

The Guide Dogs for the Blind Association

Company details

Headquarters and Registered Office

Hillfields, Burghfield Common
Reading, Berkshire RG7 3YG

Company limited by guarantee registered in England and Wales

No. 291646

Charity registered in England and Wales

No. 209617

Charity registered in Scotland

SC038979

Patron

HRH Princess Alexandra
The Hon Lady Ogilvy GCVO

Auditors

Horwath Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Bankers

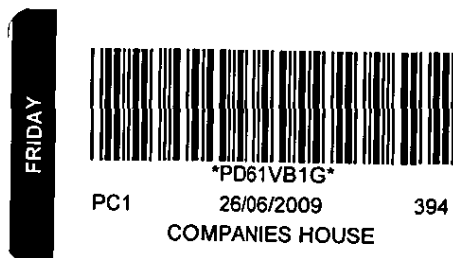
HSBC Bank plc
25 High Street
Windsor
Berkshire SL4 1LN

Solicitors

Nabarro LLP
84 Lacon House
Theobald's Road
London WC1X 8RW

Wilsons Solicitors LLP
Steynings House
Summerlock Approach
Salisbury
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Stone King Sewell LLP
16 St John's Lane
London EC1M 4BS



Taylor Wessing LLP
5 New Street Square
London EC4A 3TW

Investment Fund Managers

Newton Investment Management Ltd
160 Queen Victoria Street
London EC4V 4LA

Standard Life Investments Ltd
1 George Street
Edinburgh EH2 2LL

Members of Council

Tony Aston OBE, DL, Chairman ¹⁴⁵⁸
Neal King BVSc, Hon FRCVS, Deputy Chairman ²⁴⁵⁶⁷
Bruce Gordon ACA, Hon. Treasurer ²³⁴⁹
Roy Benjamin DipSW, MsocSc ¹²
Prof. John Hilbourne JP, BSc, DSc, FRSA, HFRCSLT ¹⁵⁶
Jill Hill BSc, MBA, CEng, FBCS ³ – elected 15 July 2008
Elizabeth Hubbick BA, DipL, CFCIPD ⁴⁹
Norma Johnston BA, MIPR
Rowena Lusty LLB, PGCE ²⁶⁷⁸
Ken McFarlane BA, FCA ³⁷⁹
Amos Miller BSc, MBA ¹ – elected 15 July 2008
Dr David Mitchell BSc, Phd, AMI, MechE ¹⁵ – elected 15 July 2008
Alan Park FRICS, MCIOB, MBA ³⁷
Miles Stanford MD, FRCOphth ⁵
Dr Michael Townsend BSc(Econ), MSc, PhD ¹²⁵

Chief Executive

Bridget Warr MBA, RSW, DASS, DSA

Key to Members of Council

- 1 Guide dog owner
- 2 Member of Audit Committee
- 3 Member of Investment Committee
- 4 Member of Remuneration Committee
- 5 Member of Research Committee
- 6 Member of Nominations Committee
- 7 Member of Property Committee
- 8 Member of National Client Representatives Committee
- 9 Member of the Pension Committee

Report of the Council for the year ended 31 December 2008

The Council of The Guide Dogs for the Blind Association has pleasure in presenting its Report and audited consolidated Financial Statements for the year ended 31 December 2008. The Council's Report and Financial Statements have been prepared in accordance with the provisions of the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities (revised 2005).

A more comprehensive summary of the services and achievements of the charity during 2008 is included in Guide Dogs' Annual Review.

1. Structure, governance and management

The Guide Dogs for the Blind Association operates under the abbreviated name of Guide Dogs. Guide Dogs is a charitable company limited by guarantee, established on 30 August 1934. It is governed by a Memorandum and Articles of Association, which were last amended on 17 July 2007.

Members of Council

The names of the Members of Council serving as at May 2009, who are Directors of the company and Trustees of the charity, are shown on the inside cover of this Report.

Members of Council are elected by the members of Guide Dogs at the Annual General Meeting or elected by the Council to fill a vacancy as it arises from time to time. Recruitment takes place through a sub committee of Council with clear terms of reference, and candidates are sought to provide Council with a full range of relevant skills relating to the business of the charity. Prior to appointment, prospective Members of Council receive an induction pack and briefing which is designed to provide them with an understanding of the roles and responsibilities they will be required to fulfil.

Three new Trustees were elected at the Annual General Meeting in 2008 – Jill Hill, Amos Miller and Dr David Mitchell. Neal King was re-elected. Richard Lane and Elaine Noad resigned on 15 July 2008. Following changes to the Articles of Association in 2007, Members of Council serve a three-year term of office before retiring and are eligible to stand for re-election for two further three-year terms of office. Exceptionally, a fourth and final term may be served if there is a specific need, defined by Council.

On appointment, all new Members of Council have personalised induction programmes. These are designed to cover the main operational framework of the charity, the current financial position and future plans and objectives. New Trustees are also encouraged to visit one of the four Guide Dog Training Schools and other teams, and to attend a staff and volunteer induction workshop.

Members of Council do not receive any remuneration for their services to the charity.

Their responsibilities

The Members of Council are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Members of Council to prepare Financial Statements for each financial year. Under that law the Members of Council have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Financial Statements are required by law to give a true and fair view of the state of the affairs of the charitable company, and of the surplus or deficit of the charitable company for that period. In preparing these Financial Statements, the Members of Council are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in operation.

The Members of Council are responsible for keeping proper accounting records that 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 1985. The Members of Council are also responsible for safeguarding the assets of the charitable company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Members of Council are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in England and Wales governing the preparation and dissemination of Financial Statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

The Members of Council at the time of approval of this Report have confirmed that:

- so far as the Members of Council are aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Members of Council have taken all the steps that ought to have been taken in order to be aware of any information needed by the charitable company's auditors in connection with preparing this Report, and to establish that the charitable company's auditors are aware of that information.

The Members of Council have overall responsibility for the activities of Guide Dogs, advised by the Chief Executive and the Corporate Team.

There are currently seven Committees within the Council:

- Audit;
- Investment;
- Remuneration;
- Research;
- Nominations;
- Property;
- National Client Representatives.

The Council sets clear terms of reference for the Committees and receives regular reports on their activities. The guide dog owners' National Client Representatives Committee provides a focus for user involvement and consultation within Guide Dogs. A Governance Task Force addresses governance issues of the charity. Trustees have further involvement through a system of some 12 portfolios addressing specific areas of Guide Dogs' activities.

Management

The Chief Executive and Corporate Team are responsible for the day-to-day management of Guide Dogs, acting under delegated authority given to them by the Council.

Members of the Corporate Team:

Bridget Warr, Chief Executive

Jennifer Cook, Director of Planning and Performance Improvement

Jane Coope, Director of Human Resources and Diversity (from 28 January 2008)

Jayne George, Director of Fundraising

Stephen Kirk, Director of Operations

Tom Pey, Director of External Affairs

John Whiterow, Director of Finance and Support Services (from 31 March 2008)

Other members of the Corporate Team during 2008 included: Sarah McKenna, Acting Director of Human Resources and Diversity and Lech Zwierzynski, Interim Director of Finance and Support Services.

Related parties

Guide Dogs owns the entire issued share capital of its five subsidiary undertakings:

- The Guide Dogs for the Blind Association (Trading Company) Limited is the charity's trading subsidiary.
- Guide Dogs UK Limited operates as a design and new build company for Guide Dogs.
- GDBA Community Care Services Limited, GDBA (Pension Fund Trustee) Limited and Guide Dogs Limited were dormant during 2008.

The financial performance of these subsidiaries is disclosed in Note 16 to the Financial Statements.

Associated relationships

Guide Dogs is one of the founder members of the International Guide Dog Federation, and its Chair is currently Guide Dogs' Chief Executive, Bridget Warr. The Federation sets global standards and promotes international good practice in the breeding and training of dogs, and the education of their owners, in existing and newly formed schools.

Guide Dogs works closely with other charities that focus on the needs of blind and partially-sighted people, especially the RNIB and Action for Blind People. It has formed a Memorandum of Understanding with the National Association of Local Societies for Visually Impaired People (NALSVI), which contains clauses on how the organisations will cooperate and work together to better support the needs of blind and partially-sighted people.

Guide Dogs also has close relationships on a contract basis with local authorities and local voluntary organisations and with other assistance dog organisations, including chairing the umbrella organisation Assistance Dogs UK.

Risk management and internal control

Council reviews the major risks the charity faces as part of the annual business planning process, and has established effective and efficient systems to manage these. It is satisfied that the arrangements for managing these risks, combined with the annual review of internal financial controls and the reserves policy, will ensure that sufficient resources are available to maintain services for the foreseeable future. The terms of reference for the Audit Committee were reviewed and rewritten in 2007, giving more focus and emphasis to risk management.

Performance against the objectives set out in the annual business plan and management of major risks is monitored regularly by Council. Council also ensures that systems for internal financial control are in place. These systems are reviewed as part of a three-year rolling internal audit programme. The systems are designed to safeguard the charity's assets, ensure that proper accounting records are maintained and provide reliable financial information.

