

**BRITISH VETERINARY ASSOCIATION
ANIMAL WELFARE FOUNDATION
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2006**

BRITISH VETERINARY ASSOCIATION ANIMAL WELFARE FOUNDATION
ANNUAL REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2006

Legal and Administrative Information

The British Veterinary Association Animal Welfare Foundation (otherwise known as BVA AWF) is a registered charity, number 287118, constituted by Deed of Trust dated May 1983.

The BVA AWF office is at BVA, 7 Mansfield Street, London W1G 9NQ

The Trustees of the BVA AWF are all veterinary surgeons; the following were Trustees during 2006:

Mr Carl Padget BVMS CertCHP MRCVS Chairman - appointed 8th November 2006 (Norman Hayward Trustee)

Mr Simon Adams BVM&S BSc MRCVS

Mr David Chennells VetMB MA CertPM MRCVS (Norman Hayward Trustee)

Dr Wendy Harrison BSc BVetMed PhD MRCVS

Mr David Henderson BVM&S ARAgS MRCVS

Mrs Kate Kerr BVM&S DWEL MRCVS NSch (Norman Hayward Trustee)

Mr Stephen Lister BVetMed BSc CertPMP MRCVS (Treasurer)

Mr Pete Southgate BVetMed MSc MRCVS

Mr Andrew Trawford BVSc MSc MRCVS

Mr Sean Wensley BVSc MSc MRCVS

Mr David Catlow BVSc MRCVS (BVA President)

Dr Freda Scott Park BVM&S PhD MRCVS (BVA Past President)

BVA AWF Administrative Staff

Ms Elizabeth Price (Full-time BVA AWF Administration Manager)

Mrs Henrietta Alderman (BVA Company Secretary. As required)

Ms Clare Lynch (Policy and Committees Manager. As required)

Mr Derek Thorpe (BVA Head of Finance. As required)

BVA AWF Agents and Advisors

Auditors: Horwath Clark Whitehill LLP, St Bride's House 10 Salisbury Square, London EC4Y 8EH

Bankers: Coutts & Co., 440 Strand, London WC2R 0QS

Investment Advisors: HSBC Investments, 78 St James's Street, London SW1A 1HL

Solicitors: Reynolds Porter Chamberlain, Chichester House, 278 – 282 High Holborn, London WC1V 7HA

Land Agent: John Drake & Co., Chartered Valuation Surveyors, Land Agents and Planning Consultants, Smith's Farm, Yardley Road, Olney, Buckinghamshire, MK46 5EH

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Structure, Governance and Management

BVA AWF is governed by a Trust Deed dated 12 May 1983

Twelve unpaid Trustees, including the BVA President and Past President, manage the Foundation. New Trustees are recruited by annual elections.

New Trustees are given an induction pack, including the NCVO's Good Trustees Guide, and receive a briefing from all the serving trustees following their appointment. Trustees are given a job description and any training needs, if identified, would be addressed.

Day to day management of the Foundation is delegated to the BVA Company Secretary, the Policy and Committee Manager and a full time Administration Manager.

BVA AWF currently holds two separate funds:

The Norman Hayward Fund

The Norman Hayward Land is managed by an Agent appointed by the Trustees and by the three Norman Hayward Trustees.

The GP West Fund

The GP West Fund is a legacy left to the BVA by Geoffrey Philip West, the author of Black's Veterinary Dictionary, which was assigned by the Association to the BVA AWF.

Other Relationships

BVA AWF is a member of NCVO (National Council for Voluntary Organisations) and is an affiliate member of The Cat Group.

Aims, Objectives and Activities

Aim

The BVA AWF aims to improve the welfare of animals through veterinary science, education and debate.

Objects

The objects of the Foundation as stated in the Trust Deeds are:

- The advancement of education in veterinary science medicine, surgery and animal welfare and in furtherance of the foregoing the establishment and financial support of one or more chairs of learning teaching and research posts at selected universities and other establishments including the provision of scholarships fellowships bursaries and exhibitions to any university or approved educational establishment and the provision as far as necessary of grants for facilities and equipment
- Research and support in animal welfare or any other field of veterinary endeavour and the dissemination of the useful results of such research
- The relief of suffering in animals and the protection of such animals
- Any other lawful charitable purpose in connection with veterinary science medicine or surgery or the veterinary profession or animals and their welfare as shall further any of the objects of this trust as hereinbefore declared

These objects are achieved through research, debate and education and promotion.

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Strategy and Key Objectives

During 2005 the Trustees identified a set of five strategic objectives for the Foundation known as *The Way Forward Strategy*. The five broad objectives are:

- To fund welfare projects that have a practical and positive impact on animal welfare and are based on sound scientific veterinary principles.
- Stimulate debate, promote and develop welfare education and enhance welfare related teaching in the UK veterinary schools through the activities of the Foundation.
- Promote the mission, remit and achievements of the Foundation to the veterinary profession and the general public.
- Influence and contribute to the development of BVA welfare policy
- Achieve financial stability and growth.

