

Annual Report and Accounts 2012



Contents

Reference and administrative details	1
Trustees' report	2
Structure, governance and leadership	3
Internal controls and risk management	5
Public benefit requirement	6
WSPA's Global Strategy 2011–15	8
Our work and achievements in 2012	12
Animals in communities	13
Animals in farming	16
Animals in disasters	18
Animals in the wild	20
Global advocacy for animals	25
Financial review	30
Summary of 2012	31
Fundraising	32
Volunteers	33
Grant making policy	33
Reserves policy	33
Investment policy	34
Statement of Trustees' responsibilities	36
Independent auditor's report to the members of the World Society for the Protection of Animals	40
Consolidated financial statements	44
Consolidated statement of financial activities	45
Consolidated and charity balance sheet at 31 December 2012	46
Consolidated cashflow statement	47
Summary income and expenditure account	48
Notes to the consolidated financial statements	49
Thank you to our supporters	65

Reference and administrative details

The World Society for the Protection of Animals (WSPA) is registered with the Charity Commission as a charity and with Companies House as a company limited by guarantee. WSPA is governed by its Memorandum and Articles of Association.

Charity registration number	1081849
Company registration number	4029540
Registered office	222 Gray's Inn Road, London WC1X 8HB

Board of Trustees (who are Directors for Companies Act purposes)

Mr Mark Watts ^{1, 4}	President (elected June 2012); Chair, Standing Committee
Ms Hanja Maij-Weggen ^{2, 4}	Deputy President (elected June 2012)
Mr Paul Baldwin ²	Appointed June 2012
Mr Dominique Bellemare ³	
Dr Bjarne Clausen	
Dr Chinny Krishna ²	
Mr Carter Luke ^{2, 3, 4}	Chair, Nominations and Governance Committee
Ms Marcelle Meredith ^{1, 3, 4}	Chair, Human Resources and Remuneration Committee
Dr Andrew Rowan ^{1, 2, 4}	Chair, Finance and Audit Committee
Dr Dennis Turner	Retired June 2012
Ms Sonja Van Tichelen	Retired June 2012
Ms Cecilia Vega Leon ¹	
Dr Hugh Wirth ^{1, 3}	

1 Member of Human Resources and Remuneration Committee; 2 Member of Finance and Audit Committee; 3 Member of Nominations and Governance Committee; 4 Member of Standing Committee

Chief Executive Officer	Mr Michael Baker
Investment Managers	UBS AG 1 Finsbury Avenue, London EC2M 2AN
Bankers	The Co-operative Bank 62–64 Southampton Row, London WC1B 4ND
Solicitors	Bates Wells and Braithwaite London LLP 2–6 Cannon Street, London EC4M 6YH
Auditors	Grant Thornton UK LLP Grant Thornton House, Melton Street, London NW1 2EP

Trustees' report

The Trustees present their report together with the financial statements of the World Society for the Protection of Animals (WSPA) for the year ended 31 December 2012. The financial statements have been prepared according to the accounting policies set out in Note 1 'Accounting Policies' under the 'Notes to the consolidated financial statements' and comply with the current statutory requirements, the Memorandum and Articles of Association, applicable law and the Statement of Recommended Practice within Accounting and Reporting by Charities (issued in April 2005).

Structure, governance and leadership

Global structure

WSPA is a registered charity and a company limited by guarantee. It is part of a global network of WSPA offices grouped into five regions – Europe; Africa and the Middle East; North America; Latin America; and Asia-Pacific – headed by Regional Directors who co-ordinate and direct WSPA's work in their respective region at a strategic level. Every WSPA office is constituted and registered as a legal entity in its own country as required and is licensed through a collaboration agreement with WSPA International to use the WSPA trademark. These offices focus either solely on their own country or on agreed geographical regions. They carry out a range of animal welfare and fundraising activities united under one global WSPA strategy, developed in consultation between all the offices and approved by the Trustees of the UK charity.

WSPA as registered in the UK includes WSPA International, the country office for the UK, all the regional offices and four other offices – WSPA China, WSPA Colombia, WSPA Tanzania and WSPA Thailand – which are branches of the UK charity. Other WSPA entities are located in Australia, Brazil, Canada, Costa Rica, Denmark, India, Netherlands, New Zealand, Sweden and the USA. The role of WSPA International is to develop the global strategy, co-ordinate activities of the separate offices, set global standards and provide central corporate services where it is most efficient to do so. WSPA offices raise money for charitable activities, and remit surplus funds to WSPA International, who redistributes these to fund programmatic activities worldwide.

WSPA has been in existence for over 30 years but has been registered in the UK since 4 August 2000 and was incorporated on 7 July 2000. Its governing instrument is its Memorandum and Articles of Association which were updated in 2011. Prior to 2000 WSPA operated in the UK as a branch of a not-for-profit charitable company registered in the District of Columbia, USA.

Governance

The Board of Trustees consists of not more than 13 individuals. The Board meets three times a year to review the performance of the charity and make any decisions necessary to its governance and strategic direction. It also regularly reviews WSPA's Risk Register. Biographical information about WSPA's current Trustees can be found on the WSPA International website at: <http://www.wspa-international.org/whoarewe/governance/default.aspx>

The Board has a Finance and Audit Committee which reviews and makes recommendations to the Board on financial policy, the annual audit and accounts, and the Investment policy. The Committee meets at least three times a year to review:

- the management accounts and performance in relation to the budget
- the annual budget before it is presented to the Trustees
- the Investment policy and the performance of investments.

Structure, governance and leadership

The Board's Nominations and Governance Committee ensures that WSPA's governance processes and practices are robust, geared towards enabling the most effective delivery of WSPA's global strategy and in line with best practice. In addition, the Committee continually reviews the skill requirements and performance of Trustees and makes recommendations to the Board as appropriate. When new Trustees are needed, they are recruited through a global advertising process, with the aim of identifying and appointing candidates with the particular skills and experience required by the Board.

The induction process for any newly appointed Trustee has two main elements:

- an induction pack containing key documents relating to:
 - the Board specifically, including: a Trustee role description and Trustee Code of Conduct, to make clear their duties and obligations as a Trustee of a UK charity, and Terms of Reference for the Board committees
 - the wider organisation, including: Articles of Association, the current strategy and corporate policies.
- a series of meetings with Board and staff members to:
 - establish key relationships
 - receive briefings on the strategy, WSPA's structure and governance practices and processes, and WSPA's expectations of the new Trustee.

Training is offered on new legislation and best practice.

The Human Resources and Remuneration Committee is constituted to review the Chief Executive Officer's (CEO's) remuneration and to keep under review WSPA's policies on human resources and pay to ensure that they are consistent with the Board's requirements, current legislation and best practice.

Finally, the Board also operates a Standing Committee whose principal role is to carry out the functions of the full Board between its regular meetings. This might include advising on matters referred to it by the CEO.

Leadership

Michael Baker, the CEO, is appointed by the Trustees to manage the day-to-day operations of the charity. The CEO works with a Global Leadership Team (GLT) which comprises the Directors of the key functions and of the regions in order to ensure that his decisions reflect the needs of the global organisation. The GLT consists of John Trampleasure, Deputy CEO; Nick Stevens, Director of Resources; Steve McIvor, Director of Campaigns; Margaret West, Regional Director Asia-Pacific; Ruud Tombrock, Regional Director Europe; Alfredo Botti, Regional Director Latin America; Silia Smith, Regional Director North America; and Lyndall Stein, Interim Regional Director Africa and the Middle East.

The charity employs a team of staff in London who co-ordinate the global work of WSPA.

Internal controls and risk management

The Trustees have responsibility for ensuring that WSPA has in place an appropriate system of controls, financial or otherwise, to provide reasonable assurance that the charity is operating efficiently and effectively. The systems of financial control are continually reviewed and improved where necessary to provide reasonable assurance against material misstatement or loss.

In November 2012 the Board appointed Crowe Clark Whitehill to carry out the internal audit function within WSPA. They will be undertaking a programme of reviews until October 2015.

In line with the recommendations of the Statement of Recommended Practice from Accounting and Reporting by Charities, the Trustees have approved a risk-management policy to assess business risk and implement risk management strategies. A process of identifying risks and development of a continuous programme of activities to monitor and mitigate risks has been undertaken and is regularly reviewed by the GLT. This is reviewed annually by the Board.

This work entails:

- clarifying management responsibility for risks in each category
- prioritising risks in terms of potential likelihood of occurrence
- assessing risks in terms of possible impact
- assessing types of risk and determining acceptable tolerance levels
- adopting suitable counter measures to mitigate risks.

The key risks and uncertainties that face the charity, as identified in the Risk Register, include economic uncertainty which may adversely affect fundraising income and, owing to the scale and ambition of the new strategy, cause potential difficulties in delivery owing to the need to build appropriate skills in key locations and to develop policies and processes to support a robust global infrastructure. A programme of work is underway to diversify fundraising activities and further develop the capacity of the organisation in order to address these risks.

Public benefit requirement

Under the Charities Act 2006, from April 2008 charity Trustees have had a duty to explain in their annual report how they meet the requirement to demonstrate public benefit within the meaning of the Act. They are also obliged to explain the charity's achievements, measured by reference to the charity's aims and to the objectives set by the Trustees.

The advancement of animal welfare is specified as an admissible charitable purpose and is taken to include any purpose directed towards the prevention or suppression of cruelty to animals or the prevention or relief of suffering by animals. Examples of the sorts of charitable purposes falling within this description include:

- charities promoting kindness and seeking to prevent or suppress cruelty to animals
- animal sanctuaries
- the provision of veterinary care and treatment
- charities concerned with the care and rehoming of animals that are abandoned, mistreated or lost
- feral animal control, e.g. neutering.

In accordance with the requirements of the Charities Act 2006, the Trustees have paid due regard to the Charity Commission's guidance on public benefit when deciding on and planning WSPA's activities.

