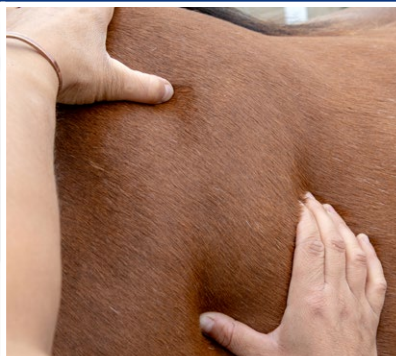




WorldHorseWelfare

Report of the Trustees and Financial Statements

31st December 2018



WORLD HORSE WELFARE
REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
31 DECEMBER 2018

WORLD HORSE WELFARE

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

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WORLD HORSE WELFARE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

The World Horse Welfare Trustees present their report, together with the audited accounts of World Horse Welfare, for the year ended 31 December 2018. 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 39.

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 two subsidiaries which are not included in these financial statements: ILPH LTD, company number 2486047, which ceased to trade on 31 December 2005, and World Horse Welfare Ltd, company number 11029005, which was incorporated on 24 October 2017 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 14 Trustees who served throughout the year. On 31 December 2018 two Trustees retired and one new Trustee was appointed on 1 January 2019.

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.

The Charity takes a zero tolerance approach to bullying, harassment, sexual exploitation and abuse and is completing its safeguarding policy to include partner organisations in international projects. The charity protects vulnerable people and follows both the Direct Marketing Association and the Institute of Fundraising's Code of Practice on safeguarding. 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 is a member of the Fundraising Regulator. In 2018 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 – 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. The Committee is comprised chiefly of veterinarians.

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 2019. The introduction of the General Data Protection Regulation in May was welcomed by the Charity as it promotes transparency and clarity and helps to build trust. An internal working group was set up to help the Charity with compliance. Staff training was rolled out, decisions were made on the basis for communication and the processing of data, and the privacy statement was updated and communicated to supporters. The organisation continues to work towards having data protection embedded across all its areas of work.

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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 horses 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.

World Horse Welfare plans for 2018

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

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To assist in the delivery of the charitable objectives, the plans for 2018 were:

1. 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
2. To progress the Penny Farm Visitor Centre development on time and on budget and to prepare a 2019 commercial plan
3. To develop a formal partnership agreement with an international development organisation
4. To complete an initial scoping visit to a prospective new project country in Latin America
5. To identify a clear example where influencing has improved equine welfare in the international programme
6. To develop a new website as part of the Charity's Digital Engagement Project
7. 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
8. 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

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 1,853 (2017: 1,787) horses were in homes approved by the Charity. In 2018, 290 (2017: 278) new horses were taken into care, 142 (2017: 125) were returned from previous loan homes and 299 (2017: 252) horses were successfully re-homed. The Charity continues to see significant numbers of group admissions to the Centres.

The development of Penny Farm Visitor Centre is progressing well and it is expected that the new facilities will be open to the public by Easter 2019. The development of a commercial plan for the Visitor Centre is being finalised.

Education

Early in the year a review of the advice topics on the Charity's website was undertaken, with a number being updated and others being developed. New topics in development throughout 2018 included advice on internal parasites and pasture management, both in collaboration with external individuals/organisations, and are due to be launched in 2019. Progress has also been made towards a biosecurity initiative, with much of the groundwork – including an initial horse owner survey – being undertaken in 2018.

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Two transportation roadshows were held in collaboration with other experts. The Charity's range of educational materials was promoted at a number of events throughout the year, including BEVA Congress, Your Horse Live and, new for 2018, Farrier Focus. The Charity also worked towards a pilot scheme operated by the National Fallen Stock Company (the Equine End of Life Service) which will link into the Just in Case pages of the Charity's website when it launches early in 2019. Online views and downloads of advice materials increased, with in excess of 118,000 YouTube views and website downloads throughout the year. Materials were also distributed at events and through the Charity's network of centres and field staff.

Field Work

Sixteen full-time Field Officers are employed across the UK as well as seven part-time Rehoming Officers. During the year 1,560 (2017: 1,453) initial visits were made to welfare concerns.

International

The international programme worked in 17 (2017: 16) countries in 2018 and implemented 18 (2017: 17) projects. These projects provided direct help to a total of 10,973 (2017: 11,068) and 7,233 (2017: 27,167) owner/users. There are now 200 trained service providers actively linked to the Charity's overall programme, covering the 307 communities where the Charity is currently operating.

During the year a method of estimating the number of horses helped indirectly by equine care providers trained through the Charity's programme was introduced. This only collected data for the last three quarters of the year and it is estimated that in this time an additional 40,000 horses were helped. This estimate is based on reports from service providers and a review of the methodology adopted is ongoing. One of the 2018 objectives was to identify an example of where influencing activities, that are part of the international programme, had brought about an improvement in working equine welfare. This focus was replaced with an emphasis on developing the methodology for demonstrating the broader impact on equine welfare and in the research with the University of Nottingham to identify the relationship between working equid welfare and the livelihoods of their owners.

