



WorldHorseWelfare

Report of the Trustees and Financial Statements

31st December 2017



WORLD HORSE WELFARE

**DRAFT REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017**

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DRAFT REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2017

The World Horse Welfare Trustees present their report, together with the audited accounts of World Horse Welfare, for the year ended 31 December 2017. The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the Charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

Reference and Administrative Information

World Horse Welfare was founded by Miss Ada Cole in 1927. It is registered with the Charity Commission for England and Wales as Charity No. 206658 in May 1979 and with the Office of the Scottish Charity Regulator under SC038384 in August 2007. The Trustees and Senior Executives are listed on page 18. Its principal places of business and professional advisors are listed on page 37.

Structure, Governance and Management

World Horse Welfare is governed by the Trust Deed of 3 December 1993 most recently updated by a Supplemental Deed dated 16 July 2008. These deeds are filed with the Charity Commission. The Charity has one subsidiary, ILPH LTD, company number 2486047, which is not included in these financial statements. World Horse Welfare Ltd, company number 11029005, incorporated on 24th October 2017 is not a subsidiary but is controlled by virtue of the Directors being the same as the Charity's Trustees and has not carried out any transactions.

Governance

The governing body of World Horse Welfare is the Council, consisting of a minimum of 14 Trustees who are legally responsible for its governance and management, which meets three times annually. Trustees are elected by Council and serve a term of five years which can be extended by a further two years. Nominations as Trustee are invited from Trustees and employees. Induction of Trustees comprises briefings from the Chairman on the objectives and governance of the Charity as laid out in the Trust Deed and from the Chief Executive on the application of its strategy and activities, including meeting senior staff and visiting at least one of the UK Centres. There were 13 Trustees who served throughout the year but one Trustee retired on 31 December 2017 and two new Trustees were appointed on 1 January 2018, bringing Council up to the required 14 Trustees.

In order to raise funds World Horse Welfare worked with appointed agencies to help create fundraising campaigns and appeals and to manage mailings and promotion. In addition World Horse Welfare worked with a number of companies using a commercial participator agreement to raise funds, via the sale of goods including a sweatshirt and a charm.

The Charity protects vulnerable people and follows both the Direct Marketing Association and the Institute of Fundraising's Code of Practice to safeguarding vulnerable people. In practice, if a staff member suspects a supporter is vulnerable, the Charity may return their donation and would not contact them again requesting financial support. The Charity may decide to stop all communication to the supporter.

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The Charity has carried out a review of its safeguarding obligations and all events or activities involving children or vulnerable people are appropriately risk assessed and managed. The Charity also has approved a Whistleblowing policy during the year which has been promoted to all staff. The Charity is a member of the Fundraising Regulator.

In 2017 World Horse Welfare received no fundraising related complaints in line with the Charity's published complaints policy.

Management

The Trustees are responsible for setting charity strategy and policy and ensuring that these are appropriately implemented. To help achieve this responsibility the Trustees have set up four committees:

- General Purposes and Finance Committee – meets three times a year and is primarily responsible for reviewing the financial affairs of the Charity and making recommendations to Council. This includes considering the strategic plan, annual budget and performance against budget, management of the Charity's investments, and the annual accounts and report of the auditors. The Committee also acts as a sounding board to consider proposals from the Executive prior to presentation to Council.
- International Committee – meets twice a year and is charged with overseeing the Charity's international work, considering future approaches and reviewing progress on existing projects.
- Communications and Fundraising Committee – meets three times a year and assists the Trustees in formulating the Charity's communications and fundraising strategy and ensuring that it matches its aims and objectives.
- Veterinary Advisory Committee – is comprised chiefly of veterinarians and meets twice a year to advise the Trustees and Executive on all veterinary aspects of the Charity's work, to receive updates on developments in equine veterinary knowledge and to consider requests for equine welfare grants.

All committees refer back to Council with recommendations, except where urgent decisions are required in which case the Chairman will consult with other Trustees to authorise the Executive to carry out specified tasks until Council can fully consider the issues involved. Council is also responsible for the appointment of auditors and investment managers.

Council delegates the day to day running of World Horse Welfare to a management team headed by the Chief Executive. They are responsible for carrying out the policies agreed by Council.

Remuneration of key management personnel

The salaries of all staff are set annually by reference to the skills required for the role, the amount earned for comparable skills in other organisations and government legislation. Non-salary benefits are benchmarked against those received in similar organisations.

Objects of the Charity (incorporating Public Benefit)

The future direction of the Charity is set out on the following pages. The Objects explain the long term direction of the Charity and Plans for the Future sets out the Trustees' strategic plan and the objectives for 2018.

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The primary object of World Horse Welfare is the protection and rehabilitation of equidae¹ in the United Kingdom and overseas. The 2011 Charities Act requires that charities demonstrate the public benefit of their activities. These activities are analysed as those that are based predominantly in the UK or overseas, each of which either has a direct or indirect public benefit. In considering their objectives and activities, the Charity Trustees complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Working in the UK

- By rescuing, rehabilitating and rehoming horses in Britain through a network of Centres and field staff (direct public benefit through the service offered by the Welfare Line and through the Rehoming Scheme)
- By educating horse owners in the UK on how to better care for their horses (direct public benefit through education)
- By campaigning to improve horse welfare legislation in the UK (indirect public benefit through raising horse welfare standards in the UK)
- Through research into the major horse welfare challenges and raising awareness on how to address them (indirect public benefit through raising horse welfare standards)

Working overseas

- By advising sport regulators on horse welfare internationally (indirect public benefit through raising horse welfare standards in international sport)
- By campaigning to improve horse welfare legislation internationally, including campaigning against the long distance transport of horses for slaughter in Europe, (indirect public benefit through raising international horse welfare standards)
- By running community-based programmes in Latin America, Africa and Asia to help local working horse owners better care for their horses (direct public benefit through supporting working horses in the developing world)
- Through working in partnership with other organisations to bring about improvement in the welfare of working horses (direct public benefit through supporting working horses)
- By influencing other organisations and institutions to act to consider, protect and improve the welfare of working equids throughout the world

World Horse Welfare's vision is a world where every horse is treated with respect, compassion and understanding. Its mission is to work with horses, horse owners, communities, organisations and governments to help improve welfare standards and stamp out suffering in the UK and worldwide. The Charity accomplishes this through upholding its values: to be realistic in its approach, focusing on the practical to achieve what is possible now while mindful of the future; compassionate in its attitudes, behaviours and decision-making; and forward-thinking in anticipating challenge and change, always seeking new ways of being more effective.

¹ Equidae are horses, ponies, donkeys and mules – hereafter referred to as horses.

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World Horse Welfare plans for 2017

To assist in the delivery of the charitable objectives, the plans for 2017 were:

1. To finalise structural and business plans and appoint contractors for the expansion of the Penny Farm Visitor Centre
2. To establish contact with transport companies that transport horses to slaughter, visit slaughterhouses in Italy and Romania and UK licensed slaughterhouses to further develop understanding of the trade, compliance with legislation, facilities and welfare issues
3. To pilot a partnership with SPANA, Brooke and the Donkey Sanctuary to support World Organisation for Animal Health (OIE) in implementing the OIE working equine welfare standards
4. To leverage the 90th anniversary of the Charity to attract 30% more national media coverage compared to 2016, grow combined social media following to 200k and have fully implemented the UK and EU engagement strategies with a minimum of 10 supportive MPs and MEPs
5. To launch the Friends of the Farm Scheme and to pilot charging for a visitor equine experience at two Rescue & Rehoming Centres

Activities carried out during the year

The Trustees' report on performance in achieving these plans is set out below.

