

Charity Registration No. 1134359

Company Registration No. 07130031 (England and Wales)

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



LEGAL AND ADMINISTRATIVE INFORMATION

Reference and Administration

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

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

Tel: 01730 823118

Email: enquiries@houndsforheroes.com

Website: www.houndsforheroes.com

Our advisers

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

Board of Trustees/Directors

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

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



PURPOSE AND CONTENTS

OUR PURPOSE

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

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

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

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

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

1 Objectives and Activities**1.1 Our Objectives**

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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



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

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

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

1.4 Our Focus for the Coming Year

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

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

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



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

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

2. Financial Review**2.1 Overview**

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

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

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

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

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

2.2 Reserves Policy

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

2.2.1 Restricted Reserve

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



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

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

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

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

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

2.2.3 Designated Operating Reserve

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

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

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

2.2.4 Designated Named Dog Reserve

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

2.2.5 Designated Property Maintenance Reserve

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

2.2.6 Designated In-memoriam Reserve

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



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

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

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

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

2.4 Support from Sponsors

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

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

2.5 Pay Policy for Trustees and Staff

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

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

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



TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDING 31 MARCH 2022

3. Risk Management

The Trustees have a risk management strategy which comprises:

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

4. Structure, Governance and Management

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

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

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

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

5. Auditors

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

6. Statement of Trustees' Responsibilities

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

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



TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDING 31 MARCH 2022

In preparing these accounts, the Trustees are required to:

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

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

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

7. Disclosure of information to auditor

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

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

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

Amanda Ferguson

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Amanda Ferguson

23/9/2022 | 10:46 BST

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Dated



HOUNDS FOR HEROES

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

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

HOUNDS FOR HEROES

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

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

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

Audit response to risks identified

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

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

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

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

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

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

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

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

Chartered Accountants
Statutory Auditor

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

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

HOUNDS FOR HEROES

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

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

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

All income and expenditure derive from continuing activities.

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

HOUNDS FOR HEROES

BALANCE SHEET

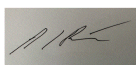
AS AT 31 MARCH 2022

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

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

30/9/2022 | 07:32 BST

The financial statements were approved by the Trustees on



Mr A Parton
Trustee

Company Registration No. 07130031

HOUNDS FOR HEROES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

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

HOUNDS FOR HEROES

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

1 Accounting policies

Charity information

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

1.1 Accounting convention

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

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

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

1.2 Going concern

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

1.3 Charitable funds

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

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

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

1.4 Income

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

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

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

HOUNDS FOR HEROES

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

1 Accounting policies

(Continued)

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

Bank interest is accounted for when receivable.

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

1.5 Expenditure

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

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

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

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

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

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

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

1.6 Intangible fixed assets other than goodwill

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

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Software	20% straight line
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HOUNDS FOR HEROES

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

1 Accounting policies (Continued)

1.7 Tangible fixed assets

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

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

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.8 Impairment of fixed assets

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

1.9 Stocks

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

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

1.10 Cash and cash equivalents

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

1.11 Financial instruments

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

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

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

Basic financial assets

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

HOUNDS FOR HEROES

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

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Basic financial liabilities

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

Derecognition of financial liabilities

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

1.12 Employee benefits

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

1.13 Retirement benefits

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

1.14 Debtors

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

1.15 Creditors and provisions

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

HOUNDS FOR HEROES

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

2 Critical accounting estimates and judgements

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

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

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

3 Donations and legacies

	Unrestricted funds general £	Unrestricted funds designated £	Restricted funds £	Total 2022 £	Total 2021 £
Donations and gifts	68,579	6,140	28,057	102,776	119,129
Legacies receivable	35,715	-	-	35,715	127,348
Donated goods and services	20,868	-	-	20,868	18,219
Other	9,321	-	-	9,321	4,057
	<u>134,483</u>	<u>6,140</u>	<u>28,057</u>	<u>168,680</u>	<u>268,753</u>
For the year ended 31 March 2021	<u>219,540</u>	<u>28,871</u>	<u>20,342</u>		<u>268,753</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 Other trading activities

	2022 £	2021 £
Shop income	4,285	244
	<u>4,285</u>	<u>244</u>

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

HOUNDS FOR HEROES

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

5 Investments

	2022 £	2021 £
Interest receivable	8,910	11,545

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

6 Other income

	2022 £	2021 £
Government grant income	1,686	50,155

This income is classified as unrestricted.

