

HOUNDS FOR HEROES

England & Wales · Charity number 1134359

Details

Status	Registered
Legal form	Charitable company
Company number	07130031
Registered	2010-02-17
Register	View on the Charity Commission register

Contact

Address	Hounds For Heroes Unit 2B Rookery Farm Ramsdean Petersfield Hampshir
Phone	01730823118
Email	enquiries@houndsforheroes.com
Website	www.houndsforheroes.com

Activities

Objects: TO PROVIDE RELIEF TO PERSONS WHO ARE DISABLED (BOTH PHYSICALLY AND/OR MENTALLY) AND ARE MEMBERS OR EX MEMBERS OF THE UK ARMED FORCES OR CIVILIAN EMERGENCY SERVICES FOR THE PUBLIC BENEFIT BY THE PROVISION OF SUITABLY TRAINED ASSISTANCE DOGS AND THE PROVISION OF PRACTICAL INFORMATION, SERVICES AND SUPPORT.

Activities: Providing specially trained assistance dogs to injured and disabled men and women of the UK Armed Forces and Civilian Emergency Services.

Classification

- **How:** Provides Services, Provides Advocacy/advice/information
- **What:** Education/training, Disability
- **Who:** People With Disabilities

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£475,814	£735,685	-	-
2024-03-31	£516,511	£595,952	£1,522,328	11
2023-03-31	£325,548	£530,238	-	-
2022-03-31	£183,561	£454,342	-	-
2021-03-31	£330,697	£402,577	-	-

Trustees

Name	Role	Appointed
ALLEN PARTON		
Alan Smith		2024-01-30
Amanda Ferguson		2019-11-01
Audrey Howie		2026-01-02
Catherine Brook		2025-03-25
Hannah Ruth Collyer		2025-02-25
Harriet Slater		2024-01-30
Julian Forth		2023-10-01
Michael Jonathan Perkins		2024-01-30
Peter Ketley		2024-01-30
Sarah Elizabeth Cole		2025-02-25

Accounts

Charity registration number 1134359 (England and Wales)

Charity registration number SC043751 (Scotland)

Company registration number 07130031 (England and Wales)

HOUNDS FOR HEROES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025



HOUNDS FOR HEROES

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	A Parton A Ferguson J H Forth P A Ketley M J Perkins H Slater A F Smith C Brook S E Cole H R Collyer	(Appointed 25 March 2025) (Appointed 25 February 2025) (Appointed 25 February 2025)
Chair	A Ferguson	
Vice-Chair	A Parton	
Charity Manager	G Grant	
Charity number (England and Wales)	1134359	
Charity number (Scotland)	SC043751	
Company number	07130031	
Registered office	Unit 2B Rookery Farm Buildings Ramsdean Petersfield Hampshire GU32 1RU	
Auditor	Moore (South) LLP City Gates 2 - 4 Southgate Chichester West Sussex PO19 8DJ	
Bankers	Lloyds Bank plc 5 The Square Petersfield Hampshire GU32 3HL	

HOUNDS FOR HEROES

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HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2025

The trustees present their annual report and financial statements for the year ended 31 March 2025.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Articles of Association, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

1 Objectives and activities

1.1 Our Objectives

Our principal objective is to enhance the quality of life of HM Armed Forces and Emergency Services personnel who have become physically disabled through injury or illness at any time – service or non-service attributable. The Charity's Memorandum of Articles of Association allows a broad range of mechanisms by which the Charity may achieve this objective, however, the Charity only came into existence because of a remarkable life changing partnership that formed between a dog and an injured serviceman. Therefore, it remains the Charity's purpose to deliver our charitable benefit primarily through the provision of specially trained Assistance Dogs. This is the *raison d'être* of the Charity.

The Charity can fund the whole working life of our dogs up to the dog's retirement, although contributions to costs from Partners who are in a financial position to do so, are always welcome. In this way the Charity can best safeguard the welfare of all our dogs throughout their working lives as well as relieve our Partners from the financial commitment of being partnered with an assistance dog.

1.2 Our 5 Year Strategy (FY22/23 – FY26/27)

The Charity updated its 5 Year Strategic Plan for the start of fiscal year FY22/23, so this report covers Yr 3 of that strategy. The strategy aims to accelerate the delivery of charitable benefit, increasing the number of Partners it is able to support, balanced with our ability to generate income to fund this rate of delivery. The Strategy continues development of the Charity, building on our solid foundations, to ensure it can meet the vision whilst maintaining the quality of output and the character of the Charity that have become its hallmarks.

Key elements of the 5 Year Strategy are as follows:

- The strategic target of acceleration of delivery of charitable benefit is quantified by steadily increasing the number of puppies acquired each year to commence training from 5 puppies in Yr 1 to 24 puppies in the final year of the strategic plan and for the number of established new partnerships therefore to grow by an average of 8 new partnerships per year over the 5 year strategy period.
- The acceleration of delivery of charitable benefit requires increased expenditure which will be met by a growth in income generated by a more significant fundraising activity plan, supported by expert resource as required and increased communication to key audiences. The strategic plan assumes that, as it will take time for the fundraising momentum to build, any cash deficit resulting from the imbalance between income and expenditure in the first two years of the plan will be met by the use of unrestricted general funds, with the target that the Charity will reach a break-even position during FY24/25.
- It is important that awareness of the support the Charity provides reaches those service/ex service personnel who could potentially benefit from a partnership with an assistance dog. It is therefore a key component of the Strategy that the Charity continues to build its relationships with other military and emergency service support organisations to facilitate communication and also offer mutual support to beneficiaries.
- The standards to which Hounds for Heroes operates are comparable to, and guided by, those determined by Assistance Dogs International (ADI) and are embedded as part of our heritage as what the Charity strives to maintain for our Partners.



HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

- The governance of the Charity shall be delivered by a team of Trustees who are unpaid volunteers. The ownership of the Charity's Strategic Plan will remain with the Trustees, and during the strategy period strategic decisions will be made by the Trustees, with the involvement of the Charity Manager. The day-to-day operational management will be conducted by the Charity's Senior Management Team.

1.3 Our Achievements and Performance

The ongoing difficult UK economic situation and an increase in global uncertainty has resulted in a far more challenging environment for charities to operate within than envisaged. Therefore, Hounds for Heroes has not been able to make the progress towards achieving its strategic targets for this fiscal that it had planned.

- We aimed to deliver seven advanced dogs into partnerships in FY24/25 and by the end of the fiscal had four dogs signed over into partnerships – the same level of achievement as last fiscal. It is always difficult to predict how long it will take for a potential partnership to progress from the initial matching process through to the signing of the full partnership agreement as the development of the relationship between each dog and their Partner is individual to that partnership. One of the partnerships in FY24/25 was for a successor dog for an existing Partner whose original dog had reached the end of their working life. It is always pleasing to be able to continue to support our Partners and know the value they derive from having an assistance dog aid them in their everyday lives.
- We acquired four puppies in FY24/25, considerably below the number we were aiming to bring in due to a reduction in the availability of volunteer puppy parents. The Charity is reliant on having a pool of puppy parents who do an amazing job of supporting the Charity by providing the puppies with a loving, safe home and giving basic training for the first one to two years of their lives. The Charity conducts regular recruitment drives to attract new puppy parents and foster parents as it is a critical factor in our ability to expand our intake of puppies and therefore increase delivery of charitable benefit as planned. Recruitment, and then retention, of volunteer puppy parents has become increasingly difficult over the past few years and is believed to be due to a combination of people needing to work more/longer due to economic circumstances and also retired people wanting to have the flexibility to travel/support family members and are therefore wary to take on the commitment of a young puppy. This is not a situation unique to Hounds for Heroes but a challenge that all assistance dog charities, who rely on volunteer puppy parents, are encountering. In addition to the puppy training provided at our training centre in Ramsdean, the Charity continues to operate a puppy training hub in Portsmouth and continues to evaluate other options to extend its puppy parent catchment area.
- We use our training centre throughout the year for both advanced dog training and the running of puppy classes, as well as providing ongoing support to the puppy parents, with our dog trainers conducting a level of general training in external environments and providing one-to-one support as required. At our training centre, we also hold matching sessions between applicants, who are ready to be partnered with a dog, and dogs who have completed their advanced training. Our regular schedule of aftercare visits with Partners and their dogs has been delivered with the dogs and their Partners always pleased to see our staff in person in their home environment.
- Our application process remains open throughout the year and we have increased the level of our activity aimed at spreading awareness of what the charity does and how it can support disabled personnel who have served in either HM Armed Forces or the Emergency Services – no matter where or when they served or for how long.
- We were delighted once again to hold our Partnership Celebration event in October '24, where we celebrated the successful establishment of five Partnerships; welcoming the Partners, their dogs and the wonderful puppy parents and trainers who had played such a vital role in bringing the partnership to fruition. It is always so rewarding for all involved to see the wonderful bond that has formed between the Partners and their loyal companions.



HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

- The Charity does not receive any government funding and therefore is totally dependent upon the income it can raise to fund the development and delivery of its charitable benefit. As stated earlier, we intended in our strategic plan to increase both the number of dogs in training and in partnerships which requires an annual increase in expenditure to fund the increased delivery. It is therefore important for the Charity to steadily grow its income, to cover our increased expenditure and to reduce our operating deficit. Our small fundraising team was increased with the addition of a Fundraising Officer part way through the year in order to expand the range of our fundraising initiatives. Due to the very difficult economic environment however, we, like many charities, found income generation came under pressure and we were not able to achieve our planned income and in fact income was down vs the prior fiscal by 8%. Through the hard work of the team we did still generate income of £476K from a number of sources and we are very grateful for the grants and donations made by a broad mix of institutions, corporate sponsors and individuals who have undertaken a number of challenges and activities to generate our much needed funds.
- Expenditure increased by 23% compared to FY23/24 due to a combination of inflation, increased fundraising resource and the resources required to deliver and support the planned increase in the number of dogs in training and the number of active partnerships – whilst we acquired fewer puppies than we originally intended, we still increased the number of dogs in training overall. However, costs continued to be tightly managed and were kept below the original planned level. But despite this overall the operating deficit worsened vs last fiscal.
- Increasing awareness of the Charity, who and how it helps, and how it can be supported, is one of our key priorities in order to facilitate the desired growth in the number of partnerships and in income generation. The Charity has an ongoing, and constantly evolving, communications programme targeted at reaching and engaging our key target audiences. Our website, which was relaunched in March'23, is regularly updated as is all of our physical and digital collateral. We continue to promote the aims of the Charity and to increase awareness of the support we provide, particularly through a consistent programme on social media channels; obtaining feature in other media where we can as well as attending a number of relevant events with our impactful stand. We engage with our supporters through publication of a quarterly Newsletter and other regular mail campaigns. In order to increase awareness of how the Charity can help physically disabled serving and veteran service personnel, the Charity is proactively building its relationship with target organisations in order to increase our applicant pipeline. The Charity's Founder has continued to deliver an Awareness Programme to increase understanding of the Charity's objectives amongst both the communities it wishes to deliver charitable benefit to, and with current and potential supporters.
- The Charity continues to use the comparison of the number of successful placements with the number of puppies that have started the training course as a key performance indicator. Since commencing operations in 2011, by the end of FY24/25 the Charity had achieved 35 successful placements and this represents 52% of the number of puppies that have started the training course and would have been expected to have been successfully placed with a Partner. The Charity aims to continue to improve performance in this area by our knowledge of breeds and breeders, by increasing the awareness amongst breeders of the Charity's needs and by continuously improving our dog training and partnering processes.
- And finally, The Trustees would like to pay tribute to the hard work and dedication of our staff and volunteers throughout this past year.

1.4 Our Focus for the Coming Year

Due to the operating challenges we experienced in fiscal 24/25 and the expectation that income generation will continue to be under pressure, the Board of Trustees has reduced the growth objectives for the Charity compared to the ambition set out in the 5 Year Strategic Plan but the intention is still to steadily develop in key areas.

The areas of focus for FY25/26 identified by the Trustees are :

- To continue to deliver high quality support and after-care to our existing Partners and to develop new partnerships. The number of dogs in active partnerships at the end of FY24/25 was 18 and the target is to establish a further 5 new partnerships by the close of the coming fiscal.



HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

- Our strategic desire is to have an ongoing, steadily increasing, pipeline of dogs to take through the various stages of training and placement to ensure we can deliver new partnerships in each year. Due to the shortage of available puppy parents and our focus to place our current dogs in advanced training into partnerships, we will slow down our acquisition of puppies in this fiscal aiming to welcome no more than 3 new puppies to the Hounds for Heroes team. We will continue recruitment campaigns for both our core and Portsmouth catchment areas and will investigate the development of another puppy training hub in a different area later in the fiscal.
- In order to fund our ongoing operations and the delivery of charitable benefit an increase in income generation, albeit at a more modest level is vital. We will continue to develop both our breadth and depth of income streams with a particular focus on developing support from corporate organisations. This will also be supported by our marketing and communications activity to raise awareness of the work of the Charity, increase supporter engagement and grow our supporter base. The Board, whilst it set an aspiration in the Strategic Plan for the Charity to break even in FY24/25, has determined to delay achievement of that target for another two years. Our financial position is sufficiently sound to support this decision. The Board will continue to monitor progress in income generation closely and will be conducting a review of our cost base. The Charity will continue to manage expenditure carefully, keeping a tight control on costs and seeking efficiencies to offset cost inflation where possible.
- To increase awareness of who the Charity helps and the support it can provide, the Charity will build its communication and relationships with relevant organisations in order to reach more potential applicants.
- The Board of Trustees is also undertaking a review of our current 5 Year Strategy and will develop modifications to that strategy to reflect the change in market conditions.

2 Financial review

2.1 Overview

The financial performance of Hounds for Heroes for the year ended 31 March 2025 reflects a period of significant activity and development, despite continued economic challenges. The Charity continues to be committed to training and providing assistance dogs for injured and disabled men and women of both the UK Armed Forces and Emergency Services.

For FY24/25, the trustees set ambitious budget goals to increase our income through the Charity's growth. Unfortunately the ambitious income target was not met but steps continue to be taken to increase income levels in FY25/26. With expenditure slightly above budget, this meant that the deficit was larger than expected.

Expenditure in FY24/25 rose by 23% compared to FY23/24. Meanwhile, all categories of income showed a reduction on the previous year, with income overall falling by 8%. We ended FY24/25 with a cash deficit and this was higher than in previous years, but the deficit was broadly in line with budget, aligning with the Trustees' projections as we work towards a positive net position. The Charity has ample reserves to sustain our objectives during this period of growth.

At the end of FY24/25 the Charity had total funds of £1,262,457. As outlined in the Charity's Reserves Policy below, the Charity has set aside £90,402 as Restricted Reserves and £993,227 as Designated Reserves leaving a balance of £178,828 as Unrestricted General Funds. Despite the overall deficit for the year, Unrestricted General Funds have actually seen an increase of 5%.

As of FY24/25, the Charity possesses the necessary asset strength to move forward effectively and deliver the quality and volume of charitable benefits that both the Charity and our donors aspire to achieve. At the time of this report, we remain confident in the Charity's ability to continue as a viable and ongoing concern.

Hounds for Heroes has demonstrated resilience and financial prudence in FY24/25, successfully managing its expenditures to continue supporting its vital mission. The trustees remain dedicated to ensuring the Charity's financial health and sustainability, allowing it to provide life-changing assistance dogs to those in need.



HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

2.2 Reserves Policy

The Charity maintains a policy of holding both Restricted and Designated Reserves. The remaining funds, not allocated to these reserves, are categorised as Unrestricted General Funds, which support the day-to-day operations of the Charity.

The Restricted Reserve holds restricted funds that are the balance of all the as yet unspent donations where the donor has specified the task to be achieved by their donation. The Designated Reserves hold unrestricted funds which the Trustees agree are required to ensure, for instance, the welfare of all the dogs in our care and as required to mitigate against identified financial risks such as the uncertainty of income that all charities face.

2.2.1 Restricted Reserve

The Restricted Reserve has decreased from £120,518 as at the end of FY23/24 to £90,402 at the end of FY24/25 (note 21). When a donor specifies the task to be achieved by a donation and this is declared at the time the donation is made, then the donation is placed in the Restricted Reserve. In most cases the task identified takes several months to complete.

When a donor sponsors a dog's name, it may take more than 2 years for the sponsored dog to be placed and for the Charity to deem that the specified task has been achieved. Therefore, the Restricted Reserve is reduced by the spend made by the Charity as it progresses the delivery of the specified tasks. In this way the value of the Restricted Reserve always reflects the spend yet to be made to achieve the outcomes specified by the donors.

2.2.2 Designated Working Life Reserve

The Charity chooses to deliver charitable benefit by funding the entire working life of the dog. The Working Life Reserve is therefore required to ensure that this commitment may be delivered irrespective of the longevity of the Charity.

The Working Life Reserve reflects funds to support 2 years of costs for all dogs in service. The Trustees have agreed that the cost per year per dog will be £5,000 (FY23/24 £5,000). The Working Life Reserve at FY24/25 is £360,000 (FY 23/24 £360,000).

2.2.3 Designated Operating Reserve

The Charity survives through charitable donations and it is recognised that from time to time any of our sponsors may wish to redirect their sponsorship to other worthy causes. Replacement of a major sponsor may take more than two years and so this reserve is prudent protection against the uncertainties of income that all charities face. The Trustees have decided to maintain the Operating Reserve to allow the Charity to function at its current rate of expenditure for 18 months.

The projected indirect running costs of the Charity for the 18 months from the start of FY25/26 are £598,227. Direct costs are already covered within the Designated Working Life Reserve.

The Trustees remain mindful of the need to release part or all of this designated reserve into unrestricted general funds should the need arise.

2.2.4 Designated Named Dog Reserve

The Charity has received many donations for the sponsorship of a dog with a specific name. The Designated Named Dog Reserve identifies where a donation that is initially placed in the restricted reserve has been spent, but the desired outcome has not yet been achieved in respect of a successful placement of a named dog. The reserve will be released once the desired outcome has been achieved. Amounts of £239,261 (2024: £25,414) have been released from this reserve back to unrestricted general funds during the year to reflect donations received previously where the named dog is now in service. The fund has now been fully utilised.



HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

2.2.5 Designated Property Maintenance Reserve

The Charity currently occupies rented premises. The use of the premises causes wear and tear and the Charity is responsible for costs of the repair and maintenance of the premises. Property maintenance is conducted throughout the year. The Property Maintenance Reserve represents monies set aside to cover these costs. The Property Maintenance Reserve has been set at £35,000 and is reviewed annually.

2.3 Management of Funds

The Trustees continue to pay high regard to the guidance of the Charity Commission in shaping how the Charity delivers charitable benefit.

The management of the Charity's funds through the allocation of Restricted and Designated Reserves is a key aspect of the Charity's strategy and will continue to be a priority for the Trustees.

2.4 Support from Sponsors

During the year the Charity has been extremely fortunate to receive support from a number of organisations including the following:

- Aldro School
- Aquila
- Army Benevolent Fund
- Betfred
- Bloomberg
- Bruce Wake Charitable Trust
- Dignity Pet Crematorium
- Fareham Masonic Lodge
- Forces Trust
- Girdlers Company Charitable Trust
- Godolphin School
- Grocers Charity
- Hampshire and Isle of Wight Community Foundation
- Haremead Trust
- HMS Victory
- Johnson Vets
- Joint Hospital Group (South)
- Kennel Club
- Ludlow Junior School
- Marilyn Gillanders and Valerie
- National Lottery
- Navigator Trust
- Petersfield Golf Club
- RAF Cranwell
- Red Arrows Trust
- Team Raleigh
- Veterans Foundation
- Worshipful Company of Constructors
- Worshipful Company of Wheelwrights



HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

2.5 Pay Policy for Trustees and Staff

All Trustees give their time freely and no Trustee received remuneration from the Charity in the year. There is no intention for this to change.

Details of Trustees' expenses and related party transactions are disclosed in Note 11 to the accounts

The pay of staff is reviewed annually by the Trustees supported by the Charity Manager. Staff pay normally is increased by a cost of living increment at the start of each financial year guided by CPI and RPI in February for the prior year.

Changes in salary to reflect changes in the level of responsibility of staff members are also usually but not exclusively timed to come into effect at the start of the financial year.

3 Risk management

The Trustees have a risk management strategy which comprises:

- A review of the principal financial risks is held at the Finance Committee meeting, and are reviewed on a regular basis. The Reserves Policy outlined earlier reflects the perceived financial risks and how the Charity has mitigated against those risks.
- The establishment and maintenance of a Risk Register which identifies all material risks to the operation of the Charity and the implementation. Plans are identified to reduce the likelihood/impact of the identified risks and the Trustees review the Risk Register quarterly.

4 Structure, governance and management

The Hounds for Heroes Charity is a company limited by guarantee, without share capital. The Charity's governing document is its Articles of Association, dated 1st April 2015. The Trustees meet regularly, currently monthly, to review performance, discuss current projects and how the Charity's long term aims and objectives are being met. Presently the Trustees collectively act as the board of directors responsible for strategy and the delivery of governance. In addition, the Trustees work through sub-committees, comprising of a mix of Trustees, the Charity Manager and the relevant functional managers for discrete areas of the Charity's operations, namely Finance; Income Generation and Service Delivery (dog support/training & partnerships). At the Trustees Board meetings, the Trustees may vote on any decisions that are required to be made for which a majority of Trustees must be in agreement. Should any decision making be fundamental when not all Trustees are present, then relevant documents are circulated and all Trustees are required to vote. Day to day operational matters are the responsibility of the Charity's Senior Management Team comprising the Charity Manager and the Senior Managers.



HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

A Parton

A Ferguson

P J Grinstead

(Resigned 28 January 2025)

D J Connor

(Resigned 29 April 2025)

J Norman

(Resigned 3 November 2024)

E Ridgway

(Resigned 21 July 2024)

J H Forth

P A Ketley

M J Perkins

H Slater

A F Smith

C Brook

(Appointed 25 March 2025)

S E Cole

(Appointed 25 February 2025)

H R Collyer

(Appointed 25 February 2025)

The Trustees recognise that the Charity benefits from having a team of trustees that have a broad variety of skills and experience that are allied to the operations of the Charity. A candidate Trustee is only appointed to the Board of Trustees after a screening and interview process by the Chair, Vice-Chair and selected other Trustees and after satisfactory completion of appropriate searches by the Disclosing and Barring Service.

New Trustees receive an induction in order to brief them on their legal obligations under charity and company law, the Charity Commission guidance on public benefit and inform them of the content of the Memorandum and Articles of Association, the committee and decision-making processes, the strategic plan and recent financial performance of the Charity. They also meet key employees and other Trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

In FY24/25 we actively recruited additional trustees and during the financial year we have had the addition of 3 new trustees to our board bringing a range of skills and experience.



HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

5 Statement of trustees' responsibilities

The trustees, who are also the directors of Hounds for Heroes for the purpose of company law, are responsible 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).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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

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

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

6 Auditor

The auditor, Moore (South) LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

7 Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The trustees' report was approved by the Board of Trustees.



.....
A Ferguson
Trustee

Date: 15 October 2025



HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS AND TRUSTEES OF HOUNDS FOR HEROES

Opinion

We have audited the financial statements of Hounds for Heroes (the 'charity') for the year ended 31 March 2025 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF HOUNDS FOR HEROES

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF HOUNDS FOR HEROES

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- The engagement partner selected staff for the audit who had prior knowledge of the client and who had the required competence and skills in the not for profit sector to be able to identify or recognise non-compliance with laws and regulations.
- We assessed the risk of irregularities as part of our audit planning, including due to fraud, management override was identified as a significant fraud risk from our assessment. This is due to the ability to bypass controls through inappropriate expenditure and accounting policies adopted.
- Completeness of income was also identified as a significant risk to the audit, most significantly legacy income as there is a degree of judgement as to whether this income should be included.
- Additionally, some income received is restricted in its use. A significant risk was identified regarding the correct classification of income between restricted and unrestricted funds and that the expenditure against this income was in line with any specified restrictions.
- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and we considered the most significant to be the Companies Act 2006, the Charities Act 2011, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities SORP, and the UK financial reporting standards as issued by the Financial Reporting Council. We considered how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We enquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations. Consideration was also made of the internal controls in place to mitigate the identified risks.
- We assessed the control environment, documenting the systems, controls and processes adopted. The audit approach incorporated a combination of controls where appropriate, analytical review and substantive procedures involving tests of transactions and balances. Any irregularities noted were discussed with management and additional corroborative evidence was obtained as required.

To address the risk of fraud through management override we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify any unusual transactions;
- Reviewed sensitive nominal ledger codes;
- Reviewed transactions with related parties; and
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities with regards to the completeness of income we:

- Agreed a sample of income received from source documentation into the accounting records;
- Obtained details of legacies due to be received at the year end from source documentation and ensuring that none were omitted from the accounts and those included were at the correct value;
- Discussed with management that there was no further income they were aware of that needed to be accounted for; and
- Reviewed board minutes for evidence of any further unrecorded income.

In response to the classification of income between restricted and unrestricted we:

- Agreed a sample of income received from source documentation into the accounting records to ensure any restrictions to the income were correctly identified;
- Reviewed the clients analysis of restricted funds for any obvious misallocations of income or expenditure;
- Confirmed that expenses and payroll costs allocated against restricted funds met the purpose for which the income was given; and
- Tested a sample of expenditure to ensure it was allocated against the correct funding received.

HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF HOUNDS FOR HEROES

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and 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 charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

L Hastings

Louise Hastings (Senior Statutory Auditor)

For and on behalf of Moore (South) LLP, Statutory Auditor

Chartered Accountants

City Gates

2 - 4 Southgate

Chichester

West Sussex

PO19 8DJ

Date: 15 October 2025

HOUNDS FOR HEROES

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2025

	Notes	Unrestricted funds general 2025 £	Unrestricted funds designated 2025 £	Restricted funds 2025 £	Total 2025 £	Unrestricted funds general 2024 £	Unrestricted funds designated 2024 £	Restricted funds 2024 £	Total 2024 £
Income from:									
Donations and legacies	3	303,036	1,000	95,541	399,577	240,210	5,653	185,722	431,585
Charitable activities	4	15,262	-	-	15,262	17,668	-	-	17,668
Other trading activities	5	2,211	-	-	2,211	4,191	-	-	4,191
Investments	6	58,764	-	-	58,764	63,067	-	-	63,067
Total income		379,273	1,000	95,541	475,814	325,136	5,653	185,722	516,511
Expenditure on:									
Raising funds	7	249,958	-	-	249,958	195,617	-	-	195,617
Charitable activities	8	390,070	-	95,657	485,727	400,335	-	-	400,335
Total expenditure		640,028	-	95,657	735,685	595,952	-	-	595,952
Net income/(expenditure)		(260,755)	1,000	(116)	(259,871)	(270,816)	5,653	185,722	(79,441)
Transfers between funds		269,261	(239,261)	(30,000)	-	132,936	61,060	(193,996)	-
Net movement in funds	10	8,506	(238,261)	(30,116)	(259,871)	(137,880)	66,713	(8,274)	(79,441)
Reconciliation of funds:									
Fund balances at 1 April 2024		170,322	1,231,488	120,518	1,522,328	308,202	1,164,775	128,792	1,601,769
Fund balances at 31 March 2025		178,828	993,227	90,402	1,262,457	170,322	1,231,488	120,518	1,522,328
The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.									