World Horse Welfare took over the chair of the International Coalition for Working Equids (ICWE) in May – ICWE is a coalition of Brooke, The Donkey Sanctuary, SPANA and World Horse Welfare. The main activity of the year was coordinating the equine welfare component of an OIE workshop in Lesotho. This comprised of an equine welfare awareness and training session for delegates from 24 countries across Africa, including a practical session that was hosted by the Charity's project in Lesotho. The OIE, Lesotho Government and delegates were very positive about the training and the Charity, together with partner staff, have started to follow-up on contacts made during the event.

The University of Nottingham School of Veterinary Medicine and Science has been working with the Charity to carry out research that explores the relationship between horse welfare and the livelihoods of those that rely on them. Understanding of this relationship is a vital component in the design of realistic interventions to improve equine welfare and the basis for partnerships with Governments, major donors and the larger human development organisations. Partnership with these institutions is considered essential if the Charity is to reach significant numbers of working

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horses across the world. To date research data has been collected from World Horse Welfare project locations in Honduras and Colombia.

Work with The Donkey Sanctuary continued throughout the year to develop an equine welfare assessment tool and database that could be used by all organisations involved in equine welfare. A component of the tool is being developed to help improve project evaluation.

Implementation of the project in Zimbabwe started with local partner organisation Veterinarians for Animal Welfare Zimbabwe (VAWZ). The project is based in Bietbridge, in the south of the country, near to the border with South Africa. This is an area where the local communities rely on donkeys for transport and draught work and where many are close to the poverty line. The project is being implemented by VAWZ in partnership with World Vision, a large human development organisation that is funding livelihood projects across Zimbabwe. A formal partnership agreement has been drawn up between VAWZ, World Vision and World Horse Welfare that outlines the roles and commitments of each party. This is a significant step for the charity and the longer term aim is to develop a joint project that will be funded by one of the larger international donors, such as the European Union, which will be able to access working equids across the country.

Training of Community Based Equine Advisors has continued in Mexico, with 300 families owning working equids being trained to date. The owners are being trained on equine behaviour to increase their ability to interact with their animals in a welfare friendly manner and make it easier for the farriers who are also being trained to approach and work on them. The partner organisation for this project is Benito Juárez Autonomous University of Oaxaca, which has provided facilities for equine welfare training and to showcase the work of the project. Elements of the project are being carried out in collaboration with The Donkey Sanctuary and the international NGO, HEIFER.

The eruption of a volcano in Guatemala early in 2018, close to the Charity's project (that is implemented by partner organisation SABE) created a humanitarian disaster. This had a huge impact on working animals and SABE worked closely with the local authorities to rescue and then treat horses that had been trapped in the heat and dust affected areas.

The Charity's programme in Cuba continued to develop, with the final stage of training delivered to a 12-strong veterinary equine specialist group and the initial regional training to government vets delivered in three locations. Detailed feedback from the Cuban Veterinary Association is awaited so that the effectiveness of this training can be assessed. However, initial comments have indicated that training in farriery techniques is required and plans have been put in place to provide courses in 2019. The project has been building its relationship with the authorities in Cuba on a wide range of equine welfare issue, which has included the Ministry of Agriculture carrying out a welfare assessment process around 4,000 working equids this year with plans for a similar number in 2019.

In China the Charity has continued to work with The Donkey Sanctuary to support the development of improved equine veterinary education, initially at the Inner Mongolian Agricultural University but looking to expand to the China Agricultural University in Beijing and the South China Agricultural University in Guangzhou, and to identify the key welfare challenges involved in the trade that uses donkey skins to produce health and beauty products. The organisations were involved in giving key-

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note presentations at two major events in Beijing during the year: the World Equine Veterinary Association (WEVA) in April (and sponsored the participation of veterinary students from four universities) and the World Conference on Farm Animal Welfare in October.

Campaigning

The Charity focused its campaigning activity in 2018 on informing policy in the UK, EU and internationally while also pressing further with its petition for a shorter, maximum journey times for horses transported long-distance across Europe for slaughter.

UK policy

In the UK, the Charity worked to inform policy on Brexit through meetings with MPs and civil servants, and as part of two wider taskforces seeking to inform policy makers on the animal welfare impacts of various Brexit scenarios: the Eurogroup for Animals Brexit Taskforce and the taskforce assembled by the Association of Lawyers for Animal Welfare and Countryside Link. Together, the coalitions produced policy briefings covering all animals and the Charity led on input regarding equines. The Charity liaised closely with the British Horseracing Authority, the Thoroughbred Breeders Association and the British Equestrian Federation on future policy relating to the transport of equines post-Brexit – and also held a number of meetings with Irish animal welfare NGOs and the Irish Government to discuss welfare issues and horse movements between the two countries.

The Charity, as part of the British Horse Council, assisted Defra in finalising the new equine ID regulations for England that came into force on 1 October, producing guidance and promoting the requirements and benefits of the new regulations to horse owners.

