



WorldHorseWelfare

Celebrating 90 years of helping horses

Report of the Trustees and Financial Statements

31st December 2016



WORLD HORSE WELFARE

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2016**

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

The World Horse Welfare Trustees present their report, together with the audited accounts of World Horse Welfare, for the year ended 31 December 2016. 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 17. Its principal places of business and professional advisors are listed on page 36.

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 within these financial statements. The company ceased to trade on 31 December 2005.

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. At 31 December 2016 one Trustee, the Chairman, retired and one new Trustee was appointed on 1 January 2017.

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**
The 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**
The committee meets twice a year and is charged with overseeing the Charity's international work, considering future approaches and reviewing progress on existing projects.
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- **Communications and Fundraising Committee**
The 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**
The committee, which is comprised chiefly of veterinarians, 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 2017. The fundraising environment during 2016 continued to be overshadowed by media focus on the poor practices of a small number of charities. The Trustees noted the largely reactive response of the Charity Commission and its lack of support for the majority of charities who treat supporters and their data with respect. The Charity's payment of the levy to the Fundraising Regulator was approved but Trustees have noted that the Regulator's budget and governance arrangements do not currently accord with the transparency expected of those it regulates and that the first proposals of the Regulator actually involved an increase rather than a decrease in communications to those wanting to opt out from a charity's mailing lists. The Trustees are concerned that the levy will not demonstrate value for money but are satisfied that the Charity's practices in communication with supporters and care for their data are sound and meet best practice. Overall Trustees are concerned at the lack of effective strategic leadership by the regulators.

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

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

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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 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)

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 2016

To assist in the delivery of the charitable objectives, the plans for 2016 were:

1. To complete the Glenda Spooner Farm development and implement the initial stages of the Visitor Centre business plan establishing baseline data analytics to inform future performance measurement.
 2. To complete the technological upgrade of the rehoming section of the website in order to improve the user experience, enhance communications and streamline the use of data.
 3. To increase the number of horses benefiting the charity's international programme to 23,000 and increase the number of projects to 19 in 16 countries.
 4. To gather evidence of the scale and nature of compliance and welfare problems in horses arriving at slaughterhouses in Italy, Belgium and the UK, particularly following long-distance transportation.
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5. To use the 'Invisible Horse' campaign to increase the value of coverage in national media by 10% over 2015, increase combined social media following to 125k and reach new audiences by maximising the opportunity of being Badminton's charity of the year.

Activities carried out during the year

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

UK

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

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.

The re-homing scheme website has been redeveloped to make the online application process more user-friendly and to encourage more people to rehome. The main development of the site is complete and has been well-received by users, and additional improvements will continue throughout 2017. At the year-end 1,784 (2015: 1,772) horses were in homes approved by the Charity. In 2016 300 (350) new horses were taken into care, 151 (124) were returned from previous homes and 255 (320) horses were successfully re-homed. The trend in increased group admissions continues and the Centres also dealt with a high number of foals throughout the year.

Phase Two of the building works at Glenda Spooner Farm which included the development of an indoor arena, visitor centre and car parking has been completed and opened by HRH The Princess Royal. The business plan is at an early stage, baseline data has been established and increased numbers of visitors are coming to the centre with strong interest from local groups in hiring the school and lecture areas. All four Farms held successful members and legacy days. These days gave supporters the chance to ask questions about and view the Charity's work first-hand.

Education

The Charity's range of educational materials was promoted at various events, with the primary two being the British Equine Veterinary Association (BEVA) Congress and Your Horse Live. Online views and downloads of these materials continued well, with in excess of 70,000 YouTube views and website downloads throughout the year. Materials have also been distributed at events and through the network of centres and field staff. Data gathering for the Advancing Equine Scientific Excellence (AESE) Equine End of Life project has been completed and analysis of the data is near completion. Findings from this study will be utilised to develop and enhance the Charity's responsible euthanasia initiative (Just in Case) and the study results along with redeveloped materials are due to be launched to the veterinary profession at BEVA Congress in September and to horse owners at Your Horse Live in November. The series of 'How To' videos was developed with the addition of three new videos showing how to measure temperature, pulse and respiration.

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Field Work

Sixteen full-time Field Officers are employed across the UK as well as seven part-time Rehoming Officers. During the year 1,472 (2015: 1,405) initial visits were made to welfare concerns.

International

Horses have been helped in 18 projects in 16 countries. The original target had been 19 projects but developments in the Charity's overall approach has now expanded from purely focusing on developing sustainable programmes to also becoming a more effective influencing organisation working at both a local and international level.

For example, as a result of work with communities in Guatemala contact has been made with the district government agriculture department which has started a scheme to provide training to their district veterinarians on working with horses. With this training, these veterinarians have the potential to improve the welfare for all of the horses in their assigned districts.

The total number of horses helped directly increased from 15,242 in 2015 to 16,430 in 2016 (an increase of 7.8%). Whilst this is below the original target of 23,000, these figures do not include horses helped indirectly-which it is reasonable to expect will have increased significantly - work is ongoing to establish a methodology that estimates this statistic to an acceptable level of accuracy.