UK

The UK Office handles calls from the public, coordinating the work of the Field Officers and Rescue & Rehoming (R&R) Centres and giving advice, producing educational information in a range of formats. The Charity also works closely with other agencies, including the RSPCA, Police and Trading Standards in identifying and resolving welfare cases.

Rescue and Rehoming

There are four R&R Centres in the UK, specialising in rescuing and rehabilitating horses which have been found in states of neglect or having suffered abuse.

At the year-end 1,787 (2016: 1,784) horses were in homes approved by the Charity. In 2017, 278 (2016: 300) new horses were taken into care, 125 (2016: 151) were returned from previous loan homes and 252 (2016: 255) horses were successfully re-homed. There continues to be significant numbers of group admissions to the Centres.

Architects have been appointed, plans drawn up and planning permission granted to extend the Visitor Centre at Penny Farm. It is expected that building will start in June 2018 and finish in March 2019.

Education

The findings of the Advancing Equine Scientific Excellence (AESE) study into equine end of life matters were launched to a veterinary audience at the British Equine Veterinary Association (BEVA) Congress in September and to horse owners at Your Horse Live in November. As a result of this study a quality of life assessment tool for owners and a review of the current Just in Case materials are being developed. The Charity's range of educational materials was also promoted at these events as well as a number of others throughout the year. Online views and downloads of these materials continued, with in excess of 111,000 YouTube views and website downloads throughout

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the year. Materials have also been distributed at events and through the network of centres and field staff. The Charity has also supported a project study into the effects of rider weight, the results were released at the National Equine Forum in March 2018.

Field Work

Sixteen full-time Field Officers are employed across the UK as well as seven part-time Rehoming Officers. During the year 1,453 (2016: 1,472) initial visits were made to welfare concerns.

International

The Charity has continued to evolve and broaden its work with working equids in international communities, from the foundation of focusing on their farriery and saddlery needs, to a more holistic approach to their overall welfare. Fostering partnerships within a country including with government and international development organisations, which can facilitate access to such communities, remains a key focus for the Charity. These partnerships are underpinned by the positive contribution that improving the welfare of working equids makes to the standard of living of households that own them. Examples include working with the University of Lesotho Animal Health department training community based equid welfare advisors and working with the Food and Agriculture Organisation in Senegal (see below).

During 2017 a total of 17 (2016: 18) projects were active in 16 (2016: 16) countries, involving 7,167 owners in 259 communities. However the wider remit of the Charity's interventions provides the opportunity for it to help many more working equids indirectly, in addition to those helped directly, for example by training "ambassadors" in working equid communities who can train and influence owners on a far more sustainable basis.

There are significant challenges associated with developing a practical methodology for accurately assessing the number of indirect beneficiaries but good progress has been made in identifying and collecting the core data to assist in making robust estimates. This work has been part of a partnership with the Donkey Sanctuary, including both data collection and evaluation, enabling a more accurate assessment on the effect that each programme is having on equid welfare and guiding the decision making process. The long-term aim is to encourage other organisations to use this system in order to develop a data bank for working equids across the world. This will greatly assist when advocating with governments and donors on the important contribution that equids make to the livelihoods of people and the need to consider and protect their welfare.

The Charity's partnership with the Donkey Sanctuary also involved two joint overseas visits to explore options for joint working. In China, the two Chief Executives held a series of meetings with contacts from the equine industry and wider animal welfare sector and attended and spoke at a Farm Animal Welfare Conference. Combined teams also visited the World Horse Welfare project in Haiti. Work has continued through piloting the International Coalition for Working Equids (ICWE), involving Brooke, SPANA and the Donkey Sanctuary, to disseminate awareness of the World Organisation for Animal Health (OIE) chapter on working equids. This coalition is now starting to show results, including visits by joint teams to give presentations to OIE representatives at events in Moldova and Uzbekistan and the creation of joint "toolbox" of training materials that can be made

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available for all to use. This will be a significant resource and will ensure that the vast amounts of training materials that have been developed over the years are put to use across the world.

In Senegal, a letter of agreement was signed with the Food and Agriculture Organisation (FAO) of the UN. The Senegal project will be providing training on equid management to the countrywide Farmer Training project. This again is a significant arrangement as it gives the potential to improve the welfare of working equids in the whole country and builds on relationships developed with the FAO headquarters in their Rome office throughout the year.

In Nepal, a project that has developed from one of the Charity's Small Grant Scheme awards, is focusing on improved equine welfare alongside income-generating opportunities for owners. The introduction of electric rickshaws to replace the horse drawn tanga taxis is threatening their traditional source of income. The initiative aims to involve a number of stakeholders, including the municipality and UNICEF, to deal with issues around having horses in the town that their owners can no longer afford to look after.

A scoping visit was undertaken to Zimbabwe to identify an implementing partner who was provided with a small grant to enable them to carry out a baseline survey of the situation for the mainly donkey equine population in the south of the country. The change of government has not, so far, had a noticeable effect on the situation and the plan is to commence the longer-term project in early 2018. In Panama, the project has started with baseline data gathered and engagement with the target communities and other stakeholders.

Selected highlights from the Charity's other projects include:

- Cuba – training of a team of 12 vets was completed and they are now going on to start the regional training sessions in 2018 (the Charity is providing support for this training and the aim is to reach three regions of 15 vets in each)
- Mexico – the first year of the revised project has focused on setting up Community Based Equine Advisors (CBEAs) in eight communities and training owners in handling (training for 10 new farriers will start across the communities in 2018)
- Lesotho – two groups of livestock extension workers (total of 30 in two districts) completed their refresher training in equine welfare and are now actively involved in the project field activities. The continued involvement and support from the Ministry of Agriculture and Food Security in the project is a significant factor in making this a sustainable intervention

Campaigning

The Charity's campaigning was in the forefront of 2017, with the implementation of the UK and EU engagement strategies, significant progress in researching and influencing welfare at slaughter and a strong focus on pressing for an end to long journeys across Europe for slaughter.

Engagement in the UK and Brexit

In the UK, the snap general election and resulting change in MPs provided the opportunity for the Charity to re-engage with parliamentarians, update its UK policy briefing and its position on desired outcomes for horses from Brexit. The latter theme was a key focus for the Charity and working in partnership with a network of other UK-based NGOs, a reception for 'Brexit & Animals' was held in

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the house of Lords in February. World Horse Welfare also had meetings on the topic with some of the 25+ MPs and Peers who now support the Charity's work. The Charity also contributed to the publication of a briefing booklet with the Association of Lawyers for Animal Welfare and Countryside Link. Separately, a supportive Peer organised a well-attended House of Lords debate in January on improving horse welfare, where the Charity's work was well recognised.

UK Campaigns

The Charity continued its petitions for mandatory CCTV in UK slaughterhouses into 2017, and responded to a government consultation on the issue in August. In November the government announced that CCTV would become mandatory in all English slaughterhouses in 2018. World Horse Welfare partnered with Redwings Horse Sanctuary and the RSPCA to provide training to local authorities on using the Control of Horses Act.

The Charity continues to collect evidence relating to the non-compliant trade in low value horses in and out of the UK, and is regularly meeting with the Animal Health and Plant Agency (APHA) on ways to tackle the trade. As part of the Equine Sector Council, World Horse Welfare collated the sector's response to the consultation on implementation of the EU's updated equine identification regulations, and liaised with government on key aspects including information sharing and enforcement. In addition to responding to consultations on equine ID and CCTV, World Horse Welfare responded to consultations on the Welsh Code of Practice for the Welfare of Equines, the licensing of animal establishments and the voluntary licensing of livery yards and dealers in Scotland.

