



INCORPORATING:



**HEARING DOGS FOR DEAF PEOPLE
(A COMPANY LIMITED BY GUARANTEE)
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2022**

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 2022**

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**HEARING DOGS FOR DEAF PEOPLE
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

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 2022.

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 Dr H Harris MB ChB FRCGP K W Keir OBE
Trustees:	F B Clark (Resigned 19 July 2022) Dr B Fogle MBE DVM MRCVS A C Bowers BSc ACA (Resigned 1 October 2021) G P Burchett MBA FCMI E M Burness (Appointed 11 May 2021) R Casey BVSc DipECAWBM FRCVS (Appointed 17 May 2022) M S Coote BSc (Appointed 11 May 2021) P Davies BSc FCA BFP (Appointed 17 May 2022) B S Downes LL.B FSHAA K A England RVN DipCIM Dr V Harrison MA DPhil (Resigned 1 October 2021) D L Hay S E Heath BVSc PgCertVE DipECAWBM(BM) CCAB FHEA FRCVS (Appointed 11 May 2021) A M Horsley JP DL V A Hunt (Resigned 1 October 2021) C McKay (Appointed 17 May 2022) K B Milsom BHSc Hons MSc (Appointed 11 May 2021) C M P O'Donovan-Rossa BA Hons MA ACIB FCIPD DMS H Self MA, FCA, CTA(Fellow), FRSA (Appointed 17 May 2022) Professor R T Ramsden MBE FRCS

V A Hunt was also a stakeholder in the charity being a deaf partner in receipt of a hearing dog. In accordance with the Articles of Association, F B Clark, Dr B Fogle, A M Horsley, K A England, D L Hay, C M P O'Donovan-Rossa, R Casey, P Davies, C McKay and H Self retire at the Annual General Meeting (AGM) and being eligible, offer themselves for re-election. G P Burchett retires at the AGM and is not seeking 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.

**HEARING DOGS FOR DEAF PEOPLE
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Reference and administrative details of the charity (continued)

Executive team:	Chief Executive Director of Corporate Services and Company Secretary Finance & IT Director Director of Operations Director of Services & Partnerships Director of Quality & Human Resources Director of Income Generation and Communications	M Jennings BA LL.B MBA P R Hester FCA (Resigned 28/01/22) C M Hedley BA AICMA (Appointed 13/01/22) J Tommey BSc A Platten J Gray MBA VN S Heyes BSc
Principal bankers:	Barclays Bank plc PO Box 885 Mortlock House, Vision Park Histon, Cambridge CB24 9DE	
Solicitors:	Penningtons Manches LLP 9400 Garsington Road Oxford Business Park Oxford, OX4 2HN	Wilson Solicitors Alexandra House St Johns Street Salisbury, SP1 2SB
Auditors:	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 six sub-committees: Finance, Business Development, Governance and Audit, Remuneration and the newly formed Canine Services and Hearing Loss Services sub-committees. The Finance and Business Development sub-committees meet four times a year and the Governance and Audit, Canine Services and Hearing Loss Services sub-committees meet at least twice a year. The Remuneration sub-committee meets at least once a year primarily to review the salary of the Chief Executive. In addition, the Trustees hold ad hoc 'away days' where governance and the future strategy of the charity are discussed. All sub-committees report into the Trustee Board. From time to time, certain authority from the Trustees is delegated to the Chief Executive, who is responsible for the day-to-day running of the charity.

HEARING DOGS FOR DEAF PEOPLE TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Structure, Governance and Management (continued)

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 a formal approach to selection, induction and training, of new trustees which includes 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 also 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.

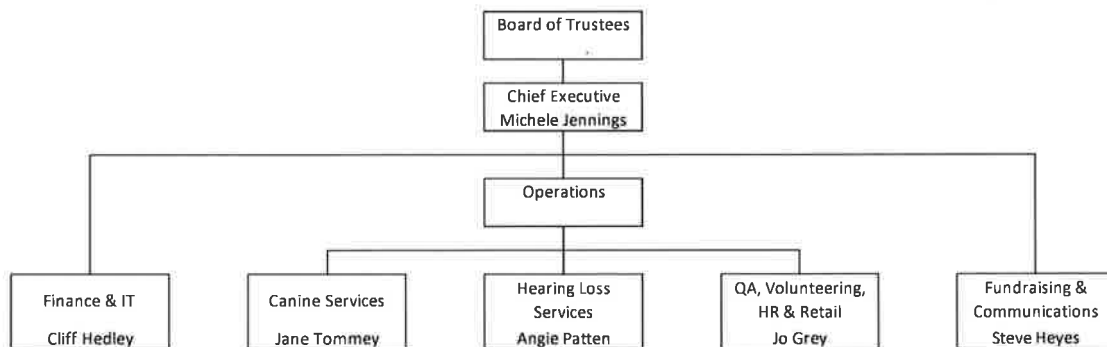
The Trustees consider it to be best practice to make every effort to have representation of the charity's beneficiaries on the Board of Trustees.

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 are taken into consideration. Pay increases for the executive 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.

Organisation and Structure

The charity employs 184 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.



After 10 ½ years as Chief Executive of Hearing Dogs, our Chief Executive, Michele Jennings will be stepping down from her role on 29 July 2022. Since her arrival in 2012, the charity has grown significantly and now helps thousands more deaf and hard-of-hearing people and is now in the top 1% of UK charities by income. Michele led the charity safely and successfully through the severe challenges of the Covid pandemic and has emerged stronger than ever thanks to her leadership. She leaves the charity in a strong financial position and with a widely respected operational and reputational basis from which to move forward. Her many qualities will be greatly missed.

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 several 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

**HEARING DOGS FOR DEAF PEOPLE
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Structure, Governance and Management (continued)

(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. A Governance and 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 most significant risks to the organisation have been identified as:-

- A shortage of suitable dogs to enter the training program
- A shortage of skilled staff to train the potential hearing dogs
- Financial disruption associated with Covid-19, Brexit, investment performance and the recent cost of living rises
- Threats to the IT systems including cyber security, misuse of systems and the cost of continual investment in systems and hardware

The Governance and Audit sub-committee oversees formal reviews, 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. The Governance and Audit sub-committee reports into the Trustee Board

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.