Key activities generated by the first four of these objectives are outlined in the following pages. The financial performance key objective is reviewed in the financial review section of this report.

ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

RESEARCH FUNDING INITIATIVES

The Foundation is committed to the improvement of animal welfare through funding projects that the Trustees judge will have a positive and practical impact on the welfare of all animals.

Evaluating proposals

In 2006, a scoring system to allow a systematic and consistent method of evaluating funding applications was implemented. The scoring sheets ask 8 questions including: "Has the applicant and collaborator/s demonstrated their ability to carry out the proposed project?" and "To what extent does the proposal achieve the aims of the BVA AWF?". They are rated on a scale of 1-5 (1= poor and 5 = excellent) by each trustee.

Perceptions of the veterinary profession's role in animal welfare

In September 2006, individuals from the animal welfare science community and the veterinary profession completed a BVA AWF funded questionnaire about the veterinary profession's role in the field of animal welfare. The aim of the survey was to examine the working relationship between the two communities.

A majority from both groups felt that most veterinary surgeons do not have a complete understanding of animal welfare and there was a perceived need for increased veterinary teaching in animal welfare. A majority from both groups also felt that vets do not communicate animal welfare research findings and recommendations to animal carers, but there was a high level of agreement that they should. Both groups agreed that vets are uniquely placed to communicate directly to animal keepers and owners, and that their opinion is highly respected by those people.

Cat Welfare Trust

A portion of the GP West Fund was earmarked by the Trustees to support a project undertaken by the Cat Welfare Trust in association with Liverpool University. The aim of this project is to investigate chronic stomatitis in cats. The cause of this painful condition is unknown and the objective of the research is, ultimately, to enable veterinary surgeons to give improved advice to their clients on the prevention and control of this chronic and debilitating condition. As commitment to this project was made in an earlier financial year there were no associated costs in 2006.

Feline Advisory Bureau (FAB)

In 2004 Trustees agreed to fund a FAB study into pain management in cats which continued throughout 2006. The aim of the pain study is to increase the awareness and ability to detect chronic pain in cats and provide information on which drugs to manage pain and improve welfare. Associated costs for this project were declared in an earlier financial year.

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Welfare of Wildlife

In 2005, Trustees agreed to provide funding for the Garden Bird Health *initiative* (GBHi) for three years; the project completed its first year at the end of April 2006. The GBHi hotline was launched in late April 2005; a total of 670 phone calls were logged on the GBHi line at the Institute of Zoology alone between April 2005 and April 2006. In excess of 1000 volunteers were also successfully recruited and began surveillance in October 2005 to record and investigate causes of garden bird mortality associated with feeding stations in gardens across the UK. The results of this study were used as a basis for the development of best practice guidelines for the general public on feeding garden birds. The booklet was published in 2006 and is now available on the Universities Federation for Animal Welfare (UFAW) website.

Associated costs for the GBHi were declared in an earlier financial year.

Equine Welfare

Laminitis is an extremely common and painful condition with major welfare implications for horses and the Trustees were pleased to fund the British Equine Veterinary Association's study of the condition. A key element of this study was a major veterinary practice based study which began in early 2005.

Also in 2005, the Trustees agreed to fund a further research project on laminitis based at the University of Edinburgh. The project began in June 2005 and its aim is to assess the different types of pain suffered by laminitic horses and develop more effective strategies for treatment. This ongoing project is currently in the data collection phase, which should be completed in December 2007.

In 2006, the Trustees agreed to transfer the costs of funding these projects to the Norman Hayward Fund.

Future Plans

Norman Hayward Fund Research Programme

Following the sale of a portion of land, the BVA AWF will make a significant amount of research funding available under the Norman Hayward Fund in 2007. The fund is intended to be used for research into the disease and welfare of sheep, cattle and horses. This is a fantastic opportunity for researchers, both academic and practice based, who can demonstrate that their research proposal will have a practical impact on the welfare of these animals.

During 2007, the Foundation will advertise the fund widely in order to attract the best possible proposals that demonstrate a significant contribution to animal welfare.

DEBATE AND EDUCATION

Debate

Discussion Forum

In line with the Foundation remit of the improvement of animal welfare through debate; the BVA AWF Discussion Forum aims to bring together members of the veterinary profession, animal welfare and government organisations in order to identify and discuss important welfare-related issues identified by the BVA AWF Divisional Representatives.

At the annual Forum in May 2006 topics for discussion included: welfare and endemic disease in farm animals; Defra's future plans for on-farm welfare surveillance; the impact of the decline in rural practices on farm animal welfare and attendees debated whether veterinary undergraduates are being taught enough about on-farm animal welfare. Welfare concerns relating to angling and shooting and backyard poultry and parrots were also explored.

