

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 <sup>th</sup> January 2010
Julian Forth	Joined 21 <sup>st</sup> January 2016, resigned 19 <sup>th</sup> September 2020
Katrina Young	Joined 20 <sup>th</sup> August 2019
Amanda Ferguson	Joined 1 <sup>st</sup> November 2019
Stephen Bowcott	Joined 2 <sup>nd</sup> November 2019, resigned 17 <sup>th</sup> December 2020
Deborah Denis	Joined 3 <sup>rd</sup> November 2019, resigned 8 <sup>th</sup> September 2020
Nick Johnson	Joined 4 <sup>th</sup> November 2019
Claire Newman	Joined 4 <sup>th</sup> 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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- 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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### **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**

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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.

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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

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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.

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#### **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



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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.

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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

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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.

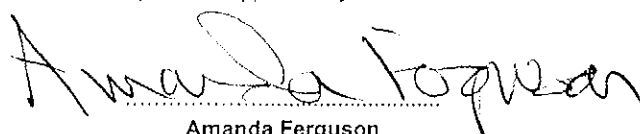
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### 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

30/9/21  
Dated

# HOUNDS FOR HEROES

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

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### 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

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### **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

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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 £
<b><u>Income and endowments from:</u></b>						
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	-
<b>Total income</b>		<b>281,484</b>	<b>28,871</b>	<b>20,342</b>	<b>330,697</b>	<b>325,398</b>
<b><u>Expenditure on:</u></b>						
Raising funds	8	111,507	-	-	111,507	146,021
Charitable activities	9	291,070	-	-	291,070	394,352
<b>Total resources expended</b>		<b>402,577</b>	<b>-</b>	<b>-</b>	<b>402,577</b>	<b>540,373</b>
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(121,093)</b>	<b>28,871</b>	<b>20,342</b>	<b>(71,880)</b>	<b>(214,975)</b>
Gross transfers between funds		(13,390)	29,896	(16,506)	-	-
<b>Net (expenditure)/income for the year/ Net movement in funds</b>		<b>(134,483)</b>	<b>58,767</b>	<b>3,836</b>	<b>(71,880)</b>	<b>(214,975)</b>
Fund balances at 1 April 2020		255,153	1,754,499	139,468	2,149,120	2,364,095
<b>Fund balances at 31 March 2021</b>		<b>120,670</b>	<b>1,813,266</b>	<b>143,304</b>	<b>2,077,240</b>	<b>2,149,120</b>

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

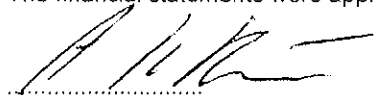
## BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Intangible assets	14		11,004		16,154
Tangible assets	15		20,640		33,200
			<u>31,644</u>		<u>49,354</u>
<b>Current assets</b>					
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>	
<b>Creditors: amounts falling due within one year</b>	18	(38,368)		(34,354)	
<b>Net current assets</b>			<u>2,045,596</u>		<u>2,099,766</u>
<b>Total assets less current liabilities</b>			<u><u>2,077,240</u></u>		<u><u>2,149,120</u></u>
<b>Income funds</b>					
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 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	25		(141,254)		97,864
<b>Investing activities</b>					
Purchase of tangible fixed assets		(2,072)		(21,031)	
Interest received		11,545		21,744	
<b>Net cash generated from investing activities</b>			9,473		713
<b>Net cash used in financing activities</b>			-		-
<b>Net (decrease)/increase in cash and cash equivalents</b>			(131,781)		98,577
Cash and cash equivalents at beginning of year			2,048,410		1,949,833
<b>Cash and cash equivalents at end of year</b>			1,916,629		2,048,410
<b>Relating to:</b>					
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

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### 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

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### 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

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#### 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

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#### 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>
<b>For the year ended 31 March 2020</b>	<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>
<b>Analysis by fund</b>					
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 £
<b>Cost</b>	
At 1 April 2020 and 31 March 2021	25,750
<b>Amortisation and impairment</b>	
At 1 April 2020	9,596
Amortisation charged for the year	5,150
At 31 March 2021	14,746
<b>Carrying amount</b>	
At 31 March 2021	11,004
At 31 March 2020	16,154

### 15 Tangible fixed assets

	Equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
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
<b>Depreciation and impairment</b>				
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
<b>Carrying amount</b>				
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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

<b>18</b>	<b>Creditors: amounts falling due within one year</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	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
		<hr/>	<hr/>
		38,368	34,354

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:

	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>

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
	<b>Cash (absorbed by)/generated from operations</b>	<b>(141,254)</b>	<b>97,864</b>
26	<b>Analysis of changes in net funds</b>		
	The charity had no debt during the year.		