

THE KENNEL CLUB CHARITABLE TRUST

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2006

PKF (UK) LLP

THE KENNEL CLUB CHARITABLE TRUST

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REGISTERED CHARITY NO. 327802
YEAR ENDED 31 DECEMBER 2006

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THE KENNEL CLUB CHARITABLE TRUST

TRUSTEES' REPORT

The Kennel Club Charitable Trust is a registered charity (no.327802), and is governed by the Trust Deed.

The Trust and Trustees

The Trustees during the period covered by the attached financial statements were:-

Mr M Townsend (Chairman)
Mr M Herrtage
Mr W H King
Mr P Mann
Mrs I E Terry

All Trustees are members of the Kennel Club.

Charitable Objectives

The objects of the charity are:-

1. To promote the advancement of education and science by furthering research into canine diseases and hereditary disorders of dogs.
2. To promote the quality of life of human beings by promoting dogs as therapeutic and practical aids to humans.
3. To promote the relief of suffering of dogs, which are in need of care and attention.

Administrative Details

The Principal office of the Trust is:-

The Kennel Club
1 - 5 Clarges Street
London
W1J 8AB

Bankers:-

Barclays Bank Plc
Barnet and Hampstead Business Centre
London
N20 0WE

Auditors:-

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Investment Advisors:-

CCLA Investment Management Ltd
80 Cheapside
London
EC2V 6DZ

Financial Statements

The accompanying financial statements cover the year ended 31st December 2006.

The Trustees consider that the going concern basis, on which the accounts are prepared, is appropriate and that applicable accounting standards and statements of recommended practice have been followed.

THE KENNEL CLUB CHARITABLE TRUST

TRUSTEES' REPORT

Review of the year and future developments

The Trustees met on five occasions during the year to consider the business of the Trust and the making of grants.

Grants were awarded for each of the Trust's objects. A total of £339,158 was contributed to the support of scientific and research projects, including £129,825 from the Kennel Club Health Foundation Fund. This fund addresses the genetic basis of canine diseases and conditions, with the objective of developing DNA tests to identify clear, carrier and afflicted animals.

Organisations receiving funding included the Animal Health Trust, the Royal Veterinary College and the Universities of Cambridge and Liverpool.

Other grants, totalling £126,555 were made in furtherance of the Trust's non-scientific Objects, including £101,040 from restricted funds.

A full list of grants can be found in Note 3 to the accounts.

The new financial year of the Trust commenced on 1 January 2007 and the Trustees will be meeting in 2007 to consider further grants.

Incoming Resources

The Trustees are grateful to those individuals, societies and organisations who have contributed so generously to the Trust.

During 2006 the largest single donor, by value, was the Kennel Club, and it should be noted that they also provide administrative and other costs (see Note 4).

Net incoming resources for the year amounted to £58,734, and total funds increased by £119,520 when improvements in investment values (see below) are taken into account.

Investments and Cash Balances

The Trustees, advised by their professional investment advisors, follow an investment policy which seeks balanced income and growth, with a moderate attitude to risk, and within ethical parameters which they have defined.

The Trust's investments are represented by Units in CCLA's Charities Investment Fund.

As can be seen in note 5, the unrealised gain on investments for 2006 was approximately 10.0% on the opening market value plus average investment during the year (2005: 14.8%). The FTSE 100 movement for 2006 was a gain of 11.0%.

During the year the value of the Trust's non-cash investments increased by £460,786 and cash balances reduced by £271,047.

Risks

The Trustees have considered the major risks to which the Trust may be exposed and concluded that they have in place controls which could reasonably be expected to mitigate those risks and thus protect the financial and reputational standing of the Trust.

THE KENNEL CLUB CHARITABLE TRUST
TRUSTEES' REPORT

Reserves

The Trust's reserves stood at £2,352,209 at 31st December 2006 (2005: £2,232,689).

The Trust has committed funds of £220,000, to be expended over the next 2 years and subject to conditions to be fulfilled by the recipient organisations (see Note 9).

The Trustees believe that the level of reserves held is fully appropriate and necessary, given the level of funding requests in both the scientific and non-scientific segments of the Trust's objects, and the duration of the scientific research projects which the Trust supports.

This latter activity normally extends over a period of more than one year – typically, three years – and the Trust must clearly ensure that funds for such support are – without fail – available.

In addition, the Trustees have indicated that they wish to see the scale of the Trust's activities increase. This intent is reflected in the level of grants made in 2006.

Grant making policy

The Charitable Trust's work is advertised through the Kennel Club website, in the Kennel Gazette and by direct contact with individuals, societies and universities, as well as in the Directory of Grant Making Trusts and other listings of charities.

Furthermore, the Trustees are developing wider publicity programmes, including at Crufts, in order to bring the Trust's activities to a wider audience, of both benefactors and applicants for the Trust's funding.

