



Animals in Distress

(Torbay and Westcountry)

(A Company Limited by Guarantee)

Trustees' Annual Report and Financial Statements

For the year ended 31 December 2021

Registered Charity Number 1105487
Company Number 05171505

ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)
(A Company Limited by Guarantee)

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The Trustees are pleased to present their annual trustees' report together with the financial statements of the charity for the year ending 31 December 2021 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, 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 (FRS 102) (effective 1 January 2015).

Trustees:

The Trustees of the Charity who served during the year were:

Meryl Brand
Geraldine Dix (Chair of Trustees from 13 December 2021)
Amy Cross-Webber
David Turner (Chair of Trustees - resigned 2 September 2021)
Alison Truscott
Chris Paradine
Jo Smith

Company Secretary and Chief Executive Officer:

Neil Thomas

Principal Address and Registered Office:

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Edgelands Lane
Ipplepen
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Devon. TQ12 5UF

Registered Charity No: 1105487

Registered Company Number: 5171505

Professional Advisers:

Auditors: PKF Francis Clark
Sigma House
Oak View Close
Torquay
TQ2 7FF

Solicitors: Boyce Hatton LLP
58 The Terrace
Torquay
TQ1 1DE

Bankers: Lloyds Bank Plc
2 Palace Avenue
Paignton
TQ3 3ER

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STRUCTURE, GOVERNANCE AND MANAGEMENT

Legal Status

Animals in Distress (Torbay and Westcountry) is a company limited by guarantee (company number 5171505) and is registered as a charity (number 1105487) with the Charity Commission.

Governing Document

Animals in Distress (Torbay and Westcountry) is governed by its Memorandum and Articles of Association dated 4 July 2004

There is one class of member. The maximum number of members is 20 or such numbers as the members decide. The first members were the subscribers to the Memorandum; further members are such individuals or organisations as appointed by the Trustees. There are currently seven members, each of whom is liable to contribute £10 in the event of the Charity winding up.

Appointment of Trustees

As set out in the Articles of Association, the first Trustees were the subscribers to the Memorandum. Additional Trustees may be appointed by the Charity in a general meeting or by the other Trustees. A Trustee must be aged 18 or over, must be a member of the Charity and must not be disqualified by virtue of provisions of the Charities or Companies Acts. The number of Trustees may not be less than three, but is not subject to a maximum.

At the Annual General Meeting, one third of the Trustees must retire. The Trustees to retire shall be those who have been longest in office since their last appointment.

Trustee Induction and Training

New Trustees undergo an induction to brief them on their legal obligations under Charity and Company law, the content of the Memorandum and Articles of Association, governance, the Committee and the decision making process, the business plan and the recent financial performance of the Charity. During their induction, the Trustee will spend time with the Chief Executive and with the Rescue Centre Management in order to familiarise themselves with the day to day running of the Charity. Ongoing training is given as appropriate to their position.

Organisation Structure

The Charity is managed through the following areas:

- i) The Animal Welfare teams deliver the care, rehabilitation, training and rehoming of the dogs, cats, rabbits and guinea pigs at the Rescue Centre
- ii) The retail team manage and run the charity shops taking in and selling donated goods
- iii) The Fundraising and Communications team deal with income generation and communications through fundraising and media
- iv) Head Office deal with management and administration including HR, accounts, ICT, volunteering and maintenance of our estate

Governance and Management

The Board of Trustees administers the Charity and meets every three months. A Finance Committee was established by the Board to maintain an overview of and provide advice to it, regarding the financial affairs of the Charity. The Finance Committee meets every three months too and is attended by at least three Trustees and the CEO.

The Chief Executive is appointed by the Trustees to manage the day-to-day operations of the Charity. To facilitate effective operating, the Chief Executive has written terms of delegation approved by the Trustees for operational matters including finance and employment.

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Remuneration of key management personnel

The Charity aims to provide a reward package that is competitive enough to attract and retain high calibre staff who wish to be part of the Charity's work. The remuneration of key management personnel is reviewed annually by the Trustees following a review of performance for the previous year. Salaries are also benchmarked against similar positions both locally and nationally.

Related Parties

The "new" charity (charity number 1105487) incorporated the tangible and intangible assets of the original "old" charity, Animals in Distress (Torbay and Westcountry) (charity number 900234) on 31 October 2004. The only excluded assets were future bequests, cash at bank and the benefit of any insurance claims.

Risk Management

The Trustees actively review the major risks the Charity faces on a regular basis and believe that maintaining reserves at current levels, combined with an annual review of the controls over key financial systems, will provide sufficient resources in the event of adverse conditions. A comprehensive risk analysis has been completed which has identified control and monitoring procedures to minimise any risk to the Charity and any impact they may have. The results are periodically reviewed.

STRATEGIC REPORT

The following sections comprise the Charity's strategic report for the year.

Objectives and Activities

Animals in Distress exists to alleviate pain, suffering and distress in animals as well as to promote animal welfare practices and responsible pet ownership across Teignbridge, Torbay and South Hams.

Furthermore,

- We at Animals in Distress undertake to care for and nurture any unwanted domestic pet that is brought to us, providing it is suitable for re-homing and there is accommodation available at the Rescue Centre.
- We will always provide shelter, food, exercise and veterinary care for the animals in our charge.
- We will never put an animal to sleep unless on the advice of our Veterinary Surgeon.
- We will endeavour to find suitable homes for our animals on the basis of a responsible home check or such similar precaution as is deemed necessary.
- We will at all times show respect, understanding and courtesy to our user groups together with an inherent sense of duty and helpfulness.
- We will always uphold the principles and objectives of our Charity and share with others the joy of helping Animals in Distress.

Our care is open to all regardless of an individuals' background or circumstances; the welfare of the animal is the primary concern of the Charity, not where the animal comes from or is going to. This includes the fostering of animals, when an animal has a chronic health issue requiring ongoing veterinary treatment which the Charity pays for, regardless of the individual's financial circumstances.

The activities carried out during the course of the year (as set out in the following section) demonstrate the level of Trustee and management commitment in ensuring that the Charity delivers real and tangible benefit to the public in all of its operations and thereby meets the public benefit requirements as set out by the Charity Commission in both spirit and word.

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Achievements and Performance

The Impact of Coronavirus (COVID-19)

During the COVID pandemic, a number of welfare issues arose relating to pets, especially dogs, such as theft, smuggling, breeding conditions, a surge in unwanted animals and funding for rescue centres. Reports in the press and from animal organisations highlighted an increase in pet ownership and this increased demand for pets inevitably resulted in an increase in animal welfare issues. Dog theft, and puppy smuggling had reportedly gone up to meet the growing demand although exact figures for these crimes are hard to pin down as animal theft is not recorded as a distinct crime. However, in October 2020, the BBC reported statistics obtained from freedom of information requests that showed five police forces had seen more reported dog thefts between January and July 2020 than in the whole of the previous year. In September 2020, the BBC reported figures from Pets4Homes, that showed the average price for puppies had risen to £1,883 between March and September 2020 compared to £888 for the same period in 2019. In August 2020, the Kennel Club reported that 42% of new owners didn't see the environment their puppy was raised in (in person or via video) and 83% weren't asked any questions by the breeder about their suitability as owners. Whilst one in four admitted impulse buying during the pandemic.

The economic impacts of the pandemic have affected animal welfare organisations with over half of animal rescue centres seeing their income drop by over 50% since March 2020 according to Battersea. These highlighted issues led experts to warn that the country faced an imminent animal welfare crisis. Government advisors concluded that animal welfare and increased pet ownership are the two areas where there is the two greatest risks to animal welfare as a result of COVID-19 pandemic.

The main concern for businesses and charities involved in animal welfare such as Animals in Distress, was the ability to continue to maintain required levels of service and standards given the severity of the effects of the various lockdown and restrictions. Early concerns that COVID-19 restrictions would have a severe effect on animal welfare were not borne out in the short term. The effect of the self-isolation and social distancing restrictions on staffing and cash flow was a repeated concern determining our ability to provide the animal welfare services, in both the short and longer terms.

Throughout the pandemic, we have been able to undertake our core operations as far as possible, whilst maintaining compliance with the social distancing rules and the need for hygiene precautions to help prevent the spread of coronavirus. Throughout this period, we ensured that admissions and rehoming could continue in accordance with COVID-19 secure guidance and that staff and volunteers could continue to work and tend to the animals in our care.

In 2021, we saw an increase in enquiries and applications for the animals in our care. It was not unusual for us to receive over 40-70 applications for an individual animal. A significant number of people who were interested in rehoming an animal had not considered being pet owners before the lockdowns.

As mentioned in last year's report, many people bought pets in response to social isolation, but there were concerns about animal welfare, with the potential risk of health and behaviour problems. These included animals bought on impulse, often poorly-bred from low welfare breeders or from overseas breeders as these became a more significant source of puppies and kittens to meet the spike in UK demand. In addition, many first time pet owners had little or no knowledge of pet care and for many puppies, there was reduced opportunities for socialisation during the lockdowns.

Sadly, the link between domestic violence and animal abuse is now well established and again in 2021, we were contacted more than usual to help pets caught up in difficult situations. Pets, especially dogs

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and cats are at high risk of harm in abusive households, as perpetrators direct their anger at them and use them to manipulate and control their human victims.

We always help when we can as this often enables the victim to escape an abusive or violent household knowing their pet is safe with us.

Throughout the pandemic, dog thefts became more prevalent and we saw increased media coverage of this. We took more calls than normal in 2021 from people trying to locate their pets. In addition, it was reported that microchipping rates dropped significantly. When vets stopped providing non-emergency treatment during the first lockdown and with lower than normal numbers of veterinary consultations since, this suggests that microchipping rates may not recover quickly as pet owners have chosen to visit vets only for urgent care. This will potentially impact on the ability to reunite stray or stolen dogs with their owners quickly in the future, resulting in additional costs to the welfare charities and Local Authorities.