Key elements of Guide Dogs' control systems include the following:

- Council meets at least five times a year. A number of matters (including management remuneration and the approval of bank mandates) are specifically reserved for their approval.
- There is a clear organisational structure with appropriate levels of accountability and reporting lines.
- Council approves the delegation of financial authority, through the Chief Executive, to the rest of the charity, with specific limits imposed at each level.
- The annual budget and any financial commitment in excess of £400,000 require approval by the full Council.
- A revised risk management framework was developed based on the risk management standard, and was implemented throughout Guide Dogs during 2007. This is used to identify and review new and current major business risks and prioritise them in terms of impact and probability of occurrence, and then identify and implement efficient controls to manage them.

Throughout 2008 the organisation continued to monitor on average eight high-level risks. These included financial risks relating to voluntary income generation, potential loss of legacy income and an increased pension deficit. Other risks included working with young people and vulnerable adults and a failure to recruit and maintain qualified and skilled staff. In Operations, risks related to poor animal health and an inadequate supply of dogs.

Guide Dogs will continue to build on the risk management framework and embed it into the culture of the charity.

2. Objectives and activities

The Objects for which Guide Dogs is established, as set out in the Memorandum of Association, are to promote the health, equality and independence of blind and partially-sighted people by:

- providing guide dogs for blind and partially-sighted people;
- training and educating blind and partially-sighted people in the use of such guide dogs;
- the relief, prevention and cure of vision impairment; and
- providing such services, facilities and activities for the benefit of blind and partially-sighted people as the Association shall from time to time deem fit.

Strategic aims

Guide Dogs has five strategic aims which will ensure the delivery and achievement of the vision and mission:

- Improving and expanding the guide dog service.
- Extending services to children and young people, to more people from black and minority ethnic communities and to more people with disabilities additional to their visual impairment.
- Defining and campaigning for better rehabilitation services for all blind and partially-sighted people.
- Campaigning for equal access for guide dog owners and other blind and partially-sighted people.
- Helping to reduce or slow down the onset of blindness, and promoting eye care.

Primary activities

The guide dog service: at the heart of the charity is giving independent mobility to blind and partially-sighted people through the provision of a guide dog.

The breeding of most guide dogs is carried out at the Tollgate breeding and puppy aptitude centre in Warwickshire. Initial guide dog training takes place at one of the four Guide Dog Training Schools in Forfar, Bolton, Leamington and Redbridge.

The mobility and partnership training is delivered through a network of 28 district teams located across the United Kingdom.

Vision Support Services (VSS): a range of rehabilitation services is provided to help blind and partially-sighted people of all ages. This includes long cane mobility training and communication and daily living skills training. Central to the VSS strategy is the provision of services on a contract basis to local authorities and local voluntary organisations on a cost recovery basis.

Policy development, advocacy and campaigns: Guide Dogs lobbies, campaigns and influences policies and legislation on issues that affect guide dog owners and other blind and partially-sighted people. These include access to services, independent travel, shared surface streets, street obstacles, provision of rehabilitation services and raising awareness of eye care issues. Campaigning is based on surveys of the views and aspirations of blind and partially-sighted people.

Fundraising and marketing: in addition to receiving substantial funds through legacies, Guide Dogs generates income for the delivery of its services through a range of fundraising initiatives. These include direct marketing, individual giving, community and branch activity, events, corporate relationships and legacy marketing, trusts and in memoriam gifts.

Research activities

Guide Dogs provides grants for research and supports activities in the following areas:

- Ophthalmic research – i) to maintain and enhance residual vision, ii) epidemiology to inform the development of organisational strategy and policy.
- Canine research – to inform, preserve and enhance performance in Guide Dogs' dogs, that improves and maintains the effectiveness of those dogs in their lifecycle.
- Service development and technology – to fund advances in technology, services and environments that advance mobility for blind and partially-sighted people.

Grant themes are identified by a broad-based internal group, and applications for grant funding within these themes are subject to internal and external scientific and ethical review. Following this process, the research groups agree project funding but with final approval reserved for the Research Committee.

3. Achievements and performance

The guide dog service

At the end of 2008 there were 4,500 guide dog owners in the UK (4,466 at end of 2007). During the year, 759 people were trained and qualified with a guide dog (690 in 2007). This marked improvement was a direct result of a planned increase in the number of qualified staff.

We were also able to carry out over 11,300 home visits to clients during 2008, which contribute to the effective maintenance of a happy partnership.

Guide Dogs' success rate for dogs completing training in 2008 was 74 per cent (67 per cent in 2007). We continue to invest in the training of new technical staff in line with our plan to reduce waiting times and increase productivity. Additionally, investment in the capacity and quality of our breeding programme is helping to drive up the success rates. Reliance on stock bred outside of the guide dogs programme has been reduced to minimal numbers.

Nationally, enquiries for the guide dog service have risen from 780 in 2007 to 850 in 2008.

The post-training client satisfaction survey continues to show satisfaction levels in excess of 95 per cent.

In 2008, the building programme for the new Guide Dog Training School at Atherton, near Bolton, commenced, with a target date for completion of May 2009.

Our continuing work with black and minority ethnic representative groups is enabling our services to gain more acceptance within their communities, and we hope to transform this acceptance into a number of applicants becoming ready for guide dog ownership.

Vision Support Services

2008 saw the contracting opportunities for our Vision Support Services (VSS) come under considerable strain as the economy began its downturn. Our competitiveness in the market is being tested significantly and a number of authorities have now taken services back 'in house'.

The total number of clients trained by VSS in 2008 was 1,600 (1,225 adults and 375 children and young people). Two of our contracts to provide services two days per week have been reduced to one day per week, leading to an overall reduction in numbers from 2007. The percentage of rehabilitation clients from black and minority ethnic groups remains constant, at just over two per cent of adults and just over 17 per cent of children and young people. In relation to finances, we continue to recover our direct costs on all contracts. The end of year financial position showed a deficit of £103,000.

Policy development, advocacy and campaigns

Guide Dogs has established that shared surface street designs as currently conceived are dangerous for blind and partially-sighted people, and other vulnerable members of the community, because there is no kerb separating pedestrians and vehicles. 2008 saw the roll out of our 'Say NO to shared streets' campaign, targeted initially at those who plan our streets, and it has succeeded in stopping some authorities from introducing shared surface street schemes. Most notable among these were schemes in Belfast and Londonderry where, working in partnership with the Inclusive Mobility and Transport Advisory Committee (IMTAC) and Regional Access Committee, Guide Dogs successfully campaigned to reverse shared surface proposals in favour of streetscapes with traditional kerbs. However, although we have seen some successes to date, a lot of work still has to be done to make our town centres accessible to blind and partially-sighted people.

Access to international travel continues to become easier: nine airports are already operating the Pet Travel Scheme (at least for guide and other assistance dogs) and we are working with a further eight to ensure that they comply by the end of 2009. We are also continuing to put pressure on the Department for Transport and the government's appointed regulators to ensure that the UK industry complies in full with the EC regulation on rights for air passengers with disabilities.

Our recently published research into the needs of blind and partially-sighted people in the UK has highlighted both the inadequacy and paucity of rehabilitation and support services to this most vulnerable group. Working with other organisations, Guide Dogs is determined to do what it can to improve these, ensuring that the mobility of blind and partially-sighted people becomes a priority, and that our younger generation can make the most of the same opportunities in life that are open to everyone else.

Fundraising and legacies

Guide Dogs' total voluntary income was £58.1 million in 2008. Legacy income decreased from £39 million in 2007 to £36 million in 2008. A total of 1,376 legacies were left to Guide Dogs in 2008, with more than half of these being of less than £5,000 each. Fundraised gross income reached £22 million in 2008, an increase of 5.2 per cent on 2007. This was due in the main to an increase in donor giving and investment in the Sponsor a Puppy programme.

During 2008 the Fundraising department also made a significant investment in donor segmentation and analysis to inform future investment decisions.

Ophthalmic research

Guide Dogs continues to fund its programme of ophthalmic research, the key objectives of which are:

- to fund projects that may lead to better diagnosis or treatment to aid the preservation of sight and prevent further visual loss in people who are blind or partially-sighted; and
- to encourage developments in ophthalmology (including optometry) that may lead to a clinical application within five years.

We are currently supporting 18 ophthalmic research projects which range from investigating retinal abnormalities, and disease-specific conditions such as glaucoma and diabetic eye disease, to non-clinical projects including the electronic monitoring of more unusual causes of visual impairment across the UK.

Canine research

Guide Dogs funds and supports an in-house programme of canine research that will enhance the understanding of guide dog health and behaviour, and impact in a positive way on the future quality of our dogs. This research plays a key role in reducing the number of unsuitable dogs produced and identifying these at an early stage. The research programme is implemented in partnership with veterinary, scientific and commercial colleagues.

Service development and technology

These research projects aim to support and evaluate technological devices that will assist the mobility of blind and partially-sighted people. In addition to technological developments, Guide Dogs researches areas that will aid our campaigning, such as shared surface street design concepts, attacks on guide dogs and training for sighted guides.

Employees

The average number of full time equivalent staff employed during 2008 was 998 (2007: 920). There has been planned growth in the Operations Directorate, technical training team and, to a lesser extent, in other areas. A rolling programme reviewing employment policies ensures that we remain compliant with legislation and that our policies are fit for purpose.