Trustees of the Foundation were delighted to welcome representatives from the RSPCA, Farm Animal Welfare Council (FAWC) and Companion Animal Welfare Council (CAWC), amongst others, to the Forum and to the reception that followed at the House of Commons. The reception provides an ideal opportunity for BVA AWF trustees and divisional representatives to network with representatives

from other animal welfare organisations and to lobby Parliamentarians on animal welfare issues of the day.

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Future Plans

Trustees hope to investigate the possibility of attracting corporate sponsorship for this event for 2008. It is intended that a larger venue will be used in 2008 to allow the invitation list to be extended further.

BVA Congress 2005

Over the past years BVA AWF has sponsored a contentious issue animal welfare debate at BVA congress. In 2006 the Foundation sponsored a session entitled "Global Animal Welfare". As BVA Congress is a significant event in the veterinary calendar it is likely that the Foundation will continue to sponsor sessions in future years. The Foundation benefits by association with this event and it provides an ideal opportunity to showcase the BVA AWF and distribute leaflets and other material produced.

Quality of life: the heart of the matter. UFAW/BVA Ethics Committee International Symposium

In May 2006 Trustees agreed to provide funding for the Quality of life symposium. The symposium brought together leading scientists, practicing veterinarians, animal scientists and keepers, medics, ethicists and policy makers to discuss matters including recent advances in the science of underpinning our understanding of animals' feelings.

Future Plans

The proceedings, sponsored by BVA AWF, will be published in May 2007 as an issue of the quarterly scientific journal Animal Welfare. The proceedings will also inform the BVA Ethics and Welfare Groups discussions during 2007/2008.

Education

The Foundation is committed to the improvement of animal welfare through educational initiatives. The following is an outline of the major initiatives in welfare education undertaken during 2006.

BVA AWF Lectureships

In 2004, the Trustees agreed to fund a four year lectureship project, worth over half a million pounds, at veterinary schools in Bristol, Glasgow and Liverpool. The Foundation always endeavours to fund projects that will have a positive and long-lasting impact on animal welfare and this initiative, in strengthening welfare teaching in UK vet schools, will continue to have positive repercussions.

The BVA AWF lecturers continued to make a significant contribution to the animal welfare and ethics element in the veterinary curriculum in 2006. They also continue to be involved in BVA AWF activities such as the Discussion Forum and Welfare Forum for students.

Associated costs for the BVA AWF lectureships were declared in an earlier financial year.

Future Plans

The Trustees envisage that the BVA AWF lecturers will work on collaborative projects to bring welfare teaching in universities and the work of the Foundation to prominence.

BVA AWF Welfare Forum for Students

The aim of the annual two-day BVA AWF Welfare Forum is to raise the final year veterinary student's awareness of some of the welfare issues that will apply in their everyday work in practice. The Forum, which is overseen by BVA AWF Chairman Carl Padgett, takes a workshop format. Delegates are divided into groups of 6 or 7 to consider welfare cases that might arise in large and small animal veterinary practice. Each group is facilitated by a practicing veterinary surgeon who acts as a tutor. The tutor encourages the exploration and discussion of the welfare, ethical and legal implications of the cases for the animals, the clients and the veterinary practice.

In 2006 about 40 delegates came along to the Forum and most of these were attracted by positive word of mouth from students that had attended in previous years. The feedback generated by these delegates was been extremely positive and encouraging.

This year Trustees were delighted to attract sponsorship from Petplan Ltd and to Lloyd and White.

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Future Plans

Following the success of the Welfare Forum for Students 2006, the Trustees aim to increase numbers of delegates for 2007 and will also attempt to raise the level of sponsorship.

You & Your Vet

You & Your Vet was the Foundation's magazine which aimed to promote responsible pet ownership and increase awareness of animal welfare issues. After a performance review in 2005 and 2006, Trustees agreed that the magazine did not represent the best use of Foundation funds in terms of raising the profile and stimulating income from legacies. Production of You & Your Vet magazine therefore ceased at the end of 2006.

Future Plans

The BVA AWF Communications group will meet in 2007 to discuss ways of improving how the Foundation communicates with the general public and to examine new ways of communicating. Particular emphasis will be placed on the development of the website.

Practical Animal Handling CD

Prepared in conjunction with Newcastle University, the Practical Animal Handling CD provided information on the handling, restraint and minor procedures of small animals. The CDs were well received and requests remained constant until the BVA AWF ran out of stock in November 2006.

Future Plans

The Foundation will investigate the possibility of producing a web-based tutorial on handling small mammals incorporating information from the "Practical Animal Handling" CD.

BVA AWF Educational Leaflets

Taking Your Pet Abroad and Pets and Poisons

These leaflets continue to be extremely successful and demand for both show no sign of abating.

What makes my pet happy?

