Front Cover

SAVING PETS CHANGING LIVES

Chair's letter

PDSA is more than 100 years old and is the UK's leading veterinary charity. We've come a long way since being founded by animal welfare pioneer Maria Dickin CBE in London in 1917. In that time we've provided over 100 million treatments to in excess of 20 million pets – each one loved by an owner that otherwise wouldn't have been able to afford the care their pet needed.

We save pets and change lives, every single day. The dedication of our vets, staff, volunteers and supporters has ensured a very successful 2018. I'd like to take this opportunity to thank them for their support.

I'm delighted to report that 2018 was financially exceptional. Income exceeded £108 million, which was our highest ever. We ended the year with a net income of over £10 million - this was above our expectations.

The biggest factors in this success were record legacy income, pleasing growth in donations and concessionary income and further support from the players of People's Postcode Lottery. Our network of over 120 charity shops saw year-on-year income growth and contributed a surplus of more than £2 million.

As a funding-led charity, we seek to raise the money for substantial projects ahead of the spending. Our 2018 fundraising included capital appeals that brought over £3 million for investments for new Pet Hospitals.

We achieved all of this thanks to the incredible kindness and generosity of our supporters – and the great work of our teams from across the organisation.

Some highlights of the year include PDSA's TV series on Channel 4, The People's Vet. Set in two of our Merseyside Pet Hospitals, it's a heart-warming series capturing the love and emotional bond between pets and their owners.

In 2018, we staged our first ever mass public event, bringing together thousands of pet lovers and music fans. Our PetLife '18 Festival was dubbed the UK's biggest dog–friendly music festival. At the end of our centenary year, we commemorated the 75th anniversary of the prestigious PDSA Dickin Medal at the Imperial War Museum, London, with a special exhibition highlighting the brave animals that have received the coveted award.

Looking to 2019 we are building, and plan to open, our new PDSA Pet Wellbeing Centre in Manchester, which benefitted greatly from a significant gift from the Montague-Panton Animal Welfare Trust.

Through our 48 Pet Hospitals across the UK, we provide veterinary care to hundreds of thousands of sick and injured pets - care which their owners simply can't afford. We have a huge impact on pet wellbeing and I hope you enjoy reading about our achievements in our 2018 Annual Review.

John Smith,
Chair

"We save pets and change lives, every single day. The dedication of our vets, staff, volunteers and supporters has ensured a very successful 2018."

Director General's letter

Celebrations and successes throughout 2018 made it an incredible year for PDSA. But, we couldn't have achieved what we did without our wonderful colleagues, supporters, volunteers, donors and partners. They are the lifeblood of PDSA and make it possible for us to treat the sick and injured pets of those who need us most.

As I look back on our centenary year I feel a great sense of pride and achievement. The milestone anniversary has provided us with revitalised energy to continue to pursue our mission to improve the life of every pet and to look at what we still need to do. Opening our first ever dedicated Pet Wellbeing Centre in Manchester later in 2019 is a key milestone in our plans to increase our public benefit in communities where we're needed most.

Further objectives for 2019 include supporting more people and their pets. Through initiatives such as PetWise on Tour and the expansion of low cost services we can be even more visible and accessible. We will also be getting the UK 'pet wise' with PetWise on Tour, which is our mobile animal wellbeing service that offers help and advice to owners on keeping their pets healthy.

Our vision is a lifetime of wellbeing for every pet. **The 5 Welfare Needs** that each pet owner has to provide for their pet - and the legal responsibility all pet owners have, is at the heart of everything we do.

They are:

1. **Behaviour -** the freedom to behave naturally for their species
2. **Environment -** a suitable environment. This should include the right type of home with a comfortable place to rest and hide as well as space to exercise and explore.
3. **Companionship -** to be housed with, or apart from, other animals as appropriate for the species.
4. **Diet -** a suitable diet. This can include feeding appropriately for the pet's life stage and feeding a suitable amount to prevent obesity or malnourishment, as well as access to fresh clean water.
5. **Health -** protection from pain, injury, suffering and disease and treated if they become ill or injured.

These 5 Welfare Needs underpin our work, how we care for pets and owners within our Pet Hospitals, in the communities we serve, and for pet owners generally. With this, we can help turn the UK into a nation of well-informed pet lovers. We track our progress through our annual PDSA Animal Wellbeing (PAW) Report, which monitors the health of UK pets.

In our 2018 Annual Review, we'll show how as an organisation we are reliant on our own set of welfare needs to ensure the wellbeing of the charity. Covering our "behaviour" outlining what we do, our "environment" providing an insight into our Pet Hospitals who we help, "companionship" which is the people around us - our staff and volunteers, "diet" – what we need to survive and how investing in our organisational capability supports our "health".

I hope you enjoy reading more about our 2018 achievements and how we intend to realise our goals as we embark on the next 100 years.

Jan McLoughlin,
Director General

Trustees Report

PDSA's Year in Numbers

WE RUN
48
PET HOSPITALS

1.7m
PEOPLE
WERE SUPPORTED BY PDSA'S SERVICES IN 2018

WE PROVIDE
2.5m
VETERINARY TREATMENTS A YEAR

WE EMPLOY MORE THAN
600
VETERINARY STAFF

OUR VETERINARY SERVICES COST
OVER
£60m
TO DELIVER

Behaviour

what PDSA does / our purpose

1. BEHAVIOUR -

The ability for pets to behave naturally for their species

Animal Welfare Need 1:
BEHAVIOUR - The ability for pets to behave naturally for their species. PDSA's "behaviour" is the delivery of our public benefit and results in helping all pet owners care for their pet, and provide compassionate vet care for those in need.

Our aim is to achieve the best pet wellbeing outcomes by helping more pets and owners in need.

Our focus on education and prevention will support millions of people to better care for their pets. And we'll be there, providing face-to-face and remote vet treatment to those in hardship, wherever they are in the UK.

In 2018 we carried out:

26,800 neuters

21,400 microchips

78,300 vaccinations

60% of the total pets seen in PDSA Pet Hospitals received preventive care in 2018

and sold

160,800 worming products

232,200 flea products

“Pets do so much to enrich our lives. For many, they complete our families; they provide unconditional love and expect nothing in return.”

PDSA’s Strategic Objectives:

1. Provide the best possible pet wellbeing outcomes for people in need in the most cost-effective way, so we can reach and help more pets and their owners.
2. Make PDSA better known, loved and understood to build understanding of what we do, the role we play in the lives of the poorest people in our society.
3. Increase support to raise the funds we need to grow our income, so we can win the support of pet lovers across the UK to fund the care we provide to those most in need.
4. Ensure we have the organisational capability within our people, culture, processes, equipment and technology to enable us to achieve our objectives and increase our public benefit.

PDSA prevents, educates and treats – “PET”. We strive to prevent illness, suffering and unnecessary death of pets; educate people about the welfare needs and value of pets in society; and treat sick and injured pets within vulnerable communities across the UK. This is underpinned by the support we give to pet owners – recognising the bond and companionship pets bring to us.

Pets do so much to enrich our lives. For many, they complete our families; they provide unconditional love and expect nothing in return. They’re a source of comfort, a listening ear, a warm welcome home, and a best friend that will always be there, no matter what. To some, they are a person’s only, much-needed companion. Don’t we owe it to them, at the very least, to give back what they give to us in abundance?

Without PDSA the poorest in our society could not afford to care for their sick or injured pet, leading to unnecessary suffering and the human stress this creates. We’re here for the person and their pet, as a family – keeping them together for longer.

How we prevent illness and suffering

We know that owners who aren't aware of their pets' 5 Welfare Needs: behaviour, environment, companionship, diet and health, are less likely to provide the lifesaving preventive care their pet needs.

Preventive care, including neutering and vaccinating, are key to preventing illness and unnecessary suffering in pets. Unneutered pets are at risk of potentially fatal diseases such as a womb infection (pyometra), uterine cancer for females and testicular cancer and prostate problems in males. Vaccinating pets helps to protect against infectious diseases, which can be fatal, including parvovirus and leptospirosis in dogs, feline leukaemia and cat flu in cats and myxomatosis and viral haemorrhagic disease in rabbits.

Ways / activities PDSA encourages preventive treatments:

- Taking PetWise on Tour
- Educating current and future pet owners

If pets aren't registered with a vet it could mean that potential problems are not found early enough to treat effectively.

To help tackle this issue PDSA has taken PetWise on Tour. PetWise on Tour is PDSA's mobile animal wellbeing service, touring the UK each year, offering different services within communities. There are 3 vehicles in the PetWise on Tour fleet, 2 PetWise vans and the PetWise mobile unit. Demand for PetWise on Tour is high, if we had more vehicles we could reach more pets.

Our PetWise vehicles are out in the community and break down barriers, using our expertise to help owners make positive changes to their pets' lives. We can then encourage ongoing support from their local vet team.

PetWise on Tour visits many events across the country, talking to people thinking of getting a pet to ensure they are fully aware of the costs of ownership, the pet's needs (and how to care for them). This ensures they have considered all factors before deciding to take on a pet.

In 2018 with kind support from players of People's Postcode Lottery, we've had the privilege to custom design and build our £250,000 PetWise Mobile Unit, adding to the existing two outreach vans. This has enabled us to expand the numbers of pets and owners we can help.

The new unit allows PDSA to take preventive services, such as vaccination clinics, into communities to help owners who cannot easily access our Pet Hospitals. We've visited over 150 locations from local events at housing associations, public parks and supermarkets to national events such as Discover Dogs and The Family Pet Show.

Impacts

- Helping owners decide whether their pet needs to see a vet could reduce the impact on our frontline services
- Increasing the knowledge of owners will improve the care given to their pets
- Improve owner peace of mind

Educating current and future pet owners

PDSA has educated 1.5 million current and future pet owners through our digital and face to face educational activity in 2018. Alongside our Pet Hospital teams, we have 6 Community and Education Veterinary Nurses that deliver our schools and community education programmes.

Our education workshops are delivered in a variety of settings to a range of audiences.

Topics include:

- **Get PetWise -** provides an overview of what pets need to be healthy and happy. Based on the care of cats, dogs and rabbits, it teaches the audience how to be responsible pet owners.
- **Get set for the right pet -** covers the costs associated with owning pets. The talks have a maths focus for appropriate ages and encourages the audience to make an informed decision when choosing a pet.
- **Canine Communications -** identifies how to recognise what dogs are telling us through their body language and how to stay safe around dogs.
- **Animal Heroes -** looks at the brave and heroic acts of animals from wartime to today. There is a focus on PDSA's medal programme and its animal recipients.
- **In the Pet Hospital -** brings the pet hospital to the audience. It follows one of our patients through their treatment programme. Different careers within the hospital are introduced and the qualifications required to pursue a veterinary career are identified.