HOUNDS FOR HEROES

BALANCE SHEET

AS AT 31 MARCH 2025

	Notes	2025		2024	
		£	£	£	£
Fixed assets					
Intangible assets	14		9,690		12,920
Tangible assets	15		27,422		2,881
			<u>37,112</u>		<u>15,801</u>
Current assets					
Stocks	16	2,923		2,680	
Debtors	17	61,163		106,082	
Investments	18	1,104,206		1,360,741	
Cash at bank and in hand		146,174		66,518	
		<u>1,314,466</u>		<u>1,536,021</u>	
Creditors: amounts falling due within one year	19	(89,121)		(29,494)	
Net current assets			<u>1,225,345</u>		<u>1,506,527</u>
Total assets less current liabilities			<u><u>1,262,457</u></u>		<u><u>1,522,328</u></u>
The funds of the charity					
Restricted income funds	21		90,402		120,518
Unrestricted funds - general	23		178,828		170,322
Unrestricted funds - designated	22		993,227		1,231,488
			<u>1,262,457</u>		<u>1,522,328</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the trustees on 15 October 2025.

Allen Parton

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A Parton
Trustee

Company registration number 07130031 (England and Wales)

HOUNDS FOR HEROES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £	£	2024 £	£
Cash flows from operating activities					
Cash absorbed by operations	28		(202,870)		(143,494)
Investing activities					
Purchase of tangible fixed assets		(32,773)		-	
Movements on bank fixed term deposits treated as investments		256,535		123,801	
Investment income received		58,764		63,067	
Net cash generated from investing activities			282,526		186,868
Net cash generated from financing activities			-		-
Net increase in cash and cash equivalents			79,656		43,374
Cash and cash equivalents at beginning of year			66,518		23,144
Cash and cash equivalents at end of year			146,174		66,518

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

Charity information

Hounds for Heroes is a private charitable company limited by guarantee incorporated in England and Wales, and registered with the Charity Commission in England and Wales, and Scotland. The registered office is Unit 2B, Rookery Farm Buildings, Ramsdean, Petersfield, Hampshire, GU32 1RU.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes. Such funds may be held in order to finance both working capital and capital investment.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors or grantors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Included within other trading activities, is income from the sale of merchandise. Income is recognised on the exchange of goods for cash.

Bank interest is accounted for when receivable.

Included within charitable activities income is donations received in return for trustees or trainers to speak at events. These speakers' fees are considered to be voluntary and are accounted for on receipt, which is usually the date the event takes place.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

Costs of raising funds comprise the costs of staging fundraising events, advertising and marketing and the associated support costs.

Expenditure on charitable activities includes the costs of purchasing puppies, their associated costs and staff costs in relation to training the puppies.

Other expenditure relating to the running of the charity is allocated to the charity's sole charitable activity.

Governance costs include expenditure in relation to constitutional and statutory obligations including audit and statutory accounts preparation, and any reimbursable expenses of the trustees.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel and governance costs which support the charity's activities. These costs have been allocated between costs of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 9.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
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1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	20% straight line
Fixtures and fittings	20% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

1.15 Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured reliably. Creditors and provisions are normally recognised at their settlement amount.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The trustees consider that there are no material areas of judgement or estimation uncertainty.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2025**

3	Income from donations and legacies	Unrestricted funds		Unrestricted funds designated		Restricted funds		Total		Unrestricted funds general		Unrestricted funds designated		Restricted funds		Total	
		2025	£	2025	£	2025	£	2025	£	2024	£	2024	£	2024	£	2024	£
	Donations and gifts	161,383		1,000		95,541		257,924		164,765		5,653		185,722		356,140	
	Legacies	105,894		-		-		105,894		49,450		-		-		49,450	
	Donated goods and services	35,315		-		-		35,315		25,881		-		-		25,881	
	Other	444		-		-		444		114		-		-		114	
		<u>303,036</u>		<u>1,000</u>		<u>95,541</u>		<u>399,577</u>		<u>240,210</u>		<u>5,653</u>		<u>185,722</u>		<u>431,585</u>	

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

3 Income from donations and legacies

(Continued)

Donated goods and services

Donated services are included at the value to the charity, where this can be quantified. Donated goods and services received for which the trustees have been able to value include donations of insurance, vehicle repairs and receipt of a puppy.

In addition to this, the trustees are very grateful for the time volunteered by individuals in running events and fundraising activities. This is invaluable support for the charity, and the trustees are not able to value this in monetary terms.

4 Income from charitable activities

	Unrestricted funds 2025 £	Unrestricted funds 2024 £
Puppies and working dogs		
Vet insurance refunds received	15,262	17,668

5 Income from other trading activities

	Unrestricted funds 2025 £	Unrestricted funds 2024 £
Shop income	1,951	3,881
Other income	260	310
Other trading activities	2,211	4,191

In both the current and prior year, this income is classified as unrestricted.

6 Income from investments

	Unrestricted funds 2025 £	Unrestricted funds 2024 £
Interest receivable	58,764	63,067

In both the current and prior year, this income is classified as unrestricted.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

7 Expenditure on raising funds

	Unrestricted funds 2025 £	Unrestricted funds 2024 £
Fundraising and publicity		
Governance costs	6,064	5,626
Staging fundraising events	11,327	8,456
Advertising	9,038	8,287
Other fundraising costs	1,230	1,894
Staff costs	49,769	32,882
Support costs	172,530	138,472
	249,958	195,617

In both the current and prior year, costs relating to raising funds were expensed from unrestricted funds.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2025**

8	Expenditure on charitable activities	Puppy costs		Advanced training		Working dog costs		Total		Puppy costs		Advanced training		Working dog costs		Total	
		2025	£	2025	£	2025	£	2025	£	2024	£	2024	£	2024	£	2024	£
	Direct costs																
	Staff costs	112,182		17,366		31,642		161,190		22,371		33,557		67,113		123,041	
	Puppy purchase	7,647		-		-		7,647		14,744		-		-		14,744	
	Care and training dogs	2,426		1,468		3,769		7,663		1,918		2,934		1,672		6,524	
	Food and treats	6,237		3,186		5,482		14,905		5,419		3,393		5,291		14,103	
	Kennels	1,643		1,371		1,112		4,126		910		2,044		783		3,737	
	Vet fees and medication	12,713		4,039		39,332		56,084		13,915		4,875		34,230		53,020	
	Travel & mileage	1,647		1,106		103		2,856		1,645		746		18		2,409	
	Insurance	6,141		4,374		22,802		33,317		3,437		4,308		17,302		25,047	
	Puppy parents' claims	1,994		-		-		1,994		1,311		84		-		1,395	
	Client costs and aftercare	-		-		10,004		10,004		-		-		9,473		9,473	
	Residential training costs	-		7,346		-		7,346		-		2,743		-		2,743	
		152,630		40,256		114,246		307,132		65,670		54,684		135,882		256,236	
	Share of support and governance costs (see note 9)																
	Support	120,074		18,588		33,868		172,530		25,177		37,765		75,530		138,472	
	Governance	4,221		653		1,191		6,065		1,023		1,535		3,069		5,627	
		276,925		59,497		149,305		485,727		91,870		93,984		214,481		400,335	
	Analysis by fund																
	Unrestricted funds - general	230,276		42,131		117,663		390,070		91,870		93,984		214,481		400,335	
	Restricted funds	46,649		17,366		31,642		95,657		-		-		-		-	
		276,925		59,497		149,305		485,727		91,870		93,984		214,481		400,335	

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

9 Support costs allocated to activities

	2025 £	2024 £
Staff costs	172,757	157,652
Depreciation	11,462	7,892
Rent and rates	90,431	56,383
Premises costs	16,231	14,663
Travel and subsistence	14,108	9,863
Telephone	6,172	7,307
Legal and professional	8,695	2,279
Printing, postage, stationery and website costs	15,834	11,129
Insurance	4,444	3,887
Advertising	1,193	399
Bank charges	412	3,163
Administration costs	3,321	2,327
Governance costs	12,129	11,253
	<u>357,189</u>	<u>288,197</u>
Analysed between:		
Fundraising	178,594	144,098
Charitable activities	124,295	26,200
Advanced training	19,241	39,300
Working dog costs	35,059	78,599
	<u>357,189</u>	<u>288,197</u>

The Trustees consider that the basis of allocation of support and governance costs between fundraising and charitable activities is equal. This is consistent with prior periods.

10 Net movement in funds

	2025 £	2024 £
The net movement in funds is stated after charging/(crediting):		
Fees payable to the charity's auditor:		
- for the audit of the charity's financial statements	7,275	6,925
- for other financial services	1,600	1,500
Depreciation of owned tangible fixed assets	8,232	4,662
Amortisation of intangible assets	3,230	3,230
	<u></u>	<u></u>

11 Trustees

None of the Trustees received any remuneration or benefits from the charity during the year.

A total of £519 has been reimbursed to 3 of the Trustees, this includes expenses in respect of travel, subsistence, hospitality and attending fundraising events (2024: one Trustee was reimbursed a total of £4,016). All expenses are reimbursed at cost and there is no benefit to the Trustee.

A total of £nil (2024: £225) is still owed to one of the trustees in respect of these expenses at the reporting date.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

11 Trustees

(Continued)

The charity has employed Mrs S Parton who is the wife of Mr A Parton, a Trustee. A thorough recruitment process was followed and a market rate salary was agreed. The Trustees sought advice from the Charity Commission at the time of the appointment and all proper procedures have been followed. Remuneration has been paid of £36,652 (2024: £33,484). There are no amounts outstanding at the balance sheet date.

12 Employees

The average monthly number of employees during the year was:

	2025 Head Count	2025 FTE	2024 Head Count	2024 FTE
Dog trainers	6	5	5	4
Administration and fundraising	7	6	6	5
Total	13	11	11	9

Employment costs

	2025 £	2024 £
Wages and salaries	348,632	286,625
Social security costs	27,052	20,513
Other pension costs	8,032	6,437
	383,716	313,575

There were no employees whose annual remuneration was more than £60,000.

Remuneration of key management personnel

The remuneration of key management personnel was as follows:

	2025 £	2024 £
Aggregate compensation	53,756	54,313

13 Taxation

As a charitable company, Hounds for Heroes is exempt under current tax legislation from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen in the charitable company in either the current or the prior year.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

14 Intangible fixed assets

	Software £
Cost	
At 1 April 2024 and 31 March 2025	22,700
Amortisation and impairment	
At 1 April 2024	9,780
Amortisation charged for the year	3,230
At 31 March 2025	13,010
Carrying amount	
At 31 March 2025	9,690
At 31 March 2024	12,920

15 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2024	28,030	23,121	64,848	115,999
Additions	1,278	-	31,495	32,773
At 31 March 2025	29,308	23,121	96,343	148,772
Depreciation and impairment				
At 1 April 2024	28,030	21,478	63,610	113,118
Depreciation charged in the year	-	607	7,625	8,232
At 31 March 2025	28,030	22,085	71,235	121,350
Carrying amount				
At 31 March 2025	1,278	1,036	25,108	27,422
At 31 March 2024	-	1,643	1,238	2,881

16 Stocks

	2025 £	2024 £
Finished goods and goods for resale	2,923	2,680

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

17 Debtors

	2025 £	2024 £
Amounts falling due within one year:		
Other debtors	7,433	11,208
Prepayments and accrued income	53,730	94,874
	<u>61,163</u>	<u>106,082</u>

18 Current asset investments

	2025 £	2024 £
Bank fixed term deposits	<u>1,104,206</u>	<u>1,360,741</u>

Current asset investments consist of cash held in bank fixed term deposit accounts with original maturity dates of over 3 months.

19 Creditors: amounts falling due within one year

	2025 £	2024 £
Other taxation and social security	57,416	6,431
Trade creditors	10,962	5,035
Other creditors	2,785	4,242
Accruals and deferred income	17,958	13,786
	<u>89,121</u>	<u>29,494</u>

20 Retirement benefit schemes

	2025 £	2024 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>8,032</u>	<u>6,437</u>

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

21 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	At 1 April 2024 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2025 £
Sponsored Dogs	87,018	95,541	(95,657)	-	86,902
St James Trust Homes	3,500	-	-	-	3,500
Vehicle fund	30,000	-	-	(30,000)	-
	<u>120,518</u>	<u>95,541</u>	<u>(95,657)</u>	<u>(30,000)</u>	<u>90,402</u>
Previous year:	At 1 April 2023 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2024 £
Sponsored Dogs	95,292	185,722	-	(193,996)	87,018
St James Trust Homes	3,500	-	-	-	3,500
Vehicle fund	30,000	-	-	-	30,000
	<u>128,792</u>	<u>185,722</u>	<u>-</u>	<u>(193,996)</u>	<u>120,518</u>

The Sponsored Dogs restricted fund comprises amounts received to be expended on the purchase and training costs of named dogs. The restricted donations are only released as and when the stipulations for the individual donation are satisfied. This may be as a one-off transaction or phased, depending on the restrictions.

The St James Trust restricted fund relates to amounts received for educational purposes.

The vehicle fund relates to amounts received towards the purchase of a new vehicle. A new vehicle was purchased in the year and the fund has been fully utilised.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

22 Unrestricted funds - designated

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	At 1 April 2024 £	Incoming resources £	Transfers £	At 31 March 2025 £
Working Life Reserve	360,000	-	-	360,000
Named Dog Reserve	238,261	1,000	(239,261)	-
Operating Reserve	598,227	-	-	598,227
Property Maintenance Reserve	35,000	-	-	35,000
	<u>1,231,488</u>	<u>1,000</u>	<u>(239,261)</u>	<u>993,227</u>

The Working Life Reserve represents monies set aside to fund 2 years worth of costs for all dogs currently in service. The Trustees have agreed that the cost per year per dog will be £5,000. The amount of £360,000 (2024: £360,000) represents the Charity's commitment to fund those dogs currently in various stages of their working lives for the Charity. The transfer of funds to the Working Life Reserve from Unrestricted General funds reflects the Charity's Working Life commitment as at the end of the reporting period.

As described in the Trustees' Report, the Named Dog Reserve identifies where a donation that is initially placed in the restricted reserve has been spent, but the desired outcome has not yet been achieved in respect of a successful placement of a named dog. The reserve will be released once the desired outcome has been achieved. Amounts of £239,261 (2024: £25,414) have been released from this reserve back to unrestricted general funds during the year to reflect donations received previously where the named dog is now in service. The fund has now been fully utilised.

The Trustees have transferred £nil (2024: £26,474) during the year from unrestricted general reserves to the Operating Reserve. This is to ensure that the closing fund balance represents the amount of indirect running costs of the Charity, that the Trustees consider is required in order that the Charity may function at its current rate of expenditure for 18 months, should the level of donations received drop significantly.

The Charity is responsible for the costs of maintaining its premises under the lease. £35,000 is the amount estimated by the Trustees to be required to fund the costs of maintenance of the rental premises and this is carried forward in the Property Maintenance Reserve. These costs will become payable if/when the charity leaves its current premises.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

22 Unrestricted funds - designated

(Continued)

The comparative fund movements are as follows:

Previous year:	At 1 April 2023 £	Incoming resources £	Transfers £	At 31 March 2024 £
Working Life Reserve	300,000	-	60,000	360,000
Named Dog Reserve	258,022	5,653	(25,414)	238,261
Operating Reserve	571,753	-	26,474	598,227
Property Maintenance Reserve	35,000	-	-	35,000
	<u>1,164,775</u>	<u>5,653</u>	<u>61,060</u>	<u>1,231,488</u>

23 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 April 2024 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2025 £
General funds	<u>170,322</u>	<u>379,273</u>	<u>(640,028)</u>	<u>269,261</u>	<u>178,828</u>
Previous year:	At 1 April 2023 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2024 £
General funds	<u>308,202</u>	<u>325,136</u>	<u>(595,952)</u>	<u>132,936</u>	<u>170,322</u>

24 Analysis of net assets between funds

	Unrestricted funds general 2025 £	Unrestricted funds designated 2025 £	Restricted funds 2025 £	Total 2025 £
At 31 March 2025:				
Intangible fixed assets	9,690	-	-	9,690
Tangible assets	27,422	-	-	27,422
Current assets/(liabilities)	<u>141,716</u>	<u>993,227</u>	<u>90,402</u>	<u>1,225,345</u>
	<u>178,828</u>	<u>993,227</u>	<u>90,402</u>	<u>1,262,457</u>

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

24 Analysis of net assets between funds

(Continued)

	Unrestricted funds general 2024 £	Unrestricted funds designated 2024 £	Restricted funds 2024 £	Total 2024 £
At 31 March 2024:				
Intangible fixed assets	12,920	-	-	12,920
Tangible assets	2,881	-	-	2,881
Current assets/(liabilities)	154,521	1,231,488	120,518	1,506,527
	<u>170,322</u>	<u>1,231,488</u>	<u>120,518</u>	<u>1,522,328</u>

25 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for the properties from which it operates, as well as rentals for items of office equipment. Property leases and equipment rentals are negotiated for an average term of 6 years. The property leases have break clauses after 3 years.

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2025 £	2024 £
Within one year	50,163	50,163
Between two and five years	1,080	51,243
	<u>51,243</u>	<u>101,406</u>

During the year, the charitable company recognised £50,163 (2024: £52,279) of lease costs in the Statement of Financial Activities in respect of non-cancellable operating leases.

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2025 £	2024 £
Acquisition of property, plant and equipment	<u>-</u>	<u>27,000</u>

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

27 Related party transactions

Details of transactions and balances with Trustees and parties related to them are disclosed in note 11.

Remuneration of key management personnel is disclosed in note 12.

There were no other disclosable related party transactions during the year (2024 - none).

28 Cash absorbed by operations	2025 £	2024 £
Deficit for the year	(259,871)	(79,441)
Adjustments for:		
Investment income recognised in statement of financial activities	(58,764)	(63,067)
Amortisation and impairment of intangible assets	3,230	3,230
Depreciation and impairment of tangible fixed assets	8,232	4,662
Movements in working capital:		
(Increase)/decrease in stocks	(243)	2,602
Decrease/(increase) in debtors	44,919	(4,221)
Increase/(decrease) in creditors	59,627	(7,259)
Cash absorbed by operations	<u>(202,870)</u>	<u>(143,494)</u>

29 Analysis of changes in net funds

The charity had no material debt during the year.

HOUNDS FOR HEROES

England & Wales - Charity number 1134359

Accounts

Charity registration number 1134359 (England and Wales)

Charity registration number SC043751 (Scotland)

Company registration number 07130031 (England and Wales)

HOUNDS FOR HEROES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024



**TOGETHER
WE CAN**

HOUNDS FOR HEROES

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	A Parton A Ferguson P J Grinsted D J Connor J Norman J H Forth P A Ketley M J Perkins H Slater A F Smith	(Appointed 1 October 2023) (Appointed 30 January 2024) (Appointed 30 January 2024) (Appointed 30 January 2024) (Appointed 30 January 2024)
Chair	A Ferguson	
Vice-Chair	A Parton	
Charity Manager	G Grant	
Charity number (England and Wales)	1134359	
Charity number (Scotland)	SC043751	
Company number	07130031	
Registered office	Unit 2B Rookery Farm Buildings Ramsdean Petersfield Hampshire GU32 1RU	
Auditor	Moore (South) LLP City Gates 2 - 4 Southgate Chichester West Sussex PO19 8DJ	
Bankers	Lloyds Bank plc 5 The Square Petersfield Hampshire GU32 3HL	

HOUNDS FOR HEROES

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HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2024

The trustees present their annual report and financial statements for the year ended 31 March 2024.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Articles of Association, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

1 Objectives and activities

1.1 Our Objectives

Our principal objective is to enhance the quality of life of HM Armed Forces and Emergency Services personnel who have become physically disabled through injury or illness at any time – service or non-service attributable. The Charity's Memorandum of Articles of Association allows a broad range of mechanisms by which the Charity may achieve this objective, however, the Charity only came into existence because of a remarkable life changing partnership that formed between a dog and an injured serviceman. Therefore, it remains the Charity's purpose to deliver our charitable benefit primarily through the provision of specially trained Assistance Dogs. This is the *raison d'être* of the Charity. The Trustees confirm they have had regard to the Charity Commission's guidance on public benefit.

The Charity can fund the whole working life of our dogs up to the dog's retirement, although contributions to costs from Partners who are in a financial position to do so, are always welcome. In this way the Charity can best safeguard the welfare of all our dogs throughout their working lives as well as relieve our Partners from the financial commitment of being partnered with an assistance dog.

1.2 Our 5 Year Strategy (FY22/23 – FY26/27)

The Charity updated its 5 Year Strategic Plan for the start of fiscal year FY22/23, so this report covers Yr 2 of that strategy. The strategy aims to accelerate the delivery of charitable benefit, increasing the number of Partners it is able to support, balanced with our ability to generate income to fund this rate of delivery. The Strategy continues development of the Charity, building on our solid foundations, to ensure it can meet the vision whilst maintaining the quality of output and the character of the Charity that have become its hallmarks.

Key elements of the 5 Year Strategy are as follows:

- The strategic target of acceleration of delivery of charitable benefit is quantified by steadily increasing the number of puppies acquired each year to commence training from 5 puppies in Yr 1 to 24 puppies in the final year of the strategic plan and for the number of established new partnerships therefore to grow by an average of 8 new partnerships per year over the 5 year strategy period.
- The acceleration of delivery of charitable benefit requires increased expenditure which will be met by a growth in income generated by a more significant fundraising activity plan, supported by expert resource as required and increased communication to key audiences. The strategic plan assumes that, as it will take time for the fundraising momentum to build, any cash deficit resulting from the imbalance between income and expenditure in the first two years of the plan will be met by the use of unrestricted general funds, with the target that the Charity will reach a breakeven position during FY24/25.
- It is important that awareness of the support the Charity provides reaches those service/ex service personnel who could potentially benefit from a partnership with an assistance dog. It is therefore a key component of the Strategy that the Charity continues to build its relationships with other military and emergency service support organisations to facilitate communication and also offer mutual support to beneficiaries.
- The standards to which Hounds for Heroes operates are comparable to, and guided by, those determined by Assistance Dogs International (ADI) and are embedded as part of our heritage as what the Charity strives to maintain for our Partners.



HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

- The governance of the Charity shall be delivered by a team of Trustees who are unpaid volunteers. The ownership of the Charity's Strategic Plan will remain with the Trustees, and during the strategy period strategic decisions will be made by the Trustees, with the involvement of the Charity Manager. The day-to-day operational management will be conducted by the Charity's Senior Management Team.

1.3 Our Achievements and Performance

Due to the ongoing difficult UK economic situation, it has remained a challenging environment for charities to operate within. Despite that, Hounds for Heroes has made encouraging steps towards achieving its strategic targets for this fiscal and whilst not all have been achieved, we have seen progress in virtually all areas.

- We aimed to deliver 7 advanced dogs into partnerships in FY23/24 and by the end of the fiscal had 4 dogs signed over into partnerships, but with another 3 potential partnerships making good progress and likely to be signed off in the early part of the current fiscal. It is always difficult to predict how long it will take for a potential partnership to progress from the initial matching process through to the signing of the full partnership agreement as the development of the relationship between each dog and their Partner is individual to that partnership. Two of the partnerships in FY23/24 were for successor dogs for existing Partners whose original dogs had reached the end of their working lives. It was pleasing to be able to continue to support these Partners and know the value they derive from having an assistance dog aid them in their everyday lives.
- We acquired 8 puppies in FY23/24, 2 less than our target but still 60% more than in the prior year. We had to halt puppy acquisition towards the end of the fiscal due to a reduction in the availability of volunteer puppy parents. The Charity is reliant on having a pool of puppy parents who do an amazing job of supporting the Charity by providing the puppies with a loving, safe home and giving basic training for the first one to two years of their lives. The Charity conducts regular recruitment drives to attract new puppy parents and foster parents as it is a critical factor in our ability to expand our intake of puppies and therefore increase delivery of charitable benefit as planned. Recruitment, and then retention, of volunteer puppy parents has become increasingly difficult over the past few years and is believed to be due to a combination of people needing to work more/longer due to economic circumstances and also retired people wanting to have the flexibility to travel/support family members and are therefore wary to take on the commitment of a young puppy. The Charity, therefore, needs to expand its recruitment areas and as a first step in September 2023 opened a puppy training hub in Portsmouth to extend its puppy parent catchment area.
- We continue to use our training centre throughout the year for both advanced dog training and the running of puppy classes, as well as providing ongoing support to the puppy parents, with our dog trainers conducting a level of general training in external environments and providing one-to-one support as required. Similarly, our regular schedule of aftercare visits with Partners and their dogs has been delivered with the dogs and their Partners always pleased to see our staff in person in their home environment. Our application process remains open throughout the year.
- We were thrilled in May'23 to be able to hold our first Partnership Celebration event since 2019, where we hosted six Partners, their dogs and the wonderful puppy parents and trainers and celebrated the successful establishment of their partnerships.
- The Charity does not receive any government funding and therefore is totally dependent upon the income it can raise to fund the development and delivery of its charitable benefit. As stated earlier, we intend, as set out in the 5 Year Strategic Plan, to increase the number of dogs in training and in partnerships. This will require an annual increase in expenditure and therefore it is critical that the Charity grows its income significantly over the coming years. Having invested in increased Fundraising resource at the beginning of the Strategic Plan period, it is really pleasing to see the positive impact the small team continue to make through their initiatives and despite the challenging economic environment, our total income increased in FY23/24 by 59%! We are very grateful for the generous grants and donations made by a broad mix of institutions, corporate sponsors and individuals who have undertaken a number of challenges and activities to generate our much needed funds.

HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

- Expenditure increased by 12% compared to FY22/23, as anticipated, due to the resources required to deliver and support an increase in the number of dogs in training and the number of active partnerships. However, costs are very tightly managed and the operational team continue to develop our ways of working to be able to operate as efficiently as possible.
- Increasing awareness of the Charity, who and how it helps, and how it can be supported, is one of our key priorities in order to facilitate the desired growth in the number of partnerships and in income generation. The Charity has an ongoing, and constantly evolving, communications programme targeted at reaching.