Through our Diversity Policy, we continue to encourage the recruitment, retention and career development of blind and partially-sighted people, as well as people from under-represented groups from as wide a range as possible of ethnic, cultural, religious and social backgrounds, and people with disabilities.

A project has reviewed the way in which we train and accredit learning for our technical staff. A more flexible, modular approach to our technical training pathways has been designed and piloted with very positive results. A phased rollout of revised and new modules is underway, supported by a fully accessible and cost effective on-line training programme.

Safeguarding children and vulnerable adults is important to the organisation. Relevant policies and procedures are in place and all staff have been trained on the importance of safe working practices.

Volunteers

The continued success of Guide Dogs owes much to the support the charity receives from an estimated 10,000 volunteers, who are involved in all aspects of our work. A major project has been underway during 2008 to complete a fundamental review of the way Guide Dogs engages, manages and utilises its volunteer resource. A plan of action to ensure volunteering is mutually beneficial and expanded to support the growth plans of Guide Dogs will be rolled out in 2009.

4. Plans for the future

2009 is the final year of our five year strategy 'Moving Forward Together'. This is an important year for Guide Dogs as we will be developing and communicating our next strategy for the period 2010 to 2020. To do this we will need to engage and consult with our stakeholders and service users, as we rely on their experiences to learn, develop and improve in all we deliver. The new strategy will build on the successes of 'Moving Forward Together' to ensure we meet the needs of all blind and partially-sighted people.

In parallel with developing our strategy we have identified four priorities that we will focus on in 2009 to achieve all the aims and objectives of 'Moving Forward Together'. The main focus continues to be 'Improving and developing capacity within the guide dog service', followed closely by three more priorities, as detailed below.

Improving and developing capacity within the guide dog service for future expansion

Our target for 2009 is 760 new partnerships, with a view to reaching new 950 partnerships by 2015.

We have employed professional project managers to progress key strategic projects related to reaching more diverse audiences with our services. As a result, we have a clear plan for delivery of the guide dog service in 2009 in the following areas:

- Children and young people – guide dog services and rehabilitation services;
- Services to black and minority ethnic clients;
- Services to clients with additional disabilities;
- Seeking new clients – our ability to engage with potential clients and motivate them to apply for a guide dog.

With regard to 2009 and beyond, we believe we are heading into challenging times; however, we are still committing to expand the services we provide to children and young people.

Within our canine research programme we will continue to investigate: general canine reproductive issues, to improve the efficiency of the breeding programme; assessing the characters of dogs from early on in training; issues around the daily routines of our dogs; puppy nutrition; and preventing overfeeding in working guide dogs.

Campaigning for equal access for all blind and partially-sighted people and for improved rehabilitation services

The threat of shared surface streets looms large as approximately 130 schemes are being planned across the UK. Our campaign to stop the development of shared surface streets will continue throughout 2009 and beyond, if required.

The lack of accessible information still remains the most significant barrier to blind and partially-sighted people using public transport. On the back of our successful campaign to introduce audio visual announcements on buses in London, we plan to take our campaign UK-wide in 2009.

We are delighted that a large number of guide dog owners are using their hard-earned right to take guide dogs into the cabins of aircraft and travel internationally both on holiday and business. In Europe the rights of access for guide dog owners are inconsistent, and we are campaigning for equality of access for all guide dogs and their owners throughout the EU. Our starting point is to establish a common definition of a guide dog, and we are campaigning through the European Guide Dog Federation to achieve this.

During 2008 we published the Rehabilitation Project Group's report into the future of service provision for people who lose their sight. As a result of this report we have set up a number of training courses with universities, ensuring a continuity of supply of appropriately trained rehabilitation professionals. These courses should commence in 2010. In addition, we are speaking to devolved governments to improve access for blind and partially-sighted people to these services and, although progress has been made, there is much still to do to eliminate the 'postcode lottery' that exists.

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Valuing our volunteers

Guide Dogs values the contribution that all its volunteers make to the success of the organisation. In 2009 we will roll out the actions developed from our 2008 Volunteer Project, to ensure that we have effective systems, structures, and other resources in place to meet all our volunteers' needs. This will make sure that volunteers are fully supported, and that Guide Dogs has skilled, motivated and fully engaged volunteers to meet the needs of our clients both now and moving forward in support of our new strategy.

Ensuring Guide Dogs is 'fit for purpose' to deliver the strategy

Specific objectives have been set in the following areas that will ensure Guide Dogs can deliver its first three priorities:

- The new Guide Dog Training School at Atherton will open in May 2009.
- Detailed planning and development work will continue around a replacement unit for the breeding, whelping and puppy aptitude and research facilities at Tollgate. This is a highly specialised building proposal and it is hoped that final design, planning and funding decisions will be completed by summer 2009.
- A Reward Review is underway to reshape the way we reward and recognise staff across the organisation. A new pay and grading structure based on a more open process of job evaluation with salary progression linked to skills acquisition, along with a more flexible benefits offering for staff, will provide a firm foundation to ensure our staff are equipped to deliver the new strategy.
- We are in the first year of a two-year programme to update and integrate information technology within Guide Dogs. In 2009 two new systems will go live – a 'Dog and Client' system that will streamline processes and a new Customer Relationship Management system. Work will also commence to deliver new HR, Finance and Procurement and Portal systems in 2010.
- In the current economic climate our 'Working Smarter' Project – a high-level review of Guide Dogs' current processes to ensure that all that we do is efficient and effective – is becoming increasingly important, and is gaining momentum.

5. Financial review 2008

Overview

2008 has been a turbulent year for the economy in the UK, with many organisations and charities being affected. Given this backdrop, Guide Dogs' operating performance has been good. Our planned investment in fundraising activity has led to an increase in voluntary fundraised income of over 5 per cent and, whilst costs have increased, we have significantly improved the number of guide dog partnerships that we produced in 2008 compared to 2007.

The fall in the UK equity market directly impacted the value of our investment portfolio, although our losses were considerably better than the market and the average charity portfolio losses. In 2008, the unrealised and realised losses were £10.3 million.

These investment losses with the funding required for our pension scheme actuarial loss of £8.68 million have led to a reduction in our reserves of just over £20 million.

Income

Total income was £68.6 million. Voluntary income was down by £1.9 million, although if legacies are excluded fundraised voluntary income was up £1.1 million, reflecting the additional investment of resources in this area. Legacy income was down by £3 million compared to the previous year, although 2007 had been an exceptional year for legacy income with a number of large legacies.

Expenditure

Total resources expended in 2008 increased to £70.2 million. Fundraising costs have increased compared to 2007, reflecting the planned increase in fundraising activity (for example, in donor retention and donor acquisition). The 2008 costs reflect the expanded apprentice Guide Dog Mobility Instructor programme and the opening of the new Guide Dog Training School, Forfar, plus the inflationary impact on a number of cost areas including fuel and vet expenses.

Tangible fixed assets

The changes in tangible fixed assets during the year are summarised in Note 8 to the Financial Statements. Guide Dogs continues to invest in new Guide Dog Training Schools, and the Atherton build at Gibfield Park (near Bolton) has progressed well over 2008, with practical completion expected in May 2009.

The impact of the economic downturn has impeded our ability to dispose of surplus properties such as the old sites at Forfar and Wokingham. This has resulted in unbudgeted security costs being incurred until such time as more favourable market conditions for disposal exist. The only property to be disposed of in 2008 was a district team office in Edinburgh.

Designated funds

Guide Dogs maintains three designated funds:

The **Fixed Assets Fund** has increased from £27.0 million to £31.3 million during the year and comprises property and other assets held to fulfil the objects of the charity.

The **Research Fund** provides funding for:

- I. Advances in technology, services and environments that promote mobility for blind and partially-sighted people;
- II. Canine research to continue the improvement in the health and quality of dogs; and

- III. Ophthalmic research into the prevention and cure of conditions that affect people's sight. This comprises work to maintain and enhance residual vision, and epidemiology to inform the development of organisational strategy and policy.

The year-end balance on this fund was £2.7 million (£3.4 million at the end of 2007). Accounting rules require the full cost of a multi-year grant to be added to the fund in the year of commitment.

The **Capital Reserve** was established in 2008 to set aside funds for major works to improve the infrastructure of the organisation. It includes the completion of projects such as the new Guide Dog Training School at Atherton, much needed IT systems to deliver efficiencies in the way we deal with donors (the Customer Relationship Management system), and guide dog owners and the management and training of our guide dogs (the Dog and Client system). The total designation at the end of 2008 was £8.4 million (2007: Nil).

Restricted funds

These are funds that have been donated to Guide Dogs which are subject to specific conditions.

Permanent endowment funds

These are funds that have been donated with the condition that the capital must remain in perpetuity. Income from the investment of these funds may be used for unrestricted purposes.

Reserves

Total funds at the end of 2008 stood at £133.7 million (£154.3 million at the end of 2007). Net free reserves at the end of 2008 amounted to £90 million (£122.4 million at the end of 2007).