HEARING DOGS FOR DEAF PEOPLE TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Objectives, Aims and Activities (continued)

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. The charity also 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 one member 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 based in the North of England and a local branch run by volunteers. Fundraising activities include the generation of funds some of which are restricted for use in Scotland.

The Hearing Loss Services team have 3 staff members operating from Scotland in roles related to communications, community support and volunteer engagement. We receive a partial contribution to their salaries through the Scottish government project funding.

**HEARING DOGS FOR DEAF PEOPLE
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Volunteer Support

As ever, we are indebted to our volunteer family. Due to the Covid pandemic the operation of the organisation has changed significantly since March 2019. The willingness of our volunteers to adapt and change practices has been astounding. The time and effort required in the training of puppies, assisting with hearing link activities, fundraising, and speaking on our behalf is significant and is greatly appreciated throughout the organisation. Many volunteers have been busier than ever, whilst unfortunately some volunteering has been on hold or severely limited since the first lockdown. In both instances, we have continued to champion and thank our volunteers for their incredible capability and resilience.

The charity had 3,093 (2021: 3,112) volunteers at 31 March 2022 which for the first year ever includes 135 micro volunteers. Overall volunteer numbers remain static however, for the second year since the Covid pandemic, there is a decrease -154 (2021: -250) in the number of registered volunteers (i.e., those who have entered into a formal agreement with the charity) to 2,958 (2021: 3,112) however this net decrease masks volunteer turnover which recorded 403 (2021: 286) new volunteers and 557 (2021: 536) 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 19 July 2022
and signed on their behalf by



..... C M P O'Donovan-Rossa (Chairman)

HEARING DOGS FOR DEAF PEOPLE

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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 people with hearing loss 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 2021/22 were 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 to train 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.
7. Continue to work towards the objectives of the Hearing Dogs Five Year Plan which was initiated in 2021

Strategies to achieve the year's objectives

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

1. extend the charity's Hearing Loss Services through Hearing Link including self-help resources, the helpdesk, LiveChat, the online shop and specific projects and events run by both staff and volunteers.
2. build on the charity's operations which are made up of three national teams namely Canine Services, Hearing Loss 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;
3. 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;
4. 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;
5. Building our relationships with suppliers and our outsourced caterer to deliver high quality goods and services, attracting new customers, and increasing income and controlling costs.
6. Recruiting new volunteers and communicating with all volunteers primarily through in-person and virtual events, social media, regular updates and online portals.

What we achieved during the year

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

1. This year has seen the continuing development of our online Hearing Loss Services through Hearing Link including the helpdesk which is supported by our volunteer helpdesk responders and client advisors and received 3,176 enquiries during the year.
2. Total number of dogs completing training during the year was 202 (2021: 182). Each hearing dog takes some 18-24 months to train.
3. The net movement in funds for the year was a surplus of £3,091,520 (2021: £4,191,170). Income exceeded expenditure by £2,508,213 (2021: £2,796,195) and investment gains amounted to £583,307 (2021: £1,394,975).

HEARING DOGS FOR DEAF PEOPLE STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

What we achieved during the year (continued)

4. The performance of the charity's trading subsidiary was satisfactory given the disruption caused by Covid-19. The response from customers has remained very encouraging and the profit on ordinary activities for the year was £23,961 (2021: £16,455 loss).
5. The past year was a challenging one for volunteers due to Covid-19. The number of registered volunteers reduced to 2,958 which was 154 less than at the end of the previous year.

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 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 dedicated 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, as well as our Weekly Lottery which launched in the summer of 2021. 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 £1.45 million above last year at £13.7 million. Legacies increased by £2.3 million to £9.1m but donations reduced due to receiving restricted grants for specific projects in previous years.

Sales by the Trading Company were £0.5m higher than last year due the re-opening of operations in line with Covid-19 restrictions being lifted. The increased income resulted in a £23,961 profit for the year (2021: loss £(16,455)).

HEARING DOGS FOR DEAF PEOPLE STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

Operational performance

Canine Services (Hearing Dogs)

In the last financial year the operational focus was supporting the volunteers and staff through the changes relating to Covid guidelines and the effects they had on day to day routines of their roles. We focused on flexible approaches towards teaching and on progressing our older dogs who had delays due to lockdowns.

We had originally had the aim to finish the training of 190 dogs for placement with deaf clients. We managed to exceed this and train 202 due to our flexible approach bring on the older delayed dogs whilst still being able to train our younger ones who had been less affected by the timings of Covid 19 restrictions.

Our training course provided to our new deaf partners when they receive their matched dog also took a flexible approach and has developed into a mix of home visit, video calls, and on line materials. Our aim for 2022/23 is to optimize this course package by returning part of this course to an onsite stage to help deaf partners with areas they still have queries on from earlier parts of the course. This onsite section will be delivered from our two sites in Buckinghamshire and Yorkshire.

In 2022/23 we also aim to finish the training of a further 220 dogs for placing with deaf clients.

Hearing Loss Services

Objectives for the year were:

- to reach and support more deaf people than ever before with the provision of our personalised services, which may include the lifetime support of a hearing dog
- continue to grow the charities reputation whilst embracing the Hearing Link Services legacy to engage more health professionals and industry contacts to increase referrals to our support services
- to develop and grow our digital services such as LiveChat, and access to virtual services such as LinkUp online and Video's

Strategies to achieve this year's objectives were:

- changes to departmental structure and objectives to create a more client focused approach to offering service. Investment in the central support team to ensure staff provision to manage growth in incoming enquiries. Growth of the community support initiative both for our hearing dog partners and potential new beneficiaries through the launch of our Hearing Loss Information Days.
- Investment in and refreshing of the brand to incorporate Hearing Link Services to create better symbiosis and cohesion, this includes updates to the charity mission and aims. Hearing Link website reskinned to reflect the developed relationship.
- Attendance at major industry event to showcase the charities work and develop networks. This includes Audiology conferences and engagement with manufacturers across the sector.
- Refresh of the hearing link website to better reflect our position as a charity supporting deaf people in 2022. This includes the use of the new brand, updated information on services and improved navigability. Development to merge the charities shops onto a single platform. Relaunch of the membership scheme to improve user experience, engage more people and provide a hearing loss specific support mechanism for those committed to supporting hearing loss. Growth of the LiveChat feature to expand hours and marketing. Production of a marketing and recruitment video on LinkUps to engage a wider audience.

