Scheme. The Pet Care Scheme is offered in 515 postcode areas, supporting both existing and new clients. Since the launch of the Pet Care Scheme we have received more than 4,000 applications. Working in partnership with private practices we were able to exceed our plan to add 100 new postcodes in 2019 bringing 125 new postcodes into the scheme.

We continued to offer the Chronic Voucher Scheme through private practices for those pets with lifelong conditions, giving them access to £300 worth of vouchers per year towards the ongoing treatment of their pet's chronic illness. Since the scheme launched over 11,300 vouchers have been redeemed, supporting more than 800 pets with their lifelong condition. Thank you to the players of People's PostCode Lottery for providing the funding to support the voucher scheme.

We plan to continue the expansion of the Pet Care Scheme in those communities that need it most. We will continue to work closely with our current Pet Care private practices and in addition bring onboard new practices in new communities.

Eligibility checker

The PDSA online eligibility checker receives upwards of 40,000 visitors a month, but without updating the checker's functionality we haven't been able to make the most of this set of data in the past.

During 2019 we updated the eligibility checker to ask not just for the client's postcode, but also for the benefits they are on, the number of pets they have and the sort of treatment

their pet requires. These changes have not only given us a wealth of information about our clients and their needs, but also the ability to deliver them more dynamic content.

A huge success has been to gain insight into locations where we have a demand for services but where none are available, enabling us to prioritise the rollout of the PDSA Pet Care Scheme into these postcodes.

Since the onset of the Covid-19 crisis, we have seen a marked increase in pet owners checking our eligibility criteria. We expect this to continue as the economic impacts of this crisis start to be felt and large numbers of people face financial hardship.

Manchester PDSA Pet Wellbeing Centre, The Montague-Panton Hospital

PDSA is always looking to the future and how we might better meet our vision of a lifetime of wellbeing for every pet. We have taken significant steps towards that future with our new facility in Manchester.

For nearly 100 years we have cared for Manchester's most vulnerable pets and their owners – but it has always been our dream to do more.

Now that dream has become a reality and it was with great pride and pleasure that we officially opened our new Manchester PDSA Pet Wellbeing Centre, The Montague-Panton Hospital, in Gorton.

It will help us to ensure the wellbeing of pets and reach out to many people in the city who may not be able to afford veterinary care for their pet.

The space and equipment allows us to do more than just treat animals. We want to be the heart of the Manchester pet community; somewhere people can go to for advice and guidance on how to keep their beloved pets happy and healthy.

The Montague-Panton Hospital is now the largest PDSA facility in the UK. It has a big, bright waiting area, with separate areas for cats and dogs to help make visiting the vet stress-free. It also houses improved kennel facilities to allow pets a speedier recovery from surgery.

Seven consulting rooms and two dedicated 'pet MOT' rooms allow our team to give more support and education to pets and owners. Other features include two theatres, a diagnostic room, digital x-ray facilities, and more car parking to allow easier access for clients bringing their sick and injured pets. It is also the first Pet Hospital to have a shop selling pet products and a community room, which will host classes and activities to involve schoolchildren and the local community.

PDSA can only achieve the vast amount it does thanks to the goodwill of its supporters. The Centre has been funded entirely by donations and support from members of the public, following an 18 month fundraising appeal.

We are grateful to every single supporter who gave something to help build this remarkable new Pet Hospital, especially The Montague-Panton Trust and players of People's Postcode Lottery who gave such generous support.

Our team of 36 vets, vet nurses and support staff will provide over 78,000 treatments a year and see around 155 pet patients a day. Dedicated and committed, they will continue to provide a lifeline for every pet and owner that needs us in Manchester.

Our next significant Pet Hospital project will be to build and equip a new Nottingham Pet Wellbeing Centre. This means that not only will it deliver life-saving emergency and preventive care to sick and injured pets, it will also have a dedicated wellbeing area to support and educate owners about their pets' 5 Welfare Needs. This will enable us to educate both current and prospective pet owners, ensuring their pets enjoy a lifetime of wellbeing.

We are close to securing the land and due to the Covid-19 pandemic, building will begin in 2021. The project will cost £3.7 million, we have made a strategic investment of £1.2 million and we are grateful for the generous financial support of Mr & Mrs Ionescu whom the centre will be named after. We are actively fundraising for this capital project.

Retail

PDSA has 124 high street shops throughout the UK, along with one donation centre and a fulfilment centre. Within the digital arena, we are represented on eBay and our growing online shop. We also distribute a biannual shopping catalogue to around 50,000 supporters. To keep our shops stocked and open required one million charity bags in 2019.

Our high street presence allows us to engage with local communities across the country, this raises our profile and delivers income. We have developed a new concept for our charity shops and three new shops opened during 2019, in Ashton-under-Lyne, Loughborough and Nailsea. We also relocated our Yeovil shop and refitted the Bury shop. We had hoped to open six new shops this year but scaled this back so as to give time to learn how our new retail concept was working.

As part of the new shop openings we have developed dedicated space allowing for the introduction of a range of pet products. In September we opened our first pet supply shop within Manchester PDSA Pet Wellbeing Centre, the Montague-Panton hospital.

Our shops give us the opportunity to talk to pet owners in the communities we serve, giving visibility of our cause and allowing people an easy way to support us.

Our plans for 2020 were to focus on optimising the value of our current retail network and invest in refitting existing shops to our new concept where we believe we can grow sales and income. However, with the Government restriction on retail outlets to essential goods and services only, we had to close our charity shops in March 2020. A phased shop reopening plan is in place in line with Government guidelines.

Donating goods to charity shops remains a very popular way of supporting good causes, particularly as people become more aware of the need to reduce waste and recycle more. Donations to PDSA shops in 2019 saw eight tonnes of goods coming to PDSA rather than going to landfill sites.

The People's Vet

Following the successful broadcast of the first 12 episodes of *The People's Vet* on Channel 4 in late 2018, the remaining eight episodes were aired in December 2019. Billed as a 'second series' and airing daily for two weeks, each hour-long episode followed some of the heart-warming stories that our dedicated veterinary teams in Liverpool see on a daily basis.

The programmes once again showed our front-line services in action and captured the importance of the emotional bond between our clients and their much-loved pets.

- **These episodes** were aired during our main Christmas appeal, so much of our activity linked in with and complemented this campaign
- **Social media posts** helped to publicise the programme and encourage viewership, as well as sharing some of the pets featured. We also signposted to expert pet health advice on our website where relevant. **Facebook reach – 120,000, Twitter impressions – 36,000, Instagram reach – 364,000**
- **Emails and other digital activity** helped to promote the returning series and our involvement in it, including **Google Ads and YouTube videos**.

PDSA Medals and Awards Programme

We are proud of our internationally renowned Animal Awards Programme. Through a range of awards we honour the courage and sacrifice of service animals and recognise the valuable contribution animals make to society. It was a busy year with six medal events held raising awareness of brave service animals and helping PDSA become better known, loved and understood.



Medals awarded in 2019:

April: Medical detection dog, Pal, awarded the PDSA Order of Merit, for outstanding devotion to his owner, Claire Pearson, who suffers with chronic Type 1 Diabetes

May: Seven dogs were selected from the many serving with the Metropolitan and British Transport Police forces, to receive the PDSA Order of Merit for their role in the Westminster & London Bridge/Borough Market terror attacks

July: Metropolitan Police Horses Grace and Keston received the PDSA Order of Merit for ten-years of distinguished service

July: Police Dog Bacca from West Mercia Police received the PDSA Gold Medal for life-saving devotion to duty

October: US Secret Service dog, Hurricane, travelled from the United States to be awarded the first PDSA Order of Merit to an overseas recipient for his role in protecting the White House from a violent intruder

October: Dorset Search and Rescue Dog, Charlie, was posthumously recognised for his ten-year career of service, finding missing people and assisting in hundreds of searches.

We also held a special event at the House of Lords to celebrate the coming into force of Finn's Law, which now gives service animal's greater protection. Police Dog Finn was awarded the PDSA Gold Medal in 2018 and we were thrilled to celebrate the achievement of Finn, his owner PC Dave Wardell, and the whole of the #FinnsLaw movement, in making historic changes to animal welfare.

These six events enabled our fundraising teams to engage with around 1,000 supporters – protecting legacy pledges, thanking regular givers and fostering key donor relationships.

Press coverage for medals continues to be our best performing proactive PR campaign, generating branded, quality coverage, worth over £3.5 million in advertising equivalent value and reaching over 31 million readers.

In light of the Covid-19 crisis we have suspended our awards events planned for 2020. We are receiving applications to recognise courage and sacrifice of brave animals and will make sure these wonderful companions receive the recognition they deserve when we can.

A fresh approach to pet friendly events

After reflecting on what we had learned from our PetLife dog-friendly music festival in 2018, a completely fresh approach to events was agreed, resulting in a revised events strategy and attendance at a number of high-profile pet-friendly events.

With the aim of reaching more people and reducing financial risk and cost to PDSA, we decided to attend well-established events across the UK which attracted large audiences of pet-lovers. We adopted a 'test and learn' approach for this first year, trying different ways to engage attendees to build their understanding of PDSA and the impact we have.

The aim of attending such events is to promote PDSA and to engage with new supporters to help us become better known, loved and understood. These events gave us the opportunity to engage with new audiences and build a foundation for long lasting relationships. We are monitoring how these new supporters engage with us to understand the effectiveness of events in building sustained support.

The events programme for 2019 included Crufts, DogFest, Countryfile Live and the National Pet Show. Each event provided us with a completely different experience; some valuable lessons were learned, and action plans created for developing events in 2020.

We learned more about how very different audiences can be, depending on the event itself as well as geographical location. This highlighted the importance of researching demographics and tailoring an event to ensure the visitors are highly engaged with our activities.

Across the year, we showcased our activity to over 400,000 event attendees and thousands of visitors took part in our prize draw, free Petwise Health Checks and pet first aid demonstrations.

Events also brought our own staff together from across the UK to promote PDSA's work and educate pet owners. With over 200 PDSA employees supporting events in 2019, new internal relationships were formed with different departments working together to really live our value of being Better Together.

In 2020, we returned to Crufts and PDSA Vet Paul Manktelow joined Claire Balding to present the show on Channel Four. In response to the Covid-19 pandemic a number of planned events during 2020 such as DogFest and Countryfile Live have been cancelled and we continue to consider our presence at further events should they still be held.

Companionship – Volunteers, pet owners and working with others



Animal Welfare Need #3: Companionship

Just as pets should be housed with, or apart from, other animals as appropriate for the species, we too need ‘companionship’.

By working together with our companions – volunteers, staff, pet owners and supporters, to show a shared drive and dedication to help sick and injured pets.

Our aim is to achieve a lifetime of wellbeing for every pet by working in partnership with pet owners, supporters and partners. And for PDSA to be the best place to volunteer. We can only achieve our vision of a lifetime of wellbeing for every pet by working in partnership with others who share our beliefs.

Pet owners

In the video for our 2019 Christmas appeal we wanted to show the loving bond between Candy the West Highland Terrier and her owner Arthur.

It was an incredibly moving advert and very powerful. Our message is that if it wasn't for the life-saving work that our vets do, Candy would have passed away and Arthur would have lost his best friend at Christmas.

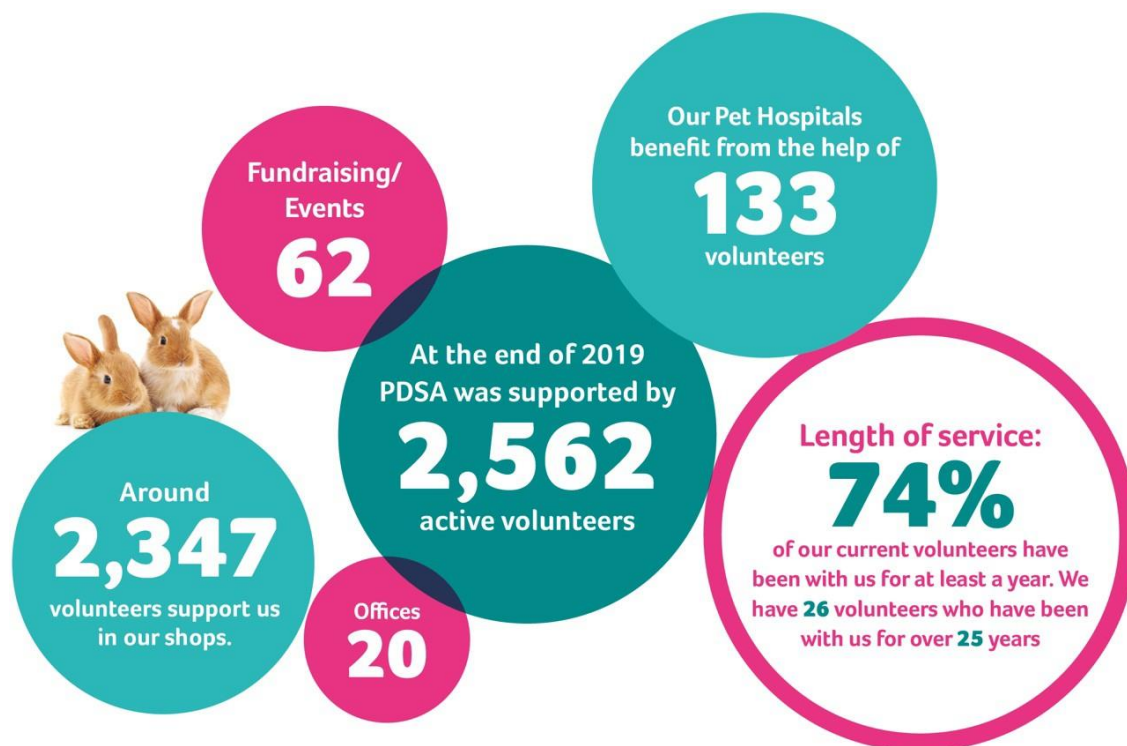
It showed how much pets enrich our lives and are good for our health and wellbeing. In turn, it also illustrated that we are there to support pet owners. They may have lost a loved one, be ill or isolated, or have a disability and rely on the companionship a pet can bring.

Knowing that we will provide essential care for their pet means everything to the many that desperately need our help.



Volunteers

Volunteers are crucial to the future of PDSA. They are a highly valued part of the team and, without their skills, commitment and enthusiasm, we wouldn't be able to do all that we currently do to save pets and change lives.



We know that our volunteers join us for a variety of reasons. Some are looking to develop skills and move into paid employment so they stay with us for a short time; others value the companionship and social contact, and many are passionate about supporting PDSA and choose to stay with us, sometimes for 10 or even 20 years or more. A testament to the positive experience they have at PDSA.