The devolved governments of the UK launched a number of consultations and a call for evidence to further improve animal welfare policy and legislation, and the Charity developed responses to these, sometimes working on behalf of the British Horse Council. Issues covered included CCTV in slaughterhouses and licensing of animal establishments (Scotland); Equine ID (Wales); Registration and Licensing of Animal Sanctuaries and Rehoming Activities (Scotland); Sentience and Sentencing (UK); unauthorised traveller encampments (England) and live exports for slaughter and welfare in transport.

The Charity worked with the British Horse Council, Defra and RCVS to make the guidance notes for establishments that hire out horses, which support the Animal Welfare (Licensing of Activities Involving Animals) Regulations 2018, more fit-for-purpose – addressing the significant concerns that had been raised by industry. The Charity also had a strong presence at a stand in Holyrood for the cross-party group for animal welfare in the Scottish Parliament, raising awareness of equine welfare amongst MSPs

As a key player in the UK's Equine Disease Coalition, the Charity led on the running of a survey to assess UK horse owners' attitudes and practices regarding biosecurity. Following on from the results of the survey and a meeting with the Cabinet Office's Behavioural Insights Team, World Horse Welfare is developing a pilot project to look at influencing owner behaviour and improving biosecurity in the UK in collaboration with Redwings and British Horse Society.

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The Charity increased promotion of its UK petition to the EU Commission to introduce short, maximum journey limits for horses, securing more than 26,000 signatures to date. A petition was also launched in Poland, Spain and Italy. Field investigations to assess the welfare of horses transported from Poland to Italy for slaughter gathered further evidence of exhaustion and unusual horse behaviour as a result of these journeys. World Horse Welfare hosted two 'Best practice in Transport' workshops in the UK as part of this EU initiative in which the Charity informed their guidance on equine transport. To help inform future campaigning, the Charity successfully commissioned research on the Italian horse meat consumer market identifying the drivers behind the purchase and consumption of horse meat in the country – and also developed a network of stakeholders in Spain to better understand the horse meat trade in that country, including visits to horsemeat-related businesses.

EU policy

The Charity continues to chair the Eurogroup for Animals' Equine sub-group and maintain relationships with other stakeholders, including those representing breeding, racing, sport, pharmaceutical and livestock organisations. There was active engagement in the European Horse Network, including attendance at their annual conference and the Charity's seat on its management board. And the Charity continued to work with Eurogroup for Animals to submit amendments to the AGRI Committee Report on long-distance transport, and to review and feedback comments on the new Animal Health Law via Defra and other EU member states.

The Charity served as co-secretariat for the Equine Sub-group of the EU Platform on Animal Welfare, which met regularly to develop basic guidelines on the responsible ownership of horses, as well as separate guidelines for donkeys and mules. In October, the Charity held a successful conference in the European Parliament with partners FEEVA (the equine veterinary association for Europe), the European Horse Network and the livestock and meat association (UECBV) with the theme of responsible ownership. A presentation on this theme was then presented at the Equine Welfare Conference hosted by the Universidad Autonoma Barcelona.

International policy

The Charity continued to build the profile of working equids through partnerships/coalitions in 2018. The Charity's membership of the International Coalition for Working Equids (ICWE) and The International Coalition for Animal Welfare (ICFAW) helped deepen relationships with the OIE (World Animal Health Organisation). In addition to coordinating the OIE workshop in Lesotho (see above), the Charity also worked with the OIE to prepare a baseline survey to assess awareness of working equid welfare in West Eurasian countries. Through ICFAW, the Charity also participated at the Stakeholder OIE Animal Welfare Platform meeting for Europe in Berlin.

In partnership with the Donkey Sanctuary, World Horse Welfare attended the United Nations (UN) General Assembly to raise awareness of the contribution of working equids in achieving the UN's Sustainable Development Goals and hosted a lunch for Member Countries and organisations seeking to support the initiative.

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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 2018 (2017: 5)
- Veterinary grants. Each grant directly relates to the Charity's core activities and 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 2018 (2017: 1): the first year of a project focusing on factors associated with decision making and the impact of educational resources during critical cases of equine colic, with the University of Nottingham School of Veterinary Medicine and Science.
- An International Small Grants Scheme was established during the year. The scheme is aimed at encouraging local organisations to become involved in working horse issues and enables the Charity to investigate potential new projects. In 2018 two small grants (2017: 2) totalling £10k (£8k) were awarded: to Universidad Comprometidos Con La Excelencia (CES) in Colombia and to the Palestinian Wildlife Society (PWLS) on the West Bank

Charity relationships

The Charity has a Memorandum of Understanding with the Fédération Equestre Internationale (FEI). The Charity is also a member of the British Equestrian Federation, Eurogroup for Animals, European Horse Network, National Equine Welfare Council (NEWC), Horse Scotland, the International Coalition for Working Equids, the International Coalition for Animal Welfare (ICFAW) and the Fundraising Regulator. The Charity has representation on a number of welfare committees, Defra and other devolved administration stakeholder groups, BEVA committees, the British Horse Council (which was formed through a merger of the Equine Sector Council (for Health & Welfare) and the British Horse Industry Confederation), the National Equine Forum Organising Committee and attends a meeting of the British Horseracing Authority Welfare Committee on an annual basis as well as ad hoc meetings throughout the year.

