



**pdsa**  
THE VET CHARITY FOR PETS IN NEED

# Trustees' Annual Report and Accounts 2023

Year ended 31 December 2023



# Who we are and how we help

## Vision and Mission

PDSA has always believed that everyone, no matter what their financial circumstances, has the right to experience the love and companionship of a pet.

And every pet deserves to lead a happy and healthy life.

We keep pets healthy and protect the special bond between pets and their owners.

## Contents

Who we are and how we help	3	Our people and our culture	14
Chair's letter	4	• Volunteers	14
Director General's letter	5	• Graduates	14
Helping people and their pets	6	• Cian – Graduate Vet at Romford PDSA Pet Hospital	14
PDSA's year in numbers	6	• Equity, Diversity and Inclusion	14
Our reach and impact	8	• Brian – Shop Manager at Long Eaton Charity Shop	15
• Our work this year	8	Preventing Problems	
• Boomi's story	9	• The 2023 PDSA Animal Wellbeing (PAW) Report	16
Improving access to our services	10	• Pet Education Partnership	17
• Our Pet Hospitals	10	• XL Bully Ban	17
• Strategic partnership with RSPCA	10	Digital Data & Technology	18
• Crystal's story	11	Next steps	18
Next steps	11	Governance and Risk Statements	20
Engagement and influence	12	Financial Review	28
Making PDSA better known, loved and understood	12	Auditors Report to the Council	34
Expanding our Retail estate	13	Financial Statements	38
People's Postcode Lottery	13	Thank you	

In this report, we will outline the organisation's objectives, achievements, and performance. The Trustees consider that due regard has been paid to the Public Benefit Guidance published by the Charity Commission in relation to section 4 of the Charities Act 2011.





# Chair's letter

**PDSA, as a charity, exists to alleviate poverty and we do this in a unique manner, by providing veterinary care for the pets of people in financial hardship. We can all reflect on 2023 being a year in which inflation remained high and the consequent increase in the cost of living put more and more financial pressure on everyone, including and especially the poorest people in our society.**

During the course of the year, our veterinary colleagues met the needs of the pets of over 360,000 people, each one with their individual story, whether they be older people, younger families or individuals relying on the daily comfort they receive from their companion animals. In addition, post-pandemic, there were more requirements for emergency care. All this required a careful balance to be met, between the demands for our services and the finite resource of veterinary support. This outstanding achievement was delivered through the dedicated work of our veterinary teams and support teams, in the 48 locations across the UK - England, Scotland, Wales and Northern Ireland - in which we work.

Providing this level of service is not cheap and the charity too, has had to deal with significant inflationary pressure. The overall cost of running those Pet Hospitals for the year was over £80 million. We cannot stand still in the face of these demands so, in addition, the charity has continued to invest in the resilience of its technological infrastructure, of telephony, security, networks, data and systems, alongside a progressive investment programme in property improvement and new medical equipment. All this is vital, as doing so ensures we enhance the experience of our clients and their pets, while improving the working conditions and wellbeing of our people.

Our presence on the High Street has also increased during the year. We opened 14 new shops bringing us to an overall retail network of 110 shops, engaging with new customers to see and perhaps understand PDSA, while providing opportunities for new jobs, as well as volunteering, to an area.

None of this could be done without a legion of supporters who, we hope, think of the charity as 'their PDSA'. They often show this by giving a lifetime of support, perhaps volunteering, giving small to larger donations, running marathons and similar money raising events and, in many cases gifting the charity in their will.

To all of you who help in any way, thank you so much, your continuing support is a source of encouragement to the whole team. Literally, we couldn't do it without you, as we receive no Government support for all the work and the good, that we do.



**John Miller**  
Chair



# Director General's letter

**2023 was a year of reflection ...**

**To consider all that we achieved. And we couldn't have done any of it without our 2,200 colleagues and over 2,800 volunteers. Our people, working tirelessly, helped us to see more than 4,800 pets of people in financial hardship, every single working day. And we certainly couldn't have achieved our work without our generous supporters. 2023 brought the sad news of the passing of Mr Marian Ionescu – his generosity and that of his wife Christina, have helped us to do so much over the years and I shall miss them both.**

Listening to our colleagues is important to me, and through the Best Companies Survey, we maintained our One To Watch status, with good levels of engagement but with some clear messages from our people around wellbeing and personal growth.

As we continue to operate in a constantly changing environment, it is important that we remain true to our core purpose, our mission. And that we challenge ourselves to be innovative. Our strategic partnership with the RSPCA is an example of this and through the expansion of our catchment areas in South Wales, West Midlands and Greater Manchester, we have continued to provide veterinary services to former RSPCA clients. The greatest impact has been in Manchester, where we have opened up an additional 14 postcodes and seen a 25% increase in clients and pets during 2023 in our Manchester Pet Wellbeing Centre, the Montague-Panton Hospital. The latest stage of our strategic partnership saw the Edmonton Green Pet Clinic open in March 2024, giving greater access to our services, including former RSPCA clients in the area.

As we respond to the ongoing economic volatility, we must consider the long-term financial resilience of the charity, explore the future world of fundraising and giving, and operate with a more business-like approach.

The coming year will see the outputs of an organisational review, as we deliver our strategic plans with determination to take the organisation forward; stronger, more resilient, more efficient, more accessible to those who need us most.

Best wishes



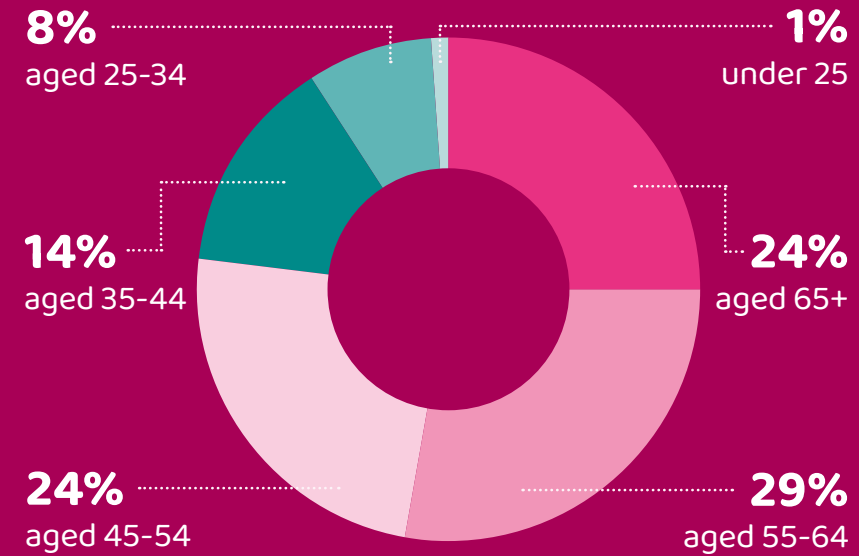
**Jan McLoughlin**  
Director General



# Helping people & their pets

## PDSA's year in numbers

The pet owners we support are aged



**40%** of the pet owners we support are **disabled** or living with a serious **health condition** that makes everyday tasks **difficult**.



We treated over **430,000** pets in 2023.

That's **40,000** more pets than the previous year!



We treated **11 pets every minute** across our **48 Pet Hospitals**.



We provided **2.2 million** treatments.



We provided **veterinary care** to the pets of over **360,000** people in **financial hardship** across the UK.



We cared for **4,800 pets every working day**.

That's an average of:



**3,450** dogs



**1,217** cats

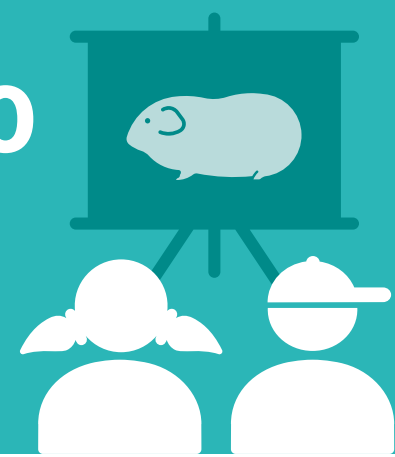


**32** rabbits



We have over **110** **Charity Shops** which bring in valuable income for our services.

We reached over **137,000** children with our **pet education messages**.



We have over **2,200** members of **staff** and **2,800** **volunteers**.



We are supported by over **1,700 veterinary staff**.



**420** Vets



**320** Vet Nurses



**950** Veterinary Support Staff

It costs more than **£80 million** to run our **veterinary services**



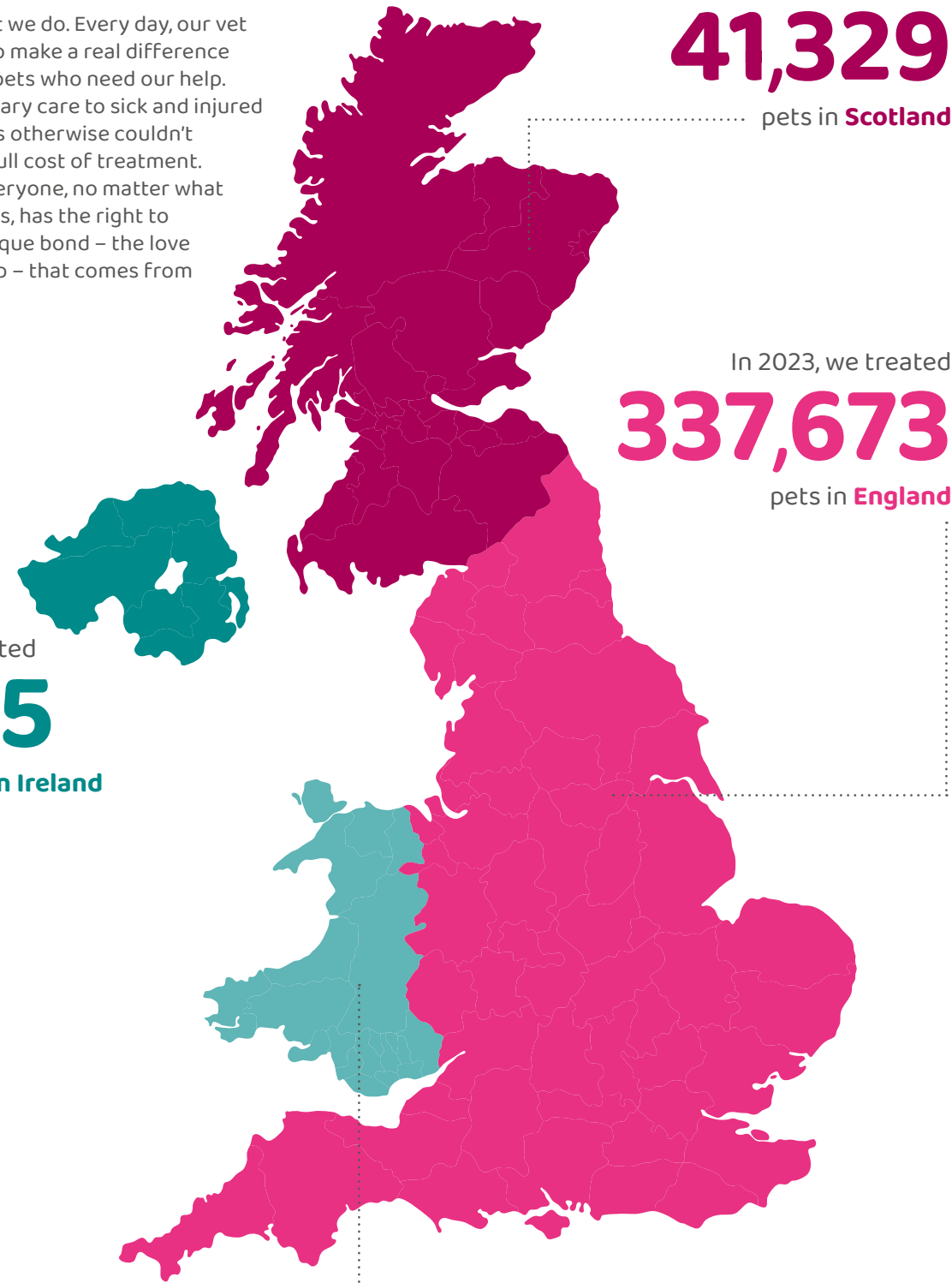
We receive no Government funding and rely entirely on public support to continue keeping people and pets together.



# Our reach and impact

## Our work this year

Saving pets is what we do. Every day, our vet teams work hard to make a real difference to the people and pets who need our help. We provide veterinary care to sick and injured pets whose owners otherwise couldn't afford to pay the full cost of treatment. We believe that everyone, no matter what their circumstances, has the right to experience the unique bond – the love and companionship – that comes from owning a pet.



In 2023, we treated  
**8,765**  
pets in **Northern Ireland**

In 2023, we treated  
**41,329**  
pets in **Scotland**

In 2023, we treated  
**337,673**  
pets in **England**

In 2023, we treated  
**20,788**  
pets in **Wales**

In addition, there were 22,000 pets who were supported by private veterinary practice services on behalf of PDSA.



To treat Boomi's injuries it cost  
**£1,460.96**  
To help cover this cost, Tom managed to raise **£1,330** from family and friends

Main picture: PDSA Vet Nurse Paolo Panetta with Boomi and owner Tom, as Boomi makes a successful recovery from his injuries.

## Boomi's story

An 11-month-old puppy, Boomi, needed emergency care after being badly bitten by a larger dog.

Boomi's owner, Tom, who is autistic, said,

“ I cannot emphasise enough how great the team are at Dundee PDSA. After his wound was stitched up the second time, I felt overwhelmed. Noting my worry, the Vet took some time aside to explain all the at-home treatment and care Boomi needed.

“They answered all my questions, which made me feel less panicked about the recovery period ahead.

“Boomi adores the team there, too – whenever he goes there, he's as happy to see the Vets and Vet Nurses as they are to see him. Sometimes, when we're on our walks, he'll see the Pet Hospital in the distance and start walking towards it, hoping to visit! ”



# Improving access to our services

## Our Pet Hospitals

In 2023, PDSA provided veterinary care for the pets of over 360,000 eligible pet owners, treating over 430,000 pets. This figure includes over 5,000 pets who were supported by private veterinary practice services on behalf of PDSA through our Pet Care Scheme and Chronic Voucher Scheme. These schemes continue to help people and pets who need our help but are not in our Pet Hospitals' catchment area.

Our focus this year was on creating capacity in our Pet Hospitals to support the increased demand following the pandemic and cost of living crisis. The number of pets receiving treatment was higher than pre-pandemic levels by the end of 2023, suggesting a growing demand for our services.

Following on from 2022, our aim has also been to return our preventive services to pre-pandemic levels. Whilst these services grew in 2023, we continued to prioritise treatment for those pets who were sick and injured.