Transportation

The Charity launched a new petition in the UK to encourage citizens to ask the European Commission to impose a 9-12 hour journey limit for horses transported long-distance across Europe for slaughter, securing more than 24,000 signatures by the year-end. The campaign was launched with an exclusive feature in Horse & Hound, whose News Editor travelled with the charity on a field trip to control posts from Poland to Italy. Online advertising and social media supported the petition throughout the year. Petitions in Spanish, Italian and Polish were also launched in those countries. The Charity contributed to the EU "Pilot project on best practices for animal transport," supporting the preparation of formal guidance and leading the planning on UK roadshows to disseminate it. Two transport companies were contacted to understand their perspectives fulfilling one of the team's business objectives. World Horse Welfare presented a poster on behavioural abnormalities observed at control posts at the WAFL (Welfare at Farm and Group Level) Conference in September. A poster on the same topic was also presented at the Universities Federation for Animal Welfare.

EU Engagement

World Horse Welfare continued to widen its network in the EU, holding more than 10 meetings with MEPs, a meeting with the European Commission, and regularly attending conferences and working groups on equine issues. The Charity's tally of supportive MPs continues to grow with eight actively engaged on a number of issues. World Horse Welfare continues to chair the

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Eurogroup for Animals' Equine sub-group and has also established relationships with other stakeholders, including those representing breeding, pharmaceutical and meat processing organisations. Close liaison continues with representatives of the unions representing EU farmers and the livestock trade. Active engagement in the European Horse Network also continues, including attendance at their annual conference and the Charity's seat on its management board.

Responsible Ownership

In partnership with Eurogroup for Animals, the Charity actively and successfully lobbied the EU Parliament to adopt the Own Initiative Report on Responsible Equine Ownership. Upon the establishment of an Animal Welfare Platform by the European Commission, the Charity successfully applied for one of ten seats reserved for civil society organisations. As the second meeting of the Platform, a coalition of Member States led by Denmark secured a sub-group of this platform to develop guides to good practice for the care of equines, a key recommendation from the Own Initiative Report.

Welfare at slaughter

The Charity significantly increased its knowledge of welfare at slaughter and widened its network of contacts. Teams visited a total of six slaughterhouses in Europe, two knackers in the UK and began discussions with the Humane Slaughter Association about the need for equine-specific guidance. Meetings with representatives of the meat trade in several European countries also enhanced understanding of types of slaughterhouses used for equines and the challenges the industry faces with the increasing number of horses signed out of the food chain.

Grant giving policy

Applications for grant funding are considered against the support that the applicant or project may generate for any of the Charity's operational areas. Grants are awarded at various levels:

- Veterinary undergraduate bursaries. Each grant, of up to £3,000, is made to veterinary undergraduates in their later years of study at one of the veterinary schools in the UK and Ireland. Successful applicants, who are considered by the Veterinary Advisory Committee, exhibit a special interest in horse welfare. 5 awards were made in 2017 (2016: 5)
- Veterinary grants. Each grant, in the region of £40,000 per annum, usually runs over a three to four-year period and is directly related to the Charity's core activities. Most are undertaken in collaboration with veterinary schools and institutes in the UK and Ireland. Each application is considered by the Veterinary Advisory Committee before consideration and approval by the Council. There was one award running through 2017 (2016: 1): the final year of a four year project at the Animal Health Trust, in collaboration with the Royal Veterinary College, to further elucidate modifiable risk factors for laminitis in Britain
- An International Small Grants Scheme was established during the year. The scheme is aimed at encouraging local organisations to become involved in working equid issues and enables the Charity to investigate potential new partners. In 2017 awarded 2 small grants were awarded totalling £8k.

Charity relationships

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The Charity has a Memorandum of Understanding with the Fédération Equestre Internationale (FEI). The Charity is also a member of the British Equestrian Federation, European Horse Network, National Equine Welfare Council (NEWC), Horse Scotland, International Coalition for Animal Welfare (ICFAW) and Fundraising Regulator. The Charity has representation on a number of welfare committees, Defra and other devolved administration stakeholder groups, BEVA committees, the Equine Sector Council (for Health & Welfare), the National Equine Forum Organising Committee and attends an equine welfare meeting of the British Horseracing Authority on an annual basis.

Operationally the Charity works closely with a wide range of organisations, including the RSPCA and other equine charities in the UK, Animal Nepal, Association Panama Medical Vets (APMV), Cambodia Pony Welfare Organisation, Costa Rica Equine Welfare, The Consejo Científico Veterinario de Cuba (CCVC), Servicios de Apoyo en Bienestar Equino (SABE) in Guatemala, Equinos de Honduras (EQUHS), Quatre Pattes in Haiti, Universidad de Ciencia Comerciales (UCC) in Nicaragua, Universidad Autonoma Benito Juarez de Oaxaca (UABJO) in Mexico, National University of Lesotho, Ecole Inter-Etats des Sciences et Medicine Veterinaires de Dakar (EISMV de Dakar) in Senegal, and the Cart Horse Protection Association and Coastal Horse Care Unit in South Africa.

The Charity is a member of Together for Animals a consortium of five charities (with Blue Cross, SPANA, Animal Health Trust and Mayhew Animal Home) promoting payroll giving. Income to each charity in the year was £49k (2016: £50k).

Communications

The Charity exceeded its 2017 objectives to leverage its 90th anniversary to raise its profile thanks to a stream of promotions, partnerships, and events.

The Invisible Horse

The overarching campaign to highlight the plight of the world's 'invisible' horses and the Charity's work to help them continued in 2017, with an award-winning artisan garden on the theme at the RHS Chelsea Flower Show, activities at the Land Rover Burghley Horse Trials where World Horse Welfare was charity of the year, as Horse & Hound magazine's charity of the year, which featured in-depth stories of 'the invisible' horses transported long distances across Europe to slaughter, and at the Charity's annual Conference with a theme of 'Invisible Horses of the Future.'

Media

World Horse Welfare featured in more than 1,700 pieces of coverage worth an equivalent value of over £5 million. Half of this value is due to strong national print and broadcast coverage. A significant focus of the national attention was on the Charity's artisan garden at the RHS Chelsea Flower Show, which delighted audiences and won a Gold medal as well as the People's Choice Award. Regular PR in the months running up to the event and close working with the BBC secured dedicated coverage across three different episodes of the BBC's TV event programming as well as on over 30 regional BBC radio stations and on Clare Balding's Sunday morning Radio 2 show. Print and online coverage of the garden featured in a range of consumer and national media titles including the Observer New Review, Guardian, Telegraph, House Beautiful, Garden's Illustrated and House and Garden.

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Other stories which attracted strong national coverage include a continuation of Buggy's journey from maggot-eaten foal to winning Rescue Champion at Equifest as featured in the Daily Mail, the Mirror, the Sun online and even Germany's Bild magazine. The Times featured the Charity's comments and a column on delayed euthanasia of horses while the Sunday Times trailed the Charity's annual conference with a story about the welfare implications of pampering horses.

Online

The Charity's strategy to extend reach, engagement and donations through social media was particularly effective in 2017, resulting in a combined reach of more than 213k. Facebook likes increased 20k, Twitter followers by almost 4k and Instagram followers almost doubled to 8.5k with engagement rising by double digits during this time. Donations referred by social media rose to more than 460 (2016: 109). Website traffic remained steady compared to 2016 at around 50k views per month.

Film

YouTube views rose by 8 million to 21 million. During the year 13 substantive films were produced to support fundraising appeals, explore horse welfare cases, support the charity's educational outreach and promote rehoming. A number of much shorter films for social media were produced to support the transportation campaign and fundraising appeals to increase engagement across social channels. A particular feature of the year was a series of spoof videos with celebrity riders training Shetland #BurghleyPony as part of the Charity's charity of the year partnership with Land Rover Burghley Horse Trials.