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 Cuban Association for Veterinary Medicine ACMV in Cuba, Servicios de Apoyo en Bienestar Equino (SABE) in Guatemala, Universidad Comprometidos Con La Excelencia (CES), 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) and the Food and Agriculture Organisation (FAO) in Senegal, Palestinian Wildlife Society (PWLS) on the West Bank, and the Cart Horse Protection Association and Coastal Horse Care Unit in South Africa.

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The Charity is a member of Together for Animals a consortium of five charities (with the Blue Cross, SPANA, Animal Health Trust and Mayhew Animal Home) promoting payroll giving. The Charity received £31k (2017: £49k).

Communications

The Communications team continued to promote the views of the Charity, its fundraising efforts, raise awareness of equine welfare challenges and help improve supporter engagement.

Media

The Charity attracted almost £5.3 million worth of media coverage in 2018, with significant UK national print and broadcast media footage. Key stories included the horse crisis, with one of our field officers appearing on BBC One's Victoria Derbyshire programme and doing follow up interviews for regional radio. In addition, the story of Mr Melvin Andrews, a pony bought online by a young girl who was then dumped in her grandmother's back garden featured in the Times, Mail Online, Mirror, Metro and BBC News Online, in addition to some international publications, with follow up stories also appearing in many of these media. Another case study about pony Frodo who went on to win the championship at Equifest generated national and regional coverage including ITV online, Daily Mail and Mail Online, ITV Granada Reports Evening News and The Lady magazine – and also featured in a double page spread in the Daily Mail.

The Charity's role as welfare advisor to the BHA was cited in national media and on the BBC throughout the year after the Cheltenham Festival and subsequent production and publication of the BHA's review of the event. The subject of 'pony painting parties' generated national media coverage when the Charity was approached by The Guardian for comment on the issue which was then picked up by Heart Radio online. The Charity also featured in The Daily Telegraph commenting on the risk of African Horse Sickness to the UK's equine population and following this the Daily Express online and Yahoo news.

Online

The Charity's work to extend reach, engagement and donations through social media resulted in another strong year for social media in 2018. Facebook likes increased by 30k in 2018 to over 165,400. Twitter followers reduced due to the channel removing fake or inactive accounts across the platform, but then rose again to be on par with 2018's 36k+ followers. Instagram following rose by 50% to 12.5k, giving a total social media reach across all three channels of almost 214k. Facebook referred more than 326 donations, adoptions and memberships, while Twitter referred 5 and YouTube 13. The Charity's Facebook donation button on posts or by fundraisers set up on the platform, reached just under £10k.

Film

YouTube views rose by 3.5 million to 24.6 million. More than 17 films were produced to support fundraising appeals, explore horse welfare cases, highlight the Charity's international work and promote rehoming. Shorter films for Facebook were also produced, as well as several informal videos shot by the farms which prove popular on social media. A series of vlogs by Patron Suzanne Dando highlighted our work in Guatemala and a 90th anniversary film was produced with the same presenter.

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Print and Publications

The in-house print and publications team continued to support fundraising, farms and promotions in 2018. The Charity newsletter was produced three times per year, while the Junior Club newsletters were produced bi-monthly. New brand guidelines to achieve greater consistency were produced in consultation with the Charity's staff and these have been successfully cascaded across the organisation.

Digital Engagement Project

The Digital Engagement Programme is continuing apace, allowing the Charity to take a more strategic, holistic approach to its technology and digital channels to ensure an improved, more personal user experience, GDPR compliance and more efficient internal processes. A number of backend integrations were undertaken, including the new shop and finance system and enabling our CRM to connect with the new website.

Website

Website traffic remained steady at around 46k views per month. A significant amount of planning and development work was undertaken for an upgraded website, a key objective for 2018, with integrations with back end systems progressing and templates for design of the site almost finalised, informed by consultation with staff and surveys of the Charity's supporters. As part of the Digital Engagement Project, the new website will be device-independent and integrated with back end systems to streamline processes and more importantly deliver an improved user journey.

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).

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

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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 £625k (2017: £2,111k); £916k (2017: £1,651k) before investment losses of £291k.

The Charity's total income was £10.3m (2017: £10.8m) a reduction of 5% on the previous year, with 50% of this reduction being accounted for by decreased legacy income of £287k (4%), although legacies remain a very strong income source for the Charity and still show a continuing long term upward trend. Given the uncertain economic outlook supporters continued to show significant loyalty to the Charity, with other donated income showing a modest reduction of £166k (6%) compared to 2017. Other trading income decreased by £94k (13%) compared to 2017, although income from fundraising events increased by £47k (32%).

Total expenditure for the year was £9.4m (2017: £9.2m). Details of charitable expenditure are set out in note 6 on page 30. Overall charitable expenditure increased by 6% to £6.6m (2017: £6.3m).