All Trustees give their time voluntarily and receive no benefits from the charity. The charity operates a policy that ensures the Trustees are reimbursed for expenses incurred in their role to ensure that no one is excluded from contributing on financial grounds. Any expenses reclaimed by the Trustees are disclosed in Note 23 to the accounts.

The sections which follow demonstrate how WSPA met its charitable purposes in 2012 and its principal achievements under its respective strategic priority areas of work.

WSPA's Global Strategy 2011–15

At the World Society for the Protection of Animals, we have worked to expose animal cruelty and prevent animal suffering for more than 30 years. Working with individuals, organisations and governments across the globe, our campaigns range from ending the mass suffering of industrially farmed animals to protecting animals in disasters. Consultative status with the United Nations means we have a unique international platform to prove that the lives of animals are inextricably linked to our own, and now more than ever is the time to stop their suffering.

Our current five-year global strategy is in place to help us achieve change for animals.

To effectively expose animal cruelty and prevent animal suffering, we have developed a strong five-year strategy. All of the WSPA offices in our global network, including the entity covered by this report, are working together towards achieving the real change for animals described in the strategy.

The fate of animals rests in human hands. So our first act will be to create a global agenda for animal protection. Most successful sectors in our globalised age have both global organisations and a clear global agenda; animal protection does not. This is not something we can simply invent on our own or presume to own, but we are the best-placed organisation in the world to be the catalyst to bring it together and move the world to act for animals.

Alongside initiatives to create and advance a global agenda for animal protection, we will make animals matter by demonstrating that their welfare is a fundamental element of the solutions to established global concerns. We can't look at the problems facing humanity today in isolation; animals must be a part of the answer. However, animal protection is just one of a host of issues policymakers face, so we must 'earn' our right to be heard by demonstrating that animal protection is an important part of the solutions to some of the most severe problems facing people today, from food security to health and climate change. It is important that we maintain the ethical case for animals in their own right and be clear about our motivations. However, to position animal protection in the wider context of the world around us and make an impact for animals, we must engage with the concerns and needs facing policymakers.

Achieving successes for animals rests on our ability to use our power and resources to ensure that animal protection is both a local priority and a global concern. This means bringing together advocates from the animal welfare world and beyond. We already have in place a network of partners that gives us the potential to provide a platform for animal welfare worldwide, to help inform and broaden the debate. Ultimately, we will act as a 'portal' for animal protection, a 'one-stop shop' for anyone involved in or who wants to engage with or understand animal welfare, from policymakers to the general public. From this position, we can move all these diverse audiences to act for animals.

However, this is only part of our goal. Animal suffering must be considered alongside the world's toughest challenges – food security, poverty, climate change – as they can only be fully addressed when the humane treatment of animals is accepted as a critical part of the solution. We will lead the way in engaging with organisations and influencers in the environmental, development, health and other relevant fields and with businesses whose commercial activity has a fundamental impact on the welfare of millions of animals. We will use our skills and expertise to move these entities to consider the welfare of animals in their work as well as to lend their voice to ours. By working together, we can meet our biggest ambition: to be there for animals where cruelty is most severe, where cruelty is most far-reaching and where we can make the biggest difference.

With these principles in mind, we developed a set of priority campaign areas (running from 2011 to 2015) that will deliver measurable results for animals across the world. We have developed clear goals, strategies and milestones to measure our progress and impact in the following areas:

- **Animals in communities**, specifically working to end inhumane culling. Every year, millions of dogs are at risk of being killed by cruel and inhumane methods, often in response to humans' fear of rabies. We will work with governments, communities and other organisations to drive the implementation of humane, sustainable solutions to control rabies, and prevent thousands of human deaths, without the cruel and unnecessary culling of millions of dogs.
- **Animals in farming**, with a focus on humane and sustainable agriculture. Animals in farming are a high priority for WSPA because of the scale – they are counted in billions – and intensity of suffering they endure in some parts of this global industry. We will make an impact by working in proactive partnership with governments, food businesses, farmers and consumers to develop and build a momentum for the adoption of humane farming solutions for animals.
- **Animals in disasters**, through our disaster management work. Natural and man-made disasters affect people and animals alike and we are committed to developing our role as a leading specialist in providing fast and practical help to animals in emergencies and in putting preparedness plans in place. We believe in the intrinsic value of animals, and our work in emergencies such as the earthquake in Haiti or the tsunami in Japan, where tens of thousands of animals were affected, is an expression of that firm belief.
- **Animals in the wild**, specifically the commercial exploitation of wildlife. Wildlife is under threat across the world and many millions of animals are subject to cruel practices. We believe this cruelty must be identified and stopped if we are to help create a world in which animals are valued and respected as sentient beings whose pain and suffering should be of concern to all of us. To this end, we will build partnership programmes and move relevant actors to develop and implement humane and practical solutions to issues that lead to the cruel treatment of wild animals. We will focus our attention on an emblematic issue that has been a significant campaign for us over a number of years: bears in captivity and especially the elimination of the cruellest of practices, the farming of bile. We have also identified the trade in live wildlife as a major concern that causes untold suffering right across the world; and finally we will build on a successful track record in tackling the cruelty perpetrated in our oceans.
- **Global advocacy for animals**. At the broadest level, we will inspire and move people to think and act in ways that create lasting change for animals. To achieve this, we will work in partnership with governments, those organisations working to deliver a more sustainable world, and influential people and businesses who directly impact on animal welfare.

Our work and achievements in 2012

This was the second year of our radical new strategy and the implementation of it gathered momentum. We made clear progress throughout our programme areas, as the following pages illustrate. WSPA International co-ordinates activities of the separate offices and funds the work, and the charitable activities are delivered by all the offices in the global network, including the UK office.

Animals in communities

With the help of our supporters, we are working to build a world where people understand and value the inextricable links between their own wellbeing and that of animals in their communities; where governments and ordinary citizens unite to protect the dogs and cats that provide companionship and the working animals that strive so hard to help people make ends meet.

Inhumane culling

Rabies kills more than 55,000 people worldwide every year, mostly in Asia and Africa, and in 99 per cent of human rabies cases, the virus is transmitted by dogs. Many governments try to stop the disease by killing dogs. Millions of them are beaten, gassed, shot or poisoned annually, but their often brutal deaths are needless because the science demonstrates that killing dogs is not effective in halting this deadly disease.

The only effective way is by making dogs our protectors. Vaccinating at least 70 per cent of a dog population creates a barrier which prevents the disease from spreading between dogs, ultimately eliminating rabies in dogs and people. Based on this knowledge, WSPA's global Red Collar campaign seeks to end the inhumane mass culling of dogs in response to rabies by convincing governments to replace it by the only humane, effective and sustainable solution: mass dog vaccination.

This campaign is global. In order to persuade governments in Asia and Africa to end the culling of dogs we need to gather and promote evidence from Latin America, where governments have successfully run large-scale annual vaccination campaigns for more than 30 years; we also need to engage with stakeholders across North America and Europe to champion our solution.

Achievements in 2012

- We achieved significant animal protection successes in Bangladesh last year. We supported the government in holding a workshop, during which it was agreed that mass dog vaccination had to be a core component of its rabies elimination action plan; we then assisted in drafting the action plan and ran training to enable the roll-out of a national mass dog vaccination programme. By the end of the year over 49,000 dogs had been vaccinated across the coastal town of Cox's Bazar and the northern half of the country.
- Our work in Bali, Indonesia, proved itself to be sustainable: the provincial government and the Food and Agriculture Organization of the United Nations (FAO) continued with two further rounds of mass dog vaccination following our key involvement in the successful first round. Over 200,000 dogs were vaccinated in each round, a huge step in protecting them from culling.
- We kept up our good work in Zanzibar: over 8,500 dogs were vaccinated against rabies as well as nearly 3,000 cats, which can also transmit rabies.

- We brought vets on board, agreeing an important Memorandum of Understanding (MoU) with the World Veterinary Association (WVA). This MoU agrees that together we will: promote mass dog vaccination campaigns (rather than depopulation campaigns) as the only effective long-term solution to rabies control; discuss the possibility of WVA support for our Red Collar lobbying activities, in order to convince governments to implement dog vaccination as the effective solution to rabies. The MoU will be ratified in 2013.
- We took significant steps towards safer lives for dogs in Asia by signing two exciting agreements: one with the Chinese Animal Disease Control Centre to deliver a multi-year project which could save hundreds of thousands of dogs from the threat of culling; the second with the Global Alliance for Rabies Control to work together on a three-year project in Metro Manila, Philippines, and Nias, Indonesia, with the aim of eliminating canine and human rabies.
- On World Rabies Day 2012 the Pan American Health Organization (PAHO) publicly recognised our role in promoting humane strategies to end dog culls and rabies, putting WSPA at the forefront of this work. Following this, Fernando Leanes, Director of PAHO Peru, agreed to feature in a video to promote our work and the importance of mass dog vaccination without culling. This video will be used to inspire governments who are still culling dogs to change their policy and practice.
- As a major player in the development and implementation of solutions to rabies in dogs and people, we participated in several significant international meetings. These included:
 - a joint consultative meeting of the livestock and human health working groups of the Association of South East Asian Nations (ASEAN), during which members recognised WSPA as a development partner capable of playing an important role in promoting humane and effective rabies control, saving the lives of many dogs
 - the One Health summit held in Davos, Switzerland, at which we were the only animal welfare charity to present. We took this opportunity to demonstrate the need for a ‘one health’ approach – a concept which encourages the linking of human, animal and environmental health in order to achieve the best possible outcomes in all these areas. This meeting helped position us as a stakeholder in this arena and offered new channels for promoting our solution to rabies in dogs
 - presenting at the Rabies in the Americas conference in São Paulo, where we were again able to strengthen our relationships with key stakeholders and increase recognition of our work.
- Alongside the Food and Environment Research Agency, the World Health Organization and others, we co-organised the first international dog population management conference, helping to cement our position as an expert on this issue.
- We brought rabies-driven culls into the spotlight: on World Rabies Day our global communications team generated over 300 pieces of media coverage to alert people to the issue and help ensure that WSPA is widely recognised as a leading expert on mass dog vaccination. This recognition will allow us to build on our work for animals in 2013 and beyond.