1.4 Our Focus for the Coming Year

The Charity's overarching objective for the coming year is to continue to develop the Charity to deliver the key elements of our 5 Year Strategic Plan

The areas of focus for FY24/25 identified by the Trustees are:

- To continue to deliver high quality support and after-care to our existing Partners and to develop new partnerships. The number of dogs in active partnerships at the end of FY23/24 was 18 and the target is to establish a further 7 new partnerships by the close of the fiscal and it is pleasing to report that to date 4 new partnerships have been achieved
- Taking into account the desire to have an ongoing, steadily increasing, pipeline of dogs to take through the various stages of training and placement and ensure we can deliver the planned new partnerships in each year, we aimed to acquire 14 puppies in FY24/25. As we currently stand, due to the shortage of available puppy parents, we have had to slow down our acquisition of puppies and so far, we have welcomed 3 new puppies to the Hounds for Heroes team. We are actively working on recruitment campaigns for both our core and Portsmouth catchment areas as well as the development of another puppy training hub in a different area which will hopefully launch in the autumn. We would therefore hope that our acquisition of puppies will pick up in the second half of this fiscal.
- In order to fund an increase in the delivery of charitable benefit whilst also reducing our operating deficit, continued growth in income generation is vital. We will continue to develop both our breadth and depth of income streams which we have determined requires a further investment in additional fundraising resource this fiscal. This will also be supported by our marketing and communications activity to raise awareness of the work of the Charity, increase supporter engagement and grow our supporter base. The Board, whilst it set an aspiration in the Strategic Plan for the Charity to break even in FY24/25, has decided to delay achievement of that target in order to focus on development and delivery of increased charitable benefit. Our financial position is sufficiently sound to support this decision but it is possible therefore that the Charity may not achieve a breakeven position in this coming year.
- To increase awareness of who the Charity helps and the support it can provide, the Charity will build its communication and relationships with relevant organisations in order to reach more potential applicants
- The Charity will continue to manage expenditure carefully, keeping a tight control on costs and seeking efficiencies to offset cost inflation where possible.
- The Board of Trustees will regularly review and monitor progress of the initiatives to be prosecuted to deliver the objectives of the 5 Year Strategy.

2 Financial review

2.1 Overview

The financial performance of Hounds for Heroes for the year ended 31 March 2024 reflects a period of significant activity and development, despite economic challenges. The Charity continues to be committed to training and providing assistance dogs for injured and disabled men and women of both the UK Armed Forces and Emergency Services.

For FY23/24, the trustees set ambitious budget goals to increase our income through the Charity's growth. This targeted expansion was expected to result in higher expenditures for fundraising and charitable activities, but we aimed to reduce our annual deficit compared to the previous year. We successfully met this goal.



HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

Expenditure in FY23/24 rose by 12% compared to FY22/23. Meanwhile, income from donations and legacies surged by 59%. Although we ended FY23/24 with a cash deficit, it was 65% lower than in FY22/23, aligning with the Trustees' projections as we work towards a positive net position. The Charity has ample reserves to sustain our objectives during this period of growth.

At the end of FY23/24 the Charity had total funds of £1,522,328. As outlined in the Charity's Reserves Policy below, the Charity has set aside £120,518 as Restricted Reserves and £1,231,488 as Designated Reserves leaving a balance of £170,322 as Unrestricted General Funds.

As of FY23/24, the Charity possesses the necessary asset strength to move forward effectively and deliver the quality and volume of charitable benefits that both the Charity and our donors aspire to achieve. At the time of this report, we remain confident in the Charity's ability to continue as a viable and ongoing concern.

Hounds for Heroes has demonstrated resilience and financial prudence in 2024, successfully increasing its income and managing its expenditures to continue supporting its vital mission. The trustees remain dedicated to ensuring the Charity's financial health and sustainability, allowing it to provide life-changing assistance dogs to those in need.

2.2 Reserves Policy

The Charity maintains a policy of holding both Restricted and Designated Reserves. The remaining funds, not allocated to these reserves, are categorized as Unrestricted General Funds, which support the day-to-day operations of the Charity.

The Restricted Reserve holds restricted funds that are the balance of all the as yet unspent donations where the donor has specified the task to be achieved by their donation. The Designated Reserves hold unrestricted funds which the Trustees agree are required to ensure, for instance, the welfare of all the dogs in our care and as required to mitigate against identified financial risks such as the uncertainty of income that all charities face.

2.2.1 Restricted Reserve

The Restricted Reserve has decreased from £128,792 as at the end of FY22/23 to £120,518 at the end of FY23/24 (note 19). When a donor specifies the task to be achieved by a donation and this is declared at the time the donation is made, then the donation is placed in the Restricted Reserve. In most cases the task identified takes several months to complete.

When a donor sponsors a dog's name, it may take more than 2 years for the sponsored dog to be placed and for the Charity to deem that the specified task has been achieved. Therefore, the Restricted Reserve is reduced by the spend made by the Charity as it progresses the delivery of the specified tasks. In this way the value of the Restricted Reserve always reflects the spend yet to be made to achieve the outcomes specified by the donors.

2.2.2 Designated Working Life Reserve

The Charity chooses to deliver charitable benefit by funding the entire working life of the dog. The Working Life Reserve is therefore required to ensure that this commitment may be delivered irrespective of the longevity of the Charity.

The Working Life Reserve reflects funds to support 2 years of costs for all dogs in service. The Trustees have agreed that the cost per year per dog will be £5,000 (FY22/23 £5,000). The Working Life Reserve at FY23/24 is £360,000 (FY 22/23 £300,000).

2.2.3 Designated Operating Reserve

The Charity survives through charitable donations and it is recognised that from time to time any of our sponsors may wish to redirect their sponsorship to other worthy causes. Replacement of a major sponsor may take more than two years and so this reserve is prudent protection against the uncertainties of income that all charities face. The Trustees have decided to maintain the Operating Reserve to allow the Charity to function at its current rate of expenditure for 18 months.



HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

The projected indirect running costs of the Charity for the 18 months from the start of FY24/25 are £598,227. Direct costs are already covered within the Designated Working Life Reserve.

The Trustees remain mindful of the need to release part or all of this designated reserve into unrestricted general funds should the need arise.

2.2.4 Designated Named Dog Reserve

The Charity has received many donations for the sponsorship of a dog with a specific name. This donation is initially placed within the Restricted Reserve. The Restricted Reserve decreases as the Charity spends funds delivering the tasks specified by the donors. The Trustees have agreed to create the Designated Named Dog Reserve which identifies where a donation that was initially placed within the Restricted Reserve has been spent but the desired outcome has not yet been achieved. This Reserve is prudent protection against the identified risk that a donor may request the return of the donation, in full or in part, should the donor deem the desired outcome has not been achieved in a sufficiently timely manner. The Designated Named Dog Reserve closing balance for FY23/24 is £238,261 (FY22/23: £258,022).

2.2.5 Designated Property Maintenance Reserve

The Charity currently occupies rented premises. The use of the premises causes wear and tear and the Charity is responsible for costs of the repair and maintenance of the premises. Property maintenance is conducted throughout the year. The Property Maintenance Reserve represents monies set aside to cover these costs. The Property Maintenance Reserve has been set at £35,000 and is reviewed annually.

2.3 Management of Funds

The Trustees continue to pay high regard to the guidance of the Charity Commission in shaping how the Charity delivers charitable benefit.

The management of the Charity's funds through the allocation of Restricted and Designated Reserves is a key aspect of the Charity's strategy and will continue to be a priority for the Trustees.

2.4 Support from Sponsors

During the year the Charity has been extremely fortunate to receive support from a number of organisations including the following:

- Allianz Insurance, operating as PetPlan
- Bet Fred
- Greenwich Hospital
- Pets Foundation
- Veterans' Foundation
- The Seafarers' Charity
- Army Benevolent Fund
- The National Lottery Community Fund
- Ladies Section Army Golf Club
- Dogrobes Ltd
- Thomas's School
- Bernard Sunley Foundation
- The Red Arrows Trust
- BFBS - Big Salute
- Aquila - Air Traffic Management Services
- Hogsback Chapter UK
- Hunt Forest Group
- Johnson's Veterinary Products Ltd
- HMS Victory

HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

- Fareport Social Club
- The Barratt Foundation
- Paw Paddock
- Grey Fern Park Equestrian Centre
- St John the Evangelist Church
- Gosport Submariners Association
- UK Submariners
- Godolphin School

2.5 Pay Policy for Trustees and Staff

All Trustees give their time freely and no Trustee received remuneration from the Charity in the year. There is no intention for this to change.

Details of Trustees' expenses and related party transactions are disclosed in Note 10 to the accounts.

The pay of staff is reviewed annually by the Trustees supported by the Charity Manager. Staff pay normally is increased by a cost of living increment at the start of each financial year guided by CPI and RPI in February for the prior year.

Changes in salary to reflect changes in the level of responsibility of staff members are also usually but not exclusively timed to come into effect at the start of the financial year.

3 Risk management

The Trustees have a risk management strategy which comprises:

- A review of the principal financial risks is held at the Finance Committee meeting, and are reviewed on a regular basis. The Reserves Policy outlined earlier reflects the perceived financial risks and how the Charity has mitigated against those risks.
- The establishment and maintenance of a Risk Register which identifies all material risks to the operation of the Charity and the implementation. Plans are identified to reduce the likelihood/impact of the identified risks and the Trustees review the Risk Register quarterly.

4 Structure, governance and management

The Hounds for Heroes Charity is a company limited by guarantee, without share capital. The Charity's governing document is its Articles of Association, dated 1st April 2015. The Trustees meet regularly, currently monthly, to review performance, discuss current projects and how the Charity's long term aims and objectives are being met. Presently the Trustees collectively act as the board of directors responsible for strategy and the delivery of governance. In addition, the Trustees work through sub-committees, comprising of a mix of Trustees, the Charity Manager and the relevant functional managers for discrete areas of the Charity's operations, namely Finance; Income Generation and Service Delivery (dog support/training & partnerships). At the Trustees Board meetings, the Trustees may vote on any decisions that are required to be made for which a majority of Trustees must be in agreement. Should any decision making be fundamental when not all Trustees are present, then relevant documents are circulated and all Trustees are required to vote. Day to day operational matters are the responsibility of the Charity's Senior Management Team comprising the Charity Manager and the Senior Managers.

HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

A Parton	
A Ferguson	
P J Grinsted	
D J Connor	
J Norman	
E Ridgway	(Resigned 21 July 2024)
C J Beynon	(Resigned 17 May 2023)
O Brown	(Resigned 2 February 2024)
J H Forth	(Appointed 1 October 2023)
P A Ketley	(Appointed 30 January 2024)
M J Perkins	(Appointed 30 January 2024)
H Slater	(Appointed 30 January 2024)
A F Smith	(Appointed 30 January 2024)

The Trustees recognise that the Charity benefits from having a team of trustees that have a broad variety of skills and experience that are allied to the operations of the Charity. A candidate Trustee is only appointed to the Board of Trustees after a screening and interview process by the Chair, Vice-Chair and selected other Trustees and after satisfactory completion of appropriate searches by the Disclosing and Barring Service.

New Trustees receive an induction in order to brief them on their legal obligations under charity and company law, the Charity Commission guidance on public benefit and inform them of the content of the Memorandum and Articles of Association, the committee and decision-making processes, the strategic plan and recent financial performance of the Charity. They also meet key employees and other Trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

In FY23/24 we actively recruited additional trustees and during the financial year we have had the addition of 5 new trustees to our board bringing a range of skills and experience.



HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

5 Statement of trustees' responsibilities

The trustees, who are also the directors of Hounds for Heroes for the purpose of company law, are responsible 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).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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

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

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

6 Auditor

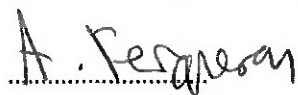
The auditor, Moore (South) LLP, were appointed as the new auditors to the Charity for the 2023/2024 FY and will be is deemed to be reappointed in accordance with the Companies Act 2006.

7 Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The trustees' report was approved by the Board of Trustees.



A Ferguson
Trustee

Date: 2/9/24



HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS AND TRUSTEES OF HOUNDS FOR HEROES

Opinion

We have audited the financial statements of Hounds for Heroes (the 'charity') for the year ended 31 March 2024 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF HOUNDS FOR HEROES

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF HOUNDS FOR HEROES

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- The engagement partner selected staff for the audit who had prior knowledge of the client and who had the required competence and skills in the not for profit sector to be able to identify or recognise non-compliance with laws and regulations.
- We assessed the risk of irregularities as part of our audit planning, including due to fraud, management override was identified as a significant fraud risk from our assessment. This is due to the ability to bypass controls through inappropriate expenditure and accounting policies adopted.
- Completeness of income was also identified as a significant risk to the audit, most significantly legacy income as there is a degree of judgement as to whether this income should be included.
- Additionally, some income received is restricted in its use. A significant risk was identified regarding the correct classification of income between restricted and unrestricted funds and that the expenditure against this income was in line with any specified restrictions.
- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and we considered the most significant to be the Companies Act 2006, the Charities Act 2011, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities SORP, and the UK financial reporting standards as issued by the Financial Reporting Council. We considered how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We enquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations. Consideration was also made of the internal controls in place to mitigate the identified risks.
- We assessed the control environment, documenting the systems, controls and processes adopted. The audit approach incorporated a combination of controls where appropriate, analytical review and substantive procedures involving tests of transactions and balances. Any irregularities noted were discussed with management and additional corroborative evidence was obtained as required.
- We obtained an understanding and assessed the impact and effect of Covid-19 on the operations of the charitable company and adapted our audit approach accordingly. We enquired and obtained evidence to support the going concern assumption and reviewed grant received, dovetailed with the work undertaken on management override.

To address the risk of fraud through management override we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify any unusual transactions;
- Reviewed sensitive nominal ledger codes;
- Reviewed transactions with related parties; and
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities with regards to the completeness of income we:

- Agreed a sample of income received from source documentation into the accounting records;
- Obtained details of legacies due to be received at the year end from source documentation and ensuring that none were omitted from the accounts and those included were at the correct value;
- Discussed with management that there was no further income they were aware of that needed to be accounted for; and
- Reviewed board minutes for evidence of any further unrecorded income.

HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF HOUNDS FOR HEROES

In response to the classification of income between restricted and unrestricted we:

- Agreed a sample of income received from source documentation into the accounting records to ensure any restrictions to the income were correctly identified;
- Reviewed the clients analysis of restricted funds for any obvious misallocations of income or expenditure;
- Confirmed that expenses and payroll costs allocated against restricted funds met the purpose for which the income was given; and
- Tested a sample of expenditure to ensure it was allocated against the correct funding received.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and 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 charitable company, the charitable company's members as a body, and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Louise Hastings (Senior Statutory Auditor)
for and on behalf of Moore (South) LLP

04/09/24

Chartered Accountants
Statutory Auditor

City Gates
2 - 4 Southgate
Chichester
West Sussex
PO19 8DJ

HOUNDS FOR HEROES

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Unrestricted funds general 2024	Unrestricted funds designated 2024	Restricted funds 2024	Total 2024	Unrestricted funds general 2023	Unrestricted funds designated 2023	Restricted funds 2023	Total 2023
Income from:									
Donations and legacies	3	257,878	5,653	185,722	449,253	196,388	6,150	89,428	291,966
Other trading activities	4	4,191	-	-	4,191	3,557	-	-	3,557
Investments	5	63,067	-	-	63,067	30,025	-	-	30,025
Total income		<u>325,136</u>	<u>5,653</u>	<u>185,722</u>	<u>516,511</u>	<u>229,970</u>	<u>6,150</u>	<u>89,428</u>	<u>325,548</u>
Expenditure on:									
Raising funds	6	195,617	-	-	195,617	165,123	-	-	165,123
Charitable activities	7	400,335	-	-	400,335	365,115	-	-	365,115
Total expenditure		<u>595,952</u>	<u>-</u>	<u>-</u>	<u>595,952</u>	<u>530,238</u>	<u>-</u>	<u>-</u>	<u>530,238</u>
Net income/(expenditure)		<u>(270,816)</u>	<u>5,653</u>	<u>185,722</u>	<u>(79,441)</u>	<u>(300,268)</u>	<u>6,150</u>	<u>89,428</u>	<u>(204,690)</u>
Transfers between funds		132,936	61,060	(193,996)	-	447,734	(378,002)	(69,732)	-
Net movement in funds	9	(137,880)	66,713	(8,274)	(79,441)	147,466	(371,852)	19,696	(204,690)
Reconciliation of funds:									
Fund balances at 1 April 2023		308,202	1,164,775	128,792	1,601,769	160,736	1,536,627	109,096	1,806,459
Fund balances at 31 March 2024		<u>170,322</u>	<u>1,231,488</u>	<u>120,518</u>	<u>1,522,328</u>	<u>308,202</u>	<u>1,164,775</u>	<u>128,792</u>	<u>1,601,769</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

HOUNDS FOR HEROES

BALANCE SHEET

AS AT 31 MARCH 2024

		2024		2023	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	13		12,920		16,150
Tangible assets	14		2,881		7,543
			<u>15,801</u>		<u>23,693</u>
Current assets					
Stocks	15	2,680		5,282	
Debtors	16	106,082		101,861	
Cash at bank and in hand		1,427,259		1,507,686	
		<u>1,536,021</u>		<u>1,614,829</u>	
Creditors: amounts falling due within one year	17	(29,494)		(36,753)	
Net current assets			<u>1,506,527</u>		<u>1,578,076</u>
Total assets less current liabilities			<u>1,522,328</u>		<u>1,601,769</u>
Net assets excluding pension liability			<u>1,522,328</u>		<u>1,601,769</u>
The funds of the charity					
Restricted income funds	19		120,518		128,792
Unrestricted funds - general	21		170,322		308,202
Unrestricted funds - designated	20		1,231,488		1,164,775
			<u>1,522,328</u>		<u>1,601,769</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the trustees on 2/9/24

A Parton
Trustee

Company registration number 07130031 (England and Wales)

HOUNDS FOR HEROES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	£	2023 £	£
Cash flows from operating activities					
Cash absorbed by operations	26		(143,494)		(244,428)
Investing activities					
Purchase of intangible assets		-		(16,150)	
Purchase of tangible fixed assets		-		(2,419)	
Investment income received		63,067		30,025	
Net cash generated from investing activities			63,067		11,456
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(80,427)		(232,972)
Cash and cash equivalents at beginning of year			1,507,686		1,740,658
Cash and cash equivalents at end of year			1,427,259		1,507,686

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

Charity information

Hounds for Heroes is a private charitable company limited by guarantee incorporated in England and Wales, and registered with the Charity Commission in England and Wales, and Scotland. The registered office is Unit 2B, Rookery Farm Buildings, Ramsdean, Petersfield, Hampshire, GU32 1RU.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes. Such funds may be held in order to finance both working capital and capital investment.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors or grantors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Included within other trading activities, is income from the sale of merchandise. Income is recognised on the exchange of goods for cash.

Bank interest is accounted for when receivable.

Included within charitable activities income is donations received in return for trustees or trainers to speak at events. These speakers' fees are considered to be voluntary and are accounted for on receipt, which is usually the date the event takes place.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

Costs of raising funds comprise the costs of staging fundraising events, advertising and marketing and the associated support costs.

Expenditure on charitable activities includes the costs of purchasing puppies, their associated costs and staff costs in relation to training the puppies.

Other expenditure relating to the running of the charity is allocated to the charity's sole charitable activity.

Governance costs include expenditure in relation to constitutional and statutory obligations including audit and statutory accounts preparation, and any reimbursable expenses of the trustees.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel and governance costs which support the charity's activities. These costs have been allocated between costs of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 9.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
----------	-------------------

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	20% straight line
Fixtures and fittings	20% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

1.15 Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured reliably. Creditors and provisions are normally recognised at their settlement amount.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The trustees consider that there are no material areas of judgement or estimation uncertainty.

FOR THE YEAR ENDED 31 MARCH 2024

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HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

3 Income from donations and legacies

(Continued)

Donated goods and services

Donated services are included at the value to the charity, where this can be quantified. Donated goods and services received for which the trustees have been able to value include donations of insurance, vehicle repairs and receipt of a puppy.

In addition to this, the trustees are very grateful for the time volunteered by individuals in running events and fundraising activities. This is invaluable support for the charity, and the trustees are not able to value this in monetary terms.

4 Income from other trading activities

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Sale of charity products	3,881	3,557
Speaker fees	310	-
Other trading activities	4,191	3,557

In both the current and prior year, this income is classified as unrestricted.

5 Income from investments

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Interest receivable	63,067	30,025

In both the current and prior year, this income is classified as unrestricted.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

6 Expenditure on raising funds

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Fundraising and publicity		
Governance costs	5,626	5,501
Staging fundraising events	8,456	4,489
Advertising	8,287	6,741
Other fundraising costs	1,894	12,734
Staff costs	32,882	12,983
Support costs	138,472	122,675
	<u>195,617</u>	<u>165,123</u>

In both the current and prior year, costs relating to raising funds were expensed from unrestricted funds.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

7 Expenditure on charitable activities	Puppy costs		Advanced training		Working dog costs		Total		Puppy costs		Advanced training		Working dog costs		Total	
	2024	£	2024	£	2024	£	2024	£	2023	£	2023	£	2023	£	2023	£
Direct costs																
Staff costs	123,041		-		-		123,041		137,000		-		-		137,000	
Puppy purchase	14,744		-		-		14,744		13,000		-		-		13,000	
Care and training costs	1,918		2,934		1,672		6,524		1,090		1,990		778		3,858	
Food and treats	5,419		3,393		5,291		14,103		2,919		3,376		4,083		10,378	
Kennels	910		2,044		783		3,737		140		1,076		1,107		2,323	
Vet fees and medication	13,915		4,875		34,230		53,020		5,871		3,462		14,558		23,891	
Travel and mileage	1,645		746		18		2,409		430		458		-		888	
Insurance	3,437		4,308		17,302		25,047		2,335		3,887		14,512		20,734	
Puppy parents' claims	1,311		84		-		1,395		875		80		-		955	
Client costs and after care	-		-		9,473		9,473		-		-		17,188		17,188	
Residential Training Costs	-		2,743		-		2,743		-		6,724		-		6,724	
	166,340		21,127		68,769		256,236		163,660		21,053		52,226		236,939	
Share of support and governance costs (see note 8)																
Support	138,472		-		-		138,472		122,675		-		-		122,675	
Governance	5,627		-		-		5,627		5,501		-		-		5,501	
	310,439		21,127		68,769		400,335		291,836		21,053		52,226		365,115	
Analysis by fund																
Unrestricted funds - general	310,439		21,127		68,769		400,335		291,836		21,053		52,226		365,115	

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

8 Support costs allocated to activities

	2024 £	2023 £
Staff costs	157,652	125,158
Depreciation	7,892	12,886
Rent and rates	56,383	51,140
Premises costs	14,663	15,569
Travel and subsistence	9,863	8,070
Telephone	7,307	7,370
Legal and professional	2,279	4,122
Printing, postage, stationery and website costs	11,129	12,105
Insurance	3,887	3,437
Advertising	399	479
Bank charges	3,163	3,359
Administration costs	2,327	1,655
Governance costs	11,253	11,002
	<u>288,197</u>	<u>256,352</u>
Analysed between:		
Fundraising	144,098	128,176
Charitable activities	144,099	128,176
	<u>288,197</u>	<u>256,352</u>

The Trustees consider that the basis of allocation of support and governance costs between fundraising and charitable activities is equal. This is consistent with prior periods.

9 Net movement in funds

	2024 £	2023 £
The net movement in funds is stated after charging/(crediting):		
Fees payable to the charity's auditor:		
- for the audit of the charity's financial statements	6,925	9,000
- for other financial services	1,500	750
Depreciation of owned tangible fixed assets	4,662	6,494
Amortisation of intangible assets	3,230	3,832
	<u></u>	<u></u>

10 Trustees

None of the Trustees received any remuneration or benefits from the charity during the year.

A total of £4,016 has been reimbursed to one of the Trustees, this includes expenses in respect of travel, subsistence, hospitality and attending fundraising events (2023: one Trustee was reimbursed a total of £3,063). All expenses are reimbursed at cost and there is no benefit to the Trustee.

A total of £225 (2023: £237) is still owed to one of the trustees in respect of these expenses at the reporting date.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

10 Trustees

(Continued)

The charity has employed Mrs S Parton who is the wife of Mr A Parton, a Trustee. A thorough recruitment process was followed and a market rate salary was agreed. The Trustees sought advice from the Charity Commission at the time of the appointment and all proper procedures have been followed. Remuneration has been paid of £33,484 (2023: £31,947). There are no amounts outstanding at the balance sheet date.

11 Employees

The average monthly number of employees during the year was:

	2024 Head Count	2024 FTE	2023 Head Count	2023 FTE
Dog trainers	5	4	6	5
Administration and fundraising	6	5	6	4
Total	11	9	12	9

Employment costs

	2024 £	2023 £
Wages and salaries	286,625	251,078
Social security costs	20,513	18,281
Other pension costs	6,437	5,782
	313,575	275,141

There were no employees whose annual remuneration was more than £60,000.

Remuneration of key management personnel

The remuneration of key management personnel was as follows:

	2024 £	2023 £
Aggregate compensation	54,313	53,140

12 Taxation

As a charitable company, Hounds for Heroes is exempt under current tax legislation from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen in the charitable company in either the current or the prior year.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

13 Intangible fixed assets

	Software £
Cost	
At 1 April 2023 and 31 March 2024	22,700
Amortisation and impairment	
At 1 April 2023	6,550
Amortisation charged for the year	3,230
At 31 March 2024	9,780
Carrying amount	
At 31 March 2024	12,920
At 31 March 2023	16,150

14 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2023	28,030	23,121	64,848	115,999
At 31 March 2024	28,030	23,121	64,848	115,999
Depreciation and impairment				
At 1 April 2023	28,030	20,796	59,630	108,456
Depreciation charged in the year	-	682	3,980	4,662
At 31 March 2024	28,030	21,478	63,610	113,118
Carrying amount				
At 31 March 2024	-	1,643	1,238	2,881
At 31 March 2023	-	2,325	5,218	7,543

15 Stocks

	2024 £	2023 £
Finished goods and goods for resale	2,680	5,282

An impairment charge of £nil (2023: £10,568) was recognised in expenditure on raising funds during the year.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2024**

16 Debtors

	2024	2023
	£	£
Amounts falling due within one year:		
Other debtors	91,499	88,559
Prepayments and accrued income	14,583	13,302
	<u>106,082</u>	<u>101,861</u>

17 Creditors: amounts falling due within one year

	2024	2023
	£	£
Other taxation and social security	6,431	5,356
Trade creditors	5,035	13,151
Other creditors	4,242	2,749
Accruals and deferred income	13,786	15,497
	<u>29,494</u>	<u>36,753</u>

18 Retirement benefit schemes

	2024	2023
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>6,437</u>	<u>5,782</u>

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

19 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	At 1 April 2023	Incoming resources	Resources expended	Transfers	At 31 March 2024
	£	£	£	£	£
Sponsored Dogs	95,292	185,722	-	(193,996)	87,018
St James Trust Homes	3,500	-	-	-	3,500
Vehicle fund	30,000	-	-	-	30,000
	<u>128,792</u>	<u>185,722</u>	<u>-</u>	<u>(193,996)</u>	<u>120,518</u>

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

19 Restricted funds

(Continued)

Previous year:	At 1 April 2022 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2023 £
Sponsored Dogs	105,596	88,303	1,125	(69,732)	125,292
St James Trust Homes	3,500	-	-	-	3,500
Estate Agents Tesco Trust	-	1,125	(1,125)	-	-
	<u>109,096</u>	<u>89,428</u>	<u>-</u>	<u>(69,732)</u>	<u>128,792</u>

The Sponsored Dogs restricted fund comprises amounts received to be expended on the purchase and training costs of named dogs.

In this year and the prior year, when a donor has approached the charity to sponsor the training and placement of a dog, a discussion was had with the donor to agree what the funds will be used for, once agreed the money is accounted for as a restricted donation. Once a dog has been placed and the training is complete, the donation is then transferred into the designated dog reserve as discussed below, to fund the dog for the rest of it's working life. The management and trustees currently have this process under review.