Education sessions are also held at Kidzania – an indoor city, run by kids, located in Westfield shopping centre, London. Designed for children aged 4-14, Kidzania blends learning and reality with entertainment. We opened a 'pet wellbeing centre' there in 2017. Since that time almost 32,000 children have visited PDSA at Kidzania to learn how to identify and address animal welfare needs.

In 2019, through PDSA's education programme, we aim to ensure the next generation grow up as informed and caring pet owners.

Our education and community programmes include:

PetWise School Award	A bronze/silver/gold award for schools and uniform groups. The National Curriculum-linked sessions educate the next generation of pet owners on how best to care for their pet's five welfare needs.
Pet Protector Membership	For children who want to be vets, or just love pets. A fun, engaging, informative magazine to help support us in getting the nation PetWise.
Pet First Aid	A step-by-step guide for pet owners on what to do in an emergency situation, and has led to lives being saved.
Pet MOT	Delivered on our PetWise vehicles and in our Pet Hospitals. The MOTs support the public in understanding the 5 Welfare needs of their pets and signposting to any health concerns.
PetWise Mobile Unit	An extension of our community tour, increasing our ability to reach more pets and owners. Making it convenient for them to benefit from our advice and expertise in their local area.
Pet Health Hub	Helps us reach pet owners with reliable, expert veterinary advice and information online, that is easy to understand.
Community talks & events	We give talks to dog wardens, WI, emergency service providers (Fire, Police and NHS) and attend community events to help PDSA to be better known, loved and understood.

more than

622,000

people benefitted from a PDSA service in 2018

Pet Health Hub

As not all pet owners can easily get to a vet, people will inevitably 'Google' their pets' symptoms or conditions, so it is vital that they come across trusted, expert advice when they do so – which is what we're able to provide.

Thanks to funding from players of People's Postcode Lottery, we have set up a brand new Pet Health Hub – an online pet health information resource that we hope, in time, will become as important for animal health as NHS Choices is for human health. The full launch will take place in 2019.

We'd love to help every pet in need but as a veterinary charity with limited resources it's an impossible task. However, the Pet Health Hub means we can share our expertise and advice with millions more pet owners, and make a huge difference to pets and their owners.

PDSA's Pet Health Hub and Pet First Aid guide has increased owner knowledge and improved animal welfare and reduced suffering in emergency situations.

- In 2018 almost 26,700 people registered for PDSA's Pet First Aid guide
- 99% said that the Pet Health Hub page helped them care for their pet
- 94% said they had learned something new from the Pet Health Hub
- 86% said the page helped prevent their pet from suffering
- 77,000 MOTs were carried out

Treating the sick and injured pets of those in need

We treat more than 2.5 million pets a year across all of PDSA's services.

The majority of treatments take place in our Pet Hospitals, which are very busy environments. They're where the core of our work takes place and where the majority of our support to worried pet owners is given.

From treating a pet in an emergency to providing on-going treatment for a chronic condition – we have over 100 years of experience in doing so. By using our funds in the best way we are able to treat as many pets as possible. In 2018 nearly half a million pets were seen by PDSA and more than 622,000 people benefitted from a PDSA service in 2018.

We are working hard to make accessing our Pet Hospitals easier for pet owners. In 2019, we will be investing further in centralised call handling and appointment booking to avoid unnecessary visits to the Pet Hospital.

Impacts of treatment

- Pets lives saved on a daily basis
- Relief of pain and suffering
- Injuries repaired
- Pet leads happier, healthier life as chronic condition can be well managed
- Owners and pets kept together for longer – reducing owner's stress and concerns

PAW Report

The PDSA Animal Wellbeing (PAW) Report was created, and continues, to be the most rigorous and in-depth assessment of the wellbeing of our nation's pets. The 2018 report was, once again, structured around owners' knowledge and application of the Animal Welfare Acts 2006 (2011 in Northern Ireland) and the 5 Welfare Needs that are enshrined within them.

While there are improvements to celebrate since our first report in 2011, there is still much work to be done. The findings of the PAW Report continue to provide a valuable insight into the wellbeing of our nation's pets, and highlights the many areas that still require improvement. This allows us to where we can make a big difference.

Key findings from 2018 report

2.1 million dogs
(24%) are left alone for five or more hours on a typical weekday

1.4 million dogs
Are walked less than once a day and 89,000 are never walked at all

65% of cat owners
Don't know their pet's current weight and/or body condition score

4.8 million cats
(43%) live in multi-cat households

6.6 million
Cats, dogs and rabbits haven't had their primary vaccinations when young

28% of rabbits
Live in a hutch or cage that is too small

Results from our PAW Report provide a focus for our work; where we should be campaigning and what educational initiatives are needed to improve pet wellbeing.

Pet First Aid case study

"Knowing how to respond in an emergency, and being prepared, can make the difference between life and death."

Treatment case study

Sky, the Staffordshire Bull Terrier, was rushed to PDSA at death's door and needed urgent life-saving surgery after the charity's vets found her infected womb weighed 2.5kg (5.5lb) equivalent to nearly three bags of sugar.

Known as pyometra, the 'creeping killer' can strike without warning in unneutered female dogs and unfortunately many pet owners are completely unaware of the danger. But, it can easily be prevented by a routine neutering operation.

PDSA Vet Nurse, Claire Allen, said: "Sky's critical condition meant we had to act fast. Her womb had ballooned in size and we knew time was of the essence. Even some of our most experienced vets hadn't seen an infection of this size in such a little dog.

"It was touch-and-go for a while. Her heart rate dropped dangerously low twice during surgery and she required adrenaline to keep her alive. There was a real threat she wasn't going to make it."

After intricate surgery and very close monitoring from our dedicated vets and vet nurses, Sky was stable enough to recover at home.

> **"The team at PDSA were absolutely fantastic and I cannot thank them enough for saving Sky's life. If it wasn't for them, I dread to think what the outcome would have been."**
>
> Sky's owner, Kirsty

sopd

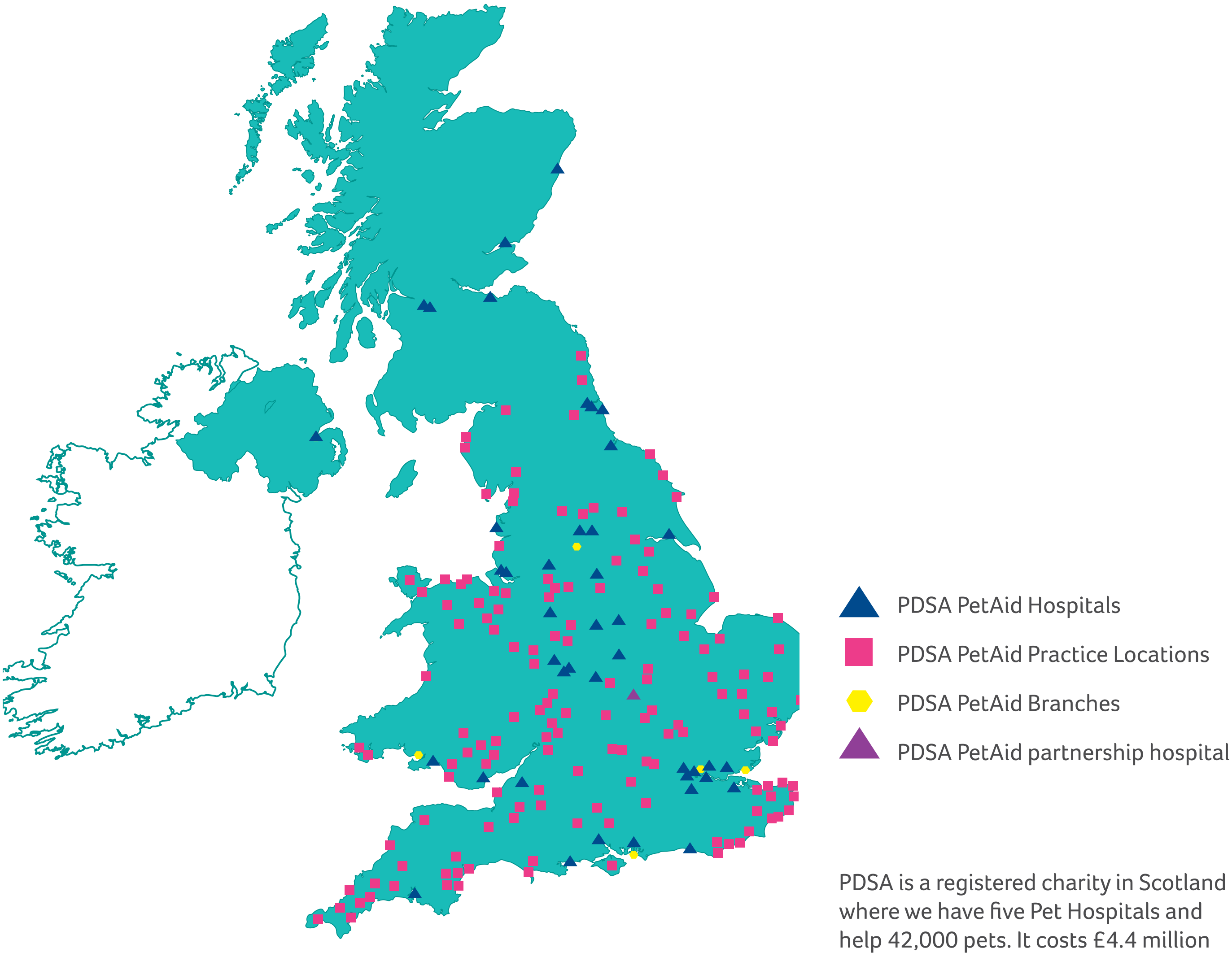
Environment

about our Pet Hospitals and who we help

2. ENVIRONMENT
About our Pet Hospitals and who we help

Animal welfare Need 2: ENVIRONMENT – Pets need a suitable environment. This should include the right type of home with a comfortable place to rest and hide as well as space to exercise and explore.

At PDSA our "environment" consists of a network of 48 Pet Hospitals. These are situated across the UK in towns and cities where deprivation levels are highest, and the need for our charitable service is greatest. Our Pet Hospitals care for more than 400,000 pets a year - ranging from emergency, lifesaving operations to routine procedures.



PDSA is a registered charity in Scotland where we have five Pet Hospitals and help 42,000 pets. It costs £4.4 million to run our services in Scotland. In Northern Ireland we have one Pet Hospital and a Pet Clinic in Belfast.