HEARING DOGS FOR DEAF PEOPLE STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

Hearing Loss Services (continued)

What we achieved

- 3,176 people supported (1,069 partnerships, 571 Supported potential beneficiaries, 1536 1-1 support inc. Helpdesk)
- HL website visitors 497,908
- 289 active members
- HL news subscribers 9764
- 907 shop customers
- 1376 engagement at events

Investment performance

Tilney have been the charity's investment managers for the last eighteen 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 £8.1 million (2021: £7.6 million), including cash awaiting investment, against four indices for last year and the last seventeen years.

	Year 2021/22 (Total Return)	Eighteen Year Period (Total Return)
Income and Growth Portfolio	+ 7.16%	+193.35%
MSCI WMA Private Investor Balanced	+ 7.80%	+136.47%
ARC Balanced PCI	+ 3.46%	+142.46%
ARC Balanced ACI	+ 5.37%	+169.82%
MSCI United Kingdom TR	+19.10%	+228.48%

The favoured benchmarks are currently the ARC Balanced indices as these are comparable with the underlying asset allocation of the Hearing Dogs portfolio. Performance over the past seventeen years has exceeded the benchmarks and a satisfactory result was achieved in 2021/22, given the cautious growth investment strategy which has been followed for some time. Comparative figures are also shown for the MSCI WMA Private Investors Balanced and MSCI United Kingdom TR indices. The charity has reviewed its investment strategy for the coming year and will continue to monitor performance against the agreed benchmarks.

In addition, the charity has invested in more recent years in a more aggressive Growth Portfolio. The table below records the performance of this portfolio valued at £1.2 million (2021: £1.1 million), including cash awaiting investment, against four indices for last year and the six years since inception.

	Year 2021/22 (Total Return)	Seven Year Period (Total Return)
Growth Portfolio	+ 6.19%	+54.33%
MSCI WMA Private Investor Growth	+10.49%	+73.31%
ARC Steady Growth PCI	+ 4.64%	+46.48%
ARC Steady Growth ACI	+ 6.29%	+51.86%
MSCI United Kingdom TR	+19.10%	+49.01%

A satisfactory result was achieved in 2021/22 and the charity has reviewed its investment strategy for the coming year and will continue to monitor performance against the agreed benchmarks.

HEARING DOGS FOR DEAF PEOPLE STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

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

The charity is pleased to report a net surplus of £3,091,520 (2021: £4,191,170). Income exceeded expenditure by £2,508,213 (2021: £2,796,195) and investment gains amounted to £583,307 (2021: £1,394,975).

Total income increased by £1.4 million to £13.7 million (2021: £12.3 million). The major movements were; a decrease in donations of £1.2 million relating to the receipt of grants for specific projects in 2021, an increase in legacies of £2.3 million, a reduction in Coronavirus Job Retention grants of £0.4m and an increase in trading income of £0.5m. We remain very grateful to all our supporters who provide us with the financial 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 and hearing loss services for which it receives only a relatively small amount of government funding.

Expenditure for the year increased by £1.7 million to £11.2 million (2021: £9.5 million). Spending on staffing increased by £0.7 million and fundraising by £0.2m.

Total net assets increased by £3.1 million to £25.5 million (2021: £22.4 million) at the year end. Total fixed assets increased by £0.8 million to £17.0 million (2021: £16.2 million) principally due to investment gains and net current assets increased by £2.3 million to £8.5 million (2021: £6.2 million) most notably a £2.6 million increase in short term deposits generated by the operating surplus.

Designated funds decreased by £0.5million to £15.3 million (2021: £15.8 million) and the operational reserve and restricted funds amounted to £9.3 million (2021: £5.2 million) and £0.9 million (2021: £1.4 million) respectively.

Reserves policy

The charity operates to provide immediate benefit to hearing dog deaf partners 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 974 (2021: 1,012) 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 annually 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 2022 this reserve stood at £7.7 million (2021: £7.7 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 2022 were estimated at £5.9 million (2021: £6.1 million) over the next 10 years.

HEARING DOGS FOR DEAF PEOPLE STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

Designated Fund for Recovery from the Coronavirus Pandemic.

During 2021 the Trustees approved the creation of a £2.0 million Coronavirus Recovery Fund to provide for the consequences of the pandemic, some of which may not materialise for some time, as it takes two years or more to fully train a hearing dog. The charity's labour costs will increase to cover the cost of additional training of dogs or the scaling up of the breeding programme (which was forced to halt during the crisis) in order to meet the demand for the charity's services. The charity also sees opportunities to accelerate its development by investing in additional capital and revenue projects over the next 5 years in line with the charity's strategic plan. Project spending will be over and above amounts approved annually as part of the charity's budgeting procedures and will be approved in advance by the Trustees. As at 31 March 2022 £830,000 had been approved for spend and £ 295,425 actually spent.

Operational (Free) Reserve.

The policy of the Trustees is to hold an operational reserve equivalent to 6 months operating expenditure. At 31 March 2022 this reserve stood at £9.3 million (2021: £5.2 million) which represents 10.4 months running costs, based on the 2022/23 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 eighteen 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 a more 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's overriding policy remains to maximise returns whilst ensuring that as far as possible the funds invested are adequately safeguarded.

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 2021-26 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. 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 so as to expand the breadth and depth of the charity's services.

Approved by the board on 19 July 2022
and signed on their behalf by



C M P O'Donovan-Rossa (Chairman)

**HEARING DOGS FOR DEAF PEOPLE
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2022**

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 the Trustees of Hearing Dogs for Deaf People

Opinion

We have audited the financial statements of Hearing Dogs for Deaf People ('the charitable company') and its subsidiary ('the group') for the year ended 31 March 2022 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 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 2022 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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

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

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

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

Other information

The trustees are responsible for the other information contained within the annual report. 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.