Print and Publications

In addition to the Charity's newsletter printed three times annually, signage and materials were created for a series of events and promotions. All designs and collateral for the Morning Feed and Friends of the Farm schemes were produced in-house, as was a new branded gazebo and materials to support activity as charity of the year at the Land Rover Burghley Horse Trials, the garden at the RHS Chelsea Flower Show, the 90th Anniversary Dinner at Saddlers Hall and the Charity's annual Conference. Further editions of the successful new Juniors newsletters were also produced, as well as banners, trade stand displays and sign up forms.

Digital Engagement Programme

The Charity is taking an increasingly strategic, holistic approach to its technology and digital channels to ensure supporters and other stakeholders can communicate with the Charity in the way they choose. Partly inspired by GDPR legislation and partly by the recognition that digital communications are increasingly popular, the Charity will integrate many of its key systems to ensure smooth data flows, personalisation and ease of use for staff and external audiences. As part of this the website will be redeveloped and planning for this was undertaken in 2017.

Trustees' responsibilities

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

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

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities Accounts (Scotland) Regulations 2006, and the provisions of the Trust Deed. They 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 the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Review of the Year

Financial

Overall the Charity recorded a surplus of £2,111k (2016: £2,446k); £1,651k (2016: £634k) before investment gains of £460k.

The Charity's total income was £10.8m (2016: £9.2m), an increase of 18% on the previous year. Legacy income increased by £1,584k (29%) compared to 2016 and subscriptions and donations income increasing by £10k compared to the year before. Other trading income increased by £110k (19%) compared to 2016, principally due to increased sales activities from visitor centres and online merchandise sales. The Trustees consider that, despite the continuing challenges of the media and the regulatory environment, voluntary income is strong thanks to the Charity's loyal supporters and hard-working staff and volunteers.

Total expenditure for the year was £9.2m (2016: £8.5m). Details of charitable expenditure are set out in note 6 on page 29. Overall charitable expenditure increased by 5% to £6.3m (2016: £6m). The Trustees are encouraged that charitable expenditure was increased across the board, with the only reduction being a £34k reduction in grant payments.

At the year end the Charity had reserves of £30.5m (2016: £28.4m). These were represented by fixed assets of £14.1m (2016: £14.3m) which is principally the four UK Centres, investments of £9.9m (2016: £9.4m) and net current assets £6.5m (2016: £4.7m). Current assets include £4.1m

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(2016: £3.3m) for residuary legacies. The Trustees regard the financial position of the Charity as strong and consider it to be well placed to meet the challenges ahead and achieve the future capital plans.

Fundraising

Fundraising grew during the course of the year both financially and in terms of donor numbers and the Charity, once again, received significant funds from those who had kindly remembered World Horse Welfare in their Will. However, the continued negative media environment around trust in charity fundraising did impact on the recruitment of new supporters, in particular in the first half of the year.

An online emergency appeal, launched in February, raised funds to help the donkeys and horses left frozen, stranded and starving in Abruzzo in Italy as a result of earthquakes, freezing conditions and heavy snow fall. Working with the Donkey Sanctuary, 95% of animals were reached. The spring appeal of 2017 highlighted the Charity's international work and demonstrated the need for training and support for local equine vets in-country to help treat wounds and common conditions such as colic in working horses. The transport appeal, focused on the Charity's long-running but highly effective campaign to stop the long distance transportation of horses across Europe for slaughter, spanned across summer and autumn, and as well as kindly donating funds to help stop this trade, supporters were also asked to add their voice to a petition. In the winter the heart-warming story of Buggy's remarkable transformation from a maggot-infested foal to a gleaming champion at Equifest inspired supporters to give generously around Christmas.

India, the adoption horse at Hall Farm, and May the adoption horse at Glenda Spooner Farm, were both happily rehomed in the year. India did a remarkable job of nursing two young abandoned foals before she was rehomed. Youngsters Star and Clippy joined the scheme and have been enjoying meeting visitors to the farms. Sadly Digger, the gentle Clydesdale giant at Belwade Farm, was put to sleep as a result of ongoing, untreatable medical conditions. Digger is a tough act to follow and loved by many, especially the grooms who took care of him and his adopters. The Charity has been touched by tributes made to him.

Clippy was the equine star at the RHS Chelsea Flower Show where the Charity exhibited an artisan garden telling the story of his rescue. The garden also enabled the Charity to showcase the importance of gifts in Wills and to celebrate its 90 year legacy of helping horses, thanks to the generosity of supporters. Designed by Woolcott and Smith the garden was awarded both a gold medal and the People's Choice Award in category. Clippy attended the show and helped generate significant awareness. The garden was generously funded by a private supporter. The sculpture of Clippy by Tom Hill, which was displayed in the garden and featured the shoes of 42 horse legends including Big Star, Valegro, Denman and the Queens Windsor Grey's, was auctioned at the Cheltenham Charity Race Day in November, where World Horse Welfare was the benefitting charity.

As part of its 90th anniversary celebrations, the Charity raffled a beautiful Stevenson Brother's Rocking Horse which was based on the story of World Horse Welfare Penny, a neglected horse that was rescued into Penny Farm. Penny was nursed back to health and went on to have an illustrious

WORLD HORSE WELFARE

DRAFT REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2017

career in the Kings Troop. The Rocking Horse was much admired and helped the Charity to raise funds and promote its work; rescuing and rehoming horses.

The Charity received generous gifts from supporters and trusts to support its work. The Chairman's Circle members attended an after-hours reception at the Chelsea Flower Show and a private view of Freddy Paske's work at the Osborne Studio Gallery. The Charity is also benefiting from new partnerships with equestrian companies and is continuing to work closely with its Patrons and Trustees.

The four Rescue and Rehoming Centres continue to play a vital role in thanking the Charity's existing supporters through the popular Member and Legacy days, where supporters have the opportunity to learn more about the Charity's work, to ask questions and to meet some of the horses they are helping. Relationships between individual supporters and the Centres remain a key motivation behind the number of gifts left in Wills.

The volunteer-led Scottish Committees continued to support the Charity with a range of successful events. Other supporter-led initiatives including the Clay Pigeon Shoot and anniversary ball raised significant funds. A Pleasure Ride at Balmoral and a challenge ride to Bulgaria were also a great success.

Risk management

The Trustees have assessed the identified major risks to which the Charity is exposed, grouping them into the following categories:

- Finance
- People
- Environment
- Technology
- Image

The plans and strategies for managing risks are to identify key risks and assess them for likelihood and impact, the Charity's tolerance of each risk is graded and appropriate mitigation measures are defined. Risks and the effectiveness of mitigation measures are reviewed on a rolling basis so that all areas are re-assessed at least once a year. This risk register is managed by the Executive, reviewed by the General Purposes and Finance Committee and approved by Council annually. As a result the Trustees are satisfied that adequate systems are in place to manage the adverse effects of any such risk exposure, recognising that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Reserves policy

The Trustees reviewed the reserves policy, taking into account future income projections and expenditure plans in line with the strategic plan together with the associated risks and opportunities. As a result of this review the reserves policy was retained as follows: "To maintain a level of reserves that will enable the Charity to adjust to any significant change in resources through unplanned events". The Trustees define the reserves level in terms of a range of between 10 and

WORLD HORSE WELFARE

DRAFT REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2017

12 months of operational expenditure. Based on the 2018 budget this indicates an ideal free reserve of between £8.5m and £10.3m.