Along with many other animal charities, we continued to feel the impact of COVID-19 on our work throughout 2021 and so far in 2022. It has been busier than normal, but without the same number of staff and volunteers onsite, it has hampered our ability to carry out our work as normal. We were also concerned about how COVID-19 has and will impact animals and our pets in the longer term.

We have also seen the impact of the lockdowns on dogs in a variety of ways. More people than ever have purchased dogs during the various lockdowns as more people are at home. The price of puppies more than doubled during lockdown with dogs costing almost £1,900 on average, with popular breeds often selling for £3,000 or more. This has led to greedy breeders, puppy farmers, backyard breeders and third-party puppy sellers all trying to cash in on this trend.

Over the last couple of years, we have taken in puppies bought in haste from third party puppy sellers that were no longer wanted when people have returned to work, sick puppies abandoned by breeders at the vets, breeding bitches that can no longer produce litters and older dogs who have been found surplus to requirement when people have bought a 'lockdown' puppy. The surge in demand and high prices also created an increase in dog theft, with dogs being stolen to order to be re-sold as pets or to be used as breeding machines to create more puppies. As always, we encouraged owners to look after and neuter their dogs.

We have been worried about the dog welfare crisis as people returned to work away from the home and the impact of separation anxiety, both to new puppies who have never been left and adult dogs who have got used to having company most, if not all of the time. Many of the dogs that have come into the Rescue Centre over the last couple of years have separation anxiety and have taken some additional work, by the staff and volunteers, to deal with this issue at a pace each dog was comfortable with, before they were ready to be rehomed.

It was reported that a guesstimate of 84,000 extra kittens were born in 2020 due to fewer vets carrying out neutering procedures during the various lockdowns! We have definitely felt the impact of this 'kitten crisis' and continue to be worried about the long-term impact on the number of feral and unwanted cats, which then go on to breed in the years to come. We have been doing our best to continue to neuter as many cats as we can throughout the crisis.

Our smaller furry friends have also suffered. During the lockdowns and restrictions, people have bought rabbits and guinea pigs to keep themselves or their children amused, not appreciating the amount of care they need, and they are now surrendering them to rescue centres or even worse, dumping them. We have had a constant demand from owners wanting to give up and sign over their small furries to

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the Charity. Many of the rabbits come in unneutered, some are already pregnant and we have taken in as many as we could comfortably cope with before trying to find them their forever homes.

There was a real and valid concern that for many smaller rescues in particular, who perform such a vital social and welfare function, the pressure of increased demand and reduced incomes will prove too great. This was something that we were acutely aware of right from the start of the pandemic and something that shaped our strategy throughout and continues to do so.

There are so many benefits for potential new owners of getting their animal from a rescue centre compared to the risks of buying from unscrupulous breeders or from unknown sources online. The rapid increase in interest in owning a dog or cat led to a surge in online buying. Acquiring a new pet should always require buyers to do their research and undertake the proper checks themselves to ensure they are buying a healthy animal. Rehoming a pet from a recognised rescue organisation such as Animals in Distress helps buyers avoid unscrupulous dealers, breeders and traders that pose such a threat to the health, welfare and happiness not only of the animal, but of the whole family. A rescue pet will be healthy, having received any necessary medical treatment and will be vaccinated and microchipped.

The main challenge and concern in the medium term continues to be fundraising and the uncertainty around income. Animals in Distress is typical of most other animal charities in that an important part our income comes from legacies and those legacies are often dependent upon the sale of property to liquidate the bequest. With the property market having been so buoyant, we have realised the level of legacy income we could have hoped for during the last couple of years.

We continued with our business continuity planning over the last year by keeping animal numbers at the Rescue Centre to a level where we could comfortably cope. This was crucial for a number of reasons. Firstly, for the wellbeing of the animals as issues such as separation anxiety meant that some animals stayed with us longer and secondly, to reduce the number of staff needed to deliver the same exceptional standards of care and finally to make room for a sudden and increased demand for our services. There are always emergency admissions but with people getting ill with COVID-19 or passing away, losing their jobs and/or no longer able to afford to look after their animals, we anticipated that we would be approached to take on more animals.

During 2021, we continued to focus on leanness as a matter of approach, reduce our costs, strip out any waste and drive efficiencies. The challenge with a 'lean' approach is that it could leave the Charity less resilient. We looked at ways of working that are more compatible with a population maintaining social distancing over a sustained period and placed a greater reliance on digital customer journeys and experiences.

Operational guidance was produced and frequently updated for the animal welfare sector by the Canine and Feline Support Group/DEFRA. This covered how we could bring in, look after and rehome animals within the framework of the government restrictions around social distancing and non-essential travel, in the context of the government saying, where possible businesses should continue operating, but in a responsible way that manages risk very carefully.

Our traditional rehoming model included an online or hard application, one or more visits to the Rescue Centre, meeting the animals and then hopefully adopting a new one. During the early part of the pandemic, we developed a new model to replace the visit with an interview on the telephone where we discussed the potential adopter's preferences and the sort of animal they were looking for, and then introduced them to an animal which might be suitable on a video call. If the person was interested, the adoption paperwork was completed online where possible and we delivered the animal to the adopter's doorstep. If it was a cat, the cat was transferred on the doorstep in a carrier with a conversation from a

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safe distance. If a dog, the introductions were done off site or in the adopters garden. Although, not as efficient as our pre-COVID-19 model, it was more customer orientated and allowed us to continue rehoming through the lockdowns.

The updated guidance in 2021 allowed rehoming to continue, limiting it to one member of the family to deal with any administration. The Rescue Centre was kept closed to general public access throughout 2021, with all admissions and rehoming done by appointment only. This helped manage workload with a reduced staffing level and continued to protect the staff and volunteers.

At the time of writing this report and after careful consideration about how we can best continue to serve our local community and the animals in our care, we have decided that the admissions and rehoming of the animals will continue to be by appointment only, with the Rescue Centre remaining closed to general public access for the foreseeable future.

Over the last two years the animals in our care have been used to the relative calm of being closed to the public and as a result, we have seen a marked decrease in the stress levels exhibited by the animals. We are mindful that a sudden influx of daily visitors would cause some welfare issues.

We love having visitors to the Rescue Centre, however, not only are there the welfare issues to consider, we now have fewer staff available each day to attend to a steady stream of visitors. Like most charities, it has been a challenging period for Animals in Distress and in the current financial climate we are now forced to operate with smaller teams than in previous years. The Rescue Centre team's priority of course remains caring for the animals. We will keep this decision under review as we continue to navigate through these continued difficult times.

We know that as there was a need for Animals in Distress pre-COVID-19, then as we gradually see the light at the end of the tunnel, there is certainly going to be a need for the Charity going forward. The sustainability of the sector is being tested by this crisis and we know that there are challenges ahead but we are as determined as ever to ensure Animals in Distress remains as relevant as it always has been and continues to serve the community in a trusted and transparent way. Only time will tell whether the long-term impact of COVID, the Ukraine crisis and increasing inflation will be felt across the Not for Profit sector. Let's hope that the global catastrophes will provide a catalyst for altruism that society desperately needs.

Government Coronavirus Business Support

In response to the crisis, the government announced a series of extraordinary business support measures in 2020 to protect businesses and to save as many jobs as possible during the COVID-19 pandemic. Fortunately, the Charity was able to take advantage of a number of these schemes in 2020 and 2021, many of which were administered by the three councils in which our premises are located. The majority of the grants the Charity was able to apply for were in relation to our shops being non-essential retail as together with hospitality and tourism, these were the main sectors being supported. The application process for each of the grants administered by Torbay Council, South Hams District Council or Teignbridge District Council was different, even for the same grant. Each Council and grant required varying information and financial evidence which we were able to provide. The grants awarded and received by the Charity in 2020 and 2021 totalled £318,792.39.

The grants included Business Rate Grants, National Lockdown grants, Local Restrictions Support Grants (tiers 2 and 3), Closed Business Top-Up grants and Restart grants. Unfortunately, animal rescue centres were not eligible for the majority of the grants and we did not meet the criteria for some of the

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discretionary grants available because we are not a small business or sought any of the business interruption loan schemes available.

As an employer, we were able to use the Coronavirus Statutory Sick Pay Rebate Scheme to reclaim up to two weeks' worth of Statutory Sick Pay (SSP) that we paid out to employees for COVID-19 related sickness absences. We have had a number of staff members who had coronavirus or had to self-isolate. SSP was paid for absences from the first day off, rather than day four as is standard. The Charity was able to reclaim £2,208.84 on this scheme which ceased on 24 March 2022.

The Coronavirus Job Retention Scheme (CJRS) was a government wage support measure. It was designed to protect jobs in the wake of the economic impacts of the COVID-19 pandemic, and to support employers who are facing difficulties to continue paying wages rather than making people redundant. As an employer, with the shops and the Rescue Centre closed during the various lockdowns and the number of animals on site reduced, there was either less or no work for quite a number of our staff because of coronavirus. By agreement, we were able to put these staff members on furlough or on flexible furlough meaning that they stopped working and they received 80% of their normal pay. The Charity was able to claim CJRS grants to help carry on paying furloughed staff. The Charity had nearly 5/6th of its workforce furloughed at times, functioning on just a core team of staff. The only staff members who were not on furlough or flexible furlough at any point were the Finance Officer and CEO.

The Coronavirus Job Retention Scheme (CJRS) was extended until the end of September 2021. Until the end of June 2021, the UK government paid 80% of employees' usual wages for the hours not worked, up to a cap of £2,500 per month. For periods in July this reduced to 70% and for August and September 2021, the contribution reduced to 60%. The grants are not classed as state aid. The Charity was able to claim furlough pay, employers National Insurance and pension contributions (to July 2020) totalling £493,756.38.

As mentioned in the last Annual Report, the government support we were able to access was an absolute godsend and we are eternally grateful for all of the financial assistance we have received as it has helped the Charity immensely during what has been an extremely challenging and difficult time. The various schemes and grants have greatly assisted the Charity to continue functioning during the pandemic and have certainly helped replace some of the lost income in the shops and although sadly we have had to make two roles redundant, it has kept as many of our staff as possible in their jobs, something which we were determined to do from the outset.