All applications are fully considered by the Trustees against specific criteria and with the support of specialist advice where appropriate. Grants are approved by the Trustees collectively. Generally, pure building costs or requests from individuals or from organisations whose concern is not predominantly with the dog do not receive favourable attention.

Auditors

A resolution for the reappointment of PKF (UK) LLP will be proposed at the annual meeting for the ensuing year.

On behalf of the Trustees:

Trustee.....

Trustee.....

2007

THE KENNEL CLUB CHARITABLE TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Trust and of the income and expenditure of the Trust for that period. In preparing those accounts, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that the Trustees' report and other information included in the annual report is prepared in accordance with charity law in the United Kingdom.

AUDITORS' REPORT TO THE TRUSTEES OF THE KENNEL CLUB CHARITABLE TRUST

We have audited the financial statements of the Kennel Club Charitable Trust for the year ended 31 December 2006 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Trustees, as a body, in accordance with Regulation 6 of the Charities (Accounts and Reports) Regulations 1995. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustees and Auditors

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

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

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

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements:

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

London, UK

PKF (UK) LLP
Registered Auditors

2007

THE KENNEL CLUB CHARITABLE TRUST
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2006

	<u>Notes</u>	<u>2006</u> Unrestricted £	<u>2006</u> Restricted £	<u>2006</u> Total £	<u>2005</u> Total £
INCOMING RESOURCES					
Donations received		434,204	14,125	448,329	807,010
Donations in kind					
Costs borne by the Kennel Club	4	36,982	-	36,982	58,265
Deposit interest		37,791	14,206	51,997	59,404
Interest and dividends on investments		17,792	6,689	24,481	16,440
		<hr/>	<hr/>	<hr/>	<hr/>
		526,769	35,020	561,789	941,119
		<hr/>	<hr/>	<hr/>	<hr/>
RESOURCES EXPENDED					
Charitable expenditure					
Promotional costs borne by the Kennel Club	4	31,162	-	31,162	52,838
Scientific and Research project support	3	209,333	129,825	339,158	98,000
Other grants made	3	25,515	101,040	126,555	133,625
		<hr/>	<hr/>	<hr/>	<hr/>
		266,010	230,865	496,875	284,463
		<hr/>	<hr/>	<hr/>	<hr/>
Governance	2	6,180	-	6,180	6,727
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL RESOURCES EXPENDED		272,190	230,865	503,055	291,190
		<hr/>	<hr/>	<hr/>	<hr/>
NET INCOMING RESOURCES FOR THE YEAR					
		254,579	(195,845)	58,734	649,929
Realised gain on investment assets		-	-	-	-
Unrealised gain on investment assets		44,178	16,608	60,786	52,705
		<hr/>	<hr/>	<hr/>	<hr/>
NET MOVEMENT IN FUNDS		298,757	(179,237)	119,520	702,634
Fund balances at 31 December 2005		1,622,689	610,000	2,232,689	1,530,055
		<hr/>	<hr/>	<hr/>	<hr/>
Fund balances carried forward at 31 December 2006	8	1,921,446	430,763	2,352,209	2,232,689
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All amounts arise from continuing activities.

All gains and losses in the year are included in the statement of financial activities.

THE KENNEL CLUB CHARITABLE TRUST
BALANCE SHEET
AS AT 31 DECEMBER 2006

	<u>Notes</u>	£	<u>2006</u>	£	£	<u>2005</u>	£
FIXED ASSETS							
Investments at market value	5		868,454			407,668	
CURRENT ASSETS							
Cash at bank and on short term deposit	6	1,464,801			1,735,848		
Debtors and accrued income	7	18,609			87,267		
Income tax recoverable		345			1,906		
			1,483,755			1,825,021	
NET ASSETS			2,352,209			2,232,689	
UNRESTRICTED ACCUMULATED FUND			1,921,446			1,622,689	
RESTRICTED FUNDS	8		430,763			610,000	
			2,352,209			2,232,689	

The accounts were approved and authorised for issue by the Trustees
and signed on their behalf on 2007 by

.....Trustee

.....Trustee

THE KENNEL CLUB CHARITABLE TRUST
NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2006

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared under the historical cost convention as modified by the revaluation of fixed asset investments to market value and in accordance with the recommendations of the Statement of Recommended Practice – Accounting and Reporting by Charities issued by the Charity Commissioners for England and Wales in 2005.

(b) Donations and legacies

Donations are included when received. Legacies are included when the charity is entitled to receipt of the bequest and the amount has been quantified.

(c) Investments and investment income

Investments are included at market value as required by the Statement of Recommended Practice. Unrealised gains or losses on revaluation are included in the Statement of Financial Activities. Investment income is included on an accruals basis.

