



**INCORPORATING:**



**HEARING DOGS FOR DEAF PEOPLE**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2020**

**COMPANY NUMBER: 01964878**  
**CHARITY NUMBER - ENGLAND: 293358**  
**CHARITY NUMBER - SCOTLAND: SC040486**

**HEARING DOGS FOR DEAF PEOPLE  
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FOR THE YEAR ENDED 31 MARCH 2020**

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**HEARING DOGS FOR DEAF PEOPLE  
TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 MARCH 2020**

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The Trustees (who are also Directors of the Charitable Company for the purpose of Company law) present their annual report together with the audited financial statements for the year ended 31 March 2020.

**Reference and administrative details of the charity**

**Company number:** 01964878

**Charity number:** England: 293358  
Scotland: SC040486

**Registered office:** The Grange  
Wycombe Road  
Saunderton  
Princes Risborough  
Buckinghamshire  
HP27 9NS

**Royal patron:** HRH The Princess Royal

**President:** Sir Stuart Hampson CVO

**Life vice-presidents:** A G Blunt MBE  
D A McInnes

**Vice-presidents:** R Bourne  
Air Vice-Marshal D Crwys-Williams CB FCIPD FCIM

**Trustees:** F B Clark  
Dr B Fogle MBE DVM MRCVS  
J Bower MBE BVSC MRCVS (Retired 16 July 2019)  
A C Bowers BSc ACA  
G P Burchett MBA FCMI  
B S Downes LL.B FSHAA  
K A England RVN DipCIM  
A P Freeland MB BS FRCS (Retired 16 July 2019)  
Dr V Harrison MA DPhil  
D L Hay  
A M Horsley JP DL  
V A Hunt  
C M P O'Donovan-Rossa BA hon's MA ACIB FCIPD DMS  
Professor R T Ramsden MBE FRCS

V A Hunt was also a stakeholder in the charity being a recipient of a hearing dog.

In accordance with the Articles of Association, F B Clark, Dr B Fogle, Dr V Harrison, A M Horsley and V A Hunt retire at the Annual General Meeting and being eligible, offer themselves for re-election.

The Trustees each guarantee to contribute an amount not exceeding £10 to the assets of the charity in the event of winding up.

<b>Senior management team:</b>	Chief Executive Director of Corporate Services and Company Secretary Director of Operations Director of Services & Partnerships Director of Quality & Human Resources	M Jennings BA LL.B MBA P R Hester FCA  J Tommey BSc A Platten J Gray VN CTP
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**HEARING DOGS FOR DEAF PEOPLE  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

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**Reference and administrative details of the charity (continued)**

<b>Principal bankers:</b>	Barclays Bank plc PO Box 885 Mortlock House, Vision Park Histon, Cambridge CB24 9DE	
<b>Solicitors:</b>	Penningtons Manches LLP 9400 Garsington Road Oxford Business Park Oxford, OX4 2HN	Wilsons Solicitors LLP Alexandra House St Johns Street Salisbury, SP1 2SB
<b>Auditors:</b>	Crowe U.K. LLP Aquis House 49-51 Blagrove Street Reading Berkshire RG1 1PL	

**Structure, Governance and Management**

**Governing Document**

Hearing Dogs for Deaf People is a charitable company limited by guarantee and registered as a charity. The charity was incorporated on 26 November 1985 and its governing document is its Articles of Association which were adopted on 11 November 2015 and as amended by special resolutions passed 25 July 2017, 18 February 2020 and 03 September 2020.

**Governing Body**

Overall responsibility rests with the Board of Trustees who are also appointed as Directors of the charitable company. The appointment of Trustees is made in accordance with the Articles of Association including receipt and approval of an application for membership.

The Trustees meet formally four times a year, with Trustees also forming four sub-committees: Finance, Business Development, Audit and Remuneration. The Finance and Business Development sub-committees meet four times and the Audit sub-committee meets at least twice a year. The Remuneration sub-committee meets at least once a year primarily to approve the remuneration of the Chief Executive. In addition, the Trustees hold ad hoc 'away days' where governance and the future strategy of the charity are discussed. Certain authority from the Trustees is delegated to the Chief Executive, who is responsible for the day-to-day running of the charity.

**Recruitment and Training of Trustees**

The selection of Trustees is designed to supplement the existing skills and expertise of the Board and is governed by an informal skills assessment. The Trustees have recognised the requirement for a more formal approach in respect of their selection, induction and training, and procedures are now in place. These include the declaration of eligibility to serve as a Trustee, including notification of any potential conflicts of interest, introduction of a code of conduct and deaf awareness training. DBS checks are also carried out on all Trustees who undergo safeguarding training every two years. Applications to fill vacancies are advertised and shortlisted candidates are interviewed and references taken up before they are proposed as new Trustees. Outside recruitment agencies are sometimes used to widen the search for specifically skilled Board members.

The Trustees consider it to be best practice to make every effort to have representation of the charity's beneficiaries on the Board of Trustees.

**Pay policy for senior staff**

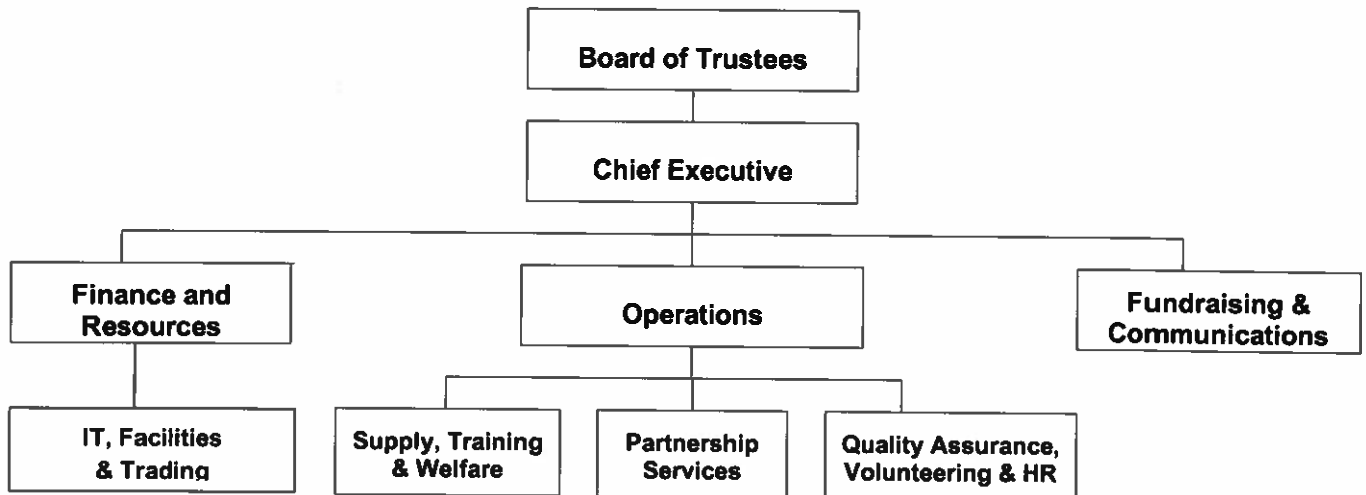
The pay of the Chief Executive is reviewed annually by the Remuneration Committee and normally increased according to agreed benchmarks and the percentage annual pay award to all staff. Pay increases for the senior management team are approved by the Chief Executive after reviewing performance, benchmarking against other charities and taking into account the annual pay award to all staff.

**HEARING DOGS FOR DEAF PEOPLE  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

**Structure, Governance and Management (continued)**

**Organisation and Structure**

The charity employs 179 members of staff (full-time equivalent) who are involved in the labour intensive process of creating and supporting hearing dog partnerships and supporting people affected by hearing loss. Members of staff operate within three main departments as indicated in the following organisation chart.



**Group structure and relationships**

The charity has a wholly owned subsidiary which is incorporated in the UK, Hearing Dogs for Deaf People (Trading) Limited. The subsidiary sells promotional and other goods, and operates a restaurant/café from premises owned by the charitable company. It donates its taxable profits to the charitable company.

Hearing Dogs for Deaf People is a member of Assistance Dogs UK (ADUK) and plays a full and active role in this umbrella organisation which is open to assistance dog charities. Under the auspices of ADUK collaboration takes place on a number of fronts including access, public relations and training issues. The charity is also a fully accredited member of Assistance Dogs Europe (ADEu) and Assistance Dogs International (ADI) and is therefore involved with assistance dogs organisations worldwide. Hearing Dogs for Deaf People is also a member of the UK Council on Deafness, a national infrastructure organisation for voluntary sector organisations working with deaf people. Other collaborative relationships with which the charity is actively involved include the Deaf Alliance and the Microchipping Alliance.

**Risk Management**

The Trustees of Hearing Dogs for Deaf People recognise and accept their responsibility for ensuring that risks to which the charity is exposed are reviewed, and steps taken to mitigate the impact of adverse factors through the application of appropriate preventative controls and corrective actions. An Audit sub-committee is in place and a risk management strategy has been implemented which comprises:-

- An annual review of the risks which the charity may face
- The establishment of systems and procedures to mitigate identified risks
- The implementation of procedures designed to minimise any potential impact on the charity of adverse factors
- Reporting on the level of risk remaining after implementing the systems and procedures above.

The Audit sub-committee oversees these formal reviews and meets at least twice annually and monitors the ongoing operational management decisions which make suitable adjustments and amendments to systems and procedures as and when risks are identified in everyday operations.

# HEARING DOGS FOR DEAF PEOPLE TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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## Objectives, Aims and Activities

### Charitable Objectives

The charity's objects as set out in the Articles of Association are the promotion of health and the relief of sickness in particular by training, providing and supporting animal assisted intervention in the relief of human deafness, disability, sickness, suffering or distress, and collaborating with other charities where appropriate.

In addition to the objects, the charity is aligned to the following strategic aims as set by the charity's Trustee Board:

***'To offer greater independence, confidence and companionship to deaf people by providing dogs trained to support them at home and out and about whilst raising awareness of deafness and by providing an even wider range of services, through Hearing Link, to support those with hearing loss.'***

***'A commitment to provide highly trained hearing dogs for deaf people and life-long support for the partnership between a deaf person and their hearing dog.'***

The Trustees confirm that they have complied with the duty of Section 17(5) of the Charities Act 2011 to have due regard to the guidance issued by the Charity Commission on public benefit. The charitable purpose for the charity within the meaning of the Act is enshrined within its objects as stated above.