Another area where the Charity has set out to influence other organisations is through a consultation process with the World Organisation for Animal Health (OIE). In 2016 the OIE General Session agreed to adopt new global standards for working horses, which has the potential to affect the welfare of all working horses in the 180 member states. World Horse Welfare has already started working with the Brooke, Donkey Sanctuary and SPANA to form a coalition to provide support to OIE and government departments in how to implement the guidelines and meet the standards.

The Charity received a grant from the Sir Peter O'Sullivan Trust to improve equine welfare in China, including through providing training and support to equine veterinarians and veterinary students. Work has started with the Inner Mongolia Agricultural University where a three day training course on equine welfare was delivered and very well received. The project has been made possible because of support from the China Horse Industry Association (CHIA) and the International Cooperation of Animal Welfare (ICCAW). Further training courses are planned for 2017 and CHIA is facilitating visits to view and assess enterprises where donkeys are farmed for meat and pharmaceutical products. The project will also look into welfare issues for horses that are used in sport and leisure activities. During a recent visit the Charity led an equine welfare seminar at the only Fédération Equestre Internationale (FEI) 2* jumping event in China (in Beijing), run by the Chinese Equestrian Association, attended by 50 owners, riders and trainers.

A five day veterinary training workshop in Cuba was arranged through cooperation with the Consejo Científico Veterinario de Cuba (CCVC). Additional courses are being scheduled for 2017 and it is hoped that the Charity will be able to do further work to improve conditions for the horses that are so essential to the livelihoods of the Cuban people.

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Following a scoping visit to Zimbabwe by the Regional Coordinator in Southern Africa, a need for World Horse Welfare to become involved was established and the team is making contacts and finding potential implementing partners. New projects have also started in Mexico and Lesotho where the Charity has a good relationship with the Ministry of Agriculture, providing training to their extension workers.

The Small Grants Scheme was initiated in 2016 with projects in Romania and Nepal. The project in Romania involved training volunteers in equine welfare, whilst the Nepal study, looking into the conditions for carriage horses in the south of the country, has been completed and a visit is planned for early in 2017 with the possibility of starting a longer term project.

The BEVA Trust has supported the international programme by providing three volunteer vets to travel to Cambodia and Nicaragua to provide short term training and mentoring to partners. It is hoped to continue with and expand this arrangement next year.

Campaigning

The year was particularly active for the Charity's campaigning function, as the overarching 'Invisible Horse' campaign was launched, a new UK engagement strategy was implemented and key campaigns in the EU were developed against the backdrop of the result of the UK EU Referendum.

Engagement with Parliaments and Governments

In the UK, the Charity worked with an external agency to conduct research into Westminster stakeholder perceptions of World Horse Welfare, the results of which informed a new UK engagement strategy to provide a structured approach to the Charity's Parliamentary influencing programme. Priority stakeholders were identified and a number of meetings held, policy documents were distributed and a reception to kick off the Charity's 90th anniversary was held in the House of Commons.

EU Referendum in the UK

Before the vote the Charity fielded a number of queries from supporters querying what impact the outcome might have on its campaigning function, as a result of which a statement was produced clearly stating that as the Charity had been campaigning since well before the establishment of the EU, it would continue this vital function regardless of the outcome. Since the vote, the Charity has taken an active role in Eurogroup for Animal's Brexit Working Group, and is investigating whether to establish a legal entity within the modified EU.

Joint working

Following the 2015 report *Removing the Blinkers*, the Charity opened dialogue with a number of stakeholders (including farmers' union COPA-COGECA, meat trades association UECVB, MEPs across Europe, and ministers in the UK, Sweden and Denmark) which has led to greater joint working on areas of common ground. The report inspired Julie Girling MEP to propose an Own Initiative Report on responsible equine ownership. The Charity, whose Chief Executive chairs the working group on equines at Eurogroup for Animals, worked on the proposals and supported it by presenting it to MEPs and NGOs at an Intergroup meeting for Animal Welfare in Strasbourg, and took part in lobby rounds to seek support for the proposals.

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Welfare at slaughter

A strategic aim of the Charity is to improve its understanding of welfare at slaughter and work to improve conditions. This year the Charity conducted a review of the scientific literature on welfare at slaughter, and established dialogue with the European farmers' union and representatives of the EU meat industry to find common ground. Three slaughterhouses were visited in the UK to inform research. In collaboration with representatives of the meat trade, we have issued a position statement highlighting our objection to the principle of lifetime exclusion of horses from the food chain in the EU, recommending a system of 100% carcase testing instead.

CCTV Campaign

Building on the research into welfare at slaughter, the charity launched a campaign calling for mandatory CCTV in UK equine slaughterhouses. A petition to Defra achieved almost 21,000 signatures while a petition to Parliament secured just under 8,000 by the end of 2016. The Charity instigated a well-attended Westminster Hall Debate in late November on the topic.