In 2019, we had a major update of our approach to volunteering within our retail shops. As part of this, we developed and launched a range of new resources and training materials to support our volunteers and volunteer managers. This supports our aspiration for PDSA to be the best place to volunteer.

Being a great volunteering organisation is also about creating an environment that is safe for everyone. We reviewed our approach to safeguarding and protecting young people. As part of that review, we took the decision that we could no longer have under-18s in our shops and around 450 young people left us as a result. This was a tough decision but the right decision for us at this time. We recognise that young people are the pet owners and PDSA supporters of the future and during 2020 we will be developing new ways that they can support us. Young people can still volunteer in our Pet Hospitals, and we continue to work with youth organisations such as Duke of Edinburgh Award.

We have also developed a number of new opportunities including Event Volunteers who support our teams at external events such as Crufts and Countryfile Live, along with an upgrade to how we recruit and support those who volunteer to fundraise for PDSA.

For the fundraising volunteers we have set ourselves a goal to create an active, volunteer-led, fundraising group to support each of our Pet Hospitals from within and around the communities we serve.

As for many of our plans to engage people, volunteering has been impacted by Covid-19. We had to ask our volunteers to step back until we are able to re-open our shops and restart our events and fundraising programme. Meanwhile, our communication programmes will continue to engage with our volunteers using Facebook groups and other channels. PDSA is an important part of their lives and they are important to the success of PDSA and will continue to be after this crisis has passed.

Volunteer of the Year Awards 2019

Our volunteer awards programme, established in 2002, recognises the devotion and commitment of our volunteers who play vital roles in our Pet Hospitals, shops and support services all across PDSA.

Seven outstanding individuals and two teams emerged as winners, while five were Highly Commended in our coveted Volunteer of the Year Awards.

After the judging day in November, the following individuals and teams won in their respective categories and were presented with their awards throughout January and February 2020.

- **Retail Volunteer of the Year:** Amandeep Kaur, Leicester Shop
- **Volunteer Newcomer of the Year:** Daniel Lamb, Ilford Shop
- **Support Team Volunteer of the Year:** Dawn Whittaker, Education Team, Telford Head Office
- **Young Volunteer of the Year:** Katie Sands, Romford PDSA Pet Hospital, The Julie and Robert Breckman Centre
- **Fundraising Volunteer of the Year:** Kerry Irving
- **Veterinary Volunteer of the Year:** Sandra Brazier, Liverpool (Kirkdale) PDSA Pet Hospital, The Jeanne Marchig Centre
- **Volunteer Manager of the Year:** Anna Baggott, Telford Head Office
- **Retail Volunteer Team of the Year:** Aberdeen Holburn Street
- **Fundraising Volunteer Team of the Year:** Belfast Fundraising Group

Case study: Sandra Brazier

We asked our staff to vote for the person they thought should be the overall winner of our Volunteer of the Year Awards 2019. We wanted them to make a 'People's Choice' and our Veterinary Volunteer of the Year Sandra Brazier, from our Liverpool (Kirkdale) PDSA Pet Hospital, The Jeanne Marchig Centre, was voted the overall champion.

Reception volunteer Sandra was nominated for her invaluable support to the reception team. She provides telephone cover twice a week and delivers a high quality of customer service combined with a really strong knowledge base. More than that, she is a vital member of the team. Kirkdale is a very busy hospital and it is not always easy for managers to find time among their busy schedules to conduct staff Personal Development Reviews, carry out training, or perform administrative duties. The additional cover that Sandra provides enables all of these areas to be addressed. This allows the team valuable development time and also enables the hospital to run efficiently.

Sandra has been part of the team for more than 12 years. She is extremely reliable and good with the clients. She regularly does extra hours if the Pet Hospital is short staffed and is always there to help if needed.



Case study: Kerry Irving

Since being awarded PDSA Commendations in 2018, dogs Max and Paddy and, more recently, their younger brother Harry, along with their human dad Kerry, are doing an amazing job of raising the profile of and funds for PDSA, not only in and around their home in Keswick in the Lake District but as far south as Cornwall.

Their Facebook page has over 80,000 followers from all over the world from the ages of 4 to 94. As a result of their following Kerry was 'encouraged' to brave jetty jumping into Derwent Water with Max and Paddy (while little Harry stood guard on the jetty).

Kerry said he would only do it if their followers donated. He expected to raise a few hundred pounds – the final total was over £4,000.

The boys have attended Crufts, Manchester Pet Show, DogFest North as PDSA Hero Hounds and other non-pet shows such as the Caravan Show after which they donated their £1,000 fee to PDSA.

They have also put us in contact with people prepared to do fundraising challenges for us and a lighting company wants to donate a percentage of sales of their products to us.

Kerry visited our Gateshead PDSA Pet Hospital to see where the money the boys have raised is going and feels even more inspired to raise our profile.



Working with others

We utilise data from the *PDSA Animal Wellbeing (PAW) Report* to identify the key issues adversely impacting pet wellbeing, and work with key partners across the animal welfare sector to drive actions to improve them. The impact of this work is then tracked in subsequent *PAW Reports*.

Strategy to advocate for specific legislative improvements or wider public awareness campaigns is developed through sector councils where PDSA plays a pivotal role, such as the Canine and Feline Sector Group (CFSG) in England and the Companion Animal Welfare Group Wales (CAWGW). More specific issues are tackled through expert groups with representation from key stakeholders such as the Pet Advertising Advisory Group (PAAG), the Brachycephalic Working Group (BWG) or the Cat Population Control Group (CPCG).

Initiatives such as 'Rabbit Awareness Week' focus on a key issue, and drive change through national veterinary-led efforts, such as offering free health checks for rabbits. The 2019 initiative focused on improving low vaccination rates in rabbits, helping owners understand how to protect their pets from preventable diseases, with the pet industry, charities and the veterinary profession working together to drive public awareness and behaviour change in owners.

Each of our Pet Hospitals has its own Pet Wellbeing Champion with one individual from each region acting as lead champion and representing that region on our Pet Wellbeing Task Force (PWTF) which drives initiatives on animal ethics and pet wellbeing within PDSA.

Our national network of Pet Wellbeing Champions led this initiative in each hospital, doubling the number of rabbits receiving a PetWise Health Check, as well as significantly increasing the number of rabbits vaccinated compared to previous months.

Throughout the year we worked with Street Paws to look at ways that we could have the most impact in improving the lives of vulnerable homeless people. We were delighted to be able to pilot a scheme whereby we installed dog kennels into a homeless hostel in the Greater Manchester area that provided safe accommodation for both them and their pets.

As we face the animal welfare emergency that will follow the Covid-19 pandemic we are working with these sector organisations as well as other UK animal welfare charities, working together to influence policy across national and local Government.

As part of our pandemic response we reviewed our relationships with, and any dependencies on external charitable bodies and concluded that there are no underlying or significant risks for PDSA.

People's Postcode Lottery

Since 2013, we have received millions of pounds in funding thanks to the generosity of players of People's Postcode Lottery.

In February 2020, we reached a significant milestone with the latest funding taking us cumulatively over £10 million - an amazing amount, without which we would not have been able to achieve so much.

We have come a long way together since October 2013 which was when we received £50,000 after winning the Postcode Trust's 'Vote that Counts' competition.

Since then, we have been able to make a real impact on pet wellbeing through a range of programmes that have reached thousands of pet owners and their pets throughout the country.

There are a number of projects which we will be able to fund thanks to the generous support from players of People's Postcode Lottery:

- **Continue to fund our 'Pet Health Hub'** - this project was only made possible thanks to player support
- **Help keep our PetWise on Tour vehicles on the road** and touring the country to spread our pet health messages, including our 'PetWise Mobile Unit' built and on the road thanks to the generosity of players in 2018
- **Deliver Pet First Aid courses** to help owners learn vital life-saving skills and what to do in emergency situations
- **Continue to fund our PetWise for Schools programme and PetWise School Award** – helping us teach children about the Five Animal Welfare Needs of pets and responsible pet ownership.

However, we have now deferred these projects until 2021 in order to prioritise our front-line Pet Hospital services. Thank you to our friends at the People's Postcode Lottery for their flexibility around these projects and their support for our vet teams at this unprecedented time.

Diet - The sustenance we need to survive



Animal Welfare Need #4: Diet

Pets need a suitable diet. This can include feeding appropriately for the pet's life stage and feeding a suitable amount to prevent obesity or malnourishment, as well as access to fresh clean water.

We too need the right 'diet' to survive, the funds needed to fuel our services. Without the generosity and kindness of our supporters we would not be able to provide our vital veterinary service.

Our aim is to be better known, loved and understood. We will invest in building great public awareness of our impact and the need we serve, by informing the general public, engaging pet owners and getting the attention of new supporters and donors. We will turn this understanding into support by inspiring people with our charitable work, to strengthen their relationship with us. We need to be valued by the public and for them to be inspired by the difference we make.

PDSA receives no ongoing Government or local authority funding. That is why we depend on donations. It costs us around £210,000 a day to keep our 48 Pet Hospitals open. We need to fundraise and gain public support to maintain our charitable service. We invest around 13p of every pound we are given to generate this future support and income.

Fundraising

Our aim is to gain support and grow income, we will use our insight, technology and innovation to win and retain the support of hundreds of thousands of people who choose to donate or contribute to our cause so that we can reach and help more pets in need.

We are committed to retaining public trust and to achieving high standards in our fundraising activity. PDSA is registered with the Fundraising Regulator and committed to the Code of Fundraising Practice. We also require commitment to the code amongst the fundraising service providers we choose to work with.

PDSA is a member of the Direct Marketing Association (DMA) and complies with the DMA's Code of Practice. As a member of the Institute of Fundraising, we adopt best practice across our fundraising activities.

We have identified a strategic priority to increase awareness, understanding and love for PDSA - so we win the support and income we need to thrive. During 2019, we invested £9.5 million in fundraising to generate donations and legacy income, and £21.4 million across our charity shops and trading activities.

Over the last year we had 245,000 calls to our National Customer Service Centre (NCSC) in Sunderland from people seeking information about how to care for their pet, how to access PDSA services, or to offer their support as a donor, fundraiser or volunteer. Adding our outbound calling to supporters, and answering emails, our service centre engaged with over 300,000 clients, supporters and calls from the general public throughout 2019.

The number of calls received represented an increase of about 330% from the previous year. This increase in calls is due to a trial of centralised appointment booking across a number of our Pet Hospitals. Funded by the players of People's Postcode Lottery, this pilot aims to identify how we can allocate appointments more efficiently and improve the experience for our clients.

From 83 fundraising complaints in 2018, this rose to 574 logged fundraising complaints in 2019, a large proportion of this number was a result of adapting our definition of an expression of dissatisfaction.

Of the 574 logged complaints, 316 were received in August. This was on the back of an outbound telephone dialling prospecting campaign. We reacted quickly to this, halted the campaign, and identified and resolved the root cause.

In 2019, we changed how we record, handle and learn from complaints. We revised what we define as a complaint to include expressions of dissatisfaction. This has led to an increase in the number of recorded complaints but gives us greater visibility of issues leading to dissatisfaction so we can address the root causes earlier. We also set up a dedicated team of caseworkers who are responsible for the resolution of a complaint.

Most of our donations come from individual gifts, either one-off or a regular commitment. During 2019, we invested in additional resources to focus on growing income from higher value donors and partners. Whether contributing to an appeal to fund a new PDSA Pet Hospital, costly clinical equipment, or a campaign to improve pet welfare, we believe that there are philanthropic givers who would find our work and projects of interest. We have seen benefits of this investment with income from higher value giving growing to £3.1 million compared with £2.6 million in 2018. Of particular note are generous gifts from Mr & Mrs Ionescu towards the cost of a new Pet Hospital in Nottingham, and the trustees of The Basil Larsen 1999 Charitable Trust who gave a donation to cover the costs of treatment for dogs across our six London Pet Hospitals.

During 2020, we will identify organisations with the potential to be a PDSA Corporate Partner. Fundraising partnerships with other brands offers a different route to reach pet owners with our advice and guidance on how to best care for their pet and to raise income. Our goal is to secure up to five strategic multi-year partnerships, one partner for each of the Five Animal Welfare Needs.

We continue to work hard to earn and retain our supporters. It is a great privilege to be chosen as a charity they care about. That is why we will continue to invest in securing support for PDSA, exploring new ways to engage and for people to make a donation and feel good about the positive impact this has on the most vulnerable pets.

It is clear that the impact of the Covid-19 crisis, both in the short-term and long after the crisis has receded, will make the environment for fundraising challenging. Many people will face a loss of income.

We launched our emergency appeal at the end of March 2020, asking people to donate so PDSA can treat sick and injured pets of the most vulnerable, poorest members of our society. We expect our income in 2020 to be far lower than we planned with many fundraising methods suspended or disrupted.

Fundraising Partners

PDSA only works with companies and commercial participators of repute and whose activities do not have an adverse impact on the charity's objectives. And we regularly review the relationships we have.

We have policies and robust processes in place to ensure those who fundraise on our behalf operate at the highest standards, to ensure that our fundraising is not intrusive, persistent, does not put any individual under undue pressure and protects the vulnerable.

We have a fundraising manager dedicated to working with our partners and ensuring the public enjoy a great experience when engaging with a PDSA fundraiser. This monitoring includes an active mystery shopping and sampling programme, supported by quality assurance checks such as call listening and video of live conversations.

We only work with agencies which fully comply with the Fundraising Code of Practice, are members of the Institute of Fundraising, and engaged with the Institute's accreditation and compliance programme.

During 2019, a planned review of our public fundraising agency partners was undertaken. Two new partners were selected and we were excited about working with them through 2020 to bring to life PDSA in hundreds of thousands of conversations each year. However, our face-to-face fundraising was suspended in mid-March 2020 as the Government introduced social distancing measures.

We also commenced a one-year trial with Clothes Aid, the UK's leading charity bag collection agency. This will support our charity shop network through stock donation and offer householders a convenient way to donate unwanted items in support of PDSA.

Engaging the public with agency partners helps us to cost-effectively recruit people who wish to support our work, and raise the funds we need. We recognise that this brings compliance and reputation risks to PDSA. We mitigate these risks by working with a small number of carefully selected partners, within clear controls and policies, monitored by our Audit & Risk Committee. We want everyone who comes into contact with PDSA to learn something about us and feel positive about the experience, whether they choose to donate or not.

In 2019 hundreds of people did something special to raise money for PDSA. Their efforts generated more than £151,000 of income. To all the runners, cyclists, walkers, bakers, birthday fundraisers, bucket shakers, organisers and adventure seekers, we thank you.