The BVA AWF produced this leaflet to assist pet owners meet the 'duty of care' requirements introduced by the Animal Welfare Act 2006. In addition to the traditional determinants of a pet's quality of life, or welfare, such as feeding, keeping living quarters clean and ensuring veterinary treatment when sick or injured, pet owners are now required to meet other possible less familiar determinants of their pet's welfare such as the ability to express normal behaviour. This can be quite a complex area but the leaflet presents the concept of 'duty of care' in easily understandable terms using non-technical language.

Since its launch at the Quality of Life Conference on the 13th September 2006 the leaflet has proven to be extremely popular and is in high demand. A second printing was required towards the end of 2006.

Future Plans

New Leaflet

Following the success of the BVA AWF's pet travel, pets and poisons and 'What makes my pet happy?' leaflets, the Trustees are keen to expand the Foundation's portfolio of educational resources. It is intended that at least one new educational leaflet for the general public will be produced during 2007.

Casualty Pig and Sheep Leaflets

In association with the BVA AWF, the Pig and Sheep Veterinary Societies have produced "Casualty" guides directed. The leaflets offer guidance to help farmers and animal keepers arrive at the correct decisions when faced with sick or injured pigs and sheep.

The trustees have agreed to provide funding for the update, redesign and printing of a new Casualty Pig leaflet. The revised version should be completed in 2007. The Sheep Veterinary Society is also intending to revise their leaflet in the near future.

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Influence and contribute to the development of BVA welfare policy

The BVA AWF is not a policy making body but, as part of its education and debate objective, it discreetly contributes to the policy making process by providing advice to the BVA's Veterinary Policy Group. There are no associated costs of this function at present. During 2006 the following activity occurred:-

Wild Bird Trade Ban

At the Discussion Forum in 2006 the delegates were given a particularly powerful presentation in which Sean Wensley (BVA AWF Trustee) highlighted the dreadful animal welfare implications associated with the international trade in live parrots. This presentation mobilised BVA Council who voted overwhelmingly in favour of a ban on the trade.

During November 2006 BVA and the Federation of Veterinarians in Europe (FVE) followed up by presenting this view to the European Directorate of Health and Consumer Affairs (DG SANCO), the European Environment Directorate and finally to the European Parliament Intergroup on the Welfare and Conservation of Animals. This meeting was attended by approximately 10 MEPs and provided an excellent platform to promote the BVA position on the trade in live wild birds.

In January this year the BVA, BVA AWF and FVE warmly welcomed the announcement of the ban on wild caught bird trade throughout the EU calling it a great collaborative success for the birds.

Future Plans

Trustees plan to formalise and strengthen their relationship with the BVA's Veterinary Policy Group and newly formed Ethics and Welfare Group during 2007. The content and outcomes of the annual BVA AWF Discussion Forums will be disseminated to both committees with a view to influencing future BVA welfare policy.

PROMOTION

The aims, achievements and activities of the Foundation are regularly promoted in BVA publications. The Foundation also aims to maximise the potential for legacy income through advertising in a number of legal journals. Trustees intend to examine the current strategy for advertising in 2007 and, if necessary, develop a new advertising mix.

AVS and BSAVA congress

Each year, the BVA AWF makes its stand and literature available at the Association of Veterinary Students (AVS) and British Small Animal Veterinary Association (BSAVA) congresses. In 2006, a trustee also represented the Foundation at each of these events.

BVA AWF Website

The new look BVA AWF website went live in May 2005. The site was designed by an outside consultancy and the BVA AWF Administration Manager is responsible for its content. Visitor numbers are increasing at a steady pace and members of the public and veterinary surgeons are using the site to learn more about the Foundation's work but also to download or request our educational leaflets and posters.

The site also outlines the process for applying for funding, the guidelines for applicants and the terms and conditions that apply to recipients of funding, which were introduced 2006. Applicants may apply for funding online and this facility was used by the majority of those that applied in 2006.

Future Plans

Plans to launch an online tutorial on Practical Animal Handling are underway for 2007. Trustees will also discuss using the website as an online resource centre which may include further tutorials, podcasts and fact files on pet care for the public. BVA AWF will also continue to work to increase the number of visitors to the website.

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BVA AWF Annual Report

A glossy, modern Annual Report on the Foundation's activities for 2005 was distributed to BVA members, donors and supporters, parliamentarians and other organisations and individuals with an animal welfare remit or interest during 2006. The Annual Report was also used to promote the aims and achievements of the Foundation at BVA and BVA AWF events.

Future Plans

The Trustees intend to consider how to better use the BVA AWF Annual Report as a promotional tool.

STRUCTURE, GOVERNANCE AND MANAGEMENT – FUTURE PLANS

It is stated within the BVA AWF Trust Deeds that they can be altered by the Trustees with the approval of BVA Council. Therefore, Trustees constituted a Working Group in 2005 to examine the Trust Deeds and consider compliance with Charity Commission guidelines on best practice for good governance. At their meeting in February 2006, Trustees approved the recommendations of the Working Group.

