

**The Donkey Sanctuary  
Trustee's Report and Accounts 2010**

# THE DONKEY SANCTUARY

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## THE DONKEY SANCTUARY

### CHIEF EXECUTIVE'S REVIEW

Before saying anything about what we achieved during the period I want to say a big, big thank you to all our supporters for continuing to generously support us during these difficult economic times. Due to your generosity we were able to maintain all of our care and welfare programmes both here in the United Kingdom and in our projects around the world.

A recession, especially one as long lasting as we are experiencing this time, has a number of effects. Maintaining income levels is of course difficult but at the same time the number of donkeys and mules being relinquished to us increased as owners found they could not afford to care for their beloved animals. Cash shortages also seem to result in more donkeys coming into us that have not been receiving an appropriate level of care and attention. The weather in Europe during 2010 did not help, with feed and bedding costs soaring due to poor crops, creating a scarcity value as donkey owners vied to buy for them.

Yet despite these difficulties we achieved a lot during the year. First and foremost we were able to take in every donkey and mule brought to us in need. So that we do not run out of space, particularly in the United Kingdom and Ireland, we have leased some additional property to hopefully tide us over for the remainder of this difficult economic period. Although sadly some of our donkey foster owners had to return their donkeys we have been able to find new owners and the number of donkeys going out as part of our fostering programme is climbing again. We also began establishing a foster home scheme in mainland Europe. Working with other like-minded charities and organisations we are also starting to see improvement in animal welfare at fairs and markets.



Overseas we are focusing on two main areas. We continue to provide veterinary treatment for donkeys and mules where the people have little or no veterinary help or medicines with which to treat. Wherever possible every treatment is viewed as a training opportunity, so that we can show the community, owners and owners' children how to clean wounds, prevent wounds, make harnesses and maintain simple but effective animal husbandry. We are also concentrating on community partnership through education in animal care and welfare, so that when we wish to expand our areas of coverage we know that communities we have moved on from are able to sustain the care and welfare of the donkeys and mules from what they have been shown and taught. During

the period our overseas teams reached around 400,000 donkeys. Helping their lives and through education of the people we will spread the improvements to many more animals in the years ahead.

During the period we either worked directly in or provided some support for other charities and organisations dealing in the care and welfare of donkeys and mules in 29 countries around the world. During these times of hardship it is difficult for us to expand our operations and our influence on the care and welfare of these hardworking loyal animals. With up to 60 million donkeys and mules around the world we have a long way to go, but without your continued support we can do nothing.

SO THANK YOU THANK YOU THANK YOU

David Cook  
Chief Executive

## THE DONKEY SANCTUARY TRUSTEE'S REPORT

The Trustee Directors present their report together with the audited financial statements for the fifteen month period ended 31 December 2010 which has been prepared in accordance with the current statutory requirements, the charity's governing document and the revised Statement of Recommended Practice (SORP) 2005 Accounting and Reporting by Charities. Charity information is included on page 48.

On 13 December 2010 the Trustees of the Charity were appointed as directors of the newly incorporated corporate trustee body, The Donkey Sanctuary Trustee Limited, a company limited by guarantee, which was incorporated on 28 July 2010.

The date of the financial period end was amended from 30 September to 31 December during the period. This report therefore covers a fifteen month period from 1 October 2009 to 31 December 2010.

### Mission Statement

Protecting donkeys and mules and promoting their welfare worldwide.

### Aims and Objectives

The objects of The Donkey Sanctuary are the provision of care, protection and/or permanent security anywhere in the world for donkeys and mules which are in need of attention by reason of sickness, maltreatment, poor circumstances, ill-usage or other like causes and the prevention of cruelty and suffering among donkeys and mules.

In continuing the Charity's work towards achieving its mission and objects the Trustee Directors have identified the following key strategic objectives within the Charity (Note: unless stated otherwise any reference to donkeys also includes mules):

- to provide best care to donkeys and mules according to their need;
- to provide sanctuary from suffering;
- to advance knowledge, raise awareness, increase respect and promote humane behaviour towards the donkey and its needs;
- to be a centre of excellence for donkey health and welfare;
- to promote the practical, educational and emotional benefits of the donkey to society;
- to raise funds and use them, effectively and responsibly, to fulfil our mission;
- to be a responsible and caring organisation.

### General Summary

The Trustee Directors report that, despite the difficult economic circumstances that were experienced throughout much of the world during the period under review, The Donkey Sanctuary recorded income for the 15 month period of £26,933k (2009\*: £28,193k), on a like for like comparative basis this would equate to a drop in income over the previous 15 month period of 4% (unaudited). Whilst any downturn in income is disappointing to report, the Trustee Directors believe that the income performance is good given the length and severity of the poor economic climate within which it has been operating. The Charity was able to maintain its main operating objectives despite the downturn in income; however, some of its expansion plans and capital projects had to be put on hold until the economic position improves.

During the period under review the Charity either worked directly in, or provided some support for other charities and organisations dealing in the care and welfare of donkeys and mules in 29 countries around the world.

The Executive Team throughout the period under review and up to the date of the signing of these financial statements comprised:

David Cook	Chief Executive
Mal Squance	Director of UK & Ireland Operations & Welfare
John Akers	Director and Solicitor
Stephen Blakeway	Director of Overseas Operations (Outside Europe)
Gill Minns	Director of Human Resources
Paul Svendsen	Director of European Operations and Computer Services
Andrew Trawford	Director of Veterinary Services
Christopher Young	Director of Finance
Marianne Steele	Director of Fundraising (appointed 26 July 2010)

*[\* Please note that for the purposes of narrative analysis only within the Trustee's Report and Accounts all narrative comparisons with 2009 are made with comparatives being stated as 15 month equivalents, unless otherwise stated].*

## **THE DONKEY SANCTUARY TRUSTEE'S REPORT (continued)**

Mal Squance is retiring at the end of June 2011. The Directors of The Donkey Sanctuary Trustee Limited wish to thank Mal for all of her hard work and dedication during her employment with the Charity over the last 30 years, including being part of the Executive Team for many years, during which time the Charity grew significantly both in the United Kingdom and throughout the World. The charity is planning to undertake an organisational restructuring, reallocating the work undertaken by Mal, so as to reduce the cost of the Management Team.

The Founder, Dr Elisabeth D. Svendsen, who celebrated her 80<sup>th</sup> birthday during the period, remains actively involved in the promotion of the Charity, but since the appointment of a new Chief Executive in 2007 carries no executive responsibility.

When taking into account the poor economy and outlook, particularly with regards to the higher than expected inflation figures and unemployment, the Trustee Directors and the Executive Team were pleased to be able to report an income level for the period under review only 4% lower than that for the corresponding 15 month equivalent for 2008/9. With signs that the economy around the world is slowly recovering, the United Kingdom is not faring quite as well and inflation continues to rise. At the same time the number of donkeys and mules being relinquished into the Donkey Sanctuary throughout the past two years has been much higher than normal. This is further compounded by the cost of items such as feed, bedding and transport which are all increasing at rates significantly above inflation. By maintaining tight cost control, deferring expansion into new areas overseas, putting on hold for the time being some much needed capital projects and some dipping into our reserves we were able to maintain our high levels of care and welfare of the donkeys in all of our projects at home and abroad.

We still need to expand our work, particularly overseas, therefore we must be proactive in growing our income. Our very loyal supporters have remained very generous during these difficult times, for which we sincerely thank them, but to raise our income further we have to be more innovative. During the period the decision was made to employ a fundraising specialist who would bring new ways to raise income without jeopardising our existing fundraising methods. Any positive effect expected from this action will take a little time to come through so the Trustee and Executive Team are therefore proceeding cautiously in the coming year, maintaining our high care and welfare values for the animals whilst continuing to maintain strict expenditure controls and again using some of the funds from our reserves.

The Executive Team will continue to implement, subject to adequate funds being available, the strategic plan that took effect from October 2009. The plan provides defined direction for the future under the overriding maxim that the care and welfare of donkeys and mules remains paramount.

### **Objectives, Achievements and Plans**

The Charity's objectives, achievements and plans for the future are summarised within this Trustee Report and are also outlined within The Donkey Sanctuary 2010 Annual Review which can be found on our website [www.thedonkeysanctuary.org.uk](http://www.thedonkeysanctuary.org.uk).

### **Donkey Care in the United Kingdom and Ireland**

The Charity currently accommodates 2,884 donkeys and mules on 10 farms and holding bases throughout the United Kingdom and Ireland. To date nearly 14,500 animals have been taken into care during the 42 years since Dr Svendsen started looking after donkeys in need. We are now experiencing a so called "triple whammy", where the economy makes it more difficult to raise funds, the number of donkeys being relinquished to us has gone up, further compounded by the fact that some costs have soared. The Charity did however achieve all of its main objectives with regards to donkey care in the United Kingdom and Ireland set in 2009 by:

- commencing the establishment, as far as was practical, of smaller groupings of donkeys out of the main herds to cater for the differing needs of the more elderly donkey residents;
- extending the period of donkey care cover each day in most farms so that the Charity is better placed to provide more time between medications and feeds;
- improving training and preparation techniques so that more donkeys are becoming suitable for placement in foster homes.

## **THE DONKEY SANCTUARY TRUSTEE'S REPORT (continued)**

We also:

- improved facilities for mules, which have differing needs to those of donkeys, at our farm that specialises in the care and welfare of mules, near Exeter;
- increased the number of Quality Time Volunteers (QTV's). We now have 66 trained volunteers who spend time on our farms in the United Kingdom and Ireland enabling us to give extra personal attention to our donkeys and mules;
- implemented winter grazing areas on each farm for donkeys on drier days;
- established dedicated year round exercise areas at several of the farms.

During the coming year the Charity will be concentrating on:

- providing, for as long as required, additional isolation, land and accommodation facilities to enable us to continue to take in any donkey or mule requiring our care during these difficult economic times whilst the number of animals being relinquished to us remains very high. Because this is expected to be a temporary problem such facilities will be rented so as to avoid major acquisition and restructuring costs;
- reassessing our staffing to donkey ratios on all our UK and Irish farms to ensure that despite the major influx of donkeys over the last two years that all of our donkeys are able to benefit from the same level of care regardless of which farm they live on;
- enrolling The Donkey Sanctuary and all of our farms onto the national Environmental Stewardship Scheme.

### **Training, Education & Awareness**

During the year ended 31 December 2010 we held 175 courses on donkey care for members of our staff and the general public. Every member of the Donkey Sanctuary staff, regardless of whether or not their work brings them into contact with the donkeys each day, must attend a donkey care course. This is to ensure that all employees of The Donkey Sanctuary understand as a minimum the basic care requirements of a donkey. Existing employees whose role is to work directly with the donkeys are encouraged to take our internal diploma level courses.

During 2010 our donkey behaviour road shows visited many locations throughout the United Kingdom and Ireland with the focus during the period being directed at foster donkey owners and private owners on the subject of how to care for your donkey throughout its life entitled "From foal to forty". All were well received.

Our road shows will be touring again in 2011 providing training and concentrating on areas such as Diet, Deworming and Daily Care, entitled "D is for Donkey", details for which can be found on our web site.

### **Donkey Welfare Support**

The Charity's Welfare department is normally the first point of contact for anyone wanting to relinquish a donkey or report any concern. In the United Kingdom and Ireland there are 7 Regional Welfare Officers and 45 Volunteer Area Welfare Officers who are able to respond to any emergency 24 hours a day, 7 days a week.

The Trustee Directors remain very aware of the impact that this sustained period of economic hardship is having and during the 12 months to 31 December 2010 The Donkey Sanctuary took in 621 donkeys and mules in the United Kingdom and Ireland.

The Welfare department maintains and monitors the donkey fostering programme which has been in existence for over 35 years. There are currently circa 1,400 donkeys living in foster homes throughout the United Kingdom and Ireland.

## **THE DONKEY SANCTUARY TRUSTEE'S REPORT (continued)**

During the period under review the Welfare team achieved many of its objectives but recognise that there is still much to be done. Achievements for 2010 included:

- carrying out a thorough review of the foster scheme so that more donkeys can now benefit from life in a foster home without reducing care and welfare standards. Many of our farms now have specially trained personnel to prepare donkeys for a new way of life in a foster home;
- working very closely with the RSPCA, other organisations and local authority departments, we have been campaigning for improvements in markets and fairs where donkeys are frequently offered for sale. Despite the continued improvements that have been made in animal welfare at fairs and markets over the last few years there is still much to be done;
- introducing a certification scheme for Beach Donkey Operators, when they achieve a high standard of donkey welfare. During the 12 months to 31 December 2010, 28 operators from around the country were awarded the certificate. Winter accommodation for the donkeys is taken into account when assessing each operator.

We also established a campaign to deal with the problem of overfeeding of donkeys by well meaning owners.

During the coming year the main objectives for Donkey Welfare Support will be to:

- find as many suitable homes and send out as many donkeys as possible on our foster scheme. Donkeys benefit from the closer association they have with foster owners than it is possible for us to give in the herd environment on our farms;
- continue to identify and improve the treatment of donkeys at fairs and markets throughout the United Kingdom and Ireland;
- extend the donkey foster preparation scheme to mules for those mules that would benefit from living with a foster owner.

### **Veterinary Services and Veterinary Projects and Development:**

The Charity's Veterinary hospital at Sidmouth has Tier 2 hospital status in accordance with the Royal College of Veterinary Surgeons accreditation scheme. The facility enables us to provide a high level of clinical excellence and coupled with our 24/7 year round veterinary advisory service enables us to operate as a premier Centre of Excellence in the health, care and welfare of donkeys and mules around the world.

In the Veterinary Projects and Development area there are a number of ongoing and new projects, all of which are for the betterment of care and welfare for the donkey. Some projects are carried out by the Charity and others are carried out at Veterinary faculties within Universities. All development projects conducted by or authorised by The Donkey Sanctuary are strictly non-invasive.

The Charity's Veterinary staff make a number of presentations at seminars, conferences and congresses during each year, many of them at the request of equine bodies such as the British Equine Veterinary Association, highlighting the growing recognition of the Charity's work on enhancing the lives of donkeys. A number of articles written by members of the Veterinary team also appeared in the Veterinary press.