Legacy

Gifts in Wills remain the most valuable way a supporter can donate to PDSA. Two out of three pets treated by us are funded by gifts in Wills, this is a lifeline to thousands of pets across the UK.

It is thanks to these generous gifts in Wills left by supporters, who are 'there' for sick and injured pets, that their love of pets continues to live on. Many of our legacy gifts come from people who at some point in their life have sought support and care for their pet from PDSA. This partnership between PDSA and the pet owners who rely on us is an important foundation for our future success. It is heart-warming to consider that every day, in our Pet Hospitals, we are caring for the pets of owners who face adversity, but will later in life choose to help other pets in need in their Will.

We renewed our membership of Remember a Charity, a consortium of charities whose objective is to normalise legacy giving. This culminated in a week of activity in September to increase legacy awareness among the general public.

We continue to introduce new ways to engage our supporters in Legacy Giving to encourage increased support in the future.

The Covid-19 crisis has slowed the pace at which estates are administered and wound down. This will impact the rate at which we receive cash from legacy gifts throughout 2020.

PDSA Pet Insurance

Pet insurance provides a vital safety net for pet owners helping them to cope with the costs of treating their sick and injured pets. This is even more important for people on lower incomes.

PDSA's vision is a lifetime of wellbeing for all pets, not just those who rely on our services. Should any pet become ill or have an accident, they need to be provided with the correct care and treatment. With vet fees increasingly rising we are proud to offer a range of pet insurance products, including lifetime cover, to encourage all owners to protect their pets. Pet owners who take insurance with PDSA are also contributing to our life saving work.

Income from our pet insurance products continues to grow year-on-year – generating over £1 million during 2019. We strive for our insurance to be one of the best in the highly competitive market and our insurance includes Defaqto 5 star rated Ultimate policies.

As a vet charity we are uniquely placed to help owners take better care of their pets, reducing the need to claim. This approach means that our pet insurance is popular and attracts new policyholders who stay with us.

We will continue to raise awareness of PDSA Pet Insurance – helping us to be better known and understood, while educating owners on the importance of pet insurance as part of responsible pet ownership.

PDSA Vet Care Range

We offer a range of products, developed using our extensive veterinary expertise. The range includes joint and skin care supplements, ear cleaners, probiotic products for good digestive health, flea spray and a selection of dog shampoos.

We launched new improved formulations of our probiotic paste and joint care for dogs, making them some of the most advanced products in the marketplace.

In addition, we created a new look to the packaging, giving the products a less clinical and more consumer-friendly feel. We currently generate the majority of our sales through our PDSA Pet Hospital network and aim to increase the reach of our products by continuing the development of other channels, such as retail and ecommerce.

Continued product introduction and product evolution will help us to provide and maximise income for PDSA, enabling us to treat more pets, support pet wellbeing and promote the Five Animal Welfare Needs.

Health – investing in our organisational capability



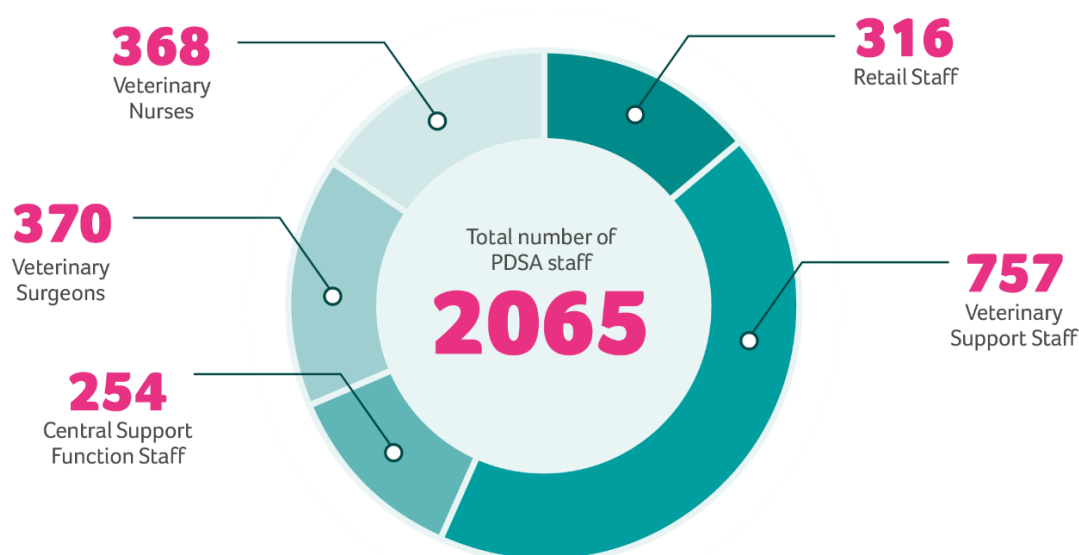
Animal Welfare Need #5: Health

Every day in our Pet Hospitals, we see pets suffering from pain, injury and disease and it is only by having a ‘healthy’ organisation that we can ensure those pets are treated with the utmost care.

The health of our organisation relies on our organisational capability. By continually improving our effectiveness, through new ways of working, updating our technologies, simplifying processes and investing in our people, we can achieve more with the investments we make. To achieve our objectives, we are investing in our people, culture, processes, equipment and technology.

Our aim we depend on the commitment and energy of our people and the effectiveness of our technology to achieve our ambitions. We want PDSA to be a great and enjoyable place to work. A place that attracts, develops and retains talented people. We also utilise data and digital technologies to increase our efficiency and improve what we offer to our people, volunteers, supporters and pet owners.

PDSA as at 31 December 2019



Our people and culture

Our values guide how we go about our work:



Head and Heart - We combine expertise with understanding to help keep owners and their pets together.



Better Together - We can achieve more if we work in partnership with everyone who touches the life of a pet.



Passion with Purpose - Our dedication to creating a world where no pet suffers drives us to deliver more for every pound we are given.

Listening to our employees' voice is important to us. We have an established communications group called Our Forum, which provides an opportunity for senior leaders and elected representatives from across PDSA to discuss strategic matters.

Our Forum, along with elected consultation representatives played a vital role in shaping and implementing changes made to our pay, benefits and pensions arrangements. This helped to ensure that 99.5% of our staff agreed to the changes.

In response to employee feedback we launched *Fetch*, an online platform offering rewards such as discounts and special offers and much more.

Employee Survey

Following a period of significant change, we were keen to understand how our staff felt about working for PDSA and launched our employee survey, *Paws for Thought*.

Having last carried out a full employee survey in 2015, we were delighted to achieve a 77% response rate and be recognised in the Best Companies top 100 charities to work for. We were proud to be rated as 'One to Watch' by Best Companies, which indicates good levels of workplace engagement and promising signs for the future, although frustrated that we narrowly missed out on a Best Companies One Star award.

However, we were named as one of the best not-for-profit companies to work for in the UK and were listed in 85th place in the prestigious *Sunday Times* Best 100 Not-for-Profit Companies list for 2020.

We set out in our Business Plan that we want to be recognised as an '*organisation of choice*' by our employees and volunteers - and to finish 85th in the list is an encouraging first step.

Our employee survey identified areas where we need to do more work with colleagues around clarity of our organisational plans. Senior leaders were working on how we can give that clarity about our strategic direction to our teams in 2020 through a programme of staff engagement. However, this has been put on hold as we prioritise reducing risk for our people during the Covid-19 pandemic period.

Mental health and wellbeing

In May 2019, we marked national Mental Health Awareness Week by launching a series of blogs, and videos from colleagues across PDSA telling their stories and explaining why it is so important to open up conversations about mental health and ask for help if you are struggling. By talking about mental health we wanted to create an environment where anyone at PDSA can feel comfortable to talk openly about how they feel and where there is no shame or stigma to say 'it's ok not to be ok'.

Staff and volunteers can access a free and confidential Employee Assistance Programme 24/7 where they can speak to trained counsellors and get more information and advice about a range of issues which might affect their wellbeing. Our work on promoting mental health awareness won a Chartered Institute of Public Relations (CIPR) Inside Story Online Award which recognises successful internal communications campaigns.

We are also developing a wellbeing strategy where leaders support any team members with mental health issues.

The social distancing and isolation required to address the Covid-19 pandemic, will threaten the mental health of our staff, especially those dealing with the public through our PDSA Pet Hospitals and those who find themselves on extended furlough, away from their normal workplace and colleagues. We recognise this and within our pandemic priorities, reducing risks for our people, we are putting in place content and internal communications to support our staff at this extremely challenging time.

Safeguarding

We want everyone who engages with PDSA, including children and vulnerable adults, to feel safe and have their wellbeing protected.

We have invested in resources with the appointment of a Safeguarding Manager. We have a Trustee Safeguarding Champion, a dedicated Safeguarding Lead and a Safeguarding Committee which oversees our safeguarding activities.

Our safeguarding policies and controls have been strengthened to include improving our employee and volunteer vetting processes (including DBS checks where required), improving safeguarding knowledge and understanding.

Measures are also in place to make sure our people feel safe to speak about things or behaviour that concerns them or those around them.

We centrally log and investigate all safeguarding issues, making sure that they are escalated appropriately, including to the Charity Commission, in line with guidance and good practice. Our Council receives a quarterly safeguarding report.

Coronavirus Covid-19

Like many other charities the UK Government response to this pandemic has had a significant effect on our operations and our people. Overnight we had to shift our support services and central operations to remote home working with teams dispersed. Our front-line staff continue to deliver veterinary care, dealing with emergencies, while following social distancing and other measures to protect themselves and our clients.

During April over 800 of our staff were furloughed within the Government's Coronavirus Job Retention Scheme as we closed our charity shops and ceased other activities. This has been hard for our colleagues who want to continue to work and support PDSA at this time.

Our guiding principles during this crisis include reducing the risk for our people, and ensuring our communications are clear. We have put in place online and regular communications to keep in touch with those on furlough.

Reward

We have completed a comprehensive review and overhaul of our pay and benefits to put in place a simpler and more flexible reward structure. This affected all our staff so we took time to gather views from our people, making sure their views were heard and used to shape the changes being made. A staff consultation group was established and subsequently worked with Our Forum to help shape the final proposals and how we implemented the changes.

Vet recruitment

There is a national shortage of veterinary surgeons and veterinary nurses. As one of the largest employers of veterinary professionals, ensuring we have sufficient vets and vet nurses to deliver our vital services is an ongoing priority.

We have implemented a wide range of measures designed to attract, engage and retain the key skills we need to deliver our public benefit. We have broadened our Graduate Vet Surgeon programme increasing the intake from nine in 2018 to 26 in 2019, further strengthening our talent pipeline. These passionate individuals started work in several of our Pet Hospitals, putting their skills and knowledge to good use and managing their own cases.

Our strategic partnerships with veterinary teaching universities means that we actively contribute to the education and training of the nation's veterinary surgeons, specialists and veterinary nurses by providing rotations in our PDSA Pet Hospitals and sharing our knowledge and skills. While veterinary clinical recruitment and retention improved, it is still an area of focus for us and the impact upon recruitment of the UK leaving the European Union remains unpredictable.

Technology

Being aware of current and future technology and digital trends, while implementing those that allow us to be more efficient, is at the centre of our approach to technology. We strive to be close to the 'leading edge' of technology where it helps us to deliver greater public benefit and make the most impact.

During 2019, we embraced cloud computing with the Merlin Veterinary Clinical System moving to Software as a Service (SaaS) in the cloud and significant progress made in migrating our Finance System to the same SaaS model, with more service migrations planned in 2020. We commenced the migration of our key network and security infrastructure to a new more resilient, secure and faster platform with our partner Maintel, with completion due in 2020.

Other plans included the implementation of new collaboration software in the form of Microsoft Teams (building on our continued upgrade to Windows 10 and expanded use of tools as part of Office 365) across our sites to help and support our users in working together across the UK. This enabled remote working and the ability to access systems and services from any location and at any time, which supports our business objective of improved capability. The remarkable transformation we achieved in record-time was incredible and absolutely necessary almost overnight, given the need to work from home during the period of Covid-19 lock-down. Our digital transformation plans to deliver services to our clients and customers in different and more mobile ways has also been fast-tracked, automating many of our previously manual processes.

In March 2020, we saw PDSA move from a mainly office-based workforce to one that was dispersed, working remotely from home. This has tested our technology infrastructure which has proved its resilience and the benefits from the changes we began in 2019. In many ways, the processes we have developed due to this enforced working pattern will benefit the organisation in the future.

GDPR

GDPR raises the bar on an organisation's obligation to demonstrate they are complying with the law. We have continued to strengthen compliance around data protection governance, accountability, transparency, and data security. We have introduced a new governance oversight process, developed enhanced practices for handling data breaches and improved many of our IT systems' ability to meet peoples' right to be forgotten. We also redesigned our approach to some of our marketing communications to bring them into line with GDPR principles of transparency.

In 2019 we made some significant improvement to the security of our IT network and Microsoft Office accounts with the successful implementation of two-factor authentication. This has made a significant positive contribution to the number of cyber security incidents we experienced in the second half of the year.

As data protection and cyber security risks evolve, we continue to invest in appropriate technical and physical security systems.

Environmental impact

The impact we have as an organisation on the environment is really important to everyone at PDSA – as well as our local communities. The results of our *Paws For Thought* employee survey told us this clearly so we switched our paper supply across PDSA to a sustainable, carbon-neutral supply. We are constantly seeking new ways to be more environmentally friendly and opportunities for colleagues to get involved in community projects. One project was to help The Woodland Trust plant more than 10,000 trees for the new Young People's Forest in Derbyshire. We also brought back two of the trees to plant at Head Office in Telford to do a kind of 'tree twinning' and know that our Telford trees are growing at the same time as the ones in the wood.

We currently have three of our PDSA Pet Hospitals with solar panels and rain water harvesting systems installed. Our planned new build PDSA Pet Wellbeing Centre in Nottingham will also have these installed.

Our PDSA Pet Wellbeing Centre in Manchester was built using all LED lighting, as will our new Nottingham Pet Wellbeing Centre. We have completed the installation of LED lighting in our Head Office reception area and within some of our new retail shops which opened in 2019. Our completion of the ESOS 2 Audit Report (Energy Savings Opportunity Scheme) has given us a very good base and some recommendations for future energy efficiency improvements.