Who we help

PDSA aims to provide the best possible pet wellbeing outcomes for people in need in the most cost-effective way.

We offer free and low cost treatments to those in the catchment area of our 48 Pet Hospitals and who match the following criteria:

Free service (one free pet) in receipt of one or more of:	Low cost service
Housing Benefit	State-retired pensioners who are householders in Council Tax band A-D
	Child Tax or Working Tax Credits
	Pension Credit
Council Tax Benefit/reduction scheme	Income Support
	Employment & Support Allowance (ESA)
	Disability Living Allowance/ Personal Independent Payment (PIP)
Universal Credit with a housing element	Job Seeker's Allowance
	Universal Credit (without housing element)
	Eligible owners with more than one pet are able to register additional animals for our low cost service

From 2017 we were able to support more pet owners by introducing low cost veterinary services across all of PDSA's Pet Hospitals. In 2018 300,000 pets were supported by PDSA's free services and 107,000 pets through low cost services within our Pet Hospitals.

Preventive treatments (i.e. microchips and vaccinations) are charged at affordable prices for all clients. There is no cost for consultations, operations and medication to all those that qualify for free treatments.

Pets receiving low cost treatment now make up approximately 1 in 5 of all pets seen for treatment services and this is continuing to rise.

Expanding our reach

At the start of 2018 we launched two new schemes to replace the former Pet Practice Service – PDSA Pet Care and chronic voucher scheme.

PDSA Pet Care is offered in 1,360 locations across the UK for clients who were previously registered on the Pet Practice Services. It offers pet owners, for £4.50 per month, a range of benefits - including 20% off treatment costs, a free vaccination course or booster, plus a free consultation and MOT.

The chronic voucher scheme allows clients, whose pets have lifelong conditions, access to up to £300 worth of vouchers. This helps towards the cost of their pet's treatment at a private vet practice.

There have been more than 3,500 applications for PDSA Pet Care since it began and we have helped over 800 clients with vouchers towards their pet's ongoing treatment.

In 2019 we plan to help even more people and their pets by increasing the availability of PDSA Pet Care to a further 100 locations.

We get by with a little help from our friends

PDSA has been able to make a difference in 2018 thanks to £2.3m funding from players of People's Postcode Lottery, which made a significant contribution towards our treatment services.

Where we were
In 2017 we covered 1,200 postcode areas through our Pet Hospital service

Where we are
In 2018 we covered 1,360 postcode areas through the Pet Hospital Service and PDSA Pet Care

Where we want to be
Covering 1,650 postcode areas

Our extended ‘environment’

Manchester Capital Appeal

[Potentially make into a storyboard/ timeline using old photos of previous hospitals]

In 2017 we launched our Manchester Capital Appeal as we desperately needed to raise £2.4 million to build a new 21st century hospital for Manchester’s pets.

Thanks to our supporters and a huge contribution of £835,000 from the Montague Panton Animal Welfare Trust we have reached this target for our new Manchester Pet Wellbeing Centre, which is due to open autumn 2019.

PDSA has had a presence in Manchester for 90 years and has been in our current premises in Old Trafford since 1973. But it’s no longer able to cope with demand. In order to help as many pets and people as possible, we’ve had to move to where the need is greatest.

Manchester’s new Centre, in Gorton, will contain our first ever dedicated ‘wellbeing’ facility to help the local community provide everything their pets need to be happy and healthy and encourage them to be PetWise.

Our service in Manchester costs over £1.3 million to deliver annually and we rely entirely on public support for funding.

To recognise the generosity of The Trust, the new centre will be named ‘The PDSA Manchester Pet Wellbeing Centre, The Montague-Panton Animal Hospital’.

Retail

PDSA has 121 high street shops throughout the UK, as well as one donation centre, a fulfilment centre and a presence on eBay.

Through our shops and centres we are able to engage with 123 communities across the country, which raises our profile, engagement and income. We’re working hard to build support with local people so they choose to donate goods to PDSA, which improves the quality and range of what we can offer. This helps to win support and grow our income.

Our goal for 2019 involves an ambitious plan to expand the retail estate, opening new shops, developing a new format and new look shops. 2019 will also see our first pet supply shop within a hospital at PDSA’s new Manchester Pet Hospital.

PDSA sees the role our shops play in providing visibility to our cause and offering people an easy and accessible way to support us as vital to our financial health.

Our service in Manchester costs over
1.3m
to deliver

Communicating what we do to win support

Aim: To be better known, loved and understood. We'll invest in building public understanding of our impact and the need we serve, informing the general public, engaging pet owners and winning the attention of new supporters and donors. We'll turn this understanding into support by inspiring people with our charitable work, to strengthen their relationship with us. We need to be valued by the public for the difference we make. Some of the high profile campaigns we orchestrated in 2018 involved:

TV series

PDSA on TV – making us better known, loved and understood.

In 2018, Channel 4 broadcast 12 episodes of The People's Vet – a new series showing PDSA in action. Set in our two Merseyside Pet Hospitals, it is a heart-warming series which captures the love and emotional bond between pets and their owners. It also reveals the skills and dedication of PDSA vets, nurses and support staff as they cope with the never-ending demand for our charitable care.

The programme was great for engagement. Our first supporter email about the show achieved 50% higher than average opening rate and more than double the standard 'click through' rate.

50% increase

Social media posts about the show also performed strongly and attracted positive engagement.

The show helped us generate lots of news coverage: More than 50 news articles appeared in the media (including 14 national) along with local radio interviews and features in regional press and pet magazines.

More than 30 celebrities and social media influencers (with a combined reach of 11 million people) commented or retweeted about the show.

PDSA Medals Programme

Our prestigious Animal Awards Programme was instituted in 1943 to help raise the status of animals in society. It allows us to highlight the vital role that animals play in both civilian and military life.

In 2018 we presented medals to honour animals that have saved human lives through acts of valour, alongside those who simply improve someone's life through their unstinting love and devotion.

Our goal is to give more supporters the opportunity to attend our medal events. We plan to hold the presentations in a variety of areas around the country, to enable our fundraisers to engage with valued supporters.

PDSA Dickin Medal

The PDSA Dickin Medal is the highest award any animal can receive whilst serving in military conflict.

It is recognised worldwide as the animals' Victoria Cross.

PDSA Gold Medal

The PDSA Gold Medal, is the non-military counterpart to the PDSA Dickin Medal and is known as the animals' George Cross. Instituted in 2001, it rewards civilian acts of animal bravery and exceptional devotion to duty.

PDSA Order of Merit

The PDSA Order of Merit is known as the animals' OBE. It recognises animals that display outstanding devotion to their owner or wider society and represents an exceptional example of the special relationship between animals and humans.

Commemorating 75 years of the Dickin Medal

Marking the end of our centenary year, we commemorated the 75th anniversary of the PDSA Dickin Medal at the Imperial War Museum, London. The PDSA Dickin Medal is the highest award any animal can receive whilst serving in military conflict. It is recognised worldwide as the animals' Victoria Cross.

To mark the occasion we brought together representatives of past medal winners, which include dogs, horses, pigeons and a cat. We also invited representatives of the armed forces, along with PDSA donors, supporters, staff and volunteers.

A highlight of the day was an exhibition, bringing to life the rich history of the medal, and telling the true stories behind many of the awards. This exhibition will tour libraries, museums, public buildings and events throughout the UK in coming years, allowing more people to share these stories and learn about the amazing contribution animals make to society.

PetLife – a dog friendly music festival

In a fast-moving and highly competitive charity marketplace, it's vital that we find new and innovative ways to reach fresh audiences in order to tell our story. So, in 2018 PDSA staged a unique event, bringing together thousands of pet lovers and music fans.

PetLife featured scores of pet-themed attractions including dog agility displays, a chance to meet PDSA animal award winners, free vet check-ups and guest appearances from many well-known pet lovers.

In the evening, the focus turned to music with The Kaiser Chiefs, Jessie J and The Vamps taking to the stage before rapturous crowds. The event attracted over 6,000 people and nearly 900 dogs.

We will use our experiences from PetLife to structure our events strategy for 2019. Taking our pet wellbeing expertise to already established, well attended events that are filled with our target audience. These include Countryfile Live, Crufts, Dog Fest, National Pet Show and Family Pet Show.

Alongside these major events we produced a number of campaigns which put the spotlight on PDSA's vital charitable work. These included the UK's premier pet slimming competition; PDSA Pet Fit Club, our annual search for miracle pets; PDSA Pet Survivor, plus dozens of engaging real-life stories from our Pet Hospitals.

Over **6,000** people attended PetLife

Companionship

Volunteers, pet owners and working with others

3. COMPANIONSHIP

Volunteers, pet owners and working with others

Animal welfare Need 3: COMPANIONSHIP - Pets should be housed with, or apart from, other animals as appropriate for the species.

Like our furry friends, we need "companionship". We're a veterinary charity – but it's the people that are our backbone. Without our volunteers, staff, supporters and pet owners we simply couldn't function.

162

We had 162 Pet Hospital volunteers during 2018

PDSA has around **3600** active volunteers

Around **3400** of our volunteers work in our shops

160

We had 160 volunteers either working at Head Office, with our community and education teams, our National Call Centre in Sunderland, at our events or through fundraising groups.

Pet owners

We know that pets enrich our lives and are good for our wellbeing. Therefore, people will seek the benefits of companionship a pet provides. This should not be denied to them and certainly no pet should suffer due to financial difficulty. We see that the people most in need often need a pet the most.

PDSA is there as a support function for pet owners. People that have been left by a spouse, are dealing with loneliness, isolation or ill health – be that a physical or mental disability, often rely on the companionship that owning a pet can bring. A pet can be a person's only reason to get up in the morning. Knowing that PDSA is there to provide essential care for their pet, to some, means everything.

In 2019 we will be rolling out a homeless outreach programme in Manchester. Working in partnership with the charity Street Paws our vets, supported by a PDSA PetCheck vehicle will deliver health checks and preventive treatment to the pets of rough sleepers. Where there is a need for surgery or clinical care the owner will be referred to the PDSA Manchester Pet Hospital.

The homeless, those sleeping rough, face great challenges and adversity. They are unlikely to register with a vet or attend a PDSA Pet Hospital. They fear they will be separated from their pet; often their only trusted companion. By being on the street and building trust, we can reach pets in a challenging environment. We are only able to deliver this critical front-line care due to the generosity of one donor who offered to fund the programme for 2019.

Volunteers

Volunteers enrich our organisation in many ways. They are a highly valued, part of the team and are crucial to the future of PDSA.

