



# THE BLUE CROSS

*Animals put charity*

## FINANCIAL STATEMENTS

for the year ended  
31 December 2009

**The Blue Cross (Incorporating Our Dumb Friends' League)**

**A Company Limited by Guarantee No: 363197**

**Registered Charity No: 224392**

**Registered Charity in Scotland No: SC040154**

## REPORT OF THE TRUSTEES

### MISSION STATEMENT

To provide care, promote companionship and enhance animal and human lives.

### PRINCIPAL OBJECTIVES AND ACTIVITIES OF THE BLUE CROSS

To encourage and promote kindness to, and the protection of, animals and to educate the public in responsible animal ownership

### BLUE CROSS GUIDING PRINCIPLES

The Blue Cross exists to:

- treat the animals of owners who cannot afford private veterinary services
- find permanent homes for unwanted or abandoned animals
- educate the public in responsible animal ownership
- promote the benefits to humans of companion animal ownership
- ensure that no healthy animal in its care is put to sleep simply for want of a home
- ensure that all engaged with the Blue Cross, whether animals or people, receive courteous, friendly and high quality service

### STRATEGIC OBJECTIVES AND 2009 REVIEW

The Board reviewed the long term vision for the Blue Cross and developed a new Strategic Plan to deliver that vision in a sustainable manner. The implementation of the new strategy will commence in 2010.

Progress made against the outgoing plan is set out below:

2009 STRATEGIC OBJECTIVES	2009 PROGRESS REVIEW
Develop a more extensive volunteer network	2009 was a year of significant growth for our volunteer programme with over 1,500 registered volunteers who provided around 145,000 hours to the charity in 2009, a 27% increase on 2008
Expand our education programmes	We reached 44,600 children through our school visits and youth groups programme and continued to distribute pet advice through printed leaflets and downloads via our social network website <a href="http://www.allaboutpets.co.uk">www.allaboutpets.co.uk</a>
Increase the number of Welfare Associates	We reviewed and consolidated our relationships with our Welfare Associates which reduced the number to 11 including Pet Fostering Service Scotland.

STRATEGIC OBJECTIVES	2009 REVIEW
Develop pet fostering as a Blue Cross service	This initiative cares for those animals which are unsuited to a kennel environment and increased the number of animals rehomed to 313. The first year of collaboration with PFSS saw the rehoming of 25 animals
Enhance The Blue Cross availability to clients and customers	We completed the building of a fourth welfare clinic and major refurbishment at our Southampton adoption centre and finished the major building work at our Thirsk centre to provide new kennels and better public access.
Develop a balanced and sustainable supporter base	We recruited 19,600 new supporters through a wide variety of media to help maintain the level of our supporter base and saw an increase in the number of online and direct debit regular givers.
Sustain and develop fundraising	Our overseas fundraising events raised £180k and our biggest ever team of 215 runners raised £80k in the Royal Parks half marathon. We introduced a Summer raffle for the first time and this helped boost contributions from this source to nearly £540k. We opened our 15 <sup>th</sup> Blue Cross shop as we continue to expand our network across the country.
Expand the work of The Blue Cross veterinary services	Our adoption centre-based clinics helped treat 500 more animals than in 2008 and we provided veterinary care grants worth £438k to support the owners of 4,459 sick pets in 2009.
Enhance The Blue Cross equine operations	Our equine welfare department had 642 horses in its care at the end of 2009 and reached nearly 1,600 people through our equine education programme
Build on our partnership with the Society for Companion Animal Studies	Our support for SCAS in its 30 <sup>th</sup> year continued to promote the human/animal bond through a 150% expansion of its student training programme and the Pets for Life campaign

### Capital Expenditure

Capital expenditure has increased by a further £300k this year to £1.6m with the completions of the Thirsk redevelopment and the major refurbishment programme to improve kennels and reception areas at our Southampton centre. The 2009 Strategic review has extended our capital planning horizons which forecasts that our major building plans for the next 10 years will amount to £30m of which £12.5m is over the next 5 years ( 2008 9.6m).

## ACHIEVEMENTS AND PERFORMANCE

### Fundraising

We were pleased that in the current economic climate our voluntary and fundraising income in the year, including legacies totalled £24.7m (2008 - £22.7m).

### SERVICE DELIVERY

#### Small Animals

The demand for our services at our adoption centres was steady during the year, and we cared for 3,996 cats (2008 - 3,227), 2,505 dogs (2008 - 2,588) and 393 (2008 - 313) other domestic pets. 313 animals (2008 - 170) were rehomed through our new fostering outreach service in the North East of England and Scotland.

Our animal behaviour team conducted consultations and assessments face to face and by telephone or Email advice for 2,241 cases (2008 - 2,210) and carried out 32 training days

#### Equine

Our equine welfare services expanded with a total of 642 (2008 - 631) horses under guardianship. In addition to 498 (2008 - 504) horses out on loan, 144 (2008 - 127) horses and ponies were cared for in our three equine centres, many of them undergoing rehabilitation prior to rehoming. We continued our association with the Pony Club and our Equine Education programme reached 1,600 people (2008 - 1,955).

#### Veterinary

Our four animal hospitals carried out 101,766 consultations, diagnostic procedures and operations (2008 - 100,131) including 2,792 consultations at our mobile clinics in London (2008 - 2,936)

The Blue Cross Animal Welfare Grants Scheme gave £438k to 4,459 pet owners in need of financial help towards the cost of veterinary care for their animals (2008 - £343k to 2,997 pet owners).

Our adoption centre-based welfare clinics saw 1,934 animals for consultations (2008 - 1,392) and a new clinic was opened at our Southampton centre during the year.

#### Education

Our education programme continued to develop as we reached out to 44,600 children (2008 - 41,000) in face to face talks in primary schools, pre-schools and youth groups around the country delivering our key messages about responsible pet ownership, health and staying safe around animals. We also developed and delivered a new education campaign called "Fat Horse Slim" aimed at reducing equine obesity which was launched at Badminton Horse trials. We also introduced our Pony Club Welfare badge and a new information pack in schools called Animals in Society.

#### Subsidiary Companies

The Trading Company had a better year in 2009, as the new catalogue fulfilment house relationship settled down and it donated its profit of £46k (2008 - £20k) by way of gift to the Charity. In addition donations received by the Trading Company from supporters and passed directly to the Charity amounted to £540k (2008 - £406k) boosted by the launch of our new Summer Raffle.