At the year end the Charity had reserves of £31.1m (2017: £30.5m). These were represented by fixed assets of £13.9m (2017: £14.1m) which is principally the four UK Centres, investments of £9.7m (2017: £9.9m) and net current assets £7.5m (2017: £6.5m). Current assets include £4.8m (2017: £4.1m) 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

Thanks to the generosity of the Charity's supporters, over £10 million was raised during the year, and once again significant funds were received from those who had kindly remembered World Horse Welfare in their Will. Donor numbers also continued to grow, helping to provide stability. The GDPR had an impact on recruitment as many members of the public were unclear what GDPR meant and thought it would stop all communication. The Charity took a transparent approach, answered any concerns and directed people towards the Mailing Preference Service to prevent their details being picked up in any leased mailing lists. The Charity found the Information Commissioners Office a helpful resource for any queries it had on GDPR.

An online emergency appeal was launched to help horses affected by the eruption of Guatemala's Fuego volcano. The Seeds of Change Appeal, which launched just before the disaster, also focused on working horse families in Guatemala, helping them to create a sustainable change. The Transport Appeal thanked supporters for helping the Charity campaign to reduce the number of horses travelling long distances across Europe to slaughter to around 30,000. Supporters were asked to sign a petition to be shared with the European Commissioner to end these long journeys, and to donate

WORLD HORSE WELFARE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

to help the Charity continue to research and campaign on this issue. The winter appeal focused on the story of Colin, a lonely, neglected and abandoned cob that had been rescued by the Charity and given a second chance.

Theon and Dalton joined Clippy and Star on the adoption scheme. Star met the Charity's president HRH The Princess Royal and guests at the Polo fundraising event at Cowdray in July, and The Princess Royal also hosted a reception for the Charity at St James Palace in March.

World Horse Welfare paid tribute to the horses of World War One, in the centenary year marking the end of the war, with a Horse Shoe Heart Tribute. Shoes gifted from the Kings Troop Royal Horse Artillery were crafted into 100 horse shoe hearts on stems, by sculptor Tom Hill the shoes were displayed at events hosted by the Charity and at Ascot and Cheltenham Racecourses. Spectators were asked to tie a name tag on each heart to help pay tribute to that horse.

Charitable trust donations remained positive and the Sir Peter O'Sullivan Charitable Trust continued to support the Charity's work, establishing partnerships and projects in China to improve equine welfare.

Following on from the success of a raffle to win a beautiful Stevenson Brothers rocking horse of World Horse Welfare Penny, a second rocking horse raffle based on Clippy, is being promoted. The Charity is also benefiting from new partnerships with equestrian companies and is continuing to work closely with its Patrons and Trustees to explore new initiatives.

The four Rescue and Rehoming Centres continue to play a vital role in recognising the Charity's existing supporters through the 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. The membership scheme was extended during the year to include a unique new membership offering veterinary cover.

The volunteer-led Scottish Committees continued to support the Charity through events including the Perth Picnic at Perth Racecourse. Other supporter-led initiatives included the annual Clay Pigeon Shoot.

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

WORLD HORSE WELFARE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

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 12 months of operational expenditure. Based on the 2019 budget this indicates an ideal free reserve of between £9.0m and £10.9m.

At the end of 2018 the Charity held "free" reserves of £12.5m comprising investments and net current assets excluding legacies. The Trustees anticipate that any surplus will be used for future investment projects including the expansion of the visitor centre at Penny Farm and the future redevelopment at Hall Farm. Given the current financial climate, ongoing uncertainty related to Brexit 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 2018 the investment portfolio generated total revenue of £215k (2017: £209k). Given prevailing market conditions in the year, the Trustees viewed this performance as satisfactory.

Plans for the future

The Charity's current strategic planning period, which runs until the end of 2019, focuses on:

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

WORLD HORSE WELFARE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

In line with the Charity's strategic plan, the key projects for 2019 are:

- To complete the Charity's strategic plan for 2020-24
- To complete the Penny Farm Visitor Centre on time, on budget and to finalise the commercial plan
- To fully implement the World Vision partnership in Zimbabwe and explore opportunities for other NGO partnership agreements
- To develop ICWE advocacy work through OIE (Brazil workshop), World Bank (funding guidelines) and United Nations (July event at High Level Political Forum)
- To launch a new, device-independent website where visitors are able to easily donate or purchase products
- To ensure compliance with HMRC's Making Tax Digital requirements by October 2019

WORLD HORSE WELFARE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

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

President

HRH the Princess Royal KG KT GCVO

Vice Presidents

Mr C S Hall OBE TD DL

Dr JB Johnson MRCVS

Trustees and Members of Council

Chairman

Mr M Baines

Members of Council

Mr S Bullard

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 – retired 31 December 2018

Mr G Hughes

Mr J Jarvis QC (Vice Chairman)

Mrs C Mitchell – retired 31 December 2018

Mr T Morrison

Ms C Nokes MP

Mr C Price CBE

Ms J Ross MBA

Dr C Tufnell – appointed 1 January 2019

Chief Executive

Mr R A Owers CFRE MRCVS

Executive Directors

Miss G Maclean ACA

Mr L Maguire

Mrs J Stark

Mr A R Tyler BHSI

Mrs E Williams



Mr M Baines
Chairman

25/04/2019

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF WORLD HORSE WELFARE
FOR THE YEAR ENDED 31 DECEMBER 2018**

Opinion

We have audited the financial statements of World Horse Welfare (the 'charity') for the year ended 31 December 2018 which comprise 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 2018 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.