Governance and Risk statements

Administrative Details

	The People's Dispensary for Sick Animals (PDSA)
Founded	1917 by Maria Dickin, CBE
Incorporated by Acts Parliament	(PDSA Act 1949, 12 & 13 Geo. 6, Ch. xv) (PDSA Act 1956, 4 & 5 Eliz. 2, Ch.1xvii) (Revised by a Parliamentary Scheme in 2015)
Head Office	Whitechapel Way Priorslee Telford Shropshire TF2 9PQ Telephone: 01952 290999 Website: www.pdsa.org.uk
Patron	HRH Princess Alexandra, the Hon. Lady Ogilvy, KG, GCVO

Principal Professional Advisors

Bankers	Lloyds Bank plc, 25 Gresham Street, London EC2V 7HN
Investment Managers	<p>Newton Investment Management Limited, Mellon Financial Centre, 160 Queen Victoria Street, London EC4V 4LA (until March 2019)</p> <p>Schroder Unit Trusts Limited, 1 London Wall Place, London EC2Y 5AU</p> <p>Investec Asset Management Limited, Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA (until 15 March 2020)</p> <p>Ninety One Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA (from 16 March 2020)</p> <p>Partners Group (UK) Limited, 14th Floor, 110 Bishopsgate, London EC2N 4AY (from March 2019)</p>
External Auditor	BDO LLP, Two Snowhill Birmingham B4 6GA
Actuaries	<p>KPMG LLP, One Snowhill Queensway, Birmingham B4 6GH (until 1 March 2020)</p> <p>Iseran Bidco Ltd t/a Isio, One Snowhill Queensway, Birmingham B4 6GH (from 2 March 2020)</p>
Solicitors	<p>Sacker & Partners LLP, 20 Gresham Street, London, EC2V JE</p> <p>Bates Wells & Braithwaite (now Bates Wells) London LLP, 10 Queen Street Place, London EC4R 1BE</p> <p>Wright Hassall LLP, Olympus Avenue, Leamington Spa, Warwickshire, CV34 6BF</p> <p>Wilsons Solicitors LLP, Alexandra House, St. Johns Street, Salisbury, SP1 2SB</p>
Trustees	Details in Governance section overleaf.

Governing documents and registration

The charity is incorporated under The People's Dispensary for Sick Animals Acts 1949 and 1956 as amended by a Parliamentary Scheme in May 2015. Its constitution comprises the detailed clauses of these two Acts of Parliament plus supplementary Byelaws, which have been subsequently revised by the governing body. The charity is registered with both the Charity Commission in England & Wales and the Office of the Scottish Charity Regulator.

Governing body – Council

The Trustees form the governing body of the charity, known collectively as Council and are legally responsible for the overall management and control of PDSA. Council sets the strategic direction, shapes policies and approves major expenditure programmes but delegates certain decisions to sub-committees.

The total number of Trustees is currently 11 and they are listed below along with their committee membership.

Chair Mr John Smith, FCA	F G	
Deputy Chair Mr Richard Clowes, BSc MI Mech E	F G	Retired 6 June 2019
Deputy Chair Mr John Miller, BSc, MCIPD, AFBPsS	G	Appointed 7 June 2019
Professor Gary England, BVetMed PhD DVetMed CertVA DVR DVRRep DipECAR DipACT FHEA FRCVS	A	
Mr Gordon Hockey	A	
Mr David Lister BA (Hons) Solicitor	F	
Ms Laurie Mayers, BA, MA	F G	
Mr David Morgan, BSC Hons	F	
Mr Ian Phoenix		
Mrs Carole Pomfret MA ACA	F	Safeguarding Champion
Mrs Mary Reilly BA (Hons), FCA	A G	
Mrs Alison Tattersall BA (Hons), Postgrad Diploma in Marketing	A	

- F - Member of the Finance & Investment Committee
- A - Member of the Audit & Risk Committee
- G - Member of the Governance & Remuneration Committee

Trustees are experienced leaders from diverse backgrounds who provide valuable experience to guide the charity.

Council approves new Trustees whose appointment is then ratified at a General Meeting. All Trustee recruitment is subject to a rigorous and transparent process. Qualifications for

Trusteeship include commitment to the relief of poverty and to animal welfare plus specialist expertise or knowledge considered to be of benefit to PDSA. It is Council's policy for the governing body to consist of ten to twelve Trustees. However, Council may plan to increase this number to take account of planned retirements while maintaining an appropriate range of skills and expertise.

Committees

There are four committees and each has specific terms of reference.

The Finance & Investment Committee reviews the Fund Managers' performance, the budget and most other financial matters.

The Audit & Risk Committee considers risk and internal and external audit matters. It looks at health and safety management and all aspects of our clinical governance framework, thereby giving a holistic view as to the quality assurance of the veterinary service. It also receives regular updates on compliance in respect of our fundraising governance framework.

The role of **the Governance & Remuneration Committee** includes determining the Remuneration Policy for the whole organisation and in particular, the total remuneration packages of senior executives which it recommends to Council. It also provides oversight of governance, for example monitoring changes in external codes of good practice and considering PDSA's response, advising on the approach to reviews of Board effectiveness, Trustee appointment and succession, and diversity issues.

The Special Purposes Committee approves legal agreements (for members see Executive Staff). The Terms of Reference for this Committee has been reviewed and updated during the year to reflect changes proposed within a Scheme of Delegation adopted by Council in December 2019 (see Charity Governance Code section below for further detail).

Charity Governance Code

PDSA remains committed to good governance. During the year we have strengthened our governance arrangements by developing a comprehensive document setting out all matters where Council have delegated authority for decision making (a Scheme of Delegation). This document was approved and adopted by Council in December 2019.

We have also implemented a Policy framework which sets out standards for all new policies, and the requirements for regular review and update of all policies. Compliance with this framework will be audited periodically.

Some of the pre-existing arrangements in place to meet the Code requirements are:

- There are established processes for Board recruitment, induction, Trustee appraisal and Trustee training
- New Trustees are familiarised with the workings of PDSA, Council Policies & Procedures and Governance. This is done through a comprehensive induction programme consisting of visits to Head Office, PDSA Pet Hospitals and our retail shops, along with meetings with Directors and key members of staff
- A skills audit is carried out every three years to identify potential gaps in the Trustee Board's collective skills. This was last carried out in 2017 and will be refreshed in 2020
- Trustees undertake a regular programme of visits to 'front-line' locations enabling them to lead by example in demonstrating PDSA's values
- Third parties are selected to provide specialist seminars and lectures, which Trustees attend as appropriate. Subjects covered include: charity law and governance (including Safeguarding training during 2019), pension law and administration and investment practice
- Registers of interests are maintained for Trustees and senior members of staff to identify possible conflicts and there are processes in place to manage issues
- Council holds an annual strategy review to consider short, medium and long-term strategies for effective delivery of our charitable purposes
- Council receives regular performance reports indicating the extent to which strategies are being achieved and the extent to which they are having the desired / expected outcomes
- A governance guide is provided to all Trustees, which sets out the key governance arrangements that are in place. This includes details of matters reserved for Council, and terms of reference for all sub-committees
- Minutes are maintained of all meetings of Council and committees
- Responsibility for ensuring there are succession plans for key leadership roles is clearly defined
- The purpose and objectives of subsidiaries and their relationship to the parent charity are set out in their articles of association
- Key policies are in place and are reviewed regularly, including the Reserves Policy
- Trustees carry out a review of Board effectiveness every two years under the coordination of the Deputy Chair. The results are reported to Council
- There is a risk management process in place, which is regularly reviewed by Audit & Risk Committee. The Audit & Risk Committee reviews significant risks twice per year and holds Risk Deep Dives with risk owners focusing on one specific Corporate Risk. The Audit & Risk Committee also agrees the Trustees Risk Appetite statements which are reviewed and approved by Council;
- Council appoints independent auditors and their work is overseen by the Audit & Risk Committee, who have an opportunity for closed meetings with the auditors twice a year
- There is a process for ensuring all colleagues have agreed objectives which are cascaded down the organisation and that performance against these objectives is reviewed
- During the year we have established an Executive-level Governance meeting to complement the work of the Governance & Remuneration Committee, to provide oversight of Governance matters at a Directorate level
- There is a Whistleblowing Policy and procedure in place, processes for investigating whistleblowing complaints have been established and any whistleblowing incidents are reported to Audit & Risk Committee
- We have an extensive suite of policies, procedures and controls designed to protect the health and wellbeing all people who come into contact with PDSA, including safeguarding of young people and adults at risk. These are continuously reviewed and updated as necessary. (See Health Section for further details).

PDSA continues with its ongoing focus to improve equality, diversity and inclusion across the organisation, including encouraging diversity in applications for new roles or Trustee positions.

Trustees have also committed to carrying out a biennial self-assessment of compliance with the Charity Governance Code, this will commence in 2021, and will be carried out in alternate years to the current evaluation of Board effectiveness.

One area where PDSA does not apply the guidance contained in the Charity Governance Code is in relation to Trustee terms of office. The terms of office for Trustees are three terms of four years. After each term of four years, individual Trustees discuss with the Chair whether they should continue.

Factors taken into account include: skills requirements, whether the Trustee wishes to and is able to continue to commit to time requirements and whether the Trustee and Chair believe they are still adding value to the Board. In exceptional circumstances, at the request of the Chair and Deputy Chair, Trustees may be asked to stay on beyond the maximum term of 12 years, to provide continuity.

PDSA considers that these terms of office are appropriate to provide a balance of experience and to allow Trustees to gain the depth of understanding of the charity which is needed, whilst still ensuring that Trustee tenure is limited.

At present none of the Trustees have served more than the maximum 12 years of office.

Remuneration Statement

Council has overall responsibility for determining the Remuneration Policy for the whole organisation and in particular the total remuneration packages of senior executives. It delegates this responsibility to the Governance & Remuneration Committee, which makes recommendations to Council.

PDSA is a large organisation with over 2,000 employees and the support of over 2,500 volunteers. Working together, it is the combined effort of all our people that delivers the impact of our mission for the communities within which we work that enables us to provide compassionate vet care for pet owners who can't afford the care their pets need. We are here for the person and their pet, as a family, delivering our mission of improving the life of every pet in the communities within which we serve.

The nature of our public benefit means that we are one of the UK's largest employers of veterinary professionals and, as a complex and diverse organisation, we compete in different job markets for a wide range of skills and experience. Our Pay Policy must therefore be sufficiently flexible to ensure we can attract and retain the right people with the right skills to be able to deliver our vital services whilst meeting our supporters' expectations that the money they entrust to us will be used wisely.

The Governance & Remuneration Committee has established the following guiding principles that underpin our approach to reward and recognition. The same guiding principles underpin its approach to senior executive remuneration.

- To have understandable and transparent reward policies that enable our strategy and reflect our culture
- To apply a common framework for managing reward decisions, whilst providing flexibility to meet differing organisational needs within PDSA
- To provide a competitive and market responsive total reward package that enables PDSA to attract and retain employees from the not-for-profit or private sector as appropriate

- To apply a robust system for comparing jobs internally, which can be used to clarify career paths and support career development discussions
- To value the contribution that an individual makes in their job and recognise that experience can enhance this contribution
- To provide a comprehensive core set of benefits for all employees whilst giving some flexibility within the total reward package to enable employees to meet their differing personal needs and preferences
- To ensure we meet our legal obligations and that all employees receive fair pay.

In determining overall pay levels for all our staff including senior executives, we take account of pay practice in other similarly sized charities and, where appropriate, private sector organisations.

Benchmarking activity takes place on an annual basis. Annual pay reviews take into consideration affordability, economic trends and external market movements.

It is the view of the Governance & Remuneration Committee supported by Council, that, given the size, complexity and substantial public benefit provided by PDSA on a national scale, the remuneration of its senior executives is fair and proportionate.

PDSA's defined benefit pension scheme closed to future accrual with effect from 5 April 2019 following consultation with active members in 2016 and a three-year transition period. In 2019, we entered into consultation with all staff members including senior executives on proposals to change PDSA's pay, defined contribution pension and benefits arrangements. We carried out extensive benchmarking and worked with a range of key stakeholders, including our employee consultation and communication group, Our Forum, and elected consultation representatives to shape and implement our plans. Changes were made to pay and benefits in June 2019 and to defined contribution pension benefits in July 2019 having secured agreement to the changes from over 99.5% of our staff members. The Governance & Remuneration Committee presided over this work and reported progress to Council.

The review of our pay, pension and benefits arrangements took into consideration the fact that there is a national shortage of veterinary surgeons and veterinary nurses. We have implemented a wide range of measures to enable us to attract, engage and retain the key skills we need to deliver our public benefit including closely monitoring pay levels to ensure we remain competitive in this challenging, dynamic labour market.

Our Gender Pay Report is available on our website in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Group structure

PDSA undertakes charitable service delivery and fundraising. Trading activities are carried out through three wholly owned subsidiary companies: PDSA Trading Limited, PDSA PetAid Enterprises Limited and PDSA Property Services Limited.

Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with UK Generally Accepted Accounting Practice. Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and charity, and of the incoming resources and application of resources, including the income and expenditure, of the Group and charity for that period.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, to disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of The People's Dispensary for Sick Animals Acts 1949 and 1956 as amended by a Parliamentary Scheme in May 2015. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that the financial statements are published on the charity's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Executive Staff

Council delegates policy implementation to the Director General. The Director General manages PDSA through the Senior Management Team. The Director General and Directors together constitute the Special Purposes Committee.

Director General	Jan McLoughlin, MSc, CBiol, MSB, FIoD
Director of Veterinary Services	Richard Hooker, BVMS (Hons), MRCVS
Director of Finance & Resources	Andrew Willetts BA ACA
Director of Human & Corporate Resources	Karen Hailes, FCIPD
Director of Fundraising & Communications	Nigel Spencer, ACIB, MCIM, MInstF
Commercial Director	Annette Spindler (to 27 April 2020)

Risk

PDSA has established management processes to mitigate risks that would prevent us from fulfilling our strategic goals. Particularly, the Trustees seek to ensure that:

- Risks are identified, assessed and controls established to mitigate them;
- The risk exposure profile is acceptable at all levels; and
- The risk management process is embedded in operational and management procedures.

The Audit & Risk Committee, assisted by the Senior Management Team and Internal Audit department, considers risk in detail. Key risks are considered at each meeting of the Audit & Risk Committee, along with a Deep Dive into one or two of the risks. Trustees' Risk Appetite is considered and updated annually. The Committee regularly reviews the Risk Management processes in place.

Council considers its key risk factors to be those identified below:

- **Legacy income** – this represents approximately 45% of our total income and there is a risk that reductions in this income source could materially affect PDSA's financial position.
- **Number of pets** – demand for our services can fluctuate over short periods of time and in line with general economic conditions which can result in significant cost increases.
- **Service infrastructure** – PDSA is a large and complex service operation over a wide geographical area. Risk factors include cost increases due to service growth and inflation, the PDSA Pet Hospital replacement programme, the national distribution of services and retaining/recruiting qualified veterinary staff. Service provisions need a long turnaround period in order to downsize operations should financial constraints require and this ought to be reflected in the level of free reserves.
- **Fundraising** – our ability to raise the funds we need to continue our work can be affected by many factors including our ability to respond to changing supporters' expectations and preferences, activities of other charities, regulatory changes and economic conditions all of which can lead to reductions in income or increased costs.