### Aim and Intended Impact

The aim of the charity is to provide suitably trained assistance dogs to deaf or hard of hearing people as identified by our applications process, backed by agreed audiology guidelines.

Our principal aim is:

***'Helping deaf people to leave loneliness behind and reconnect with life through the provision of hearing dogs and/or by providing advice and support services to those affected by hearing loss.'***

The effect on the individual through the provision of a practical means of identifying important sounds and danger signals will be greater independence and security. However, the impact typically goes far deeper than this with the introduction of a hearing dog often bringing further life-enhancing results.

### Principal activities of the year

The charity's main programme has continued to be the provision of trained and accredited hearing dogs for deaf and hard of hearing people including the provision of hearing dogs for deaf children. A small but important supplementary activity sees some hearing dogs working in conjunction with other ADUK charities to provide dogs to meet dual disabilities. In addition, the charity provides a number of support dogs to deaf adults and children.

In addition, the charity's activities have been expanded through a merger with Hearing Link to reach out to people with hearing loss and their families to help them improve their lives. This is achieved by connecting people with one another, providing information, advice and training and raising awareness and understanding of the profound impact of hearing loss on every aspect of life.

All other activities have been undertaken to support the current programmes and to ensure the future development and expansion of the charity and its capacity to meet the growing demand for trained dogs.

The charity's core values underpin everything we do with consequential benefits for beneficiaries, volunteers and staff alike. These values are: Kindness, Professionalism and Courage.

### Activities in Scotland - Registered Charity Number: SC040486

Hearing Dogs has two members of staff permanently based in Scotland, supplemented as necessary by management and staff from both the northern and southern training centres. Operational needs are covered by a partnership instructor who supports some 70 Scottish partnerships, while fundraising activities are undertaken by a full-time fundraiser and branches run by volunteers. Fundraising activities include the generation of funds some of which are restricted for use in Scotland.

In addition, the Hearing Link operations have two members of staff permanently based in Scotland with the work being supported primarily by a grant from the Scottish Government.

**HEARING DOGS FOR DEAF PEOPLE  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

**Volunteer Support**

We are truly indebted to our volunteer family and the year launched with the announcement that we now have over 3,000 fully registered, active volunteers. This equates to 15 volunteers to each member of staff and represents by far the largest body of people who support the charity.

Voluntary activity underpins everything from trusteeship, puppy training (birth to graduation), fundraising, speaking, gardening, plus a myriad of other on-site roles. The contribution of these incredible individuals helps transform the lives of thousands of deaf children and adults across the UK.

The management of 3,000 volunteers is a substantial operation within the charity. We ensure all volunteers have a Volunteer Coordinator as a first point of contact, and that everyone is sufficiently equipped and trained to do their role.

From our 2018 Volunteer Survey we know that 99% of volunteers would recommend volunteering with Hearing Dogs to others. This year we received 2,356 new enquiries from prospective volunteers, 43% of which came from online sources - primarily through the Hearing Dogs website and Facebook.

Social media is becoming ever increasingly important to both volunteer recruitment and retention. We have VolTeamHDogs Facebook, Twitter and Instagram accounts dedicated to this activity. Good communication is clearly crucial to a large scale volunteer programme; our internal social network Yammer is extremely popular and almost 2 out of 3 volunteers have an account: "Yammer is brilliant at bringing together volunteers from all over the country and for keeping up-to-date."

Hearing Dogs offer a warm welcome to volunteers and a true sense of community, no matter where a volunteer lives. Volunteers greet others in The Grange Restaurant & Gift Shop and our Volunteer Fairs in Buckinghamshire and Yorkshire have become social gatherings as much as they are crucial recruitment events. Volunteers' Week is a focal point for volunteer parties, we offer out-of-hours training workshops, and host monthly volunteers' coffee afternoons which encompasses ex-volunteers as much as new ones.

The highlight of the year was HRH The Princess Royal's visit in November 2019 to open the National Breeding and Genetics Centre. Over 100 volunteers were invited, many presented to HRH personally, their contribution exalted in the speeches and all treated to a splendid afternoon tea. We remain most grateful to our Royal Patron for her continuing support of the work of the charity.

Whether it's a dog care role, fundraising, office work, driving or supporting our shop or restaurants, every single volunteer contribution is equally as valid. Our recruitment campaigns continue to be successful and growth has continued apace:

The charity had 3,362 (2019: 3,012) volunteers at 31 March 2020 who, in line with best practice, have entered into a formal agreement with the charity, setting out the responsibilities of both the charity and the volunteer. The year on year increase in the number of registered volunteers was 350 (2019: 392), however this net increase masks normal volunteer turnover which recorded 805 (2019: 945) new volunteers and 455 (2019: 553) departures.

**Provision of information to auditors**

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

**Auditors**

In accordance with Section 485 of the Companies Act 2006, a resolution proposing the reappointment of Crowe U.K. LLP as auditors of the company will be put to the Annual General Meeting.

Approved by the board on 03 September 2020  
and signed on their behalf by

  
B. Clark (Chairman)

# HEARING DOGS FOR DEAF PEOPLE STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

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## Review of the charity, and its achievements and performance for the year

### Objectives for the year

The charity maintains a balance between the resources required to meet its commitments to the deaf people it seeks to serve and those required to train and support the dogs which are an integral and vital part of the success of the organisation. The key aspects of the charity's plans in 2019/20 were to:

1. continue to work towards our ambition to train 200 new hearing dogs per annum by 2020;
2. maintain the charity's financial performance by developing new and existing income streams, constraining costs and ensuring all charity assets are fully utilised;
3. increase public awareness of the charity and maximise the resulting fundraising opportunities;
4. operate, via the charity's trading subsidiary, the new restaurant and gift shop at The Grange, Saunderton, at a profit and deliver a new sustainable income streams for the charity;
5. complete the integration of Hearing Link and improve service provision across the UK, ensuring that the programmes and activities are fully funded;
6. increase the charity's impact in helping people experiencing mild to moderate hearing loss as well as those with profound hearing loss.

### Strategies to achieve the year's objectives

The following strategies for achieving the objectives stated above were put in place to:

1. build on the charity's operations which are made up of three national teams namely Supply & Training, Partnership Services and Quality Assurance. Continue the review and refinement of operational processes and procedures working closely with staff and volunteers. Improve productivity and quality assurance through improving standards of welfare, training and assessment;
2. develop new income streams including expansion of the puppy sponsorship regular giving scheme using all media channels particularly direct marketing, regular communications and appeals to new and longer-term supporters. Constrain revenue and capital expenditure through tight budgetary control and the streamlining of operational and supporting activities;
3. implement a detailed programme of communications and events including the provision of information on all fundraising opportunities and events via social media channels and the charity's website;
4. Building on our relationships with suppliers and our outsourced caterer to deliver high quality goods and services, attracting new customers, and increasing income and controlling costs.
5. support Hearing Link's existing programmes through additional grant funding and continuing to combine the staff teams within Partnership Services;
6. extending the charity's services through Hearing Link including the helpdesk, online shop and specific projects and events run by both staff and volunteers.

### What we achieved during the year

The following progress was made towards achieving the objectives stated above:

1. Total number of dogs completing training during the year was 221 (2019: 209) including 193 (2019: 188) dogs working specifically with deaf clients. Each hearing dog takes some 18-24 months to train.
2. The net movement in funds for the year was satisfactory at breakeven (2019: £(0.2)m). Income exceeded expenditure by £0.5m but was offset by investment losses of £(0.5)m.
3. The charity continued to enjoy significant media coverage from its comprehensive programme of fundraising events and communications activities. Core campaigns included the "The Great British Dog Walk" and the continuing promotion of the charity's puppy sponsorship regular giving scheme via social media. Our national and community events and fundraising initiatives were also promoted both centrally and locally via community fundraising managers and local volunteer groups.
4. The performance of the charity's new restaurant/café and gift shop improved significantly due mainly to higher sales and improved cost control. The response from customers has remained very encouraging and sales have continued to exceed budget. The loss on ordinary activities for the year was £(16,385) compared with £(102,642) in 2019.



# **HEARING DOGS FOR DEAF PEOPLE STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020**

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## **What we achieved during the year (continued)**

5. Applications for new grants to support the work of Hearing Link are continuing to take longer to come to fruition. The applications process is now supported by the Hearing Dogs fundraising team. Integration of operations is continuing in to one Hearing Loss Services Team as the charity responds to meet the wider needs of its applicants.
6. This year has seen the continuing extension of our hearing loss services including the Hearing Link helpdesk which is supported by our volunteer helpdesk responders and client advisors.

## **Fundraising practices and performance**

At Hearing Dogs, we know that choosing to support a charity is a very personal decision, and we value each and every one of our supporters.

Everything we do is driven by our desire to help as many deaf people as we can. Every donation, sponsorship or gift in a Will is put to use as effectively as possible to help more deaf people.

Hearing Dogs for Deaf People is registered with the Fundraising Regulator and we follow the Regulator's Code of Practice which sets out the standards members are expected to adhere to when raising money, taking all reasonable steps to protect vulnerable people from persistent approaches, unreasonable intrusion or undue pressure.

In addition, the charity has created its own Supporter Promise setting out the standards that we as an organisation follow. We pride ourselves on not using aggressive fundraising techniques; we never use professional fundraisers to undertake street fundraising (chuggers) nor to carry out door to door fundraising, we do not undertake telephone fundraising, we never sell on the names of our supporters to other organisations and will not enter into any commercial undertakings that would be detrimental to our beneficiaries or supporters.

Much of our fundraising is carried out by volunteers who have been through a thorough application and vetting process. They are all required to sign an 'agreement and understanding' with Hearing Dogs that they will adhere to the charity's policies, procedures, data protection and confidentiality guidelines. Each registered volunteer fundraiser is allocated a volunteer co-ordinator and regional contact who is a member of Hearing Dogs staff. The volunteer co-ordinator is responsible for ensuring that their volunteers are inducted into the charity and carry out their activities in an appropriate manner. Furthermore, Hearing Dogs has a dedicated Volunteering Department and central Fundraising Team who uphold best practice and offer further support, training and guidance.