During the period under review the Veterinary Department has:

- been providing greater input into supporting the Welfare operation in the United Kingdom and throughout Europe, including the provision of a Vet who specialises in the welfare aspects of care of donkeys not directly under our daily care, being in our foster scheme or privately owned;
- worked with UK-based Veterinary practices to improve their knowledge on standard of care for donkeys. Many Veterinary Practices, whilst very knowledgeable about the needs of horses and ponies, require education and training in treating the differing ailments and requirements of donkeys;
- continued to expand links with Veterinary Universities worldwide in an effort to introduce donkey and mule welfare into their curricula, especially in countries where the health of working donkeys is of paramount importance to the people of that country.

## **THE DONKEY SANCTUARY TRUSTEE'S REPORT (continued)**

We also:

- spent more time during the period in our Continental European operations in France, Italy, Romania, Spain, Greece, Cyprus and Portugal where we employ local Veterinary Practices, to discuss treatment management plans, weight management, farriery, vaccinations and dental care. The aim is, as far as is practical, to ensure the provision of the same levels of donkey health and care welfare throughout Europe;
- in collaboration with commercial companies designed two new donkey feeds to enhance the welfare of donkeys, not only within our care but also available to foster and private owners;
- began non-intrusive research programmes into insulin resistance and hyperlipaemia in donkeys.

During the coming year the Veterinary Department will, in addition to the day to day Veterinary requirements, be focussing on:

- reassessing our criteria for decision making on quality of life for donkeys both in the United Kingdom and abroad;
- non-intrusive research into sustainable parasite control.

### **Working Worldwide Continental Europe**

The Donkey Sanctuary began working on the European mainland in 2003 and now operates sanctuaries in Spain, Italy and Cyprus and provides holding bases, operating under licence, in France, Greece, Portugal and Romania. There are currently 590 donkeys under the Charity's care in mainland Europe and Cyprus.

The sanctuaries in Spain, Italy and Cyprus have been established as not-for-profit subsidiary undertakings of The Donkey Sanctuary, who is the main fund provider and whose financial information is consolidated into the attached accounts. Fundraising is sought in each of these countries to enable any growth aspirations we have for mainland Europe.

During the period under review the Charity has in Continental Europe:

- taken into our care, or provided assistance to donkeys with welfare problems that has been reported to us in those European countries in which we operate;
- continued to advance the knowledge of donkey care and welfare in Europe;
- begun establishing a foster home scheme similar to that operated in the United Kingdom.

During the coming year the main objectives in Europe will be to:

- investigate and act upon any events or activities exploiting or harming donkeys and mules;
- find a good site to re-locate our main sanctuary at Vouni in Cyprus which is not suitable for the long term;
- following the election of a new Mayor on the island of Santorini in Greece, we will be campaigning and hope to see improvement in the care and welfare of donkeys and mules used as taxi transport often carrying excessive weight on the steep terrain;
- introduce an outreach programme in Romania to provide basic Veterinary care to help those donkeys we have so far been unable to reach.

As well as the campaign in Santorini, Greece, the Charity continues to campaign against the abuse of a donkey each year on Shrove Tuesday in Villanueva de la Vera in Spain. In Italy the Charity continues to investigate the care and welfare of the donkeys in donkey milk production and breeding centres, markets and donkey race meetings.

## **THE DONKEY SANCTUARY TRUSTEE'S REPORT (continued)**

### **Overseas (outside Europe)**

Outside Europe we have to operate in a different way to how we are able to operate within Europe, because there are believed to be up to 60 million donkeys, many living under extreme hardship conditions where care and welfare is minimal. For these hardworking donkeys, the Charity's focus is to promote donkey health and welfare services to benefit as many donkeys as possible. This is done by a combined action programme providing direct treatment and educating Vets, Vet students and most importantly the community leaders, owners and children in each community.

Our work overseas is therefore split into two main areas:

- **Community Partnership:** Educating people to a level that will sustain the care and welfare of donkeys and mules when we move onto other areas;
- **Veterinary Care:** The treatment of donkeys and mules in areas where they have little or no veterinary help or medicines. Wherever possible every treatment is treated as a training opportunity.

The overseas teams are reaching about 400,000 donkeys every year and there is an increasing emphasis on community education to move towards more preventative rather than curative methods.

The Donkey Sanctuary is working closely with other organisations to extend our impact. For example it joined other like-minded animal welfare organisations to form a partnership called the World Disaster Alliance for Animals (WDAA) to be able to step in to provide help to animals in the aftermath of a disaster, whether it is flood, famine, earthquake or civil unrest. Our involvement would be limited to where there is a need to provide care and welfare for donkeys and mules within financial resources available.

The main objectives achieved by the Charity's overseas operation during the last 15 months were to:

- review levels of funding between project countries based on assessment of welfare needs in each project country that would record the greater improvement in donkey care and welfare coverage;
- target programmes of work, whether it be veterinary, harnessing or education, towards communities whose donkeys have been identified as having poor welfare standards;
- increase the empowerment of local 'in-country' teams to manage their own programmes, giving the centrally based Overseas Department more time to look at expanding coverage in more areas around the world, once the economic position improves;
- enhance the knowledge of the Charity's work around the world by better communication through the use of an experienced Communications Officer and thereby further spreading the care and welfare message and look to attract funding for new projects;
- network more actively with other animal welfare organisations to share knowledge of the donkey around the world so that funds can be used more effectively and, in doing so, create a better network of protection for donkeys.

We also provided representatives to speak on the care and welfare needs of working donkeys and mules at conferences and seminars in the United Kingdom, Europe and some International venues including the 6th International Colloquium on Working Equids in New Delhi, where we made four oral and sixteen poster presentations. All of these events help to spread the word about providing appropriate care and welfare to these hardest of working animals.

The Donkey Sanctuary operated major projects in Egypt, Ethiopia, India, Kenya and Mexico and during 2010 provided funding or assistance for work being carried out in Australia, Bangladesh, Cameroon, China, Gambia, Jamaica, Morocco, Nepal, Peru, South Africa, Tanzania, Turks & Caicos, Uganda, Zambia and Zanzibar.

## **THE DONKEY SANCTUARY TRUSTEE'S REPORT (continued)**

The main objectives for the Overseas department during the coming year are to:

- enable overseas staff to better implement the strategy through development of individual staff development plans and competency frameworks for core aspects of our donkey health and welfare work;
- enter into discussions and partnerships with other complementary organisations, including other UK-based equine welfare charities, to see if we can increase the number of projects where we work together thereby enabling us all to be able to expand our areas of operation and reach more donkeys within budgetary restraints;
- assist the Fundraising Department to raise more money for the overseas work;
- work with the Human Resources Department to put in place job grading, salary structures and other HR procedures for all project countries;
- complete the introduction of the strategy referred to above, into all regions of each Overseas country project.

It should be noted that The Donkey Sanctuary already has good partnership relationships with animal welfare organisations on projects:

- Mexico: World Horse Welfare; discussions also ongoing with The Brooke for another part of the project
- Ethiopia: SPANA
- Kenya: KSPCA
- Morocco: SPANA (a small project for the Donkey Sanctuary facilitated by SPANA)

### **Fundraising**

In order to assist us in achieving our strategic growth aspirations when the economic climate recovers, in July 2010 we employed a fundraising specialist to our Executive Team. Her role is to find ways of attracting additional funding necessary to achieve growth so that we can improve the lives of more donkeys around the world, without having to rely on more coming from our already generous band of supporters.

Some fundraising activities that were introduced during 2010:

- supporters can now donate by direct debit if they wish;
- increased use of web based appeals;
- following interest being expressed by a number of our supporters we implemented a major donor programme.

Some of the activities being introduced or expanded in 2011 include:

- developing a consistent and charismatic visual identity for The Donkey Sanctuary both in the United Kingdom and at our projects and websites around the world;
- developing fundraising and supporter engagement opportunities at the main Sanctuary in Sidmouth, including a seasonal programme of events for all the family;
- developing fundraising opportunities from charitable trusts, foundations and the corporate market;
- replacing our Supporter Database software which has been in use for fourteen years, as it is now outdated with no new applications being added by the provider.

As the Charity does not charge an entrance fee and has numerous entrances to the main sanctuary in Sidmouth, Devon, there is no accurate record of numbers of visitors, suffice to say that the 15 month period to 31 December 2010 remained busy and it is believed that we maintained our prior period visitor numbers of in excess of 200,000 visitors per annum.

Income from sales of merchandise, the Grand Raffle and the catering facility continue to assist towards the Charity's turnover for the year. Following the success of the Grand Raffle two years ago we will be providing a second raffle in 2011.

For the period under review, the Charity still spent less than 10 pence in the pound on fundraising and governance costs.

## **THE DONKEY SANCTUARY TRUSTEE'S REPORT (continued)**

### **Grant Making**

The Charity continues to provide grant funding to overseas organisations whose objectives mirror those of the charity. Long standing relationships exist with four overseas organisations, two of which (The Donkey Sanctuary India and The Society for Protection and Welfare of Donkeys and Mules in Egypt) were established by the charity for the furtherance of its objects in India and Egypt and two (The Faculty of Veterinary Medicine at the University of Ethiopia and The Kenyan Society for the Prevention of Cruelty to Animals) being organisations with whom the charity has operated donkey health and welfare projects for many years and for all four of these projects well established processes exist to monitor progress including periodic detailed financial reporting to the Executive board.

The charity receives numerous applications for grant funding throughout each year from individuals and organisations and each application is given careful consideration by the Executive board in the context of the charity's overall strategic objectives and also in terms of financial resources available. All grant funding agreements are subject to approval by the Executive board and contain provision for regular reporting of progress against objectives set as well as providing suitable financial reporting.

### **Human Resources**

The Donkey Sanctuary employs either directly or indirectly (due to differing in-country legal structures) nearly 600 staff worldwide. In the United Kingdom, where more than half this number are employed, there is a Staff Forum, an Equal Opportunities Group, an annual staff opinion survey with follow up sessions with groups of staff, biannual general staff meetings (for those that are in the vicinity of Sidmouth, with DVD coverage for others), and a weekly newsletter, all designed to keep the Charity's employees informed and to encourage them to promote their ideas. A similar format Staff Forum has also been formed for our employees based in Ireland. The Charity's staff turnover is extremely low. Excluding those employees that retired or went on maternity leave only 4 employees (1.2%) left during the last 12 months, from amongst the circa 350 staff around the United Kingdom. Most of the replacement contracts to cover maternity leave were found from within our own workforce.

Following the employment of a new Director of Human Resources in 2008, there has been a continual effort to refine common methods of employment, reward, support and training, in our operations around the world as far as is practical under differing country legal requirements.

During the coming year the main objective of the HR department is to continue the pursuit of human resource uniformity, as far as is practical.

A specifically focussed training programme directed at employees who work with the donkeys and mules was recognised in 2010 when we won a National Training Award (South West Region) in the large Employers category. It was considered "truly innovative" by the panel of external judges.

### **Accounting and Finance**

Throughout these difficult economic times the Finance function maintains close scrutiny of national and international economic indicators and financial markets to ensure the Charity is able to react to any potential or real impact on income and cash flow. The Finance department monitors all forms of the Charity's income and oversees the Charity's strict controlling of cost whilst not reducing expenditure on the care and welfare of donkeys and mules with emphasis on value for money.

During the period under review the main focus was on:

- continuing to develop uniformity in financial reporting as far as local legal accounting rules allowed in all our non United Kingdom projects;
- commencing the review of accounting software, taking into account any longer term expansion requirements.

During 2011, the main focus will be on completing the accounting software review, recommending a preferred supplier and commencing implementation.

## **THE DONKEY SANCTUARY TRUSTEE'S REPORT (continued)**

### **Financial review**

The financial performance of the charity and its subsidiary undertakings during the period accorded with the Trustee Directors' expectations and the position at the end of the period is regarded as satisfactory.

#### *Income Generation*

Total income for the Charity and its subsidiaries for the 15 month period to 31 December 2010 was £26,933k (2009\*: £28,193k), which represented a 4% reduction in income. During the period, the group's income continued to be affected by the impact of the downturn in the economy in the UK with donation income falling by 9% to £5,814k (2009\*: £6,388k). Legacy income fell 4% during the period to £18,479k (2009\*: £19,252k), however it is recognised that 2009 included a significant single legacy receipt of £1 million.

Income generated from trading subsidiary operations increased 13% to £1,627k (2009\*: £1,444k) during the period reflecting two low revenue generating quarters for The Donkey Sanctuary (Hayloft) Limited and two high revenue generating quarters for Donkey World Limited.

In terms of investment income, the record low level of the Bank of England base rate continued to challenge the generation of reasonable returns on the group's cash based deposits with a slight reduction in income for the period to £655k (2009\*: £850k). (Note: Investment income includes interest received on monies placed on deposit with various financial institutions, together with dividend income from listed investments (see note 4 for detail of investment income).

#### *Charitable Expenditure*

Expenditure incurred on charitable activities during the 15 month period was similar to the prior period with a 1.5% reduction in costs to £23,673k (2009\*: £24,038k). One of the main areas of increased cost related to the UK and Ireland where our isolation facilities and welfare departments faced a very challenging period resulting from the significant increases in donkeys being relinquished to the charity. In 2010 veterinary services and research saw an increase in cost relating to full provision for those new committed research projects covering 2011 and beyond. In terms of overseas expenditure we experienced similar levels of cost in the international projects in 2010 whilst in Europe savings were achieved due to favourable movements in the exchange rate between Sterling and the Euro as well as more cost effective purchasing decisions relating to sourcing supplies for our European subsidiaries.

#### *Reserves*

The Trustee Directors operate a reserves policy which they consider appropriate to ensure, barring unforeseen circumstances, the continued ability of the Charity to meet its objectives. The Trustee Directors have become increasingly aware of the potential volatility of income levels and the significant proportion of the charity's total income from legacies. In addition, due to the fact that the charity makes considerable investment in projects outside of the United Kingdom, the Trustee Directors and Executive Team are mindful of the expenditure the charity incurs in local currencies funded by monies received in pounds sterling. The Charity aims to maintain, as far as it is possible, a minimum of free reserves equivalent to at least one year's expenditure coverage.