Our responsibility is to read the other information and, in doing so, consider whether the other

Other information (continued)

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report 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 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 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept [or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

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 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

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

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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. This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we particularly considered in this context for the charitable company were Charity Commission regulations, General Data Protection Regulation (GDPR), cyber security, Equality Act and Animal Welfare Act, whilst also acknowledging that the charitable company works to comply with all other relevant legislation such as Employment law.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within completeness and timing of recognition of income from certain income streams and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, sample testing related income streams, reviewing accounting estimates for biases and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 and the charitable company's trustees 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: 5 August 2022

HEARING DOGS FOR DEAF PEOPLE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2022

	Note	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
Income from:					
Donations and legacies	4	10,252,757	2,136,071	12,388,828	11,021,906
Grants receivable	4	38,477	-	38,477	473,634
Charitable activities	4	69,561	-	69,561	51,601
Trading and fundraising	4	1,119,345	-	1,119,345	546,005
Investments	4	70,479	-	70,479	83,756
Other	4	49,904	-	49,904	105,474
Total income		<u>11,600,523</u>	<u>2,136,071</u>	<u>13,736,594</u>	<u>12,282,376</u>
Expenditure on:					
Raising funds	5	2,887,866	-	2,887,866	2,153,453
Charitable activities	5	5,977,829	2,362,686	8,340,515	7,332,728
Total expenditure		<u>8,865,695</u>	<u>2,362,686</u>	<u>11,228,381</u>	<u>9,486,181</u>
Net gains/(losses) on investments		583,307	-	583,307	1,394,975
Net income		3,318,135	(226,615)	3,091,520	4,191,170
Transfers between funds	17	289,677	(289,677)	-	-
Net movement in funds		3,607,812	(516,292)	3,091,520	4,191,170
Reconciliation of funds:					
Total funds brought forward		21,034,842	1,389,881	22,424,723	18,233,553
Total funds carried forward	17	24,642,654	873,589	25,516,243	22,424,723

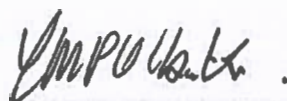
The notes on pages 21 to 37 form part of these financial statements

**HEARING DOGS FOR DEAF PEOPLE
BALANCE SHEET
31 MARCH 2022
COMPANY NUMBER: 01964878**

	Note	The Group		The Charity	
		2022 £	2021 £	2022 £	2021 £
Fixed assets:					
Tangible assets	9	7,731,285	7,502,323	7,731,285	7,502,323
Investments	10	9,295,040	<u>8,706,292</u>	9,295,040	<u>8,706,294</u>
Total fixed assets		<u>17,026,325</u>	<u>16,208,615</u>	<u>17,026,325</u>	<u>16,208,617</u>
Current assets:					
Stocks	11	38,155	35,564	-	-
Debtors	12	1,520,176	1,348,613	1,646,356	1,470,120
Short term deposits		8,298,852	5,690,195	8,298,852	5,688,077
Cash at bank and in hand		(83,799)	16,679	(90,783)	16,677
Total current assets		9,773,384	7,091,051	9,854,425	7,174,874
Liabilities:					
Creditors: Amounts falling due within one year	13	(1,283,466)	(874,943)	(1,287,928)	(858,228)
Net current assets		<u>8,489,918</u>	<u>6,216,108</u>	<u>8,566,497</u>	<u>6,316,646</u>
Total net assets	14	<u>25,516,243</u>	<u>22,424,723</u>	<u>25,592,822</u>	<u>22,525,263</u>
Funds:					
Restricted funds	17	873,589	1,389,881	873,589	1,389,881
Unrestricted funds:					
Designated funds	17	15,304,842	15,803,329	15,304,842	15,803,329
Operational reserve	17	9,337,812	5,231,513	9,414,391	5,332,053
Total funds	17	<u>25,516,243</u>	<u>22,424,723</u>	<u>25,592,822</u>	<u>22,525,263</u>

The surplus in the year relating to the parent charity was £3,067,559 (2021: surplus £4,207,625)

The financial statements were approved and authorised for issue by the board on 19 July 2022 and were signed on its behalf by



C M P O'Donovan-Rossa
Chairman

The notes on pages 21 to 37 form part of these financial statements

**HEARING DOGS FOR DEAF PEOPLE
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £	2022 £	2021 £
Cash flows from operating activities:				
Net cash provided by/(used in) operating activities	18a		3,036,065	2,742,640
Cash flows from investing activities:				
Dividends and interest from investments		70,479		83,756
Proceeds from the sale of tangible assets		1,155		14,859
Proceeds from the sale of tangible assets for resale		-		959,852
Purchase of tangible assets		(594,079)		(243,495)
Proceeds from the sale of investments		1,462,468		2,556,903
Purchase of investments		(1,355,197)		(2,535,125)
Net cash (used in)/provided by investing activities			(415,174)	836,750
Change in cash and cash equivalents in the reporting period	18c		2,620,891	3,579,390
Change in cash and cash equivalents at the beginning of the reporting period	18b		5,781,724	2,202,334
Cash and cash equivalents at the end of the reporting period	18b		8,402,615	5,781,724

The notes on pages 21 to 37 form part of these financial statements

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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 2022 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.

Grants receivable are accounted for under the performance model as permitted by the charity SORP. Coronavirus Job Retention Scheme grant income is therefore recognised so as to match the furlough period of each relevant employee. The grants from the local council were due to the business needing to be closed or restricted as a result of government guidance during the Covid-19 pandemic and have been recognised on a receivable basis in this accounting period.

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.

**HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. Accounting policies (continued)

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.

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

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.

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.

**HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. Accounting policies (continued)

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.

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.

**HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

3. Comparative statement of financial activities

	Unrestricted Funds £	Restricted Funds £	Total 2021 £
Income from:			
Donations and legacies	7,407,237	3,614,669	11,021,906
Grants receivable	473,634	-	473,634
Charitable Activities	51,601	-	51,601
Trading and fundraising	546,005	-	546,005
Investments	83,756	-	83,756
Other	105,474	-	105,474
Total income	<u>8,667,707</u>	<u>3,614,669</u>	<u>12,282,376</u>
Expenditure on:			
Raising funds	2,153,453	-	2,153,453
Charitable activities	4,594,971	2,737,757	7,332,728
Total expenditure	<u>6,748,424</u>	<u>2,737,757</u>	<u>9,486,181</u>
Net gains/(losses) on investments	<u>1,394,975</u>	<u>-</u>	<u>1,394,975</u>
Net income	3,314,258	876,912	4,191,170
Transfers between funds	<u>25,117</u>	<u>(25,117)</u>	<u>-</u>
Net movement in funds	3,339,375	851,795	4,191,170
Reconciliation of funds:			
Total funds brought forward	<u>17,695,467</u>	<u>538,086</u>	<u>18,233,553</u>
Total funds carried forward	<u>21,034,842</u>	<u>1,389,881</u>	<u>22,424,723</u>