We work with an external company to run 2 or 3 raffles a year. The company is accredited by the Gambling Commission, Institute of Fundraising, the Lotteries Council and Responsible Gambling Trust.

We make sure that all our marketing materials carry clear messaging about how our supporters can contact us to change the way we communicate with them and we make every effort to respect our donor's preferences. We respond quickly to resolve any complaints we receive about our fundraising.

During the financial year, the charity received no complaints requiring action by the Fundraising Regulator. Our IT team also works very hard to make sure that we understand and remain fully compliant with the GDPR requirements.

Total income was £1.0 million above last year at £10.4 million. Legacies were broadly in line with last year and donations increased by £0.6m mainly as a result of donations received to fund specific projects. Sponsorship increased by £0.2m principally from the further development of the puppy sponsorship regular giving scheme.

Sales by the Trading Company were £0.2m higher than last year with the gross profit margin improving to just over 60%. Administrative costs were £0.1m higher than last year and the net loss for the year amounted to £(16,385) (2019: loss £(102,642)).

# **HEARING DOGS FOR DEAF PEOPLE STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020**

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## **Operational performance**

### **Hearing Dogs**

The senior operational management team continued to review, examine and assess the quantity and quality of the dogs as well as the training and support processes used by both staff and volunteers.

The main focus for this year has been further infrastructure development and we were delighted to have trained 193 dogs (2019: 188 dogs) for core deaf support roles. Staff and volunteers have been working hard to support the growth that is being planned for in the future.

The need for tight cost control has also been seen in the past year with a lower number of dog adoptions and a small reduction in staff numbers to ensure optimum levels for the breeding, training and dog welfare teams.

The focus of the Partnership Services teams remains the development of our approach to support the many people who ask for our help with their hearing loss. As a merged services team tasked with supporting more deaf people each year, we have been channelling enquiries to ensure the most appropriate services are offered to those in need. Enquiries have remained high for hearing dog applications and for client support services.

Quality Assurance, continues to provide an independent framework of assessments that guides our operational departments. It is the objective of the team to ensure that there is quality with each match that is created between an applicant and a hearing dog.

The QA department completed 245 assessments this financial year with 34 assessments postponed due to the covid-19 restrictions.

Overall, the 2019/20 Hearing Dog assessment pass rate for all dogs presented for all roles (initial and retest) was 88% which is a 2% decrease from last year's 90%.

14 dogs were assessed following a return from partnership and all have returned to partnership in deaf supporting roles

### **Hearing Loss Services**

We have continued to maintain a diverse partnership network totalling 981 dogs (2019: 964) made up of accredited hearing dogs for adults and children, sound support dogs, family friends and confidence companions. This has resulted in over 1,800 support visits working on a range of areas which build confidence, capability, knowledge and quality of life. We also ran 85 community days nationally with over 1,000 people with hearing loss in attendance. Our client support model is slowly evolving from a predominantly in the home-based model to a community-based support model.

We have worked with 378 new applications on their way to being matched with a hearing dog. This has included 119 inductions for people to assess people's needs and 115 days spent providing our applicants additional training and preparation for a hearing dog. Work continues to offer a diverse range of ways to support our partnerships with clinics and community days remaining our focus for established partnership support.

In our regional teams we have been actively collaborating with other third sector organisations and statutory bodies ensuring that we were working in partnership to benefit our local communities. Our relationship networks include Transport Scotland, Scottish Parliament's Cross-Party Group on Deafness, Health and Social Care Trusts in Northern Ireland, NI Coalition on Deafness, Welsh local and central government, NHS audiology services and Rotary of Great Britain and Northern Ireland to name but a few.

Hearing Link volunteers and staff also took part in talks and third-party events across the UK raising awareness of our services to individuals and groups in local communities.

The Let's Hear project funding came to a successful end with the aims of the project having been delivered with over 20 active groups during this financial year. We continue to benefit from a growing network of groups actively improving their local listening environments.

**HEARING DOGS FOR DEAF PEOPLE  
STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

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**Operational performance (continued)**

**Hearing Loss Services (continued)**

Our Hearing Aid Liaison Outreach (HALO) drop-in sessions reached over 400 patients through Edinburgh audiology this year. We received consistently positive feedback which includes "I came to ask about hearing support as I've recently had significant sensorineural hearing loss. I was given lots of very useful information by the volunteers, as well as encouragement. Most impressed!"

Our weekend residential LinkUps throughout the UK have engaged 88 people affected by hearing loss, with some life changing results. One participant said: "...the entire event was without fault and not only extremely useful but in some cases I suspect truly transformative".

At the Grange, the development phase of the Hearing Hub resulted in 85 appointments conducted by our staff and volunteers. Our beneficiaries presented a range of different challenges, and our growing volunteer team were mentored while delivering appropriate support and began an induction and training programme. We also delivered Hearing Hub related activity in other areas of the UK through staff and trained volunteers, with an additional 35 appointments taking place throughout communities.

The online helpdesk is now fully embedded into the Hearing Loss Services team, co-ordinated and supported by a growing network of volunteer helpdesk responders and the client advisors. This year we have responded to 1262 enquiries received through our online web form and a further 1460 through staff e-mail, phone calls and in person.

Our popular website hearinglink.org recorded 802,088 visitors during the year, while there were a further 77,532 visitors to the Hearing Link online shop. Our monthly e-newsletter boasts 6,913 subscribers, and we connect people through our annual membership scheme of 513 members including 27 affiliated groups and clubs.

In 2019, there were several achievements to acknowledge. After 31 years at the helm of Hearing Link, supporting adults and their families with hearing loss, the organisation said farewell to Chief Operating Officer, Lorraine Gailey. The HALO team were recognised for their exceptional volunteering by Volunteer Edinburgh for supporting patients at the Adult Audiology Clinic with practical and emotional support. Volunteers were also honoured with different awards in the deaf sector, acknowledging their commitment to supporting others with hearing loss.

**Investment performance**

Tilney have been the charity's investment managers for the last sixteen years having been re-appointed in 2010 after conducting a tendering process. The table below records the performance of the Income and Growth Portfolio valued at £6.4 million (2019: £6.8 million), including cash awaiting investment, against three indices for last year and the last sixteen years.

	<u>Year 2019/20</u> <u>(Total Return)</u>	<u>Sixteen Year Period</u> <u>(Total Return)</u>
<b>Income and Growth Portfolio</b>	-6.1%	+128.6%
MSCI WMA Private Investor Balanced	-7.9%	+79.8%
ARC Balanced ACI	-6.1%	+115.9%
MSCI United Kingdom TR	-19.0%	+129.7%

The favoured benchmark is currently the ARC Balanced index as this is comparable with the underlying asset allocation of the Hearing Dogs portfolio. Performance over the past sixteen years has been close to the benchmark and a satisfactory result was achieved in 2019/20, given the cautious growth investment strategy which has been followed for some time. Comparative figures are also shown for the FTSE UK Private Investors Balanced and FTSE 100 TR indices. The charity has reviewed its investment strategy for the coming year and will continue to monitor performance against the agreed benchmark.

**HEARING DOGS FOR DEAF PEOPLE  
STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

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**Investment performance (continued)**

In addition, the charity has invested in more recent years in an Aggressive Growth Portfolio. The table below records the performance of this portfolio valued at £0.9 million (2019: £1.0 million), including cash awaiting investment, against three indices for last year and the five years since inception.

	<u>Year 2019/20</u> <u>(Total Return)</u>	<u>Five Year Period</u> <u>(Total Return)</u>
<b>Growth Portfolio</b>	-7.8%	+13.8%
MSCI WMA Private Investor Growth	-9.6%	+23.5%
ARC Steady Growth ACI	-7.9%	+15.2%
MSCI United Kingdom TR	-19.0%	+4.2%

**Financial review, including results for the year and position at the year end**

The charity recorded a small net surplus of £12,503 (2019: net expenditure £(156,460)) made up of an operating surplus of £537,676, which was a pleasing result, and investment losses of £(525,173) reflecting lower stock market values due to the Covid-19 crisis.

Total income increased by £1.0 million to £10.4 million (2019: £9.4 million). The major movements were an increase in donations of £0.6m relating mainly to specific projects, an increase of £0.2m in sponsorship principally from the puppy sponsorship regular giving scheme and increased sales by the trading company resulting from the first full year's trading of the new restaurant and gift shop at The Grange. We remain very grateful to all our supporters who provide us with the resources we need to continue to maintain and develop our work. Their many contributions are essential given that there is continuing demand for the charity's hearing dog services for which it receives only a small amount of government funding.

Expenditure for the year remained at £9.9 million (2019: £9.9 million). Staff costs fell slightly after accounting for the annual pay award and a reduction in operational and fundraising staff numbers. Direct costs increased by £0.2m but this was offset by a fall in support costs of a similar amount.

Total net assets at 31 March 2020 were £18.2 million (2019: £18.2 million) with designated funds increasing by £0.5million to £13.7 million (2019: £13.2 million) and the operational reserve and restricted funds amounting to £4.0 million (2019: £4.7 million) and £0.5 million (2019: £0.3 million) respectively.

**HEARING DOGS FOR DEAF PEOPLE  
STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

**Reserves policy**

The charity operates to provide immediate benefit to hearing dog recipients followed by a lifetime of partnership support for them and their families. With plans to increase the number of dogs being trained each year and 981 (2019: 964) working partnerships located throughout the country this level of support is expensive to maintain and will require both capital and revenue expenditure as a continuing investment for the future. In addition, it is dependent on voluntary income, principally legacies, which can be subject to considerable fluctuation from year to year.

The Trustees continue to monitor and review the level of reserves in conjunction with the setting of annual budgets and the development of the long-term strategy to meet the changing nature of demand.

The charity's policy has been reviewed during the year and is to maintain the following unrestricted funds:

**Designated Funds for Tangible Fixed Assets.**

This represents unrestricted reserves set aside by the Trustees for the functional fixed assets and capital commitments of the charity required to carry out its principal activities. At 31 March 2020 this reserve stood at £7.7 million (2019: £7.9 million).