As at 31 December 2010, the total value of unrestricted accumulated funds was £51,064k of which £18,826k related to unrestricted income funds that could only be realised by disposing of tangible fixed assets held for charity use. A further £1,476k of funds are allocated for committed capital projects, £17k to intangible assets and £165k is provided for in respect of the pension scheme section 75 debt. The resulting general fund of £30,580k includes £9,166k in respect of legacies of which we have been advised but for which no income has yet been received. £30,580k or £21,414k (after deduction of residual legacy income yet to be received) represents 17 and 12 months coverage respectively of the 2011 budgeted expenditure levels. The reserve reflects additional funding requirements of the Charity's expansion plans over the coming five year period and forms part of its strategic plan.

### **Governance**

The First Trustees were appointed by a trust deed dated 10 September 1974. The power of appointing a new Trustee is invested in the surviving or continuing Trustees, for the time being. A certificate of incorporation of the Trustees as a body corporate was granted by the Charity Commission on 23 September 2002.

*[\* Please note that for the purposes of narrative analysis only within the Trustee's Report and Accounts all narrative comparisons with 2009 are made with comparatives being stated as 15 month equivalents, unless otherwise stated].*

## THE DONKEY SANCTUARY TRUSTEE'S REPORT (continued)

During the period, the Trustees of the Charity established a sole corporate trustee. The new corporate trustee body, The Donkey Sanctuary Trustee Limited, a company limited by guarantee, was incorporated on 28 July 2010 and on 13 December 2010 the former Trustees of the charity were duly appointed as Directors of the company. On 21 December 2010, a Charity Commission scheme confirmed the amendment to the structure of The Donkey Sanctuary (i.e. dissolving the part VII incorporated trustee body of The Donkey Sanctuary and formally appointing The Donkey Sanctuary Trustee Limited) the provisions of the scheme coming into effect from 1 January 2011.

The Donkey Sanctuary now operates under the governance of a sole corporate trustee represented by a board of seven Directors, the former Trustees of The Donkey Sanctuary. The Trustee Directors all have an interest in the care and welfare of animals but also bring a mix of skills and knowledge necessary for a charity of this size. The backgrounds of the Trustee Directors are as follows: two are involved in animal welfare, especially donkey welfare; two from veterinary; two from commerce; and one from financial.

Trustee Directors are appointed for a term of five years and can seek re-election. When a Trustee Director vacancy occurs, either as a result of the departure of an existing member or it is felt necessary to strengthen or enlarge the Board, new members are sought that will provide the sphere of experience necessary to replace that of the departing member or where the strengthening of the Board is required. To date, new Trustee Directors have been found through personal knowledge or reputation, however, should there be a need, the Trustee Directors will seek suitably qualified personnel by advertising or using specialist recruitment providers.

New Trustee Directors usually have some knowledge of the Charity's organisation and systems; where necessary they are provided with a series of reviews with the appropriate Executive Team members to gain knowledge of the operational and administrative aspects of the Charity. Details of Trustee Director responsibilities are made available to new Trustee Directors from Charity Commission publications. Refresher course updates are made available to Trustee Directors in order to ensure that they remain aware of charity and governance developments.

Historically, the Trustees met a minimum of three times a year together with the Executive Team members at which strategic matters are discussed and considered. It has been agreed that with effect from 2012 this will increase to four times a year.

During 2010, a Sub Committee structure was introduced to enable Trustee Directors and Executive Team members to provide a greater depth of direction and governance on specific parts of the Charity. The three Sub Committees focus on:

1. *The Donkey* - being the care, health and welfare of donkeys and mules around the world. This committee covers donkey welfare matters affecting the operation of the Charity in the United Kingdom, rest of Europe and Internationally;
2. *Fundraising* - being the raising of income to enable the Charity to be able to follow its strategic plan of the provision of care and welfare for donkeys and mules around the world; and
3. *Finance & Organisation* (incorporating Audit, Risk, Governance and Human Resources) - to ensure best practice is followed in financial, employment, auditing, risk management and governance matters.

Each Director of the corporate Trustee will sit on one of the Sub Committees, although all can attend all meetings if they so wish. The Executive Team members attend the meeting that is most appropriate to their role or specialism. The Chief Executive attends all Sub Committee meetings.

Each Sub Committee meeting will normally be held within a few weeks leading up to a Directors meeting. Each Directors meeting is planned to last a full day with at least one meeting each year, wherever possible, being held at one of the sanctuary projects away from the headquarters in Sidmouth, Devon. This is so that the Directors gain a better understanding of the differing types of work undertaken by the Charity.

To enable the Executive Team to operate effectively the Trustee Directors have put in place a schedule of devolved/delegated responsibility which clearly sets out what the Executive Team are authorised to act upon without recourse back to the Trustee Directors. Any approval required for an item of expenditure, contractual term or commitment that is outside the scope of this schedule must be put before the Board of Directors for their approval.

## **THE DONKEY SANCTUARY TRUSTEE'S REPORT (continued)**

During the period, the Trustees resolved to change the Group's auditor from Thomas Westcott (26-28 Southernhay East, Exeter, EX1 1NS) to KPMG (Plym House, 3 Longbridge Road, Plymouth, PL6 8LT). The decision to change auditors was made after carrying out a thorough audit tender process involving a number of professional accountancy firms.

The Trustee Directors would like to record their thanks to Thomas Westcott for their professional advice, auditing and accounting services over many years.

The Trustee Directors are the former Charity Trustees who served during the period and are as follows:

Mr R. Crawford  
Professor J L Duncan  
Professor S Reid  
Mr J Sewell-Rutter  
Mr W Tetlow  
Mrs C Thompson  
Mrs M R De Wesselow

A Charity Commission scheme confirmed the amendment to the structure of The Donkey Sanctuary (i.e. dissolving the part VII incorporated trustee body of The Donkey Sanctuary and formally appointing The Donkey Sanctuary Trustee Limited) the provisions of the scheme coming into effect from 1 January 2011.

The current Trustee, at the date of this report, is The Donkey Sanctuary Trustee Limited.

The Trustee Directors have given regard to the legislative and regulatory requirements for disclosing how the charitable objectives have provided benefit to the public. This Annual Report outlines how our achievements during the fifteen month period ending 31 December 2010 have benefitted the public, either directly or indirectly. This is also reflected in the objects of the charity where it states:

*"For the benefit of the public to relieve the suffering of donkeys, mules and other such animals in need of care and attention anywhere in the world and provide and maintain rescue homes or other facilities for the reception, care and treatment of such animals."*

### **Risk and Internal Control**

The Trustee Directors are fully aware of their responsibilities for ensuring that the charity has an appropriate system of managerial, administrative and financial controls. A key component of these controls is the risk assessment programme which was introduced in prior years and which is regularly reviewed and updated. The charity's external auditors carry out an interim and final audit each year which includes a review of the main accounting systems and controls. The risk register is reviewed by the Trustee Directors with the Executive Team in attendance at each Directors meeting.

The charity also employs an Internal Auditor whose role is to assess the risks faced by the charity including whether the internal systems and controls are being adhered to throughout the organisation as it continues to expand throughout the world. The Internal Auditor has a direct reporting line to the Directors of The Donkey Sanctuary Trustee Limited but for day-to-day administration and direction, reports to the Director of Finance.

### **Investments**

With effect from 1 January 2006, the Charity entered into a discretionary fund management agreement with Newton Investment Management Limited "Newton" with whom £10 million was deposited. The deposit was made with the stated investment objective to preserve and grow the invested sum through a balanced investment portfolio of income and capital growth whilst adopting a medium risk approach. The Trustee Directors do not have any policy precluding investment on the basis of any social, environmental or ethical concerns. However, if the Trustee Directors were to become aware of any investment being placed with (or potentially being placed with) an organisation or company whose objectives were directly opposed to the objects of the charity the Trustee Directors would wish funds not to be placed in or if placed, removed from such an organisation.

## THE DONKEY SANCTUARY TRUSTEE'S REPORT (continued)

The Charity has highlighted to its fund manager that investment decisions must be made with an awareness of the Charity's sensitivity to animal testing and animal related issues which may cause pain, suffering, distress or lasting harm. Periodic meetings are held between Newton and selected Executives of the charity and on at least one occasion during each financial year Newton meets with the Trustee Directors and Executives of the charity.

As at 31 December 2010 the value of listed company shares quoted on stock markets around the world had recovered many of the losses sustained following the financial crisis that began in 2008. At 31 December 2010, of the total invested of £12,856k, the value of funds invested in listed securities was £12,330k. In order to assess the performance of Newton it is the Charity's policy to review their performance against their peers recognising that movements in the world investment market will have an impact upon most if not all investment funds. Any effect of revaluation of the investment fund is recorded as an unrealised loss or gain in our Consolidated Statement of Financial Activities. It should be noted that any such revaluation movement remains unrealised for as long as individual investments within the portfolio are not sold.

Any balance of surplus funds held by the charity and not managed by Newton continues to be invested in interest bearing deposits and Treasury accounts with selected banks and building societies.

Although it is recognised that interest rates in banks and building societies remain very low, it is part of the risk management of the Charity's funds to ensure that any monies available for investment are spread to reduce the possibility of deposit loss, the Trustee Directors have therefore resisted placing additional sums in investment funds. In January 2008, in order to obtain more competitive interest rates and also to be able to move funds as required to achieve better rates of interest without the continual need to go through money laundering procedures, the Charity employed the services of Barclays Wealth Ltd, a division of Barclays Bank plc, who specialise in interest rate management, to advise the Charity in respect of a proportion of its fund deposits. At the date of these accounts the Trustee Directors have authorised that a sum up to £6 million can be held in deposits managed by Barclays Wealth Ltd and a sum of £5,349k is currently so managed. The investment managed by Barclay's Wealth has been reclassified from cash at bank and in hand into fixed asset investments of £1,965k and short term deposits of £3,384k.

Investments of £610k and £750k, in CAF Bank Ltd and The Charities Official Investment Fund respectively, were reclassified during the period from fixed asset investments to short term deposits.

The banking and investment markets have been particularly volatile over the last two years and the Trustee Directors and Executive Team continually monitor the economic and financial climate to, as far as they are able, minimise any impact during these troubled economic times.

### Connected Charities

	Charity Number	Charity objects
The Elisabeth Svendsen Trust for Children and Donkeys (EST)	801070	To bring together children with special needs and donkeys.
The International Donkey Protection Trust (IDPT)	271410	To help donkeys and mules anywhere in the world and to ease their suffering by veterinary care and the education of their owners.

Since 1 October 2000, when the objects of The Donkey Sanctuary were amended by the Charity Commission, The Donkey Sanctuary has taken the responsibility for all overseas work previously carried out by the International Donkey Protection Trust (IDPT) and the Trustees of IDPT resolved to pass all funds received by IDPT to The Donkey Sanctuary. However, IDPT still exists as a "shell" charity with the full knowledge and agreement of the Charity Commission.

On 21 December 2010, the Charity Commission granted a scheme under which The International Donkey Protection Trust would be incorporated within the Charity. Under this uniting direction, IDPT shall be treated as forming part of The Donkey Sanctuary for the purposes of Part II (registration) and Part VI (accounting) of the Charities Act 1993.

## THE DONKEY SANCTUARY TRUSTEE'S REPORT (continued)

A number of The Donkey Sanctuary donkeys are housed at each of the five EST centres, located in Sidmouth, Birmingham, Manchester, Leeds and Ivybridge. The Donkey Sanctuary undertook to pay various expenses for and on behalf of EST during the period, and The Donkey Sanctuary has also made donations to EST relating to the care and welfare of its donkeys housed at each centre as outlined below:

	Expenses and reimbursements	Donkey Welfare donation
The Elisabeth Svendsen Trust for Children and Donkeys	£48k	£39k

A sixth EST centre located near Belfast, Northern Ireland will commence operations in the spring of 2011. EST incurred expenses, in connection with the construction of the new EST centre, on behalf of DS amounting to £30k which were recharged during the period. At the end of the period, including EST's 1/3<sup>rd</sup> share of Donkey World Limited's profit distribution, The Donkey Sanctuary group owed EST £243k (September 2009: £84k).

### Subsidiary Undertakings

The Donkey Sanctuary has five subsidiary undertakings as follows:

Donkey World Limited records income from the sale of merchandise at our main Visitors Centre, by mail order, online purchasing, at our other centres and at a number of events. It conducts its trading activities in support of the charitable objects of The Donkey Sanctuary and The Elisabeth Svendsen Trust for Children and Donkeys (EST). Agency agreements exist between the two charities and the company and expenses incurred in both charities in the normal operation of this trading company are reimbursed by Donkey World Limited at cost. Donkey World Limited is included within the consolidated accounts of The Donkey Sanctuary in accordance with FRS2. The Trustee considers the results of Donkey World Limited to be satisfactory and confirms that a Gift Aid donation of £462k (2009\*: £394k) will be made for the fifteen month financial period ending 31 December 2010, 2/3<sup>rd</sup> distributed to The Donkey Sanctuary and 1/3<sup>rd</sup> to The Elisabeth Svendsen Trust for Children and Donkeys. More details in respect of Donkey World Limited's performance can be found in note 25 of the accounts.

The Hayloft (Donkey Sanctuary) Limited was incorporated in February 2009 to operate the restaurant catering facility located within the grounds of the main sanctuary at Sidmouth in Devon. The restaurant commenced operating under the management of the company on 1 April 2009. Prior to this date the facility was outsourced to an external catering business. Since 1 April 2009 the new company has paid rent on the same basis as the external provider, in accordance with a tenant's agreement and the full income and expenditure is included within the consolidated accounts of The Donkey Sanctuary in accordance with FRS2. The Trustee confirms that no Gift Aid donation will be made to the Charity in respect of the fifteen month financial period to 31 December 2010 due to a small operating loss, mainly due to the inclusion of two Autumn/Winter loss making quarters in the current period. More details in respect of The Hayloft (Donkey Sanctuary) Limited's performance can be found in note 25 of the accounts.