Redundancies

As mentioned in last year's report, it was with great sadness and much regret that Animals in Distress faced a very difficult situation where there was the real prospect of having to make some of our staff redundant. The pandemic triggered yet another recession in an economy that was already turbulent. Some sectors such as travel and hospitality were worse hit than others, but a swift decline in consumer confidence and spending meant that most industries, including the third sector, experienced huge challenges incurring reactive redundancies. We were not immune to what was happening and the spring and summer months of 2020 were particularly difficult for the Charity. We knew tougher times were likely to be ahead and therefore changes had to take place to ensure the sustainability and survival of the Charity.

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Despite the CJRS ending on 30 September 2021, as an employer, throughout the pandemic, we have had to consider how our workforce might look following the end of subsidised furlough and a return to more normal working patterns. We have always placed a high priority on maintaining job security for all our staff. However, the pandemic has caused financial constraints, funding shortages, re-organisation and changes in working methods which resulted in the requirement to reduce our number of staff.

Throughout the pandemic, we made changes in the way work was organised and we adapted our working practices and procedures to function with far fewer staff. This meant we were doing things in different ways with some work being absorbed by other members of staff. After careful and thorough consideration of all possible options, the Trustees and CEO concluded that we may have no alternative but to make redundancies.

The risk (that we worked hard to try and avoid), related to the likely inability to provide work for all of our employees and therefore certain jobs may not be needed. We reviewed roles in our Retail and Rescue Centre animal department operations and decided that they would remain largely unaffected. Initially, the Receptionists and the Administrator and Human Resources Coordinator roles were put at risk of redundancy. We actively explored alternatives to compulsory redundancies such as considering offering voluntary redundancy, temporary reduction in working hours, flexible working, restrictions on recruitment and retraining employees to do other jobs for the Charity. Unfortunately, redundancies were unavoidable, so we worked hard to minimise the number of employees affected. We communicated clearly with all affected employees and ensured that any selection for compulsory redundancy was undertaken fairly and reasonably. We undertook a thorough consultation process with staff affected together with any recognised trade unions and/or employee representatives as appropriate. It was concluded that there was a diminished requirement for the Administrator and Human Resources Coordinator role as a significant number of staff were furloughed and the work was being done by others. The role and the position holder was made redundant towards the end of October 2020.

Following a further extension of the CJRS, it was decided to keep the Receptionists on furlough as the Rescue Centre remained closed to public access. No further redundancies were made in 2020. During the first quarter of 2021, one further staff member was dismissed by way of redundancy. With the continued reduced number of animals on site and therefore fewer veterinary treatments being carried out, the Veterinary Nurse Assistant role was also made redundant as there was a diminished requirement for the role.

It was a very difficult decision to make two of our employees redundant. We do not underestimate the impact that this has had on them as individuals and how unsettling this has been for other members of staff. No other roles were put at risk of redundancy in 2021 and although we cannot rule out further redundancies in the future, we will continue to do all we can to avoid this and endeavour to maintain job-security for our employees.

The Great Resignation, fact or fiction?

The 'Great Resignation' was a phrase that first appeared in May 2021 and has impacted employers ever since. Coined in the US, the term refers to the unprecedented rise in the number of workers resigning from their jobs following the pandemic. There has since been a huge amount of research trying to work out why this has happened. Were workers quitting work entirely, as the pandemic made employees re-evaluate their priorities? Or are they quitting to pursue their dreams in a different career?

The theory goes that the pandemic has induced workers to re-evaluate what they want from work with a suggestion that people will no longer put up with bad work. Some are quitting their jobs, while others are quitting work entirely. But what did the evidence suggest?

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The way we live and work changes as we get older. People usually transition through stages such as education, employment, inactivity and eventually retirement, but the major disruption of the pandemic has interfered with these transition points.

Perhaps they came sooner and were much more discrete than they might have been in smoother economic times. There has been a record numbers of young people attending higher education and an increase in an early exit from the workforce. The sheer length of the pandemic and its disruption put a lot of open water between the pre and post-pandemic world of work making the disjoint seem starker.

There is some evidence for a great resignation. The theory that the pandemic has shifted preferences around the type of work people want to do holds less water. Rates of job-to-job moves can be explained by the dynamics of furlough ending and the economy reopening.

A combination of suppressed churn/turnover and a tight labour market and high rates of exit from the labour market, particularly for older workers, are not unusual in a recession.

Animals in Distress has experienced the impact of the 'Great Resignation' over the last couple of years seeing a number of our staff leave the Charity's employment. The reasons were varied and included ill-health (including long-COVID), change of career, changing family/domestic circumstances, retirement, early retirement, reduction in working hours or to cease working at all and the two compulsory redundancies. The Charity employed 67 members of staff just before the first lockdown in 2020, at the time of writing this report, we now have a staffing level of 48, made up of both full and part-time members of staff. This reduction in the workforce has meant a reduction in our overall payroll costs meaning that the prospect of future redundancies is, we hope, far less likely now.

Whether or not there has been a great rethink about work is less important. The challenge for employers, including Animals in Distress, and policymakers are the same. Recruitment has proved really difficult and that may be holding back the recovery. Creating quality work with lots of flexibility will help employers attract, and crucially retain employees. This is particularly important for older workers who value flexibility, especially around hours worked. There has also been a large increase in inactivity due to sickness and ill-health. As an employer, we must ensure we can facilitate the provision of reasonable adjustments for those with a disability or long-term health conditions.

The high churn and record vacancies experienced in 2021 and early 2022, appears to be dying down. Longer-term skills shortages will remain. To combat 'The Great Resignation' and in order to attract and retain talent, as an employer, we are looking to the future by introducing new policies and practices which demonstrate that we continue to value our employees and their needs. Research indicates that the second most important benefit, after salary and bonuses, for an employer to attract workers who are looking for a new job is flexible or remote working (30%), followed by extra holidays and days off (25%).

Retail Operation

The first lockdown forced the closure of non-essential retail on 24th March 2020 and our shops then remained closed over the summer months until we undertook a phased reopening during September and October 2020. The shops then had to close again from 5th November as the country went into a second lockdown, reopening four weeks later on 2nd December. We were open for 3 weeks on the run up to Christmas, closing the shops over the festive and New Year period with the plan to reopen again on 5th January 2021. However, the third lockdown was announced and commenced on that day so we kept our doors shut as non-essential retail had to be closed again.

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In line with the government's roadmap out of lockdown, we reopened our shops on 12 April 2021 when we were allowed to do so. We were so pleased to see the return of our staff and volunteers and to welcome back our wonderful customers who we certainly missed. The wellbeing and safety of our customers, staff and volunteers has remained paramount and we have undertaken COVID-secure measures throughout the pandemic to ensure a safe and secure environment in which our customers can have the reassurance and confidence to shop with us.

The lockdowns, including the first few months of 2021 resulted in our shops having a huge amount of donations left outside their doorways. As people spent time clearing out their attics, wardrobes and drawers, we received a huge amount of donations. Sadly, much was damaged, soiled or of poor quality and in some cases, simply household rubbish and as a Charity, this commercial waste cost the Charity a lot of money to simply dispose of other people's waste.

It is with much sadness and regret that following protracted discussions with our landlord, the Trustees and CEO decided that our Dawlish shop would be closed at the end of 2021. The lease expired in 2018 and we had been holding over in line with the terms of the lease ever since. The previous landlord was happy with this arrangement and even agreed to reduce the rent for us.

However, when he sold the shop to the new landlord, it was clear from the outset that the new landlord wanted Animals in Distress to sign up to a new long-term lease with increased rent and a maintenance contribution to fund the repairs on the whole building. Our CEO and Retail Support Manager met with the landlord in February 2020 to try to seek an agreement that would suit both parties. Unfortunately, we were poles apart on what the landlord wanted to charge and what we would be willing to pay to carry on as a tenant in the shop. With the shop closed due to lockdown in March 2020 and then further restrictions and lockdowns that year and in the first quarter of 2021, it meant that it would have been difficult for the landlord to justify an increased rent, however, we knew that it would only be a matter of time before the new landlord would revert to us to discuss new terms which he did in July 2021. Unfortunately, he wanted us to sign a new 9 year lease with a 67% increase in rent plus a monthly maintenance payment to build a fund up for external repairs to the whole building.

Unfortunately, despite trying to negotiate with the landlord, he refused to make the terms much more favourable. In addition, he had the café next door wishing to go into our shop premises to create a delicatessen and they were willing to pay him what he wanted. The landlord made it clear that he would rather have a deli than a charity shop in one of his properties.

Sadly, there was not the level of profit in the shop to agree to the new terms as this would have rendered the shop unprofitable. Also, we would certainly not sign a lease of significant length without break clauses, something the landlord was unwilling to offer. As a result, the Trustees and CEO reluctantly made the decision that we would have to close and vacate the shop.

We agreed with the landlord that we would continue trading until the end of the 2021 and have a couple of weeks into the start of 2022 to clear and vacate the premises. Our CEO served the landlord with a Tenant's Notice to Terminate Protected Terms Lease (Section 27 Landlord and Tenants Act 1954).

Our two shop staff members and the volunteers were informed of the decision and as you can imagine, they were devastated. They were provided with re-deployment opportunities so that they could remain employed by the Charity and both staff members chose to move to our Newton Abbot shop in January 2022. We would like to express our thanks for the hard work and efforts that all of the Dawlish staff and volunteers put in to make the shop as successful as it has been over the years. Leaving the town was certainly never part of our retail strategy and it has been incredibly frustrating that through factors out of our control, that ultimately, we had to make the decision to do so.

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We looked for alternative premises but there were very few vacant and suitable premises in the town. Our CEO made a formal tender for a Teignbridge District Council (TDC) building (ex-Tourist Information centre) that was on offer. Unfortunately, we were not successful which came as no surprise in the end as the feedback during the tendering process from the agent was that TDC didn't want yet another charity shop or café going in there. Unfortunately, at the time of writing this report, there are no other suitable premises available but we will keep searching.