Working equines

Many people around the world are partially or wholly dependent on working equines for their livelihoods, whether for agriculture or as a means of transport. But these horses, donkeys and mules often suffer greatly, from casual cruelty and neglect or from their owners' lack of knowledge and access to resources. To improve their lives and protect their wellbeing we provide training and equipment, which benefits owners too – the health of their animals affects their income and opportunities. To work sustainably, we promote changes in owners' behaviour, help increase access to veterinary services and promote other often simple measures to improve the health and welfare of these hard-working animals.

Achievements in 2012

- Our work in Palestine flourished. We carried out 899 treatments across six communities through the mobile clinic run with our partner, the Palestine Wildlife Society; a further 313 equines were brought to the clinic from surrounding communities. Both figures were down on 2011, a very positive indicator that better welfare is becoming part of the owner's routine and playing a preventative role. Major causes of equine ill-health, such as parasites and lameness, also showed very significant reductions, typically by 40 per cent. All this is attributable to the sustainable human behaviour change programme which ran in all six communities visited by the mobile clinic.
- Hundreds of animals benefited from our work in Israel. Our partner, Pegasus, rescued 135 working equines during the year and succeeded in rehoming 126. The number of confiscations and injuries both fell significantly over the year, further evidence that our focus on long-term behaviour change is paying dividends for animals.
- Great results for working equines were also reported from south-east Asia. Our partner, the Cambodia Pony Welfare Organization, interacted with 24 communities, and almost 500 ponies received basic healthcare, including deworming and vaccination. The veterinary team treated nearly 80 different diseases and discussed their causes with owners, offering advice and information to improve owners' understanding of the animals' needs. In addition, 13 workshops were held for farmers, including four specialised sessions on farriery and saddle making. Farriers and vets from our project in Thailand with the Lampang Pony Welfare Foundation also participated and are now able to deliver the training themselves. The projects in Cambodia and Thailand are now entering their final year and we have signed a funding agreement with World Horse Welfare for it to manage the exit process.

Animals in farming

Every year billions of farm animals are raised in inhumane conditions all over the world. Pigs, chickens, cows and other animals are often reared in environments which do not allow them to express natural behaviours, with terrible impacts on their wellbeing. Our long-term vision, reflected in an almost 50 per cent increase in our expenditure in this programme area in 2012, is a world where the welfare of animals is at the heart of farming and the suffering of animals farmed for food has ended, so we are working to persuade governments, food companies, farmers and consumers that high-welfare farming is better for animals, people and the environment.

Achievements in 2012

- We made the most of the opportunity presented by the Rio+20 Conference in June, helping to secure agreement that sustainable livestock and animal health would be included in the final outcome document of the United Nations Earth Summit: The Future We Want. This is a truly significant addition: before we began this work, livestock was not being considered in the text, but 'sustainable intensification' of agriculture – a real threat to animals, people and the environment – was. This is a foundation stone for future work: as for the first time ever the treatment of animals has been considered in global discussions on sustainable development at this level, we can now step up engagement with the UN to ensure that animal welfare is a core part of international food and farming debates.
- We launched our European dairy campaign Keep Cows on Grass in four WSPA Europe countries: Denmark, Sweden, the Netherlands and the UK. An estimated 30.3 million people across Europe viewed the campaign's main message, built around the question: 'Where Does My Milk Come From?' With almost nine out of ten people across the European Union believing that cows should be on pasture (YouGov, 2012), the Keep Cows on Grass campaign identified strong public support for dairy farming that is economically, environmentally and ethically responsible. Alongside this activity, a Supporting Better Dairy coalition with Ben & Jerry's and Compassion in World Farming has attracted significant public and political support for an EU directive to protect dairy cows.

In addition:

- our Netherlands-based 'Free of indoor milk' initiative (an element of the overall European campaign) convinced cheese-maker Vergeer Holland to commit to producing its entire Gouwenaar Light brand from guaranteed pasture-based milk from January 2013
- we delivered a keynote speech at the World Dairy Summit in South Africa in which we presented the benefits of good dairy cow welfare for farmers in developing countries to a global industry audience.
- We unveiled a second exciting cross-border campaign in November, launching Choose Cage-Free in Canada and the USA to call for food companies to commit to cage-free eggs in their supply chains. The campaign's digital lobbying (website and social media actions) gained great support from consumers and demonstrated the demand for cage-free eggs. We will begin engagement with businesses in 2013.

- In 2012 our humane slaughter training programme in China and Brazil benefited more than 500 million animals directly, meaning that these animals did not experience extreme and unnecessary suffering at the end of their lives. In Brazil, the Ministry of Agriculture requested our input into the ongoing revision of humane slaughter legislation. As the only non-governmental organisation invited to participate, this is a real indication that we are viewed as experts in the field. Working with the government on this provides us with a unique opportunity to improve welfare standards for huge numbers of animals.
- Our success in promoting humane slaughter was also evident in Indonesia, where we launched a three-year project with the Indonesian Veterinary Medical Association to improve the welfare of beef cattle in the country's abattoirs. A Memorandum of Understanding was signed in October, representing a major commitment to improving the welfare of millions of animals.
- Our Humane Chain campaign in Australia continued to attract huge public support for an end to live animal exports. Nearly 200,000 people have signed the petition ahead of the Federal elections due in 2013, and we are continuing to gather support on this issue. We also engaged with the industry and politicians to look for solutions: our recent economic report (examining the costs and benefits of transitioning away from live exports to a chilled meat trade) was received positively by our stakeholders.

Animals in disasters

When natural disasters plunge animals and people into crisis, we use our world-class expertise to help rebuild lives and protect communities and their treasured animals from future catastrophes. As we continue to implement our new global strategy for disaster management, our clear vision of what we need to achieve is already delivering results for animals. Our work with governments, humanitarian agencies, development actors and animal welfare groups continues apace, seeking and delivering long-term change for the millions of animals affected by disasters annually. This was, however, a quieter year for responding to acute animal need, which is a reflection of how disasters affected animals in 2012.

Achievements in 2012

- Even a 'quiet' year is a busy one for our team of disaster experts: WSPA's global response teams directly attended to the needs of 137,173 animals across 10 countries in 2012, including India and Mexico, affected respectively by heavy rains and severe drought. In addition, over 343,000 animals indirectly benefited from the longer-term work we have done with communities to help them reduce the risks posed by disasters.
- We were excited to be selected by the Livestock Emergency Guidelines and Standards (LEGS) Steering Group as one of five key organisations to input into a briefing paper which will inform the second edition of its handbook. This positions us at the heart of disaster management best practice: LEGS is an independent initiative that aims to improve the quality of livestock-related interventions (including the impact on livelihoods) in humanitarian situations and is supported by, among others, the UK Department for International Development, USAID, the European Union and the African Union.
- Our experience was called on again when we were commissioned to act as technical advisers on disaster risk reduction and LEGS training by DIPECHO in El Salvador and Honduras. This was a significant request for us as it shows how our expertise is helping to introduce animal welfare as a mainstream concern in emergency scenarios (DIPECHO is the Disaster Preparedness programme of ECHO, the EU's Humanitarian and Civil Protection directorate).
- We undertook joint work with the Food and Agriculture Organization of the United Nations (FAO), providing technical advice on the restocking of poultry in response to flooding in Paraguay.
- We help people to help animals. This enabling role is demonstrated by our work with Costa Rica's National Animal Health Service, with which we are co-operating to develop practical rules of operation for its newly established Animal Emergency Fund as well as training staff to implement the fund during 2013.
- Our work in Vietnam is set to make a real difference to animals' lives: the country's Department of Livestock Production and Ministry of Agriculture and Rural Development formally agreed to a framework of co-operation with us, working together over the next four years to roll out LEGS nationally to help livestock affected by disasters.

- As part of our work in Colombia we signed a co-operation agreement with the Bogota Fire Department, which will now include animals as part of its rescue protocols and plans. The Fire Department is a critical actor in Colombia's emergency management system – this relationship gives us access to the national co-ordination system for emergencies.
- We joined the Global Food Security Cluster as a representative advisory organisation on livestock issues. The Global Food Security Cluster forms a key part of the United Nations cluster co-ordination system which is used to share information and build stronger responses during times of disaster, by providing best practice, policy and advice for stakeholders, including UN organisations, governments and international non-governmental organisations. In this environment, we can work to influence some of the stakeholders crucial to our strategy, such as the FAO.
- We successfully launched the Virtual Disaster Platform, a user-friendly online space where professionals from the international animal disaster response community and beyond can network and share information and skills. Its principal aim is to enable sustainable, better co-ordinated and more effective emergency action for animals and the communities they live in. Several key stakeholders from outside the animal welfare world have signed up so far, showing that our efforts to bring animal welfare into the mainstream of disaster management are working.

Animals in the wild

Our supporters' love of wildlife inspires us and drives us forward as we create wide-reaching and effective campaigns to shift the attitudes of governments and ordinary people, convincing them to make safeguarding wild animals a local and global priority. This programme area has seen an increase of over 50 per cent in charitable expenditure in 2012, reflecting the huge importance we attach to this work.

Bears in the wild

Bears are one of the most iconic wild animals, yet tens of thousands are forced to endure extreme abuse just for entertainment or profit. That is why we campaign tirelessly to end exploitation and suffering for all bears. At the same time, human–bear conflict causes economic loss, injury and even fatalities to people. These threats, real or perceived, prompt people into inhumane retaliation. Embedding animal welfare into the humane management of conflict would benefit wild bears everywhere.