The Charity has three European subsidiaries which are included within the consolidated accounts of The Donkey Sanctuary in accordance with FRS2. The majority of funding for these subsidiaries is derived from The Donkey Sanctuary in the UK and funds are remitted to Spain, Italy and Cyprus on a periodic basis to enable the furtherance of our work in those locations. The operational costs of running each subsidiary are included in the "Working Worldwide" charitable activity in the Consolidated Statement of Financial Activities. (More details in respect of the European subsidiaries can be found in note 25 of the accounts).

### Approval

This report was approved by the Trustee on 7 April 2011 and signed on its behalf by:



Director:  
The Donkey Sanctuary Trustee Limited



Director:  
The Donkey Sanctuary Trustee Limited

*[\* Please note that for the purposes of narrative analysis only within the Trustee's Report and Accounts all narrative comparisons with 2009 are made with comparatives being stated as 15 month equivalents, unless otherwise stated].*

## THE DONKEY SANCTUARY

### STATEMENT OF TRUSTEE'S RESPONSIBILITIES IN RESPECT OF THE TRUSTEE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

Under the trust deed and rules of the charity and charity law, the trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the trustee to prepare financial statements for each financial year.

The group and charity's financial statements are required by law to give a true and fair view of the state of affairs of the group and the charity and of the group's excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the trustee:

- selects suitable accounting policies and then apply them consistently;
- makes judgements and estimates that are reasonable and prudent;
- states whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- states whether the financial statements comply with the trust deed and rules, subject to any material departures disclosed and explained in the financial statements; and
- prepares the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charity will continue in business.

The trustee is required to act in accordance with the trust deed and the rules of the charity, within the framework of trust law. It is responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustee to ensure that, where any statements of accounts are prepared by it under section 42(1) of the Charities Act 1993, those statements of accounts comply with the requirements of regulations under that provision. It has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The trustee is responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## KPMG LLP

Plym House  
3 Longbridge Road  
Plymouth  
PL6 8LT  
United Kingdom

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE DONKEY SANCTUARY**

We have audited the group and charity financial statements (the 'financial statements') of The Donkey Sanctuary for the 15 month period ended 31 December 2010 set out on pages 17 to 47. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charity's trustee 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 trustee 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 its trustee as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustee and auditor**

As explained more fully in the Statement of Trustee's Responsibilities set out on page 14 the trustee is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor 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, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statement**

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

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charity's affairs as at 31 December 2010 and of the group's incoming resources and application of resources for the 15 month period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Charities Act 1993.

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

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- the information given in the Trustee Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the 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.

iam Brokenshire

**Ian Brokenshire for and on behalf of KPMG LLP, Statutory Auditor**

**KPMG LLP**

**Audit**

Plym House  
3 Longbridge Road  
Plymouth  
PL6 8LT  
United Kingdom

Date:

10 August 2011

# THE DONKEY SANCTUARY

## Consolidated Statement of Financial Activities

15 Month period ended 31 December 2010

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 15 Months to 31.12.10 £'000	Total 12 Months to 30.09.09 £'000
<b>Incoming Resources</b>						
<b>Incoming Resources from Generated Funds</b>						
Voluntary income	2	23,858	435	-	24,293	20,512
Activities for generating funds	3	1,632	-	-	1,632	1,166
Investment income	4	655	-	-	655	680
		26,145	435	-	26,580	22,358
<b>Other incoming resources</b>						
Own production		-	-	-	-	145
Gain on disposals of fixed assets		36	-	-	36	33
Realised gain on disposals of fixed asset investments		284	-	-	284	-
Other income		33	-	-	33	18
<b>Total incoming resources</b>		26,498	435	-	26,933	22,554
<b>Resources expended</b>						
<b>Costs of generating funds</b>						
Cost of generating voluntary income	5	2,103	-	-	2,103	1,607
Fundraising trading: cost of goods sold and other costs	6	1,275	-	-	1,275	839
Investment management costs		92	-	-	92	58
		3,470	-	-	3,470	2,504
<b>Cost of Charitable activities</b>						
Donkey care	8	7,346	35	-	7,381	6,179
Donkey welfare support	8	1,761	24	-	1,785	1,307
Training, education and awareness	8	423	2	-	425	408
Veterinary services and research	8	3,530	12	-	3,542	2,608
Working worldwide	8	10,377	163	-	10,540	8,728
		23,437	236	-	23,673	19,230
<b>Governance Costs</b>	7	366	-	-	366	327
<b>Total resources expended</b>	8	27,273	236	-	27,509	22,061
<b>Net (outgoing)/incoming resources before other recognised gains and losses</b>						
		(775)	199	-	(576)	493
Unrealised gain on revaluation of investment assets		1,604	-	-	1,604	1,341
Actuarial gain/(loss) on defined benefit pension schemes		558	-	-	558	(568)
(Loss)/gain on foreign currency translation		(264)	-	-	(264)	339
<b>Net movement in funds</b>		1,123	199	-	1,322	1,605
Fund balances brought forward at 1 October		49,941	748	54	50,743	49,138
<b>Total funds carried forward at 31 December</b>	21	51,064	947	54	52,065	50,743

All of the activities relate to continuing operations.

The accompanying notes form an integral part of the financial statements.

# THE DONKEY SANCTUARY

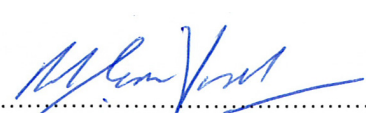
## Balance Sheets

As at 31 December 2010

	Notes	Group		Charity	
		31.12.10 £'000	30.09.09 £'000	31.12.10 £'000	30.09.09 £'000
<b>Fixed assets:</b>					
Intangible assets	12	17	-	17	-
Tangible assets	13	19,570	19,052	15,928	15,515
Investments	14	17,496	15,018	17,596	15,118
<b>Total fixed assets</b>		<b>37,083</b>	34,070	<b>33,541</b>	30,633
<b>Current assets:</b>					
Stocks	15	713	934	393	549
Debtors	16	9,643	8,566	10,126	8,858
Short term deposits		4,744	-	4,744	-
Cash at bank and in hand		2,194	10,379	1,392	9,668
<b>Total current assets</b>		<b>17,294</b>	19,879	<b>16,655</b>	19,075
<b>Current liabilities:</b>					
Creditors: Amounts falling due within one year	17	2,093	2,429	1,699	2,106
<b>Net current assets</b>		<b>15,201</b>	17,450	<b>14,956</b>	16,969
<b>Total assets less current liabilities</b>		<b>52,284</b>	51,520	<b>48,497</b>	47,602
<b>Provision for liabilities</b>	18	<b>165</b>	-	<b>165</b>	-
<b>Net assets excluding pension liability</b>		<b>52,119</b>	51,520	<b>48,332</b>	47,602
Defined benefit pension scheme liability	19	-	723	-	723
<b>Net assets including pension liability</b>		<b>52,119</b>	50,797	<b>48,332</b>	46,879
<b>The funds of the charity:</b>					
Permanent endowment funds	21	54	54	54	54
Restricted income funds	21	947	748	947	748
Unrestricted income funds:					
Designated funds	22	20,484	21,365	16,594	21,365
General fund	21	30,580	28,576	30,737	24,712
<b>Total unrestricted income funds</b>		<b>51,064</b>	49,941	<b>47,331</b>	46,077
<b>Total group / charity funds excluding minority interest</b>	21	<b>52,065</b>	50,743	<b>48,332</b>	46,879
Minority interest		54	54	-	-
<b>Total group / charity funds</b>		<b>52,119</b>	50,797	<b>48,332</b>	46,879

The accompanying notes form an integral part of the financial statements.

Signed for and on behalf of The Donkey Sanctuary Trustee Limited on 7 April 2011:

Director:   
The Donkey Sanctuary Trustee Limited

Director:   
The Donkey Sanctuary Trustee Limited

# THE DONKEY SANCTUARY

## Consolidated cash flow statement

15 Months ended 31 December 2010

	Notes	15 Months to 31.12.10 £'000	15 Months to 31.12.10 £'000	12 Months to 30.09.09 £'000	12 Months to 30.09.09 £'000
<b>Net cash (outflow)/inflow from operating activities</b>	(i)		(684)		2,927
<b>Returns on investments</b>					
Interest received		213		355	
Income from securities		465		420	
<b>Net cash inflow from returns on investments</b>			678		775
<b>Capital expenditure and financial investment</b>					
Purchase of fixed asset investments		(6,336)		(3,154)	
Purchase of intangible fixed assets		(19)		-	
Purchase of tangible fixed assets		(2,787)		(1,875)	
Receipts from sale of tangible fixed assets		111		93	
Receipts from sale of fixed asset investments		6,189		2,712	
Net transfer of fixed asset investments to short-term cash deposits		(593)		-	
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>			(3,435)		(2,224)
<b>(Decrease)/Increase in cash</b>	(ii) & (iii)		(3,441)		1,478

### Notes to the consolidated cash flow statement

#### i) Reconciliation of net incoming resources to net cash inflow/(outflow) from operating activities

Net (outgoing)/incoming resources before other recognised gains and losses		(576)		493
Depreciation charges		1,212		986
Amortisation charges		2		-
Loss on disposal of tangible fixed assets		47		31
Loss on disposal of fixed asset investments		150		774
Currency translation account		(13)		(57)
Pension funding financing adjustment		-		11
Gain on disposal of tangible fixed assets		(36)		(33)
Gain on disposal of fixed asset investments		(284)		-
Investment income		(655)		(680)
Bequeathed investments		-		(325)
Decrease/(Increase) in Stock		221		(21)
(Increase)/Decrease in Debtors		(1,099)		1,667
Increase/(Decrease) in Creditors		347		81
<b>Net cash (outflow)/inflow from operating activities</b>			(684)	2,927

#### ii) Changes in cash during the period

Opening balance		10,379		8,901
Net cash (outflow)/inflow		(3,441)		1,478
<b>Closing balance</b>			6,938	10,379

#### iii) Analysis of cash as shown in the group balance sheet

	15 Months to 31.12.10 £'000	12 Months to 30.09.09 £'000	12 Months to 30.09.08 £'000	Change in period 15 Months to 31.12.10 £'000	12 Months to 30.09.09 £'000
Short-term deposits	4,744	-	-	4,744	-
Cash at bank and in hand	2,194	10,379	8,901	(8,185)	1,478
	6,938	10,379	8,901	(3,441)	1,478

The accompanying notes form an integral part of the financial statements.

# THE DONKEY SANCTUARY

## Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

### 1. Accounting policies

#### a) Basis of accounting

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments to market value and are in accordance with *Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005)* issued in March 2005, the Charities Act 1993 and applicable United Kingdom accounting standards.

The trustee has confidence that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the group continues to adopt the going concern basis in preparing the financial statements.

The accounting policies adopted by the group are described below:

#### b) Consolidation

These financial statements include the results of the charity together with the results of all the charity's branches including those overseas, unless the results of those branches are not significant to the group. Consolidated accounts have been prepared for the 15 month period ended 31 December 2010 in accordance with FRS2 '*Subsidiary Undertakings*'.

The charity has taken advantage of the exemption contained in FRS8 '*Related Party Transactions*', where disclosure is not required in consolidated financial statements of intra-group transactions and balances eliminated on consolidation.

The group has also taken advantage of s397 SORP2005 not to publish the Statement of Financial Activities and related notes for the parent charity (see note 26).

#### c) Incoming resources

Incoming resources are included in the statement of financial activities when the group is legally entitled to the income and the amount can be quantified with reasonable accuracy.

- i. Donations from supporters represent the amounts receivable by the charity from donors during the period. Gift aid on donations is accounted for on an accruals basis.
- ii. Donated assets and other gifts in kind are included in donations at the value of the gift received.
- iii. Legacy income: residuary legacy income is recognised when the charity is advised by the personal representative of an estate that payment will be made and the amount can be quantified; pecuniary legacy income is recognised on notification; and where a life tenancy exists income is deferred as disclosed in note 24. Payments on account of a legacy, whether received or advised by letter as forthcoming have been treated as incoming resources.
- iv. Investment income represents interest arising in the UK and overseas on building society and bank deposits held by the group during the period, and have been included on an accruals basis, together with income from listed investments.
- v. Event income represents other fundraising activities carried out by the charity to generate incoming resources which will be used to undertake its charitable activities and includes fundraising events such as festivals and experience days.
- vi. Trading income includes the sale of merchandise and catering income net of Value Added Tax. Goods donated for resale are included as income when they are sold and the cash received.

Accounting for own production is no longer considered best practice. In prior years it represented the income adjustment made in respect of crops grown by the group during the year and used for the keep of donkeys. The price at which the adjustments were made was at the value price at which the group would have purchased the produce from outside sources at the time of harvest.

## THE DONKEY SANCTUARY

### Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

#### Accounting policies (continued)

##### c) Resources expended

Expenditure is included on an accruals basis and incorporates provisions for known liabilities where a legal or constructive obligation existed at the balance sheet date that would commit the group to that expenditure. The purchase of goods and services has been treated as expenditure once the supplier has delivered the goods or performed the service.

##### i. Costs of generating funds

The cost of generating voluntary income includes all costs incurred by the group in encouraging others to make gifts to it that are voluntary income. Such costs will typically include the costs of producing fundraising, advertising, marketing and direct mail materials.

##### ii. Charitable expenditure

The costs of charitable activities include the direct costs incurred on the activity, the direct costs of staff employed on the activity together with any grants payable in respect of that activity. Support costs are included in the costs of activities in the furtherance of the group's objects, in order to present the full cost of those activities.

##### iii. Support costs

Support costs represent the head office costs of the Group. Support costs have been allocated between charitable activities, governance and the cost of generating funds on the basis of headcount, staff time, expenditure levels and the number of supported computer workstations. Details of the costs and basis of the allocations can be found in note 9 to the accounts.

##### iv. Governance

Governance costs relate to costs associated with the constitutional and statutory requirements of the group and include the costs of external audit, secretariat and other constitutional related costs. Further details of the items included in governance costs are included in note 7 to the accounts.

##### v. Grant funding of activities

Grants payable are accounted for when paid or charged to the statement of financial activities when a constructive obligation exists, notwithstanding that they may be paid in future accounting periods.