7 Raising funds

	2022 £	2021 £
<u>Fundraising and publicity</u>		
Staging fundraising events	5,019	1,630
Advertising	523	-
Other fundraising costs	1,269	113
Staff costs	9,500	7,122
Share of support costs (see note 9)	105,723	96,735
Share of governance costs (see note 9)	6,620	5,907
Fundraising and publicity	128,654	111,507

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

HOUNDS FOR HEROES

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

8 Charitable activities

	Puppy costs	Advanced training	Working dog costs	Total 2022	Total 2021
	£	£	£	£	£
Puppy purchase	10,700	-	-	10,700	-
Care and training costs	866	1,043	922	2,831	1,574
Food and treats	1,852	4,236	3,709	9,797	8,738
Kennels	130	1,750	-	1,880	605
Vet fees and medication	1,256	9,147	22,121	32,524	28,731
Travel and mileage	250	783	14	1,047	803
Insurance	1,248	6,210	12,092	19,550	17,669
Puppy parents' claims	732	262	-	994	494
Client costs and after care	-	-	3,581	3,581	187
Residential Training Costs	-	2,257	-	2,257	275
	<u>17,034</u>	<u>25,688</u>	<u>42,439</u>	<u>85,161</u>	<u>59,076</u>
Staff costs				<u>128,184</u>	<u>129,354</u>
				<u>213,345</u>	<u>188,430</u>
Share of support costs (see note 9)				105,723	96,734
Share of governance costs (see note 9)				6,620	5,906
				<u>325,688</u>	<u>291,070</u>
Analysis by fund					
Unrestricted funds - general				<u>325,688</u>	<u>291,070</u>
				<u>325,688</u>	<u>291,070</u>

HOUNDS FOR HEROES

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

9 Support costs

	Support costs £	Governance costs £	2022 £	2021 £
Staff costs	103,029	-	103,029	83,964
Depreciation	15,132	-	15,132	19,782
Rent and rates	52,016	-	52,016	46,438
Premises costs	9,766	-	9,766	11,831
Travel and subsistence	6,979	-	6,979	4,576
Telephone	5,246	-	5,246	1,885
Legal and professional	2,295	-	2,295	1,634
Printing, postage, stationery and website costs	7,448	-	7,448	19,360
Insurance	3,389	-	3,389	2,866
Advertising	1,793	-	1,793	395
Bank charges	2,918	-	2,918	298
Administration costs	1,435	-	1,435	440
Audit fees	-	8,240	8,240	8,000
Accountancy	-	3,720	3,720	3,400
Trustees' expenses	-	1,280	1,280	413
	<u>211,446</u>	<u>13,240</u>	<u>224,686</u>	<u>205,282</u>
Analysed between				
Fundraising	105,723	6,620	112,343	102,642
Charitable activities	105,723	6,620	112,343	102,640
	<u>211,446</u>	<u>13,240</u>	<u>224,686</u>	<u>205,282</u>

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

Governance costs includes payments to the auditors of £8,240 for audit fees (2021- £8,000).

HOUNDS FOR HEROES

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

10 Trustees

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

A total of £1,120 has been reimbursed to five of the Trustees, this includes expenses in respect of travel, hospitality and attending fundraising events (2021: two Trustees were reimbursed a total of £509). All expenses are reimbursed at cost and there is no benefit to the Trustee.