Achievements in 2012

- In November 2012 we celebrated the end of bear dancing in India – a very significant win after 17 years of hard work. This signifies the successful closure of our End Bear Dancing campaign in India, including our alternative livelihoods programme and anti-bear cub poaching training. The occasion was announced at the International Bear Association's conference in New Delhi, at which WSPA CEO Mike Baker delivered a plenary speech. The legacy of our campaign is the Indian government's adoption of an excellent National Bear Welfare and Conservation Action Plan, which WSPA co-funded and contributed to. India is the first country in Asia to have such a comprehensive animal welfare plan and we are hugely proud to have been so involved.
- In Pakistan we worked with our partners to rescue 10 bears from the horrific blood sport of bear baiting. We are also pleased to report that the number of fairs planning to include bear-baiting events is at an all-time low, with just 14 per cent intending to do so (as opposed to nearly half of all fairs in 2008). Fewer than 50 bears are now being used for bear baiting and we are committed to helping them.
- Our successful India-based alternative livelihoods programme is now being replicated with bear-baiting kalandars (traditional bear owners) in Pakistan. This could be expanded to incorporate bear-dancing kalandars, pending research into bear dancing in Pakistan to be undertaken during 2013.
- Following the government of South Korea's decision to commission research to "prepare the measures to end the bear bile industry" we worked with our partners, Green Korea United, to assist and pressure the Ministry of Environment to develop a management plan to ensure the best possible conditions for bears once the industry is finally banned. A private member's bill was drafted and will be tabled in the National Assembly in early 2013.

Our work and achievements in 2012

Animals in the wild

- In Vietnam we co-operated with the Ministry of Agriculture and Rural Development and the CITES (Convention on International Trade in Endangered Species) Management Authority to help develop a new legal circular designed to close loopholes in existing legislation on the illegal bear bile trade.
- Our presence was felt at the International Union for the Conservation of Nature Congress, where a motion instigated by us and drafted with our assistance was passed. The motion is vital for bear protection, as it identifies the bear bile industry as a bear conservation threat and puts in place independent and scientific tracking of wild bear populations in Asia.
- We worked with our partners Asociatia Milioane de Prieteni (AMP) to rescue seven bears in Romania from poor conditions in zoos or lives as 'pets'. This was made possible by the completion of the eight-hectare third forest enclosure of the bear sanctuary near Zarnesti, which now houses its first bear residents. The sanctuary is now helping to teach future generations to respect wildlife: around 30 school groups visited in 2012 and there are plans to expand the educational aspect of the facility. We have started to help AMP to build its organisational resilience and have been developing a business plan for the sanctuary to identify alternative streams of income to support it.
- Our efforts to resolve human–bear conflict received a huge boost from the United Nations Development Programme which is working in Turkey's largest protected area to replicate the conflict resolution model which we developed with Doga Dernegi and the University of Oxford.

Oceans

WSPA's vision for marine animals is of a world where they are valued, respected and protected from suffering caused by humans, whether through deliberate cruelty, exploitation or neglect. Our Oceans work had four main areas of focus in 2012.

Achievements in 2012

Marine litter

- With support from the United Nations Environment Programme we planned and hosted Untangled, the first ever global marine litter symposium dedicated to animal welfare. Attended by 60 experts from over 20 countries, representing governments, intergovernmental organisations, non-governmental organisations, academia and industry, the symposium identified the top priority animal welfare problems caused by marine litter alongside innovative and achievable solutions. These will form the basis of a global strategy to end this unnecessary and large-scale suffering of ocean-dwelling animals. We also produced the Untangled report: the first global status report describing the impact of marine litter on animal welfare and looking at animal-focused solutions.

Hunts

- **Whales in the Faroe Islands.** We established ourselves as a credible and rational non-governmental organisation (NGO) in the Faroes through sound field research and positive engagement with stakeholders, including boat-based tour operators, the Faroese tourism board, members of the whaling community, local media and NGOs. Whaling is a sensitive issue in the Faroes, so this is a huge achievement and one that was essential before moving forward. We actively involved the Faroese public in our whale-watching feasibility survey, and were rewarded when we saw the numbers of local people 'liking' the project page on Facebook grow weekly.
- **Seals in Namibia.** Our Seen and Not Hurt campaign seeks to end the second largest marine mammal hunt in the world: every year the Namibian government allows almost 100,000 seals to be brutally killed. Our strategy takes into account the economic drivers that will lead the government's decision making; we produced a booklet and film which include compelling independent economic analysis and public polling data. These were circulated to tour operators in Namibia who described our campaign as "a shock and wake-up call". Our arguments were compelling enough to see 13 tour operators and one of the world's largest ethical tourism industry alliances (the Ethical Tour Operators Group) join us in a 'pro seals' call to action directed at the Namibian Ministry of Environment and Tourism. This is a fantastic example of how we can effectively engage with industry to reach our animal protection goals.
- **River dolphins (botos) in Brazil.** With help from local experts we have defined a clear strategy which is already marking us out as a leader on this issue: the cruel hunting of river dolphins for use as bait. As a direct result of our engagement, the government has been galvanised and plans are in motion to direct resources to increasing the enforcement of anti-dolphin hunting laws in Amazonas state. While this is not our end goal in itself, it is an indication that the government is now taking the issue seriously. It has formed a working group, including staff from our Brazilian office, to consider our proposed solution.
- **Sea lions in Chile.** Working with local non-governmental organisation Ecoceanos, we made significant progress in our campaign to persuade the Chilean government to drop plans to mass cull sea lions. Our progress in 2012 was rewarding: in May the public pressure we created fought off proposals to allow the capture of 92 sea lions for sale to aquaria and a cull of 300 more; in June the government announced that it was dropping plans to allow the hunting of sea lions in Chilean waters.

International Whaling Commission (IWC)

- Our effective lobbying activities resulted in the IWC endorsing a series of animal welfare recommendations at its annual meeting; the recommendations came from a joint WSPA/UK government workshop held in March. This represented a very welcome renewed commitment by the IWC to invest in and develop its animal welfare work, as well as formal recognition for the first time that animal welfare is relevant and important across the whole spectrum of the Commission's work, not just whaling. More than 10 countries spoke in support of the recommendations which were endorsed by consensus.
- Our credibility was further confirmed by the publication of 12 abstracts from our 2011 Whale Welfare and Ethics Workshop in the journal *Animal Welfare*. Authored by academic experts, these make the case against whale-hunting methods and speak in favour of better international protection for whales against various human threats. The abstracts will continue to contribute over time, serving as an important reference point for the whale protection movement going forward.

Biscay ship strikes project

- A report on the striking of whales by shipping in the Bay of Biscay (the product of a WSPA/ORCA workshop) was presented at the IWC's 2012 Scientific Committee meeting. This has significantly raised the project's profile within the scientific community and has paved the way for Biscay to be recognised as a high risk area for ship strikes through the Agreement on the Conservation of Cetaceans in the Black Sea, Mediterranean Sea and Contiguous Atlantic Area (ACCOBAMS) Scientific Committee.

Wildlife trade

Every year millions of wild animals are taken from their natural habitat for the international wildlife trade. Treated as commodities, their welfare is ignored and intense suffering occurs at every stage of the trade process. These wild species are used as pets and as the source of a wide variety of items, including for fashion, medicines, food and ornaments.

Achievements in 2012

Stop sea turtle farming

The Cayman Turtle Farm (CTF) is the only commercial sea turtle production facility in the world. It is also a tourist attraction, where visitors – many on cruise ship tours – can 'interact' with green turtles. However, the visitors are usually unaware of how acutely distressing handling and captivity are to these deep-diving, migratory creatures.

Our investigation revealed that under its current mode of operation the CTF poses a threat to animal welfare, wild turtle conservation, public health and the Cayman Islands' economy.

- Since launching the campaign, we have secured support across the board: around 150,000 supporters in more than 150 countries took our online action; famous faces Sir Paul McCartney and Tanya Streeter lent their voices to the campaign; the longest-established sea turtle non-governmental organisation in the world – Sea Turtle Conservancy – backed our work; and we gained political support from over 90 British MPs via a House of Commons early day motion.

- Our effective public-facing campaign convinced the CTF to: stop selling turtle meat at its onsite restaurant; conduct an immediate veterinary assessment of the premises; commission an external 'independent' assessment; implement measures to protect human health; and recruit a full-time vet for the first time. The spotlight we placed on sea turtle welfare has moved political candidates standing in Cayman to make this an election issue.

Wildlife crime in London

In 2012 we focused our efforts on ensuring that an effective and sustainable Wildlife Crime Unit (WCU) is functioning in London as part of the Metropolitan Police Service. The WCU is a much-needed resource – London is a key hub of illegal trade in a diverse range of animal species.

- We achieved 11,000 signatures calling on the London Mayor to properly fund the WCU: three of the four mayoral candidates made video pledges supporting our efforts.
- Our grant enabled the WCU to increase its enforcement capacity, and staffing is now at a level capable of achieving operational objectives. As a direct result of our lobbying activities, the Mayor's Office for Policing and Crime requested WSPA's support to create a London-wide plan for dealing with wildlife crime in the capital.
- We were pleased to give evidence to the inquiry into wildlife crime, carried out by the Environmental Audit Committee of the UK House of Commons; many of our recommendations were included in its report.

Global advocacy for animals

A specialist team created in 2011, External Affairs, Research and Learning (EARL), is key to delivering on our plans and achieving successes for animals. Skilled to consider the world's ever-changing political, social and economic landscape, this global team ensures that all of our projects and campaigns are backed by credible scientific, educational and investigative expertise. This strong backbone allows us to build the respected and effective relationships with governments and international organisations that we need to shape animal welfare policies worldwide and make huge changes to animals' lives. EARL is made up of four teams: Education, Investigative Affairs, Policy and Advocacy, and Science.

Education

Our Education team currently works in Latin America, Africa, east and south-east Asia to help people find out why animals are important and to think about what they can do to make animals' lives better. Our work is sustainable: we believe in helping people to help animals, so our educators ensure that the topic of animal welfare is taught in an engaging way that leaves a lasting impression.

Achievements in 2012

First Concepts in Animal Welfare (FCAW)

To reach the next generation of animal caretakers – pupils aged 5 to 16 – we work directly with teachers and with teacher training colleges, providing resources, fresh educational techniques and ongoing support to help educators bring animal protection alive in the classroom.