##### d) Value added tax

Irrecoverable VAT is included in the cost of the items reported in the financial statements.

##### e) Taxation

Under section 505 ICTA 1988 the charity is exempt from certain taxes. Full account is taken of tax credits attaching to qualifying donations and other income.

##### f) Foreign currency

Transactions in foreign currencies are recorded using monthly average rates of exchange. Monetary assets and liabilities are translated into sterling at the exchange rates ruling at the balance sheet date. All exchange differences are taken to the Statement of Financial Activities.

The results of overseas subsidiary undertakings are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on the translation of the opening net assets and results of the overseas operations are reported in the Statement of Financial Activities under Other Recognised Gains and Losses.

##### g) Pension costs

A Group Personal Pension Scheme was introduced on 1 October 1997 and contributions to this scheme are charged in the accounting period in which they fall due.

## THE DONKEY SANCTUARY

### Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

#### Accounting policies (continued)

##### h) Intangible fixed assets and amortisation

Intangible fixed assets are stated at cost less accumulated amortisation, and are recognised on the following basis:

- i. Individual intangible assets of a value below £1,000 are not generally capitalised unless they form part of a larger asset; and
- ii. Impairment reviews are undertaken when a development occurs that necessitates the replacement, disposal or otherwise of a particular asset or assets.

Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Software	10%	straight line
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##### h) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Tangible fixed assets are recognised on the following basis:

- i. Individual fixed assets of a value below £1,000 are not generally capitalised unless they form part of a larger project;
- ii. The group does not have any assets to capitalise of historic, scientific (including environmental) or artistic importance;
- iii. Impairment reviews are undertaken when a development occurs that necessitates the replacement, disposal or otherwise of a particular asset or assets; and
- iv. Assets under construction are held within freehold land and buildings; no depreciation charge is made until the period in which the asset is completed.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Freehold buildings	2%	straight line
Equipment, fixtures and fittings	20%	reducing balance
Vehicles – cars	33 $\frac{1}{3}$ %	reducing balance
Vehicles – tractors and other vehicles	20%	reducing balance

##### i) Investments

Stocks and shares are included in the accounts at market value. Unrealised gains and losses arising on the revaluation of investments are shown in the consolidated Statement of Financial Activities as unrealised gains and losses on revaluation of investment assets. Realised gains on the disposal of fixed asset investments are disclosed separately in the consolidated Statement of Financial Activities. Investments in subsidiary undertakings are stated at cost in the charity's balance sheet and eliminated on consolidation in accordance with FRS2.

##### j) Stocks

Trading stock (including charity stock)	Valued at the lower of cost and net realisable value less provision for obsolete and slow moving stock
Stock of feed, straw and bedding	Major bought in items are individually identified and valued at the cost of purchase. Other bought in items are valued at the lower of cost and net realisable value.
Veterinary supplies and equipment, stores and other stock	Valued at the lower of cost and net realisable value.

# THE DONKEY SANCTUARY

## Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

### Accounting policies (continued)

#### k) Fund Accounting

- (i) Unrestricted funds are expendable at the discretion of the trustee in furtherance of the charity's objects. If part of an unrestricted fund is earmarked for a particular project it may be designated as a separate fund, but the designation has an administrative purpose only, and does not legally restrict the trustee's discretion to apply the fund. Income generated from assets held in unrestricted funds has been treated as unrestricted.
- (ii) Restricted funds are funds subject to specific trusts, which may be declared by the donor(s) or with their authority (e.g. in a public appeal) or created through legal process, but still within the wider objects of the charity. Restricted funds may be restricted income funds, which are expendable at the discretion of the trustee in furtherance of some particular aspect(s) of the objects of the charity. Or they may be capital (i.e. endowment) funds, where the assets are required to be invested, or retained for actual use, rather than expended. Income arising from endowments and restricted income funds has been treated as restricted in its own right unless the terms of the trust allow otherwise.
- (iii) Transfers between funds - these may arise when there is a release of restricted funds to unrestricted funds or charges are made from the unrestricted to other funds.

#### 2. Voluntary Income

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 15 Months to 31.12.10 £'000	Total 12 Months to 30.09.09 £'000
Donations	5,118	176	-	5,294	4,322
Donated assets	35	-	-	35	-
Donations (The International Donkey Protection Trust)	485	-	-	485	788
Legacies	18,220	259	-	18,479	15,402
	23,858	435	-	24,293	20,512

During the period we re-classified certain income from Other Income to Donations. An adjustment of £148k from Other Income to Donations has been made in the prior year to allow like-for-like comparison. There is no impact on the overall result for either period.

#### 3. Activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 15 Months to 31.12.10 £'000	Total 12 Months to 30.09.09 £'000
Rental income	2	-	-	2	8
Sale of donated assets	3	-	-	3	3
Trading turnover	1,627	-	-	1,627	1,155
	1,632	-	-	1,632	1,166

## THE DONKEY SANCTUARY

### Notes to the Consolidated Financial Statements 15 Month Period Ended 31 December 2010

#### 4. Investment income

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	<b>Total 15 Months to 31.12.10 £'000</b>	Total 12 Months to 30.09.09 £'000
Charities official investment fund (C.O.I.F.)	7	-	-	7	23
Listed and unlisted investments	466	-	-	466	420
C.A.F. Gold fund	2	-	-	2	7
NatWest charity investment bond	8	-	-	8	11
Building society and bank interest	172	-	-	172	219
	655	-	-	655	680

#### 5. Costs of generating voluntary income

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	<b>Total 15 Months to 31.12.10 £'000</b>	Total 12 Months to 30.09.09 £'000
Fundraising	2,081	-	-	2,081	1,545
Legacies receivable	22	-	-	22	62
	2,103	-	-	2,103	1,607

During the period we re-classified certain expenses from Fundraising to Cost of Sales. An adjustment of £83k from Fundraising to Cost of sales has been made in the prior year to allow like-for-like comparison. There is no impact on the overall result for either period.

#### 6. Fundraising trading: Cost of goods sold and other costs

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	<b>Total 15 Months to 31.12.10 £'000</b>	Total 12 Months to 30.09.09 £'000
Cost of sales	200	-	-	200	92
Trading costs of subsidiary undertakings	1,075	-	-	1,075	747
	1,275	-	-	1,275	839

Included within the trading costs of subsidiary undertakings is £916k for Donkey World Limited and £159k for The Hayloft (Donkey Sanctuary) Limited (see note 25 for details of the trading activities of these subsidiaries).

# THE DONKEY SANCTUARY

## Notes to the Consolidated Financial Statements 15 Month Period Ended 31 December 2010

### 7. Governance Costs

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	<b>Total 15 Months to 31.12.10 £'000</b>	Total 12 Months to 30.09.09 £'000
<b>Audit and other financial services</b>					
Audit fees - external audit	28	-	-	<b>28</b>	29
Audit fees - overseas audit	16	-	-	<b>16</b>	6
<b>Other financial services provided by the auditors</b>					
Consultancy & financial advice	-	-	-	-	-
Trustees Expenses	19	-	-	<b>19</b>	12
Apportionment of costs supporting Governance activities	303	-	-	<b>303</b>	280
	<b>366</b>	-	-	<b>366</b>	<b>327</b>

The aggregate amount of reimbursed Trustee Director expenses was £5k (2009\*: £6k) in respect of travel accommodation and subsistence for six (2009 - six) Trustee Directors during the period, and direct meeting costs of £7k (2009\*: £9k).

*[\* Please note that for the purposes of narrative analysis only within the Trustee's Report and Accounts all narrative comparisons with 2009 are made with comparatives being stated as 15 month equivalents, unless otherwise stated].*

# THE DONKEY SANCTUARY

## Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

### 8. Total resources expended

	Staff costs £'000 (Note 11)	Other direct costs £'000	Grant funding of activities £'000 (Note 10)	Support costs £'000 (Note 9)	Total 15 Months to 31.12.10 £'000	Total 12 Months to 30.09.09 £'000
<b>Cost of generating funds</b>						
<b>Cost of generating voluntary income</b>						
Fundraising	462	1,091	-	528	<b>2,081</b>	1,545
Legacies receivable	-	-	-	22	<b>22</b>	62
<b>Fundraising trading:</b>						
<b>Costs of goods sold and other costs</b>						
Cost of sales	178	4	-	18	<b>200</b>	92
Trading costs of subsidiary undertakings	-	1,075	-	-	<b>1,075</b>	747
<b>Investment management costs</b>	-	84	-	8	<b>92</b>	58
<b>Charitable activities</b>						
Donkey care	2,764	2,511	-	2,106	<b>7,381</b>	6,179
Donkey welfare support	738	636	53	358	<b>1,785</b>	1,307
Training, education and awareness	251	75	-	99	<b>425</b>	408
Veterinary services and research	1,532	1,017	287	706	<b>3,542</b>	2,608
Working worldwide	3,796	4,017	1,167	1,560	<b>10,540</b>	8,728
<b>Governance costs</b>	-	63	-	303	<b>366</b>	327
Expenditure in Support of Activities	3,947	1,721	40	(5,708)	-	-
	<b>13,668</b>	<b>12,294</b>	<b>1,547</b>	<b>-</b>	<b>27,509</b>	<b>22,061</b>

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 15 Months to 31.12.10 £'000	Total 12 Months to 30.09.09 £'000
<b>Cost of generating funds</b>					
<b>Cost of generating voluntary income</b>					
Fundraising	2,081	-	-	<b>2,081</b>	1,545
Legacies receivable	22	-	-	<b>22</b>	62
<b>Fundraising trading:</b>					
<b>Costs of goods sold and other costs</b>					
Cost of sales	200	-	-	<b>200</b>	92
Trading costs of subsidiary undertakings	1,075	-	-	<b>1,075</b>	747
<b>Investment management costs</b>	92	-	-	<b>92</b>	58
<b>Charitable activities</b>					
Donkey care	7,346	35	-	<b>7,381</b>	6,179
Donkey welfare support	1,761	24	-	<b>1,785</b>	1,307
Training, education and awareness	423	2	-	<b>425</b>	408
Veterinary services and research	3,530	12	-	<b>3,542</b>	2,608
Working worldwide	10,377	163	-	<b>10,540</b>	8,728
<b>Governance costs</b>	366	-	-	<b>366</b>	327
	<b>27,273</b>	<b>236</b>	<b>-</b>	<b>27,509</b>	<b>22,061</b>

During the period we re-classified certain expenses from Fundraising to Cost of Sales. An adjustment of £83k from Fundraising to Cost of sales has been made in the prior year to allow like-for-like comparison. There is no impact on the overall result for either period.

# THE DONKEY SANCTUARY

Notes to the Consolidated Financial Statements  
15 Month Period Ended 31 December 2010

## 9. Support Costs allocation

	Directorate £'000	Finance, legal & admin. £'000	Information technology £'000	Human resource £'000	Direct support costs £'000	Total for 15 Months to 31.12.10 £'000
<b>Cost of Generating Voluntary Income</b>						
Fundraising	141	150	65	18	154	528
Legacies	22	-	-	-	-	22
Fundraising trading: Costs of goods sold	7	10	-	-	1	18
Investment management costs	3	5	-	-	-	8
<b>Cost of Charitable Activities</b>						
Donkey care	249	298	76	162	1,321	2,106
Donkey welfare support	67	152	51	30	58	358
Training, education and awareness	16	18	22	12	31	99
Veterinary services and research	136	161	120	69	220	706
Working worldwide	465	508	269	137	181	1,560
<b>Governance Costs</b>						
	178	125	-	-	-	303
	1,284	1,427	603	428	1,966	5,708

Basis of allocation: Estimated time & expenditure    Estimated time & expenditure    Supported workstations    Headcount    Headcount & expenditure

	Directorate £'000	Finance, Legal & Admin. £'000	Information Technology £'000	Human resource £'000	Direct Support Costs £'000	Total for 12 Months to 30.09.09 £'000
<b>Cost of Generating Voluntary Income</b>						
Fundraising	127	80	52	16	67	342
Legacies	42	-	-	-	20	62
Fundraising trading: Costs of goods sold	1	-	-	-	-	1
Investment management costs	3	3	-	-	-	6
<b>Cost of Charitable Activities</b>						
Donkey care	348	251	52	136	655	1,442
Donkey welfare support	73	110	43	26	49	301
Training, education and awareness	22	16	15	14	41	108
Veterinary services and research	154	111	92	53	105	515
Working worldwide	568	389	248	93	306	1,604
<b>Governance Costs</b>						
	156	124	-	-	-	280
	1,494	1,084	502	338	1,243	4,661

Basis of allocation: Estimated time & expenditure    Estimated time & expenditure    Supported workstations    Headcount    Headcount & expenditure

Direct Support Costs include the costs of health and safety, property maintenance services and central procurement and logistics, all of which provide support to operational, fundraising and governance functions.