The charity has employed Mrs S Parton who is the wife of Mr A Parton, a Trustee. A thorough recruitment process was followed and a market rate salary was agreed. The Trustees sought advice from the Charity Commission at the time of the appointment and all proper procedures have been followed. Remuneration has been paid of £30,484 (2021: £30,484). There are no amounts outstanding at the balance sheet date.

11 Employees

Number of employees

The average monthly number of employees during the year was:

	2022 Head Count	2022 FTE	2021 Head Count	2021 FTE
Dog trainers	6	5	6	5
Administration and fundraising	5	4	5	4
	<u>11</u>	<u>9</u>	<u>11</u>	<u>9</u>

Employment costs

	2022 £	2021 £
Wages and salaries	222,078	204,790
Social security costs	14,010	11,691
Other pension costs	4,625	3,959
	<u>240,713</u>	<u>220,440</u>

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

12 Taxation

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

HOUNDS FOR HEROES

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

13 Intangible fixed assets

	Software £
Cost	
At 1 April 2021 and 31 March 2022	25,750
Amortisation and impairment	
At 1 April 2021	14,746
Amortisation charged for the year	4,612
At 31 March 2022	19,358
Carrying amount	
At 31 March 2022	6,392
At 31 March 2021	11,004

14 Tangible fixed assets

	Equipment £	Fixtures and Motor vehicles fittings £	£	Total £
Cost				
At 1 April 2021	26,532	28,302	64,848	119,682
Additions	1,498	-	-	1,498
Disposals	-	(7,600)	-	(7,600)
At 31 March 2022	28,030	20,702	64,848	113,580
Depreciation and impairment				
At 1 April 2021	24,943	22,429	51,670	99,042
Depreciation charged in the year	2,230	3,435	3,980	9,645
Eliminated in respect of disposals	-	(6,725)	-	(6,725)
At 31 March 2022	27,173	19,139	55,650	101,962
Carrying amount				
At 31 March 2022	857	1,563	9,198	11,618
At 31 March 2021	1,589	5,873	13,178	20,640

15 Stocks

	2022 £	2021 £
Goods for resale	16,735	16,895

HOUNDS FOR HEROES

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

16 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Other debtors	46,482	137,349
Prepayments and accrued income	13,724	13,091
	<u>60,206</u>	<u>150,440</u>

17 Creditors: amounts falling due within one year

	2022	2021
	£	£
Other taxation and social security	3,284	4,783
Trade creditors	7,110	9,431
Other creditors	3,247	2,591
Accruals and deferred income	15,509	21,563
	<u>29,150</u>	<u>38,368</u>

18 Retirement benefit schemes

Defined contribution schemes

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

The charge to profit or loss in respect of defined contribution schemes was £4,625 (2021 - £3,959).

19 Restricted funds

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

	Movement in funds				
	Balance at 1 April 2021	Incoming resources	Resources expended	Transfers	Balance at 31 March 2022
	£	£	£	£	£
Sponsored Dogs	139,805	26,807	-	(61,015)	105,597
St James Trust	3,500	-	-	-	3,500
Homes Estate Agents	-	1,250	-	(1,250)	-
	<u>143,304</u>	<u>28,057</u>	<u>-</u>	<u>(62,265)</u>	<u>109,096</u>

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

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

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

HOUNDS FOR HEROES

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

20 Designated funds

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

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

The Working Life Reserve represents monies set aside to fund all future costs of dogs currently in training and in service through to the dogs' retirement as explained in the Trustees' Report. The amount of £783,839 represents the Charity's commitment to fund those dogs currently in various stages of their working lives for the Charity. The transfer of funds to the Working Life Reserve from Unrestricted General funds reflects the Charity's Working Life commitment as at the end of the reporting period.