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

4. Income

	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
Donations and legacies				
Donations	823,001	761,974	1,584,975	2,747,461
Income from branches	59,966		59,966	38,131
Sponsorship	-	1,374,097	1,374,097	1,189,636
Legacies	9,130,692		9,130,692	6,844,345
Gift Aid	239,098		239,098	202,333
	<u>10,252,757</u>	<u>2,136,071</u>	<u>12,388,828</u>	<u>11,021,906</u>
Grants receivable				
Coronavirus Job Retention Scheme	14,477	-	14,477	450,599
Local Authority Grants	24,000	-	24,000	23,035
	<u>38,477</u>	<u>-</u>	<u>38,477</u>	<u>473,634</u>
Charitable activities				
Sale of hearing equipment	19,857	-	19,857	26,601
Services to other charities	49,704	-	49,704	25,000
	<u>69,561</u>	<u>-</u>	<u>69,561</u>	<u>51,601</u>
Trading and fundraising				
Fundraising events	365,599	-	365,599	289,498
Trading subsidiary income	753,746	-	753,746	256,507
	<u>1,119,345</u>	<u>-</u>	<u>1,119,345</u>	<u>546,005</u>
Investment income				
UK listed securities	60,764	-	60,764	82,477
UK bank interest	9,715	-	9,715	1,279
	<u>70,479</u>	<u>-</u>	<u>70,479</u>	<u>83,756</u>
Other income				
Rent received	46,674	-	46,674	36,324
Profit on sale of tangible assets	1,155	-	1,155	63,235
Other income	2,075	-	2,075	5,915
	<u>49,904</u>	<u>-</u>	<u>49,904</u>	<u>105,474</u>
Total income	<u>11,600,523</u>	<u>2,136,071</u>	<u>13,736,594</u>	<u>12,282,376</u>

**HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

5. Expenditure

Expenditure on:	Direct Costs £	Staff Costs £	Depreciation £	Support Costs £	Total 2022 £	Total 2021 £
Raising funds:						
Donations and legacies	1,186,424	739,505	39,687	76,426	2,042,042	1,758,170
Fundraising trading	693,785	71,518	-	25,222	790,525	347,087
Investment management	55,299	-	-	-	55,299	48,196
	<u>1,935,508</u>	<u>811,023</u>	<u>39,687</u>	<u>101,648</u>	<u>2,887,866</u>	<u>2,153,453</u>
Charitable activities:						
Provision of hearing dogs	994,746	5,277,879	325,430	1,426,260	8,024,316	7,050,472
Supporting people affected by hearing loss	18,520	259,469	-	38,211	316,200	282,256
	<u>1,013,266</u>	<u>5,537,348</u>	<u>325,430</u>	<u>1,464,471</u>	<u>8,340,515</u>	<u>7,332,728</u>
Total expenditure 2022	<u>2,948,774</u>	<u>6,348,371</u>	<u>365,117</u>	<u>1,566,119</u>	<u>11,228,381</u>	<u>9,486,181</u>
Total expenditure 2021	<u>2,264,042</u>	<u>5,667,422</u>	<u>370,577</u>	<u>1,184,140</u>	<u>9,486,181</u>	

5a. Support costs

Support costs included in the above are analysed as follows:

	Facilities £	General Management £	Legal & Professional £	IT £	Total 2022 £	Total 2021 £
Raising funds:						
Donations and legacies	49,796	26,386	139	105	76,426	102,669
Fundraising trading	20,222	2,500	-	2,500	25,222	24,738
	<u>70,018</u>	<u>28,886</u>	<u>139</u>	<u>2,605</u>	<u>101,648</u>	<u>127,407</u>
Charitable activities:						
Provision of hearing dogs	455,897	359,126	285,250	325,987	1,426,260	1,032,902
Supporting people affected by hearing loss	11,021	12,396	14,250	544	38,211	23,831
	<u>466,918</u>	<u>371,522</u>	<u>299,500</u>	<u>326,531</u>	<u>1,464,471</u>	<u>1,056,733</u>
Total expenditure 2022	<u>536,936</u>	<u>400,408</u>	<u>299,639</u>	<u>329,136</u>	<u>1,566,119</u>	<u>1,184,140</u>
Total expenditure 2021	<u>555,400</u>	<u>253,406</u>	<u>175,712</u>	<u>199,622</u>	<u>1,184,140</u>	

Total governance costs included above are £77,174 (2021: £73,832).

Costs have been allocated across activities based on a combination of direct allocation and where appropriate apportionment based mainly on the average number of employees. The cost percentage allocated to each cost heading is as follows:

	2022 %	2021 %
Raising funds:		
Donations and legacies	18.2	18.5
Fundraising trading	7.0	3.7
Investment management	0.5	0.5
Charitable activities:		
Provision of hearing dogs	71.5	74.3
Supporting people affected by hearing loss	<u>2.8</u>	<u>3.0</u>

**HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
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6. Net income

This is stated after (charging)/(crediting):

	2022	2021
	£	£
(Profit)/Loss on sale of fixed assets	(1,155)	(3,383)
Depreciation	365,117	370,577
Auditors' remuneration		
- audit	20,320	19,345
-other services	3,450	7,563
Operating lease rentals		
- equipment	12,182	37,527
-property	2,832	3,072
	2,832	3,072

7. Staff costs and numbers

Staff costs were as follows:

	2022	2021
	£	£
Salaries and wages	5,578,849	5,002,352
Social security costs	549,280	471,637
Pension contributions	220,242	193,433
	6,348,371	5,667,422

There were no termination costs in the year (2021: £9,000).

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

	2022	2021
	Number	Number
£60,001 - £70,000	2	2
£70,001 - £80,000	1	-
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
£140,001 - £150,000	1	1
	1	1

Contributions to the charity's defined contribution pension scheme for the highest paid employee amounted to £11,084 (2021: £10,873).

The key management personnel of the charity are the trustees and the executive team led by the Chief Executive. One (2021: two) member(s) of the executive team earned salaries of less than £60,000 and are not included in the table above. Total employee benefits (gross salaries, employers NI and employers pension contributions) of all the key management personnel of the charity and the group were £578,708 (2021: £521,304).