# THE DONKEY SANCTUARY

## Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

### 10. Grants and donations

Institutional	Donkey welfare support £'000	Veterinary services and research £'000	Working worldwide £'000	Total for 15 Months to 31.12.10 £'000	Total for 12 Months to 30.09.09 £'000
<b>Overseas for the welfare of donkeys</b>					
Amhara Regional Bureau - Ethiopia	-	-	62	62	35
Animal Nepal	-	-	12	12	-
Arusha Society for the Protection of Animals (ASPA), Tanzania	-	-	5	5	-
Association Humanitaria San Francisco De Asis, Peru	-	-	2	2	2
AU-AWA (African Union Animal Welfare Action), Kenya	-	-	1	1	-
Bonaire Donkey Sanctuary (Dutch Antilles)	-	-	-	-	5
Brooke Hospital (Indian Colloquium)	-	-	5	5	-
China Agricultural University	-	-	6	6	8
Circle of Animal Lovers	-	-	10	10	7
Corfu	-	-	4	4	-
De Rust Donkey Awareness Project - South Africa	-	-	5	5	5
Ethiopia - NGO Addis Ababa	-	-	-	-	27
Ethiopia - SNNPR - Awassa	-	-	-	-	47
Ethiopia - Tigray Regional Bureau	-	-	43	43	32
Faculty of Veterinary Medicine at The University of Ethiopia	-	-	129	129	130
FAWCAM (Foundation for Animal Welfare, Cameroon)	-	-	5	5	-
Gambia Horse & Donkey Trust (Trypanosomiasis Research)	-	-	10	10	-
Good Samaritan Donkey Sanctuary Inc (Australia)	-	-	5	5	-
Greek Animal Welfare Fund	-	-	15	15	35
H.O.P.E Horse & Donkey Rescue Rehome Trust (W.Indies)	-	-	2	2	2
KARI-TRC, Kenya Trypanosome Project	-	-	-	-	29
Kenya S.P.C.A.	-	-	408	408	305
McGregor Donkey Sanctuary, S. Africa	-	-	4	4	5
Moroccan Outdoor Trekking Research	-	-	5	5	20
Mwamfumba Cooperative, Zambia (Education Project)	-	-	5	5	-
NSPCA - South Africa	-	-	5	5	5
Onderstepoort University - South Africa	-	-	4	4	4
Santorini Donkeys - Greece	-	-	-	-	8
Send A Cow, Ethiopia	-	-	-	-	6
Society for Protection and Welfare of Donkeys and Mules in Egypt	-	-	126	126	100
Student Research - Kenya (Kate Milner)	-	-	2	2	-
TAPO - Tanzania	-	-	9	9	5
TAWESO, Tanzania	-	-	7	7	-
The Donkey Sanctuary - India	-	-	218	218	179
The National Autonomous University of Mexico	-	-	-	-	16
University of Nairobi, Kenya (African Horse Sickness)	-	-	7	7	-
University of Nairobi, Kenya (Resource Centre)	-	-	-	-	4
Vibhas Trust (India)	-	-	37	37	47
ZSPCA - Tanzania	-	-	-	-	1
Items £1,000 or less	-	-	9	9	4
	-	-	1,167	1,167	1,073

## THE DONKEY SANCTUARY

### Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

#### 10. Grants and donations (continued)

	Donkey welfare support	Veterinary services and research	Working worldwide	Total for 15 Months to 31.12.10	Total for 12 Months to 30.09.09
<b>Institutional</b>					
<b>UK for the welfare of donkeys</b>					
AVS - Jo Schelmerdine	1	-	-	1	-
B.E.V.A. - British Equine Veterinary Association	1	-	-	1	1
Elisabeth Svendsen Trust for Children and Donkeys	39	-	-	39	30
National Equine Forum	-	-	-	-	5
National Equine Welfare Council (NEWC)	4	-	-	4	-
Veterinary research grants:				-	
The Royal Veterinary College, Hatfield	5	54	-	59	55
University of Edinburgh	-	-	-	-	9
University of Bristol	-	72	-	72	-
University of Glasgow	-	35	-	35	-
University of Liverpool	-	126	-	126	-
The Welfare Fund for Companion Animals - W.F.C.A.	3	-	-	3	3
Items £1,000 or less	-	-	-	-	1
	53	287	-	340	104
Expenditure in support of activities	-	-	40	40	32
<b>Total</b>	<b>53</b>	<b>287</b>	<b>1,207</b>	<b>1,547</b>	<b>1,209</b>

Grants payable to UK and overseas organisations are considered to be part of the costs of activities in the furtherance of the objects of the charity because much of the charity's development programme is carried out through such grants to organisations whose objectives mirror those of the charity. Grants and donations for 2010 include those made to the Association in Egypt (SPWDME), the Faculty of Veterinary Medicine at the University of Ethiopia, the Kenyan Society for the Prevention of Cruelty to Animals and to the Trust in India (The Donkey Sanctuary – India) as well as continuing to support the work of our sister charity The Elisabeth Svendsen Trust for Children and Donkeys for the care and welfare of their donkeys. Committed grants are fully provided for as at 31 December 2010. All grants made are to institutions. Expenditure in support of activities comprises salary costs.

As at 31 December 2010 full provision has been made for the following grants for 2011 and beyond:

	£'000
Veterinary research grant – The Royal Veterinary College, Hatfield	53
Veterinary research grant – Glasgow University	35
Veterinary research grant – University of Bristol	72
Veterinary research grant – University of Liverpool	126
Veterinary facilities development – University of Bristol	112

# THE DONKEY SANCTUARY

## Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

### 11. Staff costs

	<b>Group</b>	Total for 12	<b>Charity</b>	Total for 12
	<b>Total for 15</b>	Months to	<b>Total for 15</b>	Months to
	<b>Months to</b>	30.09.09	<b>Months to</b>	30.09.09
	<b>31.12.10</b>		<b>31.12.10</b>	
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Staff costs for the year were as follows:				
Salary costs	11,551	8,943	10,509	8,194
Social security costs	1,205	954	973	772
Pension contributions	912	561	895	561
	<b>13,668</b>	10,458	<b>12,377</b>	9,527

The full time equivalent average number of staff employed during the period was as follows:

	<b>Group</b>		<b>Charity</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>No.</b>	No.	<b>No.</b>	No.
Donkey care	96	96	96	96
Donkey welfare support	18	18	18	18
Training, education and awareness	7	9	7	9
Veterinary services and research	41	38	41	38
Working worldwide	122	107	80	65
Fundraising	22	23	11	12
Support activities	103	94	103	94
	<b>409</b>	385	<b>356</b>	332

The number of employees whose emoluments amounted to over £60,000 in a 12 month period was as follows:

	<b>2010</b>	2009
	<b>No.</b>	No.
£60,001 -£70,000	2	2
£70,001 -£80,000	1	4
£80,001 -£90,000	4	1
£90,001 -£100,000	2	-
£100,001 -£110,000	1	1
	<b>10</b>	8

Nine of the above employees (2009: seven) have retirement benefits accruing to them under money purchase pension schemes and the contributions in the period in respect of these were £122k (2009\*: £92k). Emoluments include salary and benefits in kind but exclude pension scheme contributions.

No remuneration was paid to any trustee or to any person connected with them during the period.

*[\* Please note that for the purposes of narrative analysis only within the Trustee's Report and Accounts all narrative comparisons with 2009 are made with comparatives being stated as 15 month equivalents, unless otherwise stated].*

## THE DONKEY SANCTUARY

Notes to the Consolidated Financial Statements  
15 Month Period Ended 31 December 2010

### 12. Intangible fixed assets: Software

	Group £'000	Charity £'000
<b>Cost</b>		
At 1 October 2009	-	-
Additions	19	19
Disposals	-	-
<b>At 31 December 2010</b>	<b>19</b>	<b>19</b>
<b>Amortisation</b>		
At 1 October 2009	-	-
Charge for the year	2	2
Adjustment for disposals	-	-
<b>At 31 December 2010</b>	<b>2</b>	<b>2</b>
<b>Net book value</b>		
<b>At 31 December 2010</b>	<b>17</b>	<b>17</b>
At 30 September 2009	-	-

## THE DONKEY SANCTUARY

Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

### 13. Tangible fixed assets - Group

	Freehold land and buildings £'000	Vehicles and tractors £'000	Equipment fixtures and fittings £'000	<b>Total fixed assets £'000</b>
<b>Cost</b>				
At 1 October 2009	19,834	3,637	3,397	26,868
Additions	1,571	181	353	2,105
Disposals	-	(331)	(252)	(583)
Foreign currency translation adjustment	(228)	(21)	(31)	(280)
<b>At 31 December 2010</b>	<b>21,177</b>	<b>3,466</b>	<b>3,467</b>	<b>28,110</b>
<b>Depreciation</b>				
At 1 October 2009	3,343	2,271	2,202	7,816
Charge for the year	424	415	373	1,212
Adjustment for disposals	-	(253)	(207)	(460)
Foreign currency translation adjustment	(9)	(9)	(10)	(28)
<b>At 31 December 2010</b>	<b>3,758</b>	<b>2,424</b>	<b>2,358</b>	<b>8,540</b>
<b>Net book value</b>				
<b>At 31 December 2010</b>	<b>17,419</b>	<b>1,042</b>	<b>1,109</b>	<b>19,570</b>
At 30 September 2009	16,491	1,366	1,195	19,052
<b>The net book value represents fixed assets used for:</b>				
<b>Direct charitable purpose</b>				
Donkey Care	12,429	395	395	13,219
Donkey Welfare Support	-	154	2	156
Training, Education and Awareness	-	31	-	31
Veterinary Services and Research	234	88	114	436
Working Worldwide	4,639	272	464	5,375
<b>Other purposes</b>				
Fundraising	-	-	21	21
Administration and support	117	102	113	332
	<b>17,419</b>	<b>1,042</b>	<b>1,109</b>	<b>19,570</b>

Freehold land amounting to £3,404k has not been depreciated (2009: £3,421k).

Assets under construction amounting to £1,652k (2009: £1,238k) are included within freehold land and buildings additions. These have not been depreciated.

## THE DONKEY SANCTUARY

Notes to the Consolidated Financial Statements  
15 Month Period Ended 31 December 2010

### 13. Tangible fixed assets (continued) – Charity

	Freehold land and buildings £'000	Vehicles and tractors £'000	Equipment fixtures and fittings £'000	<b>Total fixed assets £'000</b>
<b>Cost</b>				
At 1 October 2009	16,683	3,322	2,978	22,983
Additions	1,125	150	242	1,517
Disposals	-	(318)	(252)	(570)
<b>At 31 December 2010</b>	<b>17,808</b>	<b>3,154</b>	<b>2,968</b>	<b>23,930</b>
<b>Depreciation</b>				
At 1 October 2009	3,233	2,146	2,089	7,468
Charge for the year	377	343	265	985
Adjustment for disposals	-	(244)	(207)	(451)
<b>At 31 December 2010</b>	<b>3,610</b>	<b>2,245</b>	<b>2,147</b>	<b>8,002</b>
<b>Net book value</b>				
<b>At 31 December 2010</b>	<b>14,198</b>	<b>909</b>	<b>821</b>	<b>15,928</b>
At 30 September 2009	13,450	1,176	889	15,515

The net book value represents fixed assets used for:

#### Direct charitable purpose

Donkey Care	12,429	395	395	13,219
Donkey Welfare Support	-	154	2	156
Training, Education and Awareness	-	31	-	31
Veterinary Services and Research	234	88	114	436
Working Worldwide	1,417	140	176	1,733

#### Other purposes

Fundraising	-	-	21	21
Administration and support	117	102	113	332
	<b>14,197</b>	<b>910</b>	<b>821</b>	<b>15,928</b>

Freehold land amounting to £2,319k has not been depreciated (2009: £2,253k).

Assets under construction amounting to £459k (2009: £400k) are included within freehold land and buildings additions. These have not been depreciated.

## THE DONKEY SANCTUARY

Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

### 14. Fixed asset investments

Valuation	Group		Charity	
	31.12.10	30.09.09	31.12.10	30.09.09
	£'000	£'000	£'000	£'000
Opening balance	15,018	13,685	15,118	13,785
Additions	6,336	3,478	6,336	3,478
Disposals and withdrawals	(6,055)	(3,486)	(6,055)	(3,486)
Transfers	593	-	593	-
Unrealised gain	1,604	1,341	1,604	1,341
<b>Closing balance</b>	<b>17,496</b>	<b>15,018</b>	<b>17,596</b>	<b>15,118</b>

Fixed asset investments are detailed below:

#### Investments in subsidiary undertakings

Donkey World Limited

- 100,000 Ordinary shares of £1 each

- - 100 100

The Hayloft (Donkey Sanctuary) Limited

- 4 Ordinary shares of £1 each

- - - -

#### Indirect investment in UK listed securities

UK fixed interest bonds

1,986 1,587 1,986 1,587

Property backed fund

- 86 - 86

UK equities

6,112 5,357 6,112 5,357

#### Indirect investment in overseas listed securities

International bonds

- 214 - 214

Overseas equities

4,232 3,430 4,232 3,430

**Total listed investments**

**12,330 10,674 12,430 10,774**

#### Other

CafCash Ltd. - C.A.F. gold account

- 467 - 467

The Charities Official Investment Fund - deposit fund

- 1,000 - 1,000

NatWest charity investment bond

1,000 688 1,000 688

Newton's Investment Management - cash account

526 399 526 399

Building society deposits

1,675 1,790 1,675 1,790

Barclays Wealth

1,965 - 1,965 -

**17,496 15,018 17,596 15,118**

No individual investments held at 31 December 2010 had a market value in excess of 5% of the total market value of listed investments.

## THE DONKEY SANCTUARY

### Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

#### 15. Stock

	Group		Charity	
	31.12.10	30.09.09	31.12.10	30.09.09
	£'000	£'000	£'000	£'000
Trading stock (including charity stock)	322	361	91	108
Stock of feed, straw and bedding	167	231	134	185
Veterinary supplies and equipment, stores and other	224	342	168	256
	<b>713</b>	<b>934</b>	<b>393</b>	<b>549</b>

#### 16. Debtors and prepayments

	Group		Charity	
	31.12.10	30.09.09	31.12.10	30.09.09
	£'000	£'000	£'000	£'000
Amounts due from subsidiary undertakings and connected parties	-	26	458	310
Other debtors	38	58	22	48
Income tax recoverable	123	100	123	100
Residual legacies	9,166	8,181	9,166	8,181
Prepayments	240	109	281	127
Accrued income	76	92	76	92
	<b>9,643</b>	<b>8,566</b>	<b>10,126</b>	<b>8,858</b>

#### 17. Creditors: amounts falling due within one year

	Group		Charity	
	31.12.10	30.09.09	31.12.10	30.09.09
	£'000	£'000	£'000	£'000
Amounts due to subsidiary undertakings and connected parties	243	109	91	1
Accounts payable	393	812	377	720
Social security and other taxes	274	275	231	232
Other creditors	729	327	454	255
Accruals	454	906	546	898
	<b>2,093</b>	<b>2,429</b>	<b>1,699</b>	<b>2,106</b>

#### 18. Provision for liabilities

	Group		Charity	
	31.12.10	30.09.09	31.12.10	30.09.09
	£'000	£'000	£'000	£'000
<b>Pension scheme - Section 75 debt:</b>				
Balance at beginning of period	-	-	-	-
Amounts charged to SOFA during the period	165	-	165	-
Balance at end of period (due within one year)	<b>165</b>	<b>-</b>	<b>165</b>	<b>-</b>

See note 19 below for details in respect of the section 75 debt.