- In Colombia we launched a booklet on responsible pet ownership, in partnership with the Education Secretariat of Bogota. It will be distributed to every one of the city's 500 public schools, reaching children all across the capital.
- To coincide with the Rio+20 summit in Brazil, we held an event for stakeholders to reinforce the links between environmental education and animal welfare education. This was lent weight by the presence of Izabella Teixeira, Brazil's Minister for the Environment, who opened the event.
- Our Memorandum of Understanding with the Hanoi Department of Education and Training in Vietnam promises to deliver our FCAW programme to all junior secondary schools within Hanoi's 29 districts, with the potential to influence young people's animal care across the capital.
- We formed a strategic alliance with the Fundación Educación por la Experiencia (a Mexican philanthropic organisation), working together to include animal welfare in almost one million free textbooks distributed to over 4,500 schools in the state of Puebla. The agreement includes further training for parents and teachers on why animal welfare is an important part of education.
- Our long-standing education work was recognised in India when we were awarded 'Best Outreach Programme on Animal Welfare' by the Federation of Indian Animal Protection Organisations at its annual prize-giving.

Advanced Concepts in Animal Welfare (ACAW)

For future professionals working with animals we offer a curriculum for veterinary colleges, moving tomorrow's vets and animal scientists to be aware that caring for each animal's welfare is a core value. We also lobby people who make the big educational decisions, such as ministers of education and heads of universities, to include animal welfare as a central element in a rounded curriculum.

- We brought the ACAW programme to a new audience: veterinary schools in Zambia and Namibia, which currently have limited curriculum coverage of animal welfare. In addition, the Polytechnic of Namibia signed a Memorandum of Agreement with us to embed animal welfare into its paravet syllabus.
- We signed a five-year co-operation agreement with the Chinese Veterinary Medicine Association (CVMA) at the 3rd Chinese Veterinary Conference in October. This will see adoption of a curriculum based on our Concepts in Animal Welfare (CAW) syllabus, and means we will support the development of the CVMA's new curriculum and deliver the ACAW programme across China's 80 vet schools. This has the potential to have huge impact for animals in China – the programme is expected to reach thousands of graduates and practising vets each year.
- Our CAW resource was boosted yet further by full support from the Pan American Congress of Veterinary Science, the Mexican Association of Veterinary Schools and other major veterinary bodies in the Americas. This breadth of support means we can have a positive impact on the lives of millions of animals.

Investigative affairs

The Investigative Affairs team provides a platform for intelligence gathering, research and analysis to support our work and help it achieve maximum impact.

Achievements in 2012

- In 2012 we gathered crucial evidence to support the development of campaigns which seek to safeguard wild animals, such as research into the slaughter of river dolphins in Brazil and documentation of the illicit transnational movement of various species for our work on wildlife trade.
- We supported the Disaster Management team's outreach in Africa with research to strengthen animal welfare measures in disaster management and disaster response provision.
- We completed scoping projects which fed into the European dairy campaign and anti-inhumane culling work in Africa.

Policy and advocacy

The Policy and Advocacy team ensures that WSPA policies and positions are consistent, robust and work in tandem with strong external stakeholder relationships.

Achievements in 2012

- We launched Animal Mosaic (www.animalmosaic.org), an online platform to promote collaboration in the animal welfare community through the sharing of resources, knowledge and best practice. This unique resource, currently available in English and Spanish, equips animal welfare advocates with the best possible tools for the delivery of campaigns and services.
- Working alongside Compassion in World Farming, we developed the Business Benchmark for Farm Animal Welfare (launched in early 2013). This ranked index measures the way food businesses take responsibility for and manage farm animal welfare in the products they make or sell, including retailers, processors and producers. By ranking food businesses on this basis, we have encouraged improvements in policy and practice across the sector, vital in an industry where the number of animals suffering is in the billions.
- We worked to support WSPA's campaigns teams to ensure that animal welfare is well represented in the world's most pressing debates: supporting the Disaster Management team in relation to the Global Food Security Cluster; and assisting the Humane and Sustainable Agriculture team in ensuring that all work undertaken under the auspices of the new UN-led initiative 'Global Agenda of Action in Support of a Sustainable Livestock Sector' fully respects animal welfare.

Science

Our Science team ensures that all our animal protection work – and importantly all our solutions – is based on up-to-date and reliable research. The team's evidence-based knowledge enables everyone backing WSPA to be confident that we are taking the best possible action for animals. Vitality, our scientists provide the hard evidence for WSPA's passionate belief in animal sentience: animals' ability to feel pleasure and pain.

Achievements in 2012

- This year our Science team contributed to work across WSPA by:
 - supporting colleagues in WSPA Africa to review proposed involvement in the development of a regional animal welfare infrastructure
 - working with the Disaster Management team to produce animal welfare guidance for the Livestock Emergency Guidelines and Standards Train the Trainers programme
 - assisting the Oceans campaign to publish 12 abstracts from the 2011 WSPA/UK government Whale Welfare and Ethics Workshop in the science journal *Animal Welfare*; and offering expertise to review scientific evidence underpinning WSPA's marine debris symposium in December 2012.

Our work and achievements in 2012
Global advocacy for animals

- We launched Sentience Mosaic (www.sentience mosaic.org), a unique online platform for scientists, academics and all those who work with animals. It was created as a home for cutting-edge information and debate, and we presented papers on the resource at two major conferences: 'Animal Emotions' in Italy and 'Minding Animals' in the Netherlands. Sentience Mosaic also held its first virtual debates, with lively discussions with leading thinkers on sentience drawing a great response.
- We further established ourselves as experts in the field of animal sentience with the publication of our paper 'Animal Sentience: Where Are We and Where Are We Heading?' in the science journal *Animals*.

Financial review

Financial review

Summary of 2012

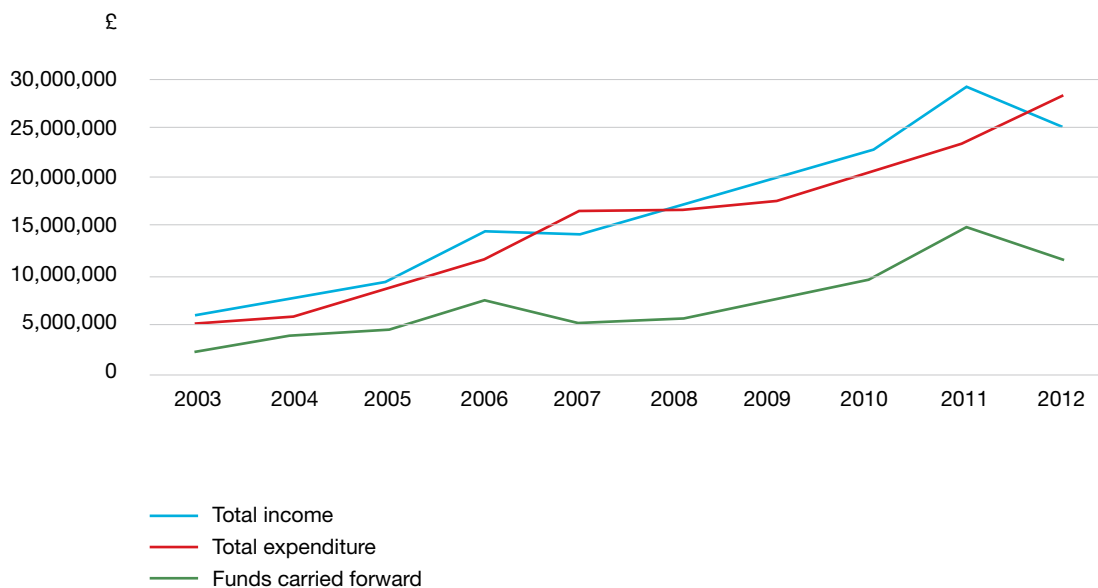
Although total voluntary income was down against 2011 by £3.8 million (13 per cent), this is against a background of significant growth over past years. It reflects a reduction in income from major funders and grants from WSPA organisations, following an exceptional year in 2011. However, the longer-term trend is for continued stability and growth, as our income is £2.4m or 11 per cent up over 2010 (before the launch of WSPA's five-year strategy from 2011).

This stability partially reflects notable increases in our appeals and legacies income, which offset the reductions elsewhere, appeals increasing to £11.1 million, a 13 per cent increase over 2011 and legacies to £3.2 million, a rise of 16 per cent.

Our total charitable expenditure was £24 million, a substantial increase of 20 per cent over 2011. This reflects the planned greater investment in our animal welfare programmes, which was made possible by our strategic use of our financial reserves.

As a result, there was a net negative movement in funds of £3.1 million resulting in £11.8 million fund balances carried forward at the end of 2012.

The following graph illustrates the growth in WSPA income and expenditure over the last ten years.



Fundraising

Total voluntary income for 2012 was £25 million, which is £3.8 million (13 per cent) lower than 2011, but still a significant increase on 2010.

The year-to-year fall in income is mainly due to reduced major grants and donations from individuals and other WSPA organisations.

Major gift income was lower in 2012, but this reflects the fact that in 2011 we received a grant of £2.5m from the Tubney Charitable Trust, WSPA's largest-ever single grant and an enormous expression of confidence in WSPA's farm animal welfare strategy.

Lower grant income from WSPA organisations was due to increased campaign and other expenditure in country offices, which meant that less surplus was available for transfer. This is in line with our global strategy of maximising our charitable expenditure in order to achieve impact for animals where it is most needed.

As noted above, appeals and legacy income performed well during 2012; this is as a result of the additional investment made in fundraising throughout 2012 and in previous years. Our appeals and gift income continues to be the most significant portion of our revenue and we thank our supporters for their continued generosity.

For further information on the entirety of WSPA's income around the world, please refer to the WSPA Global Review 2012 which includes a financial summary drawn from the accounts of all the WSPA entities.