**Designated Funds for Existing Partnerships.**

These funds have been set aside to cover future long-term commitments, principally relating to existing hearing dog partnerships, which at 31 March 2020 were estimated at £6.0 million (2019: £5.3 million) over the next 10 years.

**Operational (Free) Reserve.**

The policy of the Trustees is to hold an operational reserve equivalent to 6 months operating expenditure. At 31 March 2020 this reserve stood at £4.0 million (2019: £4.7 million) which represents some 5 months running costs, based on the 2020/21 expenditure budget. The objective is, therefore to maintain this reserve to ensure that sufficient funds are available at all times to cover the charity's operating expenditure.

**Investment policy**

For the last sixteen years, the Trustees have given their appointed investment managers, Tilney, discretion to manage the Income and Growth Portfolio with a cautious growth risk profile providing both income and capital growth. The Trustees have also invested additional funds in an Aggressive Growth Portfolio which is also managed on a discretionary basis by Tilney. Decisions are taken in accordance with the charity's investment policy document which has been approved by the Board of Trustees. The charity reviewed its investment arrangements in 2010 and after conducting a tendering process re-appointed Tilney in the belief that they continue to provide the best fit for the charity and its investment requirements. The charity's overriding policy remains to maximise returns whilst ensuring that as far as possible the funds invested are adequately safeguarded.

**Principal risks and uncertainties facing the business**

Risks are assessed for impact and probability and the following principal risks have been identified. These principal risks have arisen from the situation caused by the COVID-19 pandemic:

<b>Risks:</b>	<b>Comments:</b>
Financial loss due to Fundraising disruption including the temporary closure of the charity's trading subsidiary.	40% of staff furloughed. Fundraising activities continuing online. Food and drink being sold al fresco from July 2020.
Dog supply chain overpopulated.	Supply temporarily suspended. Volunteer support package in place and carefully supervised.
Availability of current applicant population and changes to potential new applicants.	Applicant health and social survey carried out. Alternative roles being considered for dogs when placed.
Social restriction impact on accreditation and placement.	Placement plans reviewed by senior panel and if authorised, placed with social distancing and remote support. Accreditation changes being considered with social distancing.
The probability of further local, regional or national lockdowns.	Contingency plans are in place which have been developed from the charity's experience of the full lockdown since March 2020.

# HEARING DOGS FOR DEAF PEOPLE STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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## Impact of COVID-19

The charity's financial year ended just a few days after the country went into compulsory lockdown for Coronavirus. The impact on the results for the year was therefore minimal with the notable exception being the closure of the trading subsidiary's on 17 March 2020 which resulted in the loss of two weeks trading.

The impact of the situation on the value of the charity's assets has also been assessed and has not resulted in any material write-down in value as at 31 March 2020.

The charity's sites at The Grange and BWC closed on 23 March and re-opened on 01 June 2020 to facilitate a gradual return to work for staff which are mainly site based. Prior to re-opening the charity carried out a risk assessment at both sites and confirmed that it had complied with the government's guidance on managing the risk of COVID-19.

A gradual return to full capacity for our operational activities and hearing loss services is planned from June to October 2020 as our clients, staff and volunteers begin to re-engage again more fully post-lockdown. Since the end of the last financial year the charity has carried out a risk assessment for the impact of COVID-19 and the principal risks are identified and commented on, on page 11.

The 2020/21 financial year has started well with performance being above expectations thus protecting the charity's available cash balances and deposits. The charity has also benefitted from the Coronavirus Job Retention Scheme with some 70 members of staff furloughed to 30 June 2020. The cash flow forecast to 30 September 2021 is less optimistic with a potential shortfall of some £100,000 per month, in income versus expenditure. Community fundraising is expected to be affected by the lack of face-to-face opportunities and the charity is cautious about the potential impact of delays in processing on its legacies.

There has been some recovery in the value of the charity's investments since 31 March 2020 but stock markets remain volatile. The charity aims to maintain cash reserves of a least two months operating expenditure and will only consider accessing its investments if the amount falls below £1.0m.

The Trustees continue to consider that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future.

## Future plans

Underpinning the charity's strategic plans are its objectives which are set out on page 4.

The charity plans to build on its 2020-25 strategy with the key aspects of the plan being to:

1. increase the charity's impact in helping people experiencing mild to moderate hearing loss as well as those with profound hearing loss.
2. continue training some 200 dogs per annum for core deaf support roles;
3. maintain the charity's financial performance and its strong balance sheet by developing and expanding new and existing income streams, constraining costs and ensuring all charity assets are fully utilised;
4. increase public awareness of the charity and maximise the resulting fundraising opportunities;
5. re-open The Grange restaurant/café and gift shop, and return the trading subsidiary to profitability so as to deliver a sustainable income stream for the charity in the longer-term;
6. build on the existing volunteer network and expand the breadth and depth of the charity's services including further development of micro-volunteering.

Approved by the board on 03 September 2020  
and signed on their behalf by



F B Clark (Chairman)

**HEARING DOGS FOR DEAF PEOPLE**  
**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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The Trustees (who are also Directors of Hearing Dogs for Deaf People for the purposes of company law) are responsible for preparing the Trustees' Annual Report, the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. 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 judgments 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 charitable company will continue in business.

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF HEARING DOGS FOR DEAF PEOPLE

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### Opinion

We have audited the financial statements of Hearing Dogs for Deaf People for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of 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 group's and the charitable company's affairs as at 31 March 2020 and of the group's 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 group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF HEARING DOGS FOR DEAF PEOPLE**

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### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 and the strategic 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 strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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:

- the parent company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF HEARING DOGS FOR DEAF PEOPLE

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### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes 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 group's or the charitable company'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.

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

### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Janette Joyce

Senior Statutory Auditor

For and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

Reading

Date: 22.9.20

**HEARING DOGS FOR DEAF PEOPLE**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Note	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
<b>Income from:</b>					
Donations and legacies	4	6,765,300	2,433,895	9,199,195	8,398,491
Charitable activities	4	21,679	-	21,679	19,705
Trading and fundraising	4	1,029,871	-	1,029,871	873,194
Investments	4	89,039	-	89,039	110,207
Other	4	<u>52,683</u>	<u>-</u>	<u>52,683</u>	<u>31,669</u>
<b>Total income</b>		<u>£ 7,958,572</u>	<u>£ 2,433,895</u>	<u>£10,392,467</u>	<u>£9,433,266</u>
<b>Expenditure on:</b>					
Raising funds	5	2,305,808	-	2,305,808	2,008,119
Charitable activities	5	<u>5,431,236</u>	<u>2,117,747</u>	<u>7,548,983</u>	<u>7,850,576</u>
<b>Total expenditure</b>		<u>£ 7,737,044</u>	<u>£ 2,117,747</u>	<u>£ 9,854,791</u>	<u>£ 9,858,695</u>
Net (losses)/gains on investments		<u>(525,173)</u>	<u>-</u>	<u>(525,173)</u>	<u>268,969</u>
<b>Net income/(expenditure)</b>		(303,645)	316,148	12,503	(156,460)
<b>Transfers between funds</b>	17	<u>132,836</u>	<u>(132,836)</u>	<u>-</u>	<u>-</u>
<b>Net movement in funds</b>		(170,809)	183,312	12,503	(156,460)
<b>Reconciliation of funds:</b>					
Total funds brought forward		<u>17,866,276</u>	<u>354,774</u>	<u>18,221,050</u>	<u>18,377,510</u>
<b>Total funds carried forward</b>	17	<u>£ 17,695,467</u>	<u>£ 538,086</u>	<u>£ 18,233,553</u>	<u>£18,221,050</u>

The notes on pages 20 to 35 form part of these financial statements

**HEARING DOGS FOR DEAF PEOPLE**  
**BALANCE SHEET**  
**31 MARCH 2020**  
**COMPANY NUMBER: 01964878**

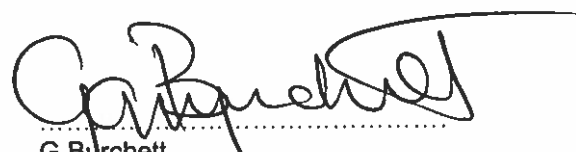
		The Group		The Charity	
	Note	2020 £	2019 £	2020 £	2019 £
<b>Fixed assets:</b>					
Tangible assets	9	7,640,881	7,865,567	7,640,881	7,865,567
Investments	10	<u>7,277,086</u>	<u>7,773,400</u>	<u>7,277,088</u>	<u>7,773,402</u>
<b>Total fixed assets</b>		<u><b>14,917,967</b></u>	<u><b>15,638,967</b></u>	<u><b>14,917,969</b></u>	<u><b>15,638,969</b></u>
<b>Current assets:</b>					
Assets held for resale	9	900,000		900,000	-
Stocks	11	29,801	38,016	-	-
Debtors	12	922,595	1,568,401	1,018,380	1,641,037
Short term deposits		2,159,494	1,671,393	2,149,732	1,667,144
Cash at bank and in hand		<u>23,999</u>	<u>23,430</u>	<u>23,997</u>	<u>23,428</u>
<b>Total current assets</b>		<b>4,035,889</b>	<b>3,301,240</b>	<b>4,092,109</b>	<b>3,331,609</b>
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	13	<u>(720,303)</u>	<u>(719,157)</u>	<u>(692,440)</u>	<u>(681,828)</u>
<b>Net current assets</b>		<u><b>3,315,586</b></u>	<u><b>2,582,083</b></u>	<u><b>3,399,669</b></u>	<u><b>2,649,781</b></u>
<b>Total net assets</b>	14	<u><b>£ 18,233,553</b></u>	<u><b>£ 18,221,050</b></u>	<u><b>£ 18,317,638</b></u>	<u><b>£ 18,288,750</b></u>
<b>Funds:</b>					
Restricted funds	17	538,086	354,774	538,086	354,774
Unrestricted funds:					
Designated funds	17	13,680,563	13,168,054	13,680,563	13,168,054
Operational reserve	17	<u>4,014,904</u>	<u>4,698,222</u>	<u>4,098,989</u>	<u>4,765,922</u>
<b>Total funds</b>	17	<u><b>£ 18,233,553</b></u>	<u><b>£ 18,221,050</b></u>	<u><b>£ 18,317,638</b></u>	<u><b>£ 18,288,750</b></u>