When someone becomes a guide dog owner, we make a long term commitment to provide them with a guide dog for life. The average working life of a guide dog is six and a half years, so a client may require up to eight dogs during their lifetime. Each guide dog partnership involves around 20 months of training. The highly specialised nature of our work also means that we have to train our own staff, a long process which has to be planned well in advance. (To recruit and train a Guide Dog Mobility Instructor, for example, takes over three years.) The maintenance expenditure on buildings and supporting infrastructure is fixed in the medium term and, together with our training requirements, results in the necessity for a long term cost planning horizon. Furthermore, the charity's income is derived primarily from voluntary giving, particularly legacies, which may fluctuate significantly.

In order to mitigate the risk to the provision of this long term commitment to each guide dog owner, the Council has concluded that the free reserves should be maintained at a level of the equivalent of at least two years' running costs of the core guide dog service. This target continues to be achieved.

Investment policy

Guide Dogs has undertaken a major capital asset replacement programme which will continue over several (four to six) years, and it aims to break even on its routine operations over the period. The current investment policy is to ensure that, at the end of that period, investments will be at the same level (after drawdowns and adjusted for inflation) as at the beginning of the period. In order to achieve this outcome at appropriately low risk and low volatility in reserves, a target of LIBOR + 4 per cent over three-year rolling periods has been established for the fund managers. In addition, the mandate seeks to avoid downside risks by avoiding underperforming returns in any 12 month period. Trustees consider this to be a prudent policy which challenges managers to produce excellent results.

Investment managers were selected for contrasting styles in order to further minimise risk, and the investments are currently separately managed on an 'unconstrained' investment basis by Standard Life Investments and Newton Investment Management Limited in the ratio 2:1, under the control of Guide Dogs' Investment Committee. The investment policy also includes the use of derivatives which are held as traded products. Currency forwards are used to reduce risk by removing unwanted foreign currency exposure from the fund. Equity futures are used to gain exposure to an equity market without investing in physical assets or to reduce exposure to an equity market where an underlying investment in that market is held. Gilt/bond futures are used to gain exposure to movements in underlying interest rates without having to invest in fixed income funds. Equity options are used to reduce risk and provide exposure to market volatility. Interest rate swaps are used to gain exposure to movements in underlying interest rates without having to invest in fixed income funds. Inflation swaps are used to provide exposure to the outcome of a typical inflation index compared to current predictions. Swaptions provide positive exposure to interest rate movements beyond a certain level.

Guide Dogs has revised its accounting policy for calculating investments gains and losses, adopting a practical accounting policy of viewing investments passed over to investment managers to manage as being more like investments in a unitised fund. This simplifies the calculations as realised gains or losses only crystallise when funds are withdrawn. There is no net effect on the Statement of Financial Activities.

During 2008 the market value of investments has decreased from £144.7 million to £126.8 million (12.4 per cent) with £11 million net drawdowns and after investment management fees of £701,000. Investment income of £4.0 million was generated and there have been capital losses totalling a net £10.3 million. Against the benchmark target return (LIBOR + 4 per cent) of 9.6 per cent for the year, Standard Life Investments achieved negative 8.1 per cent and Newton Investments positive 5.5 per cent – giving an overall total negative return of 4.3 per cent. This was 15.8 per cent above the WM Charity Fund Average return of negative 20.1 per cent.

The Guide Dogs pension scheme

The latest formal actuarial assessment was at 31 December 2006. A separate valuation for FRS 17 purposes valued the deficit in the pension scheme at 31 December 2008 at £27.7 million (2007: £21.9 million). (See Note 17 to the Financial Statements.)

Guide Dogs has agreed to contribute additional annual amounts of £3.42 million over the next seven years to fund this deficit.

In line with FRS 17 requirements, Guide Dogs' pension obligations are shown as part of the balance sheet.

This report was approved by the Members of Council on 19th May 2009 and signed on its behalf by:



Chairman: Tony Aston
Date: 19th May 2009

Independent Auditors' Report

to the members of The Guide Dogs for the Blind Association

We have audited the group and parent charitable company financial statements ('the Financial Statements') of The Guide Dogs for the Blind Association for the year ended 31 December 2008, which comprise the Consolidated Statement of Financial Activities, the Charity and Group Balance Sheets, the Consolidated Cashflow Statement and the related Notes. These Financial Statements have been prepared in accordance with the accounting policies set out therein.

Respective responsibilities of Council Members and auditors

The responsibilities of the Members of Council (who are also the charitable company Trustees for the purposes of charity law) for preparing the Report of the Council and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Council Members' Responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the Report of the Council is consistent with the Financial Statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Council Members' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Report of the Council, and consider whether it is consistent with the audited Financial Statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

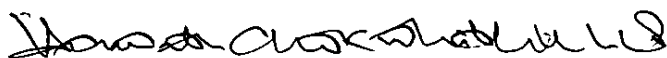
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Members of Council in the preparation of the Financial Statements and of whether the accounting policies are appropriate to the group's and charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion:

- The Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the group and the parent charitable company as at 31 December 2008 and of the group's incoming resources and application of resources, including the group's income and expenditure for the year then ended;
- The Financial Statements have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the Report of the Council is consistent with the Financial Statements.



Horwath Clark Whitehill LLP

Chartered Accountants
Registered Auditors

St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Date: 19 May 2009

The Guide Dogs for the Blind Association
Consolidated Statement of Financial Activities for the year ended 31
December 2008
(Incorporating an Income and Expenditure Account)

	General funds £000	Designated funds £000	Restricted funds £000	Endowment funds £000	Total 2008 £000	Total 2007 £000
Incoming resources from generated funds						
Voluntary income (1)	50,438	-	7,709	-	58,147	60,044
Activities for generating funds	1,355	-	-	-	1,355	1,845
Investment income (2)	4,162	-	-	-	4,162	4,026
Incoming resources from charitable activities (1)	1,093	-	-	-	1,093	1,067
Other incoming resources (1)	3,818	-	-	-	3,818	3,171
Total incoming resources	60,866	-	7,709	-	68,575	70,153
Resources expended						
Costs of generating funds (3)	16,173	-	-	-	16,173	12,849
Net incoming resources available for charitable application	44,693	-	7,709	-	52,402	57,304
Charitable activities by objective						
Costs of activities in furtherance of the charity's objects						
Provision of guide dogs	36,127	-	8,030	-	44,157	41,011
Provision of visual impairment support services	1,151	-	-	-	1,151	1,239
Training of visual impairment support workers	94	-	-	-	94	270
Research (6)	-	681	-	-	681	75
Advocacy	6,239	-	-	-	6,239	5,500
Total charitable expenditure	43,611	681	8,030	-	52,322	48,095
Governance costs	1,690	-	-	-	1,690	1,258
Total resources expended (4)	61,474	681	8,030	-	70,185	62,202
Net incoming resources before transfers	(608)	(681)	(321)	-	(1,610)	7,951
Gross transfers between funds (13)	(12,733)	12,733	-	-	-	-
Net incoming resources before other recognised losses/gains	(13,341)	12,052	(321)	-	(1,610)	7,951
Net realised (losses)/gains on investments	(1,278)	-	-	-	(1,278)	40
Net income for the financial year	(14,619)	12,052	(321)	-	(2,888)	7,991
Actuarial (losses)/gains on defined benefit pension scheme (17)	(8,688)	-	-	-	(8,688)	32,395
Net unrealised (losses)/gains on investments	(9,008)	-	-	-	(9,008)	5,311
Net (decrease)/increase in funds	(32,315)	12,052	(321)	-	(20,584)	45,697
Fund balances b/fwd at 1 January	122,389	30,391	1,271	166	154,217	108,520
Fund balances c/fwd at 31 Dec	90,074	42,443	950	166	133,633	154,217

The net income for the financial year under the historical cost accounting convention is £(4,209,000) (2007 net income of £6,684,000) (Note 8).

The accounting policies on pages 22 to 24 and the notes on pages 25 to 36 form part of these Financial Statements.

The Guide Dogs for the Blind Association
Consolidated and Company Balance Sheet at 31 December 2008

	Group 2008	Charity 2008	Group 2007	Charity 2007
	£000	£000	£000	£000
Fixed assets				
Tangible assets (8)	31,336	31,394	26,978	27,174
Investments (9)	126,771	127,271	144,737	145,237
	158,107	158,665	171,715	172,411
Current assets				
Stocks (10)	167	74	251	146
Debtors (11)	8,851	8,440	6,253	6,340
Cash at bank and in hand	4,625	3,682	5,553	4,543
	13,643	12,196	12,057	11,029
Creditors: amount falling due within one year				
Bank overdrafts	903	903	35	35
Due to subsidiary companies	-	86	-	-
Trade creditors	3,761	3,585	2,428	2,167
Other creditors	581	518	350	350
Tax and social security	714	714	601	601
Accruals and deferred income	3,038	2,248	2,653	2,524
	8,997	8,054	6,067	5,677
Net current assets	4,646	4,142	5,990	5,352
Total assets less current liabilities	162,753	162,807	177,705	177,763
Long term liabilities (12)	1,458	1,458	1,594	1,594
Net assets excluding pension scheme	161,295	161,349	176,111	176,169
Pension fund deficit (17)	27,662	27,662	21,894	21,894
Net assets	133,633	133,687	154,217	154,275
Funds				
General funds – guide dog services	141,331	141,331	143,408	143,269
Less revaluation reserve	(23,595)	(23,599)	875	875
Less pension reserve deficit	(27,662)	(27,662)	(21,894)	(21,894)
Net free reserves	90,074	90,070	122,389	122,250
Designated funds:				
Fixed assets	31,336	31,394	26,978	27,174
Capital reserve	8,375	8,375	-	-
Research	2,732	2,732	3,413	3,414
	42,443	42,501	30,391	30,588
Total unrestricted funds	132,517	132,571	152,780	152,838
Restricted funds	950	950	1,271	1,271
Endowment funds	166	166	166	166
Total funds (13)	133,633	133,687	154,217	154,275

Approved by the Council and signed on its behalf by
Chairman Tony Aston
Deputy Chairman Neal King

The accounting policies on pages 22 to 24 and the notes on pages 25 to 36 form part of these Financial Statements.