To support our Pet Hospitals with the increased demand, we began looking at ways to create capacity through reviewing ways of working and enhancing our digital client journey and will continue this work in 2024.

## Strategic partnership with RSPCA



As part of our strategic partnership with RSPCA, PDSA has continued to provide veterinary services to former RSPCA clients in South Wales, West Midlands and Greater Manchester throughout the year.

The greatest impact has been seen in our Manchester PDSA Pet Wellbeing Centre, The Montague-Panton Hospital. In 2023, we were able to expand the additional 14 postcodes that were opened to former RSPCA clients in 2022 to all PDSA-eligible clients. The Pet Wellbeing Centre has seen over a 25% increase in clients and pets during 2023.

We have been planning the latest stage of the strategic partnership in 2023 – focusing on finding ways to support former RSPCA clients in North London. In March 2024, we will open a new clinic in North London – the Edmonton Green PDSA Pet Clinic – to offer veterinary services to all eligible clients, including former RSPCA clients.

Veterinary Care Assistant,  
Cat Ward, outside Manchester  
PDSA Pet Wellbeing Centre,  
The Montague-Panton Hospital



## Crystal's story

As part of the support schemes jointly funded by PDSA and RSPCA, Crystal's owner, Mrs Howell, aged 89, has been able to access vouchers to support the cost of Crystal's ongoing care. Crystal suffers from chronic allergies and ear problems, which are prevalent in Pugs, and requires regular medication to prevent her ears from becoming painful and infected.



Mrs Howell (pictured with Crystal, left), who lives in Merthyr Tydfil, said,

“ Crystal needs daily medication and regular check-ups to keep her healthy, which can get expensive. I was so worried when I heard about these changes – I knew I couldn't let her suffer, but there's not much money to go around these days. So, when I was able to get the vouchers to help with the cost of her care, it was such a huge relief. We're so grateful for their help. PDSA made it so easy to sign up, they've been wonderful, and Crystal is doing really well. ”

## Next steps

- ➔ We will focus on proactively managing demand to be able to provide a more holistic spectrum of services, including the full preventive range, to our registered clients.
- ➔ In March 2024, we opened our new clinic in North London – the Edmonton Green PDSA Pet Clinic. This clinic will enable us to offer veterinary services to all former RSPCA clients whilst also allowing us to expand our services to a further 11 postcode areas in North London.





# Engagement and influence

## Making PDSA better known, loved and understood



PDSA does not receive any money from the Government or National Lottery funding; we are entirely funded by public support.

Throughout 2023, we continued our Cost of Loving integrated campaign. Our team built on learnings from the 2022 campaign and used aligned messaging and advertisements across different marketing channels and areas of PDSA, including in our charity shops and Pet Hospitals.

As part of our mission to raise brand awareness, we released our new Cost of Loving television advert in March 2023, aiming to raise awareness of struggles faced by pet owners due to the cost of living crisis.

Our Cost of Loving campaign had a combined media reach of over **162.4 million people**. Knowing how well pet patient stories perform on social media, we chose to focus on two hero pets in our 'Keep People and Pets Together' Winter Appeal. Telling the stories of how we help to keep poorly pets and their owners together allowed us to reach 356,000 people across Facebook and Instagram.

Our founder, Maria Dickin, not only wanted to help pets in need, she also wanted to raise the status of animals in society and improve the standard of their care. With this in mind, she established the PDSA Animal Awards Programme in 1943. In 2023, we continued her mission by presenting multiple awards to courageous and exceptional animals.

Our Animal Awards Programme has continued to make headlines throughout the year, as both the media and the public engaged with the inspirational stories of amazing animals who have gone above and beyond.

In November, we awarded Fire Investigation Dog Reqs the PDSA Order of Merit, making him the 42nd recipient of this prestigious award. Coverage of Reqs' award had a combined media reach of over **173 million people** and over 358 articles written, including on major online sites such as BBC Online, Mail Online, ITV, The Independent, Sky News and Evening Standard.

We also presented a number of awards in closed door ceremonies. We felt it was important to celebrate the courageous actions of these dogs alongside their owners and handlers.

### Expanding our Retail estate

Throughout 2023, we continued to increase our presence within our communities by expanding our collection of charity shops. **We opened 14 new shops**, including the relocation of three shops across the UK in Ayr, Motherwell, Dunfermline, Kingswood, Plympton, Middlesbrough, Otley, Rothwell, Leigh, Formby, Uttoxeter, Neath, Barry, and Bridgend.

We are **Open**

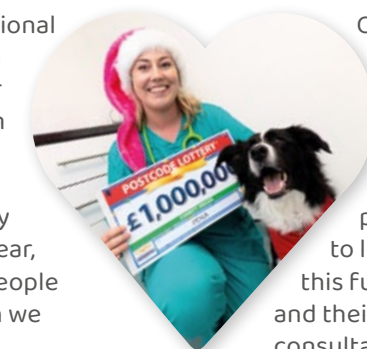


### People's Postcode Lottery

We're incredibly grateful for the generous support we have received from players of People's Postcode Lottery since 2013. In 2023, we received a total of **£4.15 million**, and as of December 2023, the total funding we have received reached an incredible **£20,855,123**.

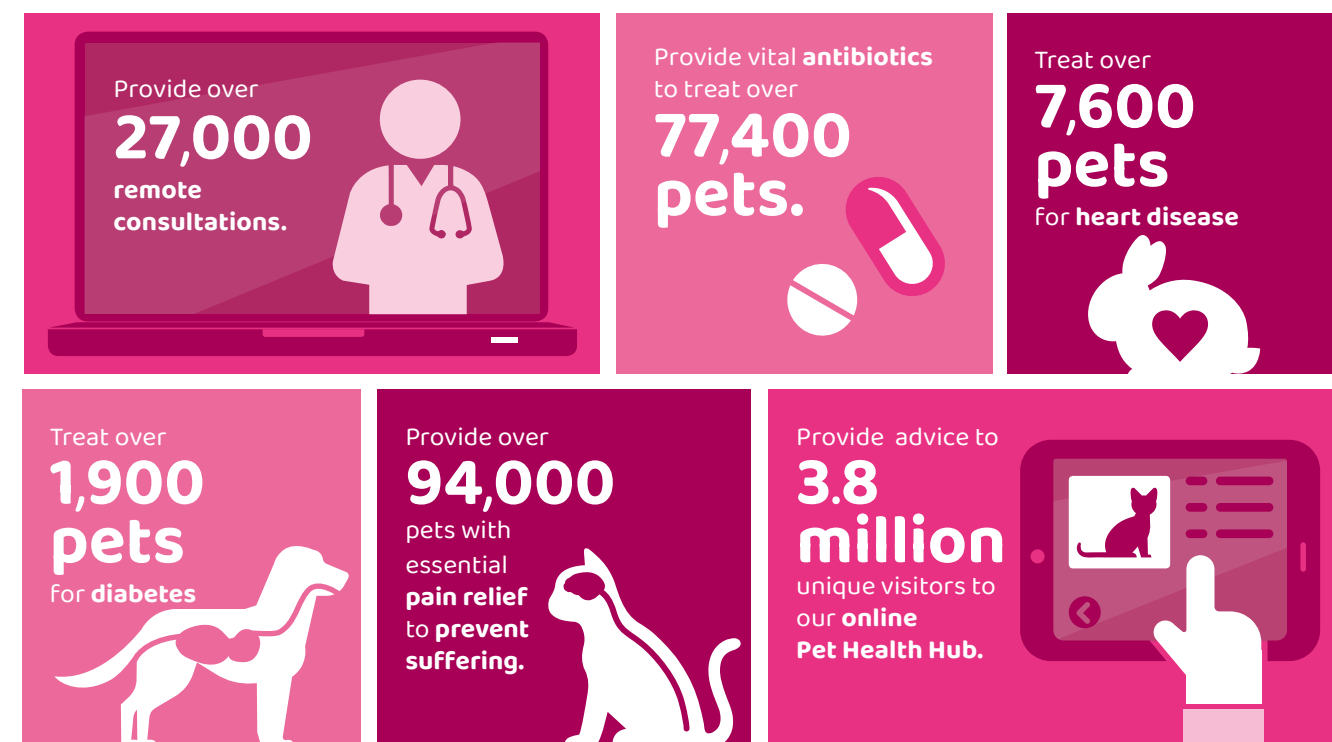


We were thrilled to be awarded an additional **£1 million** from the Postcode Innovation Trust in December 2023. As part of their 'Happier Christmas' campaign, **£5 million** of funding was awarded to support charities bringing hope at Christmas. This helped us to save the lives of poorly pets over Christmas and into the New Year, making a positive difference to 5,000 people and pets in their time of need, for which we are incredibly grateful.



Our Oldbury Pet Hospital, The Marian and Christina Ionescu Centre of Surgical Excellence, was awarded **£50,000** via the Postcode Local Trust as part of People's Postcode Lottery's 'Millionaire Street' event, where charities local to the winning postcode win a share of **£1 million**. Thanks to local players of People's Postcode Lottery, this funding enabled us to support 2,500 people and their pets eligible for free treatment to have a consultation with a Vet at our Oldbury Pet Hospital.

**We received £3.1 million thanks to the generosity of players of People's Postcode Lottery, via the Postcode Animal Trust in 2023 which has enabled us to:**





# Our people and our culture

## Volunteers

Volunteering at PDSA is a partnership where we aim to provide many opportunities for people to grow and develop. After being introduced in 2022, our Lead Volunteer Recognition Programme has increased our number of trained lead volunteers, which has created more capacity within shops. Our training materials also continue to help volunteers progress into paid roles, with 16 of our ex-volunteers being successfully recruited into paid roles in our PDSA charity shops during 2023.

In 2023, **2,820** people volunteered for PDSA – recording a total of

**499,237**

volunteer hours.



The generosity of our incredible volunteers saved PDSA £5.2 million in wages.

## Graduates

In 2023, PDSA hired 15 Graduate Vets. 14 of our graduates will be moving into Veterinary Surgeon roles in 2024, boosting our frontline clinical resource whilst demonstrating our commitment to development and personal growth.

## Equity, Diversity and Inclusion

PDSA's Equity, Diversity and Inclusion (EDI) Group was relaunched in 2023 with a new structure and senior leadership sponsorship. The group influenced inclusivity across the workforce through the launch of both an LGBTQ+ and Neurodiversity employee support group. The group also supported the delivery of two internal campaigns for Black History Month and World Menopause Day.



Lara, one of our amazing team of volunteers, in a PDSA shop



## Cian's story

### Graduate Vet at Romford PDSA Pet Hospital

Cian graduated From Vet School in 2022 and has since gone on to begin his career in PDSA's Graduate Programme at Romford PDSA Pet Hospital, The Julie and Robert Breckman Centre.

“Everybody who works at PDSA is committed to the same mission of treating pets. It's a privilege to work at PDSA, and I cherish every day spent being a part of the veterinary team. It's a pleasure collaborating with my peers to deliver the best standard of care possible.”

## Brian's story

### Shop Manager at Long Eaton Charity Shop

After starting at PDSA in 2019, proud dog dad Brian has progressed from Lead Volunteer to Shop Manager in just three years.

“Before I became a Lead Volunteer in 2019, my older Labrador, Rex, needed major surgery to treat his broken foot. If it wasn't for PDSA, I wouldn't have been able to afford the cost of his operation. I knew I wanted to do something to say a big 'thank you' to PDSA for being there for us both. PDSA supported me in my journey as somebody who wanted to progress my volunteering role into employment. At the start, it was a way of showing my appreciation, but now it's become my career – and one that I'm very proud of. I always said I would like to work up to be Shop Manager of a PDSA shop one day, and now I have!”



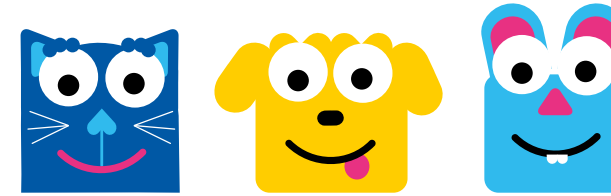
# Preventing problems

## The 2023 PDSA Animal Wellbeing (PAW) Report

Our PAW Report is the UK's largest assessment of pet wellbeing. It provides companion animal welfare surveillance to identify trends and priorities and to promote and monitor change. When the PAW Report launched in 2011, it became the first overarching means of identifying, assessing and monitoring the wellbeing of companion animals and how well their 5 Welfare Needs are being met. Since then, we have surveyed almost 100,000 pet owners, Vets, Vet Nurses, and children to help understand how owners are providing for the Five Welfare Needs of dogs, cats and rabbits.

The PAW Report allows us to track trends and gain insight into animal welfare issues, estimate pet population numbers and understand how people care for their pets. Produced in collaboration with leading market research company, YouGov, the findings are used to stimulate collaborative working, inform Government research, policy and legislation, and inspire innovative approaches to tackling pet wellbeing issues in sector collaborations and veterinary clinical practice. In 2023, we continued to monitor these trends, and assessed how the cost of living crisis could be affecting our pets, alongside emerging welfare issues such as canine fertility clinics and imported diseases.

Our PAW Report statistics are often used within the press, positioning us as an expert and voice of authority in the pet welfare sector.



## Pet Education Partnership

2023 saw the launch of the Pet Education Partnership (PEP) when PDSA teamed up with seven of the UK's leading animal welfare charities to improve access to pet welfare education for teachers in primary education settings. The Pet Education Partnership's ultimate vision is to see animal welfare taught as part of the curricula across the UK.

With the vision to make animal welfare education available and accessible to every child aged between 5 and 11 in the UK, education teams at PDSA, RSPCA, Blue Cross, Cats Protection, Dogs Trust, Scottish SPCA, USPCA and Woodgreen began working collaboratively.



In September 2023, the Pet Education Partnership's new website was launched and the platform achieved almost 4,000 downloads by the end of 2023. On World Animal Day (4 Oct 2023), the Pet Education Partnership hosted their first collaborative event for primary schools. The event was based around their first chosen collaborative topic, Animal Sentience, and took place virtually. The event was a massive success and surpassed all expectations with over 2,000 primary school children in attendance.