The surplus in the year relating to the parent charity was £28,888 (2019: deficit £(53,818))

The financial statements were approved and authorised for issue by the board on 03 September 2020 and were signed on its behalf by



F B Clark  
Chairman



G Burchett  
Honorary Treasurer

**HEARING DOGS FOR DEAF PEOPLE  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	£	2020 £	2019 £
<b>Cash flows from operating activities:</b>				
<b>Net cash provided by/(used in) operating activities</b>	18a		1,527,365	(903,222)
<b>Cash flows from investing activities:</b>				
Dividends and interest from investments		89,039		110,207
Proceeds from the sale of tangible assets		10,312		-
Purchase of tangible assets		(209,187)		(228,566)
Purchase of tangible assets for resale		(900,000)		-
Proceeds from the sale of investments		1,766,197		3,635,962
Purchase of investments		<u>(1,876,505)</u>		<u>(3,253,014)</u>
<b>Net cash (used in)/provided by investing activities</b>			<u>(1,120,144)</u>	<u>264,589</u>
<b>Change in cash and cash equivalents in the reporting period</b>	18b		407,221	(638,633)
<b>Cash and cash equivalents at the beginning of the reporting period</b>	18b		<u>1,795,113</u>	<u>2,433,746</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	18b		<u>£ 2,202,334</u>	<u>£ 1,795,113</u>

The notes on pages 20 to 35 form part of these financial statements

**HEARING DOGS FOR DEAF PEOPLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**1. Accounting policies**

**a) Basis of preparation**

Hearing Dogs for Deaf People is a charity registered in the UK (charity number 293358 (England) and SC040486 (Scotland)) with its registered office at The Grange, Wycombe Road, Saunderton, Princes Risborough, Buckinghamshire, HP27 9NS.

The financial statements have been prepared in accordance with 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 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Consolidated financial statements ("group accounts") have been prepared in respect of the charity and its wholly owned subsidiary, Hearing Dogs for Deaf People (Trading) Limited. The parent has taken exemption from presenting its unconsolidated profit and loss account under section 408 of the Companies Act 2006 and as permitted by FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The Trustees have considered how COVID-19 could affect the accounting policies that underlie these financial statements, and have reviewed income budgets, asset valuations and made assessments regarding possible material uncertainties and the adequacy of disclosures. Following this review the Trustees consider that there are sufficient reserves at 31 March 2020 to manage any foreseeable downturn in the UK and global economy and that there is a reasonable expectation that Hearing Dogs for Deaf People has adequate resources to continue in operational existence for the foreseeable future and for this reason, the Trustees continue to adopt the 'going concern' basis in preparing the accounts.

Hearing Dogs for Deaf People meets the definition of a public benefit entity under FRS 102.

**b) Income**

Voluntary income received by way of donations and gifts to the charity is included in full in the statement of financial activities when received.

Legacy income is included in the financial statements when the charity is satisfied that the conditions of entitlement, probability and measurement have been met. Pecuniary legacies are accounted for when notified. Residuary legacies are accounted for when notification of impending distribution is received and/or receipt occurs within one month of the year end. Residuary legacies subject to a life interest held by another party are not included in income until the conditions associated with payment have been fulfilled.

Income generated from the supply of goods or services is included in the statement of financial activities in the period in which the supply is made.

**c) Volunteers**

In accordance with the Charities SORP (FRS 102), the time given by volunteers is not recognised in the accounts. Information about the contribution of volunteers is contained in the trustees' annual report.

**d) Unrestricted funds**

Unrestricted funds are donations and other incoming resources to the charity, received or generated for its charitable purposes.

**e) Designated funds**

Designated funds are funds set aside out of unrestricted funds by the Board of Trustees and applied towards specific purposes as identified by the Board of Trustees.

**HEARING DOGS FOR DEAF PEOPLE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

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**1. Accounting policies (continued)**

**f) Restricted funds**

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is charged against the fund, together with a fair allocation of overheads and support costs.

**g) Expenditure and irrecoverable VAT**

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:

Expenditure on raising funds comprises the costs of the central and community fundraising teams and the trading subsidiary and their associated support costs.

Expenditure on charitable activities comprises all costs relating to the provision of hearing dogs for deaf people including the costs of the supply and training, partnership services and quality assurance teams and their associated support costs.

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

**h) Allocation of support costs**

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 comprising facilities, general management, legal and professional, IT and governance costs which support the charity's activities. These costs have been allocated between expenditure on raising funds and expenditure on charitable activities on the basis set out in note 5a.

**i) Operating leases**

All leased property and equipment are considered to be operating leases, and rentals are charged against revenue on a straight line basis over the life of the lease. No assets are held under hire purchase agreements.

**j) Fixed assets and depreciation**

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost of each asset over its estimated useful life, as follows:-

Motor vehicles	:	25% per annum on a straight line basis
Furniture and equipment	:	20% per annum on a straight line basis
Freehold property	:	2% per annum on a straight line basis
Leasehold property	:	Over the 50 year life of the lease

Fixed assets costing under £500 are not capitalised and treated as revenue expenditure.

**k) Investments**

Listed investments are stated at market value. Investments in subsidiaries are included in the charity accounts at cost.

**HEARING DOGS FOR DEAF PEOPLE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**1. Accounting policies (continued)**

**l) Stocks**

Stocks of goods held for resale are stated at the lower of cost and net realisable value, after making due allowance for obsolete or damaged goods.

**m) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**n) Short term deposits and cash at bank and in hand**

Short term deposits and Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**o) Creditors**

Creditors 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 are normally recognised at their settlement amount after allowing for any trade discounts due.

**p) Branches**

The branches of Hearing Dogs for Deaf People are run independently under their own constitutions. Net income from branches is included in the SOFA on an accruals basis.

**q) Pensions**

The charity operates a defined contribution pension scheme. The charge in the Statement of Financial Activities is the amount of contributions payable to the pension scheme in respect of the accounting year.

**r) Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.



**HEARING DOGS FOR DEAF PEOPLE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**2. Critical accounting judgements and key sources of estimation uncertainty**

Trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are as follows:

Residuary legacies are recognised on notification which therefore requires an estimation of the amount receivable as described in note 1b.above.

The estimates and underlying assumptions are reviewed on an ongoing basis. In the view of the Trustees, no assumptions concerning the estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts.

**3. Prior year comparatives**

	Note	<i>Unrestricted Funds £</i>	<i>Restricted Funds £</i>	<i>Total 2019 £</i>
<b>Income from:</b>				
Donations and legacies	4	6,549,536	1,848,955	8,398,491
Charitable activities	4	19,705	-	19,705
Trading and fundraising	4	873,194	-	873,194
Investments	4	110,207	-	110,207
Other	4	<u>31,669</u>	-	<u>31,669</u>
<b>Total income</b>		<u>£ 7,584,311</u>	<u>£ 1,848,955</u>	<u>£9,433,266</u>
<b>Expenditure on:</b>				
Raising funds	5	2,008,119	-	2,008,119
Charitable Activities	5	<u>6,277,154</u>	<u>1,573,422</u>	<u>7,850,576</u>
<b>Total expenditure</b>		<u>£ 8,285,273</u>	<u>£ 1,573,422</u>	<u>£9,858,695</u>
Net gains on investments		<u>268,969</u>	-	<u>268,969</u>
<b>Net income/(expenditure)</b>		(431,993)	275,533	(156,460)
<b>Transfers between funds</b>	17	-	-	-
<b>Net movement in funds</b>		(431,993)	275,533	(156,460)
<b>Reconciliation of funds:</b>				
Total funds brought forward		<u>18,298,269</u>	<u>79,241</u>	<u>18,377,510</u>
<b>Total funds carried forward</b>	17	<u>£17,866,276</u>	<u>£354,774</u>	<u>18,221,050</u>

**HEARING DOGS FOR DEAF PEOPLE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

4. Income	Unrestricted funds £	Restricted funds £	2020 £	2019 £
<b>Donations and legacies</b>				
Donations	1,023,584	1,290,290	2,313,874	1,729,977
Income from branches	77,152	-	77,152	92,661
Sponsorship	-	942,689	942,689	748,625
Legacies	5,474,137	200,916	5,675,053	5,621,627
Gift Aid	190,427	-	190,427	205,601
	<u>£ 6,765,300</u>	<u>£ 2,433,895</u>	<u>£ 9,199,195</u>	<u>£ 8,398,491</u>
<b>Charitable activities</b>				
Sale of hearing equipment	21,679	-	21,679	19,705
	<u>£ 21,679</u>	<u>£ -</u>	<u>£ 21,679</u>	<u>£ 19,705</u>
<b>Trading and fundraising</b>				
Fundraising events	393,164	-	393,164	429,984
Trading subsidiary income	612,149	-	612,149	408,801
Staff/Volunteer Restaurant	24,558	-	24,558	34,409
	<u>£ 1,029,871</u>	<u>£ -</u>	<u>£ 1,029,871</u>	<u>£ 873,194</u>
<b>Investment income</b>				
UK listed securities	77,702	-	77,702	105,727
UK bank interest	11,337	-	11,337	4,480
	<u>£ 89,039</u>	<u>£ -</u>	<u>£ 89,039</u>	<u>£ 110,207</u>
<b>Other income</b>				
Rent received	52,683	-	52,683	31,669
	<u>£ 52,683</u>	<u>£ -</u>	<u>£ 52,683</u>	<u>£ 31,669</u>
<b>Total income</b>	<u>£ 7,958,572</u>	<u>£ 2,433,895</u>	<u>£10,392,467</u>	<u>£ 9,433,266</u>

Donations include grants received from The Steel Charitable Trust, The Ostacchini Family Charitable Trust and The Hospital Saturday Fund.