We are hugely grateful to our supporters and customers who have either donated to or been a customer in our Dawlish shop over some eight years. Closing any shop has huge knock on effects for the staff and volunteers, customers, supporters, the retail department, the Rescue Centre and the Charity overall. The Trustees and CEO are hugely saddened that our Dawlish shop had to close but we hope that in the future, we will find a suitable premises to be able to return and trade in the town again.

Looking forward, irrespective of the size of our current retail operation, it remains vital that we have an up-to-date retail strategy if we are going to continue to grow our unrestricted income. It remains important that we frequently revisit and update our retail strategy because market conditions and consumer shopping habits are changing fast. We are currently in a challenging economic period within an uncertain world, with rising costs plus soaring inflation. Although this seems horrendous, it can be a massive opportunity for the Charity to take full advantage of the market conditions. Shopping habits such as online shopping have grown 42% in the last 30 months from 19% to 27% of all retail sales.

The Trustees, CEO and our Retail Support Manager regularly review our retail strategy. The risk of not having an up-to-date retail strategy is considerable and while it can be useful to have an agile approach to retail development, it is far more likely to be successful as part of a retail strategy. A future proofed retail strategy sets out the direction for the retail business and considers all the options.

We frequently ask ourselves whether our retail operation could generate greater unrestricted income. Like most charities, the answer is 'yes'. We are always operationally looking at our shops to generate more income. The key to unlock some further unrestricted income tends to be strategic enhancements to the retail business rather than operational changes. There are three main areas that benefit from strategic enhancements:

A well-balanced shop portfolio: We believe that we have this with our largest store, the Outlet and a range of different format charity shops. Whilst this sounds easy, getting the right balance is the key, and it needs careful planning due to the changing retail landscape.

A fully integrated retail business: Most charity retailers are currently struggling to fully integrate the online and retail shops. Ideally all the sales related data from all online channels including Gift Aid should be available on the EPOS, and there should be no need to exclusively move donations to a central point to try to sell online. The manual process, as far as possible, should be replaced with automation to improve efficiency.

A fully optimised retail shop estate: Mainstream retailers generally have a team of specialists to support their retail team, charities, depending on their size, will have something similar if a national organisation but on a more local level, just a senior retail manager as we do with our Retail Support Manager RSM). To optimise a charity retail shop, the RSM needs to ensure that these two main aspects are in place:

- Using the science and data to decide shop layouts, and use of retail space including hot spots to ensure the customer journey within each shop generates optimum sales.

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- Using the shop format, local demographics and data to scientifically decide the pricing of donations. This normally requires training of the shop manager as it is very difficult and can be complicated, however the benefits can be considerable with a sales increase of 8% being normal.

Like most charities, we are extremely concerned by the economic impact that rising costs are going to have on our services, either directly or indirectly. With the low consumer confidence, coupled with changing consumer shopping, we have growing concerns if our planned unrestricted income from our retail operation is secure. Whilst there is no such thing as a silver bullet within charity retail, we continue to evolve and develop our retail strategy to secure the maximum unrestricted income from our shops. Although our shops are yet to fully see footfall and income return to pre-COVID levels, we remain extremely optimistic that our retail operation will continue to perform incredibly well during these continued unprecedented times. We remain in the best possible position to maximise our return from our shops and to continue to give our customers a shopping experience that we can be proud of.

Rescue Centre Improvements

During the year, we continued our rolling programme of improvements to the facilities at our Rescue Centre in Ipplepen. Although no major projects were undertaken in 2021, we still maintained facilities, where possible, in order to continue to provide a safe working environment for our staff and volunteers, excellent accommodation for the animals and to ensure that the site remained presentable at all times. COVID-secure measures remained in place, including hand sanitiser stations, cough guard screens, suitable signage and ensuring our staff and volunteers had suitable PPE.

Adoption Fees

Our adoption fees remain broadly in line with other charities, both locally and nationally. At the start of each year, we apply a modest increase to the adoption fees for the animals which goes some way to offset some of the veterinary costs that the Charity incurs to give the animals the very best treatment and care. It generally costs the Charity far more to look after and treat each animal than the adoption fee covers. Occasionally, we have charged increased adoption fees above our standard rates for certain breeds and this additional income, ensures that we can help more animals that come into our care.

When an adopter rehomes an animal from Animals in Distress, they take home a pet which has been fully assessed by our expert animal welfare staff as well as our veterinary surgeon. Every pet at the Rescue Centre is: vaccinated, microchipped, neutered, wormed and flea treated (where appropriate for their species), examined by a vet and given any necessary treatments and where appropriate given a training plan designed to meet their specific needs.

Key Statistics

In 2021, we admitted 364 animals (388 in 2020) to the Rescue Centre (64 dogs, 167 cats/kittens, 54 rabbits and 79 guinea pigs) and rehomed 322 animals (400 in 2020) from the Rescue Centre (59 dogs, 149 cats/kittens, 45 rabbits and 69 guinea pigs). This represented a decrease of 6% in admissions and 19.5% in rehoming compared to 2020. The reduction in numbers was purely down to the impact of the pandemic, the various national lockdowns and local restrictions as well as the restrictions placed on rescues throughout regarding admissions and rehoming.

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We continued to work with and develop the Open Paw Programme in the kennels meaning that we were able to help many dogs find their forever homes. Open Paw is a programme specifically developed for dogs and cats in rescue centres, designed to provide animals with the enrichment, training and social skills they will need to make them more rehomeable, and to help them successfully settle into life in their new homes.

During 2021, Animals in Distress continued to assist Redditch Cat Rescue with taking on a number of cats and kittens. We took a number of cats and kittens from the North Worcestershire based voluntary run charity to assist them when overrun. More locally, we also assisted Cats Protection by taking a number of pregnant queens, cats and kittens. We will always do our best to help out other animal charities, both locally and nationally including Cats Protection and the RSPCA, when there is a need.

According to a survey of just over 5,000 people by the Pet Food Manufacturers' Association (PFMA), it was reported that a total of 3.2 million households in the UK got a pet since the start of the coronavirus pandemic. It said that the country now has 17 million pet-owning homes. Young people were the main cause behind this trend, with more than half of new owners aged 16 to 34. Many brought pets in response to social isolation but this raised animal welfare concerns.

People under 35 make up 59% of new pet owners, while over half of those buying a pet for the first time had children at home. Unfortunately, introducing a pet to a household in COVID times did cause repercussions and create some unexpected difficulties for some. A third of new owners said it was like having a baby while about a fifth of families with children said training their pet proved challenging. As a result, one in twenty of those who bought a pet during the pandemic gave it up. On a positive side, nearly three quarters said their pet helped them with their mental health while they were coping with the various coronavirus restrictions.

Animals in Distress continues to ensure that all animals admitted and cared for at the Rescue Centre are healthy and receive all the necessary veterinary care that they need. The reduction in the number of animals on site during the pandemic resulted in fewer treatments required and a reduction in associated costs. A total of 2,910 (3,496 in 2020) consultations and combined treatments were administered (vaccinations, flea and worm treatments etc.) including operations (neutering, orthopaedic etc.) were performed in 2021. Whenever possible, the vast majority of treatments and operations continue to be undertaken on site at the Rescue Centre. Total veterinary costs which include ancillary costs (i.e. lab fees, medical gas, medication, equipment etc.) were £67,301 (£93,875 in 2020).

We continue to benefit from being able to purchase discounted veterinary medicines through MWI Animal Health which is a conglomeration of a best-in-class wholesale distributor Centaur Services, a practice management software innovator Vet Space, and two buying groups with relationships across the industry, St. Francis Group and Vetswest.

Veterinary Contract

Our veterinary provision at the Rescue Centre continues to be provided by Quarry House Vets, whose main practice is in Torquay. The Charity has maintained a good working relationship with this practice for nearly a decade now and our aim and requirement is the same as it is always has been, to ensure that they provide the best and most up to date veterinary care for our animals. We will consider undertaking a retendering exercise for the contract when we feel that the time is right, however, we will continue to utilise the services of Quarry House as they meet all of our requirements at this time.

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Big Bark Kennel Build Project Update

We launched our fundraising campaign to build our new kennels in October 2018. We continued to fundraise for the project in 2019 and at the start of 2020. We knew it was always going to be a mammoth task but we continued to be blessed by the generosity of so many of our supporters and corporate contacts as we started the long road to our then target of £1.2m.

In December 2019, we received the fantastic news that Teignbridge District Council (TDC) had granted conditional planning permission for the development of the Rescue Centre site, including the kennels. It gave everyone a boost and meant that we could move onto the next phase of the project in 2020.

The Coronavirus (COVID-19) pandemic then hit and with the various lockdowns and restrictions, it severely curtailed our ability to fundraise for the new kennels. General fundraising became increasingly difficult and our focus had to be and still is in raising general funds to ensure the sustainability of the Charity. The project therefore inevitably took a back seat throughout 2020 and as the pandemic continued, throughout in 2021 and so far in 2022.

Our initial target of £1.2m was based on cost-estimates. With labour and material costs having increased substantially in recent months, that figure could be much nearer £1.5m to £1.6m now, making the challenge to raise the money necessary, virtually impossible. However, we remain determined to provide our dogs with the improved facilities they deserve and as a result, the Trustees and CEO are now considering the possibility of a scaled down version of our original plans or a refurbishment of our current kennels which would be far more financially feasible in the current climate. Any change of plans would be in consultation with our supporters who have already donated towards the project and we will keep them informed every step of the way.

Use of Volunteers

Despite the ongoing pandemic, Animals in Distress continued to benefit from the fantastic contribution that our wonderful volunteers made during 2021. The Rescue Centre was closed to general public access from March 2020 and throughout 2021, however, once the government restrictions were relaxed to allow volunteering, we brought back a number of our volunteers to assist at the centre.