Our volunteers join us for a variety of reasons; some are looking to develop skills and move into paid employment, some need to gain clinical experience to pursue their studies, others value the companionship and some are taking part in an award such as Duke of Edinburgh. Together they provide invaluable support for all areas of PDSA. Put simply, we could not provide our service without them.

One area of volunteering which we will seek to improve in 2019 is winning support from people and businesses willing to fundraise for us. Whether that be through participating in a challenge, using social media to raise money, organising a local fundraising event, or joining a fundraising group.

In 2018 hundreds of people did something special to raise money for PDSA. Their efforts generated almost £12,000 income. To all the runners, cyclists, walkers, bakers, bucket shakers, organisers, and so on, we thank you.

Companionship Case studies

LUCY

After an accident at work left Susan disabled, she was forced into early retirement. Dogs have provided vital companionship to her ever since. Losing her 13-year-old Border Collie, Sasha, at the start of 2018, left Susan with a huge void in her life.

Puppy Lucy is the latest dog to provide vital companionship in Susan's life and PDSA is here to protect the bond shared by the two of them. Lucy is a very nervous dog, but Susan is devoted to helping her to overcome this.

Recently, Lucy came to PDSA when Susan suspected she had swallowed a battery.

Susan says: *"PDSA is a lifeline. Lucy keeps me company and gets me out of the house to go for walks. I wouldn't have a life without a pet and I wouldn't be able to have Lucy if it wasn't for PDSA and knowing they are there to help with veterinary treatment when needed."*

WAFFLE

Rescue dog Waffle had a tough start to life on a puppy farm, but is now being trained as a therapy dog for owner Jackie's five-year-old daughter, Scarlet, who has autism.

Jackie says: *"Waffle provides emotional support for Scarlet and has boosted her confidence since we got him. He is always at her side when she needs him, and if she gets worked up, stroking him calms her down. They are best friends."*

"If it wasn't for PDSA we wouldn't be able to afford vet bills, and that would mean we couldn't have Waffle in our lives. They do a fantastic job."

"If it wasn't for PDSA we wouldn't be able to afford vet bills"

Working with others

Working with others to drive the best results for our four legged friends helps us to have the biggest impact we can on issues affecting the health and wellbeing of our nation's pets.

We can't do it all by ourselves, we need engagement and action across the pet sector to address the largest areas of welfare concern. Collaborative working helps us achieve this.

Canine and Feline Sector Group

Companion Animal Welfare Group Wales

Pet Advertising Advisory Group (PAAG)

The Links Group

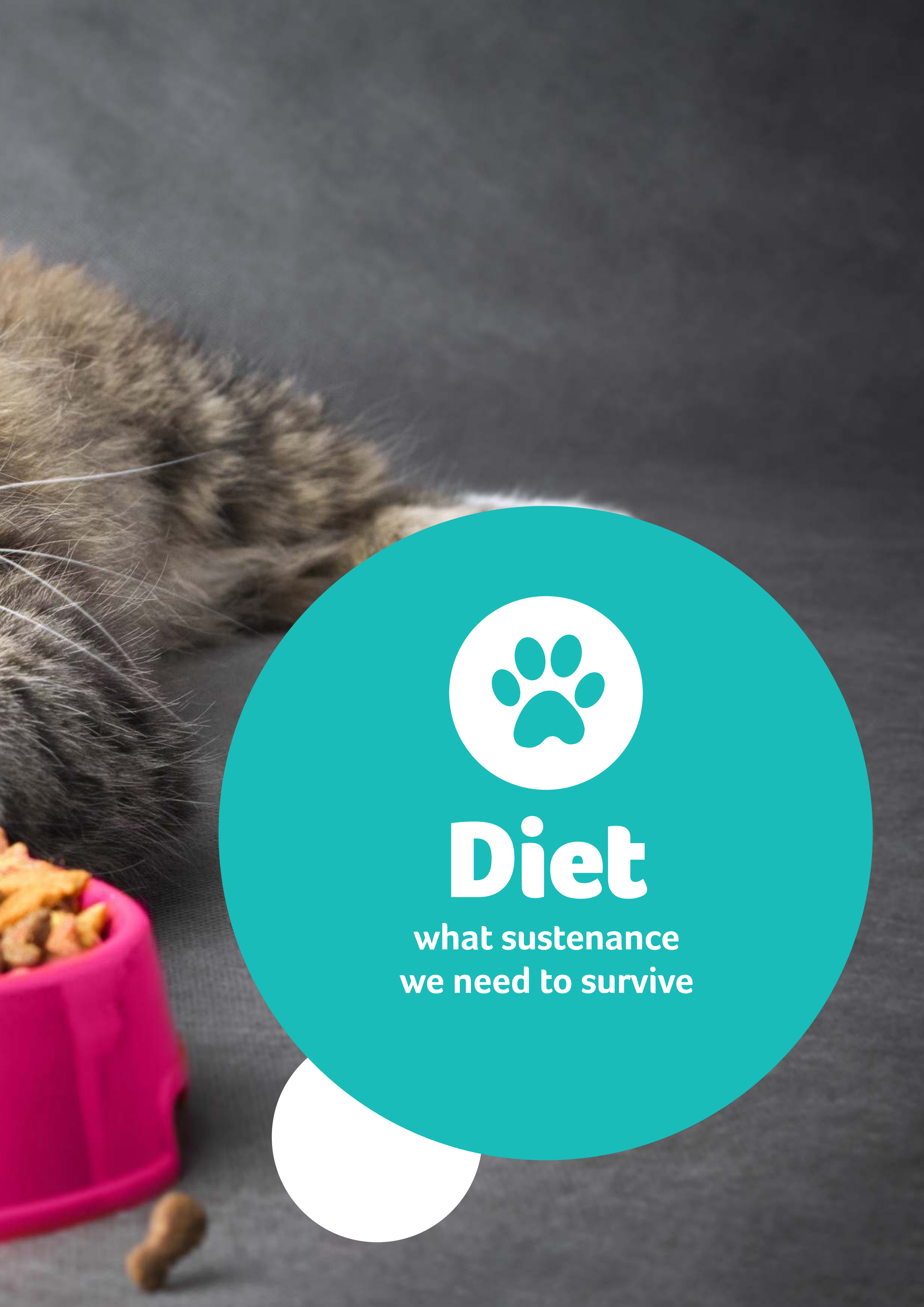
UK Brachycephalic Working Group (BWG)

UK One Health Co-ordination Group

Animal Behaviour and Training Council (ABTC)

Some key achievements of our 2018 collaborative work included:

- Raised awareness of responsible advertising using pets.
- New Animal Activities Licensing legislation in England was introduced to tighten up regulation around pet breeding, sale and boarding.
- Improving the health and welfare of brachycephalic (flat-faced) dogs. In 2018, PDSA worked with the BWG and Disney to mitigate potential animal welfare harms (for example, increased demand for ownership) linked to the summer 2018 film, Patrick the Pug.
- As a member of the UK One Health Co-ordination Group, PDSA is practising 'One Health' activities through our partnership between PDSA PetCheck and the Salford Health Improvement Team to increase wellness and quality of life screening of pets and people.



Diet

what sustenance
we need to survive

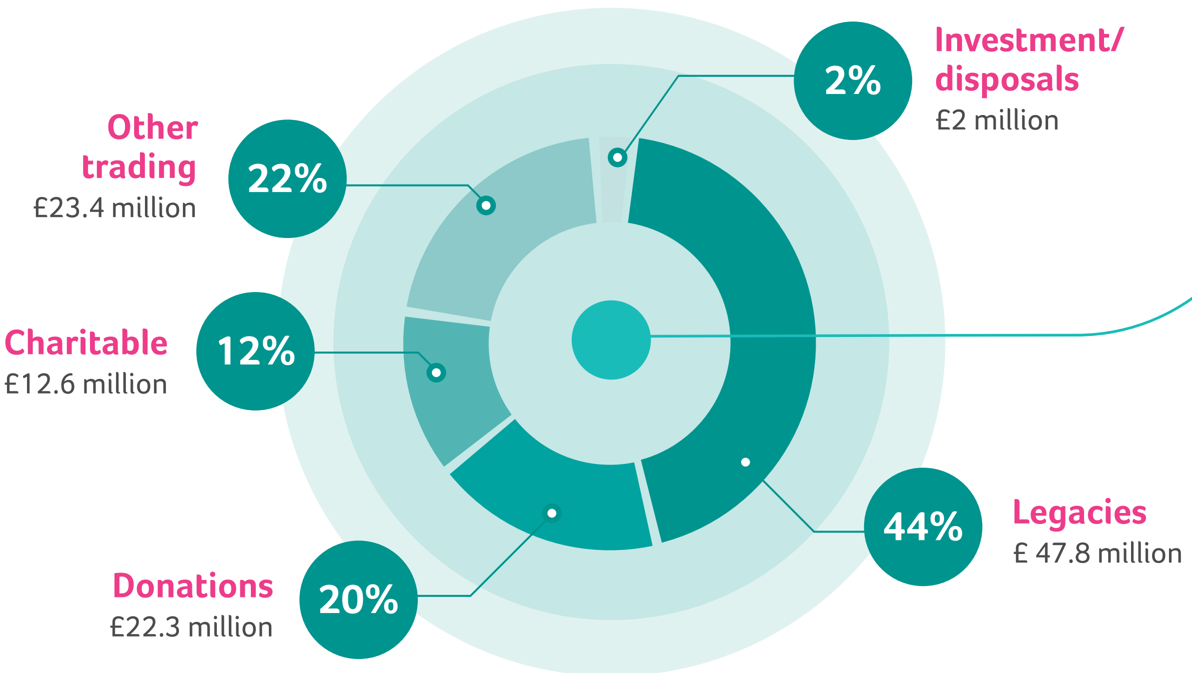
4. DIET
What sustenance we need to survive

Animal Welfare Need 4: DIET
Pets need a suitable diet. This can include feeding appropriately for the pet's life stage and feeding a suitable amount to prevent obesity or malnourishment, as well as access to fresh clean water.