The St James Trust restricted fund relates to amounts received for educational purposes.

The Tesco Trust fund relates to amounts received and used for the development of a new website.

The vehicle fund relates to amounts received towards the purchase of a new vehicle.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

20 Unrestricted funds - designated

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	At 1 April 2023 £	Incoming resources £	Transfers £	At 31 March 2024 £
Working Life Reserve	300,000	-	60,000	360,000
Named Dog Reserve	258,022	5,653	(25,414)	238,261
Operating Reserve	571,753	-	26,474	598,227
Property Maintenance Reserve	35,000	-	-	35,000
	<u>1,164,775</u>	<u>5,653</u>	<u>61,060</u>	<u>1,231,488</u>

The Working Life Reserve represents monies set aside to fund 2 years worth of costs for all dogs currently in service. The Trustees have agreed that the cost per year per dog will be £5,000. The amount of £360,000 (2023: £300,000) represents the Charity's commitment to fund those dogs currently in various stages of their working lives for the Charity. The transfer of funds to the Working Life Reserve from Unrestricted General funds reflects the Charity's Working Life commitment as at the end of the reporting period.

The Lance Corporal James Brynin In Memoriam fund comprised funds received from both the Brynin family, and funds the family have raised in memory of Lance Corporal James Brynin, who was killed in Afghanistan in October 2013. The Trustees planned to use these donations to fund two named dogs in memory of Lance Corporal James Brynin, and towards the purchase of an adapted van to transfer dogs and wheelchair users (purchased in 2015/16). The first dog, Ally, joined the programme in 2017/18. In 2022/23, a second named dog called Reece joined the programme. The balance of the fund was moved to the named dog reserve in 2022/23, where it will be held until Reece has been placed.

In this year and the prior year, when a donor has approached the charity to sponsor the training and placement of a dog, a discussion was had with the donor to agree what the funds will be used for, once agreed the money is accounted for as a restricted donation. Once a dog has been placed and the training is complete, the donation is then transferred into the designated dog reserve as discussed below, to fund the dog for the rest of its working life. The management and trustees currently have this process under review.

As described in the Trustees' Report, the Named Dog Reserve identifies where a donation that is initially placed in the restricted reserve has been spent, but the desired outcome has not yet been achieved in respect of a successful placement of a named dog. The reserve will be released once the desired outcome has been achieved. Amounts of £61,667 (2023: £106,765) have been released from this reserve back to unrestricted general funds during the year to reflect donations received previously where the named dog is now in service.

The Trustees have transferred £26,474 (2023: £162,651) during the year from unrestricted general reserves to the Operating Reserve. This is to ensure that the closing fund balance represents the amount of indirect running costs of the Charity, that the Trustees consider is required in order that the Charity may function at its current rate of expenditure for 18 months, should the level of donations received drop significantly.

The Charity is responsible for the costs of maintaining its premises under the lease. £35,000 is the amount estimated by the Trustees to be required to fund the costs of maintenance of the rental premises and this is carried forward in the Property Maintenance Reserve. These costs will become payable if/when the charity leaves its current premises.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

20 Unrestricted funds - designated

(Continued)

The comparative fund movements are as follows:

Previous year:	At 1 April 2022 £	Incoming resources £	Transfers £	At 31 March 2023 £
Working Life Reserve	783,839	-	(483,839)	300,000
Lance Corporal James Brynin in Memoriam	28,235	-	(28,235)	-
Named Dog Reserve	280,451	6,150	(28,579)	258,022
Operating Reserve	409,102	-	162,651	571,753
Property Maintenance Reserve	35,000	-	-	35,000
	<u>1,536,627</u>	<u>6,150</u>	<u>(378,002)</u>	<u>1,164,775</u>

21 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 April 2023 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2024 £
General funds	<u>308,202</u>	<u>325,136</u>	<u>(595,952)</u>	<u>132,936</u>	<u>170,322</u>
Previous year:	At 1 April 2022 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2023 £
General funds	<u>160,736</u>	<u>229,970</u>	<u>(530,238)</u>	<u>447,734</u>	<u>308,202</u>

22 Analysis of net assets between funds

	Unrestricted funds general 2024 £	Unrestricted funds designated 2024 £	Restricted funds 2024 £	Total 2024 £
At 31 March 2024:				
Intangible fixed assets	12,920	-	-	12,920
Tangible assets	2,881	-	-	2,881
Current assets/(liabilities)	<u>154,521</u>	<u>1,231,488</u>	<u>120,518</u>	<u>1,506,527</u>
	<u>170,322</u>	<u>1,231,488</u>	<u>120,518</u>	<u>1,522,328</u>

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

22 Analysis of net assets between funds

(Continued)

	Unrestricted funds general 2023 £	Unrestricted funds designated 2023 £	Restricted funds 2023 £	Total 2023 £
At 31 March 2023:				
Intangible fixed assets	16,150	-	-	16,150
Tangible assets	7,543	-	-	7,543
Current assets/(liabilities)	284,509	1,164,775	128,792	1,578,076
	<u>308,202</u>	<u>1,164,775</u>	<u>128,792</u>	<u>1,601,769</u>

23 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for the properties from which it operates, as well as rentals for items of office equipment. Property leases and equipment rentals are negotiated for an average term of 6 years. The property leases have break clauses after 3 years.

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024 £	2023 £
Within one year	50,163	540
Between two and five years	51,243	2,160
	<u>101,406</u>	<u>2,700</u>

During the year, the charitable company recognised £52,279 (2023: £48,178) of lease costs in the Statement of Financial Activities in respect of non-cancellable operating leases.

24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2024 £	2023 £
Acquisition of property, plant and equipment	<u>27,000</u>	<u>-</u>

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

25 Related party transactions

Details of transactions and balances with Trustees and parties related to them are disclosed in note 10.

Remuneration of key management personnel is disclosed in note 11.

There were no other disclosable related party transactions during the year (2023 - none).

26 Cash generated from operations	2024 £	2023 £
Deficit for the year	(79,441)	(204,690)
Adjustments for:		
Investment income recognised in statement of financial activities	(63,067)	(30,025)
(Gain)/loss on disposal of tangible fixed assets	-	2,560
Amortisation and impairment of intangible assets	3,230	-
Depreciation and impairment of tangible fixed assets	4,662	10,326
Movements in working capital:		
Decrease in stocks	2,602	11,453
(Increase) in debtors	(4,221)	(41,655)
(Decrease)/increase in creditors	(7,259)	7,603
Cash absorbed by operations	(143,494)	(244,428)

27 Analysis of changes in net funds

The charity had no material debt during the year.

HOUNDS FOR HEROES

England & Wales - Charity number 1134359

Accounts

Charity Registration No. 1134359

Company Registration No. 07130031 (England and Wales)

HOUNDS FOR HEROES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



**TOGETHER
WE CAN**

HOUNDS FOR HEROES

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Allen Parton Amanda Ferguson Peter Grinsted Daniel Connor Olivia Brown Jade Norman Elizabeth Ridgeway
Charity number (England & Wales)	1134359
Charity number (Scotland)	SC043751
Company number	07130031
Chair	Amanda Ferguson
Vice-Chair	Allen Parton
Registered office	Unit 2B Rookery Farm Buildings Ramsdean Petersfield Hampshire GU32 1RU
Auditor	Fiander Tovell Limited Stag Gates House 63/64 The Avenue Southampton Hampshire SO17 1XS
Bankers	Lloyds Bank plc 5 The Square Petersfield Hampshire GU32 3HL

HOUNDS FOR HEROES

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HOUNDS FOR HEROES**TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)****FOR THE YEAR ENDING 31 MARCH 2023**

The Trustees present their report and accounts for the financial year ended 31st March 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

1 Objectives and Activities**1.1 Our Objectives**

Our principal objective is to enhance the quality of life of HM Armed Forces and Emergency Services personnel who have become disabled through injury or illness at any time. The Charity's Memorandum of Articles and Association allows a broad range of mechanisms by which the Charity may achieve this objective, however, the Charity only came into existence because of a remarkable life changing partnership that formed between a dog and an injured serviceman. Therefore, it remains the Charity's purpose to deliver our Charitable Benefit primarily through the provision of specially trained Assistance Dogs. This is the *raison d'être* of the Charity.

Since the start of operation, the Charity has chosen to fund the whole working life of our dogs up to the dog's retirement. In this way the Charity can best safeguard the welfare of all our dogs throughout their working lives as well as relieve our partners from the financial commitment of being partnered with an assistance dog.

1.2 Our 5 Year Strategy (FY22/23 – FY26/27)

The Charity developed an updated 5 Year Strategic Plan for the start of this fiscal year FY22/23, so this report covers Yr1 of that strategy. The strategy sets out to accelerate the delivery of charitable benefit, increasing the number of partners it is able to support balanced with our ability to generate income to fund this rate of delivery. The Strategy is very much about building on the current solid foundations and development of the Charity to ensure it can meet the vision whilst maintaining the quality of output and the character of the Charity that have become its hallmarks.

Key elements of the 5 Year Strategy as follows:

- The acceleration of delivery of charitable benefit is quantified by steadily increasing the number of puppies acquired each year to commence training from 5 puppies this fiscal to 24 puppies in the final year of the strategic plan and for the number of established new partnerships therefore to grow by an average of 8 new partnerships per year over the 5 year strategy period.
- The acceleration of delivery of charitable benefit will require increased expenditure which will be met by a growth in income generated by a more significant fundraising activity plan, supported by expert resource as required and increased communication to key audiences. The strategic plan assumes that, as it will take time for the fundraising momentum to build, any cash deficit resulting from the imbalance between income and expenditure in the first two years of the plan will be met by the use of unrestricted general funds, with the target that the Charity will reach a breakeven position during FY24/25
- It is important that awareness of the support the Charity provides reaches those service personnel who could potentially benefit from a partnership with an assistance dog. It is therefore a key component of the Strategy that the Charity continues to build its relationship with other military and emergency service support organisations to facilitate communication and also offer mutual support to beneficiaries
- The standards to which Hounds for Heroes operates are comparable to, and guided by, those determined by Assistance Dogs International (ADI) and are embedded as part of our heritage and what the Charity strives to maintain for our partners
- The governance of the Charity shall be delivered by a team of Trustees who are unpaid volunteers. The ownership of the Charity's strategic plan will remain with the Trustees, and during the strategy period strategic decisions will be made by the Trustees, with the involvement of the Charity Manager. The day-to-day operational management will be conducted by the Charity's Senior Management Team.

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**FOR THE YEAR ENDING 31 MARCH 2023****1.3 Our Achievements and Performance**

At the start of this fiscal, the Charity's overarching objective for the coming year, after the disruptions caused by Covid in the prior couple of years, was to have a year of full operations, return to our planned levels of service and delivery, rebuild our income streams and maintain the quality of our dog training and partner support in order to deliver our charitable benefit as effectively as we could.

Given that many of our applicants and partners are classed as clinically extremely vulnerable, even though the threat and issues caused by covid have eased, we continue to be very mindful to operate in a Covid-safe manner, regularly reviewing our operating practices, so that our applicants and partners (and also staff and volunteers) feel they are not placed at risk when dealing with the Charity.

Having been able to reintroduce applicant visits and matching sessions at the Charity's centre from the summer of 2021, we were delighted in FY22/23 to be able to deliver 5 advanced dogs into partnerships, one of which was a replacement dog for an existing Partner whose original dog had reached our set retirement age of 10 years old, thus meeting the target we had set for FY22/23. Having put on hold accepting new applications for partnerships in FY20/21 and nearly all of FY21/22 due to Covid, our application process has been open throughout the year.

We had aimed to acquire 8 puppies in FY22/23 but unfortunately were only able to bring in 5 puppies due to unforeseen constraints in training resource in the middle of the fiscal and a reduction in the availability of volunteer puppy parents. The Charity is reliant on having a pool of puppy parents who do an amazing job of supporting the Charity by providing the puppies with a loving, safe home and giving basic training for the first one to two years of their lives. The Charity conducts regular recruitment drives to attract new puppy parents as it is a critical factor in our ability to expand our intake of puppies as planned in our current 5 Year Strategy.

We were able to return to using our training centre throughout the year for advanced dog training and the running of puppy classes, as well as providing ongoing support to the puppy parents, with our dog trainers conducting a level of general training in external environments and providing one-to-one support as required. Similarly, after having to deliver aftercare remotely during the Covid period, our regular schedule of aftercare visits has been re-established with Partners and their dogs pleased to be able to see our staff in person in their home environment.

The Charity does not receive any government funding and therefore is totally dependent upon the income it can raise to fund the development and delivery of its charitable benefit. As stated earlier, it is our intention, as set out in the 5 Year Strategic Plan, to steadily increase the number of dogs in training and in partnerships. This will require increased expenditure and therefore it is critical that the Charity grows its income significantly over the coming years. Therefore, at the beginning of this fiscal year, the Charity recruited an experienced Fundraising Manager to proactively generate and coordinate our income generation activities. It is pleasing to report that, despite the challenging economic environment, our total income increased in FY22/23 by 77%, recovering to pre-pandemic levels. This will, however, continue to be a major area of focus for the Charity as further continuous growth in income is required. We are very grateful for the generous donations made by a broad mix of institutions, corporate sponsors and individuals who have undertaken a number of challenges and activities to generate our much needed funds.

Expenditure continued to be very tightly managed but inevitably as the Charity returned to a full year of more normal operations our costs increased, resulting in our full year expenditure being +17% vs the prior year. We continue to develop our ways of working to be able to operate as efficiently as possible.

To facilitate the desired growth in the number of partnerships and in income generation, the Charity has been working on developing an ongoing communications programme which aims to increase awareness of the Charity, who and how it helps, and how it can be supported amongst its key audiences. A key activity in this fiscal was to launch an improved, updated website which went live in March'23 and we have grown our marketing activity, particularly on social media channels, increasing our engagement with supporters and attended a larger number of relevant events and the Charity's Founder has continued to deliver an Awareness Programme to increase understanding of the Charity's objectives amongst both the communities it wishes to deliver charitable benefit to, and with current and potential supporters.

HOUNDS FOR HEROES**TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)****FOR THE YEAR ENDING 31 MARCH 2023**

The Charity was registered in 2010. Since starting operations, we have monitored our performance by measuring how long each dog receives puppy training, how long each dog receives advanced training and how long each dog has been in partnership. In this way we know what we have achieved from our registration and what we have achieved each year. These achievements, or deliveries, are measured in units of production of dog-years where a dog-year is the delivery of 1 year of training or 1 year of partnership support for one dog for one year.

By the end of FY22/23 the Charity had achieved the following:

- More than 138 dog-years of dog training have been delivered
- 30 successful placements of partnering a specially trained assistance dog with a client have been achieved
- Nearly 70 dog-years of partnership with proper partnership support have been delivered to Partners living throughout the UK

The Charity continues to use the comparison of the number of successful placements with the number of puppies that have started the training course as a key performance indicator. Since commencing operations in 2011, by the end of FY22/23 the Charity had achieved 30 successful placements and this represents 62% of the number of puppies that have started the training course and would have been expected to have been successfully placed with a partner. The Charity aims to continue to improve performance in this area by our knowledge of breeds and breeders, by increasing the awareness amongst breeders of the Charity's needs and by continuously improving our dog training and partnering processes.

And finally, The Trustees would like to pay tribute to the hard work and dedication of our staff and volunteers throughout this period.

1.4 Our Focus for the Coming Year

The Charity's overarching objective for the coming year is to continue to develop the Charity to deliver the key elements of our 5 Year Strategic Plan

The areas of focus for FY23/24 identified by the Trustees are :

- To continue to deliver high quality support and after-care to our existing Partners and to develop new partnerships. The number of dogs in active partnerships at the end of FY22/23 was 15 and the target is to establish a further 7 new partnerships by the close of the fiscal and it is pleasing to report that to date 3 new partnerships have been achieved.
- Taking into account the desire to have an ongoing, steadily increasing, pipeline of dogs to take through the various stages of training and placement and ensure we can deliver the planned new partnerships in each year, we aim to acquire 10 puppies in FY23/24. So far, we have welcomed 6 new puppies to the Hounds for Heroes team with 4 planned to join in the final quarter of the fiscal. It is to be noted that the average cost of a puppy, which increased significantly due to the high demand during the pandemic, has now decreased to a more acceptable level, although still remains above the pre-pandemic average cost
- In order to support the growth in the pipeline of dogs, it is critical that the number of volunteer puppy parents is also increased. Several recruitment drives are planned for the year and the Charity will shortly launch a puppy training hub in Portsmouth to extend its puppy parent catchment area
- In order to fund an increase in the delivery of charitable benefit whilst also reducing our operating deficit, continued growth in income generation is vital. We will continue to develop both our breadth and depth of income streams, investing in additional fundraising resource and expertise as required. This will also be supported by our marketing and communications activity to raise awareness of the work of the charity, increase supporter engagement and grow our supporter base.
- To increase awareness of who the charity helps and the support it can provide, the Charity will build its communication and relationships with relevant organisations in order to reach more potential applicants
- The Charity will continue to manage expenditure carefully, keeping a tight control on costs and seeking efficiencies to offset cost inflation if at all possible
- The Board of Trustees will regularly review and monitor progress of the initiatives to be prosecuted to deliver the objectives of the 5 Year Strategy

:

HOUNDS FOR HEROES**TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)****FOR THE YEAR ENDING 31 MARCH 2023****2. Financial Review****2.1 Overview**

The prior 5 Year Strategy put in place at the start of FY17/18 anticipated a decrease in the level of unrestricted general funds as the planned acceleration of the delivery of charitable benefit was over time expected to see outgoings increase above income. At the time that the Strategy was implemented, we did of course not anticipate a global pandemic and the resulting impact to the Charity's income and expenditure.

Due to the exceptional circumstances of the pandemic, costs were decreased where possible starting in FY20/21 and continue to be very carefully managed on an ongoing basis beyond FY22/23.

As we continue to return to a higher level of activity following the end of Covid restrictions, our fundraising and charitable activity expenditure increased on the prior year. Expenditure in FY22/23 increased by 14% on FY21/22. Our income from donations and legacies for FY22/23 increased 42% compared to FY21/22. Our new 5 Year Strategy anticipates, and we have budgeted, for increased growth on our income into FY23/24, as we can continue to increase our fundraising activity. Although at FY22/23 we remain in a cash deficit for the year, this deficit is 24% lower than FY21/22 and we anticipate a further reduced deficit in FY23/24. The Charity has sufficient reserves to continue our objectives whilst we reduce our deficit and return to a net positive position.

The level of unrestricted general funds has increased £147,466 since FY21/22, but decreased by £408,058 since the beginning of the prior 5 Year Strategy. For this reason, the Charity has been taking a more proactive approach to fundraising to ensure future income will remain sufficient, will deliver a more balanced position versus expenditure and will meet the Charity's growth objectives.

At the end of FY22/23 the Charity had total funds of £1,601,769. As outlined in the Charity's Reserves Policy below, the Charity has set aside £128,792 as Restricted Reserves and £1,164,775 as Designated Reserves leaving a balance of £308,202 as Unrestricted General Funds.

At the end of FY22/23 the Charity has the strength of assets required to successfully move forward and deliver the quality and volume of charitable benefit that the Charity and our donors wish for. At the time that this report is prepared, we are confident that the Charity will continue as a going and viable concern.

2.2 Reserves Policy

The Charity's Reserves Policy continues to evolve in line with the needs of the Charity, and therefore the Trustees have reviewed and amended the Designated Working Life Reserve (see note 2.2.2). It is the policy of the Charity to hold Restricted Reserves and a range of Designated Reserves. The balance of funds not held in reserve are Unrestricted General Funds which are used to meet the day to day needs of operating the Charity. The Restricted Reserve holds restricted funds that are the balance of all the as yet unspent donations where the donor has specified the task to be achieved by their donation. The Designated Reserves hold unrestricted funds which the Trustees agree are required to ensure, for instance, the welfare of all the dogs in our care and as required to mitigate against identified financial risks such as the uncertainty of income that all charities face.

2.2.1 Restricted Reserve

The Restricted Reserve has increased from £109,096 as at the end of FY21/22 to £128,792 at the end of FY22/23. When a donor specifies the task to be achieved by a donation and this is declared at the time the donation is made, then the donation is placed in the Restricted Reserve. In most cases the task identified takes several months to complete. When a donor sponsors a dog's name, it may take more than 2 years for the sponsored dog to be placed and for the Charity to deem that the specified task has been achieved. Therefore, the Restricted Reserve is reduced by the spend made by the charity as it progresses the delivery of the specified tasks. In this way the value of the Restricted Reserve always reflects the spend yet to be made to achieve the outcomes specified by the donors.

HOUNDS FOR HEROES**TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)****FOR THE YEAR ENDING 31 MARCH 2023****2.2.2 Designated Working Life Reserve**

The Charity chooses to deliver Charitable Benefit by funding the entire working life of the dog. The Working Life Reserve is therefore required to ensure that this commitment may be delivered irrespective of the longevity of the Charity.

During the strategic review of the Charity, the Trustees agreed that the Working Life Reserve was adjusted to set aside funds to support 2 years of costs for all dogs in service. The current designation represents a change from the prior year, where monies were set aside to fund all future costs of dogs currently in training and in service, through to the dog's retirement. The Trustees have agreed that the cost per year per dog will be £5,000

For FY22/23 this represents a requirement for a Working Life Reserve of £300,000 (FY21/22: £783,839). Due to the change in policy of this reserve this enabled the Charity to release £483,839 into unrestricted general funds.

2.2.3 Designated Operating Reserve

The Charity survives through charitable donations and it is recognised that from time to time any of our sponsors may wish to redirect their sponsorship to other worthy causes. Replacement of a major sponsor may take more than two years and so this reserve is prudent protection against the uncertainties of income that all charities face. The Trustees have decided to maintain the Operating Reserve to allow the Charity to function at its current rate of expenditure for 18 months.

The projected indirect running costs of the Charity for the 18 months from the start of FY23/24 are £571,753. Direct costs are already covered within the Designated Working Life Reserve.

At the time that this report is being prepared, the Charity's income has still not returned to pre-pandemic levels. Throughout the remainder of FY23/24 the Trustees will remain watchful of the need to release part or all of this designated reserve into unrestricted general funds should the need arise.

2.2.4 Designated Named Dog Reserve

The Charity has received many donations for the sponsorship of a dog with a specific name. This donation is initially placed within the Restricted Reserve. The Restricted Reserve decreases as the Charity spends funds delivering the tasks specified by the donors. The Trustees have agreed to create the Designated Named Dog Reserve which identifies where a donation that was initially placed within the Restricted Reserve has been spent but the desired outcome has not yet been achieved. This Reserve is prudent protection against the identified risk that a donor may request the return of the donation, in full or in part, should the donor deem the desired outcome has not been achieved in a sufficiently timely manner. The Designated Named Dog Reserve closing balance for FY22/23 is £258,022 (FY21/22: £280,451)

2.2.5 Designated Property Maintenance Reserve

The Charity currently occupies rented premises. The use of the premises causes wear and tear and the Charity is responsible for costs of the repair and maintenance of the premises. Property maintenance is conducted throughout the year. The Property Maintenance Reserve represents monies set aside to cover these costs. The Property Maintenance Reserve has been set at £35,000 and is reviewed annually.

2.2.6 Designated In-memoriam Reserve

The Charity is very grateful for donations it has received "in-memoriam". When donors do not specify how their "in-memoriam" donation should be used, the Charity nonetheless wishes to be able to demonstrate how the donation has been used. During the year, the balance of the In-Memoriam fund was utilized by the introduction of Recce joining the training programme and therefore the funds were transferred to the Named Dog Reserve. These funds will be held in the Named Dog Reserve until Recce is placed in a partnership. At the end of FY22/23 the Designated In-memoriam Reserve is £NIL (FY21/22: £28,235)

HOUNDS FOR HEROES**TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)****FOR THE YEAR ENDING 31 MARCH 2023****2.3 Management of Funds**

The Trustees continue to pay high regard to the guidance of the Charity Commission in shaping how the Charity delivers charitable benefit. The 5 Year Strategy, which commenced in FY17/18, accelerates the delivery of charitable benefit. In this way the Charity seeks to utilise the Charity's funds in as timely a manner as our current premises permit. As anticipated in previous Trustees' reports the Charity's expenditure has risen. The forecast made 4 years ago was that our income would not increase over the short term and so a reduction in funds was forecast. This was the expectation of the 5 Year Strategy and is in line with the expectation of the Charity Commission.

The management of the Charity's funds through the allocation of Restricted and Designated Reserves is a key aspect of the 5 Year Strategy and will continue to be a priority for the Trustees.

2.4 Support from Sponsors

During the year the Charity has been extremely fortunate to receive support from a number of organisations including the following:

- Allianz Insurance PLC, operating as Petplan
- Bet Fred - Gibraltar
- BFBS – Big Salute
- Bloomberg
- Frazer Nash Consultancy
- Goodwood The Kennels
- Groundwork UK – Tesco Community Grant Scheme
- HMS Victory
- Hogsback Chapter UK
- Julia Hodgson Solicitors
- Kestrelway Gun Dogs
- Lord Barnby's Foundation
- National Lottery Community Fund
- Pets At Home Foundation
- Pavillion Row Ltd
- Portsmouth Water
- RAF Cranwell
- RAF High Wycombe
- Rotary Club Fareham
- Reedyford Dog Training Club
- Seafarers Charity UK
- The Forces Trust
- The Girdlers Company Charitable Trust
- The Hurst School
- Viking Cruises UK Ltd

2.5 Pay Policy for Trustees and Staff

All Trustees give their time freely and no Trustee received remuneration from the Charity in the year. There is no intention for this to change. Details of Trustees' expenses and related party transactions are disclosed in Note 10 to the accounts

The pay of staff is reviewed annually by the Trustees supported by the Charity Manager. Staff pay normally is increased by a cost of living increment at the start of each financial year guided by CPI and RPI in February for the prior year. Changes in salary to reflect changes in the level of responsibility of staff members are also usually but not exclusively timed to come into effect at the start of the financial year.

HOUNDS FOR HEROES**TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)****FOR THE YEAR ENDING 31 MARCH 2023****3. Risk Management**

The Trustees have a risk management strategy which comprises:

- A review of the principal financial risks is held at the Finance Committee meeting, and are reviewed on a regular basis. The Reserves Policy outlined earlier reflects the perceived financial risks and how the Charity has mitigated against those risks.
- The establishment and maintenance of a Risk Register which identifies all material risks to the operation of the Charity and the implementation. Plans are identified to reduce the likelihood/impact of the identified risks and the Trustees review the Risk Register quarterly.

4. Structure, Governance and Management

The Hounds for Heroes Charity is a company limited by guarantee, without share capital. The Charity's governing document is its Articles of Association, dated 1st April 2015. The Trustees meet regularly, currently monthly, to review performance, discuss current projects and how the Charity's long term aims and objectives are being met. Presently the Trustees collectively act as the board of directors responsible for strategy and the delivery of governance. In addition, the Trustees work through sub-committees, comprising of a mix of Trustees, the Charity Manager and the relevant functional managers for discrete areas of the Charity's operations, namely Finance; Income Generation and Service Delivery (dog support/training & partnerships). At the Trustees Board meetings, the Trustees may vote on any decisions that are required to be made for which a majority of Trustees must be in agreement. Should any decision making be fundamental when not all Trustees are present, then relevant documents are circulated and all Trustees are required to vote. Day to day operational matters are the responsibility of the Charity's Senior Management Team comprising the Charity Manager and the Senior Managers.