The pandemic and the lockdown forced the closure of our shops for much of 2020 and until mid-April 2021. It is therefore with no surprise, that the number of volunteers and the hours that our volunteers were able to contribute in 2021 was far less than pre-COVID but by no means, any less significant. Understandably, even when the shops re-opened, many of our volunteers were very wary of mixing in public so we had fewer volunteers to call upon during the year.

Our volunteers contributed at least 5,680 hours to the Charity during 2021 (6,235 hours in 2020) in our shops, at the Rescue Centre, fundraising in the community and in our Head Office. We continue to recognise the incredibly valuable part that our volunteers play in making this Charity such a success and we will continue to involve our volunteers more in other areas of our work such as administration, fundraising and events. The Charity considers the recruitment of volunteers in the same way as staff and carries out a thorough administrative process in their selection.

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Fundraising Activity

Our aim as always is to continue to be financially resilient and sustainable. 2021 proved to be yet another challenging year for the fundraising team. We continued to look at creative ways to engage and involve our supporters, whilst continuing to increase our reach, build our supporter base and develop enduring relationships with our community supporters, corporate partners and other charity partners. During the year we resumed the printing of our bi-annual magazine, enabling us to re-connect with valued long-term supporters whom we could not reach with our e-magazines and e-newsletters in the first lockdowns.

Our social media reach also grew this year as social media continued to be a preferred method of communication for many new and existing supporters.

Our fundraising efforts covered trusts and grants, individual giving, events and challenge fundraising, social media appeals, community-led fundraising and corporate sponsorship. We are grateful to every single supporter for every gift we receive. We pride ourselves on being supporter focused and we will always phone, email or send a personal card to thank every person who donates.

Donors can be assured that we comply with the regulatory standards for fundraising. We are a member of the Institute of Fundraising and are registered with the Fundraising Regulator. We are committed to the Fundraising Promise and adherence to the Code of Fundraising Practice, which can be found at: <https://www.fundraisingregulator.org.uk/code>

We have several controls in place to ensure we protect our supporters' privacy and data and to provide our supporters and potential supporters with the respect and gratitude they deserve. We have a robust GDPR policy and staff from across the Charity have received training to ensure it is applied properly.

We are signed up to the Fundraising Preference Service to enable people to opt out of receiving fundraising communications from us. We received no requests from this service last year. A few highlights of 2021 include:

- Regular Giving was up 18% on the previous year from £14k to £16.5k.
- The lottery in partnership with Your Charity Lottery raised £2,276
- We received £14,900 in online donations
- Our corporate friends raised £11k
- Our supporters in the community raised £11.5k by walking, running, selling cakes and plants, and skydiving!
- Sponsorship of animal pens raised £4K for the animals.

Staff Personal Development

The Charity continues to invest in the continuing professional development (CPD) of our staff. It remains a priority for the Charity in order to ensure that we have a constantly developing workforce so that staff have the knowledge and skills to perform their roles in a professional context. This ranges from honing current skills, developing them to a new level or learning new ones that will allow an employee's job role to expand or prepare them for potential promotion.

As in the previous year, several staff members completed a Blue Cross Bereavement Support Skills course and undertook courses with the Centre of Excellence, including Level 3 - Leadership and Management, Feline Behaviour and Psychology Diploma, and the Canine Behaviour Training Diploma.

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We continued our association with Battersea in 2021, although due to the pandemic, the majority of courses were cancelled. The Battersea Academy is a centre for professional development that trains animal welfare practitioners from across the UK and around the world. Delivered by Battersea's experts, Academy programmes are designed to equip participants with the knowledge and practical skills they need to operate their own rescue and rehoming centres effectively and to the highest possible standards. Their programmes cover up to date animal welfare principles, models and approaches to running a rescue centre.

They work with participants before they attend to ensure each programme is tailored to the specific needs of the organisations attending. The Charity has received bursaries from Battersea in the past to attend the intensive programmes and it is hoped that the Charity and staff will be able to take advantage of future programmes later in 2022 and 2023.

New EPOS System

Following a number of EPOS providers being approached in 2019 for quotations to replace our current till system, we decided that we would remain with our current provider, Cybertill, and invest in a new system which is compatible with Windows 10 and is also future-proofed in that it is guaranteed to be upgradeable or be replaced up to 2032 in the event of further operating system changes. It was due to be installed in our retail premises and the Rescue Centre just after Easter 2020 but due to the first National Lockdown, this was postponed. With the shops being closed for much of the year, it was decided that this was unnecessary expenditure and that we would revisit the upgrade during 2021. With the shops only being allowed to re-open in mid-April 2021, we decided to postpone the installation to Q1 2022 to delay the expenditure.

The hardware eventually arrived in late February 2022 and the installation in the shops and the Rescue centre was complete by early March. Unfortunately, the supply of the Worldpay Integrated Pin Pad devices was delayed due to the global shortage of semi-conductors (micro-chips). Cybertill advised an initial delay of some 6-8 weeks so they had to put into place an interim solution of standalone pin pad devices. The integrated devices have now been delivered and will be installed in June 2022.

The new tills and card machines are a significant investment for the Charity. They are quicker, more reliable, have more functions and are future-proofed meaning that the Charity should reap the benefits of the new system for many years to come.

Information Technology

The global Microsoft Exchange Server Hack in the first quarter of 2021 resulted in Electrowise, our business IT support, carrying out a number of security patches on our email server due to security issues potentially caused by it. As we had Microsoft Exchange, we were potentially vulnerable and despite the security patches, it was possible that hackers were already in our system. As far as could be ascertained, this had not happened to our email server, but we couldn't be sure. We were looking at the prospect of moving over to Microsoft Office 365 (cloud based) at some point this year as our servers are due for replacement/upgrade in 2022. Due to the potential server hack, it made sense to do this sooner rather than later, negating the need to have our email server. As a Charity, we did not have to pay for Microsoft Office 365 so we made the decision to migrate across to Microsoft Office 365.

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Office 365 is Microsoft's productivity suite with tools like Word, Exchange, Excel, SharePoint, Teams and more. As it is cloud-based, it can be accessed from anywhere, on any device once online and is a totally secure environment with robust security measures in place, like two-factor authentication, which ensures unauthorised people can't access our files if they happen to get on our devices. Threat detection and anti-malware means security threats are identified and stopped immediately, which is particularly important for us as an organisation that deals with confidential data and information.

Using Office 365 means our Charity is free to operate without any concerns for IT security. Other benefits include improved communication, business continuity as no matter what happens to our physical devices, our email, files and data are safely stored in the cloud, automatic upgrades and centralised collaboration.

Challenges

The Coronavirus pandemic, the Ukraine crisis and the impact on the global economy mean that these continue to be challenging times for everyone, and the charity sector is no exception. During the pandemic, we have revisited our top risks in an effort to understand how they were evolving, thereby determining what impact coronavirus was having on the likelihood and impact of our top risks. These risks reflect the shared nature of risks across the charity sector.

The top challenges are generating income and achieving financial sustainability, followed by meeting demand for our services. The third most pressing challenge was the ceasing of government support. We had always planned to use our reserves to cover income shortfalls rather than for capital expenditure, but it is pleasing to report that we have not had to do that over the last couple of years. Making the most of our investments has to be a priority and remains a challenge.

Pre-COVID, we would have said the raising awareness of our charity/cause and competition across the sector was a major challenge but we have managed to raise our profile as a result of COVID.

Strategy: The charity sector is experiencing a period of unrelenting change driven by factors such as:

- the digitalisation of the economy
- growing demands for a demonstrable impact, transparency and integrity
- an increasingly complex regulatory environment
- environmental events

These factors are forcing us to adapt and to respond in ways that protect our operations, while continuing to focus on the needs of our beneficiaries. These challenges are reflected in risks related to governance and strategy, organisational change and reputation.

Operational: If there is an organisational focus area that has become undeniably more challenging due to the effects of coronavirus, it was the charity's operations. Furloughing employees up to the end of September 2021 required a significant management effort extending beyond human resources functions, diverting focus from other operational activities. Business continuity, people and the wider organisational risks are very much our top risks.

Income and financial sustainability: Like many organisations within the charity sector, we reduced our forecasted income in 2021. We had to cancel all of our traditional fundraising events for a couple of years and many events had to be postponed due to social-distancing requirements and the uncertainty that coronavirus created. Even before the pandemic, we were revisiting how diverse and sustainable our sources of income were and are continuing to do so.

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Compliance: Over the last few years, a key regulatory area of focus for the charity sector has been the General Data Protection Regulation (GDPR). The complex regulation will require management attention as the expectations of the Information Commissioner's Office (ICO) continue to evolve, particularly in relation to the technical measures required for personal data protection. In addition, there have been other recent and important changes in the regulatory landscape and expectations of regulators.

In October 2019, a new Code of Fundraising Practice was released by the Fundraising Regulator and the Charity Commission. The code has advocated increasingly, the need for robust charity governance in the wake of some high profile news stories and the need for trustees to have effective oversight of their charities. Furthermore, the Charity Governance Code, updated in December 2020, focuses on integrity (principle 3) and equality, diversity and inclusion (principle 6). Equality, diversity and inclusion, in particular, is an area that all charities will be focussing on and investing in.

Technology: Digital transformation is a common trend across the charity sector. We are already in the middle of and continue to plan our digital transformation programme to enable more effective engagement with donors and beneficiaries, as well as streamlined ways of working. As a result, technology is becoming ever more pervasive within our operating model. This increases the need to focus on cyber security and the resilience of IT systems and infrastructure, which is relied upon to safeguard information and data, and to maintain business continuity. We continue to make sure that our IT service supplier is managed well, that our contractual arrangements are fit for purpose and that they adhere to the key policies of the charity, such as data protection, where non-compliance may result in reputational damage.

During 2021, we continued to actively take measures to cut our expenditure where we have been able to do so. We restricted spending to our core activities and any future projects have been put on hold. In the short term, the measures that we have taken and the funding we have been able to source will make sure we are in a strong position to ride the waves during these uncertain times and recover when the various crisis are over and the global economy settles down.