At the end of 2017 the Charity held “free” reserves of £12.9m comprising investments and net current assets excluding legacies. The Trustees anticipate that the surplus will be used for future investment projects including the expansion of the visitor centre at Penny Farm (delayed due to planning permission which has now been granted), completing the development of Glenda Spooner Farm and the future redevelopment at Hall Farm, with £800k already approved. Given the current financial climate and the uncertain timing with regard to legacy income the Trustees are of the opinion that the current level of reserves is in line with policy and is satisfactory. The Trustees will continue to review both the reserves policy and the level of “ideal” reserves on a regular basis through the General Purposes and Finance Committee.

Investment policy and performance

The Trustees have reviewed and retained the Charity investment policy, which states: “The Trustees of World Horse Welfare wish to pursue a policy that provides revenue for its current purposes and enhances income and capital growth over the longer term, thereby enabling them to meet their current and future objectives in accordance with the purposes of the Charity. The Trustees, in delegating their investment management to Newton Investment Management Limited, require the Managers to pay attention to the standard investment criteria, namely the suitability of the class of investment and the need for diversification insofar as is appropriate to the circumstances of the Charity. The Trustees have a duty to optimise financial returns for the Charity. However, where justified, the Trustees may exclude certain types of investment from the investment portfolio. In addition, the Trustees require that the investment managers do not knowingly invest in companies involved in the transport of live animals for slaughter”.

During 2017 the investment portfolio generated total revenue of £209k. Given prevailing market conditions in the year, the Trustees viewed this performance as satisfactory compared to benchmark.

Plans for the future

The introduction of the EU's General Data Protection Regulations in May 2018 remains a major focus for the Charity. During the course of the year the Trustees approved the extension of the Charity's current strategic planning period until the end of 2019, which focuses on:

1. Making better use of its farms
2. Expanding projects in the developing world
3. Raising the profile of the Charity

In line with the Charity's strategic plan, the key projects for 2018 are:

- To expand the Charity's education provision both on and offline and to increase the ability of the farms and Field Officers to offer educational advice
- To progress the Penny Farm Visitor Centre development on time and on budget and to prepare a 2019 commercial plan
- To develop a formal partnership agreement with an international development organisation
- To complete an initial scoping visit to a prospective new project country in Latin America
- To identify a clear example where influencing has improved equine welfare in the international programme
- To develop a new website as part of the Charity's Digital Engagement Project
- To commission market research into horse meat consumption in Italy, continue to build the profile of working equids through partnerships/coalitions and to inform equine policy around Brexit
- To be GDPR compliant across the charity by May 2018, including staff training plan and clear audit trail on legitimate interest and consent for communication and processing

WORLD HORSE WELFARE

DRAFT REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2017

The members in office at the end of the year were as follows:

President

HRH The Princess Royal KG KT GCVO

Vice Presidents

Capt. The Hon G Maitland-Carew LL – retired 31 December 2017

Mr C S Hall OBE TD DL

Dr J B J Johnson DL MRCVS – appointed 1 January 2018

Trustees and Members of Council

Chairman

Mr M Baines

Members of Council

Mr C Aldous QC (Vice Chairman) – retired 31 December 2017

Mr S Bullard – appointed 1 January 2018

Mrs S Coombs BSc (Hons) BVetMed MRCVS

Mr R Davison

Miss C Dimes ACA CTA (Treasurer)

Mr M Duff

Mrs S Godley-Maynard Chartered FCSI

Mr G Hughes

Mr J Jarvis QC – appointed 1 January 2018

Mrs C Mitchell

Mr T Morrison

Ms C Nokes MP

Mr C Price CBE

Ms J Ross MBA

Chief Executive

Mr R A Owers CFRE MRCVS

Executive Directors

Mrs J Crumpton-Taylor FCA – retired September 2017

Miss G Maclean ACA – appointed September 2017

Mr L Maguire

Mrs J Stark

Mr A R Tyler BHSI

Mrs E Williams



Mr M Baines

Chairman

17 April 2018

WORLD HORSE WELFARE

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF WORLD HORSE WELFARE FOR THE YEAR ENDED 31 DECEMBER 2017

Opinion

We have audited the financial statements of World Horse Welfare for the year ended 31 December 2017 which include the Statement of Financial Activities, the Balance Sheet, the 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 FRS 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 charity's affairs as at 31 December 2017 and of its 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 and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

Basis for opinion

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 144 of the Charities Act 2011 and report in accordance with regulations made under those Acts.

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 charity in accordance with the ethical requirements that are 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 relating 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 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 trustees are responsible for the other information. The other information comprises the information included in the report of the Trustees other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, 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 where the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 require us to report to you if, in our opinion:

WORLD HORSE WELFARE

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF WORLD HORSE WELFARE FOR THE YEAR ENDED 31 DECEMBER 2017-continued

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Report;
or
- proper and sufficient accounting records have not been kept; or
- the 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 Statement of Trustees' responsibilities set out on page 13 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011. 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



RSM UK Audit LLP
Statutory Auditor
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

WORLD HORSE WELFARE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2017

| | Notes | Unrestricted Funds £'000 | Restricted Funds £'000 | Total 2017 £'000 | Total 2016 £'000 (Note 18) |
|-----------------------------------|-------|--------------------------------|------------------------------|------------------------|-------------------------------------|
| Income from | | | | | |
| Donations and legacies | 2 | 9,384 | 458 | 9,842 | 8,270 |
| Other trading activities | 3 | 704 | - | 704 | 594 |
| Investments | 4 | 217 | - | 217 | 220 |
| Other | 5 | 81 | - | 81 | 75 |
| Total | | 10,386 | 458 | 10,844 | 9,159 |
| Expenditure on | | | | | |
| Raising funds | | 2,941 | | 2,941 | 2,488 |
| Charitable activities | | | | | |
| UK Centres | | 2,877 | 119 | 2,996 | 2,916 |
| UK Field Work | | 1,503 | 1 | 1,504 | 1,464 |
| International | | 1,269 | 104 | 1,373 | 1,255 |
| Campaigning | | 164 | 158 | 322 | 311 |
| Grants | | 57 | - | 57 | 91 |
| Total | 6 | 8,811 | 382 | 9,193 | 8,525 |
| Net gains on investments | | 460 | - | 460 | 1,812 |
| Net income | | 2,035 | 76 | 2,111 | 2,446 |
| Transfers | 13 | 21 | (21) | - | - |
| Net movement in funds | | 2,056 | 55 | 2,111 | 2,446 |
| Reconciliation of funds | | | | | |
| Total funds at 1 January | | 28,344 | 70 | 28,414 | 25,968 |
| Total funds at 31 December | 14 | 30,400 | 125 | 30,525 | 28,414 |

The notes on pages 24 to 36 form part of these financial statements.
The results for the year all derive from continuing activities.

WORLD HORSE WELFARE

BALANCE SHEET AS AT 31 DECEMBER 2017

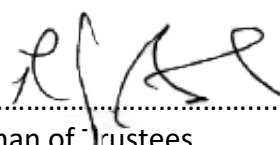
| | Notes | 2017 £'000 | 2016 £'000 |
|--|-------|---------------|---------------|
| Fixed assets | | | |
| Tangible fixed assets | 7 | 14,113 | 14,305 |
| Investments | 8 | 9,904 | 9,370 |
| Total fixed assets | | 24,017 | 23,675 |
| Current assets | | | |
| Legacies | | 4,115 | 3,288 |
| Stock | 10 | 56 | 27 |
| Debtors | 11 | 312 | 367 |
| Cash at bank and in hand | | 2,612 | 1,723 |
| Total current assets | | 7,095 | 5,405 |
| Creditors: amounts falling due within one year | 12 | (587) | (666) |
| Net current assets | | 6,508 | 4,739 |
| Net assets | | 30,525 | 28,414 |
| Funds | | | |
| Unrestricted-General | | 30,400 | 28,344 |
| Restricted | 13 | 125 | 70 |
| Total Funds | 14 | 30,525 | 28,414 |

Approved by Council on

17 April 2018



.....
Treasurer
Miss C Dimes ACA CTA



.....
Chairman of Trustees
Mr M Baines

The notes on pages 24 to 36 form part of these financial statements.