(d) Research project support and grants made

Research project support and grants made are charged to expenditure when paid. Where grants are expected to span more than one year, subsequent years' awards are subject to conditions (for example, the requirement for progress reports to be presented to the Trustees) and are shown as Commitments (see Note 9).

2 GOVERNANCE COSTS

The Trustees received no remuneration in connection with their duties during the year. Trustees' expenses are borne by the Kennel Club.

There were no employees during the year (2005: Nil).

Apart from transactions with the Kennel Club, as disclosed in these financial statements, there were no related party transactions, as defined in Financial Reporting Standard No.8.

	2006	2005
	£	£
Secretarial services	-	1,300
Bank charges	360	-
Costs donated by the Kennel Club (Note 4)	5,820	5,427
	6,180	6,727
Management and administration	6,180	6,727

The total of these costs borne by the Trust represents 1.1% (2005: 0.7%) of Incoming Resources. Thus approximately 99p in the £ of all income is available for application to the Trust's Objectives.

The Trust's investments are represented by units in CCLA's general investment fund. Any charges form part of the movement in the price of those units.

THE KENNEL CLUB CHARITABLE TRUST
NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2006

3 DIRECT CHARITABLE EXPENDITURE

	<u>2006</u>	<u>2005</u>
	£	£
Payments from unrestricted funds		
<i>Scientific and Research project support</i>		
Animal Health Trust – Epidemiology	25,000	25,000
Animal Health Trust – DNA research into canine eye conditions	83,333	-
Royal Veterinary College – Equipment for Operating Theatre	36,000	-
University of Cambridge – Treatment of Canine Spinal Cord Injury	13,000	-
University of Cambridge – Linear accelerator for the treatment of cancers in animals	-	50,000
University of Edinburgh – Mitral Valve in the Cavalier King Charles Spaniel	-	8,000
University of Liverpool – DNA Archive	-	1,000
University of Liverpool – Equipment for Operating Theatre	52,000	-
	209,333	84,000
<i>Educational and other grants</i>		
American Kennel Club – Impact of Hurricane Katrina	-	5,000
Animals in Need	-	2,000
Assisi Animal Sanctuary	-	5,000
The Blue Cross – Veterinary/Examination facilities	-	8,000
Breeders' Helpline	3,000	-
British Veterinary Nursing Association	-	5,500
Canine Concern Scotland Trust – Therapet	4,000	-
Canine Partners	-	1,175
Dogs for the Disabled	-	17,000
Dogs Trust	-	5,000
Dumfries & Galloway Canine Rescue Centre	-	3,000
Exmoor Search & Rescue Team	-	2,000
Give a Greyhound a Home	-	2,500
Greyhound Awareness League	-	2,000
Hearing Dogs for Deaf People	-	5,000
HULA Animal Rescue	-	5,250
The Junction	-	2,500
Mayhew Animal Home – Fitting out of Dog Ward	9,680	-
PDSA – Canine Recovery Ward	-	25,000
Personal Assistance Dogs	-	5,000
Pets As Therapy	6,335	10,600
Prevent Unwanted Pets	2,000	-
Rotherham Dog Rescue	-	5,000
Royal Blind Society	-	2,100
Thornberry Animal Sanctuary	-	5,000
Veterinary Educational Trust	500	-
Waggy Tails Rescue	-	5,000
World Society for the Protection of Animals	-	5,000
	25,515	133,625

YEAR ENDED 31 DECEMBER 2006

3 DIRECT CHARITABLE EXPENDITURE (continued)	<u>2006</u> £	<u>2005</u> £
Payments from restricted funds		
<i>Scientific and research project support</i>		
Animal Health Trust – Congenital Ichthyosis in the Cavalier King Charles Spaniel	4,775	-
Animal Health Trust – MRD in the Golden Retriever	35,550	-
Animal Health Trust – Cerebellar Ataxia in the Italian Spinone	32,000	-
Leonberger Club of Great Britain – Genetic marker for LP/PN	1,000	-
Royal Veterinary College – Posterior Polar Cataract in the Irish Red & White Setter	26,000	-
University of Cambridge – PRA in the Lhasa Apso	8,000	8,000
University of Cambridge – Sample collection re Inter-Vertebral Disc Disease in the Shih Tzu	2,500	-
University of Liverpool – Second Copper Toxicosis Gene in the Bedlington Terrier	20,000	-
University of Manchester – Genomic research	-	6,000
	<hr/>	<hr/>
	129,825	14,000
<i>Educational and other grants</i>		
Alternative Animal Sanctuary	500	-
ARC Animal Rescue Centre (Sidmouth)	2,000	-
The Blue Cross – Veterinary/Examination facilities	6,000	-
British International Rescue & Search Dogs	750	-
Ceredigion Animal Rescue & Education	2,000	-
Dog Rescue Welfare Society (Stokenchurch)	7,000	-
Dogs for the Disabled	9,290	-
Dumfries & Galloway Canine Rescue Centre	1,000	-
Dumfriesshire Greyhound Rescue	3,000	-
Erasmus Wilson Dermatological Research Fund – Identification of cancers by use of dogs' scenting	10,000	-
Greyhound Awareness League	3,000	-
Greyhound & Lurcher Rescue & Welfare	500	-
Happy Dogs	3,000	-
Hearing Dogs for Deaf People	10,000	-
Hyndburn Stray Dogs In Need	1,000	-
North Clwyd Animal Rescue	7,000	-
Rotherham Dog Rescue	5,000	-
Society for Companion Animal Studies – School Visits Evaluation	14,000	-
Tia Greyhound & Lurcher Rescue	5,000	-
Waggy Tails Rescue	3,000	-
Wood Green Animal Shelters	8,000	-
	<hr/>	<hr/>
	101,040	-
Summary		
<i>Unrestricted:</i>	Scientific and research project support	209,333
	Educational and other grants	84,000
		<hr/>
		25,515
		133,625
		<hr/>
		234,848
		217,625
<i>Restricted:</i>	Scientific and research project support	129,825
	Educational and other grants	14,000
		<hr/>
		101,040
		-
		<hr/>
		230,865
		14,000
		<hr/>
		465,713
		231,625
		<hr/>
		<hr/>