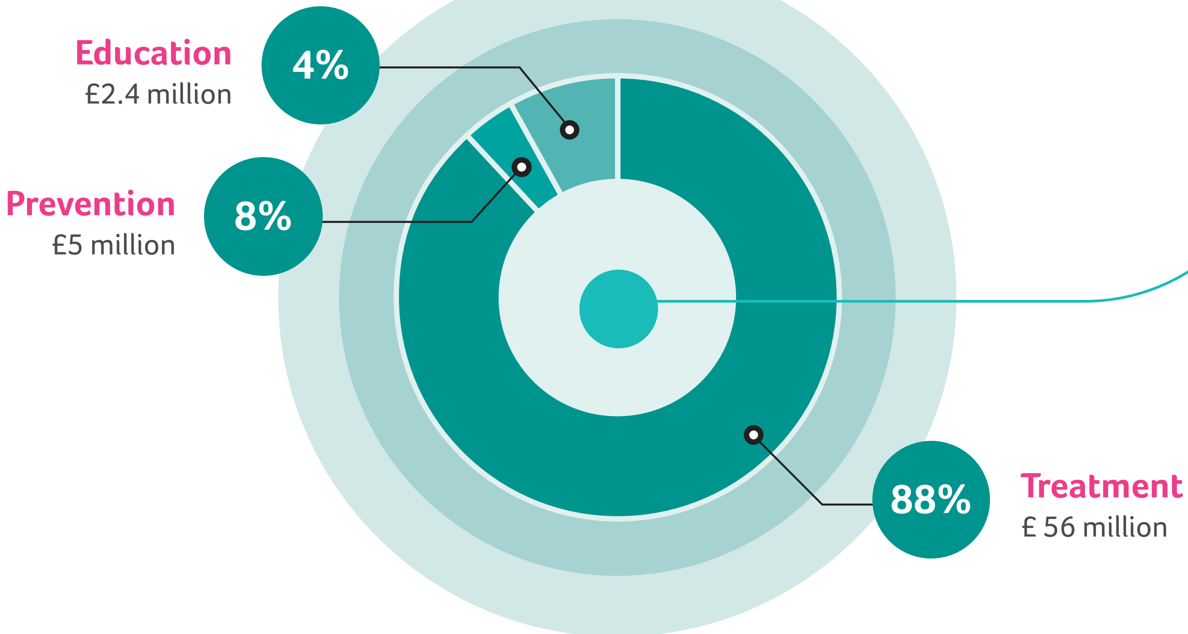
Just as pets need the correct food to survive, we as an organisation need the right "diet" to remain healthy. Without the funds and support we need, we wouldn't survive.

We're delighted to report that we had an excellent 'diet' in 2018 and income was at a record level of £108.1 million.

How we raised our money in 2018



The money we spent on public benefit in 2018 is as follows:



Fundraising

Aim: To win support and grow income. We'll use our insight, technology and innovations to win and retain the support and understanding of hundreds of thousands of people who choose to donate or contribute to our cause, so that we can reach and help more pets and people in need.

With no government funding, PDSA depends on the generosity of the public to fund our work. It costs us £176,000 a day to keep our Pet Hospitals open. Despite our record year for income, we need to fundraise to ensure we can maintain our vital work for the next 100 years.

Without our supporters PDSA couldn't achieve its charity's purpose. It is imperative that we listen to our supporters and adapt how we communicate with them accordingly. PDSA is registered with the Fundraising Regulator and is a member of the Institute of Fundraising, as well as the Direct Marketing Association. We are committed to achieving high standards in our fundraising activity and as such support and comply with both the Fundraising Regulator's Code of Fundraising Practice and the DMA Code of Practice.

We are a large charity supported by hundreds of thousands of people who share our beliefs. Over the last year we had almost 74,000 calls to our National Call Centre. We work to learn from every complaint and have seen a reduction in complaints of 41% since 2017. In 2017 there were 143 fundraising complaints. This reduced to 83 in 2018.

We need to work hard to earn and retain those who choose to support us as we are privileged to be chosen as one of the charities they support. In 2019 we will continue to invest in offering a range of ways to make a donation, making it easy and rewarding for our supporters to contribute.

PDSA only works with companies and commercial participators who are demonstrably reputable and whose activities do not have an adverse impact on the charity's objects.

We work with fundraising agencies who engage the public on our behalf to explain the impact and benefit of our services and ask for their support through regular donations. We closely monitor the experience our fundraising partners deliver through a programme of mystery shopping and sampling. We only work with agencies who are members of the Institute of Fundraising and comply with the Fundraising Code of Practice and best practice guidance for Public Fundraising, and who have passed the Institute of Fundraising Compliance Directorate's accreditation programme.

Some of our key fundraising highlights for 2018 were:

- Growing our successful raffle programme giving supporters a fun way to donate.
- Attracting over 13,000 new supporters through our public fundraising.
- Exposure and support in more than 100 challenge events – such as the London Marathon

Attracted over

13,000

new supporters through our public fundraising

Engaging with the public face-to-face helps us cost-effectively recruit people willing to help fund our charitable work. We recognise public fundraising brings compliance and reputation risks to PDSA. We mitigate these risks by working with a small number of accredited partners within clear controls and policies, monitored by our Audit and Risk Committee.

We want everyone who comes into contact with one of our fundraisers to enjoy a good experience, learn something about PDSA, and whether they choose to donate or not, feel positive about our charity.

Legacy

Gifts in Wills remain the most valuable way a supporter can donate to PDSA. We rely on the generosity of those who remember us in their Will for more than 40% of our income – which funds two out of three pets we treat at PDSA.

In 2018 PDSA partnered with the National Free Will Network, which offers our supporters another channel to make their Will.

We recognise that making or changing a Will requires some consideration, and is a sensitive and personal matter. However, it is one that we must broach with our supporters – because gifts in Wills are critically important to our future.

In 2019 and beyond we are focusing on improved communication channels with legacy supporters and will be inviting them to visit Pet Hospitals or events to find out more about what we do.

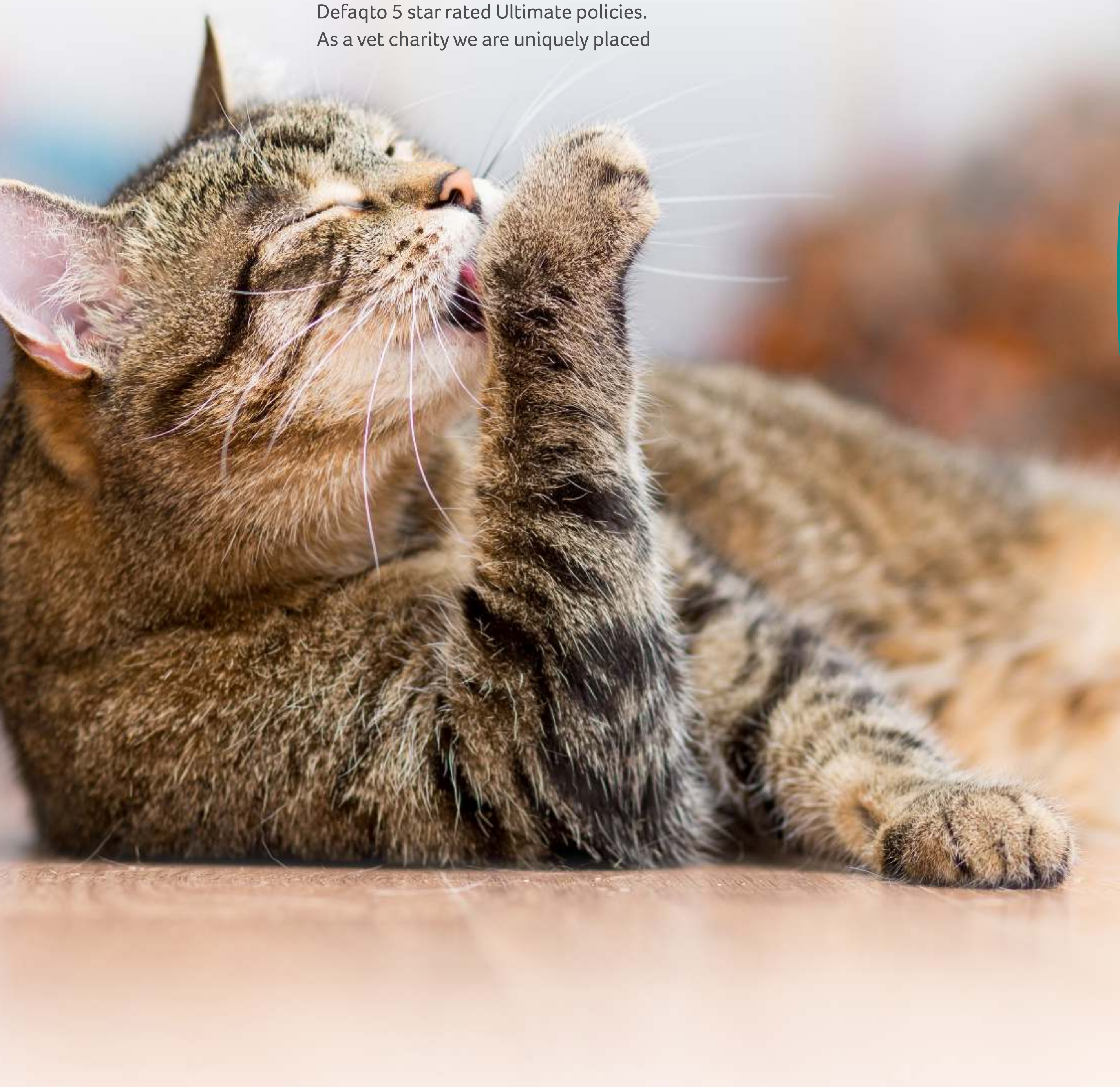
PDSA Pet Insurance

"Insured" by our insurance

PDSA aims for a lifetime of wellbeing for all pets, not just those that rely on our services. Should any pet become ill or have an accident, they need to be provided with the correct care and treatment. We're proud to offer a range of pet insurance products from accident only to lifetime cover to encourage all owners to protect their pets.

Income from our pet insurance products continues to grow year on year – generating almost £1 million in 2018. We strive for our pet insurance to be one of the best in the market; included in our insurance is the Defaqto 5 star rated Ultimate policies. As a vet charity we are uniquely placed to help owners take better care of their pets, reducing the need to claim. This approach means our pet insurance is popular and attracts new customers who stay with us. Therefore, income from insurance doubled over 2018.

In 2019 we will continue to raise awareness and growth in new policies of PDSA's pet insurance through sponsorship and integration with other organisations – helping us to be better known and understood.

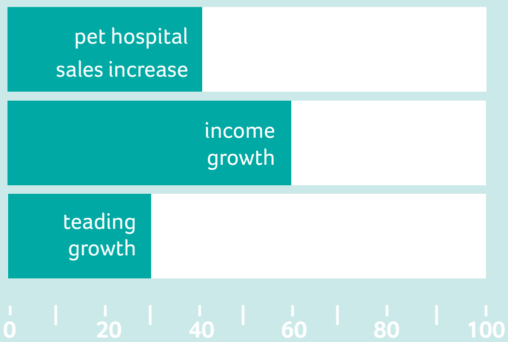


PDSA Vet Care Range

PDSA Vet Care is a range of products supported by our veterinary expertise and includes health care supplements for joints and skin conditions, ear cleaners and digestive health products – encouraging owners to keep their pets healthy at home.