Declaration of intentions

Trustees agreed that the Foundation will comply with paragraphs 8 and 9 of the Trust Deeds which state that new Trustees will sign a memorandum of their appointment. New Trustees will also be required to make a signed declaration of their intentions to act in the interests of the Foundation.

Term of office

A maximum term of office for Trustees was set at three years renewable once. A rotational system based on length of tenure is introduced for Trustees. A Trustee job description and an induction pack will also be given to new Trustees on their appointment.

Minute book

The BVA AWF minute book was reintroduced in May 2006. Each page of the agreed minutes are initialled and the final page signed by the Chairman at the start of each Trustees meeting.

Risk assessment

The Working Group was also charged with carrying out a risk assessment for the Foundation, that is, identifying major risks and reviewing the systems that are or should be in place to manage these risks. Trustees approved the document which outlines potential governance and management, operational and financial risks and the steps that should be taken in order to mitigate those risks. The document also addresses issues of non compliance with law and regulation and external/ environmental factors which could impact the Foundation.

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FINANCIAL REVIEW, INVESTMENTS AND RESERVES POLICY

Total reserves increased during the year by £1,299,260. The reserves can be broken down between the unrestricted funds and the restricted funds.

Unrestricted Funds

The total reserves of the unrestricted funds decreased by £17,927 to a total of £752,126.

The net incoming resources for the year were £69,272 which was significantly down on 2005's level. This was due to a large legacy in the preceding year and highlights the importance to the charity's on-going finances of this source of income. The main source of income during 2005 was the returns generated from the charity's investment portfolio.

The total expenditure for the year was £130,756, which is significantly down on 2005's level. The trustees agreed at the end of the previous financial year that, because the level of reserves had dropped to below the £1 million level, there would only be funding made available for new projects that, in the opinion of the trustees, were of exceptional merit. Whilst much of the on-going activities of the Foundation continue to be financed, as described previously in this report, the only new project to be funded was that of the sponsorship of the Quality of Life Seminar. There is additionally a considerable amount of on-going funding for the lectureships, with over £100k funded during 2006, but these costs were accounted for in earlier years, when the original commitment to fund this project was made.

Investments

There were total gains from the investment portfolio of £43,557 and the total income generated from the portfolio and cash reserves was £48,014. The investment portfolio is managed on a discretionary basis by HSBC Investment Management and their investment objective is to obtain a reasonable long term overall return, with specific emphasis on income generation. The stockbroker will only invest in companies that do not conflict with the general aims and policies of the BVA:AWF. The performance of the portfolio is regularly monitored against various indices and during 2006 the total return of 10.3% was ahead of the APCIMS Index of 8.2%.

Reserves

The reserves policy is that trustees aim to spend no more than 1/7th of total reserves when these are below £1 million. With the unrestricted reserves below the £1 million level the trustees again agreed that for the forthcoming financial year to only consider funding projects or events of exceptional merit, up to £50,000.

Restricted Funds

AWF Norman Hayward Fund: The reserves as at the year end had increased significantly, to £1,445,087, following on from the sale of a portion of the land. The gross sale proceeds were £1,622,000 although there were related legal and professional costs of £114,236 as well as the writing off of the balance of the probate value of the land, of £175,000. The net gain on the sale was therefore just over £1.3 million, although there had also been legal and professional fees incurred in the years prior to the sale.

There was income generated from the cash proceeds from the sale of the land of £25,296 as well as income generated from grazing rights on the balance of the land, totalling £3,086. The main item of expenditure related to two separate research projects on laminitis in horses, totalling £40,000, that have been reallocated from the unrestricted fund.

The trustees have set a reserve level of £450,000 for this restricted fund, meaning that there is approximately £1 million available for spending on new projects relating to research into the disease and welfare of sheep, cattle and horses. A press release launch is due in the spring of 2007 to publicise the availability of these funds and to invite project bids.

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G P West Fund: There is a small balance left of £1,045. The funds that were committed to the Cat Welfare Trust last year continue to be utilised, although the full cost of this was recognised in the year the commitment was first made.

ACHIEVE FINANCIAL STABILITY AND GROWTH

This is one of the five strategic objectives identified by the Trustees. In terms of looking for new sources of income the following has occurred:-

Donation stimulation

An online donation facility has been added to the website so that visitors can make a secure, online contribution to the work of the Foundation; a link to this facility is available in on each page of the site.

Future Plans

Trustees will explore the possibility of producing BVA AWF Christmas cards in order to increase income and raise the profile of the Foundation.

The legacy/ donation leaflet will also be updated in order to attract further donations.