## Pet Education Partnership



### Key findings from the 2023 PAW Report



**53%** of UK adults own a pet  
 29% own a dog.  
 24% own a cat.  
 2% own a rabbit.

**94%** of owners said that owning a pet makes them happy.

**87%** of owners said that owning a pet improves their mental health.

**11 million** pet dogs living in the UK.

**97,000** dog owners had used a canine fertility clinic in the last 12 months.

**8% of dogs** were acquired from abroad.

**11 million** pet cats living in the UK.

**87% of cats** are neutered.

**25% of cats** aren't microchipped.

**1.1 million** pet rabbits living in the UK.

**42% of rabbits** live alone.

**22% of rabbits** live in inadequate housing.

**The professional view ...**

**56%** say more clients were unable to afford unexpected vet bills due to the cost of living crisis.

**48%** stated they had welfare concerns about a dog resulting from their attendance at a canine fertility clinic.

Over **99,000** people surveyed in total since 2011

There were over **28,000** unique visitors to PAW Report webpages in 2023

41,000 sessions • 23,900 new users • over 39,000 page views • over 1,973 downloads

## XL Bully Ban

On 15 September 2023, the UK Government announced that, due to a rising number of dog attacks and fatalities linked to the breed, XL Bullies would be added to the Dangerous Dogs Act (DDA) in England and Wales. Scotland and Northern Ireland followed suit with similar announcements in early 2024.

Since 31 December 2023, it has been illegal to breed, sell, advertise, exchange, gift, rehome, abandon or allow an XL Bully dog to stray in England and Wales. All XL Bullies must be neutered within the Governments' timeframes depending on their age as of January 2023, and must be muzzled and on a lead in public at all times.

PDSA's stance on the issue is that any dog has the potential to display aggression and bite, resulting from both their genetics and the environment they are exposed to - breed alone is not a reliable predictor of behaviour. The fundamental premise of the Dangerous Dogs Act (1991) (to ban breeds and types of dogs) is ineffective because any dog can be aggressive.

Following the Government announcements, we established an internal working group to work cross functionally and plan how we could support XL Bully owners and our clinical teams during this challenging time. Our veterinary team began to explore ways our Pet Hospitals could support eligible XL Bully owners.

We want to be able to support owners who need to have their dog neutered, whilst ensuring there is no detrimental impact on maintaining our life-saving services. In those Pet Hospitals with available resource, we began to explore the possibility of prioritising neutering capacity to help XL Bully owners ensure they comply with the new legislation.





# Digital, Data & Technology

**2023 was an exciting year of transformation at PDSA, as the Digital, Data and Technology (DDaT) team delivered a new technological foundation for the organisation, adding new functionality and capability whilst reducing our operating costs.**

PDSA's systems and services are now 100% cloud-based, having migrated all organisational needs from dated technologies by utilising the best service offerings from world-leading technology provider Microsoft. PDSA's network is now based on modern technologies, offering a greater range of capabilities at each of our 160+ sites at a lower operational cost.

The DDaT team also significantly improved our security, website and a collection of foundational technologies that create the day-to-day services that colleagues depend on to deliver the best public benefit services.

## Next steps

- In 2024, our Brand team will focus on a 'Brand always on' campaign where we will continue to build on learning from our 2023 campaigns.
- We will hire 19 graduates across 18 Pet Hospitals in 2024.
- Our EDI group will engage all colleagues with a programme of continuous learning, and the knowledge and skills to strengthen behaviours of fairness, dignity, respect, and inclusivity and ensure our Trustees, the Executive Leadership Team and the Executive Support Team are role models for inclusion and provide visible, accountable, and inclusive leadership in their respective areas.
- In 2024, the Pet Education Partnership expects to reach over 364,000 children through live talks and online resources. The team will continue to collaborate to create additional content around a range of animal welfare topics, including reactive content and a resource specifically for uniform groups such as Scouts and Brownies.
- During 2024, we anticipate many XL Bully owners will need our help and we will support as many as possible by providing low cost neutering to help eligible owners comply with the terms of their Certificate of Exemption.



Veterinary Care Assistant  
Katarzyna Drewnowska  
working on a computer



# Governance and risk

## Administrative details

The People's Dispensary for Sick Animals (PDSA) | Founded in 1917 by Maria Dickin, CBE

**Incorporated by Acts of Parliament** (PDSA Act 1949, 12 & 13 Geo. 6, Ch. xv) (PDSA Act 1956, 4 & 5 Eliz. 2, Ch.1xvii)  
(as amended by the Scheme set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015)  
Registered charity nos. 208217 & SC037585

**Head Office** Whitechapel Way, Priorslee, Telford, Shropshire TF2 9PQ  
Telephone: 01952 290999 Website: www.pdsa.org.uk

**Patron** HRH Princess Alexandra, the Hon. Lady Ogilvy, KG, GCVO

### Principal professional advisors

**Bankers** Lloyds Bank plc, 25 Gresham Street, London EC2V 7AE

**Investment Managers** Schroder Unit Trusts Limited, 1 London Wall Place, London EC2Y 5AU  
Ninety One, 55 Gresham Street, London EC2V 7EL  
Partners Group (UK) Limited, 14th Floor, 110 Bishopsgate, London EC2N 4AY

**External Auditor** BDO LLP, Two Snow Hill, Birmingham B4 6GA

**Actuaries** Iseran Bidco Ltd t/a Isio, One Colmore Square, Birmingham B4 6AJ

**Solicitors** Sacker & Partners LLP, 20 Gresham Street, London EC2V 7JE  
Bates Wells London LLP, 10 Queen Street Place, London EC4R 1BE  
Brabners LLP, Horton House, Exchange Flags, Liverpool L2 3YL  
Wright Hassall LLP, Olympus Avenue, Leamington Spa, Warwickshire CV34 6BF  
Addleshaw Goddard LLP, Cornerstone, 107 West Regent Street, Glasgow G2 2BA  
Wilson Solicitors LLP, Alexandra House, St. Johns Street, Salisbury SP1 2SB  
DLA Piper UK LLP, Two Chamberlain Square, Paradise, Birmingham B3 3AX

**Trustees** Details in Governance section overleaf.

## Governance

### Governing documents and registration

The charity is incorporated under The People's Dispensary for Sick Animals Acts 1949 and 1956 as amended by a Parliamentary Scheme and set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015. Its constitution comprises the detailed clauses of these two Acts of Parliament plus supplementary Byelaws, which have been subsequently revised by the governing body. The charity is registered with both the Charity Commission in England & Wales and the Office of the Scottish Charity Regulator.

### Governing body – Council

The Trustees form the governing body of the charity, known collectively as the Council and are legally responsible for the overall management and control of PDSA. Council sets the strategic direction, shapes policies and approves major expenditure programmes but delegates certain decisions to Committees.

### Trustees are experienced leaders from a range of professional backgrounds who provide valuable experience to guide the charity.

Council approves new Trustees whose appointment is then ratified at a General Meeting. All Trustee recruitment is subject to a rigorous and transparent process. Qualifications for Trusteeship include a commitment to the relief of poverty and to animal welfare, plus specialist expertise or knowledge considered to be of benefit to PDSA. It is the Council's policy for the governing body to consist of ten to twelve Trustees. However, Council may plan to increase this number to take account of planned retirements while maintaining an appropriate range of skills and expertise.

New Trustees are familiarised with the workings of PDSA, Council Policies & Procedures and Governance. We have a comprehensive Trustee induction programme which includes visits to Head Office, PDSA Pet Hospitals and our Retail shops, along with meetings with Directors and key members of staff.

The total number of Trustees is currently 10, and they are listed below along with their committee membership.

<b>Chair</b> John Miller <i>Chair from 1 January 2023</i>	<b>F G</b>
<b>Deputy Chair</b> Carole Pomfret	<b>F G</b>
Professor Gary England	<b>A</b>
Gordon Hockey	<b>G</b>
David Lister	<b>F</b>
David Morgan	<b>F G</b>
Ian Phoenix	<b>A</b>
Mary Reilly	<b>A G</b>
Alison Tattersall	<b>A</b>
Liz Hutchinson	<b>A</b>
Alison Ross-Green <i>Resigned 23 March 2023</i>	

**F** – Member of the Finance & Investment Committee  
**A** – Member of the Audit & Risk Committee  
**G** – Member of the Governance & Remuneration Committee



## Committees

There are four Committees, and each has specific terms of reference.

**The Finance & Investment Committee** reviews the Fund Managers' performance, the budget and most other financial matters.

**The Audit & Risk Committee** considers risk and internal and external audit matters. It looks at health and safety management and all aspects of our clinical governance framework, thereby giving a holistic view as to the quality assurance of the veterinary service. It also receives regular updates on compliance in respect of our fundraising governance framework. This Committee also provides oversight of the Risk Management approach at PDSA.

The role of the **Governance & Remuneration Committee** includes determining the Remuneration Policy for the whole organisation, and in particular, the total remuneration packages of senior executives which it recommends to Council. It also provides oversight of governance, for example monitoring changes in external codes of good practice and considering PDSA's response, advising on the approach to reviews of Board effectiveness, Trustee appointment and succession, and diversity and inclusion.

**The Special Purposes Committee** approves items relating to property transactions, lease agreements, certain legacy matters and approval of contracts and other specific items as defined in the Terms of Reference. Membership is made up of the Directors. The Chair of Council, the Deputy Chair, the Chair of the Finance & Investment Committee and the Chair of the Audit & Risk Committee receive the agenda and summary of items in advance and can request papers or elect to attend if they wish. Members of Council receive copies of minutes from all meetings of the Committee.

Oversight of the Charity's safeguarding policies, activities and incidents is provided by Trustees. A quarterly safeguarding report is reviewed at each Council meeting.

## Charity Governance Code

PDSA remains committed to good governance. During the year we have had a renewed focus on Governance activities, for example, ensuring that meetings are as effective as possible, that Terms of Reference for all Committees are up to date and aligned, and refreshing our policy framework.

Some of the established arrangements in place to meet the Code requirements are:

- **Board recruitment, induction, Trustee appraisal and Trustee training. A skills audit is carried out every three years to identify potential gaps in the Trustee Board's collective skills, competencies, and experience.**
- **Our Trustees are committed to ensuring equity in the accessibility, delivery, and outcomes of our public benefit. All eligible pet owners, regardless of their backgrounds, should be aware of and feel able to access our services.**
- **Trustees have also committed to carrying out a biennial self-assessment of compliance with the Charity Governance Code. This was completed during 2023, and the results reported to Council.**

One area where PDSA has decided not to apply the guidance contained in the Charity Governance Code is in relation to the Trustee terms of office. The terms of office for Trustees are three terms of four years. After each term of four years, individual Trustees discuss with the Chair whether they should continue. Factors taken into account include: skills requirements, whether the Trustee wishes to and is able to continue to commit to time requirements and whether the Trustee and Chair believe they are still adding value to the Board.

In exceptional circumstances, at the request of the Chair and Deputy Chair, Trustees may be asked to stay on beyond the maximum term of 12 years, to provide continuity. PDSA considers that these terms of office are appropriate to provide a balance of experience, and to allow Trustees to gain the depth of understanding of the charity, which is needed, whilst still ensuring that Trustee tenure is limited. At present, only one of the Trustees has served more than the maximum 12 years of office. In order to provide continuity our Chair, John Miller, has agreed to serve an additional term of office which commenced on 1 January 2023.

## Remuneration statement

Council has overall responsibility for determining the Remuneration Policy for the whole organisation and, in particular, the total remuneration packages of senior executives. It delegates this responsibility to the Governance & Remuneration Committee, which makes recommendations to Council.

PDSA is a large organisation with over 2,200 employees and the support of 2,800 volunteers. Working together, it is the combined effort of all our people that delivers our mission of providing compassionate veterinary care in the communities we serve for pet owners who can't afford the care their pets need.

The nature of our public benefit means that we are one of the UK's largest employers of veterinary professionals and, as a complex and diverse organisation, we compete in different job markets for a wide range of skills and experience. Our Pay Policy must therefore be sufficiently flexible to ensure we can attract and retain the right people with the right skills to be able to deliver our vital services whilst meeting our supporters' expectations that the money they entrust to us will be used wisely.

In determining overall pay levels for all our staff including senior executives, we take account of pay practice in other similarly sized charities and, where appropriate, private sector organisations. Benchmarking activity takes place on an annual basis. Annual pay reviews take into consideration affordability, economic trends and external market movements. It is the view of the Governance & Remuneration Committee supported by Council, that, given the size, complexity and substantial public benefit provided by PDSA on a national scale, the remuneration of its senior executives is fair and proportionate.

Whilst this year has seen the labour market challenges slow slightly, there remains a national shortage of veterinary surgeons and veterinary nurses, along with the continued focus on pay as the cost of living remains high. To support our colleagues, we remain committed to paying Real Living Wage and continue to benchmark our salaries externally.

Our Gender Pay Report is available on our website in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The overall difference between men's and women's earnings is 27% (mean) (2022:22.8%) or 30% (median) (2022:29.7%) based on hourly rates of pay at the snapshot date of 2023. This is an increase of 4.2% in our mean gender pay gap and 0.3% in our median gender pay gap driven by more males in the Upper Pay quartile. 75% of our upper quartile pay are female and this increases to 90% within our lower pay quartile.

## Environmental statement

PDSA is committed to reducing our impact on the environment. We are dedicated to reducing our energy, water and fuel use, as well as waste.

2023 saw activity across the organisation returning to pre Covid levels and whilst there have been no extreme changes in 2023 as compared to 2022, the use of both gas and electricity has risen primarily due to a growth in our property portfolio, particularly in Retail with regard to shop openings and closures.

2023 saw us embark on a four year capital works programme to upgrade and refurbish a number of Pet Hospitals which will see the replacement of older, inefficient plant and equipment. We have also undertaken and completed during the course of 2023 an energy efficiency audit and review of the entire hospital estate and have identified a number of low carbon technologies such as solar panels, energy efficient lighting and alike in order to reduce the organisation's carbon footprint on which our future sustainability strategy will be developed. Similarly the construction of new hospitals will ensure that recognised sustainable standards and methodologies are used in the design and building.

Our methodology for calculating our greenhouse gas impact takes our total energy usage-including electric, gas and bottled gas as well as transport and converts this into our organisation wide carbon footprint. This figure can then be divided by our total head count for the same period giving us our intensity ratio.