The Trustees did not receive any remuneration during the year to 31 March 2022 (2021: £Nil). No Trustees received reimbursed travel and subsistence expenses in 2022 (2021: £Nil).

**HEARING DOGS FOR DEAF PEOPLE
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7. Staff costs and numbers (continued)

	2022		2021	
	Average	Number	Average	Number
		FTE		FTE
Hearing Dogs: supply, training, welfare and aftercare	151	139	147	131
Hearing Link: supporting people affected by hearing loss	6	5	7	6
Fundraising	21	20	20	19
Communications and marketing	8	6	9	7
Management and administration	14	14	13	13
Total	200	184	196	176

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 2022 amounted to £Nil (2021: £Nil).

8. Taxation

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

9. Tangible assets – Charity and Group

	Freehold property	Motor vehicles	Furniture and equipment	Total
	£	£	£	£
Cost				
At 1 April 2021	9,337,215	307,823	1,618,449	11,263,487
Additions	326,500	-	267,579	594,079
Disposals	-	(8,400)	-	(8,400)
At 31 March 2022	9,663,715	299,423	1,886,028	11,849,166
Depreciation				
At 1 April 2021	2,259,493	284,337	1,217,334	3,761,164
Charge for the year	190,147	8,168	166,802	365,117
Disposals	-	(8,400)	-	(8,400)
At 31 March 2022	2,449,640	284,105	1,384,136	4,117,881
Net book value				
At 31 March 2022	7,214,075	15,318	501,892	7,731,285
At 31 March 2021	7,077,722	23,486	401,115	7,502,323

**HEARING DOGS FOR DEAF PEOPLE
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9. Tangible assets (continued)

Freehold property comprises:

	Beatrice Wright Centre £	The Grange £	Total £
Net book value			
At 1 April 2021	2,107,093	4,970,629	7,077,722
Additions at cost	-	326,500	326,500
Disposals at net book value	-	-	-
Depreciation charge	<u>(56,578)</u>	<u>(133,569)</u>	<u>(190,147)</u>
Net book value at 31 March 2022	<u>2,050,515</u>	<u>5,163,560</u>	<u>7,214,075</u>

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

10. Fixed asset investments

	Group	
	2022 £	2021 £
Quoted investments		
Market value at 1 April 2021	8,631,442	7,258,245
Purchases	1,355,197	2,535,125
Sales	(1,462,468)	(2,556,903)
Net investment (losses)/gains	<u>583,307</u>	<u>1,394,975</u>
Market value at 31 March 2022	9,107,478	8,631,442
Cash awaiting investment	<u>187,562</u>	<u>74,850</u>
Total at 31 March 2022	<u>9,295,040</u>	<u>8,706,292</u>

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 2022 was £7,450,981 (2021: £7,325,362). Included in the operational reserve shown in the balance sheet (see page 19) is a revaluation reserve of £1,656,497 (2021: £1,306,080) 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 consolidated entity's income, expense, gains and losses in respect of financial instruments are as follows:

	2022 £	2021 £
Total dividend and interest income for basic financial assets	<u>70,479</u>	<u>83,756</u>
Total gains in respect of basic financial assets	<u>583,307</u>	<u>1,394,975</u>

HEARING DOGS FOR DEAF PEOPLE
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11. Stocks

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Goods for resale	<u>38,155</u>	<u>35,564</u>	<u>-</u>	<u>-</u>

12. Debtors

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	8,001	-	-	-
Loan to subsidiary	-	-	135,010	135,010
Other amounts due from subsidiary	-	-	-	13,949
Prepayments	500	50,761	-	50,261
Other debtors and accrued income	<u>1,511,675</u>	<u>1,297,852</u>	<u>1,511,346</u>	<u>1,270,900</u>
	<u>1,520,176</u>	<u>1,348,613</u>	<u>1,646,356</u>	<u>1,470,120</u>

Total debtors includes £135,010 (2021: £135,010) 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.

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	
	2022 £	2021 £	2022 £	2021 £
Trade creditors	281,723	321,763	279,439	312,196
Taxation and social security	267,926	130,410	267,926	130,410
Other creditors and accruals	<u>733,817</u>	<u>422,770</u>	<u>740,563</u>	<u>415,622</u>
	<u>1,283,466</u>	<u>874,943</u>	<u>1,287,928</u>	<u>858,228</u>

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

**HEARING DOGS FOR DEAF PEOPLE
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14. Analysis of group net assets between funds

	Restricted funds £	Unrestricted designated funds £	Unrestricted operational reserve £	Total funds £
2022				
Tangible fixed assets	-	7,731,285	-	7,731,285
Investments	-	7,573,557	1,721,483	9,295,040
Current assets	873,589	-	8,899,795	9,773,384
Current liabilities	-	-	(1,283,466)	(1,283,466)
Group funds at 31 March 2022	<u>873,589</u>	<u>15,304,842</u>	<u>9,337,812</u>	<u>25,516,243</u>
Add: Subsidiary net liabilities			76,579	76,579
Charity funds at 31 March 2022	<u>873,589</u>	<u>15,304,842</u>	<u>9,414,391</u>	<u>25,592,822</u>
	Restricted funds £	Unrestricted designated funds £	Unrestricted operational reserve £	Total funds £
2021				
Tangible fixed assets	-	7,502,323	-	7,502,323
Investments	-	8,057,065	649,227	8,706,292
Current assets	1,389,881	243,941	5,457,229	7,091,051
Current liabilities	-	-	(874,943)	(874,943)
Group funds at 31 March 2021	<u>1,389,881</u>	<u>15,803,329</u>	<u>5,231,513</u>	<u>22,424,723</u>
Add: Subsidiary net liabilities			100,540	100,540
Charity funds at 31 March 2021	<u>1,389,881</u>	<u>15,803,329</u>	<u>5,332,053</u>	<u>22,525,263</u>

15. Other financial commitments

At 31 March 2022 the ageing of total minimum lease payments was as follows:

	2022			2021		
	Property Leases £	Other £	Total £	Property Leases £	Other £	Total £
Operating leases due:						
Within one year	2,832	8,116	10,948	2,832	24,202	27,034
Between 2-5 years	-	2,772	2,772	-	3,748	3,748
Total	<u>2,832</u>	<u>10,888</u>	<u>13,720</u>	<u>2,832</u>	<u>27,950</u>	<u>30,782</u>

**HEARING DOGS FOR DEAF PEOPLE
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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.