- **Pensions** – although we have closed our defined benefit scheme to new members and allowed future accrual until April 2019, the requirement to fund pension promises could impact our financial position.
- **IT security** – we depend upon the integrity and availability of our systems and the accuracy of our databases to operate the charity effectively. We recognise this is a complex and rapidly changing environment.
- **Leaving the European Union** – we continue to monitor emerging risks arising from leaving the European Union. The outcome of trade negotiations is still unknown, and there remains a risk of economic effects constricting legacy income, and operational continuity in the form of pharmaceutical supplies from the EU and veterinary staff from the EU (although this risk may be reduced by the inclusion of veterinary staff on the list of skills shortages for the UK).
- **Coronavirus Covid-19 pandemic** – this is an emerging risk since year-end. We have considered financial sensitivities and have established a Business Continuity Plan. From March 2020 the charity implemented this plan.

Council is satisfied that controls and actions have been put in place to mitigate the major risks identified. However, it recognises that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The Covid-19 pandemic struck the UK in March 2020 and has significantly disrupted our veterinary services in our PDSA Pet Hospitals and other operations across the organisation. This crisis will have a significant adverse impact on our financial position and we expect to report a significant deficit in 2020. We have taken action to access Government grant and funding support as well as an organisational focus on cash preservation.

Financial review

PDSA's finances remain in good health. We have sought to improve our control of costs and grow income streams steadily and sustainably, before carefully choosing investment in our charitable activities. In 2019 we had exceptionally strong results which exceeded our expectations; the last three years' favourable results have been welcome, as they followed some substantial deficits (figure1).

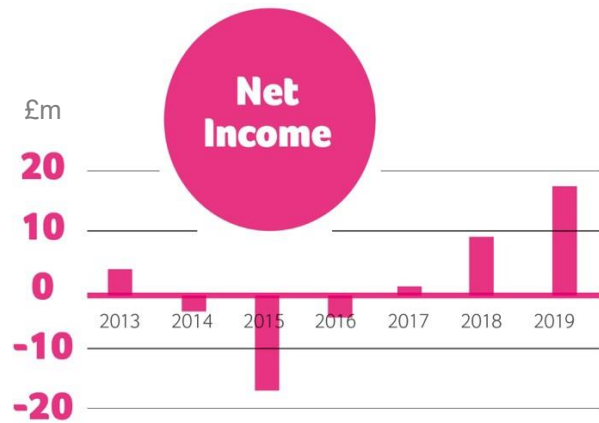


Fig 1

We are fortunate to have a wide range of income streams as this mitigates our financial risks. Of course, our results are always influenced by the UK economy, which has seen turbulence as a result of the prolonged negotiations for the UK to leave the EU and the domestic political changes.

Nevertheless, we increased our total income to £112.7 million (2018: £108.1 million) with the largest factor being another good year for legacy income, though we have seen a slowdown in legacy estate settlements as a result of probate administrative changes. This means we are able to account for our legacy entitlement in most cases, but have seen a slower arrival of cash. We have continued to enjoy support from the players of the People's Postcode Lottery - a gross income of £7.2 million (£2.3 million net), compared to last year's £6.1 million gross (£1.9 million net), which has funded investment in our Pet Health Hub, education activities, and to improve our hospital operations. Our partnership with the People's Postcode Lottery continues in 2020 and we are so very grateful for the ongoing support of players.

Recent years of increasing income have allowed us room for further expenditure on public benefit. We spent £71.1 million on prevention, education and treatment which was £7.0 million (10.9%) more than in 2018 (£64.1 million). We have grown the numbers of pets we reach but also have seen inflationary pressures in our veterinary services, with growing staff costs and charges from suppliers. During 2019 we amended our salary packages and have seen improved recruitment to address staff shortages. In 2020 our aim was to increase the number of pets we reach and reduce the average cost per pet, with effective management of costs and the use of digital technology. As a funding led charity, we are also identifying areas in which we can invest the surpluses we have generated in additional public benefit and the creation of a sustainable future for our services.

It is very important that the public knows of our work in order for us to secure their support. We continued to invest in our strategy to grow awareness and in particular this year we had a high profile at a range of national events, including sponsoring the National Vet Show in Manchester. We seek to innovate in marketing in order to achieve the best returns for our spending.

Costs in support areas were higher than 2018 by £0.3 million (3.6%). Within these costs we have made a provision for professional fees of £0.5 million and we have recovered £0.5 million through an insurance claim. We concluded discussions with HM Revenue and Customs about VAT liabilities and as a result we were able to release a provision of £0.3 million from 2018.

During the year we undertook a review of the condition of our leased properties, most of which are in our retail division. As a result, we have increased our provision for dilapidations by £1.0 million.

Overall, there was a large increase in our operating results: a net income of £17.4 million this year compared to £9.6 million in 2018. Importantly, this year it included a gain on our investments of £6.7 million, whereas in 2018 we saw a loss of £3.0 million. The total return on the managed portfolio element was 11.8%.

Our defined benefit pension scheme had an actuarial loss of £3.8 million (2018: gain of £16.1 million) and the deficit increased from £32.1 million to £35.7 million.

Income and costs

We receive no ongoing HM Government or National Lottery funding for our veterinary services and therefore we rely on generating our income from our supporters by voluntary donations and trading activities. In the table below, we present the financial results in a different way, which we believe gives more clarity on the sources of net income.

	2019		2018	
	£ million	cost/£	£ million	cost/£
Donations and legacy net income	63.2	0.13	59.4	0.15
Other trading net income	3.2	0.87	2.6	0.80
Asset-related net income	0.9	0.05	2.0	0.00
Charitable trading gross income	14.5		12.6	
Net income available for charitable activities	81.8	0.32	76.6	0.30

Other trading net income includes gaming products, sales from our retail division (donated and new goods) and miscellaneous sales, commissions and licensing income. Asset-related net income is investment income and gains on disposals of fixed assets. PDSA Trading Limited provides almost all trading income, excluding donated goods, which are sold by the charity; this subsidiary's full results can be seen in the notes to the financial statements.

The income we receive from donations and legacies forms the largest portion of our overall income and we need to spend on marketing and management in this area to attract supporters and protect future revenue. We must ensure that we invest carefully and cost-effectively to generate awareness and income both in the short and long-term. The table above shows that the cost of raising donations and legacy income overall from our supporters improved in 2019 to 13p per pound (£).

Legacies continue to be our most important source of income. This income grew by 5% in 2019, reaching £50.2 million, and it provided 59% of our net income available for charitable activities (2018: 61%). We are investing in growing our legacy donations while also seeking to broaden income from other sources. We plan to do this by growing our supporter base, through promotion and using innovative approaches to generate donations; we will also maintain and grow trading income in retail and veterinary commercial activities.

Our donation income was boosted this year by a generous £2 million gift from The Basil Larsen 1999 Charitable Trust which helped to fund the veterinary treatment of around 25,000 dogs across our six London Pet Hospitals. Overall, donations were 0.8% higher than 2018.

Charitable trading, in which we offer services to our clients in addition to free treatment, is an increasingly important income stream. Our concessionary (low-cost) service sales improved from £4.4 million to £5.6 million and our preventive services income grew by 8.2% to £8.8m.

The largest share of our trading income comes from our retail division, which was ranked thirteenth of national charity retailers when measured by income. Its scale of operation is a substantial undertaking for the charity and there are high levels of competition to source donated stock and customers; costs of generating income in this area are also high. Donated goods sales were consistent with 2018 and our growing range of new goods sales showed an increase of 11%.

Our trading results include income from the players of People's Postcode Lottery (PPL). The gross proceeds this year were £7.2 million, though there is expenditure on prizes and operating costs to generate the income, leaving a net surplus of £2.3 million. We have been recruiting supporters to our own gaming products and this year income increased by 13% to £1.8m. In addition, we have grown income from our Pet Insurance products, achieving an increase of 12% to £1.1 million.

We organise our public benefit expenditure into three areas. The largest is for treatment at Pet Hospitals and contracted services that increased to £63.1 million (2018: £56.6 million), which includes substantial fixed costs. We spent £5.4 million on preventive services, increasing from £5.1 million last year. Finally, the amount we spend on education and responsible pet ownership, which can vary based on the precise activities we undertake, was £2.6 million (2018: £2.4 million).

There was an actuarial loss of £3.8 million in our defined benefit pension scheme, The People's Dispensary for Sick Animals Retirement Benefits Plan (1978) (RBP). This compared to the 2018 gain of £16.1 million. The main reasons for this year's loss were assumptions relating to liabilities following reduced corporate bond yields. Further costs relating to the pension scheme have been recognised as past service costs (£1.4 million).

Investments

At the end of 2019 our investments totalled £68.3 million (2018: £61.1 million). This is primarily an investment portfolio of externally managed investment funds, along with some investment properties managed by the charity.

We delegate day-to-day management of the investment portfolio to professional fund managers. We have an Ethical Investment Policy that precludes investing directly in those organisations involved in testing on animals for cosmetic and other non-medical purposes. Performance is measured on a total return basis and the Finance & Investment Committee regularly reviews the fund managers' performance.

Following an investment strategy review in 2018, we migrated our portfolio to different managers and this was completed in early 2019. The Society's investment strategy focuses on capital preservation, while providing opportunities for increased returns through diversification of the asset base, without a significant increase in risk; the strategy remains subject to the Society's Ethical Investment Policy. It is our intention to review our investment principles during 2020.

We spread our investment holdings across three investment managers and invest in funds rather than direct investments. Broadly, our intention is to hold 37.5% each in both Schroder Unit Trusts and Ninety One, and the remaining 25% in Partners Group (UK). Funds provide greater stability than direct market investments and are sufficiently liquid to meet any short-term operational cash needs as well as supporting the Business Plan to maintain and expand the delivery of our charitable services.

Overall, there was a gain of £6.1 million on our investment portfolio (2018: £3.1 million loss).

Investment properties are re-valued each year. The value at 31 December 2019 was £6.6 million (2018: £6.0 million). There were no additions or disposals in the year.

Reserves

Council considers reserves regularly as part of its business planning process. It seeks to ensure that sufficient reserves are available to fund planned activity agreed in the Business Plan, to be responsive to unforeseen and unplanned activity and to protect PDSA from unexpected events, such as fluctuations in income and costs not anticipated in the Business Plan. The policy reflects the Charity Commission's guidance on Reserves Policies in its publication CC19. It is Council's intention to review the policy in 2020.

Our Reserves Policy is supported by contingency planning to determine the potential impact on the level of reserves of defined risk factors. Our contingency planning determines the level of reserves that we consider necessary to protect us from any prolonged financial risks and considers any measures that may need to be addressed should reserves fall below agreed levels.

Council has determined that the level of free reserves needed should fall within the range £50 million to £75 million. Amongst other factors, Council has noted the importance of reserves covering at least a year's expenditure in our veterinary areas and supporting costs, which, based on our original 2020 plans, would amount to approximately £48 million.

At 31 December 2019 the charity had free reserves of £79.7 million (2018: £64.5 million), as calculated in the table below. The year's unexpectedly good results, particularly in legacies and investment returns, have taken free reserves beyond the range set by Council, above. It is important to note that some of the income we raise in each year is earmarked for future spending, though it is not formally restricted. An important example is the net surpluses from PPL which we agree to spend on specific projects in the subsequent year.

	2019	2018
£ millions		
Total charity funds	87.2	73.6
Pension reserve	35.7	32.1
Endowment funds	(0.9)	(0.9)
Restricted income funds	(2.5)	(3.1)
Unrestricted funds	119.5	101.7
Pension funding commitments	(27.6)	(25.2)
Carrying value of functional assets	(22.9)	(22.0)
Legacy contingent asset	10.7	10.0
Free reserves	79.7	64.5

Free reserves at 31 December 2019

The pension funding commitment represents the cash value of 10 years of future funding commitments to the defined benefit pension scheme - The People's Dispensary for Sick Animals Retirement Benefits Plan (1978); the legacy contingent asset represents 80% of the value of the legacy pipeline.

The total funds of the Group at the end of 2019 were £87.2 million (2018: £73.6 million). Of these funds, £3.4 million were restricted income funds or endowments (2018: £4.1 million).

Our investment funds have sufficient liquidity to provide the flexibility to manage any potential downturn in income: access to two of the funds is a matter of days and for the other it is a month. The charity also had a £5 million unsecured overdraft facility with Lloyds Bank plc at the end of 2019. Since year-end, the charity has negotiated with Lloyds Bank plc to increase the unsecured overdraft facility to £10 million from 1 July 2020. The bank has indicated that further funding will be available, if necessary, and a review is scheduled for the fourth quarter of 2020.

At the date of signing, our most recent calculation of free reserves stood at £74.6 million. We have considered different scenarios for the future and created financial projections accordingly. Our current view is that our free reserves could reduce to £51.8 million by July 2021, which is at the lower end of the range set by trustees.

Going Concern

Council regularly reviews financial performance, forecasts and projections, taking account of the potential impact on future public benefit and this is an important element of Group financial management.

A continuity plan was put in place to manage the charity during the Covid-19 pandemic and we continue to follow UK Government guidelines and monitor the situation. In the short term, PDSA closed its Retail operations and narrowed the focus of Veterinary operations to be emergency only. This reduced group income streams, both sales income and donations, but has also reduced costs in these areas. Furthermore, fundraising expenditures have been redirected to digital channels and to generate short-term rather than long-term returns. We have also reduced support activities and expenditures, accordingly.

Despite the pandemic affecting trading performance since March, our operating results in the first six months of 2020 showed a surplus and were better than budgeted. This was in part due to government financial assistance. The charity has progressively increased the number of staff furloughed under the Government's Coronavirus Job Retention Scheme, reaching a peak of over 40% of staff. In addition, our trading activities have been supported by further non-domestic rates reductions and grants through local government - we have received the maximum permitted under state-aid rules (800,000 Euros). We have negotiated rent reductions from a number of our landlords.

Legacies, our largest source of income, have proved to be resilient in terms of cash received. Normally, our legacy income has a high proportion from property sales; there is the potential for the property market to slow during the crisis, thus reducing cashflow. We expect this to be a temporary matter.

In contrast, since the year-end, the investment portfolio valuation has declined by 4.9% (see note 20). This portfolio formed 71% of the charity's net assets at the end of 2019 and such a reduction has a material impact on reserves.