## Energy Use and GHG (KgCO<sub>2</sub>e) emissions:

	2023					2022				
	Totals	kWh	%	tCO <sub>2</sub> e	%	Totals	kWh	%	tCO <sub>2</sub> e	%
Scope 1: Natural Gas	442,551 (m <sup>3</sup> )	4,931,377	43.2%	902.09	38.2%	338,773 (m <sup>3</sup> )	3,740,979	38.6%	682.88	34.4%
Scope 1: Company Vehicles	343,429 (miles)	367,185	3.2%	83.57	3.5%	366,876 (miles)	408,407	4.2%	100.76	5.1%
Scope 2: Electricity	5,838,256 (kWh)	5,838,256	51.1%	1,208.95	51.1%	5,356,002 (kWh)	5,356,002	55.3%	1,062.3	53.5%
Scope 3: Grey Fleet	155,996 (miles)	281,314	2.5%	65.04	2.8%	166,647 (miles)	185,511	1.9%	45.77	2.3%
Scope 3: Transmission & Distribution	-	-	-	104.59	4.4%	-	-	-	94.75	4.8%
<b>Total</b>		<b>11,418,133 kWh</b>		<b>2,364.0 tCO<sub>2</sub>e</b>			<b>9,690,899 kWh</b>		<b>1,986.5 tCO<sub>2</sub>e</b>	
	Gross emissions uses the total emissions, as above. Net emissions excludes scope 2 electricity as all purchased is on a renewable contract.					Gross emissions uses the total emissions, as above. Net emissions excludes scope 2 electricity as all purchased is on a renewable contract.				
Gross tCO <sub>2</sub> e / Net tCO <sub>2</sub> e		<b>2,364.2</b>		<b>1,155.3</b>			<b>1,986.5</b>		<b>924.2</b>	
	Gross/net carbon is divided by the business metric, 2,344 staff.					Gross/net carbon is divided by the business metric, 2,218 staff.				
Intensity ratio (tCO <sub>2</sub> e/Staff) Gross / Net		<b>1.0086</b>		<b>0.4929</b>			<b>0.8956</b>		<b>0.4167</b>	

## Group structure

PDSA undertakes charitable service delivery and fundraising. Trading activities are carried out through three wholly owned subsidiary companies: PDSA Trading Limited, PDSA PetAid Enterprises Limited and PDSA Property Services Limited.

## Face-to-Face Fundraising

PDSA only works with companies and commercial participators of repute and whose activities do not have an adverse impact on the charity's objectives. These relationships are regularly reviewed.

Policies and robust processes are in place to ensure those who fundraise on our behalf operate at the highest standards, ensuring that our fundraising is not intrusive or persistent, does not put an individual under undue pressure and protects the vulnerable.

We work with two fundraising agencies who engage the public on our behalf, explaining the impact and benefit of our services and asking for their support through regular donations. We place our fundraisers in private areas such as Retail sites, ticketed events,

and shows. PDSA does not conduct door-to-door or street fundraising. Our dedicated Public Fundraising Manager works alongside our partners to ensure the public enjoy a great experience when engaging with a PDSA fundraiser.

Continuous quality assurance monitoring includes a mystery shopping programme, video observations, call listening, and providing training. Any complaint or expression of dissatisfaction relating to our face-to-face fundraising is dealt with personally by our Public Fundraising Manager, whilst working closely with our partners.

During 2023, we received a total of 51 complaints, 2 of which were regarding face-to-face fundraising (2022: 41 total, 13 regarding face-to-face fundraising). Our quality and assurance programme ensures PDSA, and our agency partners, operate at the high standards required by the Fundraising Regulator and Chartered Institute of Fundraising (CioF), whilst being monitored by the Audit and Risk Committee.

We believe that engaging conversations with a fundraiser will continue to play an important part in building public understanding and support for PDSA.

## Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity 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 group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the PDSA Acts 1949 and 1956 as amended by a Parliamentary Scheme and set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are also responsible for ensuring that the financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Executive staff

Council delegates policy and strategy implementation to the Director General. The Director General manages PDSA through the Executive Leadership Team. The Director General and Directors together constitute the Special Purposes Committee.

Director General	Jan McLoughlin, MSc, CBIoI, MSB, FIoD
Director of Veterinary Services	Richard Hooker, BVMS (Hons), MRCVS <i>until June 2024</i>
Director of Finance & Resources	David Hammond MBA, FCCA, BA (Hons)
Director of People	Karen Hailes, FCIPD <i>until April 2023</i>  Rebecca Tindall <i>since April 2023 (Interim Director of People from 7 November 2022)</i>
Director of Digital, Data & Technology	Matthew Green
Director of Income & Engagement	Claire Rowcliffe <i>until April 2023</i>  Rebecca Cogswell <i>from June 2024</i>

During the year we made the appointment of our Director of People permanent, having previously been an interim appointment during the absence of our previous Director of People who has now retired.





## Risk management

PDSA has established management processes to mitigate risks that would prevent us from fulfilling our strategic goals. In particular, the Trustees seek to ensure that:

- Risks are identified, assessed and controls established to mitigate them;
- The risk exposure profile is acceptable at all levels; and
- The risk management process is embedded in operational and management procedures.

The Audit & Risk Committee, assisted by the Executive Leadership Team and Internal Audit department, considers risk in detail. Key risks are considered at each meeting of the Audit & Risk Committee. Audit & Risk Committee ordinarily also conducts a Deep Dive into one or two of the risks. Trustees' Risk Appetite is considered and updated annually. The Committee regularly reviews the Risk Management processes in place.

Council considers its key risk factors to be those identified below:

Area of risk	How the risk might affect PDSA	Key mitigation plans and strategies
<b>Impact of economic environment</b>	<p>The current inflationary environment is leading to increased costs across a number of key areas, for example, energy costs, and one of our largest cost areas, payroll.</p> <p>At the same time, the impact of the cost of living crisis may increase demand for our services and reduce our ability to raise the funds that we need.</p>	<p>To mitigate this risk, financial forecasts include consideration of potential cost increases (e.g. as a result of increased energy costs). We also work closely with key suppliers to agree on long-term contract prices where possible, in order to provide greater certainty over future costs.</p> <p>We currently have a strong level of Reserves, and can continue to operate for the foreseeable future, however, if we are unable to return to a financial surplus position, our services may not be sustainable in their current form over the long term.</p> <p>We have a broad range of fundraising campaigns and we are continuing to work to strengthen our digital fundraising activities. In addition, we are testing and evaluating our cause position across our campaigns, and integrating our activities where appropriate to do so; this will lead to a more consolidated message to our audiences, and raises the person profile in the person/pet relationship, which will make PDSA more appealing to a different audience.</p>
<b>Potential dependence on narrow range of third parties for critical activities</b>	<p>The Society depends on third parties to provide drugs and consumables for use in our Pet Hospitals, to provide services to support our activities and to provide support for critical IT systems. In some of these areas, there is a narrow range of third-party providers, which can increase reliance on one or two partners. The current economic climate increases the risk of third parties being unable to continue to operate or of substantial increases in third party costs.</p> <p>In particular, we rely on a number of providers to support our delivery of veterinary services, for example with Out of Hours care, or cremation services. The ongoing review of the Veterinary sector by the Competition and Markets Authority (CMA) may result in changes in the marketplace which could impact on cost or availability of services in the short- to medium-term.</p>	<p>Where practical and appropriate we seek to diversify to reduce reliance on single third parties, and where this is not possible, we seek to put in place other mitigation.</p> <p>For example, where we use a third-party IT system to support our activities, we use escrow agreements to ensure we can continue to operate in the event of failure of the third party.</p> <p>We regularly review the marketplace to ensure that we are obtaining best value.</p>
<b>Investment Portfolio</b>	<p>This can be subject to volatility from time to time which can impact the value of PDSA's Reserves.</p>	<p>Our investment strategy is overseen by the Finance &amp; Investment Committee. Details of our Investment Strategy are set out in the 'Investment' section in our Financial Review below.</p>
<b>Dependence on IT systems and potential Cyber attack</b>	<p>In common with most organisations, our IT infrastructure is critical to our continued operations, and sustained non-availability of key systems, for example as a result of a cyber-attack, would impact our ability to continue to deliver services or to carry out fundraising activities.</p>	<p>We have carried out a major programme of investment during the year to improve our resilience and to implement enhanced security. This programme of work will continue for the life of the current Business Plan, to ensure that we have resilience built in for all key systems as far as possible, and that robust and tested continuity and recovery plans are in place for all new and critical systems.</p>

Council is satisfied that controls and actions have been put in place to mitigate the major risks identified. However, it recognises that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.



# Financial Review & Statements

## Headlines

At the end of the year, PDSA's financial position continued to show resilience against a backdrop of inflationary pressures and volatility within the economy. We are planning for a tougher financial outlook and moving into a larger deficit position in 2024, which is discussed in our going concern assessment.

For 2023, we had budgeted £8.3 million net operating expenditure for the year, assuming that whilst income would increase, our charitable activity spend would increase at a faster rate. We also had ambitious plans to expand the Retail estate by a third, which would raise PDSA's profile across the communities we serve and bring in additional income. In reality, these growth plans proved unachievable in 2023. However, savings achieved across almost all areas of PDSA, together with strong growth in Legacy gifts, generated a smaller than expected operating deficit of £0.6 million (2022: £1.6m surplus). Gains of £0.9 million against our investments resulted in a net income of £0.3 million for the year (2022: £4.0m net expenditure).

Total income increased to £114.0 million in 2023 (2022: £106.6m). Legacy income, our largest single source, remained strong at £56.4 million (2022: £51.1m). Our Retail trading income continued to grow as we expanded our Retail Estate. In 2023, charity shop income was £14.5 million (2022: £12.5m).

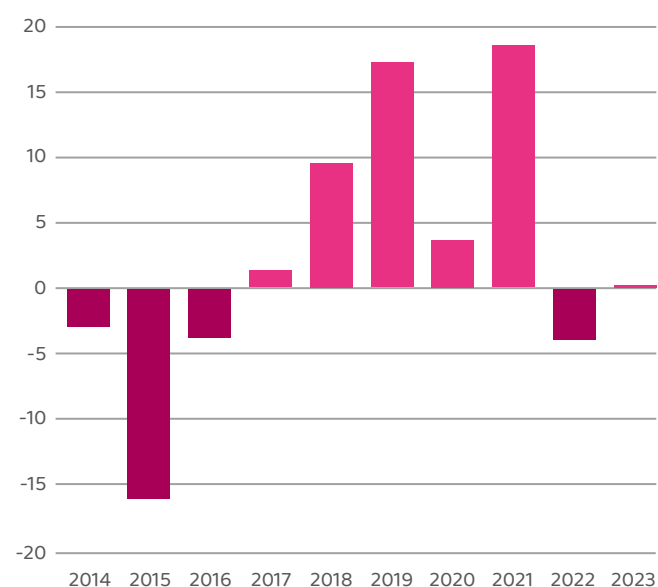
We spent £87.2 million on public benefit in the areas of prevention, education and treatment which was £7.9 million (10%) higher than the prior year (2022: £79.3m). As in 2022 we prioritised treatment of those most in need of vital care. This meant we had to restrict the number of pets being offered preventive services, although we were able to provide more preventive activity in 2023.

PDSA's managed investment portfolio of listed and other investments recovered over the last quarter of the year following significant market volatility throughout the year. As at 31 December 2023, the investment portfolio achieved total returns (including dividend income) of £1.4 million across the year. This represented a total return of 2.1% in 2023, after losses of 6.5% in 2022. The return from our investment portfolio can be considered in the context of wider financial market performance, with returns of 3.8% and 4.4% in the year for the FTSE 100 and 250 indices respectively. Our targeted return is RPI + 3.0%, and the 12-month increase in the RPI index was 5.2%.

PDSA also holds a small portfolio of investment properties. These returned a gain of £0.4m in the year, primarily due to the reclassification and revaluation of a property previously used for operational purposes which was leased to a third party during the year.

Overall, with the investment gain in the second half of the year, the 2023 results represent an improvement over 2022: total net income of £0.3 million this year compared to £4.0 million net expenditure in 2022.

Net income/expenditure 2014 - 2023 (£m)



Excluding investment performance, which is managed separately by our investment advisors and is therefore largely outside of our control, PDSA returned net expenditure of £0.6 million in 2023 (£1.6m net income in 2022).

The accounting for our defined benefit pension scheme always has a material effect on our results. This year there was an actuarial loss of £4.1 million (2022: actuarial gain of £16.0m) which led to a negative net movement in funds for the year of £3.8 million, from net income of £12.0 million in 2022. Actuarial assumptions can vary from year-to-year and the main reasons for this year's loss was a fall in corporate bond yields and higher than expected inflation over the period. This was partially offset by the Society contributions and changes to the demographic assumptions. Over six years (2018-2023) there has been some volatility in actuarial gains and losses, but overall, there has been a gain for the period of £9.6 million.

## Income and costs in more detail

We receive no ongoing HM Government or National Lottery funding for our veterinary services and therefore we rely on generating our income from our supporters by voluntary donations and trading activities. In the table below, we present the financial results in a different way, which we believe gives more clarity on the sources of net income.

The income we receive from donations and legacies forms the largest portion of our overall income. We ensure that we invest carefully on marketing and management in this area to attract supporters and protect future revenue and cost-

effectively generate awareness and income both in the short and longer-term. The table below shows that the cost of raising donations and legacy income overall from our supporters decreased from 13p per pound (£) in 2022 to 12p per pound in 2023.

Legacies continue to be our most important source of income, generating £56.4 million (2022: £51.1m). Legacies provided 63% of our net income available for charitable activities (2022: 61%). Our longer-term strategy aims to invest in growing our legacy donations, while also seeking to broaden income from other sources. We plan to do this by growing our supporter base, through promotion and using innovative approaches to generate donations; we also aim to grow trading income in Retail through expansion of the Retail estate.

We offer services to our clients in addition to free treatment, and this charitable trading is an important income stream and one we aim to grow. This year, our concessionary (low-cost) service sales were £9.1 million compared to £7.9 million in 2022, 16% higher. As described above, we have been slowly building back our preventive services over the year, resulting in income being £5.2 million (2022: £4.4m), 18% higher than 2022.

Other trading net income includes gaming products, sales from our Retail division (donated and new goods) and miscellaneous sales, commissions, and licensing income. PDSA Trading Limited provides almost all trading income, excluding donated goods, which are sold by the charity; this subsidiary's full results can be seen in the notes to the financial statements.

Income and costs comparisons 2022 - 2023 (£m)

	2023		2022	
	£ MILLION	COST/£	£ MILLION	COST/£
Donations and legacy net income	69.8	0.12	63.5	0.13
Other trading net income	1.2	0.94	3.7	0.81
Asset-related net income	1.3	0.02	1.3	0.04
Charitable trading gross income	14.3		12.3	
Net income available for charitable services	<b>86.6</b>	<b>0.27</b>	<b>80.8</b>	<b>0.27</b>

Asset-related net income is investment income and gains on disposals of fixed assets.

Total cost/£ represents total expenditure on raising funds plus expenditure on providing preventive services, divided by total income.





Ann Permaul, Shop Manager  
at Kilburn PDSA Charity Shop

We organise our public benefit expenditure into three areas. The largest is For treatment at Pet Hospitals and contracted services that increased to £82.5 million (2022: £75.4m). This activity includes substantial fixed costs. Our preventive service expenditure increased this year to £3.3 million (2022: £2.8m) as we continued to expand our service. The amount we spend on education and responsible pet ownership can vary based on the specific activities we undertake and was £1.3 million (2022: £1.1m).