WORLD HORSE WELFARE**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

| | Notes | 2017 £'000 | 2016 £'000 |
|---|----------|---------------|---------------|
| Net cash provided by operating activities | 1 | 914 | 147 |
| | | <hr/> | <hr/> |
| Cash flows from investing activities | | | |
| Income received from land | | 63 | 29 |
| Interest received | | 8 | 9 |
| Dividends received | | 209 | 211 |
| Purchase of tangible fixed assets | | (329) | (1,169) |
| Proceeds from sale of fixed assets | | 24 | 9 |
| Proceeds from sale of investments | | 0 | 200 |
| Net cash used in investing activities | | (25) | (711) |
| | | <hr/> | <hr/> |
| Change in cash and cash equivalents in the reporting period | | 889 | (564) |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at the beginning of the reporting period | | 1,723 | 2,287 |
| Cash and cash equivalents at the end of the reporting period | 2 | 2,612 | 1,723 |
| | | <hr/> | <hr/> |

WORLD HORSE WELFARE

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

| | 2017 | 2016 |
|---|--------------|--------------|
| | £'000 | £'000 |
| 1 Reconciliation of net movement in funds to net cash flow from operating activities | | |
| Net income for the reporting period | 2,111 | 2,446 |
| Investment gains | (534) | (1,886) |
| Investment and rental income | (280) | (249) |
| (Increase) in value of legacies | (827) | (743) |
| Depreciation | 515 | 507 |
| (Profit) on sale of tangible fixed assets | (18) | (7) |
| (Increase) in stocks | (29) | (9) |
| Decrease/(increase) in debtors | 55 | 103 |
| (Decrease)/increase in creditors | (79) | (15) |
| Net cash provided by operating activities | 914 | 147 |
| | <hr/> | <hr/> |

2 Analysis of cash and cash equivalents

| | 2017 | 2016 |
|--------------|---------------------|---------------------|
| | £'000 | £'000 |
| Cash in hand | <u>2,612</u> | <u>1,723</u> |

WORLD HORSE WELFARE

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

1 Accounting policies

World Horse Welfare is an unincorporated charity domiciled and registered in England.

1.1 Basis of Accounting

These accounts have been prepared under the historical cost convention as modified by the recognition of certain financial assets measured at fair value in accordance with generally accepted accounting principles. In preparing the financial statements the Charity follows best practice as set out in the Statement of Recommended Practice Accounting and Reporting by Charities "SORP FRS 102" and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Act. References to "World Horse Welfare" relate to the financial statements and "Charity" to the Charity as an entity.

The accounts have been prepared to give a "true and fair" view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a "true and fair view". This departure has involved following the best practice as set out above rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

1.2 Assessment of Going Concern

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. The most significant areas of adjustment and key assumptions that affect items in the accounts are to do with estimating the expected legacy income accrued onto the balance sheet. With respect to the next reporting period, 2018, the most significant areas of uncertainty that affect the carrying value of assets held by the charity are the level of investment return and the performance of investment markets.

1.3 Basis of consolidation

These financial statements comprise the results of the Charity. The results of its wholly owned subsidiary, ILPH Limited, has not been consolidated because it is dormant and the impact on the Balance Sheet is not material. Information about the subsidiary are disclosed in Note 8.

1.4 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations (including subscriptions and grants), are recognised when the Charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the Charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period. Donated fixed assets are capitalised at market value at the time of receipt.

Legacies are recognised in the financial statements once sufficient notification has been received by the Charity to enable the Trustees to determine with reasonable probability that entitlement is virtually assured and capable of measurement. The financial statements recognise both specific pecuniary legacies and legacies of estate residue. The Charity holds legacies subject to a third party life interest which are only recognised at such time as the life interest terminates.

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

Whilst both pecuniary and residuary legacies may be capable of measurement, the timing of receipt, in particular in relation to estate residue, cannot be accurately predicted. In view of this and because of the significance of residuary legacies the Trustees consider that it is impractical to distinguish between amounts receivable within one year and those receivable thereafter. As a result residuary legacies are shown separately on the face of the balance sheet. The balance receivable is measured at the present value of the likely settlement amount if settlement is delayed beyond one year and the effect is likely to be material.

Interest on funds held on deposit is included when receivable and the amount can be reliably measured; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by the investment advisor of the dividend yield of the investment portfolio.

Sales of Refreshments and Merchandise represent net invoiced sales of goods excluding value added tax.

1.5 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be reliably measured. All expenditure is accounted for on an accruals basis. All expenses including support costs and governance are allocated to the applicable expenditure headings. Irrecoverable VAT is charged against the expenditure headings for which it was incurred.

1.6 Governance costs

These represent costs incurred which are attributable to the management of the Charity's assets, organisational administration and compliance with constitutional and statutory requirements.

1.7 Allocation of Support Costs

Support costs represent central functions, such as IT, Human Resources, Finance and Premises. The costs are apportioned to expense captions on a basis consistent with the level of activity in each function.

1.8 Fund Accounting

The Charity's funds consist of general or unrestricted funds which the Charity may use at its discretion. Where restricted funds are established these are accounted for separately.

1.9 Tangible fixed assets and Depreciation

All assets costing more than £1k are capitalised at historic cost. Tangible fixed assets are initially measured at cost. Depreciation is calculated to write down the cost of the fixed assets to their estimated residual value over their expected useful lives. Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, as if the asset were at the age and in the condition expected at the end of its useful life.

The rates generally applicable are:

| | | |
|--------------------|---|---|
| Freehold buildings | - | 2-20% straight line per annum |
| Farm equipment | - | 20% reducing balance per annum |
| Other equipment | - | 10-20% reducing balance per annum and 10% straight line per annum |
| Motor vehicles | - | 25% reducing balance per annum |
| IT equipment | - | 25% straight line per annum |

No depreciation is provided on freehold land.

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

1.10 Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction values and subsequently are included in the accounts at quoted bid value as at the financial year-end. Realised and unrealised gains and losses are recognised as they arise and are included in the Statement of Financial Activities.

Investment property comprises freehold land. The fair value of the Charity's investment property at 31 December 2016 has been arrived at on the basis of a valuation carried out at that date by Savills, Chartered Surveyors, on an open market value basis. Savills are not connected with the Charity. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The Charity believes this still reflects the current valuation for 31 December 2017

1.11 Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are taken into account in arriving at the net result for the year.

1.12 Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

1.13 Taxation

Under Sections 522 to 537 of the Income Tax Act 2007 (ITA 2007), the Charity is exempt from certain taxes. Full account is taken of tax credits attaching to covenants, dividends and beneficial trust income.

1.14 Pension scheme

The Charity operates a defined contribution scheme, which is a Group Personal Plan. Contributions to the Scheme are charged to the Statement of Financial Activities in the financial year in which they become payable.

1.15 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.16 Realised Gains and Losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their most recent carrying value or their purchase value if acquired subsequent to the most recent valuation. Unrealised gains and losses are calculated as the difference between the fair value at the most recent valuation and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

1.17 Financial Instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.18 Debtors

Trade and other debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any discounts due.

WORLD HORSE WELFARE

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

1.19 Cash at bank and in hand

Cash at bank and in hand includes cash and immediate access deposits.

