

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	

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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 Grinsted

(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
		37,112	15,801
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
		1,314,466	1,536,021
Creditors: amounts falling due within one year	19	(89,121)	(29,494)
Net current assets		1,225,345	1,506,527
Total assets less current liabilities		1,262,457	1,522,328
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
		1,262,457	1,522,328

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
	<hr/>	<hr/>
	249,958	195,617
	<hr/>	<hr/>

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.