### Investments

At the end of 2023 our total investments (including properties) totalled £59.0 million (2022: £72.4m). We drew down £15.5 million against our listed investments during the year to fund our planned capital expenditure programme and to reduce reliance upon the overdraft facility.

Our total investments recovered in 2023, achieving total returns (including dividend income) of £1.7 million over the year. This mitigates in part the £5.0 million losses suffered in 2022.

The day-to-day management of the investment portfolio is delegated to professional fund managers. We have an Ethical Investment Policy that precludes investing directly in those organisations involved in testing on animals for cosmetic and other non-medical purposes.

Performance is measured on a total return basis and the Finance & Investment Committee regularly reviews the fund managers' performance. The Society's investment strategy focuses on capital preservation, while providing opportunities for increased returns through diversification of the asset base, without a significant increase in risk. We are currently reviewing our investment principles, with a particular focus on the current risk profile and potential returns within this high inflationary environment with a new investment advisor.

We spread our investment holdings across three investment managers and invest in funds rather than direct investments. Funds provide greater stability than direct market investments and are sufficiently liquid to meet short-term operational cash needs as well as supporting the Business Plan to maintain and expand the delivery of our charitable services.

Given the ongoing conflict in Ukraine, the Society and its investment managers have been ensuring that the level of exposure to Russian investments in each of the three Funds (Schroders Unit Trusts; Ninety One; Partners Group (UK)) is nil or negligible.

Investment properties are revalued each year. The value at 31 December 2023 was £6.7 million (2022: £5.9m).

Our Retail activities provide the largest proportion of trading income. We remain one of the largest Retailers in a very competitive charity Retail sector, and in line with our corporate strategy, 2023 saw us expand our Retail estate through the opening of 11 new shops and the relocation of 3 others. Shop openings in the year fell short of our original intention but our plans for 2024 include seeking to open a further net 20 shops over the year. Online sales through our E-Commerce and eBay routes continued through 2023.

Retail trade remains strong, with donated goods sales increasing by 18% year-on-year. Trade has now reached the levels that we experienced prior to the Covid restrictions in 2020, and we aim to build on this through 2024. New goods sales continued to grow, increasing by 3% over 2022.

Our pet insurance products have experienced a first full year with our new insurance partner, Cardif Pinnacle. As expected, 2023 was a year of investment, as we seek to build a sustainable, robust client base for the future. Pet insurance products delivered net expenditure of £0.7m in 2023, but we expect this position to improve over the coming year as our client base grows.

The People's Postcode Lottery again provided generous support in 2023. A £3.1 million donation (2022: £3m) was used by our veterinary services. In addition, the People's Postcode Lottery awarded a further £1 million in December so that pets whose owners could not afford treatment were able to access veterinary care over the Christmas period. Our strong partnership with the players of People's Postcode Lottery continues in 2024 and we are hugely grateful for their ongoing support.

### Reserves

The Executive and Council considers reserves regularly as part of its business planning process. It seeks to ensure that sufficient reserves are available to fund planned activity and public benefit levels agreed in the Business Plan, to be responsive to unforeseen and unplanned activity and to protect PDSA from unexpected events, such as fluctuations in income and costs not anticipated in the Business Plan.

The policy reflects the Charity Commission's guidance on Reserves Policies in its publication CC19. PDSA's Reserves Policy will be reviewed during 2024.

Our Reserves Policy is supported by scenario and contingency planning to determine the potential impact on the level of reserves of defined risk factors. Our contingency strategic planning determines the level of reserves that we consider necessary to protect us from any prolonged financial risks and considers any measures that may need to be addressed should reserves fall below agreed levels.

Council has determined that the level of free reserves needed should fall within the range £45 million to £60 million. The policy should allow continuity for a minimum period of 18 months and for a maximum of three years. During this period the charity would aim to stabilise itself and become sustainable for the future.

### Free reserves

£ millions	2023	2022
Total charity funds	103.3	107.1
Pension reserve	24.3	22.5
Endowment funds	(0.9)	(0.9)
Restricted funds	(1.6)	(2.2)
<b>Unrestricted funds</b>	<b>125.1</b>	<b>126.5</b>
Pension funding commitments	(29.5)	(32.9)
Carrying value of functional assets	(29.2)	(22.6)
Legacy contingent asset	12.8	15.0
<b>Free reserves</b>	<b>79.2</b>	<b>86.0</b>

At 31 December 2023 the charity had free reserves of £79.2 million (2022: £86.0m), as calculated in the table above which shows that reserves have decreased by £6.8 million. We invested heavily in our Pet Hospitals in 2023, spending £3.8 million (2022: £1.9m) to provide structural improvements in the facilities that we offer and improve services to our clients. We also invested in our IT infrastructure to add new functionality and capability whilst reducing our future operating costs. In combination, these factors have meant that free reserves have reduced, but still remain beyond the reserves range set by Council.

In considering the reserves level, Council recognises that our final projections for 2024 and 2025 (detailed below in Going Concern) mean that reserves will reduce as the charity seeks to maintain our public benefit whilst absorbing inflationary pressures across the cost base. In addition, the significant capital investment which has been approved across our properties, IT and data infrastructure will continue, helping establish a solid base for the future. Furthermore, some of the income raised in each year is earmarked for future spending, though it is not formally restricted, for example the net surpluses from the People's Postcode Lottery which we agree to spend on specific projects in the subsequent year. We forecast that free reserves will fall to be closer to the range set by Trustees by the end of 2025.

The pension funding commitment represents the cash value of payments scheduled to August 2032 for the defined benefit pension scheme; the legacy contingent asset represents 80% of the value of the legacy pipeline.

The total funds of the Group at the end of 2023 were £103.3 million (2022: £107.1m). Of these funds, £2.5 million were restricted income funds or endowments (2022: £3.1m).

Our investment funds have sufficient liquidity to provide the flexibility to manage any potential downturn in income: access to two of the funds is in a matter of days and for the other within two to three months.

During the year, the charity renewed its £10 million unsecured overdraft with Lloyds Bank plc. We have proactively utilised this facility over the year, as a more cost-effective alternative to drawing down against our investments. As our investments recover in value through 2024, we will seek to rebalance our cash holdings and reduce the overdraft usage. The overdraft facility was renewed in June 2023, and we expect the arrangement to continue through 2024.



At the date of signing, our most recent calculation of free reserves stood at £77.9 million. We have considered future activities and outlook and have created financial projections accordingly. Our current view is that our free reserves could reduce to £55.7 million by December 2025, which is within the Reserves Policy range set by Trustees.

### Going concern

The Executive and Council regularly reviews financial performance, forecasts, and projections, taking account of the potential impact on future public benefit and this is an important element of Group financial management.

The Group had investments with a value of £52.4 million at 29 February 2024 that are sufficiently liquid to be realised quickly (two funds have daily access, the third within two to three months). This gives the Group significant headroom in the cash flow forecasts. As a precaution the Group will renew its overdraft facility from 1 July 2024.

Trustees have reviewed projections of cash flow and profitability for the period to December 2025 considering a range of scenarios and sensitivities to income and costs, over the short to medium term as we manage business performance.

After considering the projections of cash flow and profitability and the ability to liquidate the investment portfolio to support cash balances, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, which is a period of at least 12 months from the signing of the accounts and audit report. They therefore consider that it is appropriate for the financial statements to be prepared on the going concern basis.

### Pension Plans

PDSA has a defined benefit pension scheme, The People's Dispensary for Sick Animals Retirement Benefits Plan (RBP) (1978) and a Group Personal Pension (GPP) Plan.

The defined benefit pension scheme has been closed to new employees since 2006 and since April 2019 has been closed to future accrual. The GPP Plan was opened in January 2008 for new and existing employees. The charity is committed to ensuring it will continue to offer suitable pension benefits for employees.

The RBP scheme had a deficit, as calculated under the provisions of FRS 102, of £24.3 million at 31 December 2023 (2022: £22.5m). The last triennial actuarial valuation was carried out as at 31 December 2020 and this showed a deficit of £55.4 million. Revised deficit funding contributions were agreed between PDSA and the RBP Trustee in December 2021.

These liabilities have been revised to reflect some key assumption changes. The change is mainly as a result of the fall in corporate bond yields over the period and higher than expected inflation over the period. These have been partially offset by the Society contributions and changes to the demographic assumptions. The next triennial valuation of the Scheme is due at 31 December 2023. This will be undertaken through 2024.

The Plan held a number of investments at 31 December 2023 at fair value.

Approved by Council and signed on its behalf by:



**John Miller**, Chair  
28 June 2024





# Independent Auditor's Report to the Trustees of People's Dispensary for Sick Animals

## Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 December 2023 and of the Group's/its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended and the Peoples Dispensary for Sick Animals Act 1949 and 1956.

We have audited the financial statements of Peoples Dispensary for Sick Animals ('the Parent Charity') and its subsidiaries ('the Group') for the year ended 31 December 2023 which comprise the consolidated and parent charity statement of financial activities, the consolidated and parent charity balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We remain independent of the Group and the Parent Charity in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Conclusions related to going concern

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

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

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

## Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion;

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is inconsistent in any material respect with the financial statements; or
- adequate and proper accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the parent Charity or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Extent to which the audit was capable of detecting irregularities, including fraud

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

### Non-compliance with laws and regulations

Based on:

- Our understanding of the Group/Charity and the sector in which it operates;
- Discussion with management and those charged with governance including the Audit & Risk Committee;
- Obtaining and understanding of the Group's/Charity's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) regulations 2006, as amended, Peoples Dispensary for Sick Animals Acts 1949 and 1956, UK GAAP, Charities SORP, Fundraising legislation and UK tax legislation.

The Group/Charity is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be employment law, health and safety legislation and data protection.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of any correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- We reviewed the Fraud log and Serious Incident log submitted to the Audit & Risk Committee which includes instances of fraud and non-compliance with laws and regulations.



## Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, Audit & Risk Committee and internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's/ Charity's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- We reviewed the Fraud log and Serious Incident log submitted to the Audit & Risk Committee which includes instances of fraud and non-compliance with laws and regulations.

Based on our risk assessment, we considered the areas most susceptible to fraud to be posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, including the defined benefit pension scheme valuation (FRS 102 Section 28), accrued legacy income and provisions.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

## Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

## Kyla Bellingall

Kyla Bellingall  
BDO LLP, statutory auditor  
Birmingham  
1 July 2024

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).





## Consolidated Statement of Financial Activities (incorporating an income and expenditure account)

For the years ended 31 December	Note	Group £'000			Group £'000		
		Unrestricted Funds	Restricted Funds and endowments	Total 2023	Unrestricted Funds	Restricted Funds and endowments	Total 2022
<b>Income and endowments from</b>							
Donations and legacies	2	73,117	6,445	79,562	66,280	6,997	73,277
Grant income	2	4	-	4	-	-	-
Other trading activities	2	18,748	-	18,748	19,678	-	19,678
Charitable trading activities	2	14,350	-	14,350	12,295	-	12,295
Investments	2	1,311	-	1,311	1,003	-	1,003
Gain on disposal of fixed assets		-	-	-	395	-	395
<b>Total income</b>		107,530	6,445	113,975	99,651	6,997	106,648
<b>Expenditure on raising funds</b>							
Donations and legacies	3	9,808	-	9,808	9,779	-	9,779
Other trading activities	3	17,529	4	17,533	15,941	6	15,947
Investments	3	24	-	24	50	-	50
Other expenditure: loss on disposal of fixed assets		9	-	9	-	-	-
<b>Total expenditure on raising funds</b>		27,370	4	27,374	25,770	6	25,776
<b>Net income available for charitable activities</b>		80,160	6,441	86,601	73,881	6,991	80,872
<b>Charitable activities</b>							
Treatment at Pet Hospitals and by contracted services	3	75,856	6,677	82,533	68,784	6,631	75,415
Education: responsible pet ownership	3	1,296	-	1,296	1,058	-	1,058
Preventive services	3	3,347	-	3,347	2,829	-	2,829
<b>Total expenditure on charitable activities</b>		80,499	6,677	87,176	72,671	6,631	79,302
<b>Total expenditure</b>		107,869	6,681	114,550	98,441	6,637	105,078
Net gains/(losses) on investments	7	900	-	900	(5,580)	-	(5,580)
<b>Net income/(expenditure)</b>		561	(236)	325	(4,370)	360	(4,010)
Transfers between funds	12	397	(397)	-	2,103	(2,103)	-
Actuarial (loss)/gain on defined benefit pension scheme	17	(4,100)	-	(4,100)	16,000	-	16,000
<b>Net movement in funds</b>		(3,142)	(633)	(3,775)	13,733	(1,743)	11,990
<b>Reconciliation of funds</b>							
Total funds brought forward		103,930	3,120	107,050	90,197	4,863	95,060
<b>Total funds carried forward</b>	12	100,788	2,487	103,275	103,930	3,120	107,050

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

## Charity Statement of Financial Activities (incorporating an income and expenditure account)

For the years ended 31 December	Note	Charity £'000			Charity £'000		
		Unrestricted Funds	Restricted Funds and endowments	Total 2023	Unrestricted Funds	Restricted Funds and endowments	Total 2022
<b>Income and endowments from</b>							
Donations and legacies	2	74,700	6,445	81,145	70,860	6,997	77,857
Grant income	2	4	-	4	-	-	-
Other trading activities	2	16,387	-	16,387	13,865	-	13,865
Charitable trading activities	2	14,350	-	14,350	12,295	-	12,295
Investments	2	1,257	-	1,257	993	-	993
Gain on disposal of fixed assets		-	-	-	395	-	395
<b>Total income</b>		106,698	6,445	113,143	98,408	6,997	105,405
<b>Expenditure on raising funds</b>							
Donations and legacies	3	9,807	-	9,807	9,778	-	9,778
Other trading activities	3	16,709	4	16,713	14,709	6	14,715
Investments	3	24	-	24	50	-	50
Other expenditure: loss on disposal of fixed assets		9	-	9	-	-	-
<b>Total expenditure on raising funds</b>		26,549	4	26,553	24,537	6	24,543
<b>Net income available for charitable activities</b>		80,149	6,441	86,590	73,871	6,991	80,862
<b>Charitable activities</b>							
Treatment at Pet Hospitals and by contracted services	3	75,845	6,677	82,522	68,774	6,631	75,405
Education: responsible pet ownership	3	1,296	-	1,296	1,058	-	1,058
Preventive services	3	3,347	-	3,347	2,829	-	2,829
<b>Total expenditure on charitable activities</b>		80,488	6,677	87,165	72,661	6,631	79,292
<b>Total expenditure</b>		107,028	6,681	113,718	97,198	6,637	103,835
Net gains/(losses) on investments	7	900	-	900	(5,580)	-	(5,580)
<b>Net income/(expenditure)</b>		570	(236)	325	(4,370)	360	(4,010)
Transfers between funds	12	397	(397)	-	2,103	(2,103)	-
Actuarial (loss)/gain on defined benefit pension scheme	17	(4,100)	-	(4,100)	16,000	-	16,000
<b>Net movement in funds</b>		(3,133)	(633)	(3,775)	13,733	(1,743)	11,990
<b>Reconciliation of funds</b>							
Total funds brought forward		105,490	3,120	108,610	91,757	4,863	96,620
<b>Total funds carried forward</b>		102,357	2,487	104,835	105,490	3,120	108,610

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.