THE KENNEL CLUB CHARITABLE TRUST
NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2006

4 DONATIONS IN KIND

The following donations in kind were received free of charge:-

- The Kennel Club provides Trustees' indemnity insurance at a cost of £2,000 (2005: £1,700);
- The Kennel Club pays for the annual audit of the Kennel Club Charitable Trust, costing £3,000 (2005: £3,000);
- The Kennel Club provides support for marketing and fundraising activities, estimated at a cost of £31,162 (2005: £52,838); and
- The Kennel Club paid expenses of the Trustees amounting to approximately £820 (2005: £727).

Donations in kind have been accounted for in the Statement of Financial Activities.

5 INVESTMENTS

	<u>2006</u>	<u>2005</u>
	£	£
Quoted investments		
At market value:		
At 1 January	407,668	354,963
Additions at cost	400,000	-
	807,668	354,963
Unrealised gain	60,786	52,705
	868,454	407,668
At 31 December	868,454	407,668
Historical cost at 31 December	737,837	337,837

At 31 December 2006, Investments comprised 75,742.98 Charities Investment Fund Income Units.

6 CASH AT BANK AND ON SHORT TERM DEPOSIT

The Trust's cash reserves were invested as follows:

	<u>2006</u>	<u>2005</u>
	£	£
Deposit with CCLA Investment Management Limited	1,050,000	1,450,000
Deposit with Barclays Bank	-	260,000
Current account with Barclays Bank	414,801	25,848
	1,464,801	1,735,848
At 31 December	1,464,801	1,735,848

At 31 December 2006 the interest rate on the deposit with CCLA Investment Management was 4.764%.

THE KENNEL CLUB CHARITABLE TRUST

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2006

7	DEBTORS AND ACCRUED INCOME	<u>2006</u> £	<u>2005</u> £
	Legacy receivable	-	70,000
	Bank interest and investment income receivable	18,609	17,267
		_____	_____
	At 31 December	18,609	87,267
		_____	_____

8 RESTRICTED FUNDS

	At 31 December 2005 £	<u>Incoming resources</u> £	<u>Unrealised gain on investment assets</u> £	<u>Resources expended</u> £	At 31 December 2006 £
Kennel Club Health Foundation Fund	324,484	25,240	8,834	129,825	228,733
Support of Dogs Fund	285,516	9,780	7,774	101,040	202,030
	_____	_____	_____	_____	_____
	610,000	35,020	16,608	230,865	430,763
	_____	_____	_____	_____	_____

The Kennel Club Health Foundation Fund ("KCHFF") consists of funds raised for the purposes of carrying out research into genetics in relation to dogs.

An Advisory Panel has been set up to guide, direct and supervise the research carried out using KCHFF funds and to make recommendations to the Trustees as to which projects should be supported. It is the policy of the Trustees generally to follow the Panel's recommendation when allocating and awarding funds.

PRO Dogs National Charity was voluntarily wound up by its Trustees towards the end of 2005. The residual funds of the charity, amounting to £285,516, were donated to the Kennel Club Charitable Trust for the "support of dogs".

9 CHARITABLE COMMITMENTS

The Trust has committed, subject to conditions to be fulfilled by the recipient organisations, to make the following charitable donations (totalling £220,000):

		<u>From unrestricted funds</u> £	<u>From restricted funds</u> £
Year to 31 December	2007	112,000	21,000
	2008	87,000	-
		_____	_____
		199,000	21,000
		_____	_____

£195,000 of these commitments relate to scientific or research projects.