On behalf of the Trustees

Chairman

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE BRITISH VETERINARY ASSOCIATION ANIMAL WELFARE FOUNDATION

We have audited the financial statements of the British Veterinary Association Animal Welfare Foundation for the year ended 31 December 2006 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. 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 auditors' 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 its trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

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

Unqualified opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity as at 31 December 2006 and of its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

Horwath Clark Whitehill LLP

Chartered Accountants and Registered Auditors

Date

BRITISH VETERINARY ASSOCIATION ANIMAL WELFARE FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Unrestricted £	Restricted £	2006 £	2005 £ <i>As restated</i>
INCOMING RESOURCES					
Incoming resources from generated funds					
Legacies		3,625	-	3,625	91,440
Donations (including Gift Aid)		6,025	-	6,025	4,507
Activities to generate funds:					
Fundraising income		11,608	-	11,608	41,633
Investment income and interest	2	48,014	25,296	73,310	51,352
Other income					
Gain on sale of land		-	1,332,764	1,332,764	-
Other income		-	3,086	3,086	2,007
Total Incoming Resources		69,272	1,361,146	1,430,418	190,939
RESOURCES EXPENDED					
Cost of generating funds					
		18,908	3,694	22,602	30,901
Charitable activities					
Research projects		4,373	-	4,373	98,786
Debate and education		103,700	-	103,700	501,522
Promotion		16,761	-	16,761	23,005
Governance costs					
		27,014	265	27,279	24,603
Total Resources Expended	3	170,756	3,959	174,715	678,817
Net (Outgoing)/Incoming Resources before transfers		(101,484)	1,357,187	1,255,703	(487,878)
Transfers between funds	9	40,000	(40,000)	-	-
Net (Outgoing)/Incoming Resources before investment gains		(61,484)	1,317,187	1,255,703	(487,878)
Gains on investments					
Realised		9,665	-	9,665	70
Unrealised		33,892	-	33,892	59,484
Net Movement in Funds		(17,927)	1,317,187	1,299,260	(428,324)
Funds brought forward 1 January 2006		752,126	128,945	881,071	1,309,395
Funds carried forward 31 December 2006		734,199	1,446,132	2,180,331	881,071

The notes on pages 15 to 21 form part of these financial statements

BRITISH VETERINARY ASSOCIATION ANIMAL WELFARE FOUNDATION
BALANCE SHEET
AS AT 31 DECEMBER 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible Fixed Assets	5	-	175,000
Investments	6	<u>699,598</u>	<u>664,566</u>
		<u>699,598</u>	<u>839,566</u>
CURRENT ASSETS			
Debtors	7	6,228	2,534
Cash at bank		<u>1,904,338</u>	<u>627,159</u>
		1,910,566	629,693
CREDITORS: Amounts falling due within one year	8	<u>(334,470)</u>	<u>(336,219)</u>
Net current assets		<u>1,576,096</u>	<u>293,474</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,275,694	1,133,040
CREDITORS: Amounts falling due after more than one year	8	<u>(95,363)</u>	<u>(251,969)</u>
NET ASSETS		<u>2,180,331</u>	<u>881,071</u>
FUNDS			
Restricted funds	9	1,446,132	128,945
Unrestricted funds		<u>734,199</u>	<u>752,126</u>
		<u>2,180,331</u>	<u>881,071</u>

Approved at a meeting of the Trustees on
and signed on their behalf

} Trustee

The notes on pages 15 to 21 form part of these financial statements

BRITISH VETERINARY ASSOCIATION ANIMAL WELFARE FOUNDATION
NOTES ON THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2006

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are as follows:

a) Basis of Accounting

The financial statements have been prepared using the historical cost convention, except that investments are shown at market value, and in accordance with applicable accounting standards and the Statement of Recommended Practice, Accounting and Reporting by Charities, (SORP 2005).

b) Sub trust fund

The late Mrs Hayward made a residual legacy to the Foundation in memory of her late husband Mr Norman Hayward of Broughton. The fund has been set up as a separately constituted trust known as the Animal Welfare Foundation – Norman Hayward Fund and is primarily for the welfare of sheep, cattle and horses under the general objects of the Foundation. The trust prepares separate accounts and has a separate set of trustees although three of the five trustees also serve as trustees to the Foundation. For this reason the trustees of the Foundation believe it correct to account for this sub-trust fund as a restricted fund of the Foundation.

c) Fund accounting

General funds are available for use at the discretion of the Trustees in furtherance of the general objective of the Foundation. Restricted funds are funds subject to specific conditions imposed by donors. The purpose and use of the restricted funds is set out in the notes to the accounts.

d) Donations and legacies

Donations are accounted for when they are received.

Legacies are included within the accounts once the fund has been notified of its legal right based on a reasonable estimate of the value.