The Guide Dogs for the Blind Association

Consolidated Cashflow Statement for the period ended 31 December 2008

	2008 £000	2007 £000
Net cash (outflow)/inflow from operating activities (a)	(9,218)	1,317
Return on investment and servicing of finance		
Investment income received	4,162	4,026
	<u>4,162</u>	<u>4,026</u>
Capital expenditure and financial investment		
Payments for Investments	(3,309)	(3,093)
Payments for tangible fixed assets	(8,452)	(5,319)
Proceeds from sale of tangible fixed assets	4,032	3,704
Net divestment/(investment)	10,989	(46)
	<u>3,260</u>	<u>(4,754)</u>
Cash outflow before management of liquid resources (b)	<u>(1,796)</u>	<u>589</u>
(Decrease)/increase in cash in the year	<u>(1,796)</u>	<u>589</u>

Notes to Cashflow Statement

a) Reconciliation of net resources expended to net cash outflow from operating activities

Statement of Financial Activities: Net incoming resources

Investment Income	(2,888)	7,991
Net realised loss/(gain) on investments	(4162)	(4026)
Depreciation	1,278	(40)
Net gain on disposal of tangible fixed assets	2,465	2,344
(Increase)/decrease in stocks	(2,403)	(2,948)
(Increase)/decrease in debtors	84	36
Increase/(decrease) in creditors	(2,598)	1,897
Pension fund non-cash movement	1,926	(579)
Net cash (outflow)/inflow from operating activities	<u>(2,920)</u>	<u>(3,358)</u>
	<u>(9,218)</u>	<u>1,317</u>

Bb) Reconciliation of increase in cash to movement in total cash balances

(Decrease)/increase in cash	(1,796)	589
Total cash balances at 1 January	<u>5,518</u>	<u>4,929</u>
Total cash balances at 31 December	<u>3,722</u>	<u>5,518</u>

c) Analysis of changes in total cash balances

	At 31 Dec 2008	Cashflow	At 31 Dec 2007	
	£000		£000	£000
Cash at bank and in hand	4,625	(928)		5,553
Bank overdrafts	(903)	(868)		(35)
Total cash balances	<u>3,722</u>	<u>(1,796)</u>		<u>5,518</u>

The accounting policies on pages 22 to 24 and the notes on pages 25 to 36 form part of these Financial Statements.

Accounting policies

The principal accounting policies adopted in the preparation of these Financial Statements are as follows:

i. Basis of accounting

- a. The Financial Statements of the Association have been prepared using the historical cost convention, as modified by the revaluation of certain assets, and are drawn up in line with the Companies Act 1985, and in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' published in March 2005 and applicable accounting standards.
- b. The group accounts consolidate the accounts of the charity and its subsidiary trading companies. As provided by Section 230 of the Companies Act 1985, no separated income and expenditure account is presented for the charity. The subsidiaries' profits are transferred to the Charity under Gift Aid.

ii. Incoming resources

The income of fundraising branches and other donations is accounted for on a receivable basis.

Income from raffles and draws is accounted for at the time of cash receipt.

Legacies are accounted for when notified, providing the amount can be reliably ascertained and that ultimate receipt is reasonably certain.

This includes pecuniary legacies with a life interest held by another party. In some cases this may result in the income being accrued for many years before actual receipt of the cash. In the case of residual legacies, income is not accounted for until the estate's accounts are finalised and received by Guide Dogs as it is only then that the amount can be reliably ascertained.

Investment income is accounted for on an accruals basis.

Gifts in kind and donated services and facilities are recognised within incoming resources and expenditure at an estimate of the equivalent open market value of the donated services or goods.

iii. Resources expended

Expenditure is accounted for on an accruals basis.

Grants payable are recognised when a legal or operationally binding commitment has been made to make the grant payment.

The costs of generating funds include the direct costs incurred by the function, and the direct costs of staff employed in the function, together with a share of overheads calculated in proportion to the number of staff employed in this area.

The costs of charitable activities include the direct costs incurred on the activity, and the direct costs of staff employed on the activity, together with a share of overheads calculated in proportion to the number of staff employed on the activity. Support costs are included in the costs of activities in furtherance of the charity's objects, in order to present the full cost of those activities. Support costs have been allocated between charitable activity and the cost of generating funds on the basis of proportionate full time equivalent head count for each cost centre. The allocation of overhead and support costs is analysed in Note 4.

Governance costs relate to the direct costs associated with the constitutional and statutory requirements of the charity and include the costs of internal and external audit, secretariat and other constitutional related costs.

The cost of irrecoverable Value Added Tax is included within expenditure.

iv. Tangible fixed assets

Tangible fixed assets, with an historic cost of £1,000 or more excluding Value Added Tax, are stated in the balance sheet at cost, with the exception of freehold land and buildings which are stated at valuation (see below), less depreciation, on a straight line basis, at the following annual rates:

Freehold land	Nil
Freehold buildings	5%
Furniture and equipment	10% - 20%
Motor vehicles	25%
Computers	33%

Assets in the course of construction are not depreciated.

Business systems development costs are expensed.

Guide Dogs applied Financial Reporting Standard (FRS) 15 'Tangible Fixed Assets' for the first time in the year ended 31 December 2000. Guide Dogs is taking advantage of the transitional provisions within FRS 15 not to revalue the freehold land and buildings on a periodic basis in the future; therefore this valuation has not been updated. Accordingly depreciation is being charged, as noted above, to write off the valuation of the freehold buildings over their estimated remaining useful lives.

Leasehold properties are depreciated over their expected useful lives on a straight line basis.

v. Investments

Investments are stated at market value at the balance sheet date. The market value of listed investments is the mid-market price quoted on a recognised stock exchange, the value of unit trusts is the mid-bid and offer price of the units and the value of unlisted investments is as determined by Council, all as at close of business at the year end. Derivatives are marked to market or included at valuations using appropriate standard industry methods.

Guide Dogs has revised its accounting policy for calculating investments gains and losses, adopting a practical accounting policy of viewing investments passed over to investment managers to manage as being more like investments in a unitised fund. This simplifies the calculations as realised gains or losses only crystallise when funds are withdrawn. There is no net effect on the Statement of Financial Activities.

vi. Stocks

Stocks have been valued at the lower of cost and net realisable value.

vii. Pension costs

Guide Dogs operates a defined benefit pension scheme for the majority of its employees. The pension charge in relation to this scheme is based on a full actuarial valuation dated 31 December 2006, up-dated for annual provisions of this estimate under FRS17.

viii. Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred.

ix. Fund balances and transfers

The charity has three permanent endowments, which the Trustees are required to retain as capital in perpetuity, and are not entitled to be spent. Income arising from these funds is wholly unrestricted.

Unrestricted income funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objects.

Unrestricted funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose.

Transfers of funds from unrestricted funds to designated funds are approved by Council.

Further details of each fund are disclosed in Note 13.

x. Endowment funds

These are permanent funds, which the Trustees are required to retain as capital in perpetuity, and are not entitled to be spent. Income arising from these funds is unrestricted income.

xi. Unfunded pension liability

The unfunded pension liability is recognised in accordance with our actuarial valuation and released to the Statement of Financial Activities each year in line with the pension payments made. The liability is in relation to ex-employees.

xii. Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. All exchange gains and losses are recognised in the Statement of Financial Activities.