The Trustees recognise that the Charity benefits from having a team of trustees that have a broad variety of skills and experience that are allied to the operations of the Charity. A candidate Trustee is only appointed to the Board of Trustees after a screening and interview process by the Chair, Vice-Chair and selected other Trustees and after satisfactory completion of appropriate searches by the Disclosing and Barring Service.

New Trustees receive an induction in order to brief them on their legal obligations under charity and company law, the Charity Commission guidance on public benefit and inform them of the content of the Memorandum and Articles of Association, the committee and decision-making processes, the strategic plan and recent financial performance of the charity. They also meet key employees and other Trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

In FY22/23, Christopher Beynon, Katrina Young and Claire Newman stood down as Trustees and we thank them for their service. We are actively recruiting additional Trustees in FY 23/24.

5. Auditors

Fiander Tovell Limited were re-appointed as auditor to the Charity and will be deemed to be reappointed in accordance with the Companies Act 2006.

6. Statement of Trustees' Responsibilities

The Trustees, who are also the directors of Hounds for Heroes for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Hounds for Heroes and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

HOUNDS FOR HEROES**TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)****FOR THE YEAR ENDING 31 MARCH 2023**

In preparing these accounts, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Hounds for Heroes will continue in operation, and
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of Hounds for Heroes and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of Hounds for Heroes and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

7. Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The Trustees' report was approved by the Board of Trustees.

Amanda Ferguson

Amanda Ferguson

11/10/2023 | 08:21 BST

Dated

HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOUNDS FOR HEROES

Opinion

We have audited the financial statements of Hounds for Heroes (the 'charity') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HOUNDS FOR HEROES

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, employment, environmental and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HOUNDS FOR HEROES

Audit response to risks identified

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships.
- tested journal entries to identify unusual transactions.
- tested a sample of BACS payments to identify payments being made to unexpected bank accounts.
- performed transactional testing on payroll costs in respect of those employees with responsibility or authority in connection with the payroll function.
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation.
- enquiring of management as to actual and potential litigation and claims.
- reading minutes of those charged with governance

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Gregory

Mark Gregory ACA (Senior Statutory Auditor)
for and on behalf of Fiander Tovell Limited

11/10/2023 | 15:40 BST
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Chartered Accountants
Statutory Auditor

Stag Gates House
63/64 The Avenue
Southampton
Hampshire
SO17 1XS

HOUNDS FOR HEROES

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

		Unrestricted funds general	Unrestricted funds designated	Restricted funds	Total 2023	Total 2022
	Notes	£	£	£	£	£
<u>Income and endowments from:</u>						
Donations and legacies	3	196,388	6,150	89,428	291,966	168,680
Other trading activities	4	3,557	-	-	3,557	4,285
Investments	5	30,025	-	-	30,025	8,910
Other income	6	-	-	-	-	1,686
Total income		229,970	6,150	89,428	325,548	183,561
<u>Expenditure on:</u>						
Raising funds	7	165,123	-	-	165,123	128,654
Charitable activities	8	365,115	-	-	365,115	325,688
Total resources expended		530,238	-	-	530,238	454,342
Net (outgoing)/incoming resources before transfers		(300,268)	6,150	89,428	(204,690)	(270,781)
Gross transfers between funds		447,734	(378,002)	(69,732)	-	-
Net income/(expenditure) for the year/ Net movement in funds		147,466	(371,852)	19,696	(204,690)	(270,781)
Fund balances at 1 April 2022		160,736	1,536,627	109,096	1,806,459	2,077,240
Fund balances at 31 March 2023		308,202	1,164,775	128,792	1,601,769	1,806,459

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

HOUNDS FOR HEROES

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Intangible assets	13		16,150		6,392
Tangible assets	14		7,543		11,618
			<u>23,693</u>		<u>18,010</u>
Current assets					
Stocks	15	5,282		16,735	
Debtors	16	101,861		60,206	
Cash at bank and in hand		1,507,686		1,740,658	
		<u>1,614,829</u>		<u>1,817,599</u>	
Creditors: amounts falling due within one year	17	(36,753)		(29,150)	
Net current assets			<u>1,578,076</u>		<u>1,788,449</u>
Total assets less current liabilities			<u>1,601,769</u>		<u>1,806,459</u>
Income funds					
Restricted funds	19		128,792		109,096
<u>Unrestricted funds</u>					
Designated funds	20	1,164,775		1,536,627	
General unrestricted funds		308,202		160,736	
		<u>1,472,977</u>		<u>1,697,363</u>	
			<u>1,601,769</u>		<u>1,806,459</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

11/10/2023 | 09:21 BST

The financial statements were approved by the Trustees on

Allen Parton
.....

Allen Parton
Trustee

Company Registration No. 07130031

HOUNDS FOR HEROES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash absorbed by operations	24		(244,428)		(183,383)
Investing activities					
Purchase of intangible assets		(16,150)		-	
Purchase of tangible fixed assets		(2,419)		(1,498)	
Interest received		30,025		8,910	
Net cash generated from investing activities			11,456		7,412
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(232,972)		(175,971)
Cash and cash equivalents at beginning of year			1,740,658		1,916,629
Cash and cash equivalents at end of year			1,507,686		1,740,658
Relating to:					
Cash at bank and in hand			1,507,686		1,740,658

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Charity information

Hounds for Heroes is a private charitable company limited by guarantee incorporated in England and Wales, and registered with the Charity Commission in England and Wales, and Scotland. The registered office is Unit 2B, Rookery Farm Buildings, Ramsdean, Petersfield, Hampshire, GU32 1RU.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes. Such funds may be held in order to finance both working capital and capital investment.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Government grants relate to claims made under the coronavirus job retention scheme and are recognised in the statement of financial activities in the same period as the costs to which they relate.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Included within other trading activities, is income from the sale of merchandise. Income is recognised on the exchange of goods for cash.

Bank interest is accounted for when receivable.

Included within charitable activities income is donations received in return for Trustees or trainers to speak at events. These speakers' fees are considered to be voluntary and are accounted for on receipt, which is usually the date the event takes place.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Costs of raising funds comprise the costs of staging fundraising events, advertising and marketing and the associated support costs.

Expenditure on charitable activities includes the costs of purchasing puppies, their associated costs and staff costs in relation to training the puppies.

Other expenditure relating to the running of the charity is allocated to the charity's sole charitable activity.

Governance costs include expenditure in relation to constitutional and statutory obligations including audit and statutory accounts preparation, and any reimbursable expenses of the Trustees.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel and governance costs which support the Charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 9.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
----------	-------------------

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Equipment	20% straight line
Fixtures and fittings	20% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

1.15 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The trustees consider that there are no material areas of judgement or estimation uncertainty.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

3 Donations and legacies

	Unrestricted funds general £	Unrestricted funds designated £	Restricted funds £	Total 2023 £	Total 2022 £
Donations and gifts	118,444	6,150	89,428	214,022	102,776
Legacies receivable	40,000	-	-	40,000	35,715
Donated goods and services	31,683	-	-	31,683	20,868
Other	6,261	-	-	6,261	9,321
	<u>196,388</u>	<u>6,150</u>	<u>89,428</u>	<u>291,966</u>	<u>168,680</u>
For the year ended 31 March 2022	<u>134,483</u>	<u>6,140</u>	<u>28,057</u>		<u>168,680</u>

Donated goods and services

Donated services are included at the value to the charity, where this can be quantified. Donated goods and services received for which the Trustees have been able to value include donations of insurance, vehicle repairs and receipt of a puppy.

In addition to this, the Trustees are very grateful for the time volunteered by individuals in running events and fundraising activities. This is invaluable support for the charity, and the Trustees are not able to value this in monetary terms.

4 Other trading activities

	2023 £	2022 £
Shop income	<u>3,557</u>	<u>4,285</u>

In both the current and prior year, this income is classified as unrestricted.

5 Investments

	2023 £	2022 £
Interest receivable	<u>30,025</u>	<u>8,910</u>

In both the current and prior year, this income is classified as unrestricted.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

6 Other income

	2023 £	2022 £
Government grant income	-	1,686

This income is classified as unrestricted.

7 Raising funds

	2023 £	2022 £
<u>Fundraising and publicity</u>		
Staging fundraising events	4,489	5,019
Advertising	6,741	523
Other fundraising costs	12,734	1,269
Staff costs	12,983	9,500
Share of support costs (see note 9)	122,675	105,723
Share of governance costs (see note 9)	5,501	6,620
Fundraising and publicity	165,123	128,654

In both the current and prior year, costs relating to raising funds were expensed from unrestricted funds.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

8 Charitable activities

	Puppy costs £	Advanced training £	Working dog costs £	Total 2023 £	Total 2022 £
Puppy purchase	13,000	-	-	13,000	10,700
Care and training costs	1,090	1,990	778	3,858	2,831
Food and treats	2,919	3,376	4,083	10,378	9,797
Kennels	140	1,076	1,107	2,323	1,880
Vet fees and medication	5,871	3,462	14,558	23,891	32,524
Travel and mileage	430	458	-	888	1,047
Insurance	2,335	3,887	14,512	20,734	19,550
Puppy parents' claims	875	80	-	955	994
Client costs and after care	-	-	17,188	17,188	3,581
Residential Training Costs	-	6,724	-	6,724	2,257
	<u>26,660</u>	<u>21,053</u>	<u>52,226</u>	<u>99,939</u>	<u>85,161</u>
Staff costs				<u>137,000</u>	<u>128,184</u>
				<u>236,939</u>	<u>213,345</u>
Share of support costs (see note 9)				122,675	105,723
Share of governance costs (see note 9)				5,501	6,620
				<u>365,115</u>	<u>325,688</u>
Analysis by fund					
Unrestricted funds - general				<u>365,115</u>	<u>325,688</u>
				<u>365,115</u>	<u>325,688</u>

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

9 Support costs

	Support costs £	Governance costs £	2023 £	2022 £
Staff costs	125,158	-	125,158	103,029
Depreciation and loss on disposal	12,886	-	12,886	15,132
Rent and rates	51,140	-	51,140	52,016
Premises costs	15,569	-	15,569	9,766
Travel and subsistence	8,070	-	8,070	6,979
Telephone	7,370	-	7,370	5,246
Legal and professional	4,122	-	4,122	2,295
Printing, postage, stationery and website costs	12,105	-	12,105	7,448
Insurance	3,437	-	3,437	3,389
Advertising	479	-	479	1,793
Bank charges	3,359	-	3,359	2,918
Administration costs	1,655	-	1,655	1,435
Audit fees	-	9,000	9,000	8,240
Accountancy	-	750	750	3,720
Trustees' expenses	-	1,252	1,252	1,280
	<u>245,350</u>	<u>11,002</u>	<u>256,352</u>	<u>224,686</u>
Analysed between				
Fundraising	122,675	5,501	128,176	112,343
Charitable activities	122,675	5,501	128,176	112,343
	<u>245,350</u>	<u>11,002</u>	<u>256,352</u>	<u>224,686</u>

The Trustees consider that the basis of allocation of support and governance costs between fundraising and charitable activities is equal. This is consistent with prior periods.

10 Trustees

The Trustees are also the key management personnel. None of the Trustees received any remuneration or benefits from the charity during the year.

A total of £3,063 has been reimbursed to one of the Trustees, this includes expenses in respect of travel, hospitality and attending fundraising events (2022: five Trustees were reimbursed a total of £1,120). All expenses are reimbursed at cost and there is no benefit to the Trustee.

A total of £237 is still owed to one of the trustees in respect of these expenses at the reporting date.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

10 Trustees

(Continued)

The charity has employed Mrs S Parton who is the wife of Mr A Parton, a Trustee. A thorough recruitment process was followed and a market rate salary was agreed. The Trustees sought advice from the Charity Commission at the time of the appointment and all proper procedures have been followed. Remuneration has been paid of £31,947 (2022: £30,484). There are no amounts outstanding at the balance sheet date.

11 Employees

Number of employees

The average monthly number of employees during the year was:

	2023 Head Count	2023 FTE	2022 Head Count	2022 FTE
Dog trainers	6	5	6	5
Administration and fundraising	6	4	5	4
	<u>12</u>	<u>9</u>	<u>11</u>	<u>9</u>

Employment costs

	2023 £	2022 £
Wages and salaries	251,078	222,078
Social security costs	18,281	14,010
Other pension costs	5,782	4,625
	<u>275,141</u>	<u>240,713</u>

There were no employees whose annual remuneration was £60,000 or more.

12 Taxation

As a charitable company, Hounds for Heroes is exempt under current tax legislation from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen in the charitable company in either the current or the prior year.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

13 Intangible fixed assets

	Software £
Cost	
At 1 April 2022	25,750
Additions - separately acquired	16,150
Disposals	(19,200)
At 31 March 2023	22,700
Amortisation	
At 1 April 2022	19,358
Amortisation charged for the year	3,832
Disposals	(16,640)
At 31 March 2023	6,550
Carrying amount	
At 31 March 2023	16,150
At 31 March 2022	6,392

14 Tangible fixed assets

	Equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2022	28,030	20,702	64,848	113,580
Additions	-	2,419	-	2,419
At 31 March 2023	28,030	23,121	64,848	115,999
Depreciation and impairment				
At 1 April 2022	27,173	19,139	55,650	101,962
Depreciation charged in the year	857	1,657	3,980	6,494
At 31 March 2023	28,030	20,796	59,630	108,456
Carrying amount				
At 31 March 2023	-	2,325	5,218	7,543
At 31 March 2022	857	1,563	9,198	11,618

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

15 Stocks

	2023 £	2022 £
Goods for resale	5,282	16,735

An impairment charge of £10,568 (2022: £Nil) was recognised in expenditure on raising funds during the year.

16 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Other debtors	88,559	46,482
Prepayments and accrued income	13,302	13,724
	101,861	60,206

17 Creditors: amounts falling due within one year

	2023 £	2022 £
Other taxation and social security	5,356	3,284
Trade creditors	13,151	7,110
Other creditors	2,749	3,247
Accruals and deferred income	15,497	15,509
	36,753	29,150

18 Retirement benefit schemes

Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £5,782 (2022 - £4,625).

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

19 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Movement in funds			
	Balance at 1 April 2021	Incoming resources	Transfers	Balance at 1 April 2022	Incoming resources	Transfers	Balance at 31 March 2023
	£	£	£	£	£	£	£
Sponsored Dogs	139,804	26,807	(61,015)	105,596	88,303	(68,607)	125,292
St James Trust	3,500	-	-	3,500	-	-	3,500
Homes Estate Agents	-	1,250	(1,250)	-	-	-	-
Tesco Trust	-	-	-	-	1,125	(1,125)	-
	<u>143,304</u>	<u>28,057</u>	<u>(62,265)</u>	<u>109,096</u>	<u>89,428</u>	<u>(69,732)</u>	<u>128,792</u>

The Sponsored Dogs restricted fund comprises amounts received to be expended on the purchase and training costs of named dogs.

The St James Trust restricted fund relates to amounts received for educational purposes.

The Homes Estates fund relates to amounts received for the purchase of new laptops.

The Tesco Trust fund relates to amounts received and used for the development of a new website.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

20 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2022	Movement in funds			Balance at 31 March 2023
	£	Incoming resources £	Resources expended £	Transfers £	£
Working Life Reserve	783,839	-	-	(483,839)	300,000
Lance Corporal James Brynin In Memoriam	28,235	-	-	(28,235)	-
Named Dog Reserve	280,451	6,150	-	(28,579)	258,022
Operating Reserve	409,102	-	-	162,651	571,753
Property Maintenance Reserve	35,000	-	-	-	35,000
	<u>1,536,627</u>	<u>6,150</u>	<u>-</u>	<u>(378,002)</u>	<u>1,164,775</u>

The Working Life Reserve represents monies set aside to fund 2 years worth of costs for all dogs currently in service. The Trustees have agreed that the cost per year per dog will be £5,000. The amount of £300,000 represents the Charity's commitment to fund those dogs currently in various stages of their working lives for the Charity. The transfer of funds to the Working Life Reserve from Unrestricted General funds reflects the Charity's Working Life commitment as at the end of the reporting period.

The current designation represents a change from the prior year, where monies were set aside to fund all future costs of dogs currently in training and in service, through to the dog's retirement. The large transfer out of the Working Life Reserve to Unrestricted General funds reflects this change in designation.

The Lance Corporal James Brynin In Memoriam fund comprises funds received from both the Brynin family, and funds the family have raised in memory of Lance Corporal James Brynin, who was killed in Afghanistan in October 2013. The Trustees planned to use these donations to fund two named dogs in memory of Lance Corporal James Brynin, and towards the purchase of an adapted van to transfer dogs and wheelchair users (purchased in 15/16). Should there be any funds remaining, the Trustees have considered using these to improve the quiet room by purchasing soft furnishings. The first dog Ally joined the programme in 2017/18. During the year, a second dog called Recce joined the programme, the balance has now been moved to the named dog reserve, where it will be held until Recce has been placed.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

20 Designated funds

(Continued)

As described in the Trustees' Report, the Named Dog Reserve identifies where a donation that is initially placed in the restricted reserve has been spent, but the desired outcome has not yet been achieved in respect of a successful placement of a named dog. The reserve will be released once the desired outcome has been achieved. Amounts of £106,765 have been released from this reserve back to unrestricted general funds to reflect donations received previously where the named dog is now in service.

The Trustees have transferred £162,651 during the year from unrestricted general reserves to the Operating Reserve. This is to ensure that the closing fund balance represents the amount of indirect running costs of the Charity, that the Trustees consider is required in order that the Charity may function at its current rate of expenditure for 18 months, should the level of donations received drop significantly.

The Charity is responsible for the costs of maintaining its premises under the lease. £35,000 is the amount estimated by the Trustees to be required to fund the costs of maintenance of the rental premises and this is carried forward in the Property Maintenance Reserve. These costs will become payable if/when the charity leaves its current premises.

The comparative fund movements are as follows:

	Balance at 1 April 2021 £	Movement in funds		Transfers £	Balance at 31 March 2022 £
		Incoming resources £	Resources expended £		
Working Life Reserve	1,071,320	-	-	(287,481)	783,839
Lance Corporal James Brynin In Memoriam	28,235	-	-	-	28,235
Named Dog Reserve	295,651	6,140	-	(21,340)	280,451
Operating Reserve	383,060	-	-	26,042	409,102
Property Maintenance Reserve	35,000	-	-	-	35,000
	<u>1,813,266</u>	<u>6,140</u>	<u>-</u>	<u>(282,779)</u>	<u>1,536,627</u>

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

21 Analysis of net assets between funds

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total £
Fund balances at 31 March 2023 are represented by:				
Intangible fixed assets	16,150	-	-	16,150
Tangible assets	7,543	-	-	7,543
Current assets	284,509	1,164,775	128,792	1,578,076
	<u>308,202</u>	<u>1,164,775</u>	<u>128,792</u>	<u>1,601,769</u>
	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total £
Fund balances at 31 March 2022 are represented by:				
Intangible fixed assets	6,392	-	-	6,392
Tangible assets	11,618	-	-	11,618
Current assets	142,726	1,536,627	109,096	1,788,449
	<u>160,736</u>	<u>1,536,627</u>	<u>109,096</u>	<u>1,806,459</u>

22 Operating lease commitments

Operating lease payments represent rentals payable by the company for the properties from which it operates, as well as rentals for items of office equipment. Property leases and equipment rentals are negotiated for an average term of 3 years.

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Lessee	2023 £	2022 £
Within one year	540	45,806
Between two and five years	2,160	-
	<u>2,700</u>	<u>45,806</u>

During the year, the charitable company recognised £48,178 (2022: £48,955) of lease costs in the Statement of Financial Activities in respect of non-cancellable operating leases.

During the current financial year the lease for the Charity's premises ended. At the year end the Charity were in the process of a rent review and as such no commitment is disclosed. Post year end a new lease was signed, which committed the Charity to rent of £48,423 per year for 6 years, a break clause can be exercised after 3 years.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

23 Related party transactions

There were no disclosable related party transactions during the year (2022: none).

24 Cash generated from operations	2023	2022
	£	£
Deficit for the year	(204,690)	(270,781)
Adjustments for:		
Investment income recognised in profit or loss	(30,025)	(8,910)
(Gain)/loss on disposal of tangible fixed assets	-	875
Loss on disposal of intangible assets	2,560	-
Amortisation and impairment of intangible assets	3,832	4,612
Depreciation and impairment of tangible fixed assets	6,494	9,645
Movements in working capital:		
Decrease in stocks	11,453	160
(Increase)/decrease in debtors	(41,655)	90,234
Increase/(decrease) in creditors	7,603	(9,218)
Cash absorbed by operations	(244,428)	(183,383)

25 Analysis of changes in net funds

The charity had no debt during the year.

HOUNDS FOR HEROES

England & Wales - Charity number 1134359

Accounts

Charity Registration No. 1134359

Company Registration No. 07130031 (England and Wales)

HOUNDS FOR HEROES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022



HOUNDS FOR HEROES**LEGAL AND ADMINISTRATIVE INFORMATION****Reference and Administration**

Charity number (England & Wales)	1134359
Charity number (Scotland)	SC043751
Company number	07130031

Registered office Unit 2B, Rookery Farm Buildings, Ramsdean, Petersfield, Hampshire, GU32 1RU

Tel: 01730 823118

Email: enquiries@houndsforheroes.com

Website: www.houndsforheroes.com

Our advisers

Bankers	Lloyds Bank plc	5 The Square, Petersfield, GU32 3HL
Auditors	Fiander Tovell Limited	Stag Gates House, 63/64 The Avenue, Southampton, SO17 1XS

Board of Trustees/Directors

The Trustees who are also the directors for the purpose of company law and who served during the year were:

Allen Parton (Vice-Chair)	Joined 19 th January 2010
Katrina Young	Joined 20 th August 2019, resigned 29 th July 2022
Amanda Ferguson (Chair)	Joined 1 st November 2019
Nick Johnson	Joined 4 th November 2019, resigned 21 st October 2021
Claire Newman	Joined 4 th November 2019, resigned 29 th July 2022
Peter Grinsted	Joined 1 st November 2021
Daniel Connor	Joined 1 st November 2021
Olivia Brown	Joined 1 st November 2021
Jade Norman	Joined 1 st November 2021
Elizabeth Ridgeway	Joined 1 st November 2021
Christopher Beynon	Joined 1 st November 2021



...together we can

HOUNDS FOR HEROES

PURPOSE AND CONTENTS

OUR PURPOSE

To provide specially trained assistance dogs to injured and disabled personnel (have served or are currently serving) of both the UK Armed Forces and Emergency Services.

We aim to provide help and practical support leading to an enhanced quality of life.

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...together we can

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**FOR THE YEAR ENDING 31 MARCH 2022**

The Trustees present their report and accounts for the financial year ended 31st March 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

1 Objectives and Activities**1.1 Our Objectives**

Our principal objective is to enhance the quality of life of UK Armed Forces and Emergency Services personnel who have been injured or become ill at any time. The Charity's Memorandum of Articles and Association allows a broad range of mechanisms by which the Charity may achieve this objective, however, the Charity only came into existence because of a remarkable life changing partnership that formed between a dog and an injured serviceman. Therefore, it remains the Charity's purpose to deliver our Charitable Benefit primarily through the provision of specially trained Assistance Dogs. This is the *raison d'être* of the Charity.

Since the start of operation, the Charity has chosen to fund the whole working life of our dogs and additionally will not commence training a puppy unless sufficient reserves are in place to fund the life of the dog up to the dog's retirement. In this way the Charity can best safeguard the welfare of all our dogs throughout their lives as well as take away the financial burden for our partners of being partnered with an assistance dog.

1.2 Our 5 Year Strategy (FY17/18 – FY21/22)

As reported by the Trustees in previous years, the Charity adopted a 5 Year Strategic Plan at the start of FY 17/18, so this report covers Yr5 of that strategy. The strategy set out to accelerate the delivery of charitable benefit to a rate which was limited only by the facilities currently rented by the charity for the purposes of advanced dog training and by our ability to fund this rate of delivery. Key elements of the 5 Year Strategy were as follows:

- The acceleration of delivery of charitable benefit is quantified by starting the training of 8 puppies each year throughout the period of the strategy and for the number of dogs in partnership to grow by roughly 6 partnerships each year for the final three years of the strategy period. NB Covid has clearly had a significant impact on the delivery of partnerships which is expanded upon later.
- The acceleration of delivery of charitable benefit will increase outgoings over and above any increase in income. The strategy is for this increase in net outgoings to be met by reductions in the unrestricted general funds for most of the duration of this 5 year strategy period. However, in order to continue delivery of charitable benefit at the current level into the next strategy period, increased funding is required and an increased fundraising activity plan will be developed.
- The quality of the charitable benefit that is delivered shall be at a level that would achieve successful accreditation as an assistance dog charity by Assistance Dogs International (ADI). The Charity aims to be ready to commence the process of accreditation at some point in the next strategy period.
- The governance of the Charity shall be delivered by a team of Trustees who are unpaid volunteers. The ownership of the Charity's strategic plan will remain with the Trustees and during the strategy period strategic decisions will be made by the Trustees, with the involvement of the Charity Manager. The day-to-day/operational management will be conducted by the Charity's Senior Management team.
- The Reserves Policy shall include a Designated Working Life Reserve which ensures that all the dogs in the Charity's care will continue to be cared for through to their retirement.

NB Clearly the Covid-19 pandemic has had a severe impact on the delivery of this strategy in the last 2 years of the 5 Year Strategy



TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**FOR THE YEAR ENDING 31 MARCH 2022****1.3 Our Achievements and Performance**

The continuation of the Covid-19 pandemic and associated restrictions and lockdowns has meant that it has been another challenging year for the Charity and the Partners we support, with continued impact on the Charity, its operations, the delivery of charitable benefits, finance and staff. The Trustees would like to pay tribute to the hard work and dedication of our staff and volunteers throughout this period.

We had become more flexible, adapting and developing our ways of working in FY20/21 to deliver a level of operations in the first year of the pandemic and this continued in FY21/22, retaining many of the new ways of working even when the restrictions were lifted. As many of our applicants and Partners are classed as clinically extremely vulnerable, we need to be operationally risk averse and we keep our Covid operating practices under constant review.

We have continued to keep all our puppies and advanced dogs in training with their puppy parents/foster carers, using kennels only on occasions when required. When not in lockdown we were able to return to using our training centre for advanced dog training and the running of puppy classes, as well as providing continued support to the foster carers with our dog trainers conducting a level of general training in external environments. The dog trainers also continued support for puppy parents using video conference facilities to provide one-on-one training to the puppy parents and the puppies, when it was not possible to run puppy classes.