Since June 2020, the management team has been engaged in planning to transition the charity to more normal operating conditions. Trustees have reviewed future scenarios and have undertaken a detailed assessment of cashflow and profitability for the period to July 2021 considering most likely and pessimistic outlooks for income, cost reductions and government support. As described above, we have negotiated an extended overdraft which is a precaution to maintain liquidity and an alternative to partial liquidation of our investments at a time of market volatility. This level of overdraft (£10 million) should meet our cash requirements during 2020.

Our latest expectation is that the group will produce a total deficit of £20.5 million in 2020 and a further total deficit in the first seven months of 2021 of £3.6 million, which our strong level of free reserves would be able to withstand. In cash terms, we expect to have an overdraft of £8.2 million at the end of July 2021 and draw £6 million from our investment portfolio to support cash balances.

The Trustees recognise that there remains a high degree of uncertainty as a result of the pandemic. However, after considering the level of reserves (current and projected), the diversity of income streams, steps taken to mitigate, including cost reductions and access to bank financing, Trustees assess that the charity will continue to provide its public benefit (albeit in a contracted form) during the crisis period and beyond, even in its pessimistic scenario analysis. They therefore consider that it is appropriate for the financial statements to be prepared on the going concern basis.

Pension Plans

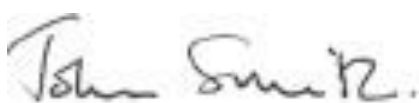
PDSA has a defined benefit pension scheme, The People's Dispensary for Sick Animals Retirement Benefits Plan (RBP) (1978) and a Group Personal Pension (GPP) Plan.

The defined benefit pension scheme has been closed to new employees since 2006 and since April 2019 has been closed to new accrual. The GPP Plan was opened in January 2008 for new employees. The charity is committed to ensuring it will continue to offer suitable pension benefits for employees.

The RBP scheme had a deficit, as calculated under the provisions of FRS 102, of £35.7 million at 31 December 2019 (2018: £32.1 million). The latest triennial actuarial valuation was carried out as at 31 December 2017 and this showed a deficit of £46.2 million. Revised deficit funding contributions were agreed between PDSA and the RBP Trustee in December 2018 and further contributions were agreed in December 2019.

The investment portfolio of the RBP Scheme has been adversely impacted by falling yields and by stock market volatility in the face of the Covid-19 pandemic (see note 20). The next triennial valuation of the Scheme is due at 31 December 2020. Any increase in the funding deficit as a result of this will be taken into account in the agreement of a revised schedule of contributions between the RBP Trustee and the Society, which is anticipated will take place during 2021.

Approved by Council and signed on its behalf by:



John Smith Chair
30 July 2020

Independent Auditor's Report to Council

of the People's Dispensary for Sick Animals

Opinion

We have audited the financial statements of The People's Dispensary for Sick Animals ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 December 2019 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005 and regulation 6 & 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010 and The People's Dispensary for Sick Animals Acts 1949 and 1956.

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 Group and the Parent Charity in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other 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 opinion.

Conclusions related to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charity'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 other information comprises the information included in the Trustees Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: The Chair's letter, the Director General's letter and the Trustees Annual Report. The Trustees are responsible for the other information.

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate/proper accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are 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 Trustees determines 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 Trustees are responsible for assessing the Group's and the Parent Charity'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 Trustees either intend to liquidate the Group or the parent Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 at the Financial Reporting Council's ("FRC's") website at:

<https://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 Charity's trustees, as a body, in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions, we have formed.

BDO LLP

Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom
3 August 2020

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Financial Activities (incorporating an income and expenditure account)

				£'000			£'000
For the years ended 31 December		Unrestricted funds	Restricted funds and endowments	Total 2019	Unrestricted funds	Restricted funds and endowments	Total 2018
Income and endowments from							
	Note						
Donations and legacies	1,2	65,234	7,412	72,646	61,918	8,168	70,086
Other trading activities	2	24,641	-	24,641	23,386	-	23,386
Charitable trading activities	2	14,469	-	14,469	12,568	-	12,568
Investments	2	935	-	935	1,472	-	1,472
Net (loss) /gain on disposal of fixed assets		(2)	-	(2)	553	-	553
Total income		105,277	7,412	112,689	99,897	8,168	108,065
Expenditure on raising funds							
Donations and legacies	3	9,475	-	9,475	10,643	-	10,643
Other trading activities	3	21,402	6	21,408	20,799	-	20,799
Investments	3	51	-	51	27	-	27
Total expenditure on raising funds		30,928	6	30,934	31,469	-	31,469
Net income available for charitable activities		74,349	7,406	81,755	68,428	8,168	76,596
Charitable activities							
Treatment at Pet Hospitals and by contracted services	3	56,785	6,291	63,076	50,436	6,149	56,585
Education: responsible pet ownership	3	2,530	89	2,619	2,243	197	2,440
Preventive services	3	5,395	-	5,395	5,057	-	5,057
Total expenditure on charitable activities		64,710	6,380	71,090	57,736	6,346	64,082
Total expenditure		95,638	6,386	102,024	89,205	6,346	95,551
Net gains/(losses) on investments	7	6,707	-	6,707	(2,958)	-	(2,958)
Net income		16,346	1,026	17,372	7,734	1,822	9,556
Transfers between funds	14	1,645	(1,645)	-	(7)	7	-
Actuarial (loss)/gain on defined benefit pension Scheme	19	(3,800)	-	(3,800)	16,100	-	16,100
Net movement in funds		14,191	(619)	13,572	23,827	1,829	25,656
Reconciliation of funds							
Total funds brought forward		69,567	4,069	73,636	45,740	2,240	47,980
Total funds carried forward	14	83,758	3,450	87,208	69,567	4,069	73,636

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

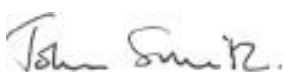
Balance Sheets

£'000

At 31 December

		Group		Charity	
		Total	Total	Total	Total
	Note	2019	2018	2019	2018
Fixed assets					
Tangible assets	6	22,890	22,030	24,394	23,534
Investments	7	68,292	61,135	68,292	61,135
Total fixed assets		91,182	83,165	92,686	84,669
Current assets					
Stocks – finished goods and goods for resale		2,333	1,867	1,919	1,432
Debtors	8	30,707	24,133	34,968	28,275
Investments	9	19	19	19	19
Cash at bank and in hand		7,865	6,170	3,908	2,294
Total current assets		40,924	32,189	40,814	32,020
Creditors – amounts falling due within one year	10	(6,609)	(7,162)	(6,491)	(6,986)
Net current assets		34,315	25,027	34,323	25,034
Total assets less current liabilities		125,497	108,192	127,009	109,703
Creditors – amounts falling due after more than one year	11	(118)	(6)	(118)	(6)
Provisions for liabilities	12	(2,471)	(2,450)	(2,471)	(2,450)
Net assets excluding pension liability		122,908	105,736	124,420	107,247
Defined benefit pension Scheme liability	19	(35,700)	(32,100)	(35,700)	(32,100)
Total net assets		87,208	73,636	88,720	75,147
The funds of the charity					
Endowment funds	14	933	933	933	933
Restricted income funds	14	2,517	3,136	2,517	3,136
Unrestricted funds	14	119,458	101,667	120,970	103,178
Pension reserve	14	(35,700)	(32,100)	(35,700)	(32,100)
Total unrestricted funds		83,758	69,567	85,270	71,078
Total charity funds		87,208	73,636	88,720	75,147

Approved by Council and signed on its behalf on



John Smith Chair
30 July 2020

Consolidated Statement of Cash Flows

£'000

For the year ended 31 December		2019	2018
	Note		
Net cash provided by operating activities	a	6,737	7,387
Cash flows from investing activities			
Dividends, interest and rents from investments		935	1,472
Purchase of property, plant and equipment		(2,827)	(1,090)
Proceeds from the sale of property, plant and equipment		-	644
Purchase of investments		(450)	(1,035)
Pension deficit contributions		(2,700)	(4,000)
Proceeds from the sale of investments		-	236
Net cash used in investing activities		(5,042)	(3,773)
Change in cash and cash equivalents in the reporting period		1,695	3,614
Cash and cash equivalents at the beginning of the reporting period	b	6,189	2,575
Cash and cash equivalents at the end of the reporting period	b	7,884	6,189

Note a. Reconciliation of net income to net cash from operating activities

	2019	2018
Net income for the reporting period	17,372	9,556
Adjustments for:		
Investment income	(935)	(1,472)
Net loss/(gain) on disposal of tangible fixed assets	2	(553)
Income received in the form of property	-	(3,600)
Depreciation	1,965	2,157
Movements on investments	(6,707)	2,958
Increase in pension provision excluding actuarial loss	2,500	2,500
Increase in stocks	(466)	(118)
Increase in debtors	(6,574)	(1,764)
Decrease in creditors	(441)	(105)
Increase/(decrease) in provisions	21	(2,172)
Net cash provided by operating activities	6,737	7,387

Note b. Analysis of cash and cash equivalents

	2019	2018
Current asset investments	19	19
Cash at bank and in hand	7,865	6,170
Total	7,884	6,189

Notes to the financial statements for the year ended 31 December 2019

1. Accounting policies

a) Accounting basis

The financial statements have been prepared under the historical cost convention, with the exception of investments that are included at market value.

The financial statements have been prepared in accordance with the Charities Act 2011, the Charities and Trustees Investment (Scotland) Act 2005, the Charities SORP (FRS 102) - 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 UK and Republic of Ireland (FRS 102), effective 1 January 2019.

The charity's activities, together with factors likely to affect its future development, performance and financial position and commentary on its financial results and its cash flows, are set out in the Trustees' Report and the financial statements.

Since the end of 2019, the Trustees have implemented a continuity plan to manage the charity during the Covid-19 pandemic and we continue to follow UK Government guidelines and monitor the situation. In the short term, PDSA has closed its retail operations and narrowed the focus of Veterinary operations to be emergency only. This has partially reduced group income streams, both of sales income and donations, but has also reduced costs in these areas. Furthermore, fundraising expenditures have been redirected to digital channels and to generate short-term rather than long-term returns. We have also reduced support activities and expenditures, accordingly.

Trustees have reviewed scenarios relating to the potential impact of the pandemic and have undertaken a detailed assessment of profitability and cashflow for the period to July 2021 (including a pessimistic scenario), considering reduction in investment values, likely income scenarios, cost reductions and government support. As described in the Trustees Report, the group has negotiated an extended overdraft which is a precaution to maintain liquidity and an alternative to partial liquidation of our investments at a time of market volatility. This level of overdraft (£10 million) should meet our maximum cash requirement during 2020. By July 2021 we expect to draw £6 million of investments - our investments are sufficiently liquid to be realised quickly (two funds have daily access, the third within a month). The overdraft facility will be reviewed again during the fourth quarter of 2020, and our bank has indicated willingness to increase this level, if necessary.

At the date of signing, our most recent calculation of free reserves stood at £74.6 million; our projection to July 2021 estimates that free reserves could reduce to £51.8 million, which is at the lower end of the desired range set by trustees. We expect that the group will produce a total deficit of £20.5 million in 2020 and a further total deficit in the first seven months of 2021 of £3.6 million. Based on this forecast we anticipate holding cash and liquid investments of £38.5 million at July 2021.

The Trustees recognise that there remains a degree of uncertainty as a result of the pandemic however this does not pose a material uncertainty that would cast doubt on the Charity's ability to continue as a going concern.

After considering the level of reserves (current and projected), the diversity of income streams, steps taken to mitigate, including cost reductions and access to bank financing, the Trustee Board has a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future which is a period of at least 12 months from the signing of the accounts and audit report. For this reason, it continues to adopt the going concern basis in the financial statements.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line-by-line basis. All entities concerned prepared financial statements to 31 December 2019.

b) Fund accounting

General funds are unrestricted funds that are available for use at the discretion of Council in furtherance of the general objectives of the charity, which have not been designated for other purposes.

Restricted funds are funds that are used in accordance with specific restrictions imposed by donors. The aim and use of each restricted fund is set out in Note 14 to the financial statements. Income received less than £15,000, unless part of a larger project, is reported in aggregate.

Investment income and gains are allocated to the appropriate fund.

c) Incoming resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Both pecuniary and residuary legacies are recognised at the earlier of probate being granted or the charity being advised, in writing, by the personal representative of an estate that payment will be made or assets transferred and when, in the opinion of management, the amount can be quantified with reasonable accuracy and will probably be received.

This estimate includes a reduction to reflect the proportion of the prior year opening debtors not received in subsequent years and so allows for the potential variation in settlement values and the risk of a Will being contested.

Where part or all of a legacy has a claim against it, the disputed amount is not recognised as income, but is included as a contingent asset.

Reversionary interests involving a life tenant are not recognised.

Donated goods are included in income when received.

Donation income is credited when received, except where fundraising campaigns are based around a specific event date, in which case the accruals basis is used.

Grants and donations in respect of capital expenditure are credited to restricted funds at the point of recognition and are released to unrestricted funds on the later date of completion of the fixed asset, or the obligation being met.

Gross proceeds from the People's Postcode Lottery are recorded as income in the SOFA.

d) Resources expended

All expenditure is accounted for on an accruals basis and has been listed under the headings that aggregate all costs related to the category. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of the resources. Overheads in support areas have been allocated to activities as outlined in Note 3 to the financial statements.

Costs for future property dilapidations, in our estimate and judgement, are estimated based on the number of properties rented subject to dilapidation clauses, each having an expected future cost based on the actual average spends per property incurred in earlier years. Where the particular condition of an individual property means the use of an average spend would not be appropriate, the provision is estimated with reference to property survey information.

Donations and gifts costs are those incurred in seeking voluntary contributions for the charity. Governance costs are those incurred by Trustees, internal audit and fees charged by external auditors. Irrecoverable VAT is charged as a cost to the individual activity.

e) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £5,000 are capitalised and accounted for at cost, inclusive of any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives as follows:

Assets under course of construction	nil
Freehold land	nil
Freehold buildings	25–50 years
Long leasehold buildings	25 years
Short leasehold buildings	remainder of lease
Pet Hospital buildings, freehold and leasehold	25 years
Furniture, fittings and equipment	3–8 years
Motor vehicles	5 years

The charity has a policy to conduct impairment reviews in accordance with the requirements of FRS 102.

f) Investment properties

In accordance with FRS 102 these properties are revalued. Revaluations are undertaken periodically by professionally qualified surveyors on the basis of open market value, which represents fair value. In our estimate and judgement these are revised in subsequent years by reference to published indices or comparative evidence and assessment of the circumstances of each property by PDSA's professional qualified surveyors.

g) Investments

Listed and other investments are stated at fair value to reflect the market valuation as at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year.