The Trustees and CEO continue to discuss the issues and challenges, making decisions and then acting together to successfully implement those decisions. We endeavour to make timely decisions within shorter timescales. As income levels are threatened and additional costs arise, cash flow and reserves management inevitably demand our greatest attention. We are fortunate that we have a strong robust reserves policy, we have cash reserves that we would be able to draw on to manage our cash requirements. Fortunately, we did not have to draw on our reserves in 2021 but if we do need to going forward, the issue will be how the reduction in reserves is going to be managed going forwards. We know that it takes time to build our reserves level up again and therefore we may have to consider selling investments to help with this.

There are a number of key areas we are focussing on for our planning, budgeting and re-forecasting:

- Staff and volunteer welfare and safety remains paramount
- Despite a recent increase in interest rates, developing a more diverse and robust investment strategy to increase our investment income
- Fall in trading income arising from our retail operation post-COVID
- Fall in a voluntary income from sources such as donations, fundraising and sponsorships as well as events cancelled or as individuals have less disposable income to donate (as a result of the increase in inflation and the global economy).
- We implemented remote working policies and suspended all gatherings or meetings. This helped protect staff and as far as we can ensure continuity of operations. In line with Charity Commission guidance, Board meetings and AGMs were able to be carried out virtually using

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secure technology rather than being face to face, but during 2021 and so far in 2022, a combination of the two was employed as guidance changed.

- Health and safety issues have been considered as the disease unfolded and we have ensured that decisions are made to correctly safeguard our staff. We have been clear about the need to self-isolate when appropriate and follow social distancing guidelines set by the government. We have considered the day to day needs as well as different ways of working to protect staff.

We have had issues to consider during the pandemic and have and will continue to adapt and change our business model due to the pandemic and the global economy. There are extremely difficult times ahead as we feel the true economic impact of the pandemic, the Ukraine crisis and inflation is yet to be fully felt, but we will continue to do all we can to mitigate the situation in the short-term in order to secure the medium to long-term sustainability of the Charity.

Plans for Future Periods

The Coronavirus (COVID-19) pandemic and global economic crisis meant that any specific plans that we had for 2021 and beyond were either postponed or shelved. This has been an incredibly challenging time for all charities and we are not immune from the effects that the pandemic, the Ukraine war, inflation and global economy has and is having on the sector. No business or charity will come out of the current situation the same as it was at the start of 2020. Meeting those challenges that we will inevitably have to face is very much our focus now to ensure that the Charity can emerge as strong as possible.

Planning ahead

We don't know what the future holds, but we can plan to make our Charity more resilient in the face of uncertainty. From scenario planning to digital investment, there is plenty we can do to plan for future uncertainty. Here are a few areas we will be focusing on:

The Future's Hybrid

Over the last couple of years, there has been a huge boom in digital fundraising, working, service delivery and communications, basically digital everything. It here to stay but live operations are back too meaning that the future's hybrid, giving the best of both worlds. Many events going forward will be held in person but also live-streamed and recorded, with added digital components to engage online audiences. Hybrid working has become the norm for many office workers. Some charity shops are becoming increasingly hybrid which means that our operation will need to be more tech-enabled to appeal to younger shoppers, data-driven and less reliant on our bricks and mortar trading as we look to develop alternative income streams and grow our multichannel operation.

Giving is becoming cashless

The days of pound coins and loose change being put in buckets or collection pots are almost behind us. Fewer people carry cash these days, so we need to continue to invest in tech for cashless donations. Having a donation button on our website, QR codes, tap and donate payments, text to donate and online fundraising platforms are all vital tools for our to supporters to use.

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Focus on the environment

As the COVID pandemic eases, we are all more alert to the other huge threats facing our world. Climate change, nature conservation and other environmental issues are becoming a priority for philanthropists and the public alike. Charities will be expected to improve their carbon accountability and move towards carbon neutrality. This is a challenge we will need to rise to.

TikTok, the route to Gen Z

TikTok, the short video platform has been downloaded two billion times worldwide in just five years with 41% of users aged 16-24. Keeping an eye on emerging social media platforms such as TikTok is vital as we reach out to the next generation of our supporters.

Building resilience

The pandemic caused a seismic shockwave throughout the third sector. The charities that survived or even thrived were those that adapted quickly, switching much of what we did online, pretty much overnight. We need to ensure that we continue to build agility into our business planning for 2022 and beyond. Diversifying our income streams has never been more crucial.

Supporting the wellbeing of staff and volunteers

We continue to recognise that the pandemic and restrictions caused increased anxiety for some of our staff and volunteers. It has taken time to adapt to the gradual resumption of 'normality'. We have staff and volunteers who have felt the direct impact of coronavirus including experiencing the loss of a family member or loved one. Others, we know have been and are struggling to cope after a prolonged period of furlough or working from home. In addition, for those whom have been working throughout, with the ongoing demand for our services, some staff have felt overwhelmed and/or burnt out.

Throughout the pandemic, we have endeavoured to support our staff and volunteers. We have continued making the time to have open conversations with staff and volunteers to talk through any concerns they may have as well as carefully managing their workloads.

Re-engaging with and retaining volunteers

Volunteers have played a vital role during the pandemic. We have relied on them to help meet increased demand and respond to the changing needs of our beneficiaries. With the easing of lockdowns and with the Coronavirus Job Retention Scheme ending in the autumn of 2021, there was concern that some of our existing volunteers would be less available to offer support. This was borne out to a degree and we also had many of our volunteers shielding throughout with some making the decision not to return due to the ongoing pandemic.

Going forward, we need to think how we can balance the changing needs of our volunteers with our need for volunteers to carry out particular roles which will require a degree of flexibility. We frequently review our volunteer roles and think about whether these roles could be done in a different way, particularly when people have less time.

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

Supporting staff, volunteers and customers to stay safe

Creating a safe working environment for our staff, volunteers and customers has been and remains a top priority for the Charity. We have been clear about the practical implications and adhered to the government guidance throughout to ensure that we work safely during coronavirus.

In 2021, whilst the vaccination programme provided a route out of the pandemic, our understanding of the impact of the vaccine on transmission of COVID-19 is developing. We started to think about our approach to COVID-19 vaccines and testing. Vaccines were and are not a mandatory requirement and it was not appropriate to make it a requirement for staff. We were able to take advantage of the government's workplace testing scheme and have provided rapid lateral-flow tests for our staff until these became free for the public to access themselves.

On 5 April 2021, the Government announced that everyone in England was able to take a free rapid coronavirus test twice a week. They were able to do this via a home ordering service, community testing which is offered by all local authorities or by collecting tests from a local PCR test site during specific test collection time windows and we have encouraged staff to continue with home testing going forward.

Staff remain obliged to inform the Charity if they test positive whether that was through workplace or home testing. As an employer, we have little visibility as to whether staff have carried out the tests but we continued to advise staff to do so and to be honest in their reporting to protect themselves, families, colleagues and the public.

As an employer, we could not force staff to test themselves for COVID-19 at home, all we can do was ask and encourage it and provide information on the importance of regular testing to help prevent the spread of the virus. We hope that staff were reassured that as an employer, we took steps throughout the pandemic to protect the health of staff in the workplace and therefore staff accept that the testing was a necessary precaution. Testing formed a crucial part of everyday life until the Government ended this to enable society to fully reopen. We believed that regular testing made the difference between our workplaces being able to stay open and operational, or needing to close due to a COVID-19 outbreak.

Funding

The financial impact of COVID-19 and the global economy on the sector is striking. Ensuring that we continue to fund our core costs remains a priority.

Principal Risks

The Trustees and CEO recognise that through the nature of our activities, funding base, reserves and structure, the Charity is exposed to differing areas of risk and levels of exposure. There are many areas of potential risk and we undertake our own processes for risk identification. The following list is an indication of a few of the main areas of risk that are considered by the Trustees and CEO:

- **Income and financial sustainability:** Insufficient income and reserves for the charity to achieve its strategic objectives and maintain its operations. Dependency on income sources - such as legacies and retail could have a cash flow and budget impact if that income source is significantly reduced or lost.
- **National minimum wage and living wage:** Government proposals for the next few years will increase payroll substantially so future staffing levels will have to be considered.
- **Data Protection compliance and GDPR:** An event or incident such as an external data breach or inadvertent internal error resulting in the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of or access to personal data.

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

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FOR THE YEAR ENDED 31 DECEMBER 2021

- Organisational change and digital transformation: The failure to execute organisational change and transformation programmes effectively and to achieve the intended benefits of these, resulting primarily in inefficient use of the Charity's resources.
- Safeguarding: Failure to safeguard the Charity's beneficiaries or associated vulnerable persons, including children, from abuse and maltreatment.
- People, leadership and culture: Weaknesses or failure of leadership, inability to develop and retain talent effectively and an organisational culture that is not an enabler in the pursuit of the Charity's strategy and objectives.
- Governance: The Charity does not achieve its strategic, charitable, regulatory and ethical objectives due to inadequate governance at board, senior management or operational levels.
- Regulatory: The Charity fails to comply with applicable regulatory requirements, leading to reputational damage and financial penalties.
- Coronavirus (COVID-19): The global pandemic and the effects on the economy, demand for services, finances, fundraising etc.
- The Ukraine Crisis: The impact and effects the war is having on the global economy, the international supply of goods and inflation.
- Health, safety and environment: Failing to ensure a safe environment could result in injury to staff, volunteers or the public, breaking the law and rendering the Charity unable to operate.
- Cyber security: Cyber incidents (typically unauthorised or inappropriate access to our organisation's network) executed by external or internal parties that negatively impact the confidentiality, integrity and availability of the Charity's information systems and data.
- Business continuity incidents: The occurrence of incidents that limit the Charity's ability to operate as it normally would in business as usual situations.
- Reputation: A range of occurrences including incidents, events and outcomes that may consequently damage the Charity's reputation. Reputation risk is largely a consequence of other risk events materialising. Public perception and adverse publicity which could impact on voluntary income, use of our services, access to grants, loss of donor confidence or funding, impact on the morale of staff, loss of beneficiary confidence, relationship with funders etc.