1.20 Creditors and provisions

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

2 Donations and Legacies

| | 2017 | 2016 |
|----------------------------------|---------------------|---------------------|
| | £'000 | £'000 |
| Subscriptions and donations | 2,351 | 2,341 |
| Legacies | 7,138 | 5,554 |
| Donations from charitable trusts | 353 | 375 |
| | <u>9,842</u> | <u>8,270</u> |

In 2017 donations included £5k for the value of IT equipment which were given to the charity and were included in Other Equipment in fixed assets.

3 Other trading activities

| | 2017 | 2016 |
|-------------------------------------|-------------------|-------------------|
| | £'000 | £'000 |
| Sales of refreshments & merchandise | 341 | 242 |
| Lotteries | 218 | 176 |
| Fundraising events | 145 | 176 |
| | <u>704</u> | <u>594</u> |

Sales of refreshments & merchandise include donated goods which are mainly tack. Proceeds from the sale of these items were £39k (2016 £24k).

4 Income from investments

| | 2017 | 2016 |
|----------------------|-------------------|-------------------|
| | £'000 | £'000 |
| Dividends receivable | 209 | 211 |
| Bank interest | 8 | 9 |
| | <u>217</u> | <u>220</u> |

WORLD HORSE WELFARE

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

5 Other income

| | 2017 £'000 | 2016 £'000 |
|---|------------------|------------------|
| Rental and other income from land | 63 | 62 |
| Fees from other activities | 0 | 6 |
| Profit on sale of tangible fixed assets | 18 | 7 |
| | <u>81</u> | <u>75</u> |

6 Analysis of total expenditure

| | Governance £'000 | Support £'000 | Direct £'000 | 2017 £'000 | 2016 £'000 |
|--|---------------------|-------------------|---------------------|---------------------|---------------------|
| Refreshments & merchandise | - | - | 131 | 131 | 109 |
| Fundraising & publicity costs | 49 | 183 | 2,578 | 2,810 | 2,379 |
| Raising funds | <u>49</u> | <u>183</u> | <u>2,709</u> | <u>2,941</u> | <u>2,488</u> |
| UK Centres | 62 | 241 | 2,693 | 2,996 | 2,916 |
| UK Field Work | 43 | 102 | 1,359 | 1,504 | 1,464 |
| International | 16 | 90 | 1,267 | 1,373 | 1,255 |
| Campaigning | 7 | 21 | 294 | 322 | 311 |
| Grants | - | 1 | 56 | 57 | 91 |
| Total | <u>177</u> | <u>638</u> | <u>8,378</u> | <u>9,193</u> | <u>8,525</u> |
| <i>Including audit fees of</i> | <u>13</u> | | | <u>13</u> | <u>13</u> |
| <i>Including foreign exchange differences of</i> | | | <u>1</u> | <u>1</u> | <u>1</u> |

| | 2017 £'000 | 2016 £'000 |
|-----------------------|-------------------|-------------------|
| Support costs include | | |
| IT | 279 | 248 |
| HR | 160 | 138 |
| Finance | 179 | 157 |
| Premises | 20 | 86 |
| | <u>638</u> | <u>629</u> |

Operating leases (note 17) **217** **320**

Staff costs

| | 2017 £'000 | 2016 £'000 |
|--------------------|---------------------|---------------------|
| Wages and salaries | 3,345 | 3,139 |
| Social security | 310 | 294 |
| Pension costs | 199 | 201 |
| | <u>3,854</u> | <u>3,634</u> |

Employee benefits totalling £107k (2016 £106k) were paid in respect of vehicles, including vans, private health and cash health plans and accommodation for farm staff. Holiday pay accrued totalled £47k (2016 £45k).

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

6 Analysis of expenditure (continued)

Key management personnel The key management personnel of the Charity comprise the Trustees (who are not paid), the Chief Executive and the Executive Directors listed on page 18. The total employee benefits of the key management personnel including salary, employers pension contributions, benefits in kind, employer's national insurance and accrued holiday pay were £633k (2016: £606k).

Higher paid staff One employee had earnings in the range £150,001- £160,000, one in the range £80,001 to £90,000, two in the range £70,001- £80,000 and one in the range £60,001- £70,000 (2016: one employee had earnings in the range £140,001- £150,000, one in the range £80,001 to £90,000, two in the range £70,001- £80,000 and two in the range £60,001- £70,000). These figures include benefits in kind of £13k (2016 £13k); pension contributions for these employees were £42k (2016 £40k)

| The average number of full-time equivalent employees analysed by function: | 2017 | 2016 |
|---|-----------------------|-----------------------|
| Direct charitable activities | 102 | 97 |
| Fundraising | 24 | 22 |
| Management and administration | 1 | 1 |
| | <u>127</u> | <u>120</u> |
| The average head count during the reporting period was | <u>153</u> | <u>147</u> |

WORLD HORSE WELFARE

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

7 Tangible fixed assets

| | Land and buildings £'000 | Farm equipment £'000 | Other equipment £'000 | Motor vehicles £'000 | IT equipment £'000 | Total £'000 |
|-------------------------|--------------------------------|----------------------------|-----------------------------|----------------------------|--------------------------|----------------------|
| Cost | | | | | | |
| 1 January 2017 | 16,886 | 784 | 802 | 271 | 780 | 19,523 |
| Additions | 114 | 59 | 25 | 70 | 61 | 329 |
| Disposals | - | (56) | - | (55) | - | (111) |
| 31 December 2017 | <u>17,000</u> | <u>787</u> | <u>827</u> | <u>286</u> | <u>841</u> | <u>19,741</u> |
| Depreciation | | | | | | |
| 1 January 2017 | 3,129 | 615 | 638 | 166 | 670 | 5,218 |
| Charge for year | 331 | 43 | 36 | 44 | 61 | 515 |
| Disposals | - | (54) | - | (51) | - | (105) |
| 31 December 2017 | <u>3,460</u> | <u>604</u> | <u>674</u> | <u>159</u> | <u>731</u> | <u>5,628</u> |
| Net book value | | | | | | |
| 31 December 2017 | <u>13,540</u> | <u>183</u> | <u>153</u> | <u>127</u> | <u>110</u> | <u>14,113</u> |
| 31 December 2016 | <u>13,757</u> | <u>169</u> | <u>164</u> | <u>105</u> | <u>110</u> | <u>14,305</u> |

Land & buildings are all freehold and include £1.9m (2016: £1.9m) of land which is not depreciated.

WORLD HORSE WELFARE

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

8 Fixed assets investments

| | Land | Quoted investments | Total |
|-------------------------------------|---------------------|-----------------------|---------------------|
| | £'000 | £'000 | £'000 |
| Market value at 1 January | 1,587 | 7,783 | 9,370 |
| Additions at cost | - | 74 | 74 |
| Transfers | - | - | - |
| Disposals at carrying value | - | - | - |
| Net gains for the year (unrealised) | - | 460 | 460 |
| Revaluation | - | - | - |
| Market value at 31 December | <u>1,587</u> | <u>8,317</u> | <u>9,904</u> |
| Charity | <u>1,587</u> | <u>8,317</u> | <u>9,904</u> |

-

The transfer reported above reflects the Trustees' intention to hold a portion of land held by the charity for its long-term investment potential. This land is let to a 3rd party.

The quoted investments held at 31 December are summarised as follows:

| | 2017 £'000 | 2016 £'000 |
|--|---------------------|---------------------|
| Medium term fund: BNY MFM Ltd Newton Real Return Fund | 3,172 | 3,099 |
| Long term fund: Newton Global Growth and Income Fund for Charities | 5,145 | 4,684 |
| Total | <u>8,317</u> | <u>7,783</u> |
| Historic cost | <u>6,371</u> | <u>6,339</u> |

Quoted investments are carried at their fair value. The basis of fair value for quoted investments is equivalent to the market value using the bid price. The Charity holds investments for income and capital growth. The Charity manages investment risks by retaining expert advisors. If it plans to sell investments to fund capital projects or to fund operational activities in exceptional times there would be a risk of loss on that sale and so to mitigate this its holdings are balanced between the Medium fund, for stability and low risk and the Long term fund for income and future growth.