Control of Horses Act

The Charity followed up on 2015's introduction of the Control of Horses Act in England by continuing to coordinate the work of the coalition of welfare and rural organisations that helped to bring in the new legislation. The work included monitoring numbers of fly-grazing and at risk horses, issuing a press release about how the Act was working, writing to Local Authorities to encourage them to use the Act and developing a series of training sessions for Local Authorities, to launch in 2017. The Chief Executive delivered a presentation on the issue to a Westminster Briefing workshop, the Charity had a stand at the second Annual Conference for Official Veterinarians and presented on the "The welfare aspects of fly-grazing".

Imports/Exports

The Charity continued gathering information relating to the non-compliant trade in low value horses, and enhanced its work with the Animal Health and Plant Agency (APHA) on ways to tackle the trade.

Equine ID

As part of the Equine Sector Council for Health and Welfare, the Charity continued to work with Defra on implementation of the Central Equine Database and press for implementation of the updated EU Regulation on Equine Identification. To assist Local Authorities in identifying official passports among the many dozens of formats in circulation, World Horse Welfare set up a passport database to help identify fraudulent documentation that it is making available to Trading Standards.

Transportation

In support of Eurogroup for Animals' "Stop the trucks" Campaign, the Charity launched an action calling for changes to the EU Transport Regulation EC 1/2005. The action prompted 1,000 of our supporters to write letters to UK Ministers, who later supported a Swedish-led call for change. The Practical Guidelines to Assess Fitness for Transport of Horses were officially launched on 4 February 2016 following a presentation to the European Commission. The EC then assisted with the proofreading and translation of the guidance into all EU member state languages. The Charity

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also became involved in the EU “Pilot project on best practices for animal transport” as part of the equine focus group, which will produce a guidance document and training package. A field investigation was undertaken to monitor the condition of horses en-route from Poland to Italy for slaughter and two control posts were visited.

UK Markets

The Charity’s Field Officers are collecting standardised baseline data on facilities and welfare at UK markets and basic analysis has been undertaken on the findings to indicate potential areas of focus.

Consultations

The Charity responded to a number of consultations during the year, including on the UK Codes of Practice for Keeping Equines, the licensing of animal establishments and the effectiveness of the Animal Welfare Act. The Chief Executive also provided oral evidence to Efracom on the lack of enforcement of the Animal Welfare Act, pressing for Local Authorities to take statutory responsibility for the enforcement of the Act.

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. Five awards were made in 2016 (2015: 4).
- 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 2016 (2015: 2): 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 horse issues and enables the Charity to investigate potential new projects. In 2016 a grant of £8k was made to the African Union – Inter-African Bureau for Animal Resources (AU-IBAR) to support an Animal Welfare Retreat.

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, European Horse Network, National Equine Welfare Council (NEWC), Horse Scotland, the International Coalition for Animal Welfare (ICFAW), the Fundraising Standards Board (FSB) and the Fundraising Regulator which replaced the FSB in 2016. The Charity has representation on a number of welfare committees, Defra and other devolved administration stakeholder groups, BEVA committees, the Equine Sector

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Council (for Health & Welfare), the National Equine Forum Organising Committee and attends a meeting of the British Horseracing Authority Welfare Committee on an annual basis.

Operationally the Charity works closely with a wide range of organisations, including the RSPCA in the UK, Donkey Sanctuary in Mexico, Cambodia Pony Welfare Organisation, Costa Rica Equine Welfare (CREW), Servicios de Apoyo en Bienestar Equino (SABE) in Guatemala, Quatre Pattes in Haiti, Universidad de Ciencia Comerciales (UCC) in Nicaragua, and the Cart Horse Protection Association, Highveld Horse Care Centre and Coastal Horse Care Association in South Africa.

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. Income to each charity in the year was £50k (2015: £42k).

Communications

World Horse Welfare exceeded its 2016 objectives for profile raising through events, social media and film, campaigns and public relations, securing more than £4,300,000 worth of media coverage in 2016 (including a 28% rise in national coverage).

The Invisible Horse

The overarching joint communications and fundraising campaign for the year was around the “Invisible Horse” – horses whose suffering goes unnoticed because people cannot or choose not to see them. The concept intrigued audiences as it was explored throughout the year, with a focus on foals and identification in Q1, rescue and rehoming in Q2 at Badminton Horse Trials, working horses and responsible tourism in Q3 and campaigning in Q4. The Charity’s Annual Conference on the “Invisible Horse” attracted a record 400+ guests and featured high-profile speakers including songwriter Will Young.

Media

Key stories in the media included the BBC’s Countryfile, which aired a programme featuring Huckleberry, the first horse the Charity took in under the Control of Horses Act, and which demonstrated the significant problems caused by fly-grazing and the positive impact of the new legislation. A companion print article in the Express featured Huckleberry on the front page. The prosecution of a former owner of many ponies, attracted strong national coverage (Mirror Online, Express Online, ITV) and wide coverage in the equine press.