	2022 £	2021 £
Trading and profit and loss account		
Turnover	753,746	256,507
Cost of sales	<u>(542,905)</u>	<u>(191,470)</u>
Gross profit	210,841	65,037
Grants receivable	24,000	23,035
Administrative expenses	<u>(207,827)</u>	<u>(101,609)</u>
Operating loss	27,014	(13,537)
Interest payable	<u>(3,053)</u>	<u>(2,918)</u>
Profit / (Loss) on ordinary activities	23,961	(16,455)
Retained losses brought forward	<u>(100,542)</u>	<u>(84,087)</u>
Retained losses carried forward	(76,581)	(100,542)
Balance sheet		
Total assets	72,128	65,134
Total liabilities	<u>(148,707)</u>	<u>(165,674)</u>
Net liabilities	<u>(76,579)</u>	<u>(100,540)</u>
Share capital	2	2
Retained losses	<u>(76,581)</u>	<u>(100,542)</u>
Capital and reserves	<u>(76,579)</u>	<u>(100,540)</u>

**HEARING DOGS FOR DEAF PEOPLE
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17. Movement in funds

	2021 £	Total Income £	Total Expenditure £	Investment Gains / Transfers £	2022 £
Restricted funds:					
<u>Hearing Dogs:</u>					
<u>By project / activity</u>					
Physical Facility	290,000				290,000
Hearing Dogs for Deaf Children	-	40,888	(40,888)		-
Breeding and Genetics Centre	19,983	92,834	(112,817)		-
Hearing Dogs Training	-	1,387,097	(1,387,097)		-
Puppy Socialising Areas	212,000	50,000	(237,000)		25,000
Assistance Dogs Access	45,000		(45,000)		-
Community Fundraising Officer	11,934	8,421	(20,355)		-
Dog Welfare	-				-
Upgrade: Training Flats and Fencing	175,280			(175,280)	-
Upgrade: The Grange Farmhouse	300,000				300,000
Upgrade: The Stables		101,897		(101,897)	-
Upgrade: Kennels		10,000			10,000
Lifetime Partnership Support	275,000		(125,000)		150,000
Training and / or name a dog		65,000	(25,000)		40,000
Pawvillian		12,500		(12,500)	-
Other projects less than £10,000	4,793	16,631	(13,000)		8,424
<u>By location</u>					
Buckinghamshire	-	12,700	(12,700)		-
Devon & Cornwall	-	28,500	(28,500)		-
Dundee	2,681	4,000	(6,681)		-
Greater Manchester	-	22,500	(22,500)		-
Hampshire	-	5,750	(5,750)		-
Jersey	10,918		(1,500)		9,418
Leicestershire	-	6,250	(6,250)		-
Merseyside	-	17,887	(17,887)		-
Nottinghamshire	-	8,500	(8,500)		-
Oxfordshire	-	6,000	(6,000)		-
Scotland	-	9,150	(9,150)		-
South East England	-	15,000	(15,000)		-
Wales	-	12,248	(12,248)		-
Yorkshire	-	33,941	(27,268)		6,673
Amounts £5,000 or less	2,127	50,500	(52,627)		-
Hearing Dogs Total	1,349,716	2,018,194	(2,238,718)	(289,677)	839,515
Hearing Link:					
<u>By project / activity</u>					
Hearing Aid Liaison Outreach	8,498				8,498
Hearing Link		89,274	(89,274)		-
Website Development	25,576				25,576
<u>By location</u>					
Northern Ireland	4,950	9,413	(14,363)		-
Scotland	1,141	19,190	(20,331)		-
Hearing Link Total	40,165	117,877	(123,968)	-	34,074
Total restricted	1,389,881	2,136,071	(2,362,686)	(289,677)	873,589

**HEARING DOGS FOR DEAF PEOPLE
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2022

	2021 £	Total Income £	Total Expenditure £	Investment Gains / Transfers £	2022 £
Unrestricted funds:					
Designated funds:					
Freehold - BWC	2,107,093	-	(56,578)	-	2,050,515
Freehold - The Grange	4,970,629	-	(133,569)	326,500	5,163,560
Other functional fixed assets	424,601	-	(174,970)	267,579	517,210
Sub-total fixed assets	<u>7,502,323</u>	-	<u>(365,117)</u>	594,079	<u>7,731,285</u>
Capital commitments	243,941	-	(243,941)	-	-
Total fixed assets	<u>7,746,264</u>	-	<u>(609,058)</u>	594,079	<u>7,731,285</u>
Partnership commitments	6,057,065	-	(677,189)	489,106	5,868,982
Coronavirus Recovery Fund	2,000,000	-	(295,425)	-	1,704,575
Total designated	<u>15,803,329</u>	-	<u>(1,581,672)</u>	1,083,185	<u>15,304,842</u>
Operational reserve	5,231,513	11,600,523	(7,284,023)	(210,201)	9,337,812
Total unrestricted	<u>21,034,842</u>	<u>11,600,523</u>	<u>(8,865,695)</u>	872,984	<u>24,642,654</u>
Total funds	<u>22,424,723</u>	<u>13,736,594</u>	<u>(11,228,381)</u>	583,307	<u>25,516,243</u>

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

The charity operates dog and puppy sponsorships schemes to sponsor the costs of partnerships between deaf people and hearing dogs. Typically amounts between £5,000 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 specific project/activity or geographical area 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.

Designated funds of £7,731,285 (2021: £7,502,323) 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. No contractual commitments existed at 31 March 2022 (2021: £243,941). An amount of £594,079 (2021: £409,975) was transferred from general funds to designated funds in respect of fixed assets during the year.

The Directors have also designated the following funds for specific use:

An amount to cover the Charity's future long-term commitments relating to its existing hearing dog partnerships. At 31 March 2022 this amount was calculated at £5,868,982 (2021: £6,057,065) representing the projected costs over a 10 year period. An amount of £489,106 (2021: £1,121,601) was transferred from general funds to designated funds in respect of future partnership liabilities during the year.