## Balance Sheets

At 31 December		Group		Charity		£'000
		2023	2022	2023	2022	
<b>Fixed assets</b>	<b>Note</b>					
Tangible assets	6	29,161	22,639	30,712	24,190	
Investments	7	59,034	72,400	59,034	72,400	
<b>Total fixed assets</b>		<b>88,195</b>	95,039	<b>89,746</b>	96,590	
<b>Current assets</b>						
Stocks - finished goods and goods for resale		3,037	2,680	2,381	2,126	
Debtors	8	48,497	42,615	51,282	45,509	
Cash at bank and in hand		2,251	2,441	9	10	
<b>Total current assets</b>		<b>53,785</b>	47,736	<b>53,672</b>	47,645	
Creditors - amounts falling due within one year	9	(12,677)	(11,068)	(12,555)	(10,968)	
<b>Net current assets</b>		<b>41,108</b>	36,668	<b>41,117</b>	36,677	
<b>Total assets less current liabilities</b>		<b>129,303</b>	131,707	<b>130,863</b>	133,267	
Creditors - amounts falling due after more than one year	10	(41)	-	(41)	-	
Provisions for liabilities	11	(1,691)	(2,159)	(1,691)	(2,159)	
<b>Net assets excluding pension liability</b>		<b>127,571</b>	129,548	<b>129,131</b>	131,108	
<b>Defined benefit pension scheme liability</b>	18	<b>(24,296)</b>	(22,498)	<b>(24,296)</b>	(22,498)	
<b>Total net assets</b>		<b>103,275</b>	107,050	<b>104,835</b>	108,610	
<b>The funds of the charity</b>						
Endowment funds	13	933	933	933	933	
Restricted income funds	13	1,554	2,187	1,554	2,187	
Unrestricted funds	13	125,084	126,428	126,644	127,988	
Pension reserve	13	(24,296)	(22,498)	(24,296)	(22,498)	
<b>Total unrestricted funds</b>		<b>100,788</b>	103,930	<b>102,348</b>	105,490	
<b>Total charity funds</b>		<b>103,275</b>	107,050	<b>104,835</b>	108,610	

Approved by Council and signed on its behalf by



John Miller  
Chair  
28 June 2024

## Consolidated Statement of Cash Flows

For the year ended 31 December		Group		£'000
		Note	2023	
<b>Net cash (used in) operating activities</b>	a	<b>(7,106)</b>	(3,152)	
<b>Cash flows from investing activities</b>				
Dividends, interest and rents from investments		1,311	1,003	
Purchase of property, plant and equipment		(8,959)	(2,814)	
Proceeds from the sale of property, plant and equipment		3	509	
Purchase of investments		(822)	(626)	
Proceeds from the sale of investments		15,500	-	
<b>Net cash provided by/(used in) investing activities</b>		<b>7,033</b>	(1,928)	
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(73)</b>	(5,080)	
<b>Cash and cash equivalents at the beginning of the reporting period</b>	b	<b>(2,123)</b>	2,957	
<b>Cash and cash equivalents at the end of the reporting period</b>	b	<b>(2,196)</b>	(2,123)	

### Note a. Reconciliation of net income/(expenditure) to net cash (used in) operating activities

Net income/(expenditure) for the reporting period	325	(4,010)
Adjustments for:		
Investment income	(1,311)	(1,003)
Net loss/(gain) on disposal of tangible fixed assets	9	(395)
Depreciation	2,013	1,613
Movements on investments	(900)	5,580
Increase in pension provision excluding actuarial loss	1,100	800
Pension deficit contributions	(3,402)	(3,402)
(Increase) in stocks	(357)	(442)
(Increase) in debtors	(5,882)	(2,530)
Increase in creditors	1,767	713
(Decrease) in provisions	(468)	(76)
<b>Net cash (used in) operating activities</b>	<b>(7,106)</b>	(3,152)

### Note b. Analysis of cash and cash equivalents

Cash at bank and in hand	2,251	2,441
Overdraft	(4,447)	(4,564)
<b>Total</b>	<b>(2,196)</b>	(2,123)

### Note c. Analysis of changes in net debt

Cash and cash equivalents	At 1 Jan 2023	Cash Flows	Other non-cash charges	At 31 Dec 2023
Cash at bank and in hand	2,441	(190)	-	2,251
Overdraft	(4,564)	117	-	(4,447)
Borrowings	-	-	-	-
<b>Total</b>	<b>(2,123)</b>	<b>(73)</b>	<b>-</b>	<b>(2,196)</b>



# Notes to the financial statements for the year ended 31 December 2023

## 1. Accounting policies

### a) Accounting basis

The financial statements have been prepared under the historical cost convention, with the exception of investments that are included at market value.

The financial statements have been prepared in accordance with the Charities Act 2011, the Charities and Trustees Investment (Scotland) Act 2005, the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2019.

### Going concern

Trustees have reviewed projections of cash flow and profitability for the period to 31 December 2025 considering sensitivities to income and costs and how much they wish to spend in discretionary areas.

We expect that the Group will produce a total net expenditure position of £2.8 million in 2024 and £3.0 million in 2025. Based on this forecast we anticipate holding cash and liquid investments of £29.7 million at 31 December 2025.

The Group had investments with a value of £52.4 million at 29 February 2024 that are sufficiently liquid to be realised quickly (two funds have daily access, the third within two to three months). This gives the Group significant headroom in the cash flow forecasts. As a precaution the Group will also renew its overdraft facility from 1 July 2024.

After considering the projections of cash flow and profitability and the ability to liquidate the investment portfolio to support cash balances the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, which is a period of at least 12 months from the signing of the accounts and audit report. For this reason, it continues to adopt the going concern basis in the financial statements.

### b) Fund accounting

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

Restricted funds are funds that are used in accordance with specific restrictions imposed by donors.

The aim and use of each restricted fund is set out in Note 12 to the financial statements. Income received less than £15,000, unless part of a larger project, is reported in aggregate.

Investment income and gains are allocated to the appropriate fund.

### c) Income

Income is recognised in the SOFA when the charity has evidence of entitlement, receipt is probable and its amount can be measured reliably.

### Legacies

Both pecuniary and residuary legacies are recognised at the earlier of probate being granted or the charity being advised, in writing, by the personal representative of an estate that payment will be made or assets transferred and when, in the opinion of management, the amount can be quantified with reasonable accuracy and will probably be received.

This estimate includes a reduction to reflect the proportion of the prior year opening debtors not received in subsequent years and so allows for the potential variation in settlement values and the risk of a Will being contested.

Where part or all of a legacy has a claim against it, the disputed amount is not recognised as income, but is included as a contingent asset.

Reversionary interests involving a life tenant are not recognised.

### Other income

Income from charitable trading, sales of new goods and other sales income are recognised when the goods or services are sold. The value recognised excludes VAT.

Donated goods are included in income when received and are measured at sales value, which is considered fair value.

Donation income is credited when received, except where fundraising campaigns are based around a specific event date, in which case the accruals basis is used.

Grants and donations in respect of capital expenditure are credited to restricted income at the point of recognition and are released to unrestricted funds on the later date of completion of the fixed asset, or the obligation being met.

Income from Government grants is recognised when a claim has been made and entitlement is confirmed.

Gross proceeds from the People's Postcode Lottery are recorded as income in the SOFA.

Investment income is accounted for when receivable.

### d) Recognition of expenditure

All expenditure is accounted for on an accruals basis and has been listed under the headings that aggregate all costs related to the category.

Costs of generating funds relate to those costs incurred to encourage donations and legacies and raise public awareness of the charity; those costs that enable us to trade goods and services; and those that relate to generating investment income.

Costs of charitable activities relate to those costs incurred in meeting the objectives of the charity and providing its public benefit.

Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of the resources. Overheads in support areas have been allocated to activities as outlined in Note 3 to the financial statements.

Costs for future property dilapidations, in our estimate and judgement, are estimated based on the number of properties rented subject to dilapidation clauses, each having an expected future cost based on the average expected spends per property incurred in earlier years and the results of condition survey samples. Where the particular condition of an individual property means the use of an average spend would not be appropriate, the provision is estimated with reference to property survey information.

Donations and gifts costs are those incurred in seeking voluntary contributions for the charity. Governance costs are those incurred by Trustees, internal audit and fees charged by external auditors. Irrecoverable VAT is charged as a cost to the individual activity.

### e) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £5,000 are capitalised and accounted for at cost, inclusive of any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives as follows:

Assets under course of construction	nil
Freehold land	nil
Freehold buildings	25-50 years
Long leasehold buildings	25 years
Short leasehold buildings	Remainder of lease
Pet Hospital buildings, freehold and leasehold	25 years
Furniture, fittings and equipment	3-8 years
Motor vehicles	5 years

The charity has a policy to conduct impairment reviews in accordance with the requirements of FRS 102.

### f) Investment properties

In accordance with FRS 102 these properties are held for capital appreciation, initially recorded at cost and then subsequently at fair value. Revaluations are undertaken periodically by professionally qualified surveyors on the basis of open market value, which represents fair value. In our estimate and judgement these are revised in subsequent years by reference to published indices or comparative evidence and assessment of the circumstances of each property by PDSA's professional qualified surveyors.

**g) Investments**

Listed and other investments are initially shown at cost and then subsequently at fair value to reflect the market valuation as at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year. Investments in subsidiaries are initially shown at cost and subsequently net of any impairment.

**h) Stocks**

Stocks are stated at the lower of cost and net realisable value. Donated goods are included at fair value on receipt, and the stock of donated goods represents the amount of goods donated by the general public which we hold at our shops at year-end. In our estimate and judgement, the value is calculated by applying an average sales value, adjusted for Gift Aided sales, to the volume of goods we have unsold at year-end.

**i) Financial instruments**

The PDSA Group only holds basic financial instruments. Investments are initially shown at cost and then measured at fair value and shown in Note 7 to the accounts. Financial instruments held within current assets and current liabilities are measured at the cash expected to be paid or received which is considered to be amortised cost and is shown in Notes 8 and 9.

The Group balances included in the accounts are as follows:

	2023 £'000	2022 £'000
Fixed Asset Investments	59,034	72,400
Debtors	48,497	42,615
Creditors: amounts falling due within one year	12,677	11,068

**j) Taxation**

As a registered charity PDSA is exempt from taxation of income and gains falling within Chapter Three of Part II to the Corporation Tax Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charge has arisen in the year. No tax charge has arisen in any of its subsidiaries since they gift all taxable profits to PDSA.

**k) Pension costs**

For the defined benefit pension scheme, the amounts charged in resources expended are the current service costs and gains and losses on settlements and curtailments; these are included as part of staff costs. Past service costs are recognised immediately if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately and are shown separately in the SOFA. Defined benefit pension schemes are funded with the assets of the scheme held separately from those of the Group, in Trustee administered funds.

These assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The valuation is obtained triennially but is updated each year and the resulting asset or liability is shown on the balance sheet.

**l) Operating leases**

Rentals paid under operating leases are charged to the SOFA on a straight-line basis over the lease-term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are credited to the SOFA over the period of the lease. Rentals receivable under operating leases are credited to the SOFA in the periods in which they become receivable. When a rental holiday has been granted, or rentals temporarily reduced, the reduction is accounted to that period of the reduction and is not spread over the lease-term.

**m) Basis of consolidation**

PDSA Group's financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated on a line-by-line basis for the periods from or to the date on which control passed.

PDSA Trading Limited, PDSA PetAid Enterprises Limited and PDSA Property Services Limited are consolidated within these accounts as PDSA holds 100% of the issued share capital of each company.

**n) Provisions**

Provisions for future liabilities are recognised when PDSA has a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that payment will be made. Estimation techniques involve assumptions, which are based on experience.

**o) Accounting estimates and judgements**

In preparing the financial statements, the Trustees are required to make estimates and judgements. The matters below are considered to be the most important in understanding the judgements that are involved in preparing the financial statements and the uncertainties that could impact the amounts reported.

**Cost allocation**

Support costs not attributable to a single activity are allocated or apportioned on a basis consistent with identified cost drivers for that cost category and can be seen in more detail in note 3.

**Legacy income accrual and contingent asset**

Legacy income is recognised in accordance with the income recognition policy detailed in (c) above. In calculating the level of legacy accrual, management is required to exercise estimation and judgement, particularly in determining the amount and probability of receipt.

A contingent asset is identified for legacies notified to the charity when the inflow of economic benefit is probable, but does not yet meet the criteria for income recognition identified in (c) above.

**Investment properties**

These are valued by professionally qualified surveyors, using estimation techniques identified in (f) above.

**Stocks**

Goods donated by the public for us to resell are valued using estimates identified in (h) above.

**Actuarial assumptions for the defined benefit pension scheme**

These are incorporated in the financial statements in accordance with FRS 102 using advice from independent qualified actuaries. Significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates. These are detailed in (k) above and note 17.

**Provisions**

We hold specific provisions for several matters and these are individually described in note 10. We recognise a provision when it meets the tests identified in the policy in (n); the estimation techniques used are particular to each provision. The charity leases a large number of properties and our assumptions for property dilapidations are described above in (d).