Investments in subsidiaries are shown at cost, less provision for impairment.

h) Stocks

Stocks are stated at the lower of cost and net realisable value. Donated goods are included at fair value on receipt, and the stock of donated goods represents the amount of goods donated by the general public which we hold at our shops at year-end. In our estimate and judgement, the value is calculated by applying an average sales value, adjusted for Gift Aided sales, to the volume of goods we have unsold at year-end.

i) Financial instruments

The PDSA Group only holds basic financial instruments. Investments are measured at fair value and shown in Note 7 to the accounts. Financial instruments held within current assets and current liabilities are measured at the cash expected to be paid or received which is considered to be amortised cost and is shown in Notes 8, 9 and 10.

The Group balances included in the accounts are as follows:

	2019 £'000	2018 £'000
Fixed Asset Investments	68,292	61,135
Debtors	30,707	24,133
Current Asset Investments	19	19
Creditors: amounts falling due within one year	6,609	7,162

j) Taxation

As a registered charity PDSA is exempt from taxation of income and gains falling within Chapter Three of Part II to the Corporation Tax Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charge has arisen in the year. No tax charge has arisen in any of its subsidiaries since they gift all taxable profits to PDSA.

k) Pension costs

For the defined benefit pension scheme, the amounts charged in resources expended are the current service costs and gains and losses on settlements and curtailments; these are included as part of staff costs. Past service costs are recognised immediately if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately and are shown separately in the SOFA. Defined benefit pension schemes are funded with the assets of the scheme held separately from those of the Group, in Trustee-administered funds. These assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The valuation is obtained triennially but is updated each year and the resulting asset or liability is shown on the balance sheet

l) Finance and operating leases

Rentals paid under operating leases are charged to the SOFA on a straight-line basis over the lease-term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are credited to the SOFA over the period of the lease. Rentals receivable under operating leases are credited to the SOFA in the periods in which they become receivable.

m) Basis of consolidation

PDSA's Group's financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated on a line-by-line basis for the periods from or to the date on which control passed.

PDSA Trading Limited, PDSA PetAid Enterprises Limited and PDSA Property Services Limited are consolidated within these accounts as PDSA holds 100% of the issued share capital of each company.

n) Provisions

Provisions for future liabilities are recognised when PDSA has a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that payment will be made. Estimation techniques involve assumptions, which are based on experience.

o) Accounting estimates and judgements

In preparing the financial statements, the Trustees are required to make estimates and judgements. The matters below are considered to be the most important in understanding the judgements that are involved in preparing the financial statements and the uncertainties that could impact the amounts reported.

Cost allocation

Support costs not attributable to a single activity are allocated or apportioned on a basis consistent with identified cost drivers for that cost category and can be seen in more detail in note 3.

Legacy income accrual

Legacy income is recognised in accordance with the income recognition policy detailed in (c) above. In calculating the level of legacy accrual, management is required to exercise estimation and judgement, particularly in determining the amount and probability of receipt.

Investment Properties

These are valued by professionally qualified surveyors, using estimation techniques identified in (f) above.

Stocks

Goods donated by the public for us to resell are valued using estimates identified in (h) above.

Actuarial assumptions for the defined benefit pension scheme

These are incorporated in the financial statements in accordance with FRS 102 using advice from independent qualified actuaries. Significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates. These are detailed in (k) above and note 19.

Provisions

We hold specific provisions for several matters and these are individually described in note 12. We recognise a provision when it meets the tests identified in the policy in (n); the estimation techniques used are particular to each provision. The charity leases a large number of properties and our assumptions for property dilapidations are described above in (d).

	£'000	
2. Income and endowments	2019	2018
Donations and legacies		
Legacies receivable	50,215	47,824
Donations and gifts	22,431	22,262
	72,646	70,086
Other trading activities		
Lottery and similar income*	8,987	7,688
Sales of donated goods**	11,758	11,761
Sale of new goods	1,862	1,678
Other sales income	2,034	2,259
	24,641	23,386
Charitable trading activities		
Preventive services	8,824	8,154
Concessionary and other paid for services	5,645	4,414
	14,469	12,568
Investments		
Listed securities – dividends	450	1,035
Bank and other interest	38	4
Rents receivable	447	433
	935	1,472

*2019 lottery income includes £7,181,000 received from players of the People's Postcode Lottery for lotteries drawn in 2019 (2018: £6,083,000)

** 2019 includes income of £3,444,000 of donations from supporters resulting from sale of their goods through PDSA's Retail Gift Aid programme (2018: £3,365,000)

3. Expenditure			2019	2018
	Activities undertaken directly	Support costs allocated	Total	Total
Expenditure raising funds				
Legacies receivable	1,620	143	1,763	1,395
Donations and gifts	5,527	241	5,768	7,108
Raising public perception and awareness	1,822	122	1,944	2,140
	8,969	506	9,475	10,643
Expenditure on other trading activities				
Merchandising, charity shop and other trading	13,817	1,301	15,118	15,450
Lottery ticket sales	6,110	180	6,290	5,349
	19,927	1,481	21,408	20,799
Expenditure on investments	48	3	51	27
Expenditure on charitable activities				
Treatment at Pet Hospitals and by contracted services	56,768	6,308	63,076	56,585
Education: responsible pet ownership	2,453	166	2,619	2,440
Preventive services	5,133	262	5,395	5,057
	64,354	6,736	71,090	64,082
	93,298	8,726	102,024	95,551

£'000

Support costs breakdown by activity	Human Resources	Property Services	Finance and Management	Information Technology	2019	2018
Expenditure raising funds						
Legacies receivable	31	1	47	64	143	125
Donations and gifts	36	-	162	43	241	294
Raising public perception and awareness	33	1	53	35	122	123
Expenditure on other trading activities						
Merchandising, charity shop and other trading	290	236	397	378	1,301	1,319
Lottery ticket sales	2	-	178	-	180	178
Expenditure on Investments	-	1	2	-	3	3
Expenditure on charitable activities:						
Treatment at Pet Hospitals and by contracted services	2,192	342	1,641	2,133	6,308	5,939
Education: responsible pet ownership	66	1	72	27	166	182
Preventive services	112	-	150	-	262	263
Total support costs	2,762	582	2,702	2,680	8,726	8,426

Governance costs in the year of £222,000 (2018: £201,000) are included within Finance and Management support costs

Bases of allocation

Human Resources	staff costs
Property Services	property costs, excluding rent
Finance and Management	expenditure
Information Technology	number of IT devices

4. Net incoming resources before other recognised gains and losses		2019	2018
These are stated after charging:			
Auditor's remuneration	audit fees charity	62	46
	audit fees subsidiaries	6	5
	non-audit fees charity	1	2
	- tax services	10	3
	- other consultancy services	3	4
	non-audit fees subsidiaries	3	4
	- tax services	3	4
Operating leases		3,074	3,084

5. Employees		2019	2018
Employment costs			
Salaries		45,109	42,664
Social security costs		4,013	3,816
Defined benefit pension costs		3,556	5,318
Other employer pension costs		3,741	2,728
Redundancy and termination payments		33	101
Other staff costs		204	197
Apprentice Levy		217	205
		56,873	55,029

During 2019, 20 employees were made redundant, (8 in 2018). In 2019 this was a result of restructuring, operational changes and settlement agreements

Average number of employees, calculated on a full-time equivalent basis			
Veterinary		1,150	1,098
Retail		239	236
Marketing and fundraising		120	112
Other		161	162
Total		1,670	1,608

	2019	2018
Employment costs		
The number of higher-paid employees whose emoluments were within the following scales was as follows:		
£60,001–£70,000	15	19
£70,001–£80,000	10	2
£80,001–£90,000	9	6
£90,001–£100,000	3	1
£100,001–£110,000	1	2
£110,001–£120,000	-	1
£140,001–£150,000	1	1
£170,001–£180,000	1	-

Emoluments include salary, allowances and benefits in kind, but exclude pension scheme contributions.

PDSA's defined benefit pension scheme closed to future accrual with effect from 5 April 2019 following consultation with active members in 2016 and a three-year transition period.

Therefore, none of the higher-paid staff members are active members of the charity's defined benefit pension scheme (2018: ten). Thirty-seven are members of the Group Personal Pension (GPP) Plan (2018: twenty-one). Eight of these staff members contribute to the Auto Enrolment section of the GPP (2018: eight). Twenty-nine of the staff members contribute to the GPP by paying contributions in excess of the Auto Enrolment minimum contribution rates (2018: thirteen). Twenty-four of the higher paid staff members are employed in our Veterinary Services team (60%).

In 2019, we entered into consultation with all staff members, including senior executives, on proposals to change PDSA's pay, defined contribution pension and benefits arrangements. Changes were made to pay and benefits in June 2019 and to defined contribution pension benefits in July.

The total compensation paid to the Executive team in 2019 (2019: 6 Directors) was £914,000 (2018: £760,000). The year-on-year increase in total compensation paid reflects the fact that we strengthened our Executive team in 2018 with the addition of two new Directors, who joined us part-way through 2018.

The Director General, who is the highest paid employee, received a basic salary of £154,209 and, in 2019, elected to receive an additional cash payment in lieu of employer pension contributions. The ratio between the highest and median salary is 6:1.

Members of Council do not receive any remuneration.

Travel, accommodation, telecommunications, entertainment and training costs incurred by Council members on charity business are reimbursed or are paid directly by the charity. This amounted to £9,750 during the year for eleven Council members (2018: £5,420 for nine).

6. Fixed assets								£'000
	Assets under course of construction	Freehold land and buildings	Leasehold buildings Long lease	Short lease	Pet Hospital land and buildings Freehold Long lease	Furniture fittings and equipment	Motor vehicles	Total
Cost								
At 1 January 2019	599	3,853	400	4,827	32,297	5,087	15,231	62,660
Reclassification	(2,604)	-	-	-	2,604	-	-	-
Additions	2,100	-	-	338	-	-	389	2,827
Disposals	-	-	-	(64)	(10)	-	(115)	(189)
At 31 December 2019	95	3,853	400	5,101	34,891	5,087	15,505	65,298
Depreciation								
At 1 January 2019	-	1,465	137	4,606	17,699	2,797	13,786	40,630
Charge for the year	-	84	14	186	970	139	524	1,965
Disposals	-	-	-	(62)	(10)	-	(115)	(187)
At 31 December 2019	-	1,549	151	4,730	18,659	2,936	14,195	42,408
Net book value								
At 31 December 2019	95	2,304	249	371	16,232	2,151	1,310	22,890
At 31 December 2018	599	2,388	263	221	14,598	2,290	1,445	22,030

The difference between the Group and charity fixed assets is the exclusion of the intra-group profit of £1,504,000. The intra-group profit arose from the construction and sale of PDSA Pet Hospital buildings by subsidiaries of the charity.

Certain freehold assets are charged to provide security against specific liabilities. The net book value of these assets at 31 December 2019 is £6,997,000 (2018: £7,548,000)

7. Fixed asset investments

Group and charity

	Listed investments	Other investments	Freehold Investment Properties	Total
At 1 January 2019	55,167	-	5,968	61,135
Additions/transfers in	450	13,800	-	14,250
Withdrawals/transfers out	(13,800)	-	-	(13,800)
Net gains on revaluations and disposals	4,696	1,379	632	6,707
At 31 December 2019	46,513	15,179	6,600	68,292

At 31 December 2019 and 2018 the charity had the following holdings constituting more than 5% of the portfolio market value:

	2019	2018
Newton Real Return Fund	-	13,896
The Partners Fund	15,179	-
Schroders Diversified Growth Fund	23,164	20,476
Ninety One (formerly Investec) Diversified Growth Fund	23,349	20,795
The total of UK listed and other investments	61,692	55,167

During the year the Newton Fund was redeemed and immediately invested into the Partners Fund (£13,800,000) and the Schroders Fund (£545,000).

Within fixed asset investments, investment properties are valued as at 31 December 2019 at £6,600,000. All properties were revalued in the year. In 2019, four properties (total value £6,310,000) were valued by RICS-qualified external valuers and one property (value £290,000) was valued by PD SA RICS-qualified staff. Properties are valued at fair value with reference to condition, location and market data.

The charity is not aware of any material restrictions that might affect the realisation of any of its investment properties.

8. Debtors

	Group		Charity	
	2019	2018	2019	2018
Due within one year				
Accrued legacies	28,062	21,995	28,062	21,995
Amounts due from subsidiary undertakings	-	-	4,723	4,595
Income tax recoverable	455	246	455	246
Sundry debtors	834	764	531	476
Prepayments	1,197	974	1,197	963
	30,548	23,979	34,968	28,275
Due after more than one year				
Other loans	159	154	-	-
Total	30,707	24,133	34,968	28,275

The charity has received notification of legacies amounting to approximately £13,386,000 (2018: £12,475,000).

This total has not been recognised as income at 31 December 2019, but represents a contingent asset that will be recognised in future years.

The charity has entered into indemnities with executors of Wills which allow repayment of legacy income in particular circumstances. These total £1,390,000 at the end of 2019 (2018: £1,072,000) and represent a contingent liability.