**HEARING DOGS FOR DEAF PEOPLE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**5. Expenditure**

Expenditure on:	Direct Costs £	Staff Costs £	Depreciation £	Support Costs £	Total 2020 £	Total 2019 £
<b>Raising funds:</b>						
Donations and legacies	845,981	615,649	42,651	111,958	1,616,239	1,428,807
Fundraising trading	569,813	48,731	-	22,236	640,780	528,638
Investment management	<u>48,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,789</u>	<u>50,674</u>
	<u>1,464,583</u>	<u>664,380</u>	<u>42,651</u>	<u>134,194</u>	<u>2,305,808</u>	<u>2,008,119</u>
<b>Charitable activities:</b>						
Provision of hearing dogs	1,098,337	4,504,228	359,164	1,162,370	7,124,099	7,330,234
Supporting people affected by hearing loss	<u>35,005</u>	<u>291,628</u>	<u>-</u>	<u>98,251</u>	<u>424,884</u>	<u>520,342</u>
	<u>1,133,342</u>	<u>4,795,856</u>	<u>359,164</u>	<u>1,260,621</u>	<u>7,548,983</u>	<u>7,850,576</u>
<b>Total expenditure 2020</b>	<b><u>£ 2,597,925</u></b>	<b><u>£5,460,236</u></b>	<b><u>£ 401,815</u></b>	<b><u>£ 1,394,815</u></b>	<b><u>£ 9,854,791</u></b>	<b><u>£ 9,858,695</u></b>
<i>Total expenditure 2019</i>	<i><u>£ 2,325,885</u></i>	<i><u>£5,530,375</u></i>	<i><u>£ 412,975</u></i>	<i><u>£ 1,589,460</u></i>	<i><u>£ 9,858,695</u></i>	

**5a. Support costs**

Support costs included above are analysed as follows:

	Facilities £	General Management £	Legal & Professional £	IT £	Total 2020 £	Total 2019 £
<b>Raising funds:</b>						
Donations and legacies	41,868	32,308	15,197	22,585	111,958	128,929
Fundraising trading	<u>17,859</u>	<u>2,000</u>	<u>-</u>	<u>2,377</u>	<u>22,236</u>	<u>22,907</u>
	<u>59,727</u>	<u>34,308</u>	<u>15,197</u>	<u>24,962</u>	<u>134,194</u>	<u>151,836</u>
<b>Charitable activities:</b>						
Provision of hearing dogs	631,629	217,241	139,720	173,780	1,162,370	1,305,923
Supporting people affected by hearing loss	<u>60,596</u>	<u>9,825</u>	<u>13,798</u>	<u>14,032</u>	<u>98,251</u>	<u>131,701</u>
	<u>692,225</u>	<u>227,066</u>	<u>153,518</u>	<u>187,812</u>	<u>1,260,621</u>	<u>1,437,624</u>
<b>Total support costs 2020</b>	<b><u>£ 751,952</u></b>	<b><u>£ 261,374</u></b>	<b><u>£ 168,715</u></b>	<b><u>£ 212,774</u></b>	<b><u>£ 1,394,815</u></b>	<b><u>£ 1,589,460</u></b>
<i>Total support costs 2019</i>	<i><u>£ 806,538</u></i>	<i><u>£ 273,564</u></i>	<i><u>£ 260,144</u></i>	<i><u>£ 249,214</u></i>	<i><u>£ 1,589,460</u></i>	

Total governance costs included above are £67,476 (2019: £84,553).

Costs have been allocated across activities on the following basis:

	2020 %	2019 %
<b>Raising funds:</b>		
Donations and legacies	16.4	14.5
Fundraising trading	6.5	5.4
Investment management	0.5	0.5
<b>Charitable activities:</b>		
Provision of hearing dogs	72.3	74.3
Supporting people affected by hearing loss	<u>4.3</u>	<u>5.3</u>

**HEARING DOGS FOR DEAF PEOPLE**  
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**FOR THE YEAR ENDED 31 MARCH 2020**

**6. Net Income**

This is stated after (crediting)/charging:-

	2020 £	2019 £
Loss on sale of fixed assets	21,746	-
Depreciation	401,815	412,975
Auditors' remuneration - audit	18,240	18,960
- other services	2,420	2,335
Operating lease rentals - equipment	41,246	51,531
- property	<u>5,532</u>	<u>16,998</u>

**7. Staff costs and numbers**

Staff costs were as follows:-

	2020 £	2019 £
Salaries and wages	4,824,319	4,880,569
Social security costs	442,596	447,685
Pension contributions	<u>193,321</u>	<u>202,121</u>
	<u>£ 5,460,236</u>	<u>£ 5,530,375</u>

Salaries and wages include termination costs of £Nil (2019: £67,581).

The number of employees whose emoluments exceeded £60,000 fell within the following ranges:

£80,001 - £90,000	1	1
£130,001 - £140,000	<u>1</u>	<u>1</u>

Contributions to the charity's defined contribution pension scheme for the highest paid employee amounted to £10,873 (2019: £10,660).

The key management personnel of the charity are the trustees and the senior management board led by the Chief Executive. Total employee benefits of the key management personnel of the charity and the group were £455,730 (2019: £484,961). During this accounting period, the Chief Executive of the charity fulfilled several roles in addition to her contracted role, including acting as the charity's Director of Fundraising and External Relations, the Managing Director of the Trading Company, and as Chief Executive of Hearing Link.

The Trustees did not receive any remuneration during the year to 31 March 2020 (2019: £Nil). Six (2019: Seven) Trustees received reimbursed travel and subsistence expenses totalling £1,700 (2019: £3,915).

The average weekly number of employees for the year and full-time equivalents were as follows:

	2020 Number		2019 Number	
	Average	FTE	Average	FTE
Hearing Dogs: supply, training, welfare and aftercare	150	135	156	140
Hearing Link: supporting people affected by hearing loss	8	7	10	9
Fundraising	20	19	23	22
Communications and marketing	9	7	9	7
Management and administration	<u>12</u>	<u>11</u>	<u>13</u>	<u>12</u>
<b>Total</b>	<u>199</u>	<u>179</u>	<u>211</u>	<u>190</u>

**HEARING DOGS FOR DEAF PEOPLE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**7. Staff costs and numbers (continued)**

The charity operates a defined contribution pension scheme for all eligible employees which was set up in April 2014 in order to comply with auto-enrolment regulations. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension charge represents contributions payable by the charity to the fund. Pension contributions outstanding at 31 March 2020 amounted to £Nil (2019: £6,785).

**8. Taxation**

The charitable company is not in receipt of any income that is subject to corporation tax.

**9. Tangible assets**

Group	Freehold property £	Leasehold property £	Motor vehicles £	Furniture and equipment £	Total £
<b>Cost</b>					
<i>At 1 April 2019</i>	9,223,384	35,656	388,520	1,495,639	11,143,199
Additions	1,003,745	-	-	105,442	1,109,187
Disposals	-	(35,656)	(40,997)	-	(76,653)
Transfers	<u>(900,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(900,000)</u>
<b>At 31 March 2020</b>	<u>9,327,129</u>	<u>-</u>	<u>347,523</u>	<u>1,601,081</u>	<u>11,275,733</u>
<b>Depreciation</b>					
<i>At 1 April 2019</i>	1,890,447	6,417	354,901	1,025,867	3,277,632
Charge for the year	185,106	-	23,506	193,203	401,815
Disposals	-	(6,417)	(38,178)	-	(44,595)
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 March 2020</b>	<u>2,075,553</u>	<u>-</u>	<u>340,229</u>	<u>1,219,070</u>	<u>3,634,852</u>
<b>Net book value</b>					
<b>At 31 March 2020</b>	<b><u>£7,251,576</u></b>	<b><u>£ -</u></b>	<b><u>£ 7,294</u></b>	<b><u>£ 382,011</u></b>	<b><u>£7,640,881</u></b>
<i>At 31 March 2019</i>	<u>£7,332,937</u>	<u>£ 29,239</u>	<u>£ 33,619</u>	<u>£ 469,772</u>	<u>£7,865,567</u>

Freehold property comprises:

	BWC £	The Grange £	Total £
<i>Net book value</i>			
<i>At 1 April 2019</i>	2,215,735	5,117,202	7,332,937
Additions at cost	4,462	99,283	103,745
Depreciation charge	<u>(56,526)</u>	<u>(128,580)</u>	<u>(185,106)</u>
<b>Net book value at 31 March 2020</b>	<b><u>£2,163,671</u></b>	<b><u>£5,087,905</u></b>	<b><u>£7,251,576</u></b>

Additions to freehold property includes £900,000 in respect of land and buildings held for resale which was transferred and included in current assets at the balance sheet date.

Included within office furniture and equipment are items owned by the subsidiary trading company with a fully depreciated cost of £43,954 (2019: £43,954). As the net book value of these items is £Nil, no separate fixed assets note has been prepared in respect of the charity.

All of the tangible fixed assets of the charity are used for direct charitable purposes.

**HEARING DOGS FOR DEAF PEOPLE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**10. Fixed asset investments**

	Group	
	2020	2019
	£	£
Quoted investments:		
Market value at 1 April 2019	7,673,110	7,787,089
Purchases	1,876,505	3,253,014
Sales	(1,766,197)	(3,635,962)
Net investment (losses)/gains	<u>(525,173)</u>	<u>268,969</u>
Market value at 31 March 2020	7,258,245	7,673,110
Cash awaiting investment	<u>18,841</u>	<u>100,290</u>
<b>Total at 31 March 2020</b>	<b><u>£7,277,086</u></b>	<b><u>£7,773,400</u></b>

In addition to the above, the Charity accounts included an investment of £2 in its wholly owned trading subsidiary (see note 16).

The historic cost of quoted investments at 31 March 2020 was £7,210,377 (2019: £6,935,243). Included in the operational reserve shown in the balance sheet (see page 16) is a revaluation reserve of £47,868 (2019: £737,867) which is calculated by comparing the historical cost of quoted investments with their market value as shown above.