The acquisition of puppies had to be suspended for all of FY20/21 (which will have an impact on the number of possible placements in a couple of years) so we were delighted to be able to start acquiring puppies again in early summer and in this fiscal year acquired 5 puppies. Similarly, after a year of delivering aftercare remotely, our Partners and their dogs were pleased to be able to see our staff in person.

Again, due to Covid-19, we were not able to undertake the placement of any new assistance dogs throughout FY20/21 and this situation remained until Q2 of FY21/22 when we were able to reintroduce applicant visits and matching sessions at the centre. We therefore were delighted in FY21/22 to be able to deliver 5 advanced dogs into partnerships, one of which was a replacement dog for a Partner whose original dog had reached our set retirement age of 10 years old. The inability to deliver any new placements for 16 months obviously impacts negatively on achievement of our 5 year strategic target. We had also put on hold accepting new applications for partnerships in FY20/21 and this position remained until towards the very end of FY21/22 when we judged from February'22, it was now the right time to reopen for new applications.

FY21/22 proved to be a very difficult year for income generation with our total income down 45% on the prior year. There were two main drivers a) as expected the consequences of the pandemic continued to have a major impact on our ability to actively fundraise with our income from donations and legacies down -37% vs FY20/21; b) given our inability to operate for much of FY20/21 due to the pandemic we placed a number of staff on furlough under the Coronavirus Job Retention Scheme (CJRS) whereas our use of this scheme in FY21/22 was extremely minimal. It is expected it will take a considerable time for fundraising to return to pre-pandemic income levels and we expect the next few years to remain challenging for income generation. Expenditure continued to be very tightly managed and we have developed more efficient ways of working but inevitably as the Charity gradually returned to more normal operations our costs increased, resulting in our full year expenditure being +13% vs the prior year. Despite this, the charity remains a going concern and continues to be able to deliver charitable benefit.

The Charity was registered in 2010. Since starting operations, we have monitored our performance by measuring how long each dog receives puppy training, how long each dog receives advanced training and how long each dog has been in partnership. In this way we know what we have achieved from our registration and what we have achieved each year. These achievements, or deliveries, are measured in units of production of dog-years where a dog-year is the delivery of 1 year of training or 1 year of partnership support for one dog for one year.

By the end of FY21/22 the Charity had achieved the following:

- 28 successful placements of partnering a specially trained assistance dog with a client have been achieved
- Nearly 54 dog-years of partnership with proper partnership support have been delivered to Partners living throughout the UK.



TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**FOR THE YEAR ENDING 31 MARCH 2022**

The Charity continues to use the comparison of the number of successful placements with the number of puppies that have started the training course as a key performance indicator. Since commencing operations in 2011, by the end of FY21/22, the Charity had achieved 23 successful placements and this represents 62% of the number of puppies that have started the training course and would have been expected to have been successfully placed with a partner. The Charity is intent on continuing to improve performance in this area by improving our knowledge of breeds and breeders, by increasing the awareness amongst breeders of the Charity's needs and by continuously improving our dog training and partnering processes.

The Charity maintains an Awareness programme to increase understanding of the Charity's objectives amongst both the communities it wishes to deliver charitable benefit to, and with current and potential supporters. Despite the Covid restrictions the Charity's Founder continued to raise awareness of the Charity's objectives where opportunities arose; the Charity proactively increased its presence on key social media channels and when restrictions were lifted, the Charity attended relevant events.

1.4 Our Focus for the Coming Year

The Charity's overarching objective for the coming year is to have a full year of operations, returning to our planned levels of service and delivery, maintaining the quality of our dog training and partner support in order to deliver our charitable benefit as effectively as we can. Given that the charity works with extremely vulnerable people, we continue to be very mindful to operate in a Covid-secure manner so that our applicants and partners (and also staff and volunteers) feel they are not placed at risk when dealing with the charity.

The areas of focus for FY22/23 identified by the Trustees are:

- To continue to deliver high quality support and after-care to our existing Partners and to develop new partnerships. The number of dogs in active partnerships at the end of FY21/22 was 14, although one of those partnerships has subsequently been disbanded as the Partner moved abroad, and we are pleased that, so far this year, this number has increased with 2 new partnerships having been established in addition to a replacement dog being provided to an existing partnership. Aftercare has returned to be delivered via home visits but if any Partners are concerned at any time about Covid, we can continue to deliver effective aftercare through the methods used during the pandemic of regular phone calls and the use of video conferencing. As we emerged from the restrictions of the pandemic in FY21/22, the Charity had adapted its processes for matching and establishing a mutually beneficial partnership to take into account Covid concerns and we will continue to use a combination of those processes along with the return to using Residential Training Courses
- Taking into account the desire to have an ongoing pipeline of dogs to take through the various stages of training and placement and ensure we can deliver new partnerships in each year, we aim to return to acquiring our planned level of 8 puppies in FY22/23. We are pleased to have welcomed 2 new puppies to the Hounds for Heroes team to date. It is to be noted that the cost of a puppy, which increased significantly due to the high demand during the pandemic has stabilized.
- The Charity does not receive any government funding and therefore is totally dependent upon the income it can raise to fund the development and delivery of its charitable benefit. It is very grateful for the generous donations made by a broad mix of institutions, corporate sponsors and the general public. However, as stated previously, in order to support our growth plans, which will increase our expenditure, and be able to fully fund a higher number of dogs in training and in partnerships, it is critical that the Charity grows its income significantly over the coming years. Therefore, at the beginning of this fiscal year, the Charity recruited an experienced Fundraising Manager to proactively generate and coordinate our income generation activities. It should be noted that it takes time to develop relationships with potential sponsors and to build an ongoing pipeline of activity so a significant increase in income will not be immediate. The challenging economic environment should also be acknowledged and the Charity does expect this to have some constraining impact on income generation.
- To facilitate the desired growth in the number of partnerships and in income generation, the Charity intends to increase awareness of the Charity, who and how it helps, and how it can be supported amongst its key audiences. Activity to achieve this will focus on attendance at relevant events; increasing our marketing communication, particularly on social media channels and updating our website
- The Charity will continue to manage expenditure carefully, keeping a tight control on costs and seeking efficiencies to offset cost inflation if at all possible



TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**FOR THE YEAR ENDING 31 MARCH 2022**

- As FY21/22 was the final year of our previous 5 Year Strategy, the Board of Trustees, with the involvement of the staff, has been conducting a strategic review in order to develop the strategy for the coming 5 Year period, which will run until FY27/28. Whilst the focus has been on developing the plan for Yr1 (the key elements of which are detailed above) the 5 Year outline objectives the Charity wishes to achieve, have been identified and the Trustees and Hounds team are currently evaluating and defining the initiatives to be prosecuted to deliver these longer term objectives.

2. Financial Review**2.1 Overview**

The 5 Year Strategy put in place at the start of FY17/18 anticipated a decrease in the level of unrestricted general funds as the planned acceleration of the delivery of charitable benefit was over time expected to see outgoings increase above income. At the time that the Strategy was implemented, we did, of course, not anticipate a global pandemic and the resulting impact to the Charity's income and expenditure.

Due to the exceptional circumstances of the pandemic, as already stated costs were decreased where possible in FY20/21 and continued to be very carefully managed throughout FY21/22. Therefore, with outgoings in FY20/21 being unusually low and with a gradual return to more normal activities as this fiscal progressed, expenditure in FY21/22 increased by +13% compared to the prior year. With the continued impact of the pandemic in FY21/22, donations and legacies for FY21/22 closed 37% lower than FY20/21. As we move into FY22/23, with pandemic restrictions having come to an end in the UK, we are beginning to see an increase in fundraising activity which in addition to our increase in fundraising resource, should result in an increase in income in FY22/23 and the growth of a more sustainable income stream.

The level of unrestricted general funds has increased £40,066 since FY20/21, but decreased by £555,524 since the beginning of the 5 Year Strategy. For this reason, the Charity is adopting a more proactive approach to fundraising to ensure future income will remain sufficient, will deliver a more balanced position versus expenditure and will meet the Charity's growth objectives.

The Charity continues to generate a level of donations so that sufficient funds are held to satisfy the unchanged Reserves Policy. However, it must be recognised that the pandemic restrictions severely impacted the Charity's ability to raise funds via in person events and we do envisage that the fundraising environment will continue to be challenging for the next few years, particularly given the current negative economic climate.

At the end of FY21/22 the Charity had total funds of £1,806,459. As outlined in the Charity's Reserves Policy below, the Charity has set aside £109,096 as Restricted Reserves and £1,536,627 as Designated Reserves leaving a balance of £160,736 as Unrestricted General Funds. As at the end of FY21/22 the Charity has the strength of assets required to successfully move forward and deliver the quality and volume of charitable benefit that the Charity and our donors wish for. At the time that this report is prepared, we are confident that the Charity will continue as a going and viable concern.

2.2 Reserves Policy

The Charity's Reserves Policy is unchanged from that reported in FY16/17 and in subsequent years. It is the policy of the Charity to hold Restricted Reserves and a range of Designated Reserves. The balance of funds not held in reserve are Unrestricted General Funds which are used to meet the day to day needs of operating the Charity. The Restricted Reserve holds restricted funds that are the balance of all the as yet unspent donations where the donor has specified the task to be achieved by their donation. The Designated Reserves hold unrestricted funds which the Trustees agree are required to ensure, for instance, the welfare of all the dogs in our care and as required to mitigate against identified financial risks such as the uncertainty of income that all charities face.

2.2.1 Restricted Reserve

The Restricted Reserve has decreased from £143,304 as at the end of FY20/21 to £109,096 at the end of FY21/22. When a donor specifies the task to be achieved by a donation and this is declared at the time the donation is made, then the donation is placed in the Restricted Reserve. In most cases the task identified takes several months to complete. When a donor sponsors a dog's name, it may take more than 2 years for the sponsored dog to be placed and for the Charity to deem that the specified task has been achieved. Therefore, the Restricted Reserve is reduced by the spend made by the charity as it progresses the delivery of the specified tasks. In this way the value of the Restricted Reserve always reflects the spend yet to be made to achieve the outcomes specified by the donors.



TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**FOR THE YEAR ENDING 31 MARCH 2022****2.2.2 Designated Working Life Reserve**

The Charity chooses to deliver Charitable Benefit by funding the entire working life of the dog. The Working Life Reserve is therefore required to ensure that this commitment may be delivered irrespective of the longevity of the Charity. Therefore, the value of the reserve must be maintained at a level that always ensures that all the dogs in the Charity's care can be supported and cared for properly throughout the dog's working life, irrespective of the dog's current age.

As at the end of FY21/22 the Charity recognises the commitment to be able to fund the delivery of the following:

- 167.55 dog years of partnership with support (increased by 31% from FY20/21)
- 5 dog years of Advanced Training (decreased by 33% from FY20/21)
- 1.25 dog years of Puppy Training (increased by 64% from FY20/21)
- 13 Placements with clients (10 in FY20/21)

With prudent allowances for inflation and administration of the reserve over the commitment period this represents a requirement for a Working Life Reserve of £783,839. This is a decrease of 27% compared with the reserve required at the end of FY20/21 as despite having more dogs in the Charity's care, the reduction is due to improved efficiency and cost control. In FY21/22 we acquired 5 puppies (0 in FY20/21).

2.2.3 Designated Operating Reserve

The Charity survives through charitable donations and it is recognised that from time to time any of our sponsors may wish to redirect their sponsorship to other worthy causes. Replacement of a major sponsor may take more than two years and so this reserve is prudent protection against the uncertainties of income that all charities face. The recent pandemic restrictions have further underlined the uncertainty of our income. The Trustees have decided to maintain the Operating Reserve to allow the Charity to function at its current rate of expenditure for 18 months

The projected indirect running costs of the Charity for the 18 months from the start of FY22/23 are £409,102. Direct costs are already covered within the Designated Working Life Reserve.

At the time that this report is being prepared, the Charity's income has been significantly impacted as a result of the pandemic restrictions. Throughout the remainder of FY22/23 the Trustees will remain watchful of the need to release part or all of this designated reserve into unrestricted general funds should the need arise.

2.2.4 Designated Named Dog Reserve

The Charity has received many donations for the sponsorship of a dog with a specific name. This donation is initially placed within the Restricted Reserve. The Restricted Reserve decreases as the Charity spends funds delivering the tasks specified by the donors. The Trustees have agreed to create the Designated Named Dog Reserve which identifies where a donation that was initially placed within the Restricted Reserve has been spent but the desired outcome has not yet been achieved. This Reserve is prudent protection against the identified risk that a donor may request the return of the donation, in full or in part, should the donor deem the desired outcome has not been achieved in a sufficiently timely manner. The Designated Named Dog Reserve closing balance for FY21/22 is £280,451 (FY20/21: £295,651)

2.2.5 Designated Property Maintenance Reserve

The Charity currently occupies rented premises. The use of the premises causes wear and tear and the Charity is responsible for costs of the repair and maintenance of the premises. Property maintenance is conducted throughout the year. The Property Maintenance Reserve represents monies set aside to cover these costs. The Property Maintenance Reserve has been set at £35,000 and is reviewed annually.

2.2.6 Designated In-memoriam Reserve

The Charity is very grateful for donations it has received "in-memoriam". When donors do not specify how their "in-memoriam" donation should be used, the Charity nonetheless wishes to be able to demonstrate how the donation has been used. The Charity therefore sets aside such donations as a designated reserve and records how the funds are spent. At the end of FY21/22 the Designated In-memoriam Reserve is £28,235 (FY20/21: £28,235)



TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**FOR THE YEAR ENDING 31 MARCH 2022****2.3 Management of Funds**

The Trustees continue to pay high regard to the guidance of the Charity Commission in shaping how the Charity delivers charitable benefit. The 5 Year Strategy, which commenced in FY17/18, accelerates the delivery of charitable benefit. In this way the Charity seeks to utilise the Charity's funds in as timely a manner as our current premises permit. As anticipated in previous Trustees' reports the Charity's expenditure has risen. The forecast made 3 years ago was that our income would not increase over the short term and so a reduction in funds was forecast. This was the expectation of the 5 Year Strategy and is in line with the expectation of the Charity Commission.

The Designated Working Life Reserve will increase as the number of dogs in the Charity's care increases as the Charity operates consistently at its target level of 8 puppies starting training in a rolling 12 month period. This will place a requirement for the Working Life Reserve to grow to a value in excess of £1 million even when economies of scale are taken into account. The Charity regards the Designated Working Life Reserve as an essential element of the charity's ethos. It enables the Charity to ensure the welfare of all the dogs in its care as well as guarantee that all active partnerships can be funded through to the dog's retirement. These are two fundamental principles of how the Charity wishes to operate.

The management of the Charity's funds through the allocation of Restricted and Designated Reserves is a key aspect of the 5 Year Strategy and will continue to be a priority for the Trustees.

2.4 Support from Sponsors

During the year the Charity has been extremely fortunate to receive support from a number of organisations including the following:

- Allianz Insurance PLC, operating as Petplan
- Aspire Comps
- BAE Systems
- Bloomberg
- BT Group
- Chichester Rugby Club
- Clarity Environmental
- Flatcoated Retriever Society
- Fullers Brewery (Fuller Smith & Turner)
- H Designs Vehicle Solutions
- HMS Victory
- Homes Estate Agents Ltd
- Horndean Technology College
- Johnson's Veterinary Products Ltd
- Jollyes Pet Superstores
- Mars Petcare UK
- Morrisons PLC
- RAF Cranwell
- RAF Wittering
- Robert Clutterbuck Charitable Trust
- The Girdlers Company Charitable Trust
- The Oaks Crematorium

2.5 Pay Policy for Trustees and Staff

All Trustees give their time freely and no Trustee received remuneration from the Charity in the year. There is no intention for this to change. Details of Trustees' expenses and related party transactions are disclosed in Note 10 to the accounts

The pay of staff is reviewed annually by the Trustees supported by the Charity Manager. Staff pay normally is increased by a cost of living increment at the start of each financial year guided by CPI and RPI in February for the prior year. Changes in salary to reflect changes in the level of responsibility of staff members are also usually but not exclusively timed to come into effect at the start of the financial year.

Due to the impact of the continued Covid-19 restrictions on operations and particularly on fundraising income, very reluctantly the Trustees decided that no cost of living increment could be awarded in FY21/22.



TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**FOR THE YEAR ENDING 31 MARCH 2022****3. Risk Management**

The Trustees have a risk management strategy which comprises:

- A review of the principal financial risks is held at the Finance Committee meeting, held monthly. The Reserves Policy outlined earlier reflects the perceived financial risks and how the Charity has mitigated against those risks.
- The establishment and maintenance of a Risk Register which identifies all material risks to the operation of the Charity and the implementation. Plans are identified to reduce the likelihood/impact of the identified risks and the Trustees review the Risk Register Quarterly.

4. Structure, Governance and Management

The Hounds for Heroes Charity is a company limited by guarantee, without share capital. The Charity's governing document is its Articles of Association, dated 1st April 2015. The Trustees meet regularly, currently monthly, to review performance, discuss current projects and how the Charity's long term aims and objectives are being met. Presently the Trustees collectively act as the board of directors responsible for strategy and the delivery of governance. In addition, the Trustees work through sub-committees, comprising of a mix of Trustees, the Charity Manager and the relevant functional managers for discrete areas of the Charity's operations, namely Finance; Income Generation and Service Delivery (dog support/training & partnerships). At the Trustees Board meetings, the Trustees may vote on any decisions that are required to be made for which a majority of Trustees must be in agreement. Should any decision making be fundamental when not all Trustees are present, then relevant documents are circulated and all Trustees are required to vote. Day to day operational matters are the responsibility of the Charity's Senior Management Team comprising the Charity Manager and the Senior Managers.

The Trustees recognise that the Charity benefits from having a team of trustees that have a broad variety of skills and experience that are allied to the operations of the Charity. In the reporting period the Trustees have sought to improve the range and scale of the skills and experience held by the Charity's Trustees. A candidate Trustee is only appointed to the Board of Trustees after approval by all current Trustees and after satisfactory completion of appropriate searches by the Disclosing and Barring Service.

New Trustees receive an induction in order to brief them on their legal obligations under charity and company law, the Charity Commission guidance on public benefit and inform them of the content of the Memorandum and Articles of Association, the committee and decision-making processes, the strategic plan and recent financial performance of the charity. They also meet key employees and other Trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

In FY21/22, Nick Johnson, Katrina Young and Claire Newman stood down as Trustees and we thank them for their service. We were fortunate to recruit six new Trustees, with a varied and valued set of skills, all of whom joined 1st November 2021.

5. Auditors

Fiander Tovell Limited were re-appointed as auditor to the Charity and will be deemed to be reappointed in accordance with the Companies Act 2006.

6. Statement of Trustees' Responsibilities

The Trustees, who are also the directors of Hounds for Heroes for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Hounds for Heroes and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.



HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDING 31 MARCH 2022

In preparing these accounts, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Hounds for Heroes will continue in operation, and
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of Hounds for Heroes and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of Hounds for Heroes and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

7. Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The Trustees' report was approved by the Board of Trustees.

Amanda Ferguson

.....
Amanda Ferguson

23/9/2022 | 10:46 BST

.....
Dated



HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF HOUNDS FOR HEROES

Opinion

We have audited the financial statements of Hounds for Heroes (the 'charity') for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF HOUNDS FOR HEROES

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, employment, environmental and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management.

HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF HOUNDS FOR HEROES

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Audit response to risks identified

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships.
- tested journal entries to identify unusual transactions.
- tested a sample of BACS payments to identify payments being made to unexpected bank accounts.
- performed transactional testing on payroll costs in respect of those employees with responsibility or authority in connection with the payroll function.
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation.
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Paul Meacher FCA (Senior Statutory Auditor)
for and on behalf of Fiander Tovell Limited

Chartered Accountants
Statutory Auditor

Paul Meacher
.....
30/9/2022 | 07:51 BST

Stag Gates House
63/64 The Avenue
Southampton
Hampshire
SO17 1XS

HOUNDS FOR HEROES

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

		Unrestricted funds general	Unrestricted funds designated	Restricted funds	Total 2022	Total 2021
	Notes	£	£	£	£	£
<u>Income and endowments from:</u>						
Donations and legacies	3	134,483	6,140	28,057	168,680	268,753
Other trading activities	4	4,285	-	-	4,285	244
Investments	5	8,910	-	-	8,910	11,545
Other income	6	1,686	-	-	1,686	50,155
Total income		149,364	6,140	28,057	183,561	330,697
<u>Expenditure on:</u>						
Raising funds	7	128,654	-	-	128,654	111,507
Charitable activities	8	325,688	-	-	325,688	291,070
Total resources expended		454,342	-	-	454,342	402,577
Net (outgoing)/incoming resources before transfers		(304,978)	6,140	28,057	(270,781)	(71,880)
Gross transfers between funds		345,044	(282,779)	(62,265)	-	-
Net income/(expenditure) for the year/ Net movement in funds		40,066	(276,639)	(34,208)	(270,781)	(71,880)
Fund balances at 1 April 2021		120,670	1,813,266	143,304	2,077,240	2,149,120
Fund balances at 31 March 2022		160,736	1,536,627	109,096	1,806,459	2,077,240

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

HOUNDS FOR HEROES

BALANCE SHEET

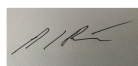
AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	13		6,392		11,004
Tangible assets	14		11,618		20,640
			<u>18,010</u>		<u>31,644</u>
Current assets					
Stocks	15	16,735		16,895	
Debtors	16	60,206		150,440	
Cash at bank and in hand		1,740,658		1,916,629	
		<u>1,817,599</u>		<u>2,083,964</u>	
Creditors: amounts falling due within one year	17	(29,150)		(38,368)	
Net current assets			<u>1,788,449</u>		<u>2,045,596</u>
Total assets less current liabilities			<u>1,806,459</u>		<u>2,077,240</u>
Income funds					
Restricted funds	19		109,096		143,304
<u>Unrestricted funds</u>					
Designated funds	20	1,536,627		1,813,266	
General unrestricted funds		160,736		120,670	
		<u>1,697,363</u>		<u>1,933,936</u>	
			<u>1,806,459</u>		<u>2,077,240</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

30/9/2022 | 07:32 BST

The financial statements were approved by the Trustees on



Mr A Parton
Trustee

Company Registration No. 07130031

HOUNDS FOR HEROES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash absorbed by operations	24		(183,383)		(141,254)
Investing activities					
Purchase of tangible fixed assets		(1,498)		(2,072)	
Interest received		8,910		11,545	
Net cash generated from investing activities			7,412		9,473
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(175,971)		(131,781)
Cash and cash equivalents at beginning of year			1,916,629		2,048,410
Cash and cash equivalents at end of year			1,740,658		1,916,629
Relating to:					
Cash at bank and in hand			1,740,658		1,916,629

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Charity information

Hounds for Heroes is a charitable company limited by guarantee incorporated in England and Wales, and registered with the Charity Commission in England and Wales, and Scotland. The registered office is Unit 2B, Rookery Farm Buildings, Ramsdean, Petersfield, Hampshire, GU32 1RU.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the accounts, the Trustees have considered that there are no material uncertainties about the charity's ability to continue. The Trustees have considered the impact of Covid19 on the charity's operations but forecasts indicate that there is sufficient headroom that this does not create a material uncertainty. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes. Such funds may be held in order to finance both working capital and capital investment.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Government grants relate to claims made under the coronavirus job retention scheme and are recognised in the statement of financial activities in the same period as the costs to which they relate.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Included within other trading activities, is income from the sale of merchandise. Income is recognised on the exchange of goods for cash.

Bank interest is accounted for when receivable.

Included within charitable activities income is donations received in return for Trustees or trainers to speak at events. These speakers' fees are considered to be voluntary and are accounted for on receipt, which is usually the date the event takes place.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Costs of raising funds comprise the costs of staging fundraising events, advertising and marketing and the associated support costs.

Expenditure on charitable activities includes the costs of purchasing puppies, their associated costs and staff costs in relation to training the puppies.

Other expenditure relating to the running of the charity is allocated to the charity's sole charitable activity.

Governance costs include expenditure in relation to constitutional and statutory obligations including audit and statutory accounts preparation, and any reimbursable expenses of the Trustees.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel and governance costs which support the Charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 9.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
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HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Equipment	20% straight line
Fixtures and fittings	20% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

1.15 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The trustees consider that there are no material areas of judgement or estimation uncertainty.

3 Donations and legacies

	Unrestricted funds general £	Unrestricted funds designated £	Restricted funds £	Total 2022 £	Total 2021 £
Donations and gifts	68,579	6,140	28,057	102,776	119,129
Legacies receivable	35,715	-	-	35,715	127,348
Donated goods and services	20,868	-	-	20,868	18,219
Other	9,321	-	-	9,321	4,057
	134,483	6,140	28,057	168,680	268,753
For the year ended 31 March 2021	219,540	28,871	20,342		268,753

Donated goods and services

Donated services are included at the value to the charity, where this can be quantified. Donated goods and services received for which the Trustees have been able to value include donations of insurance and vehicle repairs.

In addition to this, the Trustees are very grateful for the time volunteered by individuals in running events and fundraising activities. This is invaluable support for the charity, and the Trustees are not able to value this in monetary terms.

4 Other trading activities

	2022 £	2021 £
Shop income	4,285	244

In both the current and prior year, this income is classified as unrestricted.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

5 Investments

	2022 £	2021 £
Interest receivable	8,910	11,545

In both the current and prior year, this income is classified as unrestricted.

6 Other income

	2022 £	2021 £
Government grant income	1,686	50,155

This income is classified as unrestricted.

7 Raising funds

	2022 £	2021 £
<u>Fundraising and publicity</u>		
Staging fundraising events	5,019	1,630
Advertising	523	-
Other fundraising costs	1,269	113
Staff costs	9,500	7,122
Share of support costs (see note 9)	105,723	96,735
Share of governance costs (see note 9)	6,620	5,907
Fundraising and publicity	128,654	111,507

In both the current and prior year, costs relating to raising funds were expensed from unrestricted funds.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

8 Charitable activities

	Puppy costs	Advanced training	Working dog costs	Total 2022	Total 2021
	£	£	£	£	£
Puppy purchase	10,700	-	-	10,700	-
Care and training costs	866	1,043	922	2,831	1,574
Food and treats	1,852	4,236	3,709	9,797	8,738
Kennels	130	1,750	-	1,880	605
Vet fees and medication	1,256	9,147	22,121	32,524	28,731
Travel and mileage	250	783	14	1,047	803
Insurance	1,248	6,210	12,092	19,550	17,669
Puppy parents' claims	732	262	-	994	494
Client costs and after care	-	-	3,581	3,581	187
Residential Training Costs	-	2,257	-	2,257	275
	<u>17,034</u>	<u>25,688</u>	<u>42,439</u>	<u>85,161</u>	<u>59,076</u>
Staff costs				<u>128,184</u>	<u>129,354</u>
				<u>213,345</u>	<u>188,430</u>
Share of support costs (see note 9)				105,723	96,734
Share of governance costs (see note 9)				6,620	5,906
				<u>325,688</u>	<u>291,070</u>
Analysis by fund					
Unrestricted funds - general				<u>325,688</u>	<u>291,070</u>
				<u>325,688</u>	<u>291,070</u>

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

9 Support costs

	Support costs £	Governance costs £	2022 £	2021 £
Staff costs	103,029	-	103,029	83,964
Depreciation	15,132	-	15,132	19,782
Rent and rates	52,016	-	52,016	46,438
Premises costs	9,766	-	9,766	11,831
Travel and subsistence	6,979	-	6,979	4,576
Telephone	5,246	-	5,246	1,885
Legal and professional	2,295	-	2,295	1,634
Printing, postage, stationery and website costs	7,448	-	7,448	19,360
Insurance	3,389	-	3,389	2,866
Advertising	1,793	-	1,793	395
Bank charges	2,918	-	2,918	298
Administration costs	1,435	-	1,435	440
Audit fees	-	8,240	8,240	8,000
Accountancy	-	3,720	3,720	3,400
Trustees' expenses	-	1,280	1,280	413
	<u>211,446</u>	<u>13,240</u>	<u>224,686</u>	<u>205,282</u>
Analysed between				
Fundraising	105,723	6,620	112,343	102,642
Charitable activities	105,723	6,620	112,343	102,640
	<u>211,446</u>	<u>13,240</u>	<u>224,686</u>	<u>205,282</u>

The Trustees consider that the basis of allocation of support and governance costs between fundraising and charitable activities is equal. This is consistent with prior periods.