The Lance Corporal James Brynin In Memoriam fund comprises funds received from both the Brynin family, and funds the family have raised in memory of Lance Corporal James Brynin, who was killed in Afghanistan in October 2013. The Trustees planned to use these donations to fund two named dogs in memory of Lance Corporal James Brynin, and towards the purchase of an adapted van to transfer dogs and wheelchair users (purchased in 15/16). Should there be any funds remaining, the Trustees have considered using these to improve the quiet room by purchasing soft furnishings. During the year, no dogs have entered into the training programme funded by these monies. The balance will be carried forward to be used as described above.

HOUNDS FOR HEROES

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

20 Designated funds

(Continued)

As described in the Trustees' Report, the Named Dog Reserve identifies where a donation that is initially placed in the restricted reserve has been spent, but the desired outcome has not yet been achieved in respect of a successful placement of a named dog. The reserve will be released once the desired outcome has been achieved. Amounts of £77,730 have been released from this reserve back to unrestricted general funds to reflect donations received previously where the named dog is now in service.

The Trustees have transferred £26,042 during the year from unrestricted general reserves to the Operating Reserve. This is to ensure that the closing fund balance represents the amount of indirect running costs of the Charity, that the Trustees consider is required in order that the Charity may function at its current rate of expenditure for 18 months, should the level of donations received drop significantly.

The Charity is responsible for the costs of maintaining its premises under the lease. £35,000 is the amount estimated by the Trustees to be required to fund the costs of maintenance of the rental premises and this is carried forward in the Property Maintenance Reserve.

The comparative fund movements are as follows:

	Movement in funds				Balance at 31 March 2021 £
	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	
Working Life Reserve	1,035,380	-	-	35,940	1,071,320
Lance Corporal James Brynin In Memoriam	28,235	-	-	-	28,235
Named Dog Reserve	257,686	28,871	-	9,094	295,651
Operating Reserve	398,198	-	-	(15,138)	383,060
Property Maintenance Reserve	35,000	-	-	-	35,000
	<u>1,754,499</u>	<u>28,871</u>	<u>-</u>	<u>29,896</u>	<u>1,813,266</u>

HOUNDS FOR HEROES

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

21 Analysis of net assets between funds

	Unrestricted General Funds	Unrestricted Designated Funds	Restricted Funds	Total
	£	£	£	£
Fund balances at 31 March 2022 are represented by:				
Intangible fixed assets	6,392	-	-	6,392
Tangible assets	11,618	-	-	11,618
Current assets	141,476	1,536,627	110,346	1,788,449
	<u>159,486</u>	<u>1,536,627</u>	<u>110,346</u>	<u>1,806,459</u>
Fund balances at 31 March 2021 are represented by:				
Intangible fixed assets	11,004	-	-	11,004
Tangible assets	20,503	-	137	20,640
Current assets	89,163	1,813,266	143,167	2,045,596
	<u>120,670</u>	<u>1,813,266</u>	<u>143,304</u>	<u>2,077,240</u>

22 Operating lease commitments

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

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

	2022 £	2021 £
Within one year	45,806	46,001
Between two and five years	-	45,806
	<u>45,806</u>	<u>91,807</u>

During the year, the charitable company recognised £48,955 (2021: £43,420) of lease costs in the Statement of Financial Activities in respect of non-cancellable operating leases.

23 Related party transactions

There were no disclosable related party transactions during the year (2021: none).

HOUNDS FOR HEROES

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

24	Cash generated from operations	2022	2021
		£	£
	Deficit for the year	(270,781)	(71,880)
	Adjustments for:		
	Investment income recognised in statement of financial activities	(8,910)	(11,545)
	Loss on disposal of tangible fixed assets	875	-
	Amortisation and impairment of intangible assets	4,612	5,150
	Depreciation and impairment of tangible fixed assets	9,645	14,632
	Movements in working capital:		
	Decrease/(increase) in stocks	160	(3,214)
	Decrease/(increase) in debtors	90,234	(78,411)
	(Decrease)/increase in creditors	(9,218)	4,014
	Cash absorbed by operations	(183,383)	(141,254)
		<u> </u>	<u> </u>
25	Analysis of changes in net funds		
	The charity had no debt during the year.		