# THE DONKEY SANCTUARY

## Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

### 19. Pension schemes

#### Defined Contribution Scheme

The charity provides a Group Personal Pension Scheme operated by AEGON Scottish Equitable. Six categories of employer contributions operate within the scheme which is based upon the seniority of each member.

The cost for the accounting period is disclosed in note 11. No amounts were outstanding at the end of the year.

A contribution by all staff is required, with the exception of the most senior category which is non-contributory. The defined contribution nature of the scheme, therefore, avoids the potential volatility of employer pension costs experienced by the previously operated defined benefit schemes.

#### Defined Benefit Scheme

During the period, the Trustees of The Donkey Sanctuary's 1988 Staff Retirement Benefits Scheme ('The Scheme') became aware of some recent changes in pension legislation which entitled The Scheme to apply for assistance from the Financial Assistance Scheme (FAS) operated by the Pension Protection Fund. The Scheme was accepted into FAS in October 2009 and the winding up process will be completed by the current Trustee, Osborne Clark Pension Trustee Limited in conjunction with FAS. As part of the winding up process the Trustee of the scheme is required to make provision for recovery of any deficiency of liabilities over assets as well as for any expenses to be incurred in completing the winding up of the scheme from the sponsoring employer, known as the Section 75 debt. The total Section 75 debt owed by the charity to the scheme is £164,639, provision for which has been made in the accounts and replaces the Financial Reporting Standard 17 provision and associated disclosures.

	31.12.10	30.09.09	30.09.08
Discount rate	n/a	5.50%	7.25%
Inflation	n/a	3.20%	3.75%
Increases to deferred pensions before retirement	n/a	3.20%	3.75%
Increases to pensions in payment in line with RPI up to a maximum of 5% pa	n/a	2.80%	3.75%
Increases to pension in payment at 3% or RPI if less	n/a	2.40%	3.00%

The fair value of assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at 31 December were:

	31.12.10 Long-term rate of return expected	31.12.10 £'000	30.09.09 Long-term rate of return expected	30.09.09 £'000	30.09.08 Long-term rate of return expected	30.09.08 £'000
	%		%		%	
Insurance policies	n/a	-	5.50%	850	7.20%	1,013
Secured pensions in payment and deferred annuities	n/a	-	3.00%	65	7.25%	50
Total market value of assets		-		915		1,063
Present value of scheme liabilities		-		(1,638)		(1,207)
<b>Net pension deficit</b>		-		<b>(723)</b>		<b>(144)</b>

# THE DONKEY SANCTUARY

Notes to the Consolidated Financial Statements  
15 Month Period Ended 31 December 2010

## 19. Defined benefit pension scheme liability (continued)

<b>Analysis of amount charged in statement of financial activities</b>	<b>Total</b>	Total	Total
	<b>31.12.10</b>	30.09.09	30.09.08
	<b>£'000</b>	£'000	£'000
Expected return on pension scheme assets	-	77	68
Pension scheme expenses	-	-	-
Interest cost on pension scheme liabilities	-	(88)	(81)
<b>Net return / (charge)</b>	<b>-</b>	<b>(11)</b>	<b>(13)</b>

<b>Movement in deficit during the year</b>	<b>Total</b>	Total	Total
	<b>31.12.10</b>	30.09.09	30.09.08
	<b>£'000</b>	£'000	£'000
Deficit in scheme at beginning of the year	<b>(723)</b>	(144)	(428)
Movement in year:			
Other finance expense	-	(11)	(8)
Transfer to provision for liabilities and charges (s75 debt)	<b>165</b>	-	-
Actuarial gain/(loss) in statement of financial activities	<b>558</b>	(568)	292
<b>Deficit in scheme at the end of the year</b>	<b>-</b>	<b>(723)</b>	<b>(144)</b>

<b>Analysis of Actuarial (loss)/gain</b>	<b>Total</b>	Total	Total
	<b>31.12.10</b>	30.09.09	30.09.08
	<b>£'000</b>	£'000	£'000
Actual return less expected return on assets	-	(225)	57
Experience gains and losses arising on the scheme liabilities	<b>558</b>	(343)	235
Change in basis and recoverable surplus	-	-	-
<b>Actuarial (loss)/gain</b>	<b>558</b>	<b>(568)</b>	<b>292</b>

<b>History of experience gains and losses</b>	<b>Total</b>	Total	Total	Total
	<b>31.12.10</b>	30.09.09	30.09.08	30.09.07
	<b>£'000</b>	£'000	£'000	£'000
Difference between the expected and actual return on scheme assets:				
Amount £'000	-	(225)	57	27
% of scheme assets	<b>n/a</b>	(24.6%)	5.4%	2.9%
Experience gains and losses on scheme liabilities:				
Amount £'000	-	(343)	235	(1)
% of scheme liabilities	<b>n/a</b>	(20.9%)	19.5%	(0.1%)
Total actuarial gain/(loss) recognised in statement of financial activities				
Amount £'000	<b>558</b>	(568)	292	(232)
% of scheme liabilities	<b>n/a</b>	(34.7%)	24.2%	17.0%

## THE DONKEY SANCTUARY

### Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

#### 20. Capital commitments

At the end of the period the group had no contracts for capital commitments that have not been accrued within these accounts.

At 31 December 2010 the group was committed to spend the following amounts in 2011 and beyond:

	<b>£'000</b>	
	<b>31.12.10</b>	30.09.09
	<b>£'000</b>	£'000
Authorised but not contracted at period end	<b>1,741</b>	2,349

#### 21. Analysis of movement in funds

The reserves of the group include restricted funds which comprise incoming resources held on trusts to be applied for those specific purposes as described in the table below. The group has sufficient resources held in an appropriate form to enable each fund to be applied in accordance with any restrictions.

The source of the incoming resources is represented by funds raised from:

- local or national fundraising activities, all of which have been completed by the end of the period; or
- specific donations or legacies requesting the funds be applied as specified by the donor

Tangible fixed asset funds represent funds received in respect of specific items of equipment, vehicles or capital building projects, all of the funding relating thereto having been spent by the end of the financial period. Each tangible asset fund is amortised so as to match the depreciation rate of the associated asset.

Current asset funds are funds received for which the associated project has yet to commence or had yet to be fully utilised by the end of the financial year. Funds are held in cash at bank and in hand until the project is complete.

Operating cost funds are funds relating to the operational projects (i.e. non capital projects) of the charity and ordinarily are spent before the end of the financial period.

# THE DONKEY SANCTUARY

Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

## 21. Analysis of movement in funds (continued)

### Analysis of movement in funds - Group

	Balance at 01.10.09 £'000	Incoming Resources £'000	Outgoing Resources £'000	Transfers Between funds £'000	Other recognised gains/ (losses) £'000	Balance at 31.12.10 £'000
<b>Endowment funds</b>						
shown in the balance sheet and were legacy bequests as follows:						
G S Roberts	40	-	-	-	-	40
Dr. J P Mandelstam	1	-	-	-	-	1
The Charity of A U Broom	13	-	-	-	-	13
<b>Total endowment funds</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54</b>
<b>Restricted funds</b>						
<b>Tangible fixed asset funds</b>						
Farm Buildings (UK)	283	4	(10)	-	-	277
Veterinary & Isolation Facilities	423	9	(12)	-	-	420
Veterinary equipment	29	20	(12)	-	-	37
Farm Equipment and machinery	4	-	(1)	-	-	3
Education & Activities Vehicles	9	-	(2)	-	-	7
<b>Current asset fund</b>						
Turks & Caicos	-	200	(7)	-	-	193
Disabled Access Slade Offices	-	10	-	-	-	10
<b>Operating cost funds</b>						
UK farm operating costs	-	7	(7)	-	-	-
Hoof trimming	-	5	(5)	-	-	-
Donkey welfare UK	-	32	(32)	-	-	-
Donkey welfare overseas	-	148	(148)	-	-	-
<b>Total restricted funds</b>	<b>748</b>	<b>435</b>	<b>(236)</b>	<b>-</b>	<b>-</b>	<b>947</b>
<b>Unrestricted funds</b>						
General Fund	28,576	24,871	(26,198)	1,433	1,898	30,580
Subsidiaries	-	1,627	(1,075)	(552)	-	-
Designated funds	21,365	-	-	(881)	-	20,484
<b>Total unrestricted funds</b>	<b>49,941</b>	<b>26,498</b>	<b>(27,273)</b>	<b>-</b>	<b>1,898</b>	<b>51,064</b>
<b>Total group funds</b>	<b>50,743</b>	<b>26,933</b>	<b>(27,509)</b>	<b>-</b>	<b>1,898</b>	<b>52,065</b>

# THE DONKEY SANCTUARY

Notes to the Consolidated Financial Statements  
15 Month Period Ended 31 December 2010

## 21. Analysis of movement in funds (continued)

### Analysis of movement in funds - Charity

	Balance at 01.10.09 £'000	Incoming Resources £'000	Outgoing Resources £'000	Transfers Between funds £'000	Other recognised gains/ (losses) £'000	Balance at 31.12.10 £'000
<b>Endowment funds</b>						
These are included in investments shown in the balance sheet and were legacy bequests as follows:						
G S Roberts	40	-	-	-	-	40
Dr. J P Mandelstam	1	-	-	-	-	1
The Charity of A U Broom	13	-	-	-	-	13
<b>Total endowment funds</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54</b>
<b>Restricted funds</b>						
<b>Tangible fixed asset funds</b>						
Farm Buildings (UK)	283	4	(10)	-	-	277
Veterinary & Isolation Facilities	423	9	(12)	-	-	420
Veterinary equipment	29	20	(12)	-	-	37
Farm Equipment and machinery	4	-	(1)	-	-	3
Education & Activities Vehicles	9	-	(2)	-	-	7
<b>Current asset fund</b>						
Turks & Caicos	-	200	(7)	-	-	193
Disabled Access Slade Offices	-	10	-	-	-	10
<b>Operating cost funds</b>						
UK farm operating costs	-	7	(7)	-	-	-
Hoof trimming	-	5	(5)	-	-	-
Donkey welfare UK	-	32	(32)	-	-	-
Donkey welfare overseas	-	148	(148)	-	-	-
<b>Total restricted funds</b>	<b>748</b>	<b>435</b>	<b>(236)</b>	<b>-</b>	<b>-</b>	<b>947</b>
<b>Unrestricted funds</b>						
General Fund	24,712	24,911	(25,871)	4,771	2,214	30,737
Designated funds	21,365	-	-	(4,771)	-	16,594
<b>Total unrestricted funds</b>	<b>46,077</b>	<b>24,911</b>	<b>(25,871)</b>	<b>-</b>	<b>2,214</b>	<b>47,331</b>
<b>Total charity funds</b>	<b>46,879</b>	<b>25,346</b>	<b>(26,107)</b>	<b>-</b>	<b>2,214</b>	<b>48,332</b>

## THE DONKEY SANCTUARY

### Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

#### 22. Designated funds

##### Designated fund movements - Group

	Balance at 01.10.09 £'000	Transferred £'000	Additional approved £'000	Released £'000	Depreciation and disposals £'000	Balance at 31.12.10 £'000
Intangible fixed assets fund	-	-	474	-	(2)	472
Tangible fixed assets fund	20,642	-	756	-	(1,551)	19,847
Pension reserve	723	-	-	(558)	-	165
	<b>21,365</b>	<b>-</b>	<b>1,230</b>	<b>(558)</b>	<b>(1,553)</b>	<b>20,484</b>

##### Designated fund movements - Charity

	Balance at 01.10.09 £'000	Transferred £'000	Additional approved £'000	Released £'000	Depreciation and disposals £'000	Balance at 31.12.10 £'000
Intangible fixed assets fund	-	-	474	-	(2)	472
Tangible fixed assets fund	20,642	(4,213)	595	-	(1,067)	15,957
Pension reserve	723	-	-	(558)	-	165
	<b>21,365</b>	<b>(4,213)</b>	<b>1,069</b>	<b>(558)</b>	<b>(1,069)</b>	<b>16,594</b>

Tangible Fixed Assets Fund – this fund represents the amalgamation of:

- Unrestricted income funds that could only be released by disposing of fixed assets held for charitable use.
- Unrestricted income funds designated for specific future capital projects for which the Trustee has authorised but not contracted the related expenditure as set out in note 20.

The pension reserve fund was created in accordance with best practice in prior years and the Trustee has designated sufficient funds to cover the Section 75 debt as disclosed in note 19.

## THE DONKEY SANCTUARY

### Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

#### 23. Analysis of net assets

##### Analysis of net assets - Group

	Intangible fixed assets	Tangible fixed assets	Investments	Current assets	Current liabilities	Pension scheme liability	Total group net assets at 31.12.10
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Endowment funds	-	-	54	-	-	-	54
Restricted funds	-	744	-	203	-	-	947
Unrestricted funds:							
General funds	-	-	17,112	15,561	(2,093)	-	30,580
Designated funds	17	18,826	330	1,476	-	(165)	20,484
	17	19,570	17,496	17,240	(2,093)	(165)	52,065
Minority interests	-	-	-	54	-	-	54
	<b>17</b>	<b>19,570</b>	<b>17,496</b>	<b>17,294</b>	<b>(2,093)</b>	<b>(165)</b>	<b>52,119</b>

##### Analysis of net assets - Charity

	Intangible fixed assets	Tangible fixed assets	Investments	Current assets	Current liabilities	Pension scheme liability	Total charity net assets at 31.12.10
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Endowment funds	-	-	54	-	-	-	54
Restricted funds	-	744	-	203	-	-	947
Unrestricted funds:							
General funds	-	-	17,212	15,224	(1,699)	-	30,737
Designated funds	17	15,184	330	1,228	-	(165)	16,594
	17	15,928	17,596	16,655	(1,699)	(165)	48,332

#### 24. Legacies receivable

At the period end the charity was entitled to receive an estimated £5,003k (2009: £3,646k) from residual legacies subject to life tenancies. These mainly comprise shares in properties and investments held in trusts.