These investments are basic financial instruments which are held for investment return and measured at fair/market values. The entity's income, expense, gains and losses in respect of financial instruments are as follows:

	2020	2019
	£	£
Total dividend and interest income for basic financial assets	<u>£ 91,760</u>	<u>£ 111,254</u>
Total (losses)/gains in respect of basic financial assets	<u>£ (525,173)</u>	<u>£ 268,969</u>

**11. Stocks**

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Goods for resale	<u>£ 29,801</u>	<u>£ 38,016</u>	<u>£ -</u>	<u>£ -</u>

**12. Debtors**

Trade debtors	171	374	-	-
Loan to subsidiary	-	-	90,010	75,010
Other amounts due from subsidiary	-	-	14,486	-
Prepayments	75,538	120,423	75,038	119,923
Other loans	-	595,000	-	595,000
Other debtors and accrued income	<u>846,886</u>	<u>852,604</u>	<u>838,846</u>	<u>851,104</u>
	<b><u>£ 922,595</u></b>	<b><u>£1,568,401</u></b>	<b><u>£1,018,380</u></b>	<b><u>£1,641,037</u></b>

Total debtors includes £90,010 (2019: £75,010) receivable after more than one year. This represents the loan to the subsidiary trading company that is secured by a fixed and floating charge over the assets of that subsidiary, with interest charged at 2% over Barclays Bank base rate.

**HEARING DOGS FOR DEAF PEOPLE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**12. Debtors (continued)**

The other loan balance at 31 March 2019 comprised a loan made to an estate in respect of a legacy which was recognised during the year ended 31 March 2020.

All debtors are basic financial instruments measured at amortised cost, with the exception of prepayments.

**13. Creditors: Amounts falling due within one year**

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Trade creditors	305,948	317,513	287,130	285,114
Amounts due to subsidiary	-	-	-	3,665
Taxation and social security	116,823	111,252	116,823	111,252
Other creditors and accruals	<u>297,532</u>	<u>290,392</u>	<u>288,487</u>	<u>281,797</u>
	<u>£ 720,303</u>	<u>£ 719,157</u>	<u>£ 692,440</u>	<u>£ 681,828</u>

All creditors are basic financial instruments measured at amortised cost, with the exception of taxation and social security.

**14. Analysis of group net assets between funds**

2020	Restricted funds £	Unrestricted designated funds £	Unrestricted operational reserve £	Total Funds £
Tangible fixed assets	-	7,640,881	-	7,640,881
Investments	-	5,973,697	1,303,389	7,277,086
Current assets	538,086	65,985	3,431,818	4,035,889
Current liabilities	-	-	(720,303)	(720,303)
<b>Group funds at 31 March 2020</b>	<b>538,086</b>	<b>13,680,563</b>	<b>4,014,904</b>	<b>18,233,553</b>
Add: Subsidiary net liabilities	-	-	84,085	84,085
<b>Charity funds at 31 March 2020</b>	<b><u>£ 538,086</u></b>	<b><u>£13,680,563</u></b>	<b><u>£4,098,989</u></b>	<b><u>£18,317,638</u></b>
<b>2019</b>				
Tangible fixed assets	-	7,865,567	-	7,865,567
Investments	-	5,296,439	2,476,961	7,773,400
Current assets	354,774	6,048	2,940,418	3,301,240
Current liabilities	-	-	(719,157)	(719,157)
<b>Group funds at 31 March 2019</b>	<b>354,774</b>	<b>13,168,054</b>	<b>4,698,222</b>	<b>18,221,050</b>
Add: Subsidiary net liabilities	-	-	67,700	67,700
<b>Charity funds at 31 March 2019</b>	<b><u>£ 354,774</u></b>	<b><u>£13,168,054</u></b>	<b><u>£4,765,922</u></b>	<b><u>£18,288,750</u></b>
<b>Movement in net funds</b>	<b>At 01 April 2019 £</b>	<b>Cash flow £</b>	<b>At 31 March 2020 £</b>	
Short term deposits	1,671,393	488,101	2,159,494	
Cash at bank and in hand	23,430	569	23,999	
Cash held awaiting investment	<u>100,290</u>	<u>(81,449)</u>	<u>18,841</u>	
<b>Total net cash</b>	<b><u>£1,795,113</u></b>	<b><u>£ 407,221</u></b>	<b><u>£2,202,334</u></b>	

**HEARING DOGS FOR DEAF PEOPLE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**15. Other financial commitments**

At 31 March 2020 the ageing of total minimum lease payments was as follows:

	2020			2019		
	Property leases £	Other £	Total £	Property leases £	Other £	Total £
<b>Operating leases due:</b>						
Within one year	5,628	31,951	37,579	5,195	43,436	48,631
Between 2 – 5 years	-	19,676	19,676	-	39,627	39,627
<b>Total</b>	<b>£ 5,628</b>	<b>£ 51,627</b>	<b>£ 57,255</b>	<b>£ 5,195</b>	<b>£ 83,063</b>	<b>£ 88,258</b>

**16. Subsidiary undertaking**

The charity has a wholly owned subsidiary which is incorporated in the UK, Hearing Dogs for Deaf People (Trading) Limited (Company number 02786252). The subsidiary operates from premises owned by the charity, its principal address being The Grange, Wycombe Road, Saunderton, Princes Risborough, Buckinghamshire, HP27 9NS, from which it operates a restaurant and café and sells promotional items. It donates its taxable profits to the charity.

	2020 £	2019 £
<b>Trading and profit and loss account</b>		
Turnover	612,149	408,387
Cost of sales	<u>(241,514)</u>	<u>(177,016)</u>
Gross profit	370,635	231,371
Other Income	-	414
Administrative expenses	<u>(384,299)</u>	<u>(333,380)</u>
Operating loss	(13,664)	(101,595)
Interest payable	<u>(2,721)</u>	<u>(1,047)</u>
Loss on ordinary activities	(16,385)	(102,642)
Retained (losses)/profits brought forward	<u>(67,702)</u>	<u>34,940</u>
Retained losses carried forward	<u>£ (84,087)</u>	<u>£ (67,702)</u>
<b>Balance sheet</b>		
Total assets	48,274	48,304
Total liabilities	<u>(132,359)</u>	<u>(116,004)</u>
Net liabilities	<u>£ (84,085)</u>	<u>£ (67,700)</u>
Share capital	2	2
Retained losses	<u>(84,087)</u>	<u>(67,702)</u>
Capital and reserves	<u>£ (84,085)</u>	<u>£ (67,700)</u>



**HEARING DOGS FOR DEAF PEOPLE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**17. Movement in funds**

2020	2019	Total	Total	Investment	2020
Restricted funds:	£	Income	Expenditure	Gains/ Transfers	£
		£	£	£	
<b><u>Hearing Dogs:</u></b>					
<b><u>By project/activity</u></b>					
Physical Facility	200,000	75,000	-	-	275,000
Hearing Dogs for Deaf Children	-	64,033	(64,033)	-	-
New Breeding and Genetics Centre	-	181,000	(28,861)	(129,806)	22,333
Hearing Dogs Training	-	194,398	(194,398)	-	-
Puppy Socialising and Training	-	1,062,689	(1,062,689)	-	-
Puppy Socialising Areas	-	498,500	(327,603)	-	170,897
Other projects less than £5,000	5,030	10,710	(9,710)	(3,030)	3,000
<b><u>By location</u></b>					
Jersey	13,658	-	(1,367)	-	12,291
Devon and Cornwall	3,548	17,500	(21,048)	-	-
Oxfordshire	31,596	5,000	(21,872)	-	14,724
Bedfordshire	-	8,500	(8,500)	-	-
Birmingham	-	7,500	(7,500)	-	-
Buckinghamshire	-	7,896	(7,896)	-	-
Essex	-	7,000	(7,000)	-	-
Glasgow	-	9,000	(9,000)	-	-
Greater Manchester	-	15,500	(15,500)	-	-
Great Yarmouth and Norfolk	-	6,980	(6,980)	-	-
Leicestershire	-	5,500	(5,500)	-	-
Lincolnshire	-	6,000	(6,000)	-	-
North West England	-	10,412	(10,412)	-	-
Scotland	-	18,525	(18,525)	-	-
Shropshire	-	5,500	(5,500)	-	-
South East England	-	12,500	(12,500)	-	-
Wales	-	6,000	(6,000)	-	-
Amounts less than £5,000	-	45,926	(45,926)	-	-
<b>Hearing Dogs Total</b>	<b><u>253,832</u></b>	<b><u>2,281,569</u></b>	<b><u>(1,904,320)</u></b>	<b><u>(132,836)</u></b>	<b><u>498,245</u></b>
<b><u>Hearing Link:</u></b>					
<b><u>By project/activity</u></b>					
Let's Hear Project	42,902	11,962	(54,864)	-	-
Helpdesk	5,000	8,000	(13,000)	-	-
Hearing Aid Liaison Outreach	-	7,175	(3,517)	-	3,658
<b><u>By location</u></b>					
Northern Ireland	33,040	101,019	(100,346)	-	33,713
Wales ( <i>Awards for All</i> )	10,000	-	(10,000)	-	-
England ( <i>Awards for All</i> )	10,000	-	(10,000)	-	-
Scotland	-	24,170	(21,700)	-	2,470
<b>Hearing Link Total</b>	<b><u>100,942</u></b>	<b><u>152,326</u></b>	<b><u>(213,427)</u></b>	<b><u>-</u></b>	<b><u>39,841</u></b>
<b>Total restricted</b>	<b>354,774</b>	<b>2,433,895</b>	<b>(2,117,747)</b>	<b>(132,836)</b>	<b>538,086</b>

**HEARING DOGS FOR DEAF PEOPLE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**17. Movement in funds (continued)**

	2019 £	Total Income £	Total Expenditure £	Investment Gains/ Transfers £	2020 £
<b>Unrestricted funds:</b>					
<b>Designated funds:</b>					
Freehold – BWC	2,215,735	-	(56,526)	4,462	2,163,671
Freehold – The Grange	5,117,202	-	(128,580)	99,283	5,087,905
Leasehold	29,239	-	(29,239)	-	-
Other functional fixed assets	<u>503,391</u>	-	<u>(219,528)</u>	<u>105,442</u>	<u>389,305</u>
Sub-total fixed assets	7,865,567	-	(433,873)	209,187	7,640,881
Capital Commitments	<u>6,048</u>	-	-	<u>59,937</u>	<u>65,985</u>
Total fixed assets	7,871,615	-	(433,873)	269,124	7,706,866
Partnership Commitments	<u>5,296,439</u>	-	<u>(540,928)</u>	<u>1,218,186</u>	<u>5,973,697</u>
<b>Total designated</b>	<b>13,168,054</b>	<b>-</b>	<b>(974,801)</b>	<b>1,487,310</b>	<b>13,680,563</b>
<b>Operational reserve</b>	<u><b>4,698,222</b></u>	<u><b>7,958,572</b></u>	<u><b>(6,762,243)</b></u>	<u><b>(1,879,647)</b></u>	<u><b>4,014,904</b></u>
<b>Total unrestricted</b>	<u><b>17,866,276</b></u>	<u><b>7,958,572</b></u>	<u><b>(7,737,044)</b></u>	<u><b>(392,337)</b></u>	<u><b>17,695,467</b></u>
<b>Total funds</b>	<u><b>£18,221,050</b></u>	<u><b>£10,392,467</b></u>	<u><b>£ (9,854,791)</b></u>	<u><b>£ (525,173)</b></u>	<u><b>£18,233,553</b></u>

Restricted funds are those where the donor has imposed restrictions on the use of the funds.