FINANCIAL POSITION AND RESERVES

At 31 December 2021, the Charity had total reserves of £4,142,000, of which £4,104,000 were unrestricted.

The Charity has sought to separate those unrestricted reserves that are held in the form of property fund assets (£2,074,000) from those that are freely available for its general purposes. As well as providing a more informed view of the overall reserves it enables a more realistic assessment to be made of the Charity's strategy with regard to our level and future deployment.

The so-called free reserves are then demarcated into a separate category (building fund totalling £1,178,000) that accords with the Charity's medium and long-term plans to improve facilities at the Rescue Centre. This acknowledges and takes account of the fact that large scale capital projects require "saving for" over many years. The balancing general reserve (£852,000) recognises that it is extremely difficult to predict income from legacies, so the Charity aims to hold at least £750,000 in reserve, which equates to 6 months average operating costs. Our reserves currently exceed this figure in order to cover future projects and eventualities.

It is anticipated that the Charity's investment policy will match the spending and reserves policy.

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Charity Trustees (who are also the directors of Animals in Distress (Torbay and Westcountry) for the purposes of Company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the income and expenditure of the charitable company 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 (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company 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 corporate and financial information included on the charitable company's website. Legislation in the U.K governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure to our Auditors

In so far as the Trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the charitable company's auditor is unaware; and
- Each Trustees has taken all steps that he/she is obliged to take as a director in order to make themselves aware of relevant audit information and to establish that the auditor is aware of that information.

By order of the board of Trustees and signed on behalf of the Trustees:

G Dix (Chair of Trustee)

Date:

Report compiled for and on behalf of the Trustees by: Neil Thomas (CEO)

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of Animals in Distress (Torbay and Westcountry) (the "charitable company") for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

FOR THE YEAR ENDED 31 DECEMBER 2021

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (incorporating the strategic report and the directors' report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (incorporating the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 20), 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 they 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered those laws and regulations that have a direct impact on the preparation of the financial statements, including, but not limited to FRS 102 (effective 1 January 2019) - (Charities SORP), the Companies Act 2006 and the Charities Act 2011. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks related to fraudulent financial reporting, in particular to grant funding received.

Audit procedures performed by the engagement team include, but were not limited to, discussions and inquiries with management of compliance with laws and regulations, reviewing grant funding agreements, and reviewing board minutes and significant legal costs incurred in the year. We also addressed the risk of management override of internal controls, including testing of journals and evaluating whether there was evidence of bias by the Trustees that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

FOR THE YEAR ENDED 31 DECEMBER 2021

Use of our report

This report is made solely to the charitable parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group's members 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 charitable parent company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Martin Hobbs BSc ACA (Senior Statutory Auditor)

PKF Francis Clark, Statutory Auditor

Sigma House

Oak View Close

Edginswell Park

Torquay

TQ2 7FF

Date:

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)**(A Company Limited by Guarantee)****STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Income from:					
Donations and legacies	3	779,572	27,552	807,124	993,541
Charitable activities	4	45,386	-	45,386	38,992
Other trading activities	5	603,479	-	603,479	310,113
Investments	6	19,753	-	19,753	21,411
CJRS		193,839	3,680	197,519	295,272
Total income		<u>1,642,029</u>	<u>31,232</u>	<u>1,673,261</u>	<u>1,659,329</u>
Expenditure on:					
Raising funds	7	689,399	10,452	699,851	726,907
Charitable activities	8	561,972	29,650	591,622	713,719
Total expenditure		<u>1,251,371</u>	<u>40,102</u>	<u>1,291,473</u>	<u>1,440,626</u>
Net income/(expenditure)		390,658	(8,870)	381,788	218,703
Transfers between funds	22	-	-	-	-
Net movement in funds		<u>390,658</u>	<u>(8,870)</u>	<u>381,788</u>	<u>218,703</u>
Reconciliation of funds					
Total funds brought forward		<u>3,712,844</u>	<u>46,971</u>	<u>3,759,815</u>	3,541,112
Total funds carried forward	22	<u>4,103,502</u>	<u>38,101</u>	<u>4,141,603</u>	<u>3,759,815</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure is derived from continuing activities.

The notes on pages 29 to 40 form part of these financial statements.

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 DECEMBER 2020

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
Income from:				
Donations and legacies	976,801	16,740	993,541	468,715
Charitable activities	38,992	-	38,992	61,807
Other trading activities	310,113	-	310,113	932,082
Investments	21,411	-	21,411	21,178
CJRS	287,425	7,847	295,272	-
Total income	<u>1,634,742</u>	<u>24,587</u>	<u>1,659,329</u>	<u>1,483,782</u>
Expenditure on:				
Raising funds	709,652	17,255	726,907	786,965
Charitable activities	709,047	4,672	713,719	818,611
Total expenditure	<u>1,418,699</u>	<u>21,927</u>	<u>1,440,626</u>	<u>1,605,576</u>
Net income/(expenditure)	216,043	2,660	218,703	(121,794)
Transfers between funds	-	-	-	-
Net movement in funds	<u>216,043</u>	<u>2,660</u>	<u>218,703</u>	<u>(121,794)</u>
Reconciliation of funds				
Total funds brought forward	<u>3,496,801</u>	<u>44,311</u>	<u>3,541,112</u>	<u>3,662,906</u>
Total funds carried forward	<u>3,712,844</u>	<u>46,971</u>	<u>3,759,815</u>	<u>3,541,112</u>

The statement of financial activities includes all gains and losses recognised in the year

All income and expenditure is derived from continuing activities.

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	2020 £
Fixed assets			
Intangible assets	15	219	1,094
Tangible assets	16	<u>2,634,934</u>	<u>2,693,833</u>
		2,635,153	2,694,927
Current assets			
Stocks	17	7,447	9,372
Debtors	18	218,101	108,494
Cash at bank and in hand		<u>1,479,933</u>	<u>1,154,403</u>
		1,705,481	1,272,269
Liabilities			
Creditors falling due within one year	19	<u>66,942</u>	<u>56,794</u>
Net current assets		1,638,539	1,215,475
Total assets less current liabilities		<u>4,273,692</u>	<u>3,910,402</u>
Creditors falling due after more than one year	20	132,089	150,587
Net assets		<u>4,141,603</u>	<u>3,759,815</u>
Restricted funds	22	38,101	46,971
General funds	22	851,880	461,222
Designated funds	22	3,251,622	3,251,622
Total charity funds		<u>4,141,603</u>	<u>3,759,815</u>

The notes on pages 29 to 40 form part of these financial statements.

The financial statements were approved by the trustees on and signed on their behalf by:

G Dix
Trustee

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)**(A Company Limited by Guarantee)****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Cash flows from operating activities	24	328,550	257,671
Cash flows from investing activities			
Rent received		16,200	16,150
Interest income		1,236	5,261
Purchase of intangible fixed assets		-	-
Purchase of tangible fixed assets		(2,781)	(14,202)
Cash flows from investing activities		14,655	7,209
Cash flows from financing activities			
Repayments of bank borrowings		(17,675)	(16,880)
Proceeds from bank and other borrowings		-	-
Cash flows from financing activities			(16,880)
(Decrease)/increase in cash and cash equivalents in the year		325,530	248,000
Cash and cash equivalents at the beginning of the year	25	1,154,403	906,403
Cash and cash equivalents at the end of the year	25	1,479,933	1,154,403

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting Policies

The principal accounting policies adopted, judgements made and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation of financial statements and assessment of going concern

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), FRS 102 and the Companies Act 2006.

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Animals in Distress (Torbay and Westcountry) meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

b) Income

All income is recognised when the charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Voluntary income by way of donations, membership, sponsorship and collections, is accounted for when receivable. Income raised through the operation of the shops is taken into account at the time of receipt.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executors to the charity that a distribution will be made, or when a distribution is received from the estate. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donated goods relating to animal food are brought in to income and expenditure at the value they would have cost had they been purchased by the charity.

Coronavirus Job Retention Scheme grant income is accounted for using the accruals method in line with the costs with which the grant relates to are recognised.

c) Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes.

Restricted funds are funds received which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

d) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of fundraising and shop costs and their associated support costs.
- Expenditure on charitable activities includes the costs of the Rescue Centre and its associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

e) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's activities. These costs have been allocated between costs of raising funds, expenditure on charitable activities and other expenditure, based on staff time.

f) Operating leases

Rental charges under operating leases are charged on a straight line basis over the term of the lease.

g) Intangible fixed assets

Intangible fixed assets are initially recorded at cost. Computer software is amortised on a straight line basis over its expected useful economic life of 4 years.

h) Tangible fixed assets

Individual tangible fixed assets are capitalised at cost and are depreciated over their estimated useful economic lives as follows:

Freehold buildings	2% straight line
Equipment	20% reducing balance
IT equipment	25% straight line
Motor vehicles	25% reducing balance

i) Stocks

Stocks are included at the lower of cost and net realisable value.

j) Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid. Accrued income is recognised where the criteria for recognising income has been met at the year-end but the claim or invoice has not been submitted/issued until after the year-end.

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

k) Cash at bank and in hand

Cash at bank and cash in hand includes cash held in current and savings accounts in UK banking institutions.

l) Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably 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 are normally recognised at their settlement amount after allowing for any trade discounts due.

m) 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.

n) Pensions

The charity operates a defined contribution pension scheme and membership is open to all employees of the charity. The assets of the scheme are held separately from those of the charity. The charity matches employee contributions of 1-4% with an employer contribution of 3% and the contributions are paid into the fund on a monthly basis. The contributions made for the accounting period are treated as an expense and were £19,535 (2020: £23,248). Contributions totalling £1,415 (2020: £1,829) were payable to the fund at the balance sheet date and are included in creditors.