In 2018 we launched a new household flea spray and a new range of dog shampoos. Our plans in 2019 involve offering Vet Care products across all PDSA channels including retail shops, Pet Hospitals, ecommerce, mail order and PetWise. This will help us to maximise income generation for PDSA and also support pet wellbeing through our clinical teams who recommend and sell our products.

Vet care range 2017 - 2018 growth



Health

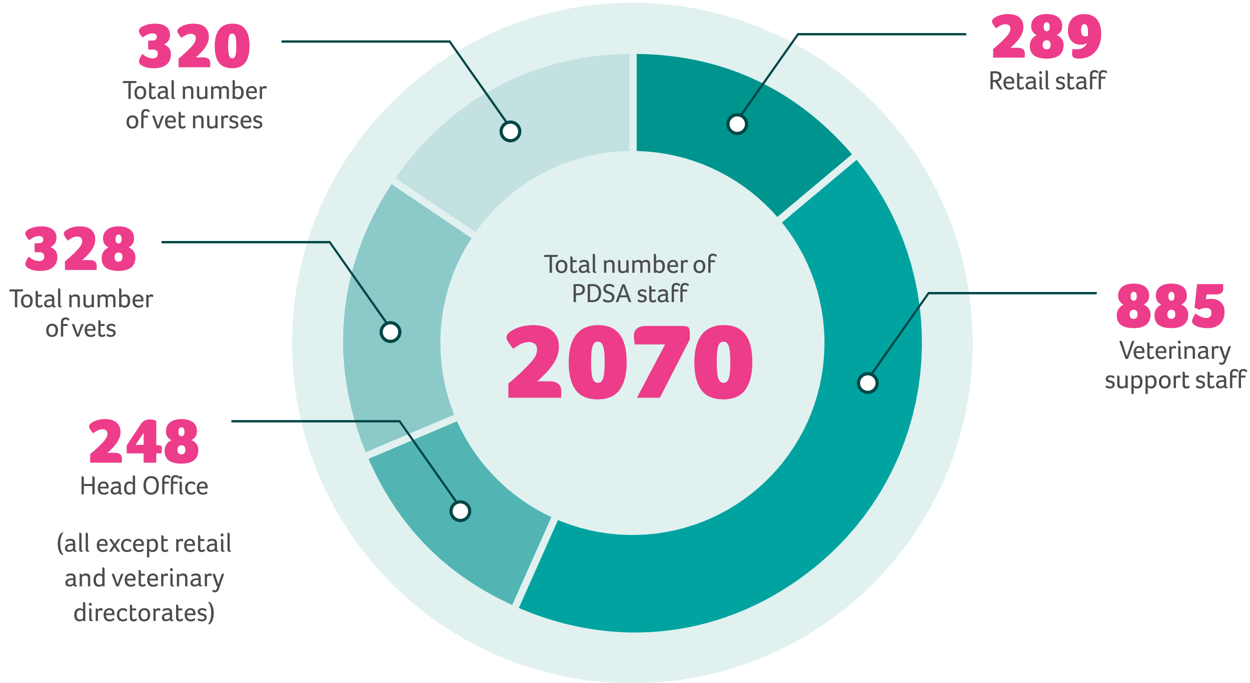
investing in our organisational capability

5. HEALTH
Investigating in our organisational capability

Animal Welfare Need 5: HEALTH – Pets need protection from pain, injury, suffering and disease and to be treated if they become ill or injured.

The "health" of PDSA relies on our organisational capability as a whole. We strive for ever more effective ways of working so that we achieve bigger impacts for the investments we make.

Aim: We depend on the commitment and energy of our people, and the effectiveness of our technology, to achieve our ambitions. We aim to ensure PDSA remains a great and enjoyable place to work, attracting, developing and retaining talented people. We'll transform how we use data and digital technologies to increase our efficiency and improve the experience we offer to our people, volunteers, supporters and pet owners.



Staff recruitment and training

Ensuring we have the organisational capability across our people, culture, processes, equipment and technology enables us to achieve our objectives.

During 2018 we focused on developing pay and benefits packages to ensure we are able to attract and retain talent. We recognise that pay and reward is only one part to attracting and retaining talent and with this in mind we continue to focus on recognition and development opportunities.

As part of our leadership programme we have introduced new tools to help our leaders understand the positive impact they can have on their team's engagement. Part of this development was to introduce a behavioural profile (DISC) which has given our leaders the insight to better understand themselves and others.

Alongside this we have focused on knowledge around GDPR and safeguarding – providing a package of support which includes policies, guidance and tools around being safe at PDSA. Our online learning platform, created in 2018, has resources to develop knowledge and skills, ensuring we have the right culture to safeguard all colleagues, employees and volunteers.

Vet recruitment/training

There is a national shortage of Vet Surgeons (11%) and Vet Nurses (7%). In comparison we currently have shortages of 8% (Vet Surgeons) and 7% (Vet Nurses) with turnover rates of 21.32% for vets and 19.84% in a rolling 12 month period. Ensuring we have the number of vets and nurses needed to cope with the demand for our services is a continuing priority for us.

This year we have focused on increasing social media activity to drive attraction to vacancies. Our bank of locum vets has also proved successful with 26 people moving from the 'bank' to permanent roles. We currently have 119 people registered for bank work.

Vet Surgeons and Vet Nurses in the UK are required to complete continuous professional development (CPD) to comply with their professional obligation. This improves and broadens their knowledge, skills and behaviours, ensuring they remain professionally competent.

PDSA helps fund CPD for employees and we have enhanced our CPD offering by introducing a bespoke in-house clinical development programme which is delivered by our own experts. Through funding of £100,000 from players of People's Postcode Lottery we are developing a bespoke in-house CPD to ensure all our clinical teams are able to improve the lives of pets to the best of their ability. Being able to bring this training in-house will not only mean that our vets are trained to our own high standard, but will also enable us to save money on external courses.

Our in-house CPD has enabled us to enhance our Vet Surgeon Graduate Programme and our Veterinary Nurse Apprenticeship training. In 2018 we developed 20 Vet Surgeons and 33 Vet Nurses through these programmes.

Trustee governance/ mandatory statements

Administrative details

The People's Dispensary for Sick Animals (PDSA)

Incorporated by Acts of Parliament

(PDSA Act 1949, 12 & 13 Geo. 6, Ch. xv)

(PDSA Act 1956, 4 & 5 Eliz. 2, Ch.1xvii)

(Revised by a Parliamentary Scheme in 2015)

Head Office

Telephone:
01952 290999

Website:
www.pdsa.org.uk

Founded in 1917 by Maria Dickin, CBE

Registered charity nos.

208217 & SC037585

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

SAVING PETS CHANGING LIVES

Principal professional advisors

Actuaries

KPMG LLP,
One Snowhill Queensway,
Birmingham B4 6GH

Bankers

Lloyds Bank plc,
10 Gresham Street,
London EC2V 7AE

External Auditor

BDO LLP,
2 City Place, Beehive Ring Road,
Gatwick, West Sussex RH6 0PA

Investment Managers

Newton Investment Management Limited,
Mellon Financial Centre, 160 Queen Victoria Street, London EC4V 4LA

Aberdeen Standard Investments,
1 George Street, Edinburgh EH2 2LL
(until 12 December 2018)

Schroder Unit Trusts Limited,
1 London Wall Place,
London EC2Y 5AU
(from 13 December 2018)

Investec Asset Management Limited,
Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA
(from 13 December 2018)

Trustees

Details on page 15.

Solicitors

Gowling WLG,
Two Snowhill, Birmingham
B4 6WR

1. 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 in May 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 and the Office of the Scottish Charity Regulator.

Governing body – Council

The Trustees form the governing body of the charity, known collectively as 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 sub-committees.

The total number of Trustees is currently 12 and they are listed below along with their committee membership.

Chairman Mr John Smith, FCA	F G	
Deputy Chairman Mr Richard Clowes, BSc MI Mech E	F G	
Professor Gary England, BVetMed PhD DVetMed CertVA DVR DVRep DipECAR DipACT FHEA FRCVS	A	
Mr Noel Guilford, BA, FCA	F A	Retired 7 June 2018
Mr Gordon Hockey	A	
Mr David Lister BA (HHons) Solicitor	F	
Ms Laurie Mayers, BA, MA	F G	
Mr John Miller, BSc, MCIPD, AFBPsS	G	
Mr David Morgan, BSC Hons	F	Appointed 12 December 2018
Mr Ian Phoenix		Appointed 12 December 2018
Mrs Carole Pomfret MA ACA	F	
Mrs Mary Reilly BA (Hons), FCA	A	
Mrs Alison Tattersall BA (Hons), Postgrad Diploma in Marketing	A	
Mr Andy Tinlin BEng (Hons), Postgrad Diploma in Management	F	Resigned 19 May 2018

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

Trustees are experienced leaders from diverse 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 relieving poverty, animal welfare plus specialist expertise or knowledge considered to be of benefit to PDSA. It is 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.

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, internal and external audit matters. They look 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.

The Remuneration Committee's role has been expanded during the year and is now known as the Governance & Remuneration Committee (see Charity Governance Code below).

Its role includes determining the Remuneration Policy for the whole organisation and in particular, the total remuneration packages of senior executives and to recommend these to Council.

In addition, it now includes 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 issues.

The Special Purposes Committee approves legal agreements [for members see executive staff on page 18].

Charity Governance Code

PDSA is committed to good governance. The working party of Trustees established in 2017 made recommendations regarding the Charity Governance Code, which had been published in July 2017. These recommendations were approved by Council in May 2018.

The working party had considered our existing governance framework and arrangements in the light of the new Code.

It recommended that formal responsibility for regular review and monitoring of governance arrangements be delegated to a committee, so that PDSA can keep up to date with changing best practice and stakeholder expectations.

As a result of this recommendation, the remit of the Remuneration Committee was expanded to include Governance matters (previous pages).