The Charity holds 100% of the issued ordinary share capital of ILPH Limited, a company registered in England and Wales (Registered number – 2486047). The cost of the investment was £150,000 against which a provision of £149,999 had been made as at 31 December 2017 (2016: £149,999).

WORLD HORSE WELFARE

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

| | | | |
|-----------|---|-------------------|-------------------|
| 9 | Financial Instruments | | |
| | | 2017 | 2016 |
| | | £'000 | £'000 |
| | Financial assets | | |
| | Trade debtors | 16 | 26 |
| | Other debtors | 38 | 57 |
| | | <u>54</u> | <u>83</u> |
| | Financial liabilities | | |
| | Trade creditors | 140 | 121 |
| | Accruals | 364 | 469 |
| | | <u>504</u> | <u>590</u> |
| 10 | Stock | | |
| | | 2017 | 2016 |
| | | £'000 | £'000 |
| | Stock | <u>56</u> | <u>27</u> |
| | The amount of stock recognised as an expense in the year was £131k (2016 £109k) | | |
| 11 | Debtors | | |
| | | 2017 | 2016 |
| | | £'000 | £'000 |
| | Trade debtors | 16 | 26 |
| | VAT reclaimable | 64 | 16 |
| | Prepayments and accrued income | 82 | 108 |
| | Other debtors | 150 | 217 |
| | | <u>312</u> | <u>367</u> |
| 12 | Creditors: amounts falling due within one year | | |
| | | 2017 | 2016 |
| | | £'000 | £'000 |
| | Trade creditors | 140 | 121 |
| | Other taxes and social security | 84 | 76 |
| | Accruals | 363 | 469 |
| | | <u>587</u> | <u>666</u> |

WORLD HORSE WELFARE

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

13 Restricted funds

The income funds of the Charity include restricted funds comprising the following unexpended balances of donations to be applied for specific purpose.

| | Ref | Balance 01.01.17 £'000 | Movement in Funds Incoming £'000 | Outgoing £'000 | Transfers £'000 | Balance 31.12.17 £'000 |
|---|-----|------------------------------|--|-------------------|--------------------|------------------------------|
| Belwade Farm | a | - | 110 | 110 | - | - |
| Campaign to end long-distance transport to slaughter | b | - | 153 | 153 | - | - |
| Capital items | | 4 | 17 | | 21 | - |
| Italian Appeal | | - | 5 | 5 | - | - |
| China | c | 61 | 100 | 54 | - | 107 |
| Hall Farm | | - | 5 | 5 | - | - |
| Mexico | | 5 | 29 | 34 | - | - |
| Penny Farm | | - | 12 | 12 | - | - |
| South Africa | | - | 5 | 5 | - | - |
| Non admin Charity work | | - | 3 | 3 | - | - |
| Field Officers | | - | 19 | 1 | - | 18 |
| | | <u>70</u> | <u>458</u> | <u>382</u> | <u>21</u> | <u>125</u> |

Except where shown as a balance at the year end the funds have been used in full in the year. There are plans to spend the remaining funds in 2018.

Reference:

- The Belwade Farm fund is for the charity's work at Belwade Rescue & Rehoming Centre.
- The 2017 Summer Appeal supported the campaign to end long-distance transport for slaughter in Europe.
- The fund includes a donation for improving horse welfare in China through research and training.

WORLD HORSE WELFARE

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

14 Analysis of net assets between funds

| Funds | Tangible Fixed Assets | Legacies & Investments | Cash | Other net current liabilities | Total 2017 | Total 2016 |
|-------------------------|--------------------------|---------------------------|---------------------|-------------------------------------|----------------------|----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Unrestricted general | 14,113 | 14,019 | 2,487 | (219) | 30,400 | 28,344 |
| Restricted | - | - | 125 | - | 125 | 70 |
| Total | <u>14,113</u> | <u>14,019</u> | <u>2,612</u> | <u>(219)</u> | <u>30,525</u> | <u>28,414</u> |

15 Capital commitments

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Capital commitments at 31 December in respect of expenditure: | - | - |

16 Trustees' Expenses and Related Party Transactions

Trustees received no remuneration or any other benefits. Expenses of £7k (2016 £5k) for travel (including air fares,) subsistence, telephone, postage and stationery expenses incurred on Charity business were re-imbursed or paid directly for 5 (2016 3) Trustees. There have been no related party transactions in the period which require disclosure.

17 Operating Lease Commitments

The Charity as lessee:

The total future minimum lease payments under non-cancellable operating leases are:

| | 2017 | | 2016 | |
|--------------------------|-----------------------|-------------------|-----------------------|-------------------|
| | Land and buildings | Other | Land and buildings | Other |
| Within one year | 36 | 82 | 36 | 82 |
| Within two to five years | 39 | 61 | 74 | 128 |
| | <u>75</u> | <u>143</u> | <u>110</u> | <u>210</u> |

WORLD HORSE WELFARE

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

18 Comparative SOFA by fund

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Total 2016 £'000 |
|-----------------------------------|--------------------------------|------------------------------|------------------------|
| Income from | | | |
| Donations and legacies | 7,807 | 463 | 8,270 |
| Other trading activities | 594 | - | 594 |
| Investments | 220 | - | 220 |
| Other | 75 | - | 75 |
| Total | 8,696 | 463 | 9,159 |
| Expenditure on | | | |
| Raising funds | 2,488 | | 2,488 |
| Charitable activities | | | |
| UK Centres | 2,832 | 84 | 2,916 |
| UK Field Work | 1,464 | - | 1,464 |
| International | 1,125 | 130 | 1,255 |
| Campaigning | 167 | 144 | 311 |
| Grants | 91 | - | 91 |
| Total | 8,167 | 358 | 8,525 |
| Net gains on investments | 1,812 | - | 1,812 |
| Net income /(expenditure) | 2,341 | 105 | 2,446 |
| Transfers | 35 | (35) | - |
| Net movement in funds | 2,376 | 70 | 2,446 |
| Reconciliation of funds | | | |
| Total funds at 1 January | 25,968 | - | 25,968 |
| Total funds at 31 December | 28,344 | 70 | 28,414 |

WORLD HORSE WELFARE

PRINCIPAL PLACES OF BUSINESS AND ADVISORS

| | |
|---|--|
| Head Office | Anne Colvin House Snetterton Norwich Norfolk NR16 2LR Telephone: 01953 497200 Website: www.worldhorsewelfare.org Email: info@worldhorsewelfare.org |
| Auditors | RSM UK Audit LLP Statutory Auditor Abbotsgate House Hollow Road Bury St Edmunds Suffolk IP32 7FA |
| Bankers | Lloyds 16 Gentlemans Walk Norwich NR2 1LZ |
| Investment Advisors | Newton Investment Management Ltd 71 Queen Victoria Street London EC4V 4DR |
| Legal Advisors | Taylor Vinters Merlin Place Milton Road Cambridge CB4 0DP |
| UK Rescue & Rehoming Centres | |
| Belwade Farm | Aboyne Aberdeenshire AB34 5BJ |
| Glenda Spooner Farm | Somerton Somerset TA11 7LA |
| Hall Farm | Snetterton Norfolk NR16 2LP |
| Penny Farm | Preston New Road Peel Blackpool FY4 5JS |