## THE DONKEY SANCTUARY

### Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

#### 25. Subsidiaries and Related Party Transactions

Donkey World Limited, El Refugio Del Burrito, Il Rifugio Degli Asinelli, The Donkey Sanctuary (Cyprus) Limited and The Hayloft (Donkey Sanctuary) Limited are incorporated into the consolidated accounts in accordance with FRS2 using the acquisition accounting method.

##### El Refugio Del Burrito

El Refugio Del Burrito (an Association registered in Spain whose registered office is at Avda. Ricardo Soriano, 12, Edif. Marques de Salamanca, 2<sup>nd</sup> floor-office 8, 29600 Marbella – Malaga (Spain)) qualifies as a subsidiary undertaking of The Donkey Sanctuary due to the composition of its board of Directors (see below).

The Directors of El Refugio Del Burrito are:

Mr D.A.H. Cook	Executive officer of The Donkey Sanctuary
Mr P.A. Svendsen	Executive officer of The Donkey Sanctuary
Mr C. Young	Executive officer of The Donkey Sanctuary
Mr J.E. Akers	Executive officer of The Donkey Sanctuary
Mr I.S. Segues	Employee of El Refugio Del Burrito (resigned on 4 <sup>th</sup> October 2010)
Mrs M.E.A. Taylor	Trustee of The Elisabeth Svendsen Trust for Children and Donkeys

The income and costs of El Refugio Del Burrito relate to the provision of care, protection and or permanent security anywhere in the world for donkeys and mules which are in need of attention by reason of sickness, maltreatment, poor circumstances, ill-usage or other like causes and the prevention of cruelty and suffering among donkeys and mules. Transactions have been included within the charitable activities of The Donkey Sanctuary.

	15 Months to 31.12.10 £'000	12 Months to 30.09.09 £'000
Total incoming resources	1,165	983
Total cost of charitable activities	(1,190)	(887)
Governance cost	(4)	(4)
Total resources expended	(1,194)	(891)
<b>Net (outgoing)/incoming resources for the period</b>	<b>(29)</b>	<b>92</b>

As at 31 December 2010, El Refugio Del Burrito had net assets of £2,097k (2009: £2,086k). This comprised assets of £2,203k (2009: £2,707k) and liabilities of £106k (2009: £621k)

##### Il Rifugio Degli Asinelli (O.N.L.U.S.)

Il Rifugio Degli Asinelli (an Association registered in Italy whose registered office is at Via Per Zubierna 62 13884 Sala Biellese, Italy) qualifies as a subsidiary undertaking of The Donkey Sanctuary due to the composition of its board of Directors (see below).

The Directors of Il Rifugio Degli Asinelli are:

Mr D.A.H. Cook	Executive officer of The Donkey Sanctuary
Mr P.A. Svendsen	Executive officer of The Donkey Sanctuary
Mr J.E. Akers	Executive officer of The Donkey Sanctuary
Mr C. Young	Executive officer of The Donkey Sanctuary

## THE DONKEY SANCTUARY

Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

### 25. Subsidiaries and Related Party Transactions (continued)

The income and costs of Il Rifugio Degli Asinelli relate to the provision of care, protection and or permanent security anywhere in the world for donkeys and mules which are in need of attention by reason of sickness, maltreatment, poor circumstances, ill-usage or other like causes and the prevention of cruelty and suffering among donkeys and mules. Transactions have been included within the charitable activities of The Donkey Sanctuary.

	15 Months to 31.12.10 £'000	12 Months to 30.09.09 £'000
Total incoming resources	587	486
Total cost of charitable activities	(693)	(505)
Governance cost	(2)	(2)
Total resources expended	(695)	(507)
<b>Net (outgoing) resources for the period</b>	<b>(108)</b>	<b>(21)</b>

As at 31 December 2010, Il Rifugio Degli Asinelli had net assets of £1,476k (2009: £1,555k). This comprised assets of £1,617k (2009: £1,902k) and liabilities of £141k (2009: £347k)

#### **The Donkey Sanctuary (Cyprus) Limited**

The Donkey Sanctuary (Cyprus) Limited (a Company registered in Cyprus whose registered office is at Georgiou Gennadiou, 10A, Agathangelos Court, 2<sup>nd</sup> Floor, Flat 203, Limassol, Cyprus) qualifies as a subsidiary undertaking of The Donkey Sanctuary due to the composition of its board of Directors (see below).

The Directors of The Donkey Sanctuary (Cyprus) Limited are:

Mr D.A.H. Cook	Executive officer of The Donkey Sanctuary
Mr P.A. Svendsen	Executive officer of The Donkey Sanctuary
Mr J.E. Akers	Executive officer of The Donkey Sanctuary
Mr C. Young	Executive officer of The Donkey Sanctuary

The income and costs of The Donkey Sanctuary (Cyprus) Limited relate to the provision of care, protection and or permanent security anywhere in the world for donkeys and mules which are in need of attention by reason of sickness, maltreatment, poor circumstances, ill-usage or other like causes and the prevention of cruelty and suffering among donkeys and mules. Transactions have been included within the charitable activities of The Donkey Sanctuary.

	15 Months to 31.12.10 £'000	12 Months to 30.09.09 £'000
Total incoming resources	608	449
Total cost of charitable activities	(594)	(438)
Governance cost	(3)	(3)
Total resources expended	(597)	(441)
<b>Net incoming resources for the period</b>	<b>11</b>	<b>8</b>

As at 31 December 2010, The Donkey Sanctuary (Cyprus) Limited had net assets of £154k (2009:163k). This comprised assets of £177k (2009: £178k) and liabilities of £23k (2009: £15k).

## THE DONKEY SANCTUARY

Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

### 25. Subsidiaries and Related Party Transactions (continued)

#### Donkey World Limited

Donkey World Limited "The Company" was incorporated on 30 May 2002 and commenced trading on 1 October 2002 to conduct trading activities in support of the charitable objects of The Donkey Sanctuary and The Elisabeth Svendsen Trust for Children and Donkeys. The principal activity is the sale of merchandise by mail order through a catalogue and the internet and sales at our Visitor Centres.

The Donkey Sanctuary holds 100,000 Ordinary Shares of £1 each in Donkey World Limited, the shares acquired on incorporation for £100,000 and represents a holding of 67% in the company.

The Directors of Donkey World Limited are:

Mrs M. Squance	Executive officer of The Donkey Sanctuary (retired 19 <sup>th</sup> January 2011)
Mr D.A.H. Cook	Executive officer of The Donkey Sanctuary
Mr J.T. Carroll	Trustee of The Elisabeth Svendsen Trust for Children and Donkeys
Mr J. Dale	Of independent Status
Mrs M.J. Steele	Executive officer of The Donkey Sanctuary (appointed 19 <sup>th</sup> January 2011)

The Directors have agreed that the Company, by virtue of its principal objects, will distribute by way of charitable donations the majority of its retained profit for the period to its shareholders – The Donkey Sanctuary and The Elisabeth Svendsen Trust for Children and Donkeys in the proportion 2:1. The Company changed its accounting year end during the period to 31 December 2010. On this basis charitable donations amounting to £308k (2009\*: £263k) were accrued in The Donkey Sanctuary for the 15 month period ended 31 December 2010.

The following are extracts from Donkey World Limited's financial statements:

	15 Months to 31.12.10 £'000	12 Months to 30.09.09 £'000
Turnover	1,237	882
Cost of sales	(411)	(300)
Gross profit	826	582
Administration and other costs	(357)	(261)
Taxation	(7)	(5)
Net income	462	316
Amount gifted to the charity	(462)	(315)
<b>Retained profit/(loss)</b>	<b>-</b>	<b>1</b>

The Elisabeth Svendsen Trust for Children and Donkeys holds a  $\frac{1}{3}$  share of the investment in Donkey World Limited and as such is entitled to  $\frac{1}{3}$  of the retained profit and net assets of the company, there are no restrictions placed on the group's activities in this respect.

Income and expenditure generated by Donkey World Limited has been incorporated into the appropriate section in the Statement of Financial Activities, relating to the relevant department.

As at 31 December 2010, Donkey World Limited had net assets of £162k (2009: Net assets £161k). This comprised assets of £848k (2009: £625k) and liabilities of £686k (2009: £463k).

*[\* Please note that for the purposes of narrative analysis only within the Trustee's Report and Accounts all narrative comparisons with 2009 are made with comparatives being stated as 15 month equivalents, unless otherwise stated].*

## THE DONKEY SANCTUARY

Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

### 25. Subsidiaries and Related Party Transactions (continued)

#### The Hayloft (Donkey Sanctuary) Limited

The Hayloft (Donkey Sanctuary) Limited was incorporated on 2 February 2009 and commenced trading on 1 April 2009 to conduct trading activities in support of the charitable objects of The Donkey Sanctuary. The principal activity is to provide a restaurant and other catering facilities.

The Donkey Sanctuary holds 4 Ordinary Shares of £1 each in The Hayloft (Donkey Sanctuary) Limited, two shares acquired on incorporation for £2 and a further two shares issued during the period for £2. This represents a holding of 100% in the company.

The Directors of The Hayloft (Donkey Sanctuary) Limited are:

Mr D.A.H Cook	Executive officer of The Donkey Sanctuary
Mrs M. Squance	Executive officer of The Donkey Sanctuary
Mr J.E Akers	Executive officer of The Donkey Sanctuary
Mr C. Young	Executive officer of The Donkey Sanctuary (appointed 1 <sup>st</sup> April 2010)

The Directors have agreed that the Company, by virtue of its principal objects, will distribute by way of charitable donations the majority of its retained profit for the period to its shareholders – The Donkey Sanctuary. The Company changed its accounting year end during the period to 31 December 2010. No charitable donations were accrued in The Donkey Sanctuary for the 15 month period ended 31 December 2010 (2009: £52k for the 6 months to 30 September 2009).

The following are extracts from The Hayloft (Donkey Sanctuary) Limited's financial statements:

	15 Months to 31.12.10 £'000	6 Months to 30.09.09 £'000
Turnover	370	250
Cost of sales	(305)	(155)
Gross profit	65	95
Administration and other costs	(68)	(43)
Taxation	-	-
Net income	(3)	52
Amount gifted to the charity	-	(52)
<b>Retained profit/(loss)</b>	<b>-</b>	<b>-</b>

Income and expenditure generated by The Hayloft (Donkey Sanctuary) Limited has been incorporated into the appropriate section in the Statement of Financial Activities, relating to the relevant department.

As at 31 December 2010, The Hayloft (Donkey Sanctuary) Limited had net liabilities of £3k (2009: Net assets £nil). This comprised assets of £35k (2009: £83k) and liabilities of £38k (2009: £83k).

## THE DONKEY SANCTUARY

Notes to the Consolidated Financial Statements

15 Month Period Ended 31 December 2010

### 25. Subsidiaries and Related Party Transactions (continued)

#### The Elisabeth Svendsen Trust for Children and Donkeys (EST)

The Elisabeth Svendsen Trust for Children and Donkeys (charity number 801070) is administered from the premises of The Donkey Sanctuary.

During the period, The Donkey Sanctuary undertook to pay various expenses on behalf of EST, these expenses amounted to £48k (2009: £235k) which were subsequently recharged to EST and have been included under the appropriate cost headings in EST's accounts. At the end of the period, including EST's 1/3<sup>rd</sup> share of Donkey World Limited's profit distribution, The Donkey Sanctuary group owed EST £243k (September 2009: £84k).

During the period The Donkey Sanctuary gave donations of £39k to EST (2009: £30k) which related to EST's provision of attention to the welfare of The Donkey Sanctuary's donkeys housed at each EST centre.

#### The International Donkey Protection Trust (IDPT)

Since 1 October 2000, when the objects of The Donkey Sanctuary were amended by the Charity Commission, The Donkey Sanctuary has taken the responsibility for all overseas work previously carried out by the International Donkey Protection Trust (IDPT) and the Trustees of IDPT resolved to pass all funds received by IDPT to The Donkey Sanctuary. However, IDPT still exists as a "shell" charity with the full knowledge and agreement of the Charity Commission.

On 21st December 2010, the Charity Commission granted a scheme under which The International Donkey Protection Trust would be incorporated within the Charity. Under this uniting direction, IDPT shall be treated as forming part of The Donkey Sanctuary for the purposes of Part II (registration) and Part VI (accounting) of the Charities Act 1993.

During the period IDPT donated £485k (2009\* - £985k) to The Donkey Sanctuary.

### 26. Parent Charity

The charity has taken advantage of the provisions of paragraph 397 of SORP2005 not to publish its own Statement of Financial Activities and related notes. Details of the charity's own income and results are as follows:

	15 Months to 31.12.10 £'000	12 Months to 30.09.09 £'000
Total incoming resources	<b>25,346</b>	21,454
Costs of generating funds	<b>(2,217)</b>	(1,676)
Costs of charitable activities	<b>(23,533)</b>	(20,339)
Governance cost	<b>(357)</b>	(318)
Total resources expended	<b>(26,107)</b>	(22,333)
<b>Net (outgoing) resources before other recognised gains and losses</b>	<b>(761)</b>	(879)

*[\* Please note that for the purposes of narrative analysis only within the Trustee's Report and Accounts all narrative comparisons with 2009 are made with comparatives being stated as 15 month equivalents, unless otherwise stated].*

# Principal addresses

## **Principal address**

The Donkey Sanctuary  
Sidmouth  
Devon  
EX10 0NU  
(Registered Charity No 264818)

## **Bankers**

Barclays Bank plc  
40 High Street  
Sidmouth  
Devon  
EX10 8EB

## **Investment advisers**

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

Barclays Wealth  
43 Brook Street  
London  
W1K 4HJ

## **Independent auditors**

KPMG LLP  
Plym House  
3 Longbridge Road  
Plymouth  
PL6 8LT

## **Pension advisers**

Oval Financial Services  
Dudley House  
Beach Avenue  
Clevedon  
BS21 7XU

## **Solicitors**

Gilbert Stephens  
7 Broad Street  
Ottery St Mary  
Devon  
EX11 1BS