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF WORLD HORSE WELFARE
FOR THE YEAR ENDED 31 DECEMBER 2018**

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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:

- the information given in the financial statements is inconsistent in any material respect with the trustees' annual 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.

WORLD HORSE WELFARE

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF WORLD HORSE WELFARE
FOR THE YEAR ENDED 31 DECEMBER 2018**

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.

Use of our 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

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

21 May 2019

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 2018**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000 (Note 18)
Income from					
Donations and legacies	2	9,098	290	9,388	9,842
Other trading activities	3	611	-	611	704
Investments	4	225	-	225	217
Other	5	54	-	54	81
Total		9,988	290	10,278	10,844
Expenditure on					
Raising funds		2,798		2,798	2,941
Charitable activities					
UK Centres		2,912	98	3,010	2,996
UK Field Work		1,522	18	1,540	1,504
International		1,445	71	1,516	1,373
Campaigning		425	5	430	322
Grants		68		68	57
Total	6	9,170	192	9,362	9,193
Net (losses) / gains on investments		(291)		(291)	460
Net income		527	98	625	2,111
Transfers	12	3	(3)	-	-
Net movement in funds		530	95	625	2,111
Reconciliation of funds					
Total funds at 1 January		30,400	125	30,525	28,414
Total funds at 31 December	13	30,930	220	31,150	30,525

The notes on pages 26 to 39 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 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible fixed assets	7a	13,857	14,113
Intangible fixed assets	7b	47	-
Investments	8	9,686	9,904
Total fixed assets		23,590	24,017
Current assets			
Legacies		4,785	4,115
Stock		37	56
Debtors	10	395	312
Cash at bank and in hand		2,899	2,612
Total current assets		8,116	7,095
Creditors: amounts falling due within one year	11	(556)	(587)
Net current assets		7,560	6,508
Net assets		31,150	30,525
Funds			
Unrestricted-General		30,930	30,400
Restricted	12	220	125
Total Funds	13	31,150	30,525

Approved by Council on 25/7/19.

Treasurer
Ms C Dimes ACA CTA

Chairman of Trustees
Mr M Baines

The notes on pages 26 to 39 form part of these financial statements.

WORLD HORSE WELFARE

The notes on pages 26 to 39 form part of these financial statements.

WORLD HORSE WELFARE**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £'000	2017 £'000
Net cash provided by operating activities	1	413	977
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received		10	8
Dividends received		215	209
Purchase of fixed assets		(351)	(329)
Proceeds from sale of fixed assets		0	24
Net cash provided by investing activities		(126)	(88)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		287	889
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the reporting period		2,612	1,723
Cash and cash equivalents at the end of the reporting period	2	2,899	2,612
		<hr/>	<hr/>

WORLD HORSE WELFARE

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £'000	2017 £'000
1 Reconciliation of net movement in funds to net cash flow from operating activities		
Net income for the reporting period	625	2,111
Investment (gains) / losses	218	(534)
Investment income	(225)	(217)
(Increase) in value of legacies	(670)	(827)
Depreciation & amortisation	560	515
(Profit) on sale of tangible fixed assets	0	(18)
Decrease/(increase) in stocks	19	(29)
Decrease/(increase) in debtors	(83)	55
(Decrease) in creditors	(31)	(79)
Net cash provided by operating activities	413	977

2 Analysis of cash and cash equivalents

	2018 £'000	2017 £'000
Cash in hand	<u>2,899</u>	<u>2,612</u>

WORLD HORSE WELFARE

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

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.

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, 2019, 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 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.

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.

WORLD HORSE WELFARE

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

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.

1.4 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.

1.5 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.

1.6 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.

1.7 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.

1.8 Fixed assets, depreciation and amortisation

All assets costing more than £1k are capitalised at historic cost. Fixed assets are initially measured at cost. Depreciation / amortisation 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	-	14.3% straight line per annum
Other equipment	-	20% straight line per annum
Motor vehicles	-	20% straight line per annum
IT equipment	-	20% straight line per annum
Intangible IT assets	-	20% straight line per annum

No depreciation is provided on freehold land.

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

1.9 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. 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.

Investment property comprises freehold land. The fair value of the Charity's investment property at 31 December 2016 had 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 2018.

1.10 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.

1.11 Stock

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

1.12 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.

1.13 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.

1.14 Operating leases

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

1.15 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.

1.16 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 2018

1.17 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

	2018	2017
	£'000	£'000
Subscriptions and donations	2,215	2,351
Legacies	6,851	7,138
Donations from charitable trusts	322	353
	<u>9,388</u>	<u>9,842</u>

3 Other trading activities

	2018	2017
	£'000	£'000
Sales of refreshments & merchandise	300	341
Lotteries	119	218
Fundraising events	192	145
	<u>611</u>	<u>704</u>

Sales of refreshments & merchandise include donated goods which are mainly tack. Proceeds from the sale of these items were £43k (2017 £39k).