Wilma with her owner, Sarah



## 2. Income and endowments

	Group		Charity		£'000
	2023	2022	2023	2022	
<b>Donations and legacies</b>					
Legacies receivable	56,384	51,114	56,384	51,114	
Donations and gifts	23,178	22,163	23,178	22,163	
Gift Aid donation from subsidiaries	-	-	1,583	4,580	
	<b>79,562</b>	<b>73,277</b>	<b>81,145</b>	<b>77,857</b>	
<b>Grant income</b>					
Local Council Business Grants	4	-	4	-	
	<b>4</b>	<b>-</b>	<b>4</b>	<b>-</b>	
<b>Other trading activities</b>					
Lottery and similar income	2,638	2,294	-	-	
Sales of donated goods*	12,075	10,228	12,075	10,228	
Sale of new goods	2,386	2,311	-	-	
Other income**	1,649	4,845	4,312	3,637	
	<b>18,748</b>	<b>19,678</b>	<b>16,387</b>	<b>13,865</b>	
<b>Charitable trading activities</b>					
Preventive services	5,244	4,426	5,244	4,426	
Concessionary and other paid for services	9,106	7,869	9,106	7,869	
	<b>14,350</b>	<b>12,295</b>	<b>14,350</b>	<b>12,295</b>	
<b>Investments</b>					
Listed securities - dividends	822	626	822	626	
Bank and other interest	57	11	3	1	
Rents receivable	432	366	432	366	
	<b>1,311</b>	<b>1,003</b>	<b>1,257</b>	<b>993</b>	

\* 2023 includes income of £3,935,000 of donations from supporters resulting from sale of their goods through PDSA's Retail Gift Aid scheme (2022: £3,431,000)

\*\* 2023 Other income (Charity only) includes £4,071,000 (2022: £3,553,000) for the allocation of Retail costs from the Charity to its subsidiary, PDSA Trading Limited. These costs relate to the running of the Retail Gift Aid scheme, which is administered by the subsidiary.

## 3. Expenditure

	Group			£'000
	Activities undertaken directly	Support costs allocated	2023 Total	2022 Total
<b>Expenditure raising funds</b>				
Legacies receivable	1,744	126	1,870	1,934
Donations and gifts	5,150	198	5,348	5,981
Raising public perception and awareness	2,470	120	2,590	1,864
	<b>9,364</b>	<b>444</b>	<b>9,808</b>	<b>9,779</b>
<b>Expenditure on other trading activities</b>				
Merchandising, charity shop and other trading	14,925	1,773	16,698	15,142
Lottery ticket sales	810	25	835	805
	<b>15,735</b>	<b>1,798</b>	<b>17,533</b>	<b>15,947</b>
<b>Expenditure on investments</b>	<b>22</b>	<b>2</b>	<b>24</b>	<b>50</b>
<b>Expenditure on charitable activities</b>				
Treatment at Pet Hospitals and by contracted services	74,196	8,337	82,533	75,415
Education: responsible pet ownership	1,209	87	1,296	1,058
Preventive services	3,209	138	3,347	2,829
	<b>78,614</b>	<b>8,562</b>	<b>87,176</b>	<b>79,302</b>
	<b>103,735</b>	<b>10,806</b>	<b>114,541</b>	<b>105,078</b>

	Group				2023	2022
	Human Resources	Property Services	Finance and Management	Information Technology		
<b>Expenditure raising funds</b>						
Legacies receivable	24	-	48	54	126	134
Donations and gifts	16	-	145	37	198	241
Raising public perception and awareness	26	-	69	25	120	110
<b>Expenditure on other trading activities</b>						
Merchandising, charity shop and other trading	261	432	431	649	1,773	1,651
Lottery ticket sales	2	-	23	-	25	27
<b>Expenditure on investments</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>2</b>	<b>4</b>
<b>Expenditure on charitable activities</b>						
Treatment at Pet Hospitals and by contracted services	2,269	635	2,081	3,352	8,337	7,809
Education: responsible pet ownership	36	-	34	17	87	83
Preventive services	48	-	90	-	138	127
<b>Total support costs</b>	<b>2,682</b>	<b>1,068</b>	<b>2,922</b>	<b>4,134</b>	<b>10,806</b>	<b>10,186</b>

Governance costs in the year of £323,000 (2022: £369,000) are included within Finance and Management support costs

### Bases of allocation

Human Resources - staff costs  
Property Services - property costs, excluding rent

Finance and Management - expenditure  
Information Technology - number of IT devices



	Charity			2022	Total
	Activities undertaken directly	Support costs allocated	2023		
<b>Expenditure raising funds</b>					
Legacies receivable	1,744	126	1,870		1,933
Donations and gifts	5,150	197	5,347		5,981
Raising public perception and awareness	2,470	120	2,590		1,864
	9,364	443	9,807		9,778
<b>Expenditure on other trading activities</b>					
Merchandising, charity shop and other trading	14,942	1,771	16,713		14,715
	14,942	1,771	16,713		14,715
<b>Expenditure on investments</b>	22	2	24		50
<b>Expenditure on charitable activities</b>					
Treatment at Pet Hospitals and by contracted services	74,196	8,326	82,522		75,405
Education: responsible pet ownership	1,209	87	1,296		1,058
Preventive services	3,209	138	3,347		2,829
	78,614	8,551	87,165		79,292
	102,942	10,767	113,709		103,835

Support costs breakdown by activity	Charity				2023	2022
	Human Resources	Property Services	Finance and Management	Information Technology		
<b>Expenditure raising funds</b>						
Legacies receivable	24	-	48	54	126	133
Donations and gifts	16	-	144	37	197	241
Raising public perception and awareness	26	-	69	25	120	110
<b>Expenditure on other trading activities</b>						
Merchandising, charity shop and other trading	261	432	429	649	1,771	1,649
<b>Expenditure on Investments</b>	-	1	1	-	2	4
<b>Expenditure on charitable activities</b>						
Treatment at Pet Hospitals and by contracted services	2,269	634	2,071	3,352	8,326	7,799
Education: responsible pet ownership	36	-	34	17	87	83
Preventive services	48	-	90	-	138	127
<b>Total support costs</b>	2,680	1,067	2,886	4,134	10,767	10,146

Governance costs in the year of £309,000 (2022: £356,000) are included within Finance and Management support costs

#### Bases of allocation

Human Resources - staff costs  
Property Services - property costs, excluding rent

Finance and Management - expenditure  
Information Technology - number of IT devices

## 4. Net income before other recognised gains and losses

			2023	2022
<b>These are stated after charging:</b>				
Auditor's remuneration	audit fees charity		91	83
	audit fees subsidiaries		11	11
	non-audit fees charity	- tax compliance services	1	1
		- other consultancy services	-	49
	non-audit fees subsidiaries	- tax services	5	5
Operating leases			2,706	2,335

## 5. Employees

	2023	2022
<b>Employment costs</b>		
Salaries	54,769	50,092
Social security costs	5,062	4,796
Defined benefit pension costs	1,773	1,582
Other employer pension costs	4,947	4,528
Redundancy and termination payments	91	41
Other staff costs	328	248
Apprentice Levy	267	244
<b>Total</b>	<b>67,237</b>	<b>61,531</b>

During 2023, no employees were made redundant (2022: eight). There were three termination payments made through settlement agreements in the year (2022: none).

#### Average number of employees, calculated on a full-time equivalent basis

	2023	2022
Veterinary	1,335	1,287
Retail	231	208
Marketing and fundraising	62	103
Other	120	105
<b>Total</b>	<b>1,748</b>	<b>1,703</b>

#### Employment costs

The number of higher-paid employees whose emoluments were within the following scales was as follows:

Scale	2023	2022
£60,001-£70,000	31	25
£70,001-£80,000	13	9
£80,001-£90,000	9	4
£90,001-£100,000	1	2
£100,001-£110,000	1	-
£110,001-£120,000	-	2
£120,001-£130,000	1	-
£130,001-£140,000	1	1
£160,001-£170,000	1	1
£200,001-£210,000	1	1

Emoluments include salary, allowances and benefits in kind, but exclude pension scheme contributions.

Fifty-four of the higher paid staff are members of the Group Personal Pension (GPP) Plan (2022: forty-two). Thirteen of these staff members contribute to the Auto Enrolment section of the GPP (2022: eight). Forty-one of the staff members contribute to the GPP by paying contributions in excess of the Auto Enrolment minimum contribution rates (2022: thirty-four). Forty-two of the higher paid staff members are employed in our Veterinary Services team (72%).

The total remuneration paid to the Executive team in 2023 (seven Directors) was £1,009,835 (2022: nine Directors, £964,464). Of the seven Directors who served during 2023, five served throughout the year, one left and one retired in the second quarter of the year.

The basic salary of the Director General, who is the highest paid employee, was £173,130 as at 31 December 2023 (£163,331 as at 31 December 2022). The Director General has elected to receive an additional cash payment in lieu of employer pension contributions.

The ratio between the highest and median contracted salary is 7:1 (2022: 7:1).

Members of Council do not receive any remuneration. They made donations to PDSA in 2023 totalling £1,590 (2022: £1,500).

Travel, accommodation, telecommunications, entertainment and training costs incurred by Council members on charity business are reimbursed or are paid directly by the charity. This amounted to £2,556 during the year for five Council members (2022: £2,051 for six).



Apprentice Vet Nurse Hayley Morland and Graduate Vets Alannah Sinnott and Cian Zolfaghari-nia outside Romford PDSA Pet Hospital

## 6. Fixed assets

	Assets under course of construction	Freehold land and buildings	Leasehold buildings Long lease	Leasehold buildings Short lease	Pet Hospital land and buildings Freehold	Pet Hospital land and buildings Long lease	Furniture fittings and equipment	Motor vehicles	Total
£'000									
<b>Cost</b>									
At 1 January 2023	12	3,831	393	4,619	36,780	4,647	16,100	356	66,738
Transfer to investment property	-	(900)	-	-	-	-	-	-	(900)
Additions	115	-	-	765	1,311	21	6,747	-	8,959
Disposals	-	-	-	-	-	-	(276)	-	(276)
<b>At 31 December 2023</b>	<b>127</b>	<b>2,931</b>	<b>393</b>	<b>5,384</b>	<b>38,091</b>	<b>4,668</b>	<b>22,571</b>	<b>356</b>	<b>74,521</b>
<b>Depreciation</b>									
At 1 January 2023	-	1,767	153	3,919	20,438	2,949	14,549	324	44,099
Transfer to investment property	-	(488)	-	-	-	-	-	-	(488)
Charge for the year	-	84	13	260	941	122	561	32	2,013
Disposals	-	-	-	-	-	-	(264)	-	(264)
<b>At 31 December 2023</b>	<b>-</b>	<b>1,363</b>	<b>166</b>	<b>4,179</b>	<b>21,379</b>	<b>3,071</b>	<b>14,846</b>	<b>356</b>	<b>45,360</b>
<b>Net book value</b>									
<b>At 31 December 2023</b>	<b>127</b>	<b>1,568</b>	<b>227</b>	<b>1,205</b>	<b>16,712</b>	<b>1,597</b>	<b>7,725</b>	<b>-</b>	<b>29,161</b>
At 31 December 2022	12	2,064	240	700	16,342	1,698	1,551	32	22,639

The difference between the Group and charity fixed assets is the exclusion of the intra-group profit of £1,551,000. The intra-group profit arose from the construction and sale of PDSA Pet Hospital buildings by subsidiaries of the charity. Certain freehold assets are charged to provide security against specific liabilities. The net book value of these assets included within fixed assets at 31 December 2023 is £5,287,000 (2022: £5,999,000)

## 7. Fixed asset investments

Group and charity	Listed investments	Other investments	Freehold investment properties	Total
At 1 January 2023	46,675	19,845	5,880	72,400
Transfer from fixed assets	-	-	412	412
Additions (dividend income retained in funds)	822	-	-	822
Disposals	(15,500)	-	-	(15,500)
Net gains/(losses) on revaluations and disposals	(154)	691	363	900
<b>At 31 December 2023</b>	<b>31,843</b>	<b>20,536</b>	<b>6,655</b>	<b>59,034</b>

At 31 December 2023 and 2022 the charity had the following holdings constituting more than 5% of the portfolio market value:

	2023	2022
The Partners Fund	20,536	19,845
Schroders Diversified Growth Fund	16,360	23,602
Ninety One Diversified Growth Fund	15,483	23,073
<b>The total of UK listed and other investments</b>	<b>52,379</b>	<b>66,520</b>

Within fixed asset investments, investment properties are valued as at 31 December 2023 at £6,655,000. This represents five properties, all of which were valued by external RICS Registered Valuers. Properties are valued at fair value with reference to condition, location and market data. One property is charged to provide security against specific liabilities. The carrying value included within fixed asset investments at 31 December 2023 is £800,000 (2022: nil)



## 8. Debtors

	Group		Charity		£'000
	2023	2022	2023	2022	
<b>Due within one year</b>					
Accrued legacies	44,411	38,907	44,411	38,907	
Amounts due from subsidiary undertakings	-	-	2,931	3,515	
Income tax recoverable	359	377	359	377	
Sundry debtors	2,320	2,243	2,174	1,622	
Prepayments	1,407	1,088	1,407	1,088	
<b>Total</b>	<b>48,497</b>	<b>42,615</b>	<b>51,282</b>	<b>45,509</b>	

The charity has received notification of legacies amounting to approximately £15,955,000 (2022: £18,729,000). This total has not been recognised as income at 31 December 2023, but represents a contingent asset that will be recognised in future years. The charity has entered into indemnities with executors of Wills which allow repayment of legacy income in particular circumstances. These total £1,088,000 at the end of 2023 (2022: £1,235,000) and represent a contingent liability.