The Design & Build Company continued to oversee the management and cost effectiveness of major building projects on behalf of the Charity and in particular the on-budget and on-time completion of the Southampton adoption centre refurbishment and Thirsk rebuild.

## **Connected Charities**

### *The Irish Blue Cross*

We continued to provide grant funding to our 'sister' charity in the Irish Republic who successfully increased their annual income by around 12% and the proportion of their income received from other sources. They completed the building of a new clinic inside the headquarters which is now running very successfully in support of their network of mobile clinics in Dublin and they continue to provide the horse ambulance services for all of the racing fixtures in the Republic.

### *The Society for Companion Animal Studies (SCAS)*

The Blue Cross partnership with SCAS continued to promote the benefits of the human-animal bond and through direct funding by the Blue Cross the jointly-run Pet Bereavement Support Service provided support and information to bereaved pet owners through responding to 5,830 phone calls (2008 – 3,927) and 604 emails (2008 - 596).

### *Assisi Animal Charities Foundation*

The Blue Cross, in conjunction with four other animal charities, continued to benefit from its association with Assisi, which promotes payroll giving for the benefit of all five charities.

## **Other Charities**

We continue to promote, and practise, active cooperation with other major animal welfare charities for mutual benefit through shared knowledge of best practice and coordinated responses to animal welfare issues and proposed legislation.

## FINANCIAL OUTCOME FOR THE YEAR

A summary of the results for the year and the resources deployed at 31 December 2009 is:

	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
Operating Income	11,469	11,279
Legacy Income	<u>13,942</u>	<u>12,989</u>
	25,411	24,268
Expenditure	<u>(25,562)</u>	<u>(25,728)</u>
Net loss for the year	(151)	(1,460)
Realised losses on sale of investments	<u>(8)</u>	<u>(126)</u>
Net Income transferred to total funds	(159)	(1,586)
Unrealised gains / (losses) on investments in the year	2,920	(5,808)
Total Funds at 1 January 2009	49,880	57,274
Total Funds at 31 December 2009	<u><b>52,641</b></u>	<u><b>49,880</b></u>
	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
Total Funds are deployed and allocated to :		
Land and Buildings, Equipment and other assets	18,771	18,049
Capital expenditure planned by the Board	12,457	9,624
Operating lease commitments	2,414	1,619
Reserves	<u>18,999</u>	<u>20,588</u>
	<u><b>52,641</b></u>	<u><b>49,880</b></u>

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### CONSTITUTION

The Blue Cross (Incorporating Our Dumb Friends League) is a Charity Registered in England and Wales (No: 224392) and in Scotland (No: SC040154) and a Company limited by guarantee with no share capital (Registered No: 363197). The governing document is the Memorandum and Articles of Association of The Blue Cross.

### HONORARY PRESIDENT

RT Vyner CBE

### MEMBERSHIP

On 31 December 2009 there were 47 Members of The Blue Cross, each paying an annual subscription and entitled to vote at the AGM. Admission to membership requires Board approval.

### BOARD OF TRUSTEES

The Board of Trustees, all of whom are Members of the Charity, is required to conduct the affairs and the general business of The Blue Cross and meets a minimum of four times per year. Under Article 14 of its Articles of Association the Charity is required to have a minimum of five Trustees, with no upper limit. The Board currently stands as follows:

#### Board Members:

DA Sinclair LLB QDR (Chairman)	TC Hutton MRCVS
WH King (Vice Chairman)	J Hyde RGN MA
ZD Berry FCA	AJ Prebble
W Beswick MRCVS	JMI Reed FCA
PF Brooks	The Hon H Roper-Curzon
Dr ATB Edney MRCVS	AV Rowbotham
R Green MRCVS	Dr DS Watt PhD FRICS

**Secretary to the Board:** KL Hamilton MSc

Under Articles 16 and 17 of the Charity's Articles of Association, the following Trustees retired by rotation and, all being eligible, were re-elected to the Board at the Annual General Meeting held on 24 June 2009:

ZD Berry FCA  
PF Brooks  
The Hon H Roper-Curzon  
AV Rowbotham

### **BOARD OF TRUSTEES (cont)**

New members of the Board are co-opted by existing Trustees to maintain or augment the range of skills and experience appropriate to the needs and activities of the Charity and subsequently proposed for election by the Members at the AGM.

On appointment new Trustees are provided with appropriate Charity Commission guides, The Blue Cross Handbook, a copy of the Memorandum and Articles of Association, a full set of the Charity's policies, the current Strategic Plan, the latest Statutory Accounts and an outline of their duties and responsibilities. New Trustees meet with the Chief Executive to undertake an induction process.

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees are responsible for preparing the report of the trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland). They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees at the date of this report is aware, there is no relevant audit information of which the charity's auditor is unaware. Each Trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

### **FINANCE AND SUPPORT COMMITTEE**

The members of the Finance and Support Committee (FISCO) are listed below. The Committee operates under the delegated authority of the full Board and meets to consider finance and support matters, so leaving the Board with responsibility for major policy decisions and any issues that must be considered by the full Board.

ZD Berry FCA (Chairman)



PF Brooks  
AJ Prebble  
JMI Reed FCA  
AV Rowbotham  
Dr DS Watt PhD FRICS  
DA Sinclair LLB QDR (ex-officio as Chairman of Trustees)

#### **AUDIT COMMITTEE**

The members of the Audit Committee are listed below. The Committee operates under the delegated authority of the full Board and meets at least twice a year to consider audit and risk matters, so leaving the Board with full responsibility for major policy decisions and any issues that must be considered by the full Board.

J Hyde RGN MA (Chairman)  
Dr ATB Edney MRCVS  
R Green MRCVS  
TC Hutton MRCVS  
JMI Reed FCA  
Dr DS Watt PhD FRICS

#### **SERVICE DELIVERY COMMITTEE**

The members of the Service Delivery Committee (SEDCO) are listed below. The Committee operates under the delegated authority of the full Board and meets to consider service delivery matters, so leaving the Board with full responsibility for major policy decisions and any issues that must be considered by the full Board.