The charity operates dog and puppy sponsorship schemes to sponsor the costs of partnerships between deaf people and hearing dogs. Typically amounts between £2,500 and £10,000 are received as sponsorship donations. Puppy sponsorship donations are mostly given on a regular monthly basis. Costs associated with the selection, socialising, training, welfare, placement and aftercare of dogs are charged to these sponsorship funds as appropriate.

The charity also has a number of restricted funds where donors have specified the geographical area or the specific type of project for which the funds are to be used.

Restricted funds are shown in two parts; those relating to Hearing Dogs and those relating to Hearing Link whose operations were acquired in the previous financial year.

Designated funds of £7,640,881 (2019: £7,865,567) have been set aside from the group's unrestricted funds by the Directors for the functional fixed assets required to carry out the principal activities of the charity. In addition, an amount of £65,985 (2019: £6,048) has been set aside to cover the future cost of fixed assets where contractual commitments existed at 31 March 2020. An amount of £269,124 (2019: £161,214) was transferred from general funds to designated funds in respect of fixed assets during the year.

The Directors have also designated an amount to cover the Charity's future long-term commitments relating to its existing hearing dog partnerships. At 31 March 2020 this amount was calculated at £5,973,697 (2019: £5,296,439) representing the projected costs over a 10 year period. An amount of £1,218,186 was transferred from general funds to designated funds (2019: £48,744 transferred to general funds from designated funds) in respect of future partnership liabilities during the year.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**17. Movement in funds (continued)**

Transfers from restricted funds during the year amounted to £132,836 (2019: £Nil) and related to capital expenditure principally on the charity's new breeding and genetics centre. Designated funds received net transfers of £1,487,310 (2019: £112,470) for additions and future commitments relating to functional fixed assets £269,124 (2019: £161,214) and £1,218,186 (2019: £(48,744)) in respect of future partnership liabilities. £(1,879,647) (2019: £156,499) was transferred (from)/to the operational reserve during the year after deducting investment losses of £525,173 (2019: gains £268,969).

2019	2018	Total	Total	Investment	2019
	£	Income	Expenditure	Gains/ Transfers	£
<i>Restricted funds:</i>		£	£	£	
<i>Hearing Dogs for Deaf Children</i>	2,132	36,191	(38,323)	-	-
<i>Breeding</i>	-	17,765	(17,765)	-	-
<i>Hearing Dogs Training</i>	-	347,393	(347,393)	-	-
<i>Puppy Socialising/Training</i>	-	770,625	(770,625)	-	-
<i>Partnership/Recipient Support</i>	-	7,169	(7,169)	-	-
<i>Physical Facility</i>	-	200,000	-	-	200,000
<i>Other projects less than £5,000</i>	1,553	7,100	(3,623)	-	5,030
<b><u>By location</u></b>					
<i>Jersey</i>	15,027	-	(1,369)	-	13,658
<i>Angmering</i>	-	8,000	(8,000)	-	-
<i>Berkshire</i>	-	6,000	(6,000)	-	-
<i>Cheshire</i>	-	6,500	(6,500)	-	-
<i>Devon</i>	-	43,249	(39,701)	-	3,548
<i>Greater Manchester</i>	-	10,000	(10,000)	-	-
<i>North West England</i>	-	10,412	(10,412)	-	-
<i>Oxfordshire</i>	-	53,500	(21,904)	-	31,596
<i>Scotland</i>	-	46,745	(46,745)	-	-
<i>Staffordshire/Shropshire</i>	-	10,000	(10,000)	-	-
<i>Worcestershire</i>	-	-	-	-	-
<i>Sussex</i>	-	5,250	(5,250)	-	-
<i>Wales</i>	-	5,000	(5,000)	-	-
<i>West Midlands</i>	-	5,500	(5,500)	-	-
<i>Amounts less than £5,000</i>	-	32,637	(32,637)	-	-
<b><i>Hearing Dogs Total</i></b>	<b>18,712</b>	<b>1,629,036</b>	<b>(1,393,916)</b>	<b>-</b>	<b>253,832</b>
<b><u>Hearing Link:</u></b>					
<b><u>By project/activity</u></b>					
<i>Let's Hear Project</i>	38,368	65,545	(61,011)	-	42,902
<i>IT Systems</i>	6,346	6,316	(12,662)	-	-
<i>Helpdesk</i>	-	5,000	-	-	5,000
<i>Hearing Aid Liaison</i>	-	4,969	(4,969)	-	-
<b><u>By location</u></b>					
<i>Northern Ireland</i>	14,311	96,069	(77,340)	-	33,040
<i>Scotland</i>	1,504	22,020	(23,524)	-	-
<i>Wales (Awards for All)</i>	-	10,000	-	-	10,000
<i>England (Awards for All)</i>	-	10,000	-	-	10,000
<b><i>Hearing Link Total</i></b>	<b>60,529</b>	<b>219,919</b>	<b>(179,506)</b>	<b>-</b>	<b>100,942</b>
<b><i>Total restricted</i></b>	<b>79,241</b>	<b>1,848,955</b>	<b>(1,573,422)</b>	<b>-</b>	<b>354,774</b>

**HEARING DOGS FOR DEAF PEOPLE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**17. Movement in funds (continued)**

2019	2018 £	Total Income £	Total Expenditure £	Investment Gains/ Transfers £	2019 £
<i>Unrestricted funds:</i>					
<i>Designated funds:</i>					
Freehold – BWC	2,272,224	-	(56,489)	-	2,215,735
Freehold – The Grange	3,758,798	-	(127,000)	1,485,404	5,117,202
Assets in the course of construction	1,406,242	-	-	(1,406,242)	-
Leasehold	29,952	-	(713)	-	29,239
Other functional fixed assets	582,760	-	(228,773)	149,404	503,391
Sub-total fixed assets	8,049,976	-	(412,975)	228,566	7,865,567
Capital Commitments	73,400	-	-	(67,352)	6,048
Total fixed assets	8,123,376	-	(412,975)	161,214	7,871,615
Partnership Commitments	5,845,094	-	(499,911)	(48,744)	5,296,439
Total designated	13,968,470	-	(912,886)	112,470	13,168,054
Operational reserve	4,329,799	7,584,311	(7,372,387)	156,499	4,698,222
Total unrestricted	18,298,269	7,584,311	(8,285,273)	268,969	17,866,276
Total funds	<u>£18,377,510</u>	<u>£9,433,266</u>	<u>£(9,858,695)</u>	<u>£ 268,969</u>	<u>£18,221,050</u>

**18a. Reconciliation of net income to net cash flow from operating activities**

	2020 £	2019 £
Net income/(expenditure)	12,503	(156,460)
<b>Adjustments for:</b>		
Depreciation charges	401,815	412,975
Losses/(gains) on investments	525,173	(268,969)
Dividends and interest from investments	(89,039)	(110,207)
Loss on sale of fixed assets	21,746	-
Decrease/(increase) in stock	8,215	(13,996)
Decrease/(increase) in debtors	645,806	(715,008)
Increase/(decrease)/increase in creditors	1,146	(51,557)
<b>Net cash (used in)/provided by operating activities</b>	<u>£ 1,527,365</u>	<u>£ (903,222)</u>

**18b. Analysis of cash and cash equivalents**

	2020 £	2019 £
Cash awaiting investment (note 10)	18,841	100,290
Short term deposits	2,159,494	1,671,393
Cash at bank and in hand	23,999	23,430
<b>Total cash and cash equivalents</b>	<u>£ 2,202,334</u>	<u>£ 1,795,113</u>

**HEARING DOGS FOR DEAF PEOPLE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

**19. Capital commitments**

	2020 £	2019 £
Contracted capital commitments for the group and the charity	<u>£ 86,259</u>	<u>£ 6,048</u>

Capital commitments at 31 March 2020 relate to the purchase of four new cars £65,985 and an upgrade to high speed broadband at BWC £20,274 (2019: £6,048 related to new gates for the Beatrice Wright Centre).

**20. Related parties**

In the year to 31 March 2020 the following transactions took place between the charity and its wholly owned trading subsidiary:

- a. Management charges from the charity to the trading subsidiary £56,000 (2019: £48,000).
- b. Interest payable by the trading subsidiary to the charity £2,721 (2019: £1,047).

At 31 March 2020 the amount owed to the charity by its trading subsidiary amounted to £14,486. (2019: Amount owed by the charity to its trading subsidiary £3,665).

In addition, the charity has loaned the trading subsidiary £90,000 which has no fixed repayment date, but which is secured on its assets, attracting interest at 2% over bank base rate.

Mr G Burchett (Honorary Treasurer) and Mrs M Jennings (Chief Executive) are directors of the charity's wholly owned trading subsidiary.

Jane Tommey's husband Paul Tommey is employed by the Charity as a dog trainer under a standard contract of employment and is paid at the same rate as other dog trainers. Jane Tommey, Director of Operations, was not involved in the recruitment process and the appointment was approved by the Trustees.

**21. Contingent assets – Legacies**

At the balance sheet date the charity had received notification that it is a beneficiary of a number of legacies. It is not possible to quantify these accurately or to ascertain the date on which the charity will receive them. The estimated value of the legacies notified at 31 March 2020 was £3.7 million (2019: £3.2 million) and is not included in the accounts.