In the case of assets received, they are accounted for when full legal title has passed to the Foundation.

e) Investment income

Investment income is accounted for on an accruals basis.

f) Fundraising Income and other Income

These sources of income relate to publications income and other activities used to generate income for the charity. These forms of income are accounted for on an accruals basis.

g) Resources expended

Cost of generating funds relates to those costs incurred in promoting the charity and maintaining the investment base and subsequent income. Support costs are allocated to charitable activities on the basis of staff time. Associated staff costs are allocated on the basis of time spent. Governance costs relate to compliance with constitutional and statutory requirements. All expenditure is accounted for on an accruals basis.

h) Freehold land

The freehold land is stated at probate valuation less any impairment. The trustees carry out an impairment review of the value of the property annually and regular professional valuations are undertaken. Any diminution in the value of the property is recognised in the Statement of Financial Activities as soon as it becomes apparent.

BRITISH VETERINARY ASSOCIATION ANIMAL WELFARE FOUNDATION
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2006

1. ACCOUNTING POLICIES

i) Fixed asset investments

Investments are stated at market value. Market value is taken to be the middle market price ruling at the balance sheet date. Net realised and unrealised gains and losses are reflected in the statement of Financial Activities.

j) Subsidiary undertaking

The Charity has a wholly owned subsidiary, BVA:AWF Trading Limited, whose principal activities were the provision of an affinity credit card and trading merchandise on behalf of the parent charity.

Group financial statements have not been prepared as the subsidiary was dormant throughout the year.

2. INVESTMENT INCOME

	2006 £	2005 £
Dividends	26,117	23,676
Interest on cash deposits	47,193	27,676
	73,310	51,352

3. RESOURCES EXPENDED

	Staff costs £	Grants payable £	Direct costs £	Support costs £	2006 Total £	2005 Total £
Cost of generating funds	6,403	-	6,830	9,369	22,602	30,901
Charitable activities						
Research projects	3,201	-	730	442	4,373	98,786
Debate and education	32,014	15,000	52,271	4,415	103,700	501,522
Promotion	9,903	-	5,975	883	16,761	23,005
Governance costs	16,007	-	9,065	2,207	27,279	24,603
Total resources expended	67,528	15,000	74,871	17,316	174,715	678,817

Allocation of support costs	Printing, postage and stationery	General expenses	Legal costs	Total
Cost of generating funds	144	744	8,481	9,369
Charitable activities				
Research projects	72	370	-	442
Debate and education	720	3,695	-	4,415
Promotion	144	739	-	883
Governance costs	359	1,848	-	2,207
Total support costs	1,439	7,396	8,481	17,316

BRITISH VETERINARY ASSOCIATION ANIMAL WELFARE FOUNDATION
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2006

3. RESOURCES EXPENDED (Continued)

Analysis of current year direct costs	2006
	£
Cost of generating funds	
Advertising	4,718
Commission on grazing fees	189
Legacy agent	948
Investment manager's fees	975
	<u>6,830</u>
Research projects	
Survey costs – Veterinary profession's role in animal welfare	<u>730</u>
Debate and education	
Quality of Life seminar	280
Discussion forum	11,400
BVA Congress	1,122
Welfare Forum for Students	8,414
You and Your Vet	26,177
Animal Handling CD	65
Educational leaflets	4,813
	<u>52,271</u>
Promotion	
AVS and BSAVA Congress	553
BVA:AWF website costs	176
Annual Report	5,246
	<u>5,975</u>
Governance costs	
Audit fee	4,248
Trustee expenses	4,817
	<u>9,065</u>
Total	<u><u>74,871</u></u>

Staff costs

An average of 2 (2005: 2) staff were seconded by the British Veterinary Association to help with the Foundation's work. A charge is made by the British Veterinary Association for these staff costs, which amounted to £67,528 (2005 £65,438).

The trustees did not receive any remuneration during the year (2005: nil). Expenses relating to travel and subsistence of £4,817 (2005: £3,798) were paid by the Foundation. These were paid to 11 trustees (2005: 11).

BRITISH VETERINARY ASSOCIATION ANIMAL WELFARE FOUNDATION
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2006

4. GRANTS PAYABLE	2006	2006	2005	2005
Reconciliation of Grants Payable:	£	£	£	£
Commitments at 1 January 2006		544,305		199,856
Grants not accrued at 1 January 2006	-		392,697	
Grants approved in the year	15,000		97,351	
Grants not accrued at 31 December 2006	-		-	
Grants payable for the year		15,000		490,048
Grants paid during the year		<u>161,106</u>		<u>145,599</u>
Commitments at 31 December 2006		<u>398,199</u>		<u>544,305</u>
Grants Approved in the year were made up of the following institutional grants:				
GP West grant to Cat Welfare Trust	-		36,000	
UFAW Quality Of Life Symposium	15,000		-	
AWF Lectureships	-		1,851	
BEVA	-		20,000	
University of Edinburgh	-		20,000	
Zoological Society of London	-		19,500	
		<u>15,000</u>		<u>97,351</u>

5. TANGIBLE FIXED ASSETS	Freehold Land & Buildings £
Valuation	
At 1 January 2006	175,000
Sale of two plots of land	<u>(175,000)</u>
At 31 December 2006	-
Net book value:	
At 31 December 2006	<u>-</u>
<i>At 31 December 2005</i>	<u>175,000</u>

The trustees consider the remaining land to be of negligible value, as they do not expect a sale for the foreseeable future, with any such sale likely to incur significant professional fees.