Highlights from 2012 include the following:

- An additional £450,000 grant from the Tubney Charitable Trust was secured for WSPA's farm animal welfare work.
- Animal Protector, our network for supporters who make a regular, committed gift to WSPA, went from strength to strength following its launch in 2011, securing a number of prestigious awards for effectiveness and innovation in the UK. Animal Protector centres on a personalised website that helps supporters feel connected to the animals they are protecting.
- The Wild for WSPA fundraising event, hosted by Christopher Biggins, launched WSPA's 2012-2016 campaigns to address the most significant causes and effects of animal cruelty and suffering in the world. The event was attended by 180 people, including HRH Princess Beatrice, and raised more than £40,000.
- Following the launch of fundraising in Thailand, more than £2.3m was raised in 2012, an increase of 64 per cent as compared to the £1.4million in 2011.

Volunteers

Our dedicated volunteers contribute their time to help with office administration support and fundraising, including assisting with mail-outs, street fundraising and support for those raising money at sponsored events.

WSPA would like to take this opportunity to express our gratitude to all our volunteers for their dedication, hard work and support throughout 2012.

Grant making policy

WSPA makes grants to other WSPA entities to contribute to their running and programme costs. It also gives grants on a proactive basis to its partner organisations and institutions to support joint work on WSPA strategic campaigns and projects. WSPA may very occasionally offer financial support to other bodies for their own activities which clearly contribute to fulfilling our strategic animal welfare objectives.

Grants to WSPA entities are routinely monitored through monthly management reports which include explanations of variance from agreed budgets. Grants to other organisations are governed by grant agreements which lay out agreed terms of reference and WSPA's requirements for regular reporting on financial spend and results achieved.

Reserves policy

During 2012, the Trustees reviewed the Reserves policy and concluded that WSPA should take a risk-based approach in determining the amount that should be held in reserves and avoid holding excessive levels of reserves in order to maximize charitable spend in line with the strategic objectives of the charity. The Reserves policy is intended to protect the organisation and its charitable programme by providing time to adjust to changing financial circumstances. The main objectives of the reserves policy are to:

- provide unrestricted working capital for day-to-day operations worldwide
- protect the work of WSPA around the world against fluctuations in voluntary income and reductions in the value of fundraised income due to adverse foreign exchange movements
- protect the work of WSPA around the world in the event of expenditure increasing due to adverse foreign exchange movements
- enable WSPA entities around the world to restructure operations in an orderly manner, in the event of such action being necessary
- provide a lump sum to meet any contingencies other than those detailed above.

As WSPA is a global organisation with separate legal entities in different countries, some with their own reserves requirements, not all of the global reserves are held by the UK-registered charity.

Financial review

For purposes of this policy WSPA has defined reserves as being cash held in WSPA bank accounts and liquid investments (excluding any endowments which cannot be used for on-going running costs), less those restricted funds that have been specifically donated for discrete projects. Restricted funds that are currently held by WSPA are not restricted in a practical way because the charity has sufficient planned work to expend the restrictions.

The Reserves policy establishes an appropriate target range for the level of reserves. The target range for 2012, and throughout the forthcoming period, has been established as between three and five months of annual expenditure for the UK-registered charity. The range is based on a risk assessment of the probability and likely impact on WSPA's charitable programme that might be caused by a decline in income, an increase in costs or an inability to reduce expenditure in the immediate short term.

Reserves (as defined in this policy) as at 31 December 2012 were £8.5 million (2011: £15 million). For 2012 total expenditure was £28.3 million (2011: £23.7 million) and so reserves represent 3.6 months (2011: 7.6 months) of total expenditure. This is within the target range.

The Reserves policy and the target ranges are reviewed annually to reassess the risks and reflect changes in WSPA's income, financial obligations and expenditure.

Investment policy

The Trustees have established an Investment policy for the reserves that are held by the WSPA UK entity.

The objective of the policy is to balance various requirements:

- to maintain high liquidity in case reserves are needed at short notice
- to achieve the highest possible return on investments
- to minimise risk
- to meet our ethical standards.

The Investment policy is to invest surplus funds for the short term in fixed-term or call deposits with a high security rating. Funds which are not expected to be needed except in the longer term are transferred to an investment manager, whose role is to protect WSPA's investments as well as to generate a return while observing WSPA's investment restrictions.

The investment manager, UBS AG, manages WSPA funds using strategic and tactical approaches to asset allocations within strictly agreed parameters on a medium balanced basis (to achieve a balance between income and growth). An income yield portfolio typically has a low risk profile with the lowest exposure to equities; a growth portfolio is typically oriented towards capital growth and has a more risky profile. WSPA's portfolio is a balanced one, sitting between these two approaches. When investing in equities the focus is on the long-term potential of companies with sustainable high underlying returns, strong cash-flow and the ability to pay growing dividends; however these must meet WSPA's ethical investment restrictions.

Financial review

The Trustees have agreed the following investment restrictions to reflect our ethical standards:

- food producers involved with animals
- food packagers involved with animals
- pharmaceutical companies
- arms companies
- fast-food companies
- tobacco companies.

Statement of Trustees' responsibilities

Statement of Trustees' responsibilities

The Trustees (who are also directors of the World Society for the Protection of Animals for the purposes of company law) are responsible for preparing the Trustees' 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 group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 Statement of Recommended Practice (SORP);
- make judgments 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 a 'going concern' basis unless it is inappropriate to presume that the charitable group will continue in business.

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 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Trustees is aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Trustees' responsibilities

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'M Watts', with a long horizontal flourish extending to the right.

M Watts
President
5 June 2013

Auditor's report

Independent auditor's report to the members of the World Society for the Protection of Animals

We have audited the financial statements of World Society for the Protection of Animals for the year ended 31 December 2012 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheet, the Consolidated Cashflow Statement and the Summary of Income and Expenditure account and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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. 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 its members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on pages 36-38, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2012 and of the group's charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Carol Rudge
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

5 June 2013

Consolidated financial statements

Consolidated statement of financial activities

	Note	Unrestricted £'000	Restricted £'000	Endowment £'000	2012 Total £'000	2011 Total £'000
Incoming resources from generated funds						
Voluntary income	2	22,512	2,306	-	24,818	28,659
Activities for generating funds	3	20	-	-	20	9
Investment income	4	153	-	-	153	354
Total incoming resources		22,685	2,306	-	24,991	29,022
Resources expended						
Costs of generating funds						
Costs of generating voluntary income	5	3,434	-	-	3,434	3,191
Fundraising trading	3	5	-	-	5	11
Investment manager fees		19	-	-	19	18
Net incoming resources available for charitable application		19,227	2,306	-	21,533	25,802
Charitable activities						
Animals in communities	6	1,696	741	-	2,437	2,775
Animals in farming		6,066	742	-	6,808	4,678
Animals in disasters		1,920	284	-	2,204	2,864
Animals in the wild		5,001	1,183	-	6,184	4,089
Global advocacy for animals		6,305	-	-	6,305	5,603
Total charitable expenditure		20,988	2,950	-	23,938	20,009
Governance costs	9	898	-	-	898	458
Total resources expended		25,344	2,950	-	28,294	23,687
Net incoming resources before gains and losses		(2,659)	(644)	-	(3,303)	5,335
Realised gains/(losses) on investment assets		(15)	-	-	(15)	-
Unrealised gains/(losses) on investment assets	13	149	-	38	187	(91)
Net movement in funds		(2,525)	(644)	38	(3,131)	5,244
Fund balances brought forward		10,703	3,353	865	14,921	9,677
Fund balances carried forward		8,178	2,709	903	11,790	14,921

The statement of financial activities includes all gains and losses recognised in the year. All the incoming resources and resources expended derive from continuing activities.

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated and charity balance sheet at 31 December 2012

	Note	Consolidated 2012 £'000	Charity 2012 £'000	Consolidated 2011 £'000	Charity 2011 £'000
Fixed assets					
Tangible assets	12	1,152	1,152	769	769
Investments	13	2,719	2,719	3,022	3,022
		3,871	3,871	3,791	3,791
Current assets					
Debtors	14	3,484	3,506	1,016	1,025
Cash on deposit	26	3,461	3,461	4,054	4,054
Cash at bank and in hand	26	3,241	3,212	8,803	8,784
		10,186	10,179	13,873	13,863
Creditors: amounts falling due within one year	15	(2,202)	(2,199)	(2,743)	(2,737)
Net current assets		7,984	7,980	11,130	11,126
Provisions	16	(65)	(65)	-	-
Net assets		11,790	11,786	14,921	14,917
Unrestricted funds					
Designated funds	17	1,292	1,292	909	909
Revaluation funds		272	272	251	251
General funds		6,614	6,610	9,543	9,539
		8,178	8,174	10,703	10,699
Restricted funds	18	2,709	2,709	3,353	3,353
Capital funds					
Endowments	19	903	903	865	865
		11,790	11,786	14,921	14,917

The financial statements were approved by the Board of Trustees on 5 June 2013



M Watts
President

Registered company no: 4029540

Consolidated cashflow statement

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Net cash outflow from operating activities	25		(6,124)		6,616
Returns on investments and servicing of finance	4				
Interest received		68		28	
Investment income		85		326	
Net cash inflow from returns on investments and servicing of finance			153		354
Capital expenditure and financial investment					
Purchase of tangible fixed assets	12	(674)		(221)	
Purchase of investments	13	(618)		(608)	
Sale of fixed asset investments	13	766		624	
			(526)		(205)
Net cash (outflow)/inflow before management of liquid resources and financing			(6,497)		6,764
(Decrease)/increase in cash	26		(6,497)		6,765

Summary income and expenditure account

	2012 £'000	2011 £'000
Income		
Voluntary income	24,818	28,659
Activities for generating funds	20	9
Investment Income	153	354
	24,991	29,022
Expenditure		
Costs of generating voluntary income	3,434	3,191
Fundraising trading	5	11
Investment manager fees	19	18
Charitable activities	23,938	20,009
Governance costs	898	458
	28,294	23,687
Realised losses on investments	15	-
Net (expenditure)/income	(3,318)	5,335

An income and expenditure account is an alternative summary of the information contained in the Statement of Financial Activities. As recommended in the Charity SORP, this statement excludes gifts of capital that are not currently available for revenue expenditure (See Note 19). The income and expenditure account is included in the accounts in order to comply with the Companies Act 2006.

