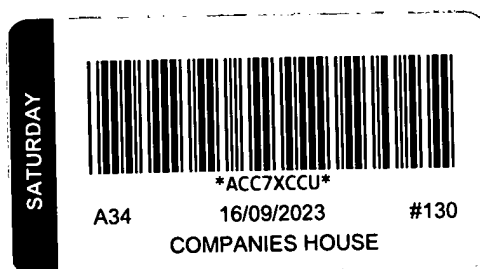




**HEARING DOGS FOR DEAF PEOPLE
(A COMPANY LIMITED BY GUARANTEE)
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2023**

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



**HEARING DOGS FOR DEAF PEOPLE
CONTENTS TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

	Page
Trustees' Report	1 – 6
Strategic Report	7 – 13
Statement of Trustees' responsibilities	14
Auditors' Report	15 – 18
Consolidated Statement of Financial Activities	19
Balance Sheet	20
Consolidated Statement of Cash Flows	21
Notes to the Financial Statements	22 – 38

**HEARING DOGS FOR DEAF PEOPLE
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

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 2023.

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:	F B Clark 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 G P Burchett MBA FCMI (Resigned 19 July 2022) E M Burness R Casey BVSc DipECAWBM FRCVS (Appointed 17 May 2022) M S Coote BSc P R G Davis BSc FCA BFP (Appointed 17 May 2022) B S Downes LL.B FSHAA K A England RVN DipCIM D L Hay S E Heath BVSc PgCertVE DipECAWBM(BM) CCAB FHEA FRCVS A M Horsley JP DL C McKay (Appointed 17 May 2022) K B Milsom BHSc Hons MSc 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

In accordance with the Articles of Association, A M Horsley retires at the Annual General Meeting (AGM) and being eligible, offer themselves for re-election.

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

HEARING DOGS FOR DEAF PEOPLE TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Reference and administrative details of the charity (continued)

Executive team:	Chief Executive	M Jennings (resigned 29 th July 2022)
	Interim Chief Executive	M Farrow 13 th December 2022–3 rd July 2023
		T Griffin (appointed 3 rd July 2023)
	Finance & IT Director (and Company Secretary)	C M Hedley BA ACMA
	Director of Operations	J Tommey BSc
	Director of Services & Partnerships	A Platten
	Director of Quality & Human Resources	J Gray MBA VN
Principal bankers:	Director of Income Generation and Communications	S Heyes BSc
	Barclays Bank plc	
	PO Box 885	
	Mortlock House, Vision Park	
	Histon, Cambridge	
	CB24 9DE	
Solicitors:	Penningtons Manches LLP	Wilsons Solicitors
	9400 Garsington Road	Alexandra House
Auditors:	Oxford Business Park	St Johns Street
	Oxford, OX4 2HN	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 five sub-committees: Finance, Governance and Audit, Remuneration and the newly formed Canine Services and Hearing Loss Services sub-committees. The Finance sub-committee meets 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 Executive Board. 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 2023

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.

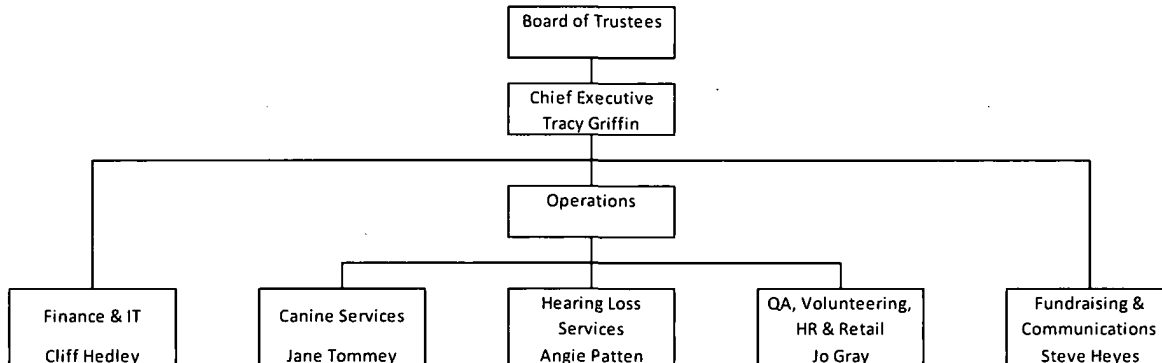
The Trustees consider it to be best practice to make every effort to have representation of the charity's beneficiaries on the Board of Trustees.