Notes to the Financial Statements for the period ended 31 December 2008

1. Incoming resources

	General funds £000	Designated funds £000	Restricted funds £000	Endowment funds £000	Total 2008 £000	Total 2007 £000
Incoming resources from generated funds						
Voluntary income						
Community fundraising	4,783	-	26	-	4,809	4,926
Donor based fundraising	10,247	-	196	-	10,443	9,013
Raffles and draws	5,762	-	-	-	5,762	6,082
Corporate and trust income	990	-	1	-	991	908
Legacies	28,559	-	7,486	-	36,045	39,038
Donated services and facilities	-	-	-	-	-	3
Gifts in kind	97	-	-	-	97	74
	50,438	-	7,709	-	58,147	60,044
Activities for generating funds	1,355	-	-	-	1,355	1,845
Investment income	4,162	-	-	-	4,162	4,026
Incoming resources from charitable activities:						
Sale of rehabilitation services under contract	740	-	-	-	740	771
Funding for the training of rehabilitation workers	123	-	-	-	123	48
Membership income	14	-	-	-	14	11
Ancillary trading	216	-	-	-	216	237
	1,093	-	-	-	1,093	1,067
Other incoming resources	3,818	-	-	-	3,818	3,171
Total incoming resources	60,866	-	7,709	-	68,575	70,153

2. Investment income

	2008 £000	2007 £000
Listed investments	3,996	3,618
Unit trusts	14	159
Cash deposits	152	249
	4,162	4,026

3. Costs of generating funds

	General funds £000	Designated funds £000	Restricted funds £000	Endowment funds £000	Total 2008 £000	Total 2007 £000
Costs of generating voluntary income						
Community fundraising	3,062	-	-	-	3,062	2,944
Donor based fundraising	6,767	-	-	-	6,767	2,965
Raffles and draws	1,789	-	-	-	1,789	1,802
Corporate and trust income	681	-	-	-	681	544
Fundraising development and	1,147	-	-	-	1,147	1,703

administration						
Legacy marketing and administration	1,083	-	-	-	1,083	1,091
Fundraising trading: costs of goods sold and other costs	943	-	-	-	943	1,116
Investment management fees	701	-	-	-	701	684
	<u>16,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,173</u>	<u>12,849</u>

4. Analysis of resources expended

Cost of generating funds

	Staff costs £000	Depreciation £000	Premises £000	Guide dog costs £000	Other costs £000	Total 2008 £000	Total 2007 £000
Costs of generating voluntary income							
Community fundraising	2,024	53	91	-	894	3,062	2,944
Donor based fundraising	1,021	10	694	-	5,042	6,767	2,965
Raffles and draws	-	-	209	-	1,580	1,789	1,802
Corporate and trust income	565	11	17	-	88	681	544
Fundraising development and administration	649	28	35	-	435	1,147	1,703
Legacy marketing and administration	544	11	28	-	500	1,083	1,091
Fundraising trading costs of goods sold and other costs	156	3	-	-	784	943	1,116
Investment management fees	-	-	-	-	701	701	684
	<u>4,959</u>	<u>116</u>	<u>1,074</u>	<u>-</u>	<u>10,024</u>	<u>16,173</u>	<u>12,849</u>

Charitable expenditure

	Staff costs £000	Depreciation £000	Premises £000	Guide dog costs £000	Other costs £000	Total 2008 £000	Total 2007 £000
Provision of guide dogs	26,706	2,225	3,106	7,186	4,934	44,157	41,011
Provision of visual impairment support services	962	27	53	-	109	1,151	1,239
Training of visual impairment support workers	19	-	1	-	74	94	270
Research	54	1	1	-	625	681	75
Advocacy	2,755	79	194	-	3,211	6,239	5,500
	<u>30,496</u>	<u>2,332</u>	<u>3,355</u>	<u>7,186</u>	<u>8,953</u>	<u>52,322</u>	<u>48,095</u>
Governance costs	1,105	17	17	-	551	1,690	1,258
Total resources expended	<u>36,560</u>	<u>2,465</u>	<u>4,446</u>	<u>7,186</u>	<u>19,528</u>	<u>70,185</u>	<u>62,202</u>

Guide Dogs pays a premium for liability insurance of £13,490 (2007 £13,400) for Trustees in respect of their duties as Council Members (Company Directors).

Governance costs include:

	2008 £000	2007 £000
Auditors' remuneration:		
Audit fee	102	78
Other services	24	24
	<u>126</u>	<u>102</u>

Operating leases amounting to £506,000 (2007 £532,000) were included within total resources expended for the year.

During 2008 Guide Dogs received £740,000 (2007 £777,000) in income from mobility contracts and spent £843,000 (2007 £887,000) on these contracts.

5. Support costs

	Management	Finance	IS	HR	Total 2008
	£000	£000	£000	£000	£000
Fundraising	167	135	225	183	710
Raffles and draws	-	-	-	-	-
Corporate and trust income	39	31	52	43	165
Legacy marketing and administration	37	30	50	41	157
Fundraising development and administration	113	91	151	123	479
Provision of guide dogs	2,078	1,683	2,796	2,276	8,834
Provision of visual impairment support services	71	58	96	78	302
Training of visual impairment support workers	-	-	-	-	-
Research	3	2	4	3	12
Advocacy	144	116	193	157	611
	<u>2,652</u>	<u>2,146</u>	<u>3,567</u>	<u>2,904</u>	<u>11,270</u>

Total support costs for the year are included within 'total resources expended' in Note 4.

6. Research

Grants payable

	Individuals		Institutions		Support Costs		Total	
	2008 No.	2008 £000	2008 £000	2008 £000	2008 £000	2008 £000	2007 No.	2007 £000
Ophthalmic research								
UCL – Institute of Ophthalmology	1	-	79	-	79	-	-	-
Aberdeen University	1	-	119	-	119	-	-	-
Nottingham University Hospital	1	-	156	-	156	-	-	-
University of Liverpool	1	-	161	-	161	1	9	-
Royal College of Ophthalmologists	1	-	117	-	117	-	-	-
Support costs	-	-	-	49	49	-	-	63
Total	<u>5</u>	<u>-</u>	<u>632</u>	<u>49</u>	<u>681</u>	<u>1</u>	<u>72</u>	

Ophthalmic research grants are awarded to maintain and enhance residual vision and to invest in epidemiological studies which will inform the development of organisational strategy and policy. In accordance with accounting policies, the full cost of the ophthalmic research grant is charged in the year in which commitment is made.

7. Trustees and employees

The trustees and persons connected with them have not received, obtained or waived any remuneration or other financial benefits for the year directly or indirectly from Guide Dogs (2007: nil). 12 trustees were reimbursed a total of £16,110 travelling and subsistence expenses (2007 14; £12,200).

Staff costs

	2008 £000	2007 £000
Wages and salaries	27,329	24,240
Social security costs	2,091	1,867
Other pension costs excluding pension scheme actuarial loss (see Note 17)	7,140	9,257
Totals	<u>36,560</u>	<u>35,364</u>

The average number of persons employed by Guide Dogs during the year ended 31 December 2008 is shown below. The numbers are calculated to reflect monthly rather than annual average calculations. A proportion are employed on a part-time basis, and for this reason the following analysis by job function is also expressed in full-time equivalents.

	2008		2007	
	Actual	Full time equivalents	Actual	Full time equivalents
Fundraising and legacies	129	117	134	120
Provision of guide dogs	730	671	693	633
Provision of visual impairment support services	25	21	25	21
Research	1	1	1	1
Advocacy	51	50	28	28
Management, administration and clerical (indirect)	142	132	119	113
Domestic and ancillary (indirect)	6	6	4	4
	<u>1,084</u>	<u>998</u>	<u>1,004</u>	<u>920</u>

Pension contributions were paid into Guide Dogs' defined benefit scheme for the year on behalf of 772 of the 1,084 employees shown above.

Number of employees with emoluments (excluding one-off redundancy payments) exceeding £60,000:

	2008 No.	2007 No.
£60,001 to £70,000	10	9
£70,001 to £80,000	4	3
£80,001 to £90,000	2	2
£90,001 to £100,000	1	1
£100,001 to £110,000	1	-
£110,001 to £120,000	-	1
£120,001 to £130,000	1	-
	<u>19</u>	<u>16</u>

Pension contributions were paid into Guide Dogs' defined benefit scheme for the year on behalf of 19 of the employees with emoluments in excess of £60,000.

8. Tangible fixed assets

	Freehold properties £000	Leasehold properties £000	Assets in the course of construction £000	Furniture, equipment, vehicles and computers £000	Total £000
Group Balance Sheet					
Cost or valuation:					
1 January 2008	24,897	733	3,155	10,822	39,607
Additions	188	-	6,247	2,017	8,452
Disposals	(1,374)	-	(588)	(1,646)	(3,608)
31 December 2008	<u>23,711</u>	<u>733</u>	<u>8,814</u>	<u>11,193</u>	<u>44,451</u>
Depreciation					
1 January 2008	5,095	407	-	7,127	12,629
Provision for year	849	37	-	1,579	2,465
Disposals	(367)	-	-	(1,612)	(1,979)
31 December 2008	<u>5,577</u>	<u>444</u>	<u>-</u>	<u>7,094</u>	<u>13,115</u>
Net book value 31 December 2008	<u>18,134</u>	<u>289</u>	<u>8,814</u>	<u>4,099</u>	<u>31,336</u>
Net book value 31 December 2007	<u>19,802</u>	<u>326</u>	<u>3,155</u>	<u>3,695</u>	<u>26,978</u>
Charity Balance Sheet					
Cost or valuation:					
1 January 2008	24,897	733	3,357	10,414	39,401
Additions	188	-	6,106	2,017	8,311
Disposals	(1,374)	-	(588)	(1,646)	(3,608)
31 December 2008	<u>23,711</u>	<u>733</u>	<u>8,875</u>	<u>10,785</u>	<u>44,104</u>

Depreciation					
1 January 2008	5,095	407	-	6,725	12,227
Provision for year	849	37	-	1,576	2,462
Disposals	(367)	-	-	(1,612)	(1,979)
31 December 2008	5,577	444	-	6,689	12,710
Net book value 31 December 2008	18,134	289	8,875	4,096	31,394
Net book value 31 December 2007	19,802	326	3,357	3,689	27,174

The majority of freehold properties were re-valued as at 31 December 1998 by Weatherall Green & Smith, Chartered Surveyors, on an open market value basis in accordance with guidelines issued by the Royal Institution of Chartered Surveyors.