Governance costs includes payments to the auditors of £8,240 for audit fees (2021- £8,000).

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

10 Trustees

The Trustees are also the key management personnel. None of the Trustees received any remuneration or benefits from the charity during the year.

A total of £1,120 has been reimbursed to five of the Trustees, this includes expenses in respect of travel, hospitality and attending fundraising events (2021: two Trustees were reimbursed a total of £509). All expenses are reimbursed at cost and there is no benefit to the Trustee.

The charity has employed Mrs S Parton who is the wife of Mr A Parton, a Trustee. A thorough recruitment process was followed and a market rate salary was agreed. The Trustees sought advice from the Charity Commission at the time of the appointment and all proper procedures have been followed. Remuneration has been paid of £30,484 (2021: £30,484). There are no amounts outstanding at the balance sheet date.

11 Employees

Number of employees

The average monthly number of employees during the year was:

	2022 Head Count	2022 FTE	2021 Head Count	2021 FTE
Dog trainers	6	5	6	5
Administration and fundraising	5	4	5	4
	<u>11</u>	<u>9</u>	<u>11</u>	<u>9</u>

Employment costs

	2022 £	2021 £
Wages and salaries	222,078	204,790
Social security costs	14,010	11,691
Other pension costs	4,625	3,959
	<u>240,713</u>	<u>220,440</u>

There were no employees whose annual remuneration was £60,000 or more.

12 Taxation

As a charitable company, Hounds for Heroes is exempt under current tax legislation from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen in the charitable company in either the current or the prior year.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

13 Intangible fixed assets

	Software £
Cost	
At 1 April 2021 and 31 March 2022	25,750
Amortisation and impairment	
At 1 April 2021	14,746
Amortisation charged for the year	4,612
At 31 March 2022	19,358
Carrying amount	
At 31 March 2022	6,392
At 31 March 2021	11,004

14 Tangible fixed assets

	Equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2021	26,532	28,302	64,848	119,682
Additions	1,498	-	-	1,498
Disposals	-	(7,600)	-	(7,600)
At 31 March 2022	28,030	20,702	64,848	113,580
Depreciation and impairment				
At 1 April 2021	24,943	22,429	51,670	99,042
Depreciation charged in the year	2,230	3,435	3,980	9,645
Eliminated in respect of disposals	-	(6,725)	-	(6,725)
At 31 March 2022	27,173	19,139	55,650	101,962
Carrying amount				
At 31 March 2022	857	1,563	9,198	11,618
At 31 March 2021	1,589	5,873	13,178	20,640

15 Stocks

	2022 £	2021 £
Goods for resale	16,735	16,895

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

16 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Other debtors	46,482	137,349
Prepayments and accrued income	13,724	13,091
	<u>60,206</u>	<u>150,440</u>

17 Creditors: amounts falling due within one year

	2022 £	2021 £
Other taxation and social security	3,284	4,783
Trade creditors	7,110	9,431
Other creditors	3,247	2,591
Accruals and deferred income	15,509	21,563
	<u>29,150</u>	<u>38,368</u>

18 Retirement benefit schemes

Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £4,625 (2021 - £3,959).

19 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2021 £	Movement in funds			Balance at 31 March 2022 £
		Incoming resources £	Resources expended £	Transfers £	
Sponsored Dogs	139,805	26,807	-	(61,015)	105,597
St James Trust	3,500	-	-	-	3,500
Homes Estate Agents	-	1,250	-	(1,250)	-
	<u>143,304</u>	<u>28,057</u>	<u>-</u>	<u>(62,265)</u>	<u>109,096</u>

The Sponsored Dogs restricted fund comprises amounts received to be expended on the purchase and training costs of named dogs.

The St James Trust restricted fund relates to amounts received for educational purposes.

The Homes Estates fund relates to amounts received for the purchase of new laptops.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

20 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2021	Movement in funds			Balance at 31 March 2022
	£	Incoming resources £	Resources expended £	Transfers £	£
Working Life Reserve	1,071,320	-	-	(287,481)	783,839
Lance Corporal James Brynin In Memoriam	28,235	-	-	-	28,235
Named Dog Reserve	295,651	6,140	-	(21,340)	280,451
Operating Reserve	383,060	-	-	26,042	409,102
Property Maintenance Reserve	35,000	-	-	-	35,000
	<u>1,813,266</u>	<u>6,140</u>	<u>-</u>	<u>(282,779)</u>	<u>1,536,627</u>

The Working Life Reserve represents monies set aside to fund all future costs of dogs currently in training and in service through to the dogs' retirement as explained in the Trustees' Report. The amount of £783,839 represents the Charity's commitment to fund those dogs currently in various stages of their working lives for the Charity. The transfer of funds to the Working Life Reserve from Unrestricted General funds reflects the Charity's Working Life commitment as at the end of the reporting period.

The Lance Corporal James Brynin In Memoriam fund comprises funds received from both the Brynin family, and funds the family have raised in memory of Lance Corporal James Brynin, who was killed in Afghanistan in October 2013. The Trustees planned to use these donations to fund two named dogs in memory of Lance Corporal James Brynin, and towards the purchase of an adapted van to transfer dogs and wheelchair users (purchased in 15/16). Should there be any funds remaining, the Trustees have considered using these to improve the quiet room by purchasing soft furnishings. During the year, no dogs have entered into the training programme funded by these monies. The balance will be carried forward to be used as described above.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

20 Designated funds

(Continued)

As described in the Trustees' Report, the Named Dog Reserve identifies where a donation that is initially placed in the restricted reserve has been spent, but the desired outcome has not yet been achieved in respect of a successful placement of a named dog. The reserve will be released once the desired outcome has been achieved. Amounts of £77,730 have been released from this reserve back to unrestricted general funds to reflect donations received previously where the named dog is now in service.

The Trustees have transferred £26,042 during the year from unrestricted general reserves to the Operating Reserve. This is to ensure that the closing fund balance represents the amount of indirect running costs of the Charity, that the Trustees consider is required in order that the Charity may function at its current rate of expenditure for 18 months, should the level of donations received drop significantly.

The Charity is responsible for the costs of maintaining its premises under the lease. £35,000 is the amount estimated by the Trustees to be required to fund the costs of maintenance of the rental premises and this is carried forward in the Property Maintenance Reserve.

The comparative fund movements are as follows:

	Balance at 1 April 2020 £	Movement in funds			Balance at 31 March 2021 £
		Incoming resources £	Resources expended £	Transfers £	
Working Life Reserve	1,035,380	-	-	35,940	1,071,320
Lance Corporal James Brynin In Memoriam	28,235	-	-	-	28,235
Named Dog Reserve	257,686	28,871	-	9,094	295,651
Operating Reserve	398,198	-	-	(15,138)	383,060
Property Maintenance Reserve	35,000	-	-	-	35,000
	<u>1,754,499</u>	<u>28,871</u>	<u>-</u>	<u>29,896</u>	<u>1,813,266</u>

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

21 Analysis of net assets between funds

	Unrestricted General Funds	Unrestricted Designated Funds	Restricted Funds	Total
	£	£	£	£
Fund balances at 31 March 2022 are represented by:				
Intangible fixed assets	6,392	-	-	6,392
Tangible assets	11,618	-	-	11,618
Current assets	141,476	1,536,627	110,346	1,788,449
	<u>159,486</u>	<u>1,536,627</u>	<u>110,346</u>	<u>1,806,459</u>
	Unrestricted General Funds	Unrestricted Designated Funds	Restricted Funds	Total
	£	£	£	£
Fund balances at 31 March 2021 are represented by:				
Intangible fixed assets	11,004	-	-	11,004
Tangible assets	20,503	-	137	20,640
Current assets	89,163	1,813,266	143,167	2,045,596
	<u>120,670</u>	<u>1,813,266</u>	<u>143,304</u>	<u>2,077,240</u>

22 Operating lease commitments

Operating lease payments represent rentals payable by the company for the properties from which it operates, as well as rentals for items of office equipment. Property leases and equipment rentals are negotiated for an average term of 3 years.

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	45,806	46,001
Between two and five years	-	45,806
	<u>45,806</u>	<u>91,807</u>

During the year, the charitable company recognised £48,955 (2021: £43,420) of lease costs in the Statement of Financial Activities in respect of non-cancellable operating leases.

23 Related party transactions

There were no disclosable related party transactions during the year (2021: none).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

24	Cash generated from operations	2022 £	2021 £
	Deficit for the year	(270,781)	(71,880)
	Adjustments for:		
	Investment income recognised in statement of financial activities	(8,910)	(11,545)
	Loss on disposal of tangible fixed assets	875	-
	Amortisation and impairment of intangible assets	4,612	5,150
	Depreciation and impairment of tangible fixed assets	9,645	14,632
	Movements in working capital:		
	Decrease/(increase) in stocks	160	(3,214)
	Decrease/(increase) in debtors	90,234	(78,411)
	(Decrease)/increase in creditors	(9,218)	4,014
	Cash absorbed by operations	(183,383)	(141,254)
25	Analysis of changes in net funds		
	The charity had no debt during the year.		

HOUNDS FOR HEROES

England & Wales - Charity number 1134359

Accounts

Charity Registration No. 1134359

Company Registration No. 07130031 (England and Wales)

HOUNDS FOR HEROES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021



HOUNDS FOR HEROES

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HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDING 31 MARCH 2021

1. Opening Statements

The Trustees present their report and accounts for the financial year ended 31 March 2021.

The accounts have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with Hounds for Heroes' Memorandum and Articles of Association (its governing document), the Companies Act 2006 and 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and relevant accounting standards'.

The annual report includes the directors' report as required by company law.

1.1. Reference and administration

Charity number (England & Wales)	1134359
Charity number (Scotland)	SC043751
Company number	07130031
Registered office	Unit 2B, Rookery Farm Buildings, Ramsdean, Petersfield, Hampshire, GU32 1RU

1.2. Our advisers

Bankers	Lloyds Bank plc	5 The Square, Petersfield, GU32 3HL
Auditors	Fiander Tovell Limited	Stag Gates House, 63/64 The Avenue, Southampton, SO17 1XS

1.3. Directors and Trustees

The Trustees who are also the directors for the purpose of company law and who served during the year were:

Allen Parton	Joined 19 th January 2010
Julian Forth	Joined 21 st January 2016, resigned 19 th September 2020
Katrina Young	Joined 20 th August 2019
Amanda Ferguson	Joined 1 st November 2019
Stephen Bowcott	Joined 2 nd November 2019, resigned 17 th December 2020
Deborah Denis	Joined 3 rd November 2019, resigned 8 th September 2020
Nick Johnson	Joined 4 th November 2019
Claire Newman	Joined 4 th November 2019

2. Objectives and Activities

2.1. Our Objectives

Our principal objective is to enhance the quality of life of UK Armed Forces and Emergency Services personnel who have been injured or become ill at any time. The Charity's Memorandum of Articles and Association allows a broad range of mechanisms by which the Charity may achieve this objective, however, the Charity only came into existence because of a remarkable life changing partnership that formed between a dog and an injured serviceman. Therefore, it remains the Charity's mission to deliver our Charitable Benefit primarily through the provision of specially trained Assistance Dogs. This is the *raison d'être* of the Charity.

Since the start of operation, the Charity has chosen to fund the whole working life of our dogs and additionally will not commence training a puppy unless sufficient reserves are in place to fund the life of the dog up to the dog's retirement. In this way the Charity can best safeguard the welfare of all our dogs throughout their lives as well as take away the financial burden for our partners of being partnered with an assistance dog.

2.2. Our 5 Year Strategy

As reported by the Trustees in previous years, the Charity adopted a 5 Year Strategic Plan at the start of FY 17/18. The cornerstone of the strategy is to accelerate the delivery of charitable benefit to a rate which is limited only by the facilities currently rented by the charity for the purposes of advanced dog training and by our ability to fund this rate of delivery. The 5 Year Strategy is further elaborated as follows:

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDING 31 MARCH 2021

- The acceleration of delivery of charitable benefit is quantified by starting the training of 8 puppies each year throughout the period of the strategy and for the number of dogs in partnership to grow by roughly 6 partnerships each year for the final three years of the strategy period. NB Covid has clearly impacted on the delivery of partnerships which is expanded upon later.
- The acceleration of delivery of charitable benefit will increase outgoings over and above any increase in income. The strategy is for this increase in net outgoings to be met by reductions in the unrestricted general funds for most of the duration of this 5 year strategy period. However in order to continue delivery of charitable benefits at the current level into the next strategy period, increased funding is required and an increased fundraising activity plan will be developed.
- The quality of the charitable benefit that is delivered shall be at a level that would achieve successful accreditation as an assistance dog charity by Assistance Dogs International (ADI). The Charity aims to be ready to commence the process of accreditation at some point in the next strategy period.
- The governance of the Charity shall be delivered by a team of Trustees who are unpaid volunteers. The ownership of the Charity's strategic plan will remain with the Trustees and during the strategy period strategic decisions will not be delegated to the Charity's staff by, for instance, the creation of a Chief Executive Officer (CEO). However, day-to-day/operational management will be conducted by the Charity's staff.
- The Reserves Policy shall include a Designated Working Life Reserve which ensures that all the dogs in the charity's care will continue to be cared for through to their retirement.

2.3 Our Achievements and Performance

As with other organisations it has been a very challenging year for the charity and the partners we support, with Covid-19 having had a substantial impact on the charity, its operations, the delivery of charitable benefits, finance and staff. The Trustees would like to pay tribute to the hard work and dedication of our staff and volunteers throughout this period.

On 23rd March 2020, in line with government guidance and for the safety and welfare of staff, volunteers and clients, the head office was closed and advanced dog training suspended and that situation remained the case until the summer when we reopened the head office for very limited staff access only. Following the part easing of the pandemic restrictions in June '20, work commenced on making the necessary changes to re-open the head office in line with guidance on working safely during the pandemic, taking account of the risks to both staff and visitors (many of whom are classed as clinically extremely vulnerable). A series of changes to the layout of the office area and training area were made so that staff could operate in a covid-secure manner. Operations in the head office continued to be impacted by the further lockdowns and restrictions which were in place throughout FY20/21.

The staff have been flexible and adaptive, developing new ways of working to continue to deliver a level of operations. The dogs in advanced training were moved out of kennels and placed with foster carers. Dog training of our advanced dogs, usually carried out in our training centre, was suspended during lockdown as the centre was closed but support was provided to the foster carers with our dog trainers providing a level of general training conducted in external environments from the summer and very limited training restarted in the centre in the last few months of the fiscal year. The acquisition of puppies was also suspended for the whole of this fiscal year which will have an impact on the number of possible placements in the future. Separate provision was also made for the continued support for puppy parents using video conference facilities to provide one-on-one training to the puppy parents and the puppies. Similarly, aftercare was delivered remotely. Instead of home visits our staff were able to provide a satisfactory level of support to all our partnerships using telephone and video conferencing facilities.

These changes to our operations coupled with the collapse of community fund raising and the near absence of contacts by the general public allowed the charity to place a number of staff on furlough under the Coronavirus Job Retention Scheme (CJRS). Our use of the scheme continued for most of the year as we balanced continuing with the key functions of the charity, such as puppy training, after-care support, finance and governance delivered by the non-furloughed staff working mainly from home, with maximising use of the scheme where it did not impact on the core functions detailed above.

We unfortunately had to put on hold accepting new applications for partnerships and due to the ongoing government and operating restrictions it was also not possible to undertake the placement of any new service dogs throughout FY20/21. The inability to deliver any new placements obviously impacts negatively on achievement of our 5 year strategic target.

The Trustees in a normal year would meet every 8 weeks. During the pandemic this was changed for the first 6 months of the year to holding a video conference every 2 weeks to review the achievements and challenges and then provide the necessary direction in a timely fashion. These conferences involved the senior management team so as to ensure the charity moved forward through the pandemic safely and securely. In the autumn, the Trustees moved to holding a monthly Board meeting and to date this frequency still remains in place.

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COVID-19 also had a major financial impact on our fundraising income and we were only able to maintain our income at a similar level to the prior year due to the receipt of some much appreciated legacies in the final quarter of FY20/21. It is expected it will take a considerable time for fundraising to return to pre-pandemic income levels and we expect the next few years to be challenging. Although actions were taken to reduce costs as much as possible and maximise the use of the CJRS, significant underlying costs for areas such as rent, maintenance and core operation remained. In addition, other unforeseen costs making the HQ covid-secure were incurred. In summary the charity is suffering a deficit which will be prolonged. This has had an adverse impact on available funds at the end of FY 20/21. Despite this, the charity remains a going concern and continues to be able to deliver charitable benefit.

The Charity was registered in 2010. Since starting operations, we have monitored our performance by measuring how long each dog receives puppy training, how long each dog receives advanced training and how long each dog has been in partnership. In this way we know what we have achieved from our registration and what we have achieved each year. These achievements, or deliveries, are measured in units of production of dog-years where a dog-year is the delivery of 1 year of training or 1 year of partnership support for one dog for one year.

By the end of FY 20/21 the Charity had achieved the following:

- More than 95 dog-years of dog training have been delivered;
- 18 successful placements of partnering a specially trained assistance dog with a client have been achieved;
- Nearly 42 dog-years of partnership with proper partnership support have been delivered to partners living throughout the UK.

The Charity continues to use the comparison of the number of successful placements with the number of puppies that have started the training course as a key performance indicator. Since commencing operations in 2011 the Charity has achieved 18 successful placements and this represents 62% of the number of puppies that have started the training course and would have been expected to have been successfully placed with a partner. The Charity is intent on continuing to improve performance in this area by improving our knowledge of breeds and breeders, by increasing the awareness amongst breeders of the Charity's needs and by continuously improving our dog training and partnering processes.

The Charity maintains a programme of Raising Awareness of the Charity's objectives in the communities it wishes to deliver charitable benefit and with potential sponsors. Despite the Covid restrictions, in FY 20/21 the Charity's Founder has continued to raise awareness of the Charity's objectives where opportunities arose utilising virtual communication tools.

2.4 Our Focus for the Coming Year

The Charity's objective for the coming year is to return to full operations and our targeted delivery of charitable benefit as effectively as we can, taking into account that the charity works with extremely vulnerable people and the charity is very mindful of having to operate in a Covid-secure manner so that our applicants and partners feel they are not placed at risk when making contact with the charity.

The focus for FY 21/22 identified by the trustees and as adapted by the ongoing impact of the pandemic are as follows:

- The overriding focus for the charity for FY 21/22 is to navigate through the far side of the pandemic whilst minimising the impact on the charity's operations and financial security. At the time of this report, we have been able to fully open the head office, bring all staff back to work and to re-start delivery of our declared mission.
- The number of dogs in active partnerships remained at 10 in FY 20/21, spread across the UK and as stated due to the pandemic we were unable to place any dogs in new service partnerships. The focus is to continue to deliver high quality support and after-care, to our existing partners. Pre pandemic this would involve visiting the homes of the partners but during the pandemic the charity adapted by delivering after-care through making regular, frequent telephone contact and through the use of video conferencing techniques to give our partners all the support that they need. This has proved an effective way of providing support and given the ongoing presence of covid in communities, home visits will be resumed but only when the partners concerned are confident that their welfare will not be placed at risk and are comfortable to receive in person visits.

HOUNDS FOR HEROES

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- A key priority is to resume the development of new service partnerships and therefore advanced training has recommenced with those dogs who are ready to be considered for partnering. The charity team has adapted its processes for matching and establishing a mutually beneficial partnership to take into account covid concerns and it is pleasing to report that to date a minimum of 3 partnerships are in the early stages of establishment.
- Taking into account the desire to have an ongoing pipeline of dogs to take through the various stages of training and placement and ensure we can deliver new partnerships in each year, we have returned to acquiring puppies and were pleased to welcome 3 new puppies to the Hounds For Heroes family in July. It is planned that we will acquire a further 3 -4 puppies later in the fiscal year. It is to be noted that the cost of puppies has increased significantly due to the high demand over the past year driving up the cost of a puppy.
- Over the first two years of the current 5 year strategy, the Charity has benefitted richly from, and is very grateful for, very generous donations made by a broad mix of institutions, corporate sponsors and the general public. As a consequence, the Charity's operations have not yet included significant activities devoted solely to fund raising. However, the Charity recognises that this generosity cannot be relied upon to continue to match the Charity's increasing expenditure as we accelerate delivery of our charitable benefit. Therefore, the Charity plans to take on one or more members of staff to coordinate our Fund-Raising activities recognising that it takes time to develop relationships with potential sponsors and build an ongoing pipeline of activity so that the Charity can adopt a more proactive approach to fund raising and so better ensure the longevity of the Charity.
- The charity adopted a 5-year strategy at the start of FY 17/18. Whilst the period of the strategy is not rigidly fixed it is now expected to run for less than one more year. The charity will therefore focus on conducting a strategic review of the complex and overlapping environments that the charity operates within. Hounds for Heroes operates in the charity sector but also operates within the domain of assistance dogs as well as working with the active and retired personnel of the armed forces and emergency services. The staff and trustees will jointly conduct this strategic review to assess the challenges and opportunities that the charity may face over the coming years. The trustees will then construct the future strategy to be adopted by the charity for the approaching 5 year period
- The strategic review will debate and consider, amongst other things, initiatives such as:
 - To continue to obtain a better understanding of the needs of potential clients who may be suffering from only Post-Traumatic Stress Disorder (PTSD);
 - To continue the creation of stronger links to other charities that provide assistance to injured or armed services personnel and those of the emergency services;
 - To investigate the creation of a satellite puppy training centre in order to access a new pool of potential puppy parents.
 - To investigate the creation of a remote hub for the delivery of after-care. In this way, after-care can be delivered more economically but still of the required quality to partnerships that are located far from the Charity's HQ near Petersfield.
 - To review when it would be appropriate for the charity to seek membership of ADI

3. Financial Review

3.1 Overview

The 5 Year Strategy put in place at the start of FY17/18 anticipated a decrease in the level of unrestricted general funds as the planned acceleration of the delivery of charitable benefit was over time expected to see outgoings increase above income.

Due to the exceptional circumstances of the pandemic, as already stated costs were decreased where possible and therefore outgoings actually decreased by 26% since the prior year, although still increasing by 37% since the beginning of the 5 Year Strategy.

The Charity's funding sources beyond legacy donations were suppressed but the decline was offset somewhat by an increase in legacies. As a result, the level of unrestricted general funds, whilst sufficient, is as planned and is now much lower having fallen by £134,483 over the period and by £595,590 since the beginning of the 5 Year Strategy. For this reason, the Charity intends to adopt a more proactive approach to fundraising to ensure future income will remain sufficient, moving towards a more balanced position versus expenditure.

The Charity continues to generate a level of donations and sufficient funds are held to satisfy the unchanged Reserves Policy. However, it must be recognised that the pandemic restrictions have severely impacted the

HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDING 31 MARCH 2021

charity's ability to raise funds via, for instance, community fund raising events and we do envisage that the fundraising environment will continue to be challenging for the next few years.

At the end of FY 20/21 the Charity had total funds of £2,077,240. As outlined in the Charity's Reserves Policy below, the Charity has set aside £143,304 as Restricted Reserves and £1,813,266 as Designated Reserves leaving a balance of £120,670 as Unrestricted General Funds.

As at the end of FY 20/21 the Charity has the strength of assets required to successfully move forward and deliver the quality and volume of charitable benefit that the Charity and our donors wish for. The understanding of the pandemic restrictions as held at the end of FY 20/21 and as held at the time that this report is prepared allows the confidence that the charity will emerge from the pandemic period as a going and viable concern.

3.2 Reserves Policy

The Charity's Reserves Policy is unchanged from that reported in FY16/17 and in subsequent years.

It is the policy of the Charity to hold Restricted Reserves and a range of Designated Reserves. The balance of funds not held in reserve are Unrestricted General Funds which are used to meet the day to day needs of operating the Charity.

The Restricted Reserve holds restricted funds that are the balance of all the as yet unspent donations where the donor has specified the task to be achieved by their donation.

The Designated Reserves hold unrestricted funds which the Trustees agree are required to ensure, for instance, the welfare of all the dogs in our care and as required to mitigate against identified financial risks such as the uncertainty of income that all charities face.

3.2.1 Restricted Reserve

The Restricted Reserve has increased from £139,468 as at the end of FY19/20 to £143,304 at the end of FY20/21. When a donor specifies the task to be achieved by a donation and this is declared at the time the donation is made, then the donation is placed in the Restricted Reserve. In most cases the task identified takes several months to complete. When a donor sponsors a dog's name, it may take more than 2 years for the sponsored dog to be placed and for the charity to deem that the specified task has been achieved. Therefore, the Restricted Reserve is reduced by the spend made by the charity as it progresses the delivery of the specified tasks. In this way the value of the Restricted Reserve always reflects the spend yet to be made to achieve the outcomes specified by the donors.

3.2.2 Designated Working Life Reserve

The Charity chooses to deliver Charitable Benefit by funding the entire working life of the dog. The Working Life Reserve is therefore required to ensure that this commitment may be delivered irrespective of the longevity of the Charity. Therefore, the value of the reserve must be maintained at a level that always ensures that all the dogs in the Charity's care can be supported and cared for properly throughout the dog's life, irrespective of the dog's current age.

As at the end of FY20/21 the Charity recognises the commitment to be able to fund the delivery of the following:

- 127.49 dog years of partnership with support (decreased by 7% from FY 19/20)
- 7.46 dog years of Advanced Training (decreased by 30% from FY19/20)
- 0.76 dog years of Puppy Training (decreased by 75% from FY19/20)
- 10 Placements with clients (11 in FY 19/20)

Note: The measures above have decreased due to the impact of having to suspend operations for much of FY20/21. Over the first three years of the strategy period the Charity consistently achieved the target of starting the training of 8 puppies each year and we expect to return to a similar level of delivery over FY21/22.

With prudent allowances for inflation and administration of the reserve over the commitment period this represents a requirement for a Working Life Reserve of £1,071,320. This is an increase of 3% compared with the reserve required at the end of FY19/20 and is the result of having a larger commitment caused by having more dogs in the Charity's care.

HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDING 31 MARCH 2021

3.2.3 Designated Operating Reserve

The Charity survives through charitable donations and it is recognised that from time to time any of our sponsors may wish to redirect their sponsorship to other worthy causes. Replacement of a major sponsor may take more than two years and so this reserve is prudent protection against the uncertainties of income that all charities face. The recent pandemic restrictions have further underlined the uncertainty of our income. The Trustees have decided to maintain the Operating Reserve to allow the Charity to function at its current rate of expenditure for 18 months

The projected indirect running costs of the Charity for the 18 months from the start of FY 21/22 are £383,060. Direct costs are already covered within the Designated Working Life Reserve.

At the time that this report is being prepared, the Charity's income has been significantly impacted as a result of the pandemic restrictions. Throughout the remainder of FY 21/22 the trustees will remain watchful of the need to release part or all of this designated reserve into unrestricted general funds should the need arise.

3.2.4 Designated Named Dog Reserve

The Charity has received many donations for the sponsorship of a dog with specific name. This donation is initially placed within the Restricted Reserve. The Restricted Reserve decreases as the charity spends funds delivering the tasks specified by the donors. The Trustees have agreed to create the Designated Named Dog Reserve which identifies where a donation that was initially placed within the Restricted Reserve has been spent but the desired outcome has not yet been achieved. This Reserve is prudent protection against the identified risk that a donor may request the return of the donation, in full or in part, should the donor deem the desired outcome has not been achieved in a sufficiently timely manner.

The Designated Named Dog Reserve has been set at £295,651.

3.2.5 Designated Property Maintenance Reserve

The Charity currently occupies rented premises. The use of the premises causes wear and tear and the Charity is responsible for costs of the repair and maintenance of the premises. Property maintenance is conducted throughout the year. The Property Maintenance Reserve represents monies set aside to cover these costs.

The Property Maintenance Reserve has been set at £35,000 and is reviewed annually.

3.2.6 Designated In-memoriam Reserve

The Charity is very grateful for donations it has received "in-memoriam". When donors do not specify how their "in-memoriam" donation should be used, the Charity nonetheless wishes to be able to show the donor how their donations have been used. The Charity therefore sets aside such donations as a designated reserve and records how the funds are spent. At the end of FY 20/21 the Designated In-memoriam Reserve is set at £28,235.

3.3 Management of Funds

The Trustees continue to pay high regard to the guidance of the Charities Commission in shaping how the Charity delivers charitable benefit.

The 5 Year Strategy, which commenced at the start of FY17/18, accelerates the delivery of Charitable Benefit. In this way the Charity seeks to utilise the Charity's funds in as timely a manner as our current premises permit. As anticipated in the Trustees' Reports for FY16/17 and FY 17/18 the Charity's expenditure has risen. The forecast made at the start of FY18/19 was that our Income would not increase over the short term and so a reduction in funds was forecast. This was the expectation of the 5 Year Strategy and is in line with the expectations of the Charity Commission.

The Designated Working Life Reserve will increase as the number of dogs in the Charity's care increases. When the Charity has been operating consistently at the target level of 8 puppies starting training in a rolling 12 month period, the number of dogs in the Charity's care is expected to grow to approximately 80. This will place a requirement for the Working Life Reserve to grow to a value in excess of £1 million even when economies of scale are taken into account. The Charity regards the Designated Working Life Reserve as an essential element of the charity's ethos. It enables the Charity to ensure the welfare of all the dogs in its care

HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDING 31 MARCH 2021

as well as guarantee that all active partnerships can be funded through to the dog's retirement. These are two fundamental principles of how the Charity wishes to operate.

The management of the Charity's funds through the allocation of Restricted and Designated Reserves is a key aspect of the 5 Year Strategy and will continue to be a priority for the Trustees.

3.4 Support from sponsors`

During the year the Charity has been extremely fortunate to receive support from a number of organisations including the following:

- Boehringer Ingelheim Limited
- Allianz Insurance PLC operating through Petplan
- Fuller, Smith & Turner PLC
- BAE Systems PLC
- Holiday Inn, Winchester
- Waitrose and Partners
- RAF Cranwell
- Morrisons PLC
- Bloomberg
- Clarity Environment
- Estee Lauder
- HMS Victory
- RAF High Wittering
- The Girdlers Company Charity Trust
- The Oaks Crematorium
- Chichester Rugby Club
- BAE Systems
- MOD Abbey Wood
- Babcock Marine International Group PLC
- Cliffe Veterinary Group Ltd
- Springview Residential Home
- Serco Group PLC
- Jollye's Pet Stores
- St James's Place wealth Management

3.5 Pay policy for Trustees and Staff

All Trustees give their time freely and no Trustee received remuneration from the charity in the year. There is no intention for this to change. Details of Trustees' expenses and related party transactions are disclosed in Note 11 to the accounts.

The pay of staff is reviewed annually by the Trustees supported by the senior management team. Staff pay normally is increased by a cost of living increment at the start of each Financial Year guided by the indications of the CPI and RPI as issued during February and moderated by the charity's financial strength. Changes in salary to reflect changes in the level of responsibility of staff members are also timed to come into effect at the start of the financial year.

The onset of the pandemic restrictions provoked a large step change to the way the charity is able to deliver charitable benefit and raise funds. This situation forced the trustees to defer all decisions on changes to staff remuneration until the FY 21/22.

4 Risk Management

The Trustees have a risk management strategy which comprises:

- A review of the principal financial risks is held at the Finance Meetings held monthly. The Reserves Policy outlined above reflects the perceived financial risks and how the Charity has mitigated against those risks.
- The establishment and maintenance of a Risk Register which identifies all risks, including risks to human welfare, risks to animal welfare and risks to business continuity. Plans are identified to reduce likelihood of those risks identified with a high likelihood and/or those with a high impact.

HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDING 31 MARCH 2021

The Charity reported last year and the previous year that the most significant business continuity risk faced by the Charity is the availability and retention of high-quality puppy-parents who provide a safe, secure home for our puppies and help socialise and train our puppies for their first year of training. This has not changed. The Charity, through raising awareness, has continued to manage to entice puppy-parents in sufficient numbers to satisfy our needs. Nonetheless, the non-availability of sufficient puppy-parents is a risk that requires continuous and proactive management. The Charity has identified that setting up a remote hub for puppy training - so as to access a new pool of potential puppy parents - would provide protection against this identified risk.

5 Structure, Governance and Management

The Hounds for Heroes Charity is a company limited by guarantee, without share capital. The Charity's governing document is its Articles of Association, dated 1 April 2015. The Trustees meet regularly, currently monthly, to discuss the Charity's current projects and how its long term aims and objectives are being met. Presently the Trustees collectively act as the board of directors responsible for strategy and the delivery of governance. In addition, the Trustees work through sub-committees comprising a mix of Trustees, the Charity Manager and the Office Manager, Dog and Client Manager and Finance Administrator for discrete areas of the Charity's operations namely fund raising, support, dog training and partnerships, and finance. At the Trustees' meetings the Trustees may vote on any decisions that are required to be made for which a majority of Trustees must be in agreement. Should any decision making be fundamental when not all Trustees are present, then minutes are circulated and the vote is held open until all Trustees have cast their vote. Day to day operational matters are the responsibility of the Charity's senior management team comprising the Charity Manager and the senior management team.

The Trustees recognise that the Charity benefits from having a team of trustees that have a broad variety of skills and experience that are allied to the operations of The Charity. In the reporting period the Trustees have sought and continue to seek to improve the range and scale of the skills and experience held by the Charity's Trustees. A candidate trustee is only appointed to the board of Trustees after approval by all current Trustees and after satisfactory completion of appropriate searches by the Disclosing and Barring Service.

New Trustees receive an induction in order to brief them on their legal obligations under charity and company law, the Charity Commission guidance on public benefit and inform them of the content of the Memorandum and Articles of Association, the committee and decision-making processes, the strategic plan and recent financial performance of the charity. During the induction day they meet key employees and other Trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

In FY 20/21, Julian Forth, Stephen Bowcott and Deborah Denis stood down as Trustees and we thank them for their service, with special thanks going to Julian Forth for his long service with the charity and excellent stewardship as Chair. A recent recruitment campaign has just been concluded with several new Trustees due to be appointed to the Board this autumn.

6 Auditors

Fiander Tovell Limited were re-appointed as auditor to the Charity and will be deemed to be reappointed in accordance with the Companies Act 2006.

7 Statement of Trustees' Responsibilities

The Trustees, who are also the directors of Hounds for Heroes for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Hounds for Heroes and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Hounds for Heroes will continue in operation, and
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts

HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDING 31 MARCH 2021

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of Hounds for Heroes and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of Hounds for Heroes and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

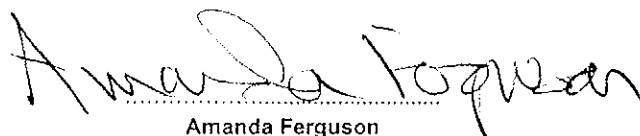
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

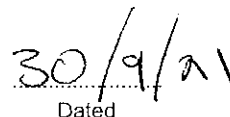
8 Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The Trustees' report was approved by the Board of Trustees.


Amanda Ferguson


Dated

HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF HOUNDS FOR HEROES

Opinion

We have audited the financial statements of Hounds for Heroes (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF HOUNDS FOR HEROES

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, employment, environmental and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management.

HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF HOUNDS FOR HEROES

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Audit response to risks identified

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships.
- tested journal entries to identify unusual transactions.
- tested a sample of BACS payments to identify payments being made to unexpected bank accounts.
- performed transactional testing on payroll costs in respect of those employees with responsibility or authority in connection with the payroll function.
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation.
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Paul Meacher FCA (Senior Statutory Auditor)
for and on behalf of Fiander Tovell Limited

Chartered Accountants
Statutory Auditor

30 September 2021

Stag Gates House
63/64 The Avenue
Southampton
Hampshire
SO17 1XS

HOUNDS FOR HEROES

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted funds general £	Unrestricted funds designated £	Restricted funds £	Total 2021 £	Total 2020 £
<u>Income and endowments from:</u>						
Donations and legacies	3	219,540	28,871	20,342	268,753	296,335
Charitable activities	4	-	-	-	-	550
Other trading activities	5	244	-	-	244	6,769
Investments	6	11,545	-	-	11,545	21,744
Other income	7	50,155	-	-	50,155	-
Total income		281,484	28,871	20,342	330,697	325,398
<u>Expenditure on:</u>						
Raising funds	8	111,507	-	-	111,507	146,021
Charitable activities	9	291,070	-	-	291,070	394,352
Total resources expended		402,577	-	-	402,577	540,373
Net (outgoing)/incoming resources before transfers		(121,093)	28,871	20,342	(71,880)	(214,975)
Gross transfers between funds		(13,390)	29,896	(16,506)	-	-
Net (expenditure)/income for the year/ Net movement in funds		(134,483)	58,767	3,836	(71,880)	(214,975)
Fund balances at 1 April 2020		255,153	1,754,499	139,468	2,149,120	2,364,095
Fund balances at 31 March 2021		120,670	1,813,266	143,304	2,077,240	2,149,120

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

HOUNDS FOR HEROES

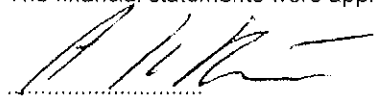
BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	14		11,004		16,154
Tangible assets	15		20,640		33,200
			<u>31,644</u>		<u>49,354</u>
Current assets					
Stocks	16	16,895		13,681	
Debtors	17	150,440		72,029	
Cash at bank and in hand		1,916,629		2,048,410	
		<u>2,083,964</u>		<u>2,134,120</u>	
Creditors: amounts falling due within one year	18	(38,368)		(34,354)	
Net current assets			<u>2,045,596</u>		<u>2,099,766</u>
Total assets less current liabilities			<u><u>2,077,240</u></u>		<u><u>2,149,120</u></u>
Income funds					
Restricted funds	20		143,304		139,468
<u>Unrestricted funds</u>					
Designated funds	21	1,813,266		1,754,499	
General unrestricted funds		<u>120,670</u>		<u>255,153</u>	
			<u>1,933,936</u>		<u>2,009,652</u>
			<u><u>2,077,240</u></u>		<u><u>2,149,120</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 30/09/21.



Mr A Parton
Trustee

Company Registration No. 07130031

HOUNDS FOR HEROES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	25		(141,254)		97,864
Investing activities					
Purchase of tangible fixed assets		(2,072)		(21,031)	
Interest received		11,545		21,744	
Net cash generated from investing activities			9,473		713
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(131,781)		98,577
Cash and cash equivalents at beginning of year			2,048,410		1,949,833
Cash and cash equivalents at end of year			1,916,629		2,048,410
Relating to:					
Cash at bank and in hand			1,916,629		2,048,410

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Charity information

Hounds for Heroes is a charitable company limited by guarantee incorporated in England and Wales, and registered with the Charity Commission in England and Wales, and Scotland. The registered office is Unit 2B, Rookery Farm Buildings, Ramsdean, Petersfield, Hampshire, GU32 1RU.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the accounts, the Trustees have considered that there are no material uncertainties about the charity's ability to continue. The Trustees have considered the impact of Covid19 on the charity's operations but forecasts indicate that there is sufficient headroom that this does not create a material uncertainty. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes. Such funds may be held in order to finance both working capital and capital investment.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Government grants relate to claims made under the coronavirus job retention scheme and are recognised in the statement of financial activities in the same period as the costs to which they relate.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Included within other trading activities, is income from the sale of merchandise. Income is recognised on the exchange of goods for cash.

Bank interest is accounted for when receivable.

Included within charitable activities income is donations received in return for Trustees or trainers to speak at events. These speakers' fees are considered to be voluntary and are accounted for on receipt, which is usually the date the event takes place.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Costs of raising funds comprise the costs of staging fundraising events, advertising and marketing and the associated support costs.

Expenditure on charitable activities includes the costs of purchasing puppies, their associated costs and staff costs in relation to training the puppies.

Other expenditure relating to the running of the charity is allocated to the charity's sole charitable activity.

Governance costs include expenditure in relation to constitutional and statutory obligations including audit and statutory accounts preparation, and any reimbursable expenses of the Trustees.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel and governance costs which support the Charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 9.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
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HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Equipment	20% straight line
Fixtures and fittings	20% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

1.15 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The trustees consider that there are no material areas of judgement or estimation uncertainty.

3 Donations and legacies

	Unrestricted funds general	Unrestricted funds designated	Restricted funds	Total 2021	Total 2020
	£	£	£	£	£
Donations and gifts	69,916	28,871	20,342	119,129	234,420
Legacies receivable	127,348	-	-	127,348	48,446
Donated goods and services	18,219	-	-	18,219	13,419
Other	4,057	-	-	4,057	50
	<u>219,540</u>	<u>28,871</u>	<u>20,342</u>	<u>268,753</u>	<u>296,335</u>
For the year ended 31 March 2020	<u>223,436</u>	<u>14,906</u>	<u>57,993</u>		<u>296,335</u>

Donated goods and services

Donated services are included at the value to the charity, where this can be quantified. Donated goods and services received for which the Trustees have been able to value include donations of insurance and vehicle repairs.

In addition to this, the Trustees are very grateful for the time volunteered by individuals in running events and fundraising activities. This is invaluable support for the charity, and the Trustees are not able to value this in monetary terms.

4 Charitable activities

	2021 £	2020 £
Speakers' fees	-	550

Charitable trading income

In both the current and prior year, this income is classified as unrestricted.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

5 Other trading activities

	2021 £	2020 £
Shop income	244	6,769

In both the current and prior year, this income is classified as unrestricted.

6 Investments

	2021 £	2020 £
Interest receivable	11,545	21,744

In both the current and prior year, this income is classified as unrestricted.

7 Other income

	2021 £	2020 £
Government grant income	50,155	-

This income is classified as unrestricted.

8 Raising funds

	2021 £	2020 £
<u>Fundraising and publicity</u>		
Staging fundraising events	1,630	8,194
Advertising	-	3,886
Other fundraising costs	113	3,827
Staff costs	7,122	12,431
Share of support costs (see note 10)	96,735	110,809
Share of governance costs (see note 10)	5,907	6,874
Fundraising and publicity	111,507	146,021

In both the current and prior year, costs relating to raising funds were expensed from unrestricted funds.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

8 Raising funds

(Continued)

9 Charitable activities

	Puppy costs £	Advanced training £	Working dog costs £	Total 2021 £	Total 2020 £
Puppy purchase	-	-	-	-	6,148
Care and training costs	236	614	724	1,574	5,259
Food and treats	4,331	1,561	2,846	8,738	10,772
Kennels	605	-	-	605	15,550
Vet fees and medication	14,963	3,111	10,657	28,731	22,131
Travel and mileage	189	610	4	803	1,136
Insurance	5,065	2,789	9,815	17,669	13,122
Puppy parents' claims	373	121	-	494	939
Client costs and after care	-	-	187	187	7,929
Residential Training Costs	-	275	-	275	11,662
Partnership celebrations	-	-	-	-	3,298
	<u>25,762</u>	<u>9,081</u>	<u>24,233</u>	<u>59,076</u>	<u>97,946</u>
Staff costs				129,354	168,300
				<u>188,430</u>	<u>266,246</u>
Awareness costs				-	10,422
Share of support costs (see note 10)				96,734	110,810
Share of governance costs (see note 10)				5,906	6,874
				<u>291,070</u>	<u>394,352</u>
Analysis by fund					
Unrestricted funds - general				291,070	326,254
Restricted funds				-	68,098
				<u>291,070</u>	<u>394,352</u>

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

10 Support costs

	Support costs £	Governance costs £	2021 £	2020 £
Staff costs	83,964	-	83,964	99,069
Depreciation	19,782	-	19,782	20,396
Rent and rates	46,438	-	46,438	46,830
Premises costs	11,831	-	11,831	9,963
Travel and subsistence	4,576	-	4,576	9,267
Telephone	1,885	-	1,885	3,896
Legal and professional	1,634	-	1,634	1,692
Printing, postage, stationery and website costs	19,360	-	19,360	22,558
Insurance	2,866	-	2,866	2,594
Advertising	395	-	395	1,810
Bank charges	298	-	298	192
Administration costs	440	-	440	3,352
Audit fees	-	8,000	8,000	8,000
Accountancy	-	3,400	3,400	4,750
Trustees' expenses	-	413	413	998
	<u>193,469</u>	<u>11,813</u>	<u>205,282</u>	<u>235,367</u>
Analysed between				
Fundraising	96,735	5,907	102,642	117,683
Charitable activities	96,734	5,906	102,640	117,684
	<u>193,469</u>	<u>11,813</u>	<u>205,282</u>	<u>235,367</u>

The Trustees consider that the basis of allocation of support and governance costs between fundraising and charitable activities is equal. This is consistent with prior periods.

Governance costs includes payments to the auditors of £8,000 for audit fees (2020- £8,000).

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

11 Trustees

The Trustees are also the key management personnel. None of the Trustees received any remuneration or benefits from the charity during the year.

A total of £509 has been reimbursed to two of the Trustees, this includes expenses in respect of travel, hospitality and attending fundraising events (2020: seven Trustees were reimbursed a total of £6,927). All expenses are reimbursed at cost and there is no benefit to the Trustee.

The charity has employed Mrs S Parton who is the wife of Mr A Parton, a Trustee. A thorough recruitment process was followed and a market rate salary was agreed. The Trustees sought advice from the Charity Commission at the time of the appointment and all proper procedures have been followed. Remuneration has been paid of £30,484 (2020: £31,308). There are no amounts outstanding at the balance sheet date.

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Dog trainers	5	7
Administration and fundraising	4	4
	<u>9</u>	<u>11</u>

Employment costs

	2021 £	2020 £
Wages and salaries	204,790	258,205
Social security costs	11,691	16,622
Other pension costs	3,959	4,973
	<u>220,440</u>	<u>279,800</u>

There were no employees whose annual remuneration was £60,000 or more.

13 Taxation

As a charitable company, Hounds for Heroes is exempt under current tax legislation from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen in the charitable company in either the current or the prior year.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

14 Intangible fixed assets

	Software £
Cost	
At 1 April 2020 and 31 March 2021	25,750
Amortisation and impairment	
At 1 April 2020	9,596
Amortisation charged for the year	5,150
At 31 March 2021	14,746
Carrying amount	
At 31 March 2021	11,004
At 31 March 2020	16,154

15 Tangible fixed assets

	Equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2020	24,835	27,927	64,848	117,610
Additions	1,697	375	-	2,072
At 31 March 2021	26,532	28,302	64,848	119,682
Depreciation and impairment				
At 1 April 2020	22,206	19,081	43,123	84,410
Depreciation charged in the year	2,737	3,348	8,547	14,632
At 31 March 2021	24,943	22,429	51,670	99,042
Carrying amount				
At 31 March 2021	1,589	5,873	13,178	20,640
At 31 March 2020	2,629	8,846	21,725	33,200

16 Stocks

	2021 £	2020 £
Goods for resale	16,895	13,681

	2021 £	2020 £
Amounts falling due within one year:		
Other debtors	137,349	60,049
Prepayments and accrued income	13,091	11,980
	<u>150,440</u>	<u>72,029</u>

	2021 £	2020 £
Other taxation and social security	4,783	3,737
Trade creditors	9,431	5,835
Other creditors	2,591	4,414
Accruals and deferred income	21,563	20,368
	<u>38,368</u>	<u>34,354</u>

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £3,959 (2020 - £4,973).

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2020 £	Incoming resources £	Movement in funds Resources expended £	Transfers £	Balance at 31 March 2021 £
Sponsored Dogs	136,968	19,342	-	(16,505)	139,805
St James Trust	2,500	1,000	-	-	3,500
	<u>139,468</u>	<u>20,342</u>	<u>-</u>	<u>(16,505)</u>	<u>143,304</u>

The Sponsored Dogs restricted fund comprises amounts received to be expended on the purchase and training costs of named dogs.

The St James Trust restricted fund relates to amounts received for educational purposes.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

21 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds				
	Balance at 1 April 2020	Incoming resources	Resources expended	Transfers	Balance at 31 March 2021
	£	£	£	£	£
Working Life Reserve	1,035,380	-	-	35,940	1,071,320
Lance Corporal James Brynin In Memoriam	28,235	-	-	-	28,235
Named Dog Reserve	257,686	28,871	-	9,094	295,651
Operating Reserve	398,198	-	-	(15,138)	383,060
Property Maintenance Reserve	35,000	-	-	-	35,000
	<u>1,754,499</u>	<u>28,871</u>	<u>-</u>	<u>29,896</u>	<u>1,813,266</u>

The Working Life Reserve represents monies set aside to fund all future costs of dogs currently in training and in service through to the dogs' retirement as explained in the Trustees' Report. The amount of £1,071,320 represents the Charity's commitment to fund those dogs currently in various stages of their working lives for the Charity. The transfer of funds to the Working Life Reserve from Unrestricted General funds reflects the Charity's Working Life commitment as at the end of the reporting period.

The Lance Corporal James Brynin In Memoriam fund comprises funds received from both the Brynin family, and funds the family have raised in memory of Lance Corporal James Brynin, who was killed in Afghanistan in October 2013. The Trustees planned to use these donations to fund two named dogs in memory of Lance Corporal James Brynin, and towards the purchase of an adapted van to transfer dogs and wheelchair users (purchased in 15/16). Should there be any funds remaining, the Trustees have considered using these to improve the quiet room by purchasing soft furnishings. During the year, no dogs have entered into the training programme funded by these monies. The balance will be carried forward to be used as described above.

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

21 Designated funds

(Continued)

As described in the Trustees' Report, the Named Dog Reserve identifies where a donation that is initially placed in the restricted reserve has been spent, but the desired outcome has not yet been achieved in respect of a successful placement of a named dog. The reserve will be released once the desired outcome has been achieved. Amounts of £5,200 have been released from this reserve back to unrestricted general funds to reflect donations received previously where the named dog is now in service.

The Trustees have transferred £15,138 during the year to unrestricted general reserves from the Operating Reserve. This is to ensure that the closing fund balance represents the amount of indirect running costs of the Charity, that the Trustees consider is required in order that the Charity may function at its current rate of expenditure for 18 months, should the level of donations received drop significantly.

The Charity is responsible for the costs of maintaining its premises under the lease. £35,000 is the amount estimated by the Trustees to be required to fund the costs of maintenance of the rental premises and this is carried forward in the Property Maintenance Reserve.

The comparative fund movements are as follows:

	Balance at 1 April 2019 £	Movement in funds			Balance at 31 March 2020 £
		Incoming resources £	Resources expended £	Transfers £	
Working Life Reserve	847,541	-	-	187,839	1,035,380
Lance Corporal James Brynin In Memoriam	28,235	-	-	-	28,235
Named Dog Reserve	250,010	14,906	-	(7,230)	257,686
Operating Reserve	455,371	-	-	(57,173)	398,198
Property Maintenance Reserve	35,000	-	-	-	35,000
	<u>1,616,157</u>	<u>14,906</u>	<u>-</u>	<u>123,436</u>	<u>1,754,499</u>

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2021**

22 Analysis of net assets between funds

	Unrestricted General Funds	Unrestricted Designated Funds	Restricted Funds	Total
	£	£	£	£
Fund balances at 31 March 2021 are represented by:				
Intangible fixed assets	11,004	-	-	11,004
Tangible assets	20,503	-	137	20,640
Current assets	89,163	1,813,266	143,167	2,045,596
	<u>120,670</u>	<u>1,813,266</u>	<u>143,304</u>	<u>2,077,240</u>
	Unrestricted General Funds	Unrestricted Designated Funds	Restricted Funds	Total
	£	£	£	£
Fund balances at 31 March 2020 are represented by:				
Intangible fixed assets	16,154	-	-	16,154
Tangible assets	28,346	-	4,854	33,200
Current assets	236,213	1,753,992	109,561	2,099,766
	<u>280,713</u>	<u>1,753,992</u>	<u>114,415</u>	<u>2,149,120</u>

23 Operating lease commitments

Operating lease payments represent rentals payable by the company for the properties from which it operates, as well as rentals for items of office equipment. Property leases and equipment rentals are negotiated for an average term of 3 years.

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	46,001	46,001
Between two and five years	45,806	91,807
	<u>91,807</u>	<u>137,808</u>

During the year, the charitable company recognised £43,420 (2020: £43,617) of lease costs in the Statement of Financial Activities in respect of non-cancellable operating leases.

24 Related party transactions

There were no disclosable related party transactions during the year (2020: none).

HOUNDS FOR HEROES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

25	Cash generated from operations	2021 £	2020 £
	Deficit for the year	(71,880)	(214,975)
	Adjustments for:		
	Investment income recognised in statement of financial activities	(11,545)	(21,744)
	Amortisation and impairment of intangible assets	5,150	5,150
	Depreciation and impairment of tangible fixed assets	14,632	15,246
	Movements in working capital:		
	(Increase)/decrease in stocks	(3,214)	2,391
	(Increase)/decrease in debtors	(78,411)	310,531
	Increase in creditors	4,014	1,265
	Cash (absorbed by)/generated from operations	(141,254)	97,864
26	Analysis of changes in net funds		
	The charity had no debt during the year.		