WH King (Chairman)  
W Beswick MRCVS  
Dr ATB Edney MRCVS  
R Green MRCVS  
ATC Hutton MRCVS  
AJ Prebble  
DA Sinclair LLB QDR (ex-officio as Chairman of Trustees)

#### **COMMERCIAL AND RETAIL COMMITTEE (COMCO)**

The members of the Commercial and Retail Committee (COMCO) are listed below. The Committee operates under the delegated authority of the full Board and meets to consider fundraising and commercial matters, so leaving the Board with full responsibility for major policy decisions and any issues that must be considered by the full Board.

AV Rowbotham (Chairman)  
ZD Berry FCA  
W Beswick MRCVS  
PF Brooks  
WH King  
The Hon H Roper-Curzon  
DA Sinclair LLB QDR (ex-officio as Chairman of Trustees)

KL Hamilton and other members of the Executive Team (ET) are in attendance at the above meetings as required.

KL Hamilton	Chief Executive
C Bamber	Director of Service Delivery
RJ Briggs	Director of Human Resources
M Evans	Director of Commercial and Retail (from 1 March 2010)
SP Goody	Director of External Affairs
NA Smith	Director of Finance and Resources
R Mitty	Interim Director of Fundraising (from 1 March 2010)

The Board delegates responsibility for the day-to-day management of the Charity to the Chief Executive and the ET. The ET reports to the Board on the performance of their respective Directorates against the Strategic Plan set out by the Trustees and financial and operational trends measured against the annually approved budget. Key performance indicators are in place to assist this process.

### RESERVES

During 2009 the Board reviewed its reserves policy to ensure that it represented an appropriate mechanism to support the organisation in countering short term financial risk whilst recognising the interaction between reserves and long term strategic objectives and capital plans.

The Board's policy is to maintain liquid reserves sufficient to counter the most significant short term financial risk to the organisation, which has been identified as a sudden fall in income. The appropriate benchmark has been determined as the ratio of liquid reserves to the amount required to cover

- 6 months future budgeted expenditure which has been determined as being a sufficient timeframe to manage material cost reductions or fund emergency appeals whilst minimising the impact on our service delivery and core organisational capabilities
- all contracted capital expenditure
- all expenditure committed under leases through to their expiry

The Board has reviewed this measure and decided that the desired target ratio is 1.00. The Executive team will provide justification for any material variation from this target and, where appropriate, take corrective action.

Against this measure, at 31 December 2009 the organisation is operating at a ratio of 1.93 and therefore exceeds the target reserves policy.

### INVESTMENT POLICY AND PERFORMANCE

The world's financial markets have begun to recover from the severe turmoil experienced in 2008 and this has improved the value of the Charity's investments by £3m (2008 - £6m loss).

Whilst the continuing uncertainty in the global economy remains of concern to the Trustees, the investments are held for the long term and with a general expectation of future recovery.

The investment portfolio is managed externally by the charity's investment managers on a discretionary basis, subject to appropriate policies and limits established by the Trustees.

The central requirement for the investment portfolio is to produce optimum growth exceeding inflation over any long-term period with a balanced level of risk. Investment performance is reviewed by the Trustees on a quarterly basis with the Charity's investment managers against relevant benchmarks.

## **RISK**

The Trustees regularly review areas of risk across the whole range of the Charity's activities. The annual budget and business planning processes include reviews and assessment of the possible risks to the Charity, the likely consequences of those risks and plans to mitigate their effects on delivery of the charitable services. This framework of risk is actively monitored across the organisation by the Executive Team supported by Internal Audit resources, a Health and Safety Manager and The Blue Cross staff. Any significant changes in risk to the organisation are notified to the Trustees and addressed by the Executive Team.

The Charity appointed Grant Thornton LLP to carry out the internal audit function (reporting to the Chief Executive and Audit Committee) which will include a review of the Blue Cross risk register and processes for risk management as an integral part of this appointment.

## **EMPLOYEES**

Employees are vital to the delivery of our charitable objectives. The Charity believes in, and practises, open communication, supported by a Staff Forum, inter-departmental meetings, newsletters and organisation-wide email access. The Charity continues to hold Investors in People accreditation, as external evidence of its commitment to, and practical application of, staff communication and development.

## **EQUAL OPPORTUNITIES**

The Blue Cross is committed to the principle of equal opportunity in employment and aims to ensure that recruitment, selection, training, development and promotion procedures result in all job applicants and employees, regardless of their status, being treated on an equal basis, bearing in mind the aptitudes of the applicant concerned, and subject to any reasonable adjustment that may be required. Every effort is made to ensure that if a member of staff becomes permanently disabled during their employment with the Charity, their employment continues and any additional training and support is provided.

## **VOLUNTEERS**

2009 continued to be a year of significant growth for our volunteer programme. We now have well over 1,500 registered volunteers who provided a total of over 145,000 hours to the charity in 2009, a 27% increase on the 114,000 hours given in 2008. We are very aware of the importance of our volunteers in all aspects of the Charity's current activity and the part that they will play in our future growth. We recognise the need to continue to invest in the resourcing and management of our volunteer programmes to enable them to support the charity in the years ahead.

## **PUBLIC BENEFIT**

Our principal charitable objective is "To encourage and promote kindness to, and the protection of, animals and to educate the public in responsible animal ownership"

As an integral part of achieving that objective and therefore of direct public benefit:-

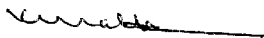
- our veterinary hospitals provide around 100,000 treatments each year for animals owned by the public who cannot afford private veterinary services
- our adoption centres take in around 6,000 dogs and cats many of whom we neuter to help reduce the number of unwanted and stray animals
- we provide an invaluable matching service for the public looking to adopt those 6,000 unwanted animals each year
- we run a Pets into Care scheme to provide peace of mind for pet owners who predecease their pets
- we run a public education programme through provision of a free range of 80 pet care leaflets available in printed and on-line media
- we also run a curriculum based children's education programme in schools which reaches around 45,000 children and teaches both responsible pet ownership and safety around dogs.
- We also work with housing providers, other organisations and charities and members of parliament to encourage the enacting of legislation which supports people and animal welfare policies.

The Blue Cross believes that the promotion of kindness to, and protection of, animals together with responsible animal ownership supports a better civil society and is therefore of significant public benefit.