If freehold properties had been valued under the historical cost convention they would have been included in the charity balance sheet at a cost of £49.6m (2007 £42.6m) and a net book value of £11.7m (2007 £9.0m). The charity's depreciation charge for the year would have been £2,354,000 (2007 £2,084,000) compared with the actual charge of £1,033,000 (2007 £746,000) based on revalued amounts.

The Head Office freehold property was valued by external valuers, Alder King Property Consultants, as at 6 March 2006 on the basis of Existing Use Value in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards Manual. The external valuer does not consider there to be any significant difference between the Existing Use Value and the Open Market Value as at the date of the valuation. The external valuer responsible for the inspection and preparation of the valuation was Mr R Wheeler BSc FRICS.

Prior to the impairment review, the Head Office freehold property was last valued as at 31 December 1998 at Open Market Value. The depreciated historical cost of the property prior to the impairment review was £2.5m. The discount rate used in the calculation to arrive at the Value in Use was 4.5 per cent.

9. Investments

a. Movement in investments during the year

	Group 2008 £000	Restated group 2007 £000	Charity 2008 £000	Restated charity 2007 £000
Market value at 1 January	144,737	136,247	145,237	136,747
Net investment/(divestment)	(10,989)	46	(10,989)	46
Investment income	4,010	3,777	4,010	3,777
Management fees	(701)	(684)	(701)	(684)
Realised gains/(losses)	(1,278)	40	(1,278)	40
Unrealised gains/(losses)	(9,008)	5,311	(9,008)	5,311
Market value at 31 December	126,771	144,737	127,271	145,237

b. Analysis of investments

	Group 2008 market value £000	Group 2008 cost £000	Group 2007 market value £000	Group 2007 cost £000	Charity 2008 market value £000	Charity 2008 cost £000	Charity 2007 market value £000	Charity 2007 cost £000
Listed investments								
United Kingdom	59,472	57,784	74,217	66,899	59,472	57,784	74,217	66,899
Overseas	33,461	37,320	40,662	39,414	33,461	37,320	40,662	39,414
	92,933	95,104	114,879	106,313	92,933	95,104	114,879	106,313
Unit trusts	16,902	20,548	16,573	15,016	16,902	20,548	16,573	15,016
Derivatives	(9,858)	(396)	(1,346)	(582)	(9,858)	(396)	(1,346)	(582)
Cash deposits	26,794	26,415	14,631	14,631	26,794	26,415	14,631	14,631
Investment in subsidiaries	-	-	-	-	500	504	500	504
	126,771	141,671	144,737	135,378	127,271	142,175	145,237	135,882

As explained in the Trustees' Report, the Trustees, working with their investment managers and with the approval of the Charity Commission, have adopted an investment strategy which allows the use of derivative products to seek to achieve target performance, and to manage investment risk. Details of the key classes of derivative product used, together with their economic exposures and year-end open positions, are set out below.

Futures contracts

	Economic exposure value (asset) £	Economic exposure value (liability) £	Market value (asset) £	Market value (liability) £
Investment underlying future				
UK equity index	-	(16,757,356)	-	(602,862)
Overseas equity index	10,262,066	(12,951,750)	-	(356,601)
Overseas bond futures	21,968,154	(46,611,108)	105,947	(561,122)
Total futures	32,230,220	(76,320,214)	105,947	(1,520,586)
All contracts mature in 2009				
Total futures 2007	26,603,475	(50,921,379)	-	(1,493,061)

Forward foreign exchange contracts

	Gross receive amount at inception (asset) £	Gross pay amount at inception (liability) £	Market value (asset) £	Market value (liability) £
Country of currency underlying forward foreign exchange contract				
Australia	-	(212,105)	-	(44,518)
Canada	-	(2,957,406)	-	(184,439)
Denmark	-	(181,987)	-	(38,935)
Euro	2,645,535	(21,364,634)	1,215,168	(2,096,511)
Japan	3,415,045	(9,800,431)	566,357	(3,276,503)
Norway	-	(129,137)	-	(10,250)
Sweden	-	(420,569)	-	(35,985)
Switzerland	-	(1,676,842)	-	(381,091)
United States	6,007,018	(13,657,141)	1,472,757	(2,311,645)
Total forward foreign exchange contracts	12,067,597	(50,400,253)	3,254,282	(8,379,878)
All contracts expire in 2009				
Total foreign forward exchange contracts 2007	526,748	(28,084,111)	3,623	(983,479)

Options

	Nominal amount of contract (asset) £	Nominal amount of contract (liability) £	Market value (asset) £	Market value (liability) £
Investment underlying option contract				
UK equity index	178,165	(158,300)	18,550	(20,230)
Overseas equity index	265,431	(257,264)	36,439	(28,753)
Overseas property index	-	(2,687,114)	-	(2,296,903)
Currency	17,125,000	(61,990,030)	52,321	(5,044,589)
Total options	17,568,596	(65,092,708)	107,310	(7,390,475)
Total options 2007	26,000,000	(38,456,275)	988,000	(58,071)

Swaps (collateralised)

	Notional principal £	Market value (asset) £	Market value (liability) £
Expiration			
Up to 2009	138,000	-	(665,479)
Up to 2038	207,183,216	10,535,466	(2,724,101)
Total swaps	207,321,216	10,535,466	(3,389,580)
Total swaps 2007	90,544,530	827,055	(465,445)

Types of swaps

	Notional principal £	Market value (asset) £	Market value (liability) £
Interest rate	197,109,216	10,535,466	(509,343)
Inflation	10,000,000	-	(1,898,208)
Variance	207,000	-	(665,479)
Dividend	5,000	-	(316,550)
Total	207,321,216	10,535,466	(3,389,580)

Swaptions

	Notional principal £	Market value (asset) £	Market value (liability) £
Expiration			
Up to 2009	-	-	-
Up to 2038	24,552,681	-	(3,312,989)
Total swaptions	24,552,681	-	(3,312,989)
Total swaptions 2007	21,000,000	-	(178,000)

Type of swaptions

	Notional principal £	Market value (asset) £	Market value (liability) £
Currency	24,552,681	-	(3,312,989)
Total	24,552,681	-	(3,312,989)

CDS indices

	Notional principal £	Market value (asset) £	Market value (liability) £
Types of CDS indices			
Currency	25,136,559	132,635	-
Total CDS indices	25,136,559	132,635	-
CDS indices 2007	11,700,000	13,000	-

10. Stocks

	Group 2008 £000	Group 2007 £000	Charity 2008 £000	Charity 2007 £000
Equipment	74	146	74	146
Subsidiary stocks	93	105	-	-
	167	251	74	146

11. Debtors

	Group 2008 £000	Group 2007 £000	Charity 2008 £000	Charity 2007 £000
Tax recoverable	444	537	444	537
Other debtors	182	356	182	356
Trade debtors	788	296	378	241
Due from subsidiary companies	-	-	-	144
Accrued income	6,260	4,760	6,260	4,760
Other prepayments	1,177	304	1,176	302
	<u>8,851</u>	<u>6,253</u>	<u>8,440</u>	<u>6,340</u>

Included in other debtors are amounts falling due after more than one year. They include non-interest bearing equity loans to employees for housing assistance amounting to £0.1m (2007 £0.1m) and a loan of £0.1m (2007 £0.1m) repayable over 20 years to The Worcestershire Association for the Blind for the development of a resource centre.

12. Long term liabilities – group and charity

	2008 £000	2007 £000
Liabilities expiring in more than one year are:		
Accrual for unfunded pension contributions for six (2007: six) retired members of staff	283	288
Accrual for ophthalmic research grants	1,175	1,306
	<u>1,458</u>	<u>1,594</u>

13. Fund balances

Movements on the group's funds during the year are as follows:

	At 1 Jan 2008 £000	Incoming resources £000	Funds used £000	Net unrealised gains £000	Transfer between funds £000	At 31 Dec 2008 £000
Designated funds						
Fixed assets	26,978	-	-	-	4,358	31,336
Capital reserve	-	-	-	-	8,375	8,375
Research	3,413	-	(681)	-	-	2,732
	<u>30,391</u>	<u>-</u>	<u>(681)</u>	<u>-</u>	<u>12,733</u>	<u>42,443</u>
Net free reserves (see below)	122,389	60,866	(62,752)	(17,696)	(12,733)	90,074
Total unrestricted funds	<u>152,780</u>	<u>60,866</u>	<u>(63,433)</u>	<u>(17,696)</u>	<u>-</u>	<u>132,517</u>
Restricted funds	1,271	7,709	(8,030)	-	-	950
Endowment funds	166	-	-	-	-	166
Total funds	<u>154,217</u>	<u>68,575</u>	<u>(71,463)</u>	<u>(17,696)</u>	<u>-</u>	<u>133,633</u>

Restricted and endowment fund balances are represented by investment assets.

'Funds used' comprise resources expended of £70,185,000 and realised gains on investments of £1,278,000 within the charity's own Statement of Financial Activities.

Net free reserves comprises £141,331,000 general funds less the pension reserve (deficit) of £27,662,000 less the revaluation reserve of £23,595,000.

The designated fund for fixed assets represents the value of assets in use in the running of Guide Dogs.

The capital fund is for the funding of planned capital expenditure during the forthcoming year.