Notes to the consolidated financial statements

1. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with the applicable accounting standards, including the Statement of Recommended Practice (SORP) on Accounting and Reporting by Charities (revised 2005) and the Companies Act 2006.

Basis of consolidation

The consolidated financial statements of the group incorporate the accounts of the charity including the Regional Offices of Europe; Africa and the Middle East; North America; Latin America; and Asia-Pacific; and branches in China, Colombia, Thailand, Tanzania, Spain (operations in Spain ceased in 2012) and its wholly owned trading subsidiary WSPA Trading Company Limited. The branches are also registered as legal entities in their local jurisdictions to comply with the relevant laws and regulations. A separate Statement of Financial Activities (SOFA) is not presented because the charity has taken advantage of the provisions of paragraph 397 of the SORP and Section 408 of the Companies Act 2006.

Fixed asset investments

Fixed asset investments are stated at their market value at the balance sheet date. Any gain/loss on revaluation is recognised in the consolidated SOFA.

Tangible fixed assets

Tangible fixed assets over £5,000 are depreciated on a straight line basis over their expected useful lives as follows:

Computer equipment	3 years
Software	3 years
Office equipment	3 years
Leasehold property	The life of the lease

Funds accounting

Funds held by the charity are:

Unrestricted funds – funds which can be used in furtherance of the charity’s objectives at the discretion of the Trustees.

Restricted funds – funds which can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Eberle expendable endowment fund – this fund represents assets received from a legacy in 1991 which should, where possible, be held permanently by the charity, principally as investments. Income arising on the endowment fund must be used for small animals, which falls within the objects of the charity.

Ruth Whist permanent endowment – this fund arises from a donation for animals in need. The capital of the fund cannot be spent and interest should be withdrawn annually for use at the discretion of WSPA’s Director of Campaigns.

Incoming resources

Appeals, grants and donations

Income from appeals, grants and donations is included in incoming resources when it is receivable, except as follows:

- When donors specify that donations and grants given to WSPA must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before WSPA becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.
- When donors specify that donations and grants are for particular restricted purposes which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Legacies

Legacies are included when the charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified with reasonable certainty.

Grants

Revenue grants are recognised as incoming resources when they are receivable provided that the conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Interest receivable

Interest is included when receivable by the charity.

Commercial trading activities

Income from commercial activities is included in the period in which the group is entitled to receipt.

Resources expended and basis of cost allocation

Resources expended are included in the consolidated SOFA on an accruals basis, inclusive of any irrecoverable VAT which is included as part of the expenditure to which it relates.

Costs of generating funds

The costs of generating funds comprise the costs incurred in generating voluntary income, the costs of trading for fundraising purposes and the costs directly attributable to managing the investments.

Charitable expenditure

Charitable expenditure comprises those costs directly related to the objects of WSPA. It includes both the costs which can be directly allocated to such activities and the costs of an indirect nature necessary to support them. These costs are apportioned on an appropriate basis as set out in Note 8.

Governance costs

Governance costs represent costs incurred in meeting the constitutional and statutory requirements of WSPA and include audit and legal fees linked to the strategic management of WSPA.

Grants

Grants payable are accounted for as expenditure in the year in which an irreversible binding commitment to make payment is entered into.

Foreign currency

Transactions in foreign currencies are translated at the exchange rate in effect at the time of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Exchange differences are included in the consolidated SOFA for the period in which they are incurred.

Pensions

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from the charity in an independently administered fund. The amount charged in the SOFA represents the contributions payable to the scheme in respect of the accounting period.

2. Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	2012 £'000	2011 £'000
Appeals and gifts	10,823	255	11,078	9,805
Legacies	2,873	360	3,233	2,783
Corporate donations, trust, foundation and society grants	51	486	537	2,916
Donations from WSPA organisations (Note 23)	8,765	1,205	9,970	13,145
Member Society subscriptions	-	-	-	10
	22,512	2,306	24,818	28,659

3. Activities for generating funds

The charity has a wholly owned subsidiary, WSPA Trading Company Limited, incorporated in the United Kingdom, which sells Christmas cards and receives taxable donations from companies operating mail order catalogues, affinity cards, promotional merchandise and ancillary activities. In 2012 there was also a one-off fundraising event for major donors. A summary of the subsidiary's trading results is shown below:

	2012 £'000	2011 £'000
Turnover	20	9
Cost of sales	-	-
Gross profit	20	9
Administration expenses	(5)	(11)
Gift aid donation	(15)	-
Net result/(loss) from trading before interest	-	(2)
Interest receivable	-	-
Interest payable	-	-
Corporation tax payable	-	-
Result/(loss) for the financial year	-	(2)

Turnover excludes charitable donations raised as a consequence of trading activity. These are shown within Charity voluntary income.

4. Investment income and interest

	Unrestricted funds £'000	Restricted funds £'000	2012 £'000	2011 £'000
Interest receivable on bank deposits	68	-	68	28
Investment income – UK equities	85	-	85	91
Other	-	-	-	235
	153	-	153	354

5. Costs of generating voluntary income

	2012 £'000	2011 £'000
Appeals and gifts	3,189	2,637
Legacies	120	222
Corporate donations, trust, foundation and society grants	125	332
	3,434	3,191

6. Charitable activities

	External grants	Direct expenditure	Support costs (Note 8)	Total 2012 £'000	Total 2011 £'000
Animals in communities	161	1,735	541	2,437	2,775
Animals in farming	383	4,885	1,540	6,808	4,678
Animals in disasters	69	1,714	421	2,204	2,864
Animals in the wild	815	4,040	1,329	6,184	4,089
Global advocacy for animals	167	4,671	1,467	6,305	5,603
	1,595	17,045	5,298	23,938	20,009

7. Grants

Grants were made to the following institutions as detailed below:

	2012 £'000	2011 £'000
Asociatia de Protectie a Animalelor (Romania Bear Sanctuary)	413	339
Bioresource Research (Pakistan) BRC	255	-
FAI Farms Ltd	185	-
Humane Society International/United Kingdom	100	-
University of Oxford	60	165
Blue Paw Trust	54	-
Borneo Orangutan Survival Foundation*	45	(101)
Eurogroup for Animals	39	34
Cambodia Pony Welfare Organization	32	-
University of Nairobi	31	-
Marwar Animal Protection Trust	31	-
Compassion in World Farming	30	-
Zanzibar Department of Veterinary Services	27	-
Pegasus	26	-
Royal Veterinary College	25	36
The Winged Horse Trust	25	-
Palestine Wildlife Society	22	-
Species Survival Network (SSN)	20	20
NOAH	17	-
Sierra Leone Animal Welfare Society	16	-
University of Edinburgh	10	-
Norwegian Animal Protection Alliance (Dyrevernalliansen)	10	-
CARE Coexistence of Animal Rights	10	19
Kathmandu Animals Treatment Centre	8	-
Lampang Pony Welfare Foundation	7	-
Tanzania National Parks	6	-
United Nations Development Programme	6	-
IFAW	5	5
Fundación CETHUS	5	-
Association SVAA (Huro Programme)	5	-
Callisto	5	-
Wildlife Trust of India	-	164
Metropolitan Police - Wildlife Crime Unit	-	100
Green Korea United	-	24
University of Bristol	-	22
Cretan Animal Welfare	-	16
International Development, University of East Anglia	-	15
The Wildlife Conservation Society	-	9
Doga Dernegi	-	8
Commonwealth Veterinary Association	-	6
	1,530	881
Other grants to institutions (all under £5,000)	65	20
Grant support costs**	-	88
	1,595	989

* The negative grant in 2011 showing to the 'Borneo Orangutan Survival Foundation' is due to the reversal of an accrual from 2010.

** Grants are included in charitable activities and related support costs are apportioned across these as per Note 6 and Note 8.

8. Support costs

	Animals in communities	Animals in farming	Animals in disasters	Animals in the wild	Global advocacy for animals	Costs of generating voluntary income	Governance (see Note 9)	Total 2012	Total 2011
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Office and IT	213	680	171	554	569	239	74	2,500	2,237
Staff costs	328	860	250	775	898	290	104	3,505	1,747
	541	1,540	421	1,329	1,467	529	178	6,005	3,984

Support costs are apportioned on the basis of direct spend on each area.

9. Governance costs

	Unrestricted funds	Restricted funds	2012 Total	2011 Total
	£'000	£'000	£'000	£'000
Audit fees	88	-	88	56
Legal fees	340	-	340	193
International management	292	-	292	113
Support (see Note 8)	178	-	178	96
	898	-	898	458

10. Net incoming resources

This is stated after charging:	2012	2011
	£'000	£'000
Operating lease – premises	342	280
Depreciation:		
Tangible fixed assets owned	276	123
Auditor remuneration		
- 2012*	62	-
- 2011	26	56
Investment manager fees	19	18

* Audit remuneration in relation to the group audit was £42,000. Audit remuneration for overseas offices was £20,000.

11. Employees and staff costs

The payroll costs of these were as follows:

	2012 £'000	2011 £'000
Wages and salaries	8,143	5,690
Social security costs	780	606
Other pension costs	417	313
	9,340	6,609

In addition, a great amount of time, the value of which is impossible to reflect in these financial statements, was donated by our volunteers.