World Horse Welfare’s status as the Mitsubishi Motors Badminton Horse Trials Charity of the Year attracted a significant number of local and regional stories in the mainstream press, as well as attention in the equine media. The fence-design competition for children was a particular highlight in reaching new audiences, as was the Invisible Horse Trail which delighted audiences at Badminton and drew press attention with artists and celebrity horsemen such as Sir Mark Todd taking part.

The emotive story of Buggy, the foal found with maggot infested wounds, generated widespread media interest from regional titles to national outlets, while publicity during Rehome a Horse Month was boosted with a release on the Charity’s “loneliest ponies” looking for homes which secured media coverage in over 30 media outlets and regional publications.

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Joint projects also attracted coverage, with the launch of the “With you every step of the way” initiative in partnership with Blue Cross and the British Horse Society (BHS) to support owners through equine end of life achieving strong media coverage across equine and farming media outlets. A “one year on” release demonstrated the value of the Control of Horses Act securing a number of pieces of coverage across regional, equestrian, rural broadcast and print outlets.

Online

The Charity’s strategy to use social media to increase audience reach, engagement and donations continued apace in 2016, resulting in more than 110k Likes on Facebook, 32k Twitter followers and more than 5k followers on Instagram- for a combined following of 147k. Verified status was achieved for both Twitter and Facebook, enhancing the Charity’s credibility. Engagement through Facebook and Twitter increased with more frequent commenting and proactive engagement on campaigning issues. The Facebook pages of the Charity’s four Rescue and Rehoming Centres also increased traffic, with more than 13k supporters between them. Donations referred by social media also showed an increase. Website traffic remained steady compared to 2015, with Q4 traffic at 150k views.

Film

YouTube views rose by 3 million to 13 million – a significant rise sparked in part by use of emotive films on content aggregation sites. More than 25 films were produced to support fundraising appeals, explore horse welfare cases, support the Charity’s educational outreach, inspire people to take part in CARE laminitis research and promote the Invisible Horse campaign and Trail.

Publications

The Charity developed its visual style during the year to be brighter and more engaging, as evidenced at the Badminton, Blair and Olympia trade stands and through the many new posters and information boards at its R&R centres. The Charity’s newsletter continues to receive positive feedback, including through a readers’ survey issued in Q3. A leaflet promoting the Charity’s campaigns, reinvigorated materials for the new Juniors programme and materials to support the Invisible Horse Trail and fundraising initiatives were also produced. A significant amount of signage and materials were also produced for the launch of expanded facilities at Glenda Spooner Farm, and various language versions of the Guidance to Assess Fitness for Transport were designed in house.

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

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- 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 £2,446k (2015: £622k); £634k (2015 £471k) before investment gains of £1,812k. These gains include a revaluation gain of £1,317k from the reclassification of land, previously held as a tangible fixed asset, as investment land.

The Charity's total income was £9.2m (2015: £8.3m) an increase of 11% on the previous year. Legacy income increased by £509k (10%) compared to 2015. Other donated income increased by £332k (14%). Supporters showed strong loyalty to the Charity and grants from trusts were comparable to those received in 2014. Continuing low interest rates led the Charity to hold less in bank deposits; interest was £11k lower than 2015. The main change to the results for the year arose from the decision of the Trustees to re-classify 175 acres of tenanted land in Norfolk as investment land. This land is unlikely to be needed for the expansion of the R&R centre in the foreseeable future. Because of this decision the land has been removed from fixed assets at cost and reclassified as an investment, at valuation, as required by Accounting Standards. The valuation was carried out by Chartered Surveyors. The uplift is £1,317k which is included in Net gains on investments on the SOFA and is further described in Note 8 on page 31.

The Trustees consider that, despite the 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 £8.5m (2015: £7.8m). Details of charitable expenditure are set out in note 6 on page 28. Overall charitable expenditure increased by 5% to £6m (2015: £5.7m). Trustees are pleased that expenditure was maintained, with the only reduction being a £36k reduction in grant payments. Over £800k was spent on the new Visitor Centre at Glenda Spooner Farm during the year (included in Tangible Fixed Assets, Note 7 page 30).

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At the year end the Charity had reserves of £28m (2015: £26m). These were represented by fixed assets of £14m (2015: £14m) which is principally the 4 UK Centres, investments £9m (2015: £7m) – the increase being principally the land transfer and subsequent £1,317k revaluation– and net current assets £5m (2015: £5m). Current assets include £3m (2015: £2m) 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 future plans.

Fundraising

Fundraising held steady during the course of the year both financially and in terms of supporter numbers and the Charity received significant funds from those who had kindly remembered World Horse Welfare in their Will. However, the continued negative media around trust in charity fundraising did impact on direct appeals and recruitment of new supporters.

The first direct mail appeal of 2016 highlighted the growing number of young horses and foals coming into, or being born at, the R&R Centres. The youngsters create a strain on resources, as they can stay at the Centre for longer and can be more difficult to rehome. The summer appeal focused on the longstanding campaign to stop the long distance transportation of horses across Europe for slaughter. In the autumn the Charity highlighted the plight of the hard-working horses and their families in Guatemala and told the story of Estrella (Star) whose painful saddle sores and injuries, caused by ill-fitting equipment and uneven loads were helped by the in-country project team. The heart breaking story of heroic mother Maggie and her foals Rosie and Jim inspired supporters to give generously to the Christmas appeal.