BRITISH VETERINARY ASSOCIATION ANIMAL WELFARE FOUNDATION
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2006

6. INVESTMENTS

	2006	2005
	£	£
a) Market Value		
1 January 2006	664,566	618,989
Additions	155,857	39,381
Disposals at opening market value (proceeds £164,382)	(154,717)	(53,288)
Net unrealised investment gains	<u>33,892</u>	<u>59,484</u>
 Market value at 31 December 2006	 <u>699,598</u>	 <u>664,566</u>
 Historic cost at 31 December 2006	 <u>565,835</u>	 <u>556,505</u>

Cost represents market value on 12 May 1983 (date of the deed establishing the Foundation), or subsequent purchase costs.

b) Investments comprise the following:

	2006		2005	
	Market Value	Cost	Market Value	Cost
	£	£	£	£
Listed investments				
Government and fixed interest stocks	257,778	261,219	228,170	227,721
Equity shares				
UK	364,784	243,542	351,534	260,484
Other	<u>77,036</u>	<u>61,074</u>	<u>84,862</u>	<u>68,300</u>
	<u>699,598</u>	<u>565,835</u>	<u>664,566</u>	<u>556,505</u>

c) Investments representing 5% or more of the total portfolio are as follows:

	£
Market value as at 31 December 2006:	
European Investment Bank	133,023
Kreditanstalt Fur Wiederaufbau	79,208
Bank Nederlandse Gemeenten – 4.625% 2008	<u>45,547</u>

7. DEBTORS

	2006	2005
	£	£
Income tax recoverable	452	581
Prepayments and accrued income	<u>5,776</u>	<u>1,953</u>
	<u>6,228</u>	<u>2,534</u>

At the year end the Foundation had been notified of its entitlement to legacies of approximately £77,000 (2005: £72,000) that are not included within these financial statements.

BRITISH VETERINARY ASSOCIATION ANIMAL WELFARE FOUNDATION
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2006

8. CREDITORS

Amounts falling due within one year	2006	2005
	£	
Other creditors	25,665	25,400
Accruals	5,969	18,483
Grants payable	302,836	292,336
	334,470	336,219

Amounts falling due after more than one year

Grants payable in 1 - 2 years	95,363	156,606
Grants payable in 2 - 5 years	-	95,363
	95,363	251,969

9. RESTRICTED FUNDS

	<i>Balance 1 January 2005</i>	Incoming resources	Resources expended	Transfer	Balance 31 December 2006
G P West Fund	1,045	-	-	-	1,045
AWF – Norman Hayward Fund	<u>127,900</u>	<u>1,361,764</u>	<u>3,959</u>	<u>(40,000)</u>	<u>1,445,087</u>
	<u>128,945</u>	<u>1,361,764</u>	<u>3,959</u>	<u>(40,000)</u>	<u>1,446,132</u>

G P West Fund

The GP West fund was established from a legacy received by the British Veterinary Association with the express purpose of providing funding for feline research. This fund is represented by net current assets.

Animal Welfare Foundation – Norman Hayward Fund

The Animal Welfare Foundation – Norman Hayward Fund is a separately constituted trust fund which was established in 1995 with the express purpose of providing funding for the general purpose and objects of the Foundation, but primarily for the welfare of sheep, cattle and horses. For this reason and the reasons explained in note 1 to the accounts the trustees of the Foundation consider this a restricted fund. Although the trust was set up in 1995 the Executors of the Estate forwarded distributions to the Foundation amounting to £407,768 between 1989 and 1995 which have been expended on projects in accordance with the donor's request. During 1996 the balance of the residuary legacy was transferred over to the trust which principally consisted of freehold land at probate valuation. The majority of the land's value was realised during 2006.

Transfer between funds

Following the sale of land held as part of the Norman Hayward Fund during the year, £40,000 of previous expenditure relating to two research projects into Laminitis in horses was transferred to the fund from unrestricted funds.

BRITISH VETERINARY ASSOCIATION ANIMAL WELFARE FOUNDATION
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 DECEMBER 2006

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £	Investments £	Net current Assets £	Long-term Liabilities £	Total £
Restricted funds					
G P West Fund	-	-	1,045	-	1,045
Animal Welfare Foundation - Norman Hayward Fund	-	-	1,445,087	-	1,445,087
	-	-	<u>1,446,132</u>	-	<u>1,446,132</u>
Unrestricted funds					
General fund	-	699,598	129,964	(95,363)	<u>734,199</u>
	-	<u>699,598</u>	<u>1,576,096</u>	<u>(95,363)</u>	<u>2,180,331</u>