4 Income from investments

	2018	2017
	£'000	£'000
Dividends receivable	215	209
Bank interest	10	8
	<u>225</u>	<u>217</u>

WORLD HORSE WELFARE

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

5 Other income

	2018	2017
	£'000	£'000
Rental and other income from land	53	63
Fees from other activities	1	-
Profit on sale of tangible fixed assets	-	18
	<u>54</u>	<u>81</u>

6 Analysis of total expenditure

	Governance	Support	Direct	2018	2017
	£'000	£'000	£'000	£'000	£'000
Refreshments & merchandise	-	-	119	119	131
Fundraising & publicity costs	51	193	2,435	2,679	2,810
Raising funds	<u>51</u>	<u>193</u>	<u>2,554</u>	<u>2,798</u>	<u>2,941</u>
UK Centres	63	241	2,706	3,010	2,996
UK Field Work	46	107	1,387	1,540	1,504
International	20	110	1,386	1,516	1,373
Campaigning	11	30	389	430	322
Grants	-	1	67	68	57
Charitable activities	<u>140</u>	<u>489</u>	<u>5,935</u>	<u>6,564</u>	<u>9,193</u>
Total	<u>191</u>	<u>682</u>	<u>8,489</u>	<u>9,362</u>	<u>9,193</u>
<i>Including audit fees of</i>	<u>14</u>			<u>14</u>	<u>13</u>
<i>Including foreign exchange differences of</i>			<u>3</u>	<u>3</u>	<u>1</u>

	2018	2017
	£'000	£'000
Support costs include		
IT	251	279
HR	175	160
Finance	176	179
Premises	80	20
	<u>682</u>	<u>638</u>
Operating leases (note 16)	<u>128</u>	<u>217</u>

Staff costs

	2018	2017
	£'000	£'000
Wages and salaries	3,503	3,345
Social security	328	310
Pension costs	240	199
	<u>4,071</u>	<u>3,854</u>

Employee benefits totalling £119k (2017 £107k) were paid in respect of vehicles, including vans, private health and cash health plans and accommodation for farm staff. Holiday pay accrued totalled £48k (2017 £47k).

WORLD HORSE WELFARE

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

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 £658k (2017: £633k).

Higher paid staff one employee had earnings in the range £150,001- £160,000, one in the range £80,001 to £90,000, three in the range £70,001- £80,000 and one in the range £60,001- £70,000 (2017 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). These figures include benefits in kind of £16k (2017 £13k) Pension contributions for these employees were £51k (2017 £42k)

The average number of full-time equivalent employees analysed by function:	2018	2017
Direct charitable activities	102	102
Fundraising	24	24
Management and administration	1	1
	<u>127</u>	<u>127</u>
The average head count during the reporting period was	<u>158</u>	<u>153</u>

WORLD HORSE WELFARE

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

7a Tangible fixed assets

	Land and buildings £'000	Farm equipment £'000	Other equipment £'000	Motor vehicles £'000	IT equipment £'000	Total £'000
Cost						
1 January 2018	17,000	787	827	286	841	19,741
Additions	212	58	6	0	1	277
Disposals	(241)	0	(190)	(7)	(620)	(1,058)
31 December 2018	<u>16,971</u>	<u>845</u>	<u>643</u>	<u>279</u>	<u>222</u>	<u>18,960</u>
Depreciation						
1 January 2018	3,460	604	675	159	731	5,629
Charge for year	338	79	39	49	27	532
Disposals	(241)	0	(190)	(7)	(620)	(1,058)
31 December 2018	<u>3,557</u>	<u>683</u>	<u>524</u>	<u>201</u>	<u>138</u>	<u>5,103</u>
Net book value						
31 December 2018	<u>13,414</u>	<u>162</u>	<u>119</u>	<u>78</u>	<u>84</u>	<u>13,857</u>
31 December 2017	<u>13,540</u>	<u>183</u>	<u>153</u>	<u>127</u>	<u>110</u>	<u>14,113</u>

Land & buildings are all freehold and include £1.9m (2017: £1.9m) of land which is not depreciated.

7b Intangible fixed assets

	Intangible IT £'000	Total £'000
Cost		
1 January 2018	0	0
Additions	74	74
Disposals	0	0
31 December 2018	<u>74</u>	<u>74</u>
Depreciation		
1 January 2018	0	0
Charge for year	27	27
Disposals	0	0
31 December 2018	<u>27</u>	<u>27</u>
Net book value		
31 December 2018	<u>47</u>	<u>47</u>
31 December 2017	<u>0</u>	<u>0</u>

WORLD HORSE WELFARE

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

8 Fixed assets investments

	Land	Quoted investments	Total
	£'000	£'000	£'000
Market value at 1 January 2018	1,587	8,317	9,904
Additions at cost	-	73	73
Net losses for the year	-	(291)	(291)
Market value at 31 December 2018	<u>1,587</u>	<u>8,099</u>	<u>9,686</u>
Investment in subsidiary undertaking-at 1 January and 31 December 2018			-

The quoted investments held at 31 December 2018 are summarised as follows:

	2018 £'000	2017 £'000
Medium term fund: BNY MFM Ltd Newton Real Return Fund	3,166	3,172
Long term fund: Newton Global Growth and Income Fund for Charities	4,933	5,145
Total	<u>8,099</u>	<u>8,317</u>
Historic cost	<u>6,489</u>	<u>6,371</u>

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 2018.