The research fund is used i) to maintain and enhance residual vision ii) for epidemiology to inform the development of organisational strategy and policy, including grants to medical institutions (see note 6) and iii) for funding the development of new ideas and technologies to assist blind and partially-sighted people.

The transfer between funds represents the change in value of the fixed assets during the year.

Revaluation reserve breakdown

	Group 2008 £000	Group 2007 £000	Charity 2008 £000	Charity 2007 £000
Revaluation of investment portfolio	(14,900)	9,355	(14,904)	9,355
Revaluation of properties for use by charity	(8,695)	(8,480)	(8,695)	(8,480)
	<u>(23,595)</u>	<u>875</u>	<u>(23,599)</u>	<u>875</u>

14. Commitments

	2008 £000	2007 £000
Obligations under contracted capital commitments for the group and the charity	<u>5,380</u>	<u>416</u>

Total capital commitments of £5,380,000 relate to the contracted obligations as at 31 December 2008, resulting from on-going construction and the vehicle replacement schedule.

Obligations under operating leases

At 31 December 2008 annual commitments are as follows:

	2008 £000	2007 £000
For leases of properties expiring:		
Within one year	64	56
Between two and five years	190	199
Over five years	231	232
	<u>485</u>	<u>487</u>

15. Legacies

There are some legacies which have been notified to the Association at 31 December 2008 for which the amount receivable cannot be ascertained. These Financial Statements include payments received on account but not any estimates for future amounts receivable. Indications are that £39.8 million of legacies are receivable at the year end.

16. Subsidiaries

The Association holds the whole of the issued share capital of The Guide Dogs for the Blind Association (Trading Company) Limited, GDBA Community Care Services Limited, Guide Dogs Limited, Guide Dogs UK Limited and GDBA (Pension Fund Trustees) Limited.

The Guide Dogs for the Blind Association (Trading Company) Limited is the charity's trading subsidiary. A comprehensive review of this company's operations has been undertaken to ensure its future activities are of maximum benefit to Guide Dogs.

Guide Dogs UK Limited operates as a design and new build company for the Guide Dogs for the Blind Association. Using a subsidiary reduces the financial risk to the Association.

A summary of the trading results for the year ended 31 December 2008 is shown below.

	Dormant companies 2008 £000	Trading Company 2008 £000	GDUK 2008 £000	Total 2008 £000	Total 2007 £000
Turnover	-	1,065	6,015	7,080	4,319
Cost of sales	-	538	6,015	6,553	3,788
Gross profit	-	527	-	527	531
Other operating income	-	126	-	126	295
Distribution, selling and administration expenses	-	(488)	-	(488)	(549)
Operating profit for the financial year	-	165	-	165	277
Interest	-	18	7	25	45
Gift Aid donation to charity	-	(180)	(7)	(187)	(317)
(Loss)/profit for the year	-	3	-	3	5
Funds brought forward at beginning of year	(1)	6	-	5	-
Funds carried forward at end of year	<u>(1)</u>	<u>9</u>	<u>-</u>	<u>8</u>	<u>5</u>

Transactions with subsidiaries during the year were as follows:

The Guide Dogs for the Blind (Trading Company) Ltd

	2008	2007
	£000	£000
Charge for management expenses	149	187
Purchases	3	2
Deed of covenant receivable	180	300
Guide Dogs UK Limited		
Purchases	6,015	3,215

The investment of the Association in subsidiaries amounting to £512,000 (2007 £509,000) is represented by net assets as follows:

	Dormant companies 2008 £000	Trading Company 2008 £000	GDUK 2008 £000	Total 2008 £000	2007 £000
Tangible fixed assets	-	1	-	1	4
Stocks	-	93	-	93	105
Trade debtors	-	58	438	496	97
Prepayments	-	1	-	1	2
Due from the Association	1	1	385	387	1
Bank balances	1	602	339	942	1,009
	2	756	1,162	1,920	1,218
Trade creditors	-	96	80	176	261
Accruals	-	8	945	953	128
Other creditors	-	63	-	63	136
Due to the Association	-	80	136	216	184
	-	247	1,161	1,408	709
Net assets	2	509	1	512	509
Share capital 100% owned by parent charity	3	500	1	504	504
(Loss)/profit carried forward	(1)	9	0	8	5
Net funds	2	509	1	512	509

17. Pension costs

Other pension costs in Note 7 have been determined under FRS 17 (Retirement Benefits).

The Association operates a defined benefit scheme for all qualifying employees. The assets of the scheme are held in a separately administered fund.

a) The amounts recognised in the balance sheet are as follows:

	2008 £000	2007 £000
Present value of funded obligations	(140,220)	(148,940)
Fair value of plan assets	112,558	127,046
Deficit	(27,662)	(21,894)
Amounts in the balance sheet:		
Liabilities	(27,662)	(21,894)
Assets	-	-
Net liability	(27,662)	(21,894)

b) Changes in the present value of the defined benefit obligation are as follows:

	2008	2007
	£000	£000
Opening defined benefit obligation	148,940	172,763
Service cost	3,771	4,198
Interest cost	8,511	9,198
Employee contributions	1,250	1,296
Actuarial loss	(17,997)	(34,618)
Benefits paid	(4,255)	(3,897)
Defined benefit obligation at the end of year	(140,220)	(148,940)

c) Changes in the fair value of the scheme assets are as follows:

	2008	2007
	£000	£000
Opening fair value of the scheme assets	127,046	115,116
Expected return	8,630	8,147
Actuarial gain	(26,685)	(2,223)
Employer contributions	6,572	8,607
Employee contributions	1,250	1,296
Benefits paid	(4,255)	(3,897)
Fair value of scheme assets at the end of year	112,558	127,046

d) The amounts included within the Statement of Financial Activities are as follows:

	2008	2007
	£000	£000
Current service cost	(3,706)	(4,198)
Past service cost	(65)	-
Expected return on scheme assets	8,630	8,147
Interest on pension liabilities	(8,511)	(9,198)
Total amount charged with net incoming/(outgoing) resources	(3,652)	(5,249)
Actuarial gains and losses	(8,688)	32,395
Total amount charged to the Statement of Financial Activities	(12,340)	27,146

The Group expects to contribute £6.94 million to its defined benefit pension scheme in 2009.

The cumulative total of recognised actuarial gains and losses is £(8,751,000).

e) The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2008	2007
Equities	49%	59%
Bonds	49%	41%
Cash	2%	0%

The overall expected rate of return on the scheme is determined based on yields available on government bonds, corporate bonds, bank base rates and incorporating appropriate risk margins.

	2008	2007
	£000	£000
The actual return on the scheme in the year	(18,055)	5,924

f) Principal assumptions at the balance sheet date (expressed at weighted averages)

	2008	2007
Discount rate at 31 December	5.80%	5.70%
Expected return on scheme assets at 31 December	6.10%	6.70%
Rate of increase in salaries	3.25%	4.00%
Rate of increase in payment (see note below)		
Post 97 pension	2.75%	3.50%
Rate of increase of pensions in deferment	2.75%	3.50%
Proportion of employees opting on early retirement	0.00%	0.00%
Assumes life expectations on retirements age 60:		
Retiring today – males	23.7	23.7
Retiring today – females	26.7	26.7
Retiring in 20 years – males	24.6	24.6
Retiring in 20 years – females	27.6	27.6

Pension increases note:

Pre 1.1.96 joiners:

Pre – 6.4.1997 accrual	Increases at the fixed rate of 3.0% per annum compound.
Post – 5.4.1997 accrual	In line with annual increases in the Retail Prices Index subject to a maximum of 5% per annum compound (i.e. Limited Price Indexation, "LPI").

Post 1.1.96 joiners:

Pre – 6.4.1997 excess	Increases at the fixed rate of 5.0% per annum compound.
Post – 5.4.1997 accrual	In line with annual increases in the Retail Prices Index subject to a maximum of 5% per annum compound (i.e. Limited Price Indexation, "LPI").

GMP accrued post – 6.4.1997	In line with annual increases in the Retail Prices Index subject to a maximum of 3% per annum compound. A rate of increase of 2.75% per annum is used.
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g) The amounts for the current and previous periods are as follows:

	2008	2007	2006	2005	2004
	£000	£000	£000	£000	£000
Defined benefit obligation	(140,220)	(148,940)	(172,763)	(159,500)	(121,200)
Scheme assets	112,558	127,046	115,116	100,200	80,600
Surplus/(deficit)	(27,662)	(21,894)	(57,647)	(59,300)	(40,600)
Experience adjustments on scheme liabilities	17,997	34,618	(2,300)	(30,700)	(12,000)
Experience adjustments on scheme assets	(26,685)	(2,223)	600	10,400	1,600

18. Analysis of net assets between funds and cashflow

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2008	Total 2007
	£000	£000	£000	£000	£000	£000
Tangible fixed assets	-	31,336	-	-	31,336	26,978
Fixed asset investments	126,605	-	-	166	126,771	144,737
Bank balances	3,722	-	-	-	3,722	5,517
Pension fund	(27,662)	-	-	-	(27,662)	(21,894)
Other assets and liabilities	(12,591)	11,107	950	-	(534)	(1,121)
	90,074	42,443	950	166	133,633	154,217