## **AUDITORS**

The Trustees will place a resolution before the Annual General Meeting to re-appoint The Gallagher Partnership LLP as auditors for the ensuing year.

**By order of the Board**



KL Hamilton MSc  
Secretary

28 April 2010

**DETAILS OF THE REGISTERED OFFICE OF THE BLUE CROSS AND ADDRESSES OF ITS PROFESSIONAL ADVISERS**

**Registered Office**

Shilton Road  
Burford  
Oxfordshire OX18 4PF

The Blue Cross (Incorporating Our Dumb Friends League), is a Charity Registered in England and Wales (No:224392) and in Scotland (No:SC040154) and a Company limited by guarantee with no share capital, registered in England (No:363197)

**Bankers**

National Westminster Bank Plc  
141 Ebury Street  
London  
SW1W 9QP

**Solicitors**

Bircham Dyson Bell LLP  
50 Broadway  
Westminster  
London SW1H 0BL

**External Auditors**

The Gallagher Partnership LLP  
Chartered Accountants  
Registered Auditors  
Titchfield House  
69/85 Tabernacle Street  
London EC2A 4RR

**Internal Auditors**

Grant Thornton UK LLP  
Enterprise House  
115 Edmund Street  
Birmingham B3 2HJ

**Investment Managers**

Rathbones Investment Management Limited  
159 New Bond Street  
London W1S 2UD

**Independent Auditor's Report to the Members of THE BLUE CROSS (Incorporating Our Dumb Friends' League)**

We have audited the group and parent company financial statements of The Blue Cross for the year ended 31 December 2009 set out pages 15 to 31. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

The trustees' (who are also the directors of The Blue Cross for the purpose of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under the Companies Act 2006 and under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with those Acts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if in our opinion the information given in the Trustees' Annual Report is not consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charity's financial statements are not in agreement with those records, if we have not received all the information and explanations we require for our audit or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting

policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Independent Auditor's Report to the Members of The Blue Cross**

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

*The Gallagher Partnership LLP*

Samuel Clarke  
Senior Statutory Auditor  
For and on behalf of  
**The Gallagher Partnership LLP**  
Statutory Auditor  
London

*30 APRIL 2010*

**Consolidated Statement of Financial Activities for the year ended 31 December 2009**

	Note	General Funds £'000	Restricted Funds £'000	Total 2009 £'000	Total 2008 £'000
<b><u>Incoming Resources from Generated Funds</u></b>					
<b>Voluntary Income:</b>					
Donations and gifts		7,811	447	8,258	8,223
Legacies received		10,841	3,101	13,942	12,989
<b>Activities for generating funds:</b>					
Service Delivery		403	0	403	0
Fundraising		1,956	64	2,020	1,501
Income of Trading subsidiaries	4	46	0	46	20
<b>Investment income</b>	3	699	43	742	1,534
<b>Other incoming resources</b>					
Net gain on disposal of tangible fixed assets		0	0	0	1
<b>Total Incoming Resources</b>		<b>21,756</b>	<b>3,655</b>	<b>25,411</b>	<b>24,268</b>
<b><u>Resources Expended</u></b>					
<b>Charitable activities:</b>					
Animal hospitals and clinics		6,534	2,076	8,610	8,335
Companion animal centres		6,097	1,985	8,082	8,334
Equine welfare		1,897	289	2,186	2,502
Education		785	8	793	1,190
		<b>15,313</b>	<b>4,358</b>	<b>19,671</b>	<b>20,361</b>
<b>Cost of Generating Funds</b>					
Voluntary Income		3,725	145	3,870	3,845
Fundraising income		1,897	0	1,897	1,347
Investment income		49	0	49	49
		<b>5,671</b>	<b>145</b>	<b>5,816</b>	<b>5,241</b>
<b>Governance Costs</b>		<b>75</b>	<b>0</b>	<b>75</b>	<b>126</b>
<b>Total Resources Expended</b>	6	<b>11,059</b>	<b>4,503</b>	<b>25,562</b>	<b>25,728</b>
<b>Net incoming/(outgoing) resources for the year before transfers</b>		<b>697</b>	<b>(848)</b>	<b>(151)</b>	<b>(1,460)</b>
<b>Gains on investment assets:</b>					
<b>Total unrealised and realised investment gains/(losses)</b>		<b>2,851</b>	<b>61</b>	<b>2,912</b>	<b>(5,934)</b>
<b>Net Movement in Funds</b>		<b>3,548</b>	<b>(787)</b>	<b>2,761</b>	<b>(7,394)</b>
Fund balances brought forward at 1 January 2009		2,646	7,234	49,880	57,274
Transfers between funds		0	0	0	0
<b>Fund balances carried forward at 31 December 2009</b>		<b>46,194</b>	<b>6,447</b>	<b>52,641</b>	<b>49,880</b>

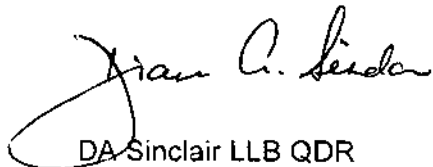
None of the Society's activities was acquired or discontinued during the above two financial years. The Society has no recognised gains or losses other than those dealt with in the statement of financial activities. The notes on pages 19 to 31 form part of these accounts.



**Consolidated Balance Sheet at 31 December 2009**

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
<b>FIXED ASSETS</b>					
Tangible Assets	8		18,771		18,049
Investments	9		<u>18,689</u>		<u>15,242</u>
			37,460		33,291
<b>CURRENT ASSETS</b>					
Stocks	10	42		59	
Debtors	11	2,449		1,685	
Cash at bank and in hand		<u>14,370</u>		<u>17,325</u>	
		16,861		19,069	
<b>CREDITORS:</b> Amounts falling due within one year	12	<u>(1,680)</u>		<u>(2,480)</u>	
<b>NET CURRENT ASSETS</b>			<u>15,181</u>		<u>16,589</u>
<b>NET ASSETS</b>			<u>52,641</u>		<u>49,880</u>
Unrestricted funds	13		46,194		42,646
Restricted funds	14		<u>6,447</u>		<u>7,234</u>
<b>TOTAL FUNDS</b>			<u>52,641</u>		<u>49,880</u>