A Coronavirus Recovery Fund of £2,000,000 was created in 2020/21 to provide for the consequences of the pandemic, some of which may not be seen for some time. Expenditure will be over and above amounts approved annually as part of the charity's budgeting procedures and will be approved in advance by the Trustees to enable the charity to plan to meet the increased demand for its services in the coming years. To 31 March 2022 spend of £830,000 had been approved and £295,425 actually spent.

HEARING DOGS FOR DEAF PEOPLE
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2021

	2020 £	Total Income £	Total Expenditure £	Investment Gains / Transfers £	2021 £
Restricted funds:					
<u>Hearing Dogs:</u>					
<u>By project / activity</u>					
Physical Facility	275,000	15,000	-	-	290,000
Hearing Dogs for Deaf Children	-	101,118	(101,118)	-	-
Breeding and Genetics Centre	22,333	58,000	(58,000)	(2,350)	19,983
Hearing Dogs Training	-	1,742,867	(1,742,867)	-	-
Puppy Socialising Areas	170,897	424,000	(382,897)	-	212,000
Assistance Dogs Access	-	45,000	-	-	45,000
Community Fundraising Officer	-	11,934	-	-	11,934
Dog Welfare	-	30,165	(30,165)	-	-
Upgrade: Training Flats and Fencing	-	198,047	-	(22,767)	175,280
Upgrade: The Grange Farmhouse	-	300,000	-	-	300,000
Lifetime Partnership Support	-	400,000	(125,000)	-	275,000
Other projects less than £10,000	3,000	14,407	(12,614)	-	4,793
<u>By location</u>					
Jersey	12,291	-	(1,373)	-	10,918
Oxfordshire	14,724	7,500	(22,224)	-	-
Bedfordshire	-	13,500	(13,500)	-	-
Dundee	-	6,800	(4,119)	-	2,681
Glasgow	-	5,000	(5,000)	-	-
Greater Manchester	-	10,500	(10,500)	-	-
Hampshire	-	5,000	(5,000)	-	-
Kent	-	6,340	(6,340)	-	-
Leicestershire	-	6,100	(6,100)	-	-
Merseyside	-	11,500	(11,500)	-	-
Scotland	-	12,650	(12,650)	-	-
Yorkshire	-	7,220	(7,220)	-	-
Amounts less than £5,000	-	78,637	(76,510)	-	2,127
Hearing Dogs Total	498,245	3,511,285	(2,634,697)	(25,117)	1,349,716
Hearing Link:					
<u>By project / activity</u>					
Hearing Aid Liaison Outreach	3,658	14,350	(9,510)	-	8,498
Website Development	-	25,576	-	-	25,576
<u>By location</u>					
Northern Ireland	33,713	42,995	(71,758)	-	4,950
Scotland	2,470	20,463	(21,792)	-	1,141
Hearing Link Total	39,841	103,384	(103,060)	-	40,165
Total restricted	538,086	3,614,669	(2,737,757)	(25,117)	1,389,881

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2021

	2020 £	Total Income £	Total Expenditure £	Investment Gains / Transfers £	2021 £
Unrestricted funds:					
Designated funds:					
Freehold - BWC	2,163,671	-	(56,578)	-	2,107,093
Freehold - The Grange	5,087,905	-	(129,996)	12,720	4,970,629
Other functional fixed assets	389,305	-	(184,003)	219,299	424,601
Sub-total fixed assets	7,640,881	-	(370,577)	232,019	7,502,323
Capital commitments	65,985	-	-	177,956	243,941
Total fixed assets	7,706,866	-	(370,577)	409,975	7,746,264
Partnership commitments	5,973,697	-	(1,038,233)	1,121,601	6,057,065
Coronavirus Recovery Fund	-	-	-	2,000,000	2,000,000
Total designated	13,680,563	-	(1,408,810)	3,531,576	15,803,329
Operational reserve	4,014,904	8,667,707	(5,339,614)	(2,111,484)	5,231,513
Total unrestricted	17,695,467	8,667,707	(6,748,424)	1,420,092	21,034,842
Total funds	18,233,553	12,282,376	(9,486,181)	1,394,975	22,424,723

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

	2022 £	2021 £
Net income	3,091,520	4,191,170
Adjustments for:		
Depreciation charges	365,117	370,577
(Gains)/losses on investments	(583,307)	(1,394,975)
Dividends and interest from investments	(70,479)	(83,756)
(Profit)/loss on sale of tangible fixed assets	(1,155)	(3,383)
Profit on sale of tangible assets held for resale	-	(59,852)
(Increase)/decrease in stock	(2,591)	(5,763)
(Increase)/decrease in debtors	(171,563)	(426,018)
Increase in creditors	408,523	154,640
Net cash provided by/(used in) operating activities	3,036,065	2,742,640

18b. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash awaiting investment	187,562	74,850
Short term deposits	8,298,852	5,690,195
Cash at bank and in hand	(83,799)	16,679
	8,402,615	5,781,724

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18c. Movement in net funds

	At 1 April 2021	Cash flow	At 31 March 2022
	£	£	£
Short term deposits	5,690,195	2,608,657	8,298,852
Cash at bank and in hand	16,679	(100,478)	(83,799)
Cash held awaiting investment	<u>74,850</u>	<u>112,712</u>	<u>187,562</u>
Total net cash	<u>5,781,724</u>	<u>2,620,891</u>	<u>8,402,615</u>

19. Capital commitments

	2022 £	2021 £
Contracted capital commitments for the group and the charity	<u>£ -</u>	<u>£ 243,941</u>

There were no capital commitments at 31 March 2022. *Capital commitments at 31 March 2021 related to an upgrade to high speed broadband at BWC £21,819 and £222,122 for site improvements at The Grange, Saunderton HP27 9NS.*

20. Related parties

In the year to 31 March 2022 the following transactions took place between the charity and its wholly owned trading subsidiary:

- a. Management charges from the charity to the trading subsidiary £60,000 (2021: £14,000).
- b. Interest payable by the trading subsidiary to the charity £3,053 (2021: £2,918).

At 31 March 2022 the amount owed by the charity to its trading subsidiary amounted to £18,159 (2021: £13,949 owed by the trading subsidiary to the charity).

In addition, the charity has loaned the trading subsidiary £135,010 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.

£264 of donations from Trustees were received during the year.

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 as at 31 March 2022 was £5.0 million (2021: £5.2 million) and is not included in the accounts.