9. Current asset investments

Group and charity

	Interest bearing deposit accounts
At 1 January 2019	19
Increase	-
At 31 December 2019	19

10. Creditors: amounts falling due within one year

	Group		Charity	
	2019	2018	2019	2018
Trade creditors	2,080	2,088	2,079	2,080
Taxation and social security	1,561	1,290	1,561	1,254
Sundry creditors	732	581	684	532
Deferred income	60	27	-	-
Accruals	2,176	3,176	2,167	3,120
	6,609	7,162	6,491	6,986

£'000

11. Creditors: amounts falling due after more than one year

2019 2018

Group and charity

Sundry creditors	118	6
	118	6

12. Provisions for liabilities

2019 2018

Group and charity

Obligations for dilapidations in respect of leased properties

At the beginning of the year	946	1,037
Change in the year resulting from the number of properties and estimated cost per property	957	(91)
At the end of the year	1,903	946

Obligations for costs following closure of the Pet Practice Scheme

At the beginning of the year	304	1,920
Charged against provision in the year	(126)	(1,279)
Unused amounts released in the year	(99)	(337)
At the end of the year	79	304

Provision for potential change to VAT recovery calculation method

At the beginning of the year	223	1,165
Unused amounts released in the year	(223)	(1,165)
Additions during the year	-	223
At the end of the year	-	223

Provision for future marketing and professional costs

At the beginning of the year	977	500
Charged against provision in the year	(977)	(500)
Additions during the year	489	977
At the end of the year	489	977

13. Analysis of Group net assets between funds

Fund balances at 31 December 2019 are represented by:

Restricted General Total

Tangible fixed assets	443	22,447	22,890
Investments	-	68,292	68,292
Current assets	3,007	37,917	40,924
Creditors – amounts falling due within one year	-	(6,609)	(6,609)
Creditors – amounts falling due after more than one year	-	(118)	(118)
Provisions for liabilities	-	(2,471)	(2,471)
Net assets excluding pension liability	3,450	119,458	122,908
Defined benefit pension Scheme liability	-	(35,700)	(35,700)
Net assets including pension liability	3,450	83,758	87,208

14. Statement of funds	At 1 January 2019	Income	Expenditure	Actuarial/ investment gains	Transfers	At 31 December 2019
General fund	101,667	105,277	(95,638)	2,907	5,245	119,458
Unrestricted funds excluding pension reserve	101,667	105,277	(95,638)	2,907	5,245	119,458
Pension reserve	(32,100)	-	-	-	(3,600)	(35,700)
Total unrestricted funds	69,567	105,277	(95,638)	2,907	1,645	83,758
Restricted funds						
Permanent endowment						
AW Blackwell bequest	933	5	3	-	(8)	933
Total permanent endowment funds	933	5	3	-	(8)	933
Income funds						
Restricted legacies	1,033	6,881	(5,930)	-	-	1,984
Digital x-ray – appeal	77	26	-	-	(42)	61
PetWise for Cats programme	46	-	(46)	-	-	-
Manchester PDSA Pet Hospital – capital appeal	1,515	80	-	-	(1,595)	-
Manchester PDSA Pet Hospital – capital appeal equipment	53	-	(53)	-	-	-
Nottingham PDSA Pet Hospital - general expenditure	354	3	-	-	-	357
Homeless project - Manchester	-	31	(7)	-	-	24
Homeless project - UK	-	31	-	-	-	31
Blackpool Hospital - general expenditure	-	25	(25)	-	-	-
Plymouth Hospital - general expenditure	-	25	(25)	-	-	-
Newcastle Hospital - general expenditure	-	39	(39)	-	-	-
PetCheck Vehicle - general expenditure	24	21	(43)			2
Miscellaneous restricted donations less than £15,000	34	245	(221)	-	-	58
Total restricted income funds	3,136	7,407	(6,389)	-	(1,637)	2,517
Total restricted funds	4,069	7,412	(6,386)	-	(1,645)	3,450
Total funds excluding pension reserve	105,736	112,689	(102,024)	2,907	3,600	122,908
Total funds	73,636	112,689	(102,024)	2,907	-	87,208

The general fund represents the free funds of the charity that are not designated for particular purposes.

The movement on the pension reserve represents the difference between the payments in the year by the employer towards the liabilities and the actuarial calculations of liabilities under FRS102.

Further information about the nature of some of the other restricted funds above is

- The AW Blackwell endowment provided interest benefit of £8,000 to PDSA in 2019; the income is unrestricted and so is transferred.
- Some legators have specified restrictions for use within a specific geographical location or application. The balance carried forward comprises:
Ilford Pet Clinic £152,000, PetCheck vehicle in the West Midlands £25,000, Helmsley/Kirbymoorside £337,000, Llanelli £503,000, Liverpool £129,000, Isle of Wight £23,000, and other restricted legacies individually below £10,000.

Also included in restricted legacies is a gift of £800,000 from the Estate of E Hallam which will contribute towards the building of a new Pet Hospital in Nottingham.

	£'000	
15. Related parties	2019	2018
Sales from PDSA to PDSA Trading Limited		
Allocation of shared staff and overhead costs	5,501	5,178
	5,501	5,178
Sales from PDSA to PDSA PetAid Enterprises Limited		
Allocation of shared staff and overhead costs	303	197
	303	197
Sales from PDSA Trading Limited to PDSA		
Acquisition of donors and administration of the Retail Gift Aid sales Scheme	3,450	3,512
	3,450	3,512
Sales from PDSA PetAid Enterprises Limited to PDSA		
Sale of land for new Pet Hospital build	-	393
	-	393
Amounts owed to PDSA by subsidiary undertakings		
PDSA Trading Limited	4,472	3,992
PDSA PetAid Enterprises Limited	225	577
PDSA Property Services Limited	26	26
	4,723	4,595
16. Capital commitments	2019	2018
Group and charity		
Contractually committed purchases of tangible fixed assets	-	1,984
Purchases of tangible fixed assets authorised but not contracted for	4,320	1,789
	4,320	3,773
17. Operating lease commitments	2019	2018
Group and charity		
Total commitments not provided for in these financial statements under non-cancellable* operating leases are as follows:		
Amounts payable		
Within one year	2,390	2,450
Within two to five years	4,732	5,076
After more than five years	1,096	1,054
	8,218	8,580

For retail shops occupied at year end, where the lease has gone beyond renewal date but a new lease has not been formally signed, the lease is assumed to be cancellable with three months' notice, rather than at the next renewal date.

18. Charity and subsidiary undertakings

The charity holds 100% of the issued share capital of each of the following companies, all of which are registered in England

	Company number	
PDSA Trading Limited	1595637	Principal activities are the operation of lotteries, mail order catalogues, sale of financial services and new goods through PDSA's chain of shops.
PDSA Property Services Limited	2340793	The company is currently not trading but is intended for reactivation in 2020
PDSA PetAid Enterprises Limited	4374375	Principal activities are the construction of new PDSA Pet Hospitals for the charity and commercial veterinary activities

The total taxable profits of the subsidiary undertakings are gifted to the charity. No loans are advanced by the charity to its subsidiaries.

A Statement of Financial Activities for the charity only (presented in summary form to aid the understanding of the reader).

	£'000					
	Unrestricted funds	Restricted funds and endowments	Total 2019	Unrestricted funds	Restricted funds and endowments	Total 2018
Total income	96,080	7,410	103,490	91,469	8,168	99,637
Total expenditure	(86,321)	(6,504)	(92,825)	(80,775)	(6,346)	(87,121)
Net gain/(loss) on investments	6,708	-	6,708	(2,959)	-	(2,959)
Net expenditure	16,467	906	17,373	7,735	1,822	9,557
Transfers between funds	1,651	(1,651)	-	(7)	7	-
Actuarial gain/(loss) on defined benefit pension Scheme	(3,800)	-	(3,800)	16,100	-	16,100
Net movement in funds	14,318	(745)	13,573	23,828	1,829	25,657
Reconciliation of funds						
Total funds brought forward	71,078	4,069	75,147	47,250	2,240	49,490
Total funds carried forward	85,396	3,324	88,720	71,078	4,069	75,147

A summary of the results of the subsidiaries

For the year ended 31 December	PDSA Trading Limited		PDSA Property Services Limited		PDSA PetAid Enterprises Limited	
	2019	2018	2019	2018	2019	2018
Income	15,773	14,128	-	-	574	1,278
Expenditure	(12,178)	(11,263)	(1)	(1)	(469)	(1,072)
Profit/(loss) for the year	3,595	2,865	(1)	(1)	105	206
Gifted to The People's Dispensary for Sick Animals	(3,595)	(2,865)	-	-	(105)	(206)
Retained loss	-	-	(1)	(1)	-	-

Aggregate of the assets and liabilities

	PDSA Trading Limited		PDSA Property Services Limited		PDSA PetAid Enterprises Limited	
	2019	2018	2019	2018	2019	2018
Assets	4,544	4,056	12	13	276	694
Liabilities	(4,537)	(4,049)	(27)	(27)	(276)	(694)
Net assets/(liabilities)	7	7	(15)	(14)	-	-

19. Defined benefit pension Scheme

The Society operates a defined benefit pension Scheme that pays out pensions at retirement based on service and final pay. It has applied Section 28 of FRS102 and the following disclosures relate to this standard. It recognises any gains and losses in each period within the Consolidated Statement of Financial Activities under the heading of 'Actuarial gain/(loss) on defined benefit pension Scheme'. The funding policy is agreed between the Retirement Benefit Plan (1978) (RBP) trustees and the Society and is formally set out in a Statement of Funding Principles, Schedule of Contributions and Recovery Plan following each full actuarial valuation. The latest such valuation was carried out as at 31 December 2017 and showed a deficit of £46.2 million. A future funding schedule has been agreed with the trustee of the RBP to eliminate the deficit by 31 December 2032. An independent qualified actuary has calculated the RBP liabilities from data provided by the RBP administrators as at 31 December 2018. Information provided with respect to the active population at date of closure (5 April 2019) and cashflow information over the year was provided by the Society.

Following a period of consultation with the active members over proposals to close the RBP Scheme to future accrual, the proposals were accepted on 30 June 2016 and the Scheme was closed to future accrual with effect from 5 April 2019.

In respect of the deficit arising from the 31 December 2017 Triennial Valuation of the RBP Scheme, the Society has entered into security arrangements with the RBP trustee to support the deficit recovery plan agreed from the 2017 Triennial Valuation.

Included in the past service cost in the Consolidated Statement of Financial Activities is a charge of £1.4m to reflect a re-calculation of members' benefit entitlements following a review of the RBP Rules, and action which has been taken to address an issue which was identified in respect of the historic execution of deeds. The Society's obligation to make payments to the RBP Scheme in relation to the charge over the lifetime of the Scheme may be offset by potential recourse to third parties.

The amounts recognised in the balance sheet are as follows:

	2019	2018
Present value of funded obligations	(159.8)	(142.9)
Fair value of Scheme assets	124.1	110.8
Net defined benefit liability	(35.7)	(32.1)

The amounts recognised in the Consolidated Statement of Financial Activities as income and expenditure are as follows

	2019	2018
Current service cost	0.2	1.1
Past service cost	1.4	1.0
Scheme administration expenses	0.6	0.6
Net interest on the defined benefit liability	0.9	1.1
Total	3.1	3.8

The amounts recognised in the Consolidated Statement of Financial Activities as actuarial gains are as follows

	2019	2018
Actuarial (losses)/ gains - changes in the present value of the defined benefit obligation	(15.0)	26.9
Return on Scheme assets excluding interest income	11.2	(10.8)
Total	(3.8)	16.1

	2019	2018
Return on the Scheme assets	14.3	(7.9)

Changes in the present value of the defined benefit obligation are as follows

	2019	2018
Opening defined benefit obligation	142.9	168.6
Current service cost	0.2	1.1
Past service cost	1.4	1.0
Interest expense	4.0	4.0
Actuarial losses/ (gains)	15.0	(26.9)
Benefits paid	(3.7)	(4.9)
Closing defined benefit obligation	159.8	142.9

Changes in the fair value of Scheme assets

	2019	2018
Opening fair value of the Scheme assets	110.8	118.9
Interest income	3.1	2.9
Return on Scheme assets excluding interest income	11.2	(10.8)
Scheme administration expenses	(0.6)	(0.6)
Contributions by employer	3.3	5.3
Benefits paid	(3.7)	(4.9)
Closing fair value of the Scheme assets	124.1	110.8

The £3.3 million of contributions by the Society to the RBP were broken down as follows: £0.1 million of standard accrual contributions, £2.7 million of employer deficit recovery contributions, £0.1 million of employer SMART salary sacrifice contributions and £0.4 million in administration expenses contributions.

For the year to 31 December 2019, the Society expects to pay approximately £2.9 million of administration expenses and deficit contributions to the People's Dispensary for Sick Animals Retirement Benefits Plan (1978).

This assumes there are no changes to the membership this year.

The major categories of Scheme assets as a percentage of total Scheme assets are as follows

	2019	2018
Equities and property	46.0%	46.0%
Gilts	28.4%	28.2%
Insurance policy	21.1%	22.9%
Other credit	3.7%	2.6%
Cash	0.8%	0.3%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2019		2018	
	Pensioner	Non Pensioner	Pensioner	Non Pensioner
Discount rate (pre-retirement)		2.05%		2.85%
Discount rate (post-retirement)	1.95%	2.05%	2.70%	2.85%
Price inflation RPI	3.10%	2.95%	3.25%	3.20%
CPI	2.10%	1.95%	2.25%	2.20%
Future salary increases		0.00%		0.00%
Future pension increases RPI max 5%	3.05%	2.90%	3.10%	3.05%
RPI max 2.5%	2.20%	2.15%	2.10%	2.10%
Cash commutation	All members are assumed to commute the maximum cash amount			
Mortality tables used	S2PA year of birth tables with CMI 2018 projections and 1.25% long-term trend rate and a smoothing factor of 7 and an Initial Addition Parameter of 0%		S2PA year of birth tables with CMI 2017 projections and 1.25% long-term trend rate and a smoothing factor of 7.5	
Mortality - current pensioners, male life expectancy at age 65	21.5 years		21.9 years	
Mortality - future pensioners, male life expectancy at age 65 (current age 50)	22.8 years		23.3 years	

20. Events after the balance sheet date

The Society held a number of investments at 31 December 2019 at fair value. As a result of economic uncertainty due to the global Covid-19 pandemic, the value of these investments has been affected since the balance sheet date.

The balance sheet fair values have not been adjusted. The table below estimates fair values as at the accounts signing date, based on the latest available information.

				£'000
Value of investments included within:	Note	Explanatory note	Fair value as at 31 December 2019	Estimated fair value as at signing date
Fixed asset investments	7	Listed investments	a	46,513
Fixed asset investments	7	Other investments	a	15,179
Debtors	8	Legacy accrual and contingent asset (part)	b	6,371
Defined benefit pension scheme liability	19	Fair value of the Scheme assets	c	124,100

Explanatory notes:

a. Estimated valuations are as per the latest statements provided by the fund managers (Listed investments - 30 June 2020, Other investments - 31 May 2020). These investments showed significant falls in value in March 2020, reflecting general market uncertainty, but recovered between April 2020 and June 2020. In total, the latest valuations show these investments are at 95% of their balance sheet value.

b. As at the balance sheet date, the legacy accrual and contingent asset included investments of c£6.4m, made up primarily of small investment holdings held over a large number of estates. Due to the volume of these they have not been assessed individually. Given the nature of the investments held, the FTSE 100 index would provide a reasonable proxy of the change in their value. As at 30 June 2020 the FTSE 100 index had fallen by 18% since the balance sheet date, which would equate to an estimated £1.1m reduction in the value of these investments.

c. The fair value of Scheme assets is made up of a portfolio of investments. Estimated fair value is based on the latest valuation statements provided by individual fund managers (primarily May 2020) and information provided by PDSA's Pension Administrator. Although the value of a number of these investments has fallen in line with general market movements, these falls have been more than compensated by increases in the value of other fixed income investments which have benefitted from falls in nominal gilt yields.

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