Some of the key activities we carry out in order to meet the Code requirements are:

- Board recruitment, induction, Trustee appraisal and Trustee training processes are in place
- We familiarise new Trustees with the workings of PDSA, Council Policies & Procedures and Governance. This is done through a comprehensive induction programme consisting of visits to Head Office, PDSA Pet Hospitals and our retail shops, along with meetings with directors and key members of staff.
- Skills audit is carried out every 3 years to identify potential gaps in the Trustee Board's collective skills
- Trustees undertake a regular programme of visits to 'front-line' locations enabling them to lead by example in demonstrating PDSA's values
- We select third parties to provide specialist seminars and lectures, which Trustees attend as appropriate. It covers subjects such as charity law and governance, pension law and administration and investment practice.
- Registers of interests are maintained for Trustees and senior members of staff to identify possible conflicts and there are processes in place to manage issues arising
- Council holds an annual strategy review to consider short, medium and long-term strategies for effective delivery of our charitable purposes

- Council receive regular performance reports indicating the extent to which strategies are being achieved and the extent to which they are having the desired / expected outcomes
- There is a governance guide which is provided to all Trustees, which sets out the key governance arrangements in place. This includes details of matters reserved for Council, and terms of reference for all sub-committees
- Minutes are maintained of all meetings of Council and of sub-committees
- Responsibility for ensuring there are succession plans for key leadership roles is clearly defined
- The purpose and objectives of subsidiaries and their relationship to the parent charity are set out in their articles of incorporation
- Key policies are in place and are reviewed regularly, including the Reserves Policy
- There is a risk management process in place, and the Audit & Risk Committee reviews significant risks annually.
  The Audit & Risk Committee also considers the process for managing risks within PDSA.
- Council appoints independent auditors and their work is overseen by the Audit & Risk Committee, who have opportunity for closed meetings with the auditors twice a year
- There is a process for ensuring all colleagues have agreed objectives which are cascaded down the organisation and that performance against these objectives is reviewed
- There is a Whistleblowing Policy and procedure in place, processes for investigating whistleblowing complaints have been established and any whistleblowing incidents are reported to Audit & Risk Committee.
- We have an extensive suite of policies and procedures designed to protect the health and wellbeing of our people, including safeguarding of young people and adults at risk who come into contact with PDSA. (See Health Section for further details).

As a result of the review of arrangements, PDSA has committed to:

- Implement a policy framework to set the standards for all new policies and ensure policies are reviewed and updated as frequently as required
- Developing a comprehensive document setting out all matters where Council have delegated authority for decision-making. These are currently documented in minutes of the relevant Council meetings
- Ensure that diversity is encouraged in applications for new roles or Trustee positions

One area where PDSA does not apply the guidance contained in the Charity Governance Code is in relation to Trustee terms of office.

The terms of office for Trustees are 3 terms of 4 years. After each term of 4 years, Trustees discuss with the Chair whether they should continue. The decision is based on skills requirements, whether the Trustees wish to and are 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.

Remuneration Statement

PDSA is a large organisation with over 2,000 employees and the support of over 3,500 volunteers. Working together, it is the combined effort of all our people that delivers the impact of our mission for the communities within which we work.

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.

The nature of our public benefit means that we are one of the UK's largest employers of veterinary professionals. 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; all whilst meeting our supporters' expectations that the money they entrust to us will be used wisely.

There is a national shortage of veterinary surgeons and veterinary nurses. We have implemented a wide range of measures to enable us to attract, engage and retain the key skills we need to deliver our public benefit.

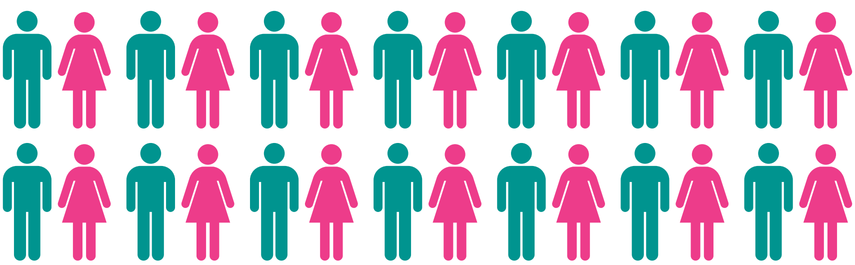
This includes closely monitoring pay levels to ensure we remain competitive in this challenging, dynamic labour market.

The Governance & Remuneration Committee has established the following guiding principles that underpin our approach to reward and recognition:

- To have understandable, equitable and transparent reward policies within the organisation that reflect the strategy and ethos of PDSA
- To apply a common framework for managing reward decisions, whilst providing flexibility to meet differing organisational needs within PDSA
- To provide a competitive and market responsive total reward package that enables PDSA to attract and retain employees from the not-for-profit or private sector as appropriate
- To apply a robust system for comparing jobs internally, which can be used to clarify career paths and support career development discussions
- To value the contribution that an individual makes in their job and recognise the link between performance and reward
- To provide a comprehensive core set of benefits for all employees whilst giving some flexibility within the total reward package to enable employees to meet their differing personal needs and preferences

In determining overall pay levels for all our employees 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.

In 2018, we initiated a fundamental review of our pay, pensions and benefits offered to all employees, including senior executives. We carried out extensive benchmarking and worked with a range of key stakeholders across PDSA including our employee consultation and communication group, Our Forum, to shape proposals.



... & supported by over

3,500

volunteers

The Governance & Remuneration Committee presided over this work and recommended proposals to change PDSA's pay, pension, and benefits arrangements to Council. PDSA will enter into consultation with all its employees including senior executives on these proposed changes early in 2019.

Our Gender Pay Report is available on our website in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

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.

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.

Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Annual 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. 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. Along with 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 judgments and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on 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 them with reasonable accuracy, along with the financial position of the charity at any time. The financial statements should comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of The People's Dispensary for Sick Animals Acts 1949 and 1956 as amended by a Parliamentary Scheme in May 2015. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible to ensure that the financial statements are published on the charity's website in accordance with legislation in the United Kingdom. They should govern 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 implementation to the Director General. The Director General manages PDSA through the Senior Management Team based at Head Office in Telford; most day-to-day management takes place at a local level. The Director General and Directors together constitute the Special Purposes Committee.

Director General
Jan McLoughlin,
MSc, CBiol, MSB, FIoD

Director of Veterinary Services
Richard Hooker,
BVMS (Hons) , MRCVS

Director of Finance
Michael Pell, FCA
resigned 31 December 2018

Director of Finance
Andrew Willetts BA ACA -
from 17 January 2019

Director of Human & Corporate Resources
Karen Hailes, FCIPD

Director of Fundraising
Nigel Spencer, ACIB, MCIM -
from 13 June 2018

Commercial Director
Annette Spindler,
from 25 July 2018

"Service provisions need a long turnaround period in order to downsize operations should financial constraints require and this ought to be reflected in the level of free reserves."

Risk

We have established management processes to mitigate risks that would prevent us from fulfilling our strategic goals and also to manage risk within projects. Particularly, 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
- The risk management process is embedded in operational and management procedures.

The Audit & Risk Committee, assisted by the Senior Management Team and Internal Audit department, considers risk in detail. A formal review of the charity's risk management processes is undertaken annually.

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

- **Legacy income –** this represents approximately 45% of our total income and there is a risk that reductions in this income source could materially affect our financial position.
- **Number of pets –** demand for our services can fluctuate over short periods of time that can result in significant cost increases.
- **Service infrastructure –** PDSA is a large and complex service operation over a wide geographical area. Risk factors include cost increases due to service growth and inflation, the PDSA Pet Hospital replacement programme, the national distribution of services and retaining/recruiting qualified veterinary staff. Service provisions need a long turnaround period in order to downsize operations should financial constraints require and this ought to be reflected in the level of free reserves.
- **Fundraising –** our ability to raise the funds we need to continue our work can be affected by many factors including our ability to respond to changing supporters expectations and preferences, activities of other charities, regulatory changes and economic conditions can lead to reductions in income or increased costs.
- **Pensions –** although we have closed our defined benefit scheme to new members and allow future accrual until April 2019, the requirement to fund pension promises could impact our financial position.
- **IT security –** we depend upon the integrity of our systems and the accuracy of our databases to operate the charity effectively. We recognise this is a complex and rapidly changing environment.
- **Brexit –** we have considered emerging risks in detail. The most significant risks arise from a no deal outcome and in particular the potential economic effects constricting legacy income, operational continuity in the form of pharmaceutical supplies from the EU and veterinary staff from the EU. [these are only holding comments we will need to update these before accounts are signed]

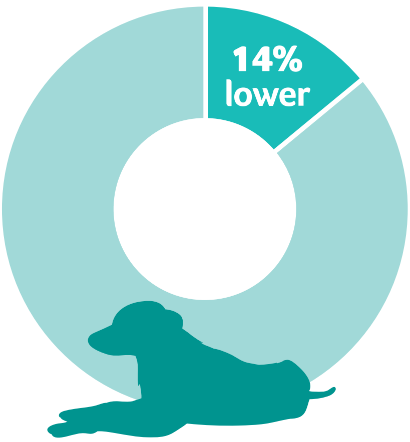
Council is satisfied that controls and actions have been put in place to mitigate the major risks identified. However, it recognises that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

2. FINANCIAL REVIEW

Accounts / Financial review & statements

INCREASE OF TOTAL

LESS PUBLIC BENEFIT SPEND



LOWER COSTS IN SUPPORT AREAS

£1.2 million

The players of the People's Postcode Lottery have continued to support us, and this provided gross income of

£6.1 million

(net £1.9 million)

Overview

Our 2018 results were the best for many years and were much better than anticipated. It has been our intention to reduce our fixed cost base, grow income and so develop growing surpluses to secure our future. Pleasingly, we have managed to achieve growth faster than expected. Ultimately, these surpluses will be used to deliver further public benefit through specific projects.

The UK economy continued to grow in 2018, though more slowly - no doubt as a result of continued uncertainty relating to the UK's departure from the European Union, but also as a result of major global factors such as the weakening Chinese and US economies. Nevertheless, we generated a second year of Net Income, which had followed many years of deficit.

In fact, we had a record income year: increasing our total to £108.1 million (2017: £102.2 million). An important part of that was a record year of legacy income, which was boosted by an estate with an agricultural property worth £3.6 million. The players of the People's Postcode Lottery have continued to support us, and this provided gross income of £6.1 million (net £1.9 million) in our trading results (compared to last year's £7.6 million gross, £2.3 million net).

We spent £63.4 million on public benefit – this was less than in 2017 (£71.1 million) mainly as a result of ceasing our Pet Practice Service, but also from ongoing cost control and operational efficiencies.

We continued to invest in our strategy to grow awareness of PDSA, through an integrated marketing campaigns, our own major event 'Petlife' (as well as other national events) to promote higher levels of awareness and generate further income.

Overall, there was significant improvement in our operating position: a net income as above of £10.5 million this year compared to a net surplus of £1.4 million in 2017. This included a loss from our investments of £3.0 million (2017: a gain of £1.7 million). As in recent years, there has been further activity to reduce costs and improve our trading performance.