The national press acquisition programme performed consistently in terms of the return on investment but the anonymous rate remained high. To engage with new audiences the Charity tested digital promotion of an advert focused on the Adopt a Horse product. The advert was narrated by Digger, the Clydesdale who is the adoption horse at Belwade Farm.

Adoption horse May was the star of the show at the Mitsubishi Motors Horse Trials in 2016 where the Charity highlighted the plight of invisible horses through a sculpture trail based on a sculpture of May created by Judy Boyt. Artists then used stories of horses the Charity had helped as inspiration for their incredible designs. Spectators enjoyed learning about the horses and even helped to make the last horse on the trail visible by painting her. All of the artists gifted their time to create the sculptures and companies generously sponsored each one at Badminton. The sculptures were auctioned in November at the BT Tower in London, which was kindly gifted to the Charity by BT for the evening.

The Charity has received generous gifts from supporters and trusts, and the Chairman's Circle member's event held at Patron Pippa Funnell's yard, was well attended. The year saw a busy schedule of events including the flagship polo day at The Guards Polo Club and the viewing of Nichola Eddery's exhibition at the Osborne Studio Gallery in London. The Charity is also benefiting from new partnerships with established equestrian companies and is continuing to work with its Patrons on specific opportunities and is very grateful for their ongoing help and support.

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

WORLD HORSE WELFARE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

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 new facilities at Glenda Spooner Farm will enable the Charity to encourage more visitors to the Centre, to boost awareness of the Charity's work, help to provide educational resources and information, raise funds and encourage the rehoming of horses in World Horse Welfare's care.

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 the Hunks and Horses calendar both raised significant funds. Pleasure rides, by kind invitation of the Elveden Estate and the Forestry Commission were enjoyed by many.

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 12 months of operational expenditure. Based on the 2017 budget this indicates an ideal free reserve of between £8.5m and £10.5m.

At the end of 2016 the Charity held "free" reserves of £10.8m 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. Given the current financial climate 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 2016 the investment portfolio generated total revenue of £211k, against a target set by the Trustees of £200k. Given prevailing market conditions in the year, the Trustees viewed this performance as satisfactory compared to benchmark.

Plans for the future

The next two years may be thought of by many as a time of uncertainty, change and transition but the Charity knows that times like these are probably the new normal; the Fundraising Regulator is developing its rules, and the Information Commissioner is introducing the EU’s General Data Protection Regulations which will affect all organisations. The Charity’s strategic objectives for the period 2015-2018 take into account the developing, but definitely stricter, fundraising and data environments and focus 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 2017 are:

- To finalise structural and business plans and appoint contractors for the expansion of the Penny Farm Visitor Centre
- 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
- To pilot a partnership with SPANA, Brooke and the Donkey Sanctuary to support OIE in implementing the OIE working equine welfare standards
- 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
- To launch the Friends of the Farm Scheme and to pilot charging for a visitor equine experience at two Rescue & Rehoming Centres.

WORLD HORSE WELFARE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

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

Mr C S Hall OBE TD DL

Trustees and Members of Council

Chairman

Dr J B Johnson BVSc DVSc MRCVS –to 31 December 2016

Mr M Baines –member of Council to 31 December 2016 Chairman from 1 January 2017

Members of Council

Mr C Aldous QC (Vice Chairman)

Mrs S Coombs BSc (Hons) BVetMed MRCVS

Mr R Davison

Ms C Dimes ACA CTA (Treasurer)

Mr M Duff

Mrs S Godley-Maynard Chartered FCSI

Mr G Hughes

Mrs C Mitchell

Mr T Morrison

Ms C Nokes MP

Mr C Price CBE –from 1 January 2017

Ms J Ross MBA

Chief Executive

Mr R A Owers CFRE MRCVS

Executive Directors

Mrs J Crumpton-Taylor FCA

Mrs J Stark

Mr A R Tyler BHSI

Mrs E Williams



Mr M Baines

Chairman

27 April 2017

Opinion on financial statements

We have audited the financial statements of World Horse Welfare for the year ended 31 December 2016 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2016 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.

Emphasis of matter – early adoption of the charities SORP (FRS102)

In forming our opinion, which is not modified, we have considered the disclosure in note 1 concerning the charity's early adoption of the Charities SORP (FRS102) issued in July 2014, rather than applying the Charities 2005 SORP which has been withdrawn but is still referred to in the extant Charities (Accounts and Reports) Regulations 2008. This departure has been necessary for the financial statement to show a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice effective for periods beginning on or after 1 January 2015.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

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 Trustees' Report is not consistent with the financial statements; 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.