2 Legal status of the Charity

The Charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The Charity is incorporated in England and Wales. The address of its registered office is: Biltor, Edgelands Lane, Ipplepen, Newton Abbot, TQ12 5UF.

3 Income from donations and legacies

	2021	2020
	£	£
Donations and gifts	134,016	175,643
Legacies	527,569	602,670
Grants	129,078	201,418
Memberships and sponsorship	16,461	13,810
Total income from donations and legacies	<u>807,124</u>	<u>993,541</u>

As noted in the trustees' report the charity benefits notably from the involvement and enthusiastic contributions of volunteers. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4 Income from charitable activities

	2021 £	2020 £
Re-homing fees	43,739	37,059
South Hams Strays and Vet income	1,647	1,933
Total income from charitable activities	45,386	38,992

5 Income from other trading activities

	2021 £	2020 £
Memberships and sponsorships	3,995	2,745
Fundraising events	17,501	24,877
Shop income	568,436	269,195
Petplan commission	13,547	13,296
Total income from other trading activities	603,479	310,113

6 Investment income

	2021 £	2020 £
Rent	16,200	16,150
Interest	3,553	5,261
Total investment income	19,753	21,411

7 Analysis of expenditure on raising funds

	2021 £	2020 £
Fundraising	14,584	20,047
Shop costs	488,262	489,146
Support costs	197,005	217,714
Total expenditure on raising funds	699,851	726,907

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8 Analysis of expenditure on charitable activities

	2021 £	2020 £
Rescue Centre	564,664	663,030
Support costs	26,958	50,689
Total expenditure on charitable activities	591,622	713,719

9 Analysis of support costs

All support costs are allocated based on the basis of staff time.

The analysis of support costs is as follows:

	Raising Funds £	Charitable Activities £	Total 2021 £	Total 2020 £
Salaries and other staff costs	172,530	15,834	188,364	238,049
Travel and subsistence	5	1	6	2
Professional fees	3,202	294	3,496	3,049
Finance costs and exchange losses	4,845	445	5,290	3,958
Office costs	7,797	716	8,513	6,628
Other costs	7,821	718	8,539	9,046
Governance	805	8,950	9,755	7,671
Total support costs	197,005	26,958	223,963	268,403

10 Analysis of governance costs

The analysis of governance costs is as follows:

	Total 2021 £	Total 2020 £
Salaries and other staff costs	709	796
Professional fees	8,950	6,800
Other costs	96	75
Total	9,755	7,671

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

11 Net income for the year

This is stated after charging:

	2021	2020
	£	£
Operating leases - property	75,787	74,146
- equipment	13,531	13,276
Depreciation	61,680	63,835
Amortisation	875	1,475
Interest payable	7,173	7,969
Auditors remuneration: audit fees	4,150	3,300
accounts	3,000	2,500
taxation	850	700

12 Analysis of staff costs, trustee remuneration and expenses, the cost of key management personnel and related party transactions

	2021	2020
	£	£
Salaries and wages	809,798	927,825
Social security costs	46,428	50,207
Pension costs	19,535	23,248
	<u>875,761</u>	<u>1,001,280</u>

One employee had remuneration in excess of £80,000 and less than £90,000 (2020: one in excess of £70,000 and less than £80,000).

The charity trustees were not paid and did not receive any other benefits from the charity (2020: None). No travel or other expenses were reimbursed to the trustees during the year (2020: None).

The total remuneration, including employer's national insurance, of the key management personnel of the charity was £91,583 (2020: £83,426).

There were no related party transactions (2020: None).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

13 Staff numbers

The average monthly head count was 55 staff (2020: 64) and staff were engaged in the activities of the group as follows:

	2021	2020
Rescue Centre	23	27
Charity shops	26	29
Administration and support	5	7
Chief Executive	1	1
	<u>55</u>	<u>64</u>

14 Corporation tax

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

15 Intangible fixed assets

	Software £	Total £
Cost:		
As at 1 January 2021	13,100	13,100
Additions	-	-
As at 31 December 2021	<u>13,100</u>	<u>13,100</u>
Amortisation:		
As at 1 January 2021	12,006	12,006
Charge for the year	875	875
As at 31 December 2021	<u>12,881</u>	<u>12,881</u>
Net book value:		
As at 1 January 2021	1,094	1,094
As at 31 December 2021	<u>219</u>	<u>219</u>

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16 Tangible fixed assets

	Freehold Property £	Equipment £	IT Equipment £	Motor Vehicles £	Total £
Cost:					
As at 1 January 2021	3,142,149	153,455	66,243	21,920	3,383,767
Additions	-	2,057	724	-	2,781
As at 31 December 2021	3,142,149	155,512	66,967	21,920	3,386,548
Depreciation:					
As at 1 January 2021	486,041	127,680	61,228	14,985	689,934
Charge for the year	51,705	6,250	1,991	1,734	61,680
As at 31 December 2021	537,746	133,930	63,219	16,719	751,614
Net book value:					
As at 1 January 2021	2,656,108	25,775	5,015	6,935	2,693,833
As at 31 December 2021	2,604,403	21,582	3,748	5,201	2,634,934

17 Stocks

	2021 £	2020 £
Goods for resale	767	3,118
Vet room supplies	5,710	5,710
Shop stationery stocks	970	544
	7,447	9,372

18 Debtors

	2021 £	2020 £
Trade debtors	3,065	6,862
Other debtors	30,140	24,760
Prepayments and accrued income	184,896	76,872
	218,101	108,494

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	11,176	10,427
Other creditors	5,728	6,725
Accruals and deferred income	19,444	10,226
Social security and other taxes	12,096	11,741
Bank loan	18,498	17,675
	<u>66,942</u>	<u>56,794</u>

Creditors due within one year include £18,498 (2020 - £17,675) bank loan which is secured over the asset to which it relates.

20 Creditors: amounts falling due after one year

	2021 £	2020 £
Bank loan	132,089	150,587
	<u>132,089</u>	<u>150,587</u>

Creditors due after one year include £132,089 (2020 - £150,587) bank loan which is secured over the asset to which it relates.

21 Obligations Under Leases

The total of future minimum lease payments is as follows:

	Land and Buildings		Other	
	2021 £	2020 £	2021 £	2020 £
Operating leases:				
Within one year	31,500	31,500	11,283	11,839
Between one and five years	146,000	146,000	49,723	60,416
After more than five years	28,833	60,333	-	590
	<u>206,333</u>	<u>237,833</u>	<u>61,006</u>	<u>72,845</u>

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

22 Analysis of movements in funds

	Balance at 1 January 2021 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2021 £
General fund	461,222	1,642,029	(1,251,371)	-	851,880
Designated funds:					
Property fund	2,073,872	-	-	-	2,073,872
Building fund	1,177,750	-	-	-	1,177,750
	3,251,622	-	-	-	3,251,622
Total unrestricted funds	3,712,844	1,642,029	(1,251,371)	-	4,103,502
Puppy Appeal (capital)	10,900	-	(3,542)	-	7,358
Charlie Appeal	2,428	-	(37)	-	2,391
Big Bark Appeal	31,385	6,232	(10,788)	-	26,829
Other Appeals	2,258	25,000	(25,735)	-	1,523
Total restricted funds	46,971	31,232	(40,102)	-	38,101

The restricted funds shown above represent funds raised from appeals for specific projects.

	Balance at 1 January 2020 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2020 £
General fund	245,179	1,634,742	(1,418,699)	-	461,222
Designated funds:					
Property fund	2,073,872	-	-	-	2,073,872
Building fund	1,177,750	-	-	-	1,177,750
	3,251,622	-	-	-	3,251,622
Total unrestricted funds	3,496,801	1,634,742	(1,418,699)	-	3,712,844
Puppy Appeal (capital)	14,455	-	(3,555)	-	10,900
Charlie Appeal	2,474	-	(46)	-	2,428
Big Bark Appeal	24,389	24,587	(17,591)	-	31,385
Other Appeals	2,993	-	(735)	-	2,258
Total restricted funds	44,311	24,587	(21,927)	-	46,971

The restricted funds for the year to 31 December 2020 represent funds raised from appeals for specific projects.

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

23 Analysis of net assets between funds

At 31 December 2021	Unrestricted Funds £	Restricted Funds £	Total Funds £
Intangible fixed assets	219	-	219
Tangible fixed assets	2,602,562	32,372	2,634,934
Cash at bank and in hand	1,474,204	5,729	1,479,933
Other net current assets	158,606	-	158,606
Creditors more than one year	(132,089)	-	(132,089)
Total	4,103,502	38,101	4,141,603

At 31 December 2020	Unrestricted Funds £	Restricted Funds £	Total Funds £
Intangible fixed assets	1,094	-	1,094
Tangible fixed assets	2,656,811	37,022	2,693,833
Cash at bank and in hand	1,144,454	9,949	1,154,403
Other net current assets	61,072	-	61,072
Creditors more than one year	(150,587)	-	(150,587)
Total	3,712,844	46,971	3,759,815

24 Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net income/(expenditure) for the reporting period	381,788	218,703
Adjustments for:		
Depreciation charges	61,680	63,835
Amortisation charges	875	1,475
Rent receivable	(16,200)	(16,150)
Interest income	(1,236)	(5,261)
Decrease in stocks	1,925	1,150
(Increase)/Decrease in debtors	(109,607)	11,050
Increase/(Decrease) in creditors	9,325	(17,131)
Net cash from operating activities	328,550	257,671

ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****25 Analysis of Changes in Net Debt**

	1 Jan 2021 £	Cash flows £	31 Dec 2021 £
Cash at bank and in hand	1,154,403	325,530	1,479,933
	<u>1,154,403</u>	<u>325,530</u>	<u>1,479,933</u>
Loans due within one year	(17,675)	(823)	(18,498)
Loans due after more than one year	(150,587)	18,498	(132,089)
	<u>(168,262)</u>	<u>17,675</u>	<u>(150,587)</u>
Total	<u><u>986,141</u></u>	<u><u>343,205</u></u>	<u><u>1,329,346</u></u>