The financial statements were approved by the Board on 28 April 2010 and signed on its behalf by:



DA Sinclair LLB QDR  
Chairman

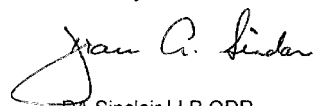


ZD Berry FCA  
Chairman  
Finance and Support Committee

## Company Balance Sheet at 31 December 2009

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
<b>FIXED ASSETS</b>					
Tangible Assets	8		18,771		18,049
Investments	9		<u>18,689</u>		<u>15,242</u>
			37,460		33,291
<b>CURRENT ASSETS</b>					
Stocks	10	42		59	
Debtors	11	2,661		2,178	
Cash at bank and in hand		<u>14,141</u>		<u>16,784</u>	
		16,844		19,021	
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>(1,663)</u>		<u>(2,432)</u>	
<b>NET CURRENT ASSETS</b>			<u>15,181</u>		<u>16,589</u>
<b>NET ASSETS</b>			<u><b>52,641</b></u>		<u><b>49,880</b></u>
Unrestricted funds	13		46,194		42,646
Restricted funds	14		<u>6,447</u>		<u>7,234</u>
<b>TOTAL FUNDS</b>			<u><b>52,641</b></u>		<u><b>49,880</b></u>

The financial statements were approved by the Board on 28 April 2010 and signed on its behalf by:



DA Sinclair LLB QDR  
Chairman



ZD Berry FCA  
Chairman  
Finance and Support Committee

<b>Consolidated Cashflow Statement for the Year ended 31 December 2009</b>	<b>2009 £'000</b>	<b>2008 £'000</b>	
Net cash (outflow)/inflow from operating activities	(1,606)	(1,461)	
Investment income	742	1,534	
Capital expenditure	(1,556)	(1,258)	
Net movement in investment funds	(535)	(135)	
Increase/(Decrease) in cash	<u>(2,955)</u>	<u>(1,320)</u>	
<b>Reconciliation of Operating surplus to Net cash inflow from operating activities</b>			
Net (outgoing)/incoming resources for the year	(151)	(1,460)	
Depreciation	834	821	
(Surplus) on sale of fixed assets/ investments	0	(1)	
(Increase)/Decrease in stocks	17	5	
(Increase) in debtors	(764)	(22)	
(Decrease)/Increase in creditors	(800)	730	
Investment income	(742)	(1,534)	
Net cash inflow from operating activities	<u>(1,606)</u>	<u>(1,461)</u>	
<b>Analysis of cashflows for headings netted in the Cashflow Statement</b>			
<b>Investment income</b>			
Investment income received & receivable	487	934	
Interest received & receivable	255	600	
	<u>742</u>	<u>1,534</u>	
<b>Capital expenditure</b>			
Purchase of tangible fixed assets	(1,556)	(1,259)	
Sale of tangible fixed assets	0	1	
	<u>(1,556)</u>	<u>(1,258)</u>	
<b>Investment Funds</b>			
Purchase of investments	(5,562)	(3,546)	
Sale of investments	5,027	3,411	
Net movement on investment funds	<u>(535)</u>	<u>(135)</u>	
<b>Analysis of changes in net funds</b>			
	<b>At 1 Jan 2009 £'000</b>	<b>Changes £'000</b>	<b>At 31 Dec 2009 £'000</b>
Net cash:			
Cash held by Investment Managers	546	(524)	22
Short term deposits	9,000	2,000	11,000
Cash in hand	7,779	(4,431)	3,348
	<u>17,325</u>	<u>(2,955)</u>	<u>14,370</u>

**Notes to the Consolidated Accounts for the year ended 31 December 2009****1. ACCOUNTING POLICIES**

A summary of principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below:

**i. Basis of Accounting**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005), applicable accounting standards and the Companies Act 2006.

**ii. Income**

Charitable income is recognised on a cash received basis other than where an accruals basis provides a more accurate basis or will give a fairer representation of the underlying nature of the transaction. Income is recognised so far as there is entitlement to the income, there is certainty of its receipt and the amount is quantifiable. Turnover in the Trading Company is represented substantially by the commission receivable, excluding VAT, on goods sold during the year.

**iii. Legacies**

Legacies are treated as income when the Society is legally entitled to the bequest and the amount can be quantified with reasonable accuracy. The date of entitlement is the earlier of the Society being notified of an impending distribution or the legacy being received. Bequests received for specific hospitals, centres and other purposes are included as restricted funds income and utilised to meet their respective costs.

**iv. Tangible Fixed Assets**

Tangible fixed assets represent freehold land and buildings, motor vehicles and equipment. With the exception of IT equipment which is all written off in the year of purchase, all fixed assets purchased for more than £5,000 and with an expected life of more than one year are included at cost and depreciated on the bases outlined below. Freehold land and buildings are stated at cost or at valuation. Property additions since the last revaluation are stated at cost.

**v. Depreciation**

The Board has set depreciation rates that are prudent and realistic and use the following rates, all on a straight line basis, to reduce by annual instalments the cost of the tangible assets over their estimated useful lives:

Freehold buildings - hospitals and administration	50 years
Freehold buildings - adoption and equine centres	25 years
Equipment	4 years
Motor vehicles	3 years

**vi. Listed Investments**

Investments are included in the accounts at market value.

**Notes to the Consolidated Accounts for the year ended 31 December 2009 (cont)****vii. Stocks**

Stocks are valued at the lower of cost and net realisable value. Full provision is made for slow moving and obsolete items.

**viii. Expenditure**

Expenditure is charged to the revenue account on an accruals basis and has been classified under headings that aggregate costs related to each particular charitable activity. Support costs that relate to the delivery of our charitable work including IT, payroll, administration, health and safety, human resources, print, communications and management, have been allocated to activities on the basis of headcount in the area of activity. Governance costs relate to the monitoring of the general running of the charity, strategic planning and public accountability.

**ix. Pensions**

Pension contributions are charged to the income and expenditure account as incurred.

**x. Consolidation**

The Group Accounts consolidate the accounts of The Blue Cross and its subsidiary undertakings drawn up to 31 December 2009 on a line by line basis in the balance sheet and a single line entry in the Statement of Financial Activities. The detailed profit and loss account of The Blue Cross Trading Company is included in Note 4 and The Blue Cross (D&B) Company's activity is disclosed in Note 5 to the accounts.