WORLD HORSE WELFARE

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF WORLD HORSE WELFARE FOR THE YEAR ENDED 31 DECEMBER 2016-continued

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 12 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor
25 Farringdon Street
London
EC4A 4AB

Date *9 May 2017*

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 2016

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000 (Note 18)
Income from					
Donations and legacies	2	7,807	463	8,270	7,429
Other trading activities	3	594	-	594	563
Investments	4	220	-	220	210
Other	5	75	-	75	51
Total		8,696	463	9,159	8,253
Expenditure on					
Raising funds		2,488		2,488	2,042
Charitable activities					
UK Centres		2,832	84	2,916	2,702
UK Field Work		1,464	-	1,464	1,456
International		1,125	130	1,255	1,161
Campaigning		167	144	311	294
Grants		91	-	91	127
Total	6	8,167	358	8,525	7,782
Net gains on investments		1,812	-	1,812	151
Net income		2,341	105	2,446	622
Transfers	13	35	(35)	-	-
Net movement in funds		2,376	70	2,446	622
Reconciliation of funds					
Total funds at 1 January		25,968	-	25,968	25,346
Total funds at 31 December	14	28,344	70	28,414	25,968

The notes on pages 24 to 35 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 2016**

	Notes	2016 £'000	2015 £'000
Fixed assets			
Tangible fixed assets	7	14,305	13,915
Investments	8	9,370	7,414
Total fixed assets		23,675	21,329
Current assets			
Legacies		3,288	2,545
Stock	10	27	18
Debtors	11	367	470
		1,723	2,287
Total current assets		5,405	5,320
Creditors: amounts falling due within one year	12	(666)	(681)
Net current assets		4,739	4,639
		28,414	25,968
Unrestricted-General		28,344	25,968
Restricted	13	70	-
Total Funds	14	28,414	25,968

Approved by Council on

27 April 2017



.....
Treasurer
Ms C Dimes ACA CTA



.....
Chairman of Trustees
Mr M Baines

The notes on pages 24 to 35 form part of these financial statements.

WORLD HORSE WELFARE**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
Net cash provided by operating activities	1	147	128
		<hr/>	<hr/>
Cash flows from investing activities			
Income received from land		29	8
Interest received		9	20
Dividends received		211	190
Purchase of tangible fixed assets		(1,169)	(2,113)
Proceeds from sale of fixed assets		9	18
Proceeds from sale of investments		200	2,000
		<hr/>	<hr/>
Net cash provided by investing activities		(711)	123
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(564)	251
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the reporting period		2,287	2,036
Cash and cash equivalents at the end of the reporting period	2	1,723	2,287
		<hr/>	<hr/>

WORLD HORSE WELFARE

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	£'000	£'000
1 Reconciliation of net movement in funds to net cash flow from operating activities		
Net income for the reporting period	2,446	622
Investment gains	(1,886)	(230)
Investment and rental income	(249)	(218)
(Increase) in value of legacies	(743)	(488)
Depreciation	507	413
(Profit) on sale of tangible fixed assets	(7)	(8)
(Increase) in stocks	(9)	(6)
Decrease/(increase) in debtors	103	(70)
(Decrease)/increase in creditors	(15)	113
Net cash provided by operating activities	147	128
	<hr/>	<hr/>

2 Analysis of cash and cash equivalents

	2016	2015
	£'000	£'000
Cash in hand	<u>1,723</u>	<u>2,287</u>

WORLD HORSE WELFARE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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, 2017, 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, have not been consolidated because the subsidiary is dormant and the impact on the Balance Sheet is not material. Information about the subsidiary is 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 2016**

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	-	2-10% straight line per annum
Farm equipment	-	20% reducing balance per annum
Other equipment	-	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 2016**

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.

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 2016

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

	2016	2015
	£'000	£'000
Subscriptions and donations	2,341	2,227
Legacies	5,554	5,045
Donations from charitable trusts	375	157
	<u>8,270</u>	<u>7,429</u>

In 2015 donations included £6k for the value of horse trailers which were given to the charity and were included in Other Equipment in fixed assets.

3 Other trading activities

	2016	2015
	£'000	£'000
Sales of refreshments & merchandise	242	193
Lotteries	176	175
Fundraising events	176	195
	<u>594</u>	<u>563</u>

Sales of refreshments & merchandise include donated goods which are mainly tack. Proceeds from the sale of these items were £24k (2015 £33k). The Charity's subsidiary company, ILPH Limited, has not traded since 31 December 2005. The company has no assets and no liabilities outside the group.