The average number of contracted employees throughout the year, calculated on a full time equivalent basis, was:

	2012 Number	2011 Number
Charitable activities, campaigns and publicity	125	83
Fundraising	27	27
Managing and administration	45	37
Leadership and governance	7	7
	204	154

The emoluments of members of staff, including benefits in kind within the range £60,000 to £129,999, are:

	2012 Number	2011 Number
£60,000 - £69,999	8	8
£70,000 - £79,999	4	2
£80,000 - £89,999	4	3
£90,000 - £99,999	1	1
£100,000 - £109,999	1	-
£110,000 - £119,999	1	1
£120,000 - £129,999	1	1

The pension costs paid in respect of these employees amounted to £127,470 (2011 £59,514)

12. Tangible fixed assets (consolidated and charity)

	Leasehold property £'000	Office equipment £'000	Computer equipment £'000	Software £'000	Total £'000
Cost					
At 1 January 2012	636	46	866	-	1,548
Additions	426	34	69	145	674
Disposals	(32)	(10)	(556)	-	(598)
Reclassification	-	-	(153)	153	-
At 31 December 2012	1,030	70	226	298	1,624
Accumulated depreciation					
At 1 January 2012	139	25	615	-	779
Depreciation in year	122	16	60	78	276
Disposals	(20)	(9)	(554)	-	(583)
Reclassification	-	-	(27)	27	-
At 31 December 2012	241	32	94	105	472
Net book amount at 31 December 2012	789	38	132	193	1,152
Net book amount at 31 December 2011	497	21	251	-	769

13. Investments (consolidated and charity)

	2012 £'000	2011 £'000
Market value as at 1 January 2012	2,528	2,635
Less: disposals at opening book value	(766)	(624)
Add: acquisitions at cost	618	608
Unrealised gain/(loss) on revaluation	187	(91)
Market value at 31 December 2012	2,567	2,528
Cash	152	494
	2,719	3,022
Historical cost at 31 December 2012	2,255	2,277

An analysis of the market value of investments at 31 December 2012 is as follows:

	2012 £'000	2011 £'000
UK equities	1,340	1,354
Overseas equities	667	673
UK fixed interest stock	560	415
Overseas fixed interest stock	-	86
	2,567	2,528
Cash	152	494
	2,719	3,022

At 31 December 2012 the charity owned the entire issued share capital of WSPA Trading Company Limited (£2 cost), a company which supports the charity by carrying out ancillary trading activities. The trading results are set out in Note 3. At 31 December 2012 the amount of this company's assets, liabilities, share capital and reserves was:

	2012 £'000	2011 £'000
Current assets	31	22
Creditors: amounts falling due within one year	(27)	(18)
	4	4
Called up share capital – (£2 rounded down to nil)	-	-
Profit and loss account	4	4
	4	4

14. Debtors

	Consolidated 2012 £'000	Charity 2012 £'000	Consolidated 2011 £'000	Charity 2011 £'000
Owed by other Group entities	-	22	-	12
Accounts receivable	21	21	-	-
Accrued income	3,166	3,166	553	550
Prepayments	171	171	382	382
Other debtors	126	126	81	81
	3,484	3,506	1,016	1,025

15. Creditors: amounts falling due within one year

	Consolidated 2012 £'000	Charity 2012 £'000	Consolidated 2011 £'000	Charity 2011 £'000
Trade creditors	753	753	653	653
Other creditors	11	8	729	729
Tax and social security	212	212	173	171
Accruals	958	958	1,188	1,184
Amounts owed to other WSPAs	268	268	-	-
	2,202	2,199	2,743	2,737

16. Provisions

	2012 £'000	2011 £'000
Provisions	65	-
	65	-

The provision relates to lease dilapidation. In the lease for the International office, WSPA is responsible for restoring it to the condition prior to WSPA's occupation of it. The lease expires in March 2018.

17. Unrestricted funds (Consolidated and Charity)

Consolidated	Balance at 1 January 2012 £'000	Income £'000	Expenditure £'000	Investment gains /(losses) £'000	Transfers £'000	Balance at 31 December 2012 £'000
Designated funds	909	-	-	-	383	1,292
General funds and revaluation funds	9,794	22,685	25,344	134	(383)	6,886
	10,703	22,685	25,344	134	-	8,178

As at 31 December 2012, designated funds incorporated:

Funds held as fixed assets and used in the charity's operations which are therefore not available to fund short-term expenditure (£1,152,000); and funds held for disaster management to enable the charity to respond quickly to natural disasters (agreed at £140,000 by the Trustees).

Charity	Balance at 1 January 2012 £'000	Income £'000	Expenditure £'000	Investment gains /(losses) £'000	Transfers £'000	Balance at 31 December 2012 £'000
Designated funds	909	-	-	-	383	1,292
General funds and evaluation funds	9,790	22,681	25,340	134	(383)	6,882
	10,699	22,681	25,340	134	-	8,174

18. Restricted funds (Consolidated and Charity)

	Balance at 1 January 2012 £'000	Income £'000	Expenditure £'000	Balance at 31 December 2012 £'000
Animals in communities	73	787	741	119
Animals in farming	2,501	585	742	2,344
Animals in disasters	199	84	283	-
Animals in the wild	580	850	1,184	246
Total restricted funds	3,353	2,306	2,950	2,709

These funds are allocated for specific projects as follows:

Fund	Purpose
Animals in communities	WSPA aims to help animals in communities around the world by persuading national and local governments to stop the brutal slaughter of the animals which live in and belong to those communities, by working with communities to end cruelty towards and neglect of working equines, and by educating people in the care of their animals.
Animals in farming	The aim of the Animals in farming programme is to promote humane and sustainable agriculture and achieve measurable improvements in farm animal welfare in strategically key areas of the world.
Animals in disasters	WSPA received funds for general disaster relief work to be used in emergencies and working with governments and communities to help reduce risks posed by future disasters.
Animals in the wild (bears)	Funds are used for a variety of bear protection projects including bear sanctuaries and ongoing campaigns on the bear bile industry and bear trade issue, dancing bears in Asia and bear baiting in Pakistan.
Animals in the wild (other)	Funds were received and used on a variety of wildlife projects including whaling, human-elephant conflicts, and tackling wildlife crime.

19. Endowment funds (Consolidated and Charity)

	Eberle Capital £'000	Ruth Whist Capital £'000	Total £'000
Balance at 1 January 2012	531	334	865
Net realised and unrealised gains/(losses)	23	15	38
Balance at 31 December 2012	554	349	903

The Eberle Capital Investment Fund arises from a legacy received in 1991 for the protection of small animals 'if possible'. The capital of the fund cannot be used for other charitable purposes unless prior approval is given by the Trustees.

The Ruth Whist Capital Cash Fund arises from a donation for use in work for animals in need. The capital of the fund cannot be spent and interest should be withdrawn annually for use at the discretion of WSPA's Director of Campaigns. The income arising from this fund is part of unrestricted investment income.

20. Analysis of net assets according to type of funds

Consolidated	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
Tangible fixed assets	1,152	-	-	1,152
Investments	1,816	-	903	2,719
Provisions	(65)	-	-	(65)
Net current assets	5,275	2,709	-	7,984
	8,178	2,709	903	11,790

Charity	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
Tangible fixed assets	1,152	-	-	1,152
Investments	1,816	-	903	2,719
Provisions	(65)	-	-	(65)
Net current assets	5,271	2,709	-	7,980
	8,174	2,709	903	11,786

21. Commitments

Capital commitments: there were no capital commitments by the charity or group, contracted or authorised, at 31 December 2012 or 31 December 2011.

22. Operating lease

Operating lease payments relate to the premises of the charity including the overseas branch offices. The lease for the International office expires in 2018.

	Consolidated 2012 £'000	Charity 2012 £'000	Consolidated 2011 £'000	Charity 2011 £'000
Paid this year	342	342	-	-
Due within one year	415	415	280	280

23. Trustees, directors and related parties

No Trustee receives any remuneration for their services as Trustee of the charity.

Six Trustees received payments totalling £11,565 (2011: 12 Trustees - £28,326) as reimbursement of travel costs.

One director of the charity subsidiary was paid £12,090 for consultancy services provided to the charity during 2012.

WSPA made payments totalling £71,772 to Eurogroup for Animals, of which WSPA Trustee Sonja Van Tichelen was the Director.

WSPA made payments totalling £37,702 to Humane Society International UK and accrued £61,850 in relation to a contract with Humane Society International UK. WSPA Trustee, Dr Andrew Rowan, is the President and CEO of Humane Society International.

The charity enters into transactions with other charities connected with the World Society for the Protection of Animals. The nature of these is principally the transfer of funds to or from those organisations to fund specific charitable projects within WSPA's global objectives and which by their nature need to be funded on a local level.

As of November 2012 there is no longer a WSPA entity in Germany.

	Paid by WSPA £'000	Received by WSPA £'000
WSPA Australia	3	3,138
WSPA Brazil	1,111	-
WSPA Canada	-	836
WSPA Costa Rica	584	-
WSPA Denmark	-	1,741
WSPA Germany	-	159
WSPA India	400	-
WSPA Netherlands	-	2,818
WSPA New Zealand	1	830
WSPA Sweden	-	286
WSPA USA	52	162
	2,151	9,970

24. Guarantee

The charity is also a company limited by guarantee. In the event of winding up, its members would be liable to pay an amount not greater than £1.

25. Reconciliation of surplus of income to net cash inflow from operating activities

	2012 £'000	2011 £'000
Net movement in funds for the year before investment gains	(3,303)	5,335
Investment income	(153)	(354)
Depreciation	276	123
(Increase)/decrease in debtors	(2,468)	347
Increase/(decrease) in creditors	(476)	1,165
Net cash from operating activities	(6,124)	6,616

26. Analysis of net cash resources

	At 1 January 2012 £'000	Cashflow £'000	At 31 December 2012 £'000
Cash held on short-term deposit by investment managers (Note 13)	494	(342)	152
Cash on deposit	4,054	(593)	3,461
Cash at bank and in hand	8,803	(5,562)	3,241
	13,351	(6,497)	6,854

Some of the year end cash balances are held in a number of foreign currency accounts including US dollars and euros.

27. Pensions

The charity contributed towards a defined contribution scheme for the benefit of the employees.

28. Legacies

The value of legacies notified to the Charity but which do not meet the recognition criteria (and so are not accounted for within the financial statements) is approximately £694,000 (2011: £1.4million).

Thank you to our supporters

We would like to say a sincere thank you to all our supporters. Ending animal suffering starts with moving people to care and contribute; you have made life-changing work for animals possible in 2012. With your continued generous support, we will work hard in 2013 and beyond to move the world to join us in protecting animals and improving their lives in a sustainable way.