**2. NET INCOME FOR THE YEAR**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
The net income for the year is stated after charging:		
Depreciation	834	821
Gains on disposals of tangible fixed assets	0	1
Auditors remuneration	<u>20</u>	<u>20</u>

**3. INCOME FROM INVESTMENTS**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Investment income received & receivable	487	600
Interest received & receivable	255	934
	<u>742</u>	<u>1,534</u>

**Notes to the Consolidated Accounts for the year ended 31 December 2009 (cont)****4. THE BLUE CROSS TRADING COMPANY LIMITED**

The Charity has a wholly owned trading subsidiary incorporated in the UK, whose activities form part of an integrated approach to supporters. The Blue Cross Trading Company Ltd primarily generates its income through commission on the sales of gifts and Christmas cards by mail order. Turnover also includes sales at the Charity's adoption centres. Net taxable profits are transferred to The Blue Cross by way of Gift. A summary of the trading results is shown below:

<b>Profit and Loss Account</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	189	143
Cost of Sales	(112)	(87)
<b>Gross Profit</b>	<b>77</b>	<b>56</b>
Administrative Expenses	(31)	(36)
<b>Profit on ordinary activities</b>	<b>46</b>	<b>20</b>
Tax on profit on ordinary activities	0	0
<b>Profit on ordinary activities after taxation</b>	<b>46</b>	<b>20</b>
Retained profit brought forward	0	0
Gifted to The Blue Cross	(46)	(20)
<b>Retained Profit carried forward</b>	<b>0</b>	<b>0</b>

**5. THE BLUE CROSS (D&B) COMPANY LIMITED**

The Charity has set up a wholly owned subsidiary incorporated in the UK, whose main activity is to undertake the design and building of the Charity's hospitals and adoption centres in the most cost effective manner for the benefit of the Charity. Its turnover is derived from invoicing the Charity at cost for each major capital project as the costs are incurred. Any net profits would be transferred to The Blue Cross by way of Gift.

A summary of the trading results is shown below:

<b>Profit and Loss Account</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	2,326	1,077
Cost of Sales	(2,326)	(1,077)
<b>Gross Profit</b>	<b>0</b>	<b>0</b>
Administrative Expenses	0	0
<b>Profit on ordinary activities</b>	<b>0</b>	<b>0</b>
Tax on profit on ordinary activities	0	0
<b>Profit on ordinary activities after tax on</b>	<b>0</b>	<b>0</b>
Retained profit brought forward	0	0
<b>Retained Profit carried forward</b>	<b>0</b>	<b>0</b>

## Notes to the Consolidated Accounts for the year ended 31 December 2009 (cont)

## 6. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff Costs £'000	Other Costs £'000	Dep'n £'000	2009 Total £'000	2008 Total £'000
<b>Direct charitable expenditure</b>					
Animal hospitals and clinics	5,535	2,854	221	8,610	8,335
Companion animal centres	3,908	3,766	409	8,083	8,334
Equine welfare	1,141	867	177	2,185	2,502
Education	274	518	1	793	1,190
	<u>10,858</u>	<u>8,005</u>	<u>808</u>	<u>19,671</u>	<u>20,361</u>
<b>Costs of Generating Funds</b>					
Voluntary Income	671	3,183	16	3,870	3,845
Fundraising Income	650	1,237	10	1,897	1,347
Investment Income	0	49	0	49	49
	<u>1,321</u>	<u>4,469</u>	<u>26</u>	<u>5,816</u>	<u>5,241</u>
<b>Governance costs</b>	<u>40</u>	<u>35</u>	<u>0</u>	<u>75</u>	<u>126</u>
<b>Total</b>	<u><b>12,219</b></u>	<u><b>12,509</b></u>	<u><b>834</b></u>	<u><b>25,562</b></u>	<u><b>25,728</b></u>

Staff costs include £2,075k (2008 - £2,033k) and Other Costs include £1,751k (2008 - £2,157k), which have been allocated across all activities. These allocated costs include the provision of IT, payroll, administration, health and safety, human resources, print, communications and management services to the charity's staff and volunteers, adoption centres, equine centres and shops across the UK. They have been allocated on the basis of the number of full time equivalents in each area of direct activity.

## 7. STAFF COSTS

	2009 Group £'000	2008 Group £'000
Wages and salaries	10,785	9,983
Social security costs	1,004	917
Other pension costs	430	408
	<u>12,219</u>	<u>11,308</u>

**Notes to the Consolidated Accounts for the year ended 31 December 2009 (cont)****7. STAFF COSTS (continued)**

The average weekly number of employees engaged in the activities of the Charity during the year, calculated on full time equivalents, was:

	<b>2009 Group Number</b>	<b>2008 Group Number</b>
Animal hospitals and clinics	166	149
Companion animal centres	185	183
Equine welfare	49	50
Education	8	12
Generating voluntary income	25	21
Generating fundraising income	16	14
Governance	0	1
	<u>449</u>	<u>430</u>

The number of employees whose emoluments (including benefits in kind) were in excess of £60,000 for the year were:

	<b>2009 Group Number</b>	<b>2008 Group Number</b>
£60,001 - £70,000	3	2
£70,001 - £80,000	2	5
£80,001 - £90,000	0	0
£90,001 - £100,000	1	0
£100,000 - £110,000	1	0

Contributions made in the year for the provision of money purchase pension schemes totalled £33,308 for these 7 employees (2008 - £42,092 for 7 employees).

In accordance with the Memorandum of Association of The Blue Cross the Trustees received no remuneration for their services during the year.

Total expenses incurred during the year for 14 Trustees was £14,588 (2008 - 14 Trustees £17,984).

Trustee Indemnity Insurance was provided in the year at a total cost of £3,150 to the Charity (2008 - £2,258).