4 Income from investments

	2016	2015
	£'000	£'000
Dividends receivable	211	190
Bank interest	9	20
	<u>220</u>	<u>210</u>

WORLD HORSE WELFARE

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

5 Other income

	2016 £'000	2015 £'000
Rental and other income from land	62	41
Fees from other activities	6	2
Profit on sale of tangible fixed assets	7	8
	<u>75</u>	<u>51</u>

6 Analysis of total expenditure

	Governance £'000	Support £'000	Direct £'000	2016 £'000	2015 £'000
Refreshments & merchandise	-	-	109	109	81
Fundraising & publicity costs	43	170	2,166	2,379	1,961
Raising funds	<u>43</u>	<u>170</u>	<u>2,275</u>	<u>2,488</u>	<u>2,042</u>
UK Centres	59	241	2,616	2,916	2,702
UK Field Work	43	105	1,316	1,464	1,456
International	18	90	1,147	1,255	1,161
Campaigning	7	22	282	311	294
Grants	-	1	90	91	127
Total	<u>170</u>	<u>629</u>	<u>7,726</u>	<u>8,525</u>	<u>7,782</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>

	2016 £'000	2015 £'000
Support costs include		
IT	248	231
HR	138	169
Finance	157	139
Premises	86	128
	<u>629</u>	<u>667</u>

Operating leases (note 17) 320 290

	2016 £'000	2015 £'000
Staff costs		
Wages and salaries	3,139	2,946
Social security	294	277
Pension costs	201	192
	<u>3,634</u>	<u>3,415</u>

Employee benefits totalling £106k (2015 £113k) were paid in respect of vehicles, including vans, private health and cash health plans and accommodation for farm staff. Holiday pay accrued totalled £45k (2015 £52k).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

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 17. 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 £606k (2015: £560k).

Higher paid staff 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 (2015 one in the range £130,001-£140,000, two in the range £70,001 -£80,000, two in the range £61,001-£70,000 and one in the range £40,001 to £50,000). These figures include benefits in kind of £13k (2015 £9k). Pension contributions for these employees were £40k (2015 £41k)

The average number of full-time equivalent employees analysed by function:	2016	2015
Direct charitable activities	97	96
Fundraising	22	17
Management and administration	1	2
	<u>120</u>	<u>115</u>
The average head count during the reporting period was	<u>147</u>	<u>139</u>

WORLD HORSE WELFARE

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016	16,277	772	731	216	681	18,677
Additions	879	21	71	99	99	1,169
Transfers	(270)	-	-	-	-	(270)
Disposals	-	(9)	-	(44)	-	(53)
31 December 2016	<u>16,886</u>	<u>784</u>	<u>802</u>	<u>271</u>	<u>780</u>	<u>19,523</u>
Depreciation						
1 January 2016	2,792	582	602	173	613	4,762
Charge for year	337	42	36	35	57	507
Disposals	-	(9)	-	(42)	-	(51)
31 December 2016	<u>3,129</u>	<u>615</u>	<u>638</u>	<u>166</u>	<u>670</u>	<u>5,218</u>
Net book value						
31 December 2016	<u>13,757</u>	<u>169</u>	<u>164</u>	<u>105</u>	<u>110</u>	<u>14,305</u>
31 December 2015	<u>13,485</u>	<u>190</u>	<u>129</u>	<u>43</u>	<u>68</u>	<u>13,915</u>

Land & buildings are all freehold and include £1.9m (2015: £2.1m) of land which is not depreciated. The transfer of £270k 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

8 Fixed assets investments	Land	Quoted investments	Total
	£'000	£'000	£'000
Market value at 1 January	-	7,414	7,414
Additions at cost	-	74	74
Transfers	270	-	270
Disposals at carrying value	-	(200)	(200)
Net gains for the year	-	495	495
Revaluation	1,317	-	1,317
Market value at 31 December	<u>1,587</u>	<u>7,783</u>	<u>9,370</u>
Charity	<u>1,587</u>	<u>7,783</u>	<u>9,370</u>
Investment in subsidiary undertaking-at 1 January and 31 December			-

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 2016 are summarised as follows:

	2016 £'000	2015 £'000
Medium term fund: BNY MFM Ltd Newton Real Return Fund	3,099	3,172
Long term fund: Newton Global Growth and Income Fund for Charities	4,684	4,242
Total	<u>7,783</u>	<u>7,414</u>
Historic cost	<u>6,339</u>	<u>6,526</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 2016.

WORLD HORSE WELFARE

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2016

9	Financial Instruments		
		2016	2015
		£'000	£'000
	Financial assets		
	Trade debtors	26	13
	Other debtors	57	64
		<u>83</u>	<u>77</u>
	Financial liabilities		
	Trade creditors	121	204
	Accruals	469	407
		<u>590</u>	<u>611</u>
10	Stock		
		2016	2015
		£'000	£'000
	Stock	<u>27</u>	<u>18</u>
	The amount of stock recognised as an expense in the year was £109k (2015 £80k)		
11	Debtors		
		2016	2015
		£'000	£'000
	Trade debtors	26	13
	VAT reclaimable	16	149
	Prepayments and accrued income	108	108
	Other debtors	217	200
		<u>367</u>	<u>470</u>
12	Creditors: amounts falling due within one year		
		2016	2015
		£'000	£'000
	Trade creditors	121	204
	Other taxes and social security	76	70
	Accruals	469	407
		<u>666</u>	<u>681</u>

WORLD HORSE WELFARE

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2016

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.