## 9. Creditors: Amounts falling due within one year

	Group		Charity		£'000
	2023	2022	2023	2022	
Bank overdraft	4,447	4,564	4,447	4,564	
Trade creditors	1,837	1,497	1,837	1,497	
Taxation and social security	1,368	1,509	1,368	1,509	
Sundry creditors	1,046	975	1,046	975	
Deferred income	108	87	-	-	
Accruals	3,871	2,436	3,857	2,423	
<b>Total</b>	<b>12,677</b>	<b>11,068</b>	<b>12,555</b>	<b>10,968</b>	

## 10. Creditors: Amounts falling due after more than one year

	Group and charity		£'000
	2023	2022	
<b>Group and charity</b>			
Sundry creditors	41	-	
<b>Total</b>	<b>41</b>	<b>-</b>	

## 11. Provisions for liabilities

	Group and charity		£'000
	2023	2022	
<b>Obligations for dilapidations in respect of leased properties</b>			
At the beginning of the year	2,159	2,228	
Charged against provision in the year	(46)	(174)	
Released in the year	(98)	(16)	
Change in the year resulting from the number of properties and estimated cost per property	(324)	121	
<b>At the end of the year</b>	<b>1,691</b>	<b>2,159</b>	
<b>Obligations for costs following closure of the Pet Practice Scheme</b>			
At the beginning of the year	-	7	
Charged against provision in the year	-	(7)	
Extended duration of provision / (unused amounts released in the year)	-	-	
<b>At the end of the year</b>	<b>-</b>	<b>-</b>	

## 12. Analysis of Group net assets between funds

Fund balances at 31 December are represented by:	2023			2022		
	Restricted	General	Total	Restricted	General	Total
Tangible fixed assets	170	28,991	29,161	379	22,260	22,639
Investments	-	59,034	59,034	-	72,400	72,400
Current assets	2,317	51,468	53,785	2,741	44,995	47,736
Creditors – amounts falling due within one year	-	(12,677)	(12,677)	-	(11,068)	(11,068)
Creditors – amounts falling due after more than one year	-	(41)	(41)	-	-	-
Provisions for liabilities	-	(1,691)	(1,691)	-	(2,159)	(2,159)
<b>Net assets excluding pension liability</b>	<b>2,487</b>	<b>125,084</b>	<b>127,571</b>	<b>3,120</b>	<b>126,428</b>	<b>129,548</b>
<b>Defined benefit pension scheme liability</b>	<b>-</b>	<b>(24,296)</b>	<b>(24,296)</b>	<b>-</b>	<b>(22,498)</b>	<b>(22,498)</b>
<b>Net assets including pension liability</b>	<b>2,487</b>	<b>100,788</b>	<b>103,275</b>	<b>3,120</b>	<b>103,930</b>	<b>107,050</b>



### 13. Statement of Group Funds

	£'000					
	At 1 January 2023	Income	Expenditure	Actuarial / investment gains	Transfers	At 31 December 2023
<b>General fund</b>	126,428	107,530	(107,869)	(3,200)	2,195	125,084
<b>Unrestricted funds excluding pension reserve</b>	<b>126,428</b>	<b>107,530</b>	<b>(107,869)</b>	<b>(3,200)</b>	<b>2,195</b>	<b>125,084</b>
<b>Pension reserve</b>	(22,498)	-	-	-	(1,798)	(24,296)
<b>Total unrestricted funds</b>	<b>103,930</b>	<b>107,530</b>	<b>(107,869)</b>	<b>(3,200)</b>	<b>397</b>	<b>100,788</b>
<b>Restricted Funds</b>						
<b>Permanent endowment</b>						
AW Blackwell bequest	933	57	-	-	(57)	933
<b>Total permanent endowment funds</b>	<b>933</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>(57)</b>	<b>933</b>
<b>Income funds</b>						
Restricted legacies	1,679	5,848	(6,255)	-	-	1,272
Digital x-ray – appeal	97	48	-	-	(43)	102
X-ray equipment – Brighton, Plymouth and Margate	-	32	-	-	-	32
Manchester PDSA Pet Wellbeing Centre expansion – capital appeal	81	-	-	-	(81)	-
Homeless project – Manchester	10	-	(10)	-	-	-
Homeless project – UK	14	-	(10)	-	-	4
Sunderland PDSA Pet Hospital – heating and cooling system replacement	201	-	-	-	(201)	-
Edinburgh PDSA Pet Hospital – general expenditure	21	-	(21)	-	-	-
Apprentice Veterinary Care Assistant Salary Support	-	19	(19)	-	-	-
Veterinary Care Assistant Training Support	-	15	(15)	-	-	-
PetCheck Vehicle – general expenditure	2	-	-	-	-	2
Hendon PDSA Pet Hospital – capital appeal	-	36	-	-	-	36
Sheffield PDSA Pet Hospital – general expenditure	-	90	(90)	-	-	-
Nottingham PDSA Pet Wellbeing Centre – general expenditure	-	19	(19)	-	-	-
Hull PDSA Pet Hospital – equipment	-	15	-	-	(15)	-
Miscellaneous restricted donations less than £15,000	82	266	(242)	-	-	106
<b>Total restricted income funds</b>	<b>2,187</b>	<b>6,388</b>	<b>(6,681)</b>	<b>-</b>	<b>(340)</b>	<b>1,554</b>
<b>Total restricted funds</b>	<b>3,120</b>	<b>6,445</b>	<b>(6,681)</b>	<b>-</b>	<b>(397)</b>	<b>2,487</b>
<b>Total funds excluding pension reserve</b>	<b>129,548</b>	<b>113,975</b>	<b>(114,550)</b>	<b>(3,200)</b>	<b>1,798</b>	<b>127,571</b>
<b>Total funds</b>	<b>107,050</b>	<b>113,975</b>	<b>(114,550)</b>	<b>(3,200)</b>	<b>-</b>	<b>103,275</b>

The general fund represents the free funds of the group that are not designated for particular purposes. The charity only general fund is £126,644,000 (2022: £127,988,000), the difference being intra-group profit (see note 6) and subsidiary reserves (see note 17). All other funds are the same for both group and charity.

The movement on the pension reserve represents the difference between the payments in the year by the employer towards the liabilities and the actuarial calculations of liabilities under FRS102.

The net transfer to the general reserve of £2,195,000 relates to the increase in the pension reserve in the year of £1,798,000, income from endowment funds of £57,000, and restricted legacies and donations expended on capital items of £340,000.

Further information about the nature of some of the other restricted funds above is:

- The AW Blackwell endowment provided interest benefit of £57,000 to PDSA in 2023; the income is unrestricted and so is transferred.
- Some legators have specified restrictions for use within a specific geographical location or application. The balance carried forward comprises: PetCheck vehicle in the West Midlands £25,000, Helmsley/Kirbymoorside £333,000, Llanelli £209,000, Aberdeen £508,000, Edinburgh £69,000, Isle of Wight £14,000, Huddersfield £94,000 and other restricted legacies individually below £10,000.

### 14. Related parties

	£'000	
	2023	2022
<b>Sales from PDSA to PDSA Trading Limited</b>		
Allocation of shared staff and overhead costs	5,668	5,081
	<b>5,668</b>	<b>5,081</b>
<b>Sales from PDSA to PDSA PetAid Enterprises Limited</b>		
Allocation of shared staff and overhead costs	370	321
	<b>370</b>	<b>321</b>
<b>Sales from PDSA Trading Limited to PDSA</b>		
Acquisition of donors and administration of the Retail Gift Aid scheme	4,188	3,656
	<b>4,188</b>	<b>3,656</b>
<b>Amounts owed to PDSA by subsidiary undertakings</b>		
PDSA Trading Limited	2,894	3,450
PDSA PetAid Enterprises Limited	11	39
PDSA Property Services Limited	26	26
	<b>2,931</b>	<b>3,515</b>

### 15. Capital commitments

	£'000	
	2023	2022
<b>Group and charity</b>		
Contractually committed purchases of tangible fixed assets	-	-
Purchases of tangible fixed assets authorised but not contracted for	10,670	10,477
	<b>10,670</b>	<b>10,477</b>

## 16. Operating lease commitments

Total commitments not provided for in these financial statements under non-cancellable\* operating leases are as follows:

	£'000	
	2023	2022
<b>Group and charity</b>		
Amounts payable		
Within one year	2,106	1,968
After one year but within five years	3,980	3,641
After more than five years	494	578
	<b>6,580</b>	<b>6,187</b>

For Retail shops occupied at year end, where the lease has gone beyond renewal date but a new lease has not been formally signed, the lease is assumed to be cancellable with three months' notice, rather than at the next renewal date.

## 17. Subsidiary undertakings

The charity holds 100% of the issued share capital of each of the following companies, all of which are registered in England

	Company number	
<b>PDSA Trading Limited</b>	1595637	Principal activities are the operation of lotteries, sale of financial services and sale of new goods through PDSA's chain of shops and online.
<b>PDSA Property Services Limited</b>	2340793	The Company has not traded for a number of years. However, the Company plans to recommence activities in the future.
<b>PDSA PetAid Enterprises Limited</b>	4374375	Principal activity is the provision of commercial veterinary services.

The total taxable profits of the subsidiary undertakings are gifted to the charity. No loans are advanced by the charity to its subsidiaries.

### A summary of the results of the subsidiaries

	£'000					
For the year ended 31 December	PDSA Trading Limited		PDSA Property Services Limited		PDSA PetAid Enterprises Limited	
	2023	2022	2023	2022	2023	2022
Income	10,268	12,679	-	-	406	352
Expenditure	(8,716)	(8,125)	-	-	(375)	(326)
<b>Profit for the year</b>	<b>1,552</b>	<b>4,554</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>26</b>
Gifted to The People's Dispensary for Sick Animals	(1,552)	(4,554)	-	-	(31)	(26)
<b>Retained profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Aggregate of the assets and liabilities

	PDSA Trading Limited		PDSA Property Services Limited		PDSA PetAid Enterprises Limited	
	2023	2022	2023	2022	2023	2022
Assets	3,017	3,553	10	10	16	43
Liabilities	(3,010)	(3,546)	(26)	(26)	(16)	(43)
<b>Net assets/(liabilities)</b>	<b>7</b>	<b>7</b>	<b>(16)</b>	<b>(16)</b>	<b>-</b>	<b>-</b>

## 18. Defined benefit pension Scheme

The Society operates a defined benefit pension Scheme that pays out pensions at retirement based on service and final pay. It has applied Section 28 of FRS102 and the following disclosures relate to this standard. It recognises any gains and losses in each period within the Consolidated Statement of Financial Activities under the heading of 'Actuarial gain/(loss) on defined benefit pension Scheme'. The funding policy is agreed between the Retirement Benefit Plan (1978) (RBP) Trustee and the Society and is formally set out in a Statement of Funding Principles, Schedule of Contributions and Recovery Plan following each full actuarial valuation. The latest such valuation was carried out as at 31 December 2020 and showed a deficit of £55.4 million. A future funding schedule has been agreed with the Trustee of the

RBP to eliminate the deficit by 31 August 2032. An independent qualified actuary has calculated the RBP liabilities from data provided by the RBP administrators as at 31 December 2020.

Following a period of consultation with the active members over proposals to close the RBP Scheme to future accrual, the proposals were accepted on 30 June 2016 and the Scheme was closed to future accrual with effect from 5 April 2019.

In respect of the deficit arising from the 31 December 2020 Triennial Valuation of the RBP Scheme, the Society has entered into security arrangements with the RBP Trustee to support the deficit recovery plan agreed from the 2020 Triennial Valuation.

### The amounts recognised in the balance sheet are as follows:

	£ millions	
	2023	2022
Present value of funded obligations	(121.0)	(114.6)
Fair value of Scheme assets	96.7	92.1
<b>Deficit recognised in scheme</b>	<b>(24.3)</b>	<b>(22.5)</b>

### The amounts recognised in the Consolidated Statement of Financial Activities as income and expenditure are as follows

	2023	2022
Scheme administration expenses	0.5	0.6
Net interest on the defined benefit liability	1.1	0.7
<b>Total cost</b>	<b>1.6</b>	<b>1.3</b>

### The amounts recognised in the Consolidated Statement of Financial Activities as actuarial gains are as follows

	2023	2022
Actuarial (loss)/gain	(4.7)	76.7
Return on Scheme assets in excess of interest income	0.6	(60.7)
<b>Total (loss)/gain</b>	<b>(4.1)</b>	<b>16.0</b>

### Sensitivity Analysis

At the reporting date, reasonable possible changes to one of the relevant actuarial assumptions, with the other assumptions held constant, would have affected the defined benefit obligation by the amounts shown below.

	31 December 2023 (Decrease)/Increase in DBO (£m)
Discount rate +0.50%	(9.7)
Inflation +0.50%	7.7
Mortality +1 year life expectancy	3.4

The change to the inflation sensitivity allows for changes to pension increases in deferment and in payment. Although the analysis does not take account of the full distribution of cash flows expected, it does provide an approximation of the sensitivity of the assumptions shown.

### Changes in defined benefit obligation during the year

	2023	2022
Opening defined benefit obligation at 1 January	114.6	191.5
Interest cost	5.3	3.4
Actuarial (gain)/loss	4.7	(76.7)
Benefit payments	(3.6)	(3.6)
<b>Closing defined benefit obligation</b>	<b>121.0</b>	<b>114.6</b>



## Financial Statements

### Changes in fair value of scheme assets during the year

	£ millions	
	2023	2022
Opening assets at 1 January	92.1	150.4
Interest income	4.2	2.7
Return on scheme assets in excess of interest income	0.6	(60.7)
Expenses paid	(0.5)	(0.6)
Employer contributions	3.9	3.9
Benefit payments	(3.6)	(3.6)
<b>Closing assets</b>	<b>96.7</b>	<b>92.1</b>

### Projected income and expenditure

	2023	2022
Interest cost	5.3	5.3
Interest income	(4.3)	(4.2)
Administration expenses	0.5	0.6
<b>Total</b>	<b>1.5</b>	<b>1.7</b>

### Fair value of scheme assets in each category

	2023	2022
Equities and property	22.1	25.9
Gilts	45.2	36.4
Insurance policy	16.6	16.8
Other credit	12.0	11.9
Cash	0.8	1.1
<b>Total</b>	<b>96.7</b>	<b>92.1</b>

For the purposes of FRS102 Section 28 the asset values stated are at the balance sheet date. Market values of the Plan's assets, which are not intended to be realised in the short-term, may be subject to significant changes before they are realised.

### Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2023		2022	
	Pensioner	Non Pensioner	Pensioner	Non Pensioner
Discount rate	4.50%	4.50%	4.80%	4.65%
Price inflation RPI	3.20%	3.05%	3.25%	3.15%
Price inflation CPI	2.75%	2.60%	2.80%	2.70%
Future pension increases RPI 5%	3.00%	2.90%	2.95%	2.90%
Future pension increases RPI 2.5%	1.95%	1.90%	1.90%	1.85%

### Life Expectancy

	Years	Years
Male (current age 45)	21.5	22.5
Male (current age 65)	20.6	21.2
Female (current age 45)	23.9	24.8
Female (current age 65)	22.8	23.3



## Thank You

PDSA couldn't do what we do without our wonderful staff and volunteers. We are incredibly thankful to have such an amazing team who are passionate about helping people and pets stay together. From our veterinary team, who treat countless sick and injured pets every day, to volunteers in our shops who help us raise money to carry on; we couldn't do it without you.

We are very grateful to our supporters and corporate partners. Their generous support keeps people and pets together.

For more information, please visit:

[pdsa.org.uk](https://pdsa.org.uk)

While PDSA is a national charity, we are also embedded within local communities through our network of Pet Hospitals and Charity Shops located all around the country.

- PDSA Pet Hospitals
- PDSA shops
- PetCare Practices & Chronic Voucher Schemes



**pdsa**  
THE VET CHARITY FOR PETS IN NEED

Whitechapel Way, Priorslee,  
Telford, Shropshire TF2 9PQ

0800 917 2509

[pdsa.org.uk](http://pdsa.org.uk)



© The People's Dispensary for Sick Animals Founded 1917.  
Patron: HRH Princess Alexandra, the Hon. Lady Ogilvy, KG, GCMG.  
Registered charity nos. 208217 and SC037585



Registered with  
**FUNDRAISING  
REGULATOR**