## Notes to the Consolidated Accounts for the year ended 31 December 2009 (cont)

## 8. TANGIBLE FIXED ASSETS FOR THE GROUP AND COMPANY

	Freehold Land and Buildings £'000	Equipment £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2009	24,319	428	151	24,898
Additions	1,481	33	42	1,556
Disposals	0	0	0	0
<b>At 31 December 2009</b>	<b>25,800</b>	<b>461</b>	<b>193</b>	<b>26,454</b>
<b>Depreciation</b>				
At 1 January 2009	6,399	324	126	6,849
Charge for the year	733	70	31	834
Disposals	0	0	0	0
<b>At 31 December 2009</b>	<b>7,132</b>	<b>394</b>	<b>157</b>	<b>7,683</b>
<b>Net Book Value at 31 December 2009</b>	<b>18,668</b>	<b>67</b>	<b>36</b>	<b>18,771</b>
<b>Net Book Value at 31 December 2008</b>	<b>17,920</b>	<b>104</b>	<b>25</b>	<b>18,049</b>

The freehold land and buildings are shown at cost with the exception of 4 properties shown at valuation on 17 December 1952 in the sum of £7,482. The Trustees are of the opinion that had depreciation been based on original cost, the depreciation charge would not have been materially different.

The Net Book Value at 31 December 2009 represents fixed assets used for:

	2009 Net Book Value £'000	2008 Net Book Value £'000	2009 Insurance Value £'000
Animal hospitals and clinics	6,650	6,868	11,304
Companion animal centres	7,868	6,882	19,306
Equine welfare	3,522	3,676	3,982
Education	18	31	24
Generating voluntary income	437	383	72
Generating fundraising income	276	206	45
Governance	0	3	0
	<b>18,771</b>	<b>18,049</b>	<b>34,733</b>

## Notes to the Consolidated Accounts for the year ended 31 December 2009 (cont)

## 9. FIXED ASSET INVESTMENTS

	Group and Company 2009 £'000	Group and Company 2008 £'000
Market value at 1 January 2009	15,242	21,035
Disposals at valuation	(5,035)	(3,505)
Acquisitions at cost	5,562	3,546
Net (losses)/gains on revaluation	2,920	(5,834)
Market value at 31 December 2009	<u>18,689</u>	<u>15,242</u>
The above investments consist of:		
Fixed Interest securities	3,060	2,325
Other shares and securities	15,629	12,917
Investments in subsidiary undertakings	0	0
	<u>18,689</u>	<u>15,242</u>
Historical cost as at 31 December 2009	<u>18,438</u>	<u>17,492</u>

## 10. STOCKS

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Veterinary drugs for charitable purposes	<u>42</u>	<u>59</u>	<u>42</u>	<u>59</u>

**Notes to the Consolidated Accounts for the year ended 31 December 2009 (cont)****11. DEBTORS**

	<b>Group 2009 £'000</b>	<b>Group 2008 £'000</b>	<b>Company 2009 £'000</b>	<b>Company 2008 £'000</b>
Income Tax Recoverable	1,444	632	1,444	632
Trade debtors	28	72	0	0
Amounts owed by group undertakings	0	0	138	111
Other debtors	476	471	478	471
Prepayments and accrued income	321	310	321	311
Loan to The Blue Cross (D&B) Co Ltd	0	0	100	453
Loan to the Irish Blue Cross	180	200	180	200
	<b><u>2,449</u></b>	<b><u>1,685</u></b>	<b><u>2,661</u></b>	<b><u>2,178</u></b>

At the balance sheet date a loan of £100k (2008 - £453k) was made to The Blue Cross (D&B) Company Limited. Interest is payable on the amount outstanding as earned by the subsidiary. Repayment is due by 2012.

At the balance sheet date a loan of £180k (2008 - £200k) was made to The Irish Blue Cross, a registered charity in the Republic of Ireland. Repayment is due by 2019.

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group 2009 £'000</b>	<b>Group 2008 £'000</b>	<b>Company 2009 £'000</b>	<b>Company 2008 £'000</b>
Trade creditors	902	989	887	981
Amounts owed to group undertakings	0	0	0	0
Social security and other taxes	282	291	282	285
Other creditors	83	139	83	139
Accruals	413	1,061	411	1,027
	<b><u>1,680</u></b>	<b><u>2,480</u></b>	<b><u>1,663</u></b>	<b><u>2,432</u></b>

## Notes to the Consolidated Accounts for the year ended 31 December 2009 (cont)

## 13. FUNDS

Group	Unrestricted £'000	Restricted £'000	2009 Total £'000	2008 Total £'000
Balance at 1 January 2009	42,646	7,234	49,880	57,274
Net movement in funds	3,548	(787)	2,761	(7,394)
Balance at 31 December 2009	<u>46,194</u>	<u>6,447</u>	<u>52,641</u>	<u>49,880</u>
Represented by:				
Tangible Fixed Assets	14,064	4,707	18,771	18,049
Investments	17,259	1,430	18,689	15,242
Other Net Assets	811	0	811	(736)
Cash	14,060	310	14,370	17,325
	<u>46,194</u>	<u>6,447</u>	<u>52,641</u>	<u>49,880</u>
<b>Company</b>				
Balance at 1 January 2009	42,646	7,234	49,880	57,274
Net movement in funds	3,548	(787)	2,761	(7,394)
Balance at 31 December 2009	<u>46,194</u>	<u>6,447</u>	<u>52,641</u>	<u>49,880</u>
Represented by:				
Tangible Fixed Assets	14,064	4,707	18,771	18,049
Investments	17,259	1,430	18,689	15,242
Other Net Assets	1,040	0	1,040	(195)
Cash	13,831	310	14,141	16,784
	<u>46,194</u>	<u>6,447</u>	<u>52,641</u>	<u>49,880</u>

## 14. RESTRICTED FUNDS

The funds of the Group and the Company include restricted funds held on trust to be applied for specific purposes.

	Income £'000	Capital £'000	Total £'000
Balance brought forward at 1 January 2009	591	6,643	7,234
Incoming funds in the year	3,328	389	3,717
Expenditure in the year	(3,771)	(733)	(4,504)
Transfer from other funds	(23)	23	0
Balance carried forward at 31 December 2009	<u>125</u>	<u>6,322</u>	<u>6,447</u>
Represented by:			
Land and Buildings	0	4,707	4,707
Investments	0	1,430	1,430
Cash	125	185	310
	<u>125</u>	<u>6,322</u>	<u>6,447</u>

**Notes to the Consolidated Accounts for the year ended 31 December 2009 (cont)****14. RESTRICTED FUNDS (cont)**

The principal restricted funds are those held in respect of the following funds. Investment income is credited to funds where applicable. Annual depreciation and other relevant costs related to buildings and equipment are charged against the appropriate capital fund over the lifetime of the asset or until the fund is fully utilised.