		Balance 1.1.16	Movement in Funds		Transfers	Balance 31.12.16
		£'000	Incoming £'000	Outgoing £'000	£'000	£'000
Belwade Farm	a	-	12	12	-	-
Campaign to end long-distance transport to slaughter	b	-				
Capital items	c	-	141	141	-	-
CCTV Campaign	d	-	39	-	35	4
China	e	-	3	3	-	-
Glenda Spooner Farm	f	-	100	39	-	61
Guatemala	g	-	2	2	-	-
Hall Farm	h	-	66	66	-	-
Mexico	i	-	6	6	-	-
Penny Farm	j	-	25	20	-	5
Scotland	k	-	22	22	-	-
South Africa	l	-	1	1	-	-
UK rescue and rehabilitation	m	-	5	5	-	-
Veterinary supplies	n	-	38	38	-	-
		-	3	3	-	-
		=	463	358	35	70

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 2017.

a The Belwade Farm fund includes gifts from Evelyn Drysdale Charitable Trust and the Estates of the late Miss E Duncan towards rubber matting and other costs of running the farm.

b The 2016 Summer Appeal supported the campaign to end long-distance transport for slaughter in Europe.

c Mr & Mrs Miles contributed to the purchase of a new horse box for Hall Farm, The R S Macdonald Charitable Trust helped to pay for a new vehicle for the Field Officer covering the North-west and the Highlands of Scotland and The J & J R Wilson Trust made a donation for the purchase of a new tractor for Belwade Farm.

d The CCTV campaign wants CCTV to be mandatory in all slaughterhouses.

e The fund includes a donation from the Sir Peter O'Sullivan Charitable Trust for improving horse welfare in China through research and training.

f The farm's gifts include those from the Arab Horse Society for the rehabilitation of an Arab or part-Arab horse, and from Mrs Burt.

g The autumn appeal was for work of the Charity in Guatemala.

h The fund includes a gift from Retraining of Racehorses towards the rehabilitation of previously raced thoroughbreds at Hall Farm.

i The fund includes a gift from Elise Pilkington Charitable Trust for community-based training of farriers and saddlers in Zimatlan and Etna, Mexico.

j The day to day work of Penny Farm was supported by donations from Carr, Day & Martin, the Vera Wolstencroft Children and Animal Charitable Trust - for rubber matting -and the estates of the late Frances Keane and the late Mrs ME Brown.

k Donations for work in Scotland included support from A M Pilkington Charitable Trust and donations from events organised by the Scottish Committees.

l The South Africa fund includes gifts from Mrs D M France-Hayhurst Foundation for community-based training of farriers and community based equine advisors in Kwa Zulu Natal, South Africa.

m Funds for UK rescue and rehabilitation work include gifts from the Robert Cave Memorial Fund, the Rodway Family Charitable Trust, Rothera Family Charity Trust, and Waynfilet Charitable Trust for horses in Lincolnshire; a legacy was received from the estate of the late Jill Thomas which was not to be used for general administrative costs.

n The fund includes a donation from the estate of the late Mr SG Hillyard for the acquisition and purchase of veterinary supplies and equipment to be used in connection with the treatment and care of horses.

WORLD HORSE WELFARE

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2016

14 Analysis of net assets between funds

Funds	Tangible Fixed Assets	Legacies & Investments	Cash	Other net current liabilities	Total 2016	Total 2015
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted general	14,305	12,658	1,653	(272)	28,344	25,968
Restricted	-	-	70	-	70	-
Total	<u>14,305</u>	<u>12,658</u>	<u>1,723</u>	<u>(272)</u>	<u>28,414</u>	<u>25,968</u>

In 2015 there were no restricted funds.

15 Capital commitments

Capital commitments at 31 December 2016 in respect of expenditure:

	2016 £'000	2015 £'000
Authorised by Council and contracted with suppliers Indoor riding school and visitor centre Glenda Spooner Farm	-	1,174

16 Trustees' Expenses and Related Party Transactions

Trustees received no remuneration or any other benefits. Expenses of £5k (2015 £5k) for travel, subsistence, telephone, postage and stationery expenses incurred on Charity business were reimbursed or paid directly for 3 (2015 4) 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:

	2016		2015	
	Land and buildings	Other	Land and buildings	Other
Within one year	36	82	29	90
Within two to five years	74	128	2	169
	<u>110</u>	<u>210</u>	<u>31</u>	<u>259</u>

WORLD HORSE WELFARE

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

18 Comparative SOFA by fund

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000
Income from			
Donations and legacies	6,869	560	7,429
Other trading activities	563	-	563
Investments	210	-	210
Other	51	-	51
Total	7,693	560	8,253
Expenditure on			
Raising funds	2,042	-	2,042
Charitable activities			
UK Centres	2,387	315	2,702
UK Field Work	1,440	16	1,456
International	1,017	144	1,161
Campaigning	197	97	294
Grants	127	-	127
Total	7,210	572	7,782
Net gains on investments	151	-	151
Net income /(expenditure)	634	(12)	622
Transfers	3	(3)	-
Net movement in funds	637	(15)	622
Reconciliation of funds			
Total funds at 1 January	25,331	15	25,346
Total funds at 31 December	25,968	-	25,968

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 25 Farringdon Street London EC4A 4AB
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