9 Financial Instruments	2018 £'000	2017 £'000
Financial assets measured at fair value	8,099	8,317

10 Debtors

	2018 £'000	2017 £'000
Trade debtors	4	16
VAT reclaimable	86	64
Prepayments and accrued income	116	82
Other debtors	189	150
	<u>395</u>	<u>312</u>

WORLD HORSE WELFARE

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

11 Creditors: amounts falling due within one year

	2017	2018	
		£'000	£'000
Trade creditors		304	140
Other taxes and social security		32	84
Accruals		220	363
		<u>556</u>	<u>587</u>

12 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	Movement in Funds		Transfers	Balance
		1.1.18	Incoming	Outgoing		31.12.18
		£'000	£'000	£'000	£'000	£'000
Belwade Farm	a	-	38	29	-	9
Guatemala		-	5	5	-	-
Capital items		-	3	-	(3)	-
Scotland		-	4	-	-	4
China	b	107	100	50	-	157
Hall Farm	c	-	36	36	-	-
Mexico		-	21	21	-	-
Penny Farm		-	17	17	-	-
Non admin Charity work	d	-	64	16	-	48
Field Officers		18	2	18	-	2
		<u>125</u>	<u>290</u>	<u>192</u>	<u>(3)</u>	<u>220</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 2019.

Reference:

- a. The Belwade Farm fund is for the Charity's work in Scotland at the Belwade Rescue & Rehoming Centre.
- b. The China fund is for building relationships and assessing the equine welfare issues.
- c. The Hall Farm fund is for the Charity's work in Norfolk at the Hall Farm Rescue & Rehoming Centre
- d. These are donations which specifically restrict the terms for expenditure to be used for direct Charity work as distinct from indirect administrative overheads.

WORLD HORSE WELFARE

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

13 Analysis of net assets between funds

Funds	Tangible Fixed Assets	Legacies & Investments	Cash	Other net current liabilities	Total 2018	Total 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted general	13,904	14,471	2,679	(124)	30,930	30,400
Restricted	-	-	220	-	220	125
Total	<u>13,904</u>	<u>14,471</u>	<u>2,899</u>	<u>(124)</u>	<u>31,150</u>	<u>30,525</u>

14 Capital commitments

	2018 £'000	2017 £'000
Capital commitments at 31 December in respect of expenditure: Penny Farm	271	-

15 Trustees' Expenses and Related Party Transactions

Trustees received no remuneration or any other benefits. Expenses of £11k (2017 £7k) for travel (including air fares,) subsistence, telephone, postage and stationery expenses incurred on Charity business were reimbursed or paid directly for 7 (2017 5) Trustees. There have been no related party transactions in the period which require disclosure.

16 Operating Lease Commitments

The Charity as lessee:

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

	2018		2017	
	Land and buildings	Other	Land and buildings	Other
Within one year	36	53	36	82
Within two to five years	3	36	39	61
	<u>39</u>	<u>89</u>	<u>75</u>	<u>143</u>

WORLD HORSE WELFARE

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

17 Comparative SOFA by fund

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000
Income from			
Donations and legacies	9,384	458	9,842
Other trading activities	704	-	704
Investments	217	-	217
Other	81	-	81
Total	10,386	458	10,844
Expenditure on			
Raising funds	2,941		2,941
Charitable activities			
UK Centres	2,877	119	2,996
UK Field Work	1,503	1	1,504
International	1,269	104	1,373
Campaigning	164	158	322
Grants	57	-	57
Total	8,811	382	9,193
Net gains on investments	460	-	460
Net income /(expenditure)	2,035	76	2,111
Transfers	21	(21)	-
Net movement in funds	2,056	55	2,111
Reconciliation of funds			
Total funds at 1 January 2018	28,344	70	28,414
Total funds at 31 December 2018	30,400	125	30,525

WORLD HORSE WELFARE

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

18 Comparative restricted funds

	Balance 1.1.18	Movement in Funds		Transfers	Balance 31.12.18
	£'000	Incoming £'000	Outgoing £'000	£'000	£'000
Belwade Farm	-	110	110	-	-
Campaign to end long- distance transport		153	153	-	-
Capital items	4	17		(21)	-
Italian Appeal	-	5	5	-	-
China	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>

19 Comparative analysis of net assets between funds

Funds	Tangible Fixed Assets	Legacies & Investments	Cash	Other net current liabilities	Total	Total
	£'000	£'000	£'000	£'000	2017 £'000	2016 £'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>

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 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