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Capital Funds</b>		
Victoria Hospital	3,150	3,348
Bromsgrove Adoption Centre	197	269
Grimsby Hospital	1,360	1,460
Northiam Adoption Centre	292	306
Subsidiary Charities	191	202
Merton Hospital Vet equipment	14	51
Thirsk Adoption Centre	920	817
Veterinary Equipment	85	68
Mobile Clinic	69	71
Other purposes	16	51
Sandbach Endowment (transferred from income funds in 2009)	28	0
	<u>6,322</u>	<u>6,643</u>
<b>Income Funds</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Community Nurse & Mobile clinic running costs	35	35
Burford Adoption Centre	37	183
Northiam Adoption Centre	0	83
Phoenix Horse Rescue Fund	0	9
Thirsk Adoption Centre running costs	52	225
Horse Ambulance running costs	0	33
Sandbag and Hesco Rescue Fund	1	0
Sandbach Endowment (transferred to Capital Funds in 2009)	0	23
	<u>125</u>	<u>591</u>
	<u>6,447</u>	<u>7,234</u>

**Notes to the Consolidated Accounts for the year ended 31 December 2009 (cont)****15. CONNECTED AND SUBSIDIARY CHARITIES****Connected Charities**

<b>The Irish Blue Cross</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
Grant in the year	<u>20</u>	<u>70</u>

The Irish Blue Cross provides veterinary care in the city of Dublin and an equine welfare service for race meetings and other events in the Republic of Ireland.

<b>The Society for Companion Animal Studies (SCAS)</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
Grant in the year	<u>85</u>	<u>86</u>

The Blue Cross is a member of SCAS which is a registered charity incorporated as a company limited by guarantee and not having a share capital. The Blue Cross liability as a member is restricted to £1. SCAS provides funding for academic studies into the interaction between people and their companion animals, publishes and distributes the results and facilitates an annual conference which brings together the leading experts and advocates in the field of the human-animal bond.

The Blue Cross is a member of Assisi Animal Charities Foundation which is a registered charity incorporated as a company limited by guarantee and not having a share capital. The Blue Cross liability as a member is restricted to £10. Assisi co-ordinates and promotes payroll giving to benefit the work of five animal charities, including The Blue Cross, on a scale that would not be economic for the charities to carry out on an individual basis.

**Subsidiary Charities**

The following charities are classified as subsidiary charities on the Charity Commission's Register and are included in the accounts:

The War Horses Fund  
 Annie Gordon Fund  
 London Institute Mrs Morgan's Fund  
 Bertie Copinger Prichard Fund (Captive and Performing Animals Fund)  
 Mary Margaret Baroness Seaforth of Brahan (Sister Mabel's Free Dispensary for Sick Animals)  
 Edith Alice Bromley-Bourne Fund  
 Rosie May Hare Winton Fund  
 Amy Alice Baldwin Fund  
 Louisa Snow Fund  
 Lucy Anne Fraser Oldfield Fund  
 M I S Hounsell Fund

In accordance with the provisions of the Charities Acts regarding small charities, the Charity aims to utilise any small funds held by its Subsidiary Charities.

**Notes to the Consolidated Accounts for the year ended 31 December 2009 (cont)****16. PENSION COSTS**

The Charity contributes to a 'money purchase' pension scheme for salaried employees. Payments made to the scheme and charged in the accounts comprise current contributions. These contributions payable by the charity amounted to £430k (2008 - £408k). All contributions were paid in the year.

**17. TAX ON SURPLUS ON ORDINARY ACTIVITIES**

As a registered charity The Blue Cross is not subject to corporation tax. The income tax suffered by deduction from gifts is reclaimed from the Inland Revenue.

**18. LEGACIES**

At the year-end the Charity was aware that it was a beneficiary of an estimated 608 (2008 - 593) estates where either, it was not certain that the legacy would be received, or the value could not be reliably measured. The current estimate of the total amount concerned is £17.2m (2008 - £15.2m).

**19. COMPANY STATUS**

The Blue Cross is a registered charity constituted as a Company limited by guarantee, and does not have share capital. The liability of each member is limited to £1.

**20. COMMITMENTS**

Details of commitments at the accounting date are as follows:

<b>Contracted for but not provided for:</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
Thirsk Companion Animal Centre	0	1,119
Southampton Animal Centre	0	763
	<b>0</b>	<b>1,882</b>

The commitments contracted for but not provided for represent the contract values, less payments made for building projects in progress.

**Notes to the Consolidated Accounts for the year ended 31 December 2009 (cont)****20. COMMITMENTS (continued)**

<b>Expenditure planned over next 5 years but not contracted for:</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
Animal hospitals and clinics	6,967	1,591
Companion animal centres	3,740	3,967
Equine welfare	1,750	2,184
	<u>12,457</u>	<u>7,742</u>
<b>Total Planned Expenditure</b>	<b><u>12,457</u></b>	<b><u>9,624</u></b>

**21. CONTINGENT LIABILITIES**

The Blue Cross is a member of the Wag & Bone Show Company Limited, incorporated in April 2003 as a company limited by guarantee not having a share capital. The Blue Cross's liability as a member is limited to £5,000. The Wag & Bone Show Company Limited was set up by seven canine welfare charities to promote the image of the rescue dog in society through a rescue dog show.

The Blue Cross, on occasion, is required to give indemnities to the Executors of estates where The Blue Cross is a beneficiary. The Charity does not expect these indemnities to crystallise before expiry and aims to ensure that such indemnities are limited to the value of The Blue Cross share of the legacy, have the earliest possible expiry date, and are not given on a joint and several basis. The total value of indemnities given, but not provided in the accounts, outstanding at 31 December 2009 is £147k (2008 - £134k).

**22. OTHER FINANCIAL COMMITMENTS**

At 31 December 2009 the Charity was committed to making the following payments under operating leases in the year to 31 December 2010:

	<b>2009 £'000</b>	<b>2008 £'000</b>
Operating leases which expire:		
Within 1 year	61	29
Within 2 to 5 years	265	319
More than 5 years	186	73
	<u>512</u>	<u>421</u>