Costs in support areas were lower than 2018 by £1.2 million (14%). Within this result we have reduced our provision for VAT costs by £0.9 million following dialogue with HM Revenue and Customs (HMRC), but have retained a small provision for the period covering the second half of 2018.

Our defined benefit pension fund had an actuarial gain this year of £16.1 million and the deficit reduced to £32.1 million.

Income and costs

We receive no central Government or National Lottery funding for our veterinary services and therefore we rely on generating our income from our supporters by voluntary 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.

Other trading net income includes gaming products, sales from our retail network (donated and new goods) and miscellaneous sales, commissions and licensing income. Asset-related income is investment income and gains on disposals of fixed assets. PDSA Trading Limited provides the bulk of trading income, excluding donated goods, which are sold by the charity; this subsidiary's full results can be seen on page 41.

The income we receive from donations and legacies forms a large part of our overall income and we need to spend on marketing and managing in this area. We must ensure we invest carefully to generate awareness and income both in the short and long-term. The table opposite shows that the cost of raising donations and legacy income overall from our supporters remained the same in 2018 as 2017 at 15p per pound (£).

Our Legacy income in 2018 was at a record level of £47.8 million which was 4.5% higher than 2017; this delivers around 60% of our net income available for charitable activities (2017: 63%). It remains our longer-term aim to reduce our reliance on legacies by growing other income streams.

We aim to do this by growing our supporter base, through promotion and using innovative approaches to generate donations; we will also maintain and grow trading income in retail and veterinary commercial activities.

Our donations income was boosted this year by generous support for our Manchester Pet Hospital capital appeal which included some large individual donations; overall donations were 2.9% higher than 2017.

We have continued to grow charitable trading income mainly by the rollout of paid-for concessionary services, which grew from £1.8 million to £4.4 million. Preventive Services income from clients grew by 9%.

Our main traded income comes from our retail division's donated good sales which were consistent with 2017, however new goods sales improved by 6%.This is a large activity for PDSA and we are among the top 12 national charity retailers when measured by income. Its net results continued to improve due to cost saving, and also from strengthened margins. In addition, income from PDSA Pet Insurance products grew by £0.5m.

Our trading results include income from the players of People's Postcode Lottery. The gross proceeds of £6.1 million are included within our income, though there are high operational costs and prizes to generate this income. The net surplus was £1.9 million.

The amount spent on treatment at Pet Hospitals and with contracted services was £56.0 million (2017: £63.1 million). 2017's costs included and exceptional amount: a £1.9m provision to cease the Pet Practice Service; in 2018 there were lower operating costs as result of ceasing that activity.

The amount we spend on education and responsible pet ownership does differ each year and depends on the precise activities we undertake. In 2018 the level of expenditure was reduced to £2.4 million (2016: £2.7 million).

The large actuarial gain of £16.1 million in our defined benefit pension scheme was significantly larger than the 2017 gain of £5.8 million. The main reasons behind this year's gain were assumptions relating to liabilities and partially due to recent membership experience. Following the 2018 High Court Ruling on equalising Guaranteed Minimum Pension benefits, we have increased our pension liabilities by £1.0m and this cost has been included within Net Income.

Overall donations were

2.9%

higher than 2017

	2018		2017	
	£ millions	Cost / £	£ millions	Cost / £
Donations and legacy net income	59.5	0.15	57.4	0.15
Other trading net income	2.81	0.88	2.3	0.9
Asset-related net income	2.0	0.01	2.3	0.90
Charitable trading gross income	12.6		9.3	
Net income available for charitable activities	76.9	0.22	70.8	0.36

Paid-for concessionary services, which grew from £1.8 million to

£4.4 million

Investments

At the end of 2018 our investments totalled £61.1 million (2017: £59.7 million) and this is primarily an investment portfolio of externally managed investment funds, along with some investment properties managed by the charity.

We delegate day-to-day management of the investment portfolio 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. Our investment objective is to preserve capital and is subject to the charity's Ethical Investment Policy. Performance is measured on a total return basis and the Finance & Investment Committee regularly reviews the managers' performance.

We completed our review investment strategy during 2018 and towards the end of the year we migrated around three-quarters of our portfolio to different fund managers (see below). The remainder will be migrated by March 2019. Our intention is provide the correct level of returns when considered against risk profiles and diversification against other assets.

Our two investment managers for most of 2019 were Newton Investment Management and Aberdeen Standard Investments; they used their pooled funds: the Newton Real Return Fund and Standard Life Global Absolute Return Strategies Fund, rather than direct investments.

We divested full from Aberdeen Standard Life during December and partially from Newton; these have been succeeded by investments with Schroders and Investec.

Funds provide greater stability than direct market investments and are sufficiently liquid to meet any short-term operational cash needs as well as supporting the Business Plan to maintain and expand the delivery of our charitable services.

Overall, there was a loss of £3.1 million on our investment portfolio (2017: £0.3 million loss) of these, the Standard Life fund produced a loss of 5.5% gross of fees, whereas the Newton fund returned a gain of 0.6% gross of fees.

Investment properties are re-valued each year. The value at 31 December 2018 was £6.0 million

(2017: £2.5 million). We added one property as a result of a legacy which was valued at £3.6 million and offers high potential for long-term value appreciation. We sold one property during the year.

Reserves and going concern

Council considers reserves regularly as part of its business planning process. It seeks to ensure that sufficient reserves are available to fund planned activity agreed in the Business Plan. It should also 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.

The total funds of the Group at the end of 2018 were £74.6 million (2017: £48 million). Of these funds, £4 million were restricted income funds or endowments (2017: £2.2 million).

Our policy is supported by contingency planning to determine the potential impact on the level of reserves by defined risk factors.

Our contingency 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.

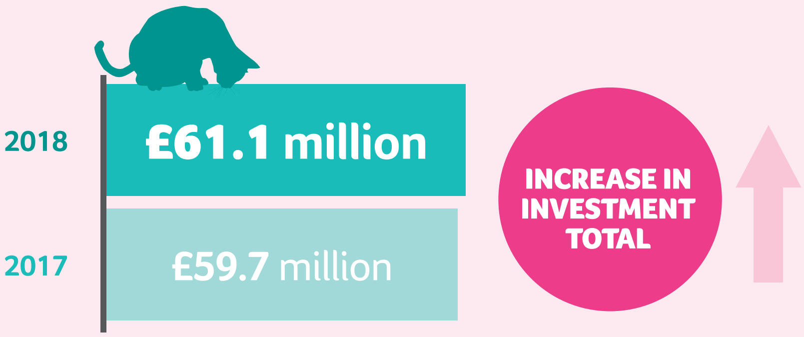
Council has determined that the level of free reserves needed should fall within the range £50 million to £75 million. This level is reviewed by Council on a regular basis. Amongst other factors, Council has noted the importance of reserves covering at least a year's expenditure in our veterinary areas and supporting costs, which, based on 2018's Business Plan, would amount to approximately £50 million.

At 31 December 2018 the charity had free reserves of £65.5 million (2017: £58.9 million), as calculated in the table opposite.

The pension funding commitment represents the cash value of 10 years of future funding commitments to the defined benefit pension scheme - The People's Dispensary for Sick Animals Retirement Benefits Plan (1978); the legacy contingent asset represents 80% of the value of the legacy pipeline.

Our investment funds have sufficient liquidity to provide the flexibility to manage any potential downturn in income and the charity also has a £5 million unsecured overdraft facility with Lloyds Bank plc.

Council regularly reviews financial forecasts and projections, taking account of the potential impact on future public benefit. To assist this review, cash forecasting is an important element of Group financial management.



No matters have come to the attention of the Trustees which might suggest that the charity will not be able to maintain its current activities for the foreseeable future and they therefore consider that it is appropriate for the financial statements to be prepared on the going concern basis.

Pension Plans

PDSA operates a defined benefit pension scheme, The People's Dispensary for Sick Animals Retirement Benefits Plan (1978) (RBP) and a Group Personal Pension (GPP) Plan. The GPP Plan was opened in January 2008 for new employees. The charity is committed to ensuring it will continue to offer suitable pension benefits for employees.

The defined benefit pension scheme has been closed to new employees since 2006 and had a deficit, as calculated under the provisions of FRS 102, of £32.1 million at 31 December 2018 (2017: £49.7 million).

The latest triennial actuarial valuation was carried out as at 31 December 2017 and this showed a deficit of £46.2 million. Revised deficit funding contributions were agreed between PDSA and RBP trustees in December 2018.

In February 2016 the charity announced proposals regarding the future of the Retirement Benefits Plan and entered in to a consultation period with active members. Members were offered options about continuing to generate future benefit accrual until 5 April 2019 when the Plan will close, or to become members of the GPP Plan.

Existing members of the defined benefit pension scheme can transfer to this Plan at their request.

Approved by Council and signed on its behalf by:

John Smith, Chair
2 May 2019

Free reserves at 31 December 2018

£ millions	2018	2017
Total charity funds	74.6	48.0
Pension reserve	32.1	49.7
Endowment funds	(0.9)	(0.9)
Restricted income funds	(3.1)	(1.4)
Unrestricted funds	102.7	95.4
Pension funding commitments	(25.2)	(22.7)
Carrying value of functional assets	(22.0)	(23.2)
Legacy contingent asset	10.0	9.4
Free reserves	**65.5**	**58.9**

3. AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of The People's Dispensary for Sick Animals ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 December 2018 which comprise the consolidated statement of financial activities, the consolidated 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).

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 2018 and of the Group's 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 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010 and The People's Dispensary for Sick Animals Acts 1949 and 1956.

Basis for opinion

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

We are independent of the 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Trustees Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: The Chair's letter, the Director General's letter and the Trustees Annual Report. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. **We have nothing to report in this regard.**

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 Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

- The information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- Adequate/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 determines 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 144 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.

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011 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.

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.

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:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Don Bawtree (Senior Statutory Auditor)

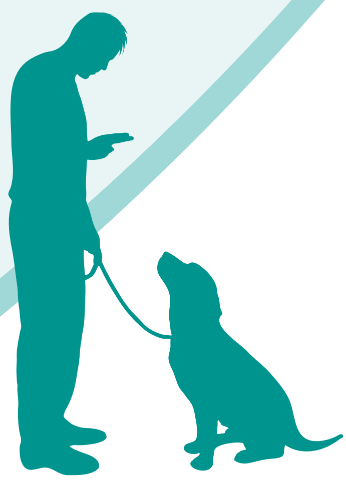
For and on behalf of BDO LLP, statutory auditor

Gatwick, United Kingdom

Date:

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).



Back Cover