Pay policy for senior staff

The pay of the Executive Board 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.

Organisation and Structure

The charity employs 196 (2022: 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.



Michele Jennings stepped down as Chief Executive on 29th July 2022. The role was covered by Jo Gray and Cliff Hedley until 13th December 2022 when Martin Farrow took over as Interim Chief Executive. Tracy Griffin joined as permanent Chief Executive on 3rd July 2023.

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 2023

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 2023

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.

2022/23 saw the celebration of the charity's 40th birthday. There were a considerable number of events arranged for the year with marquees erected on both sites owned by the charity, hosting a number of events involving staff, beneficiaries and volunteers. The charity also made an appearance at Crufts in 2022. The highlight of the celebrations was a visit to The Grange by our Royal Patron, HRH The Princess Royal on 3rd March 2023. HRH The Princess Royal met many of the Hearing Dogs family present on the day with all enjoying the event.

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 2023**

Volunteer Support

The charity had 3,046 (2022: 3,093) volunteers at 31 March 2023 which includes 235 micro-volunteers (2022: 135).

Overall volunteer numbers remain static at just over 3,000 however, for the third year since the Covid-19 pandemic, there is a decrease -147 (2022: -154) in the number of registered volunteers (i.e. those who have entered into a formal agreement with the charity) to 2,811 (2022: 2,958) however this net decrease masks volunteer turnover which recorded 337 (2022: 403) new volunteers and 484 (2022: 557) departures. Volunteer recruitment into long term commitment roles remains challenging. That said, almost 600 current volunteers have given ten years' service or over.

The charity's 40th Anniversary celebrations this year were great reward for our volunteer family who proved themselves to be exceptionally resilient, generous, and loyal. The charity has 35 different roles that volunteers are engaged in and 15% of our volunteers carry out more than one role.

The newly formed Volunteer Awards Team also had success bringing public recognition to more than 25 individual stars, including a Points of Light award by the Prime Minister, a Midlothian Volunteer Award, and a Volunteer of the Year award in East Yorkshire.

Community based dog care became our standard modus operandi, with excellent feedback from our volunteers regarding having both a training and welfare dedicated member of staff. This being in addition to the big emphasis we have continued to place on volunteer communication through portals, quarterly updates, monthly departmental newsletters and social media, in particular Yammer (1,600 members) and our ever-popular volunteers' Facebook group (2,200 members).

Volunteering puppy training was expanded to Darlington, Northampton and Barnet & Herford bringing new volunteers into the fold. New volunteer enquiries reached pre-pandemic levels of over 3,000 enquiries in total, peaking in October 2022. The prevalence of working-from-home, the notable trend in pet dog ownership and other lifestyle changes since 2020 meant that conversion rates have lowered.

Provision of information to auditors

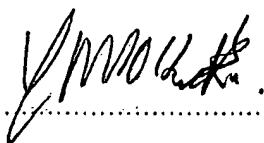
Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- 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 18 July 2023
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 2023

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 2022/23 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. build 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. recruit 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. Total number of dogs completing training during the year was 156 (2022: 202). Each hearing dog takes some 18-24 months to train.
2. 1,144 Hearing Dog Partnerships were supported throughout the UK.
3. Over 300,000 people accessed our Hearing Loss Services for support.
4. The number of volunteers continued to exceed 3,000. Their support in all areas of our work is vital and very gratefully received.

HEARING DOGS FOR DEAF PEOPLE STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

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.

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. 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 GDPR requirements.

Operational performance

Canine Services (Hearing Dogs)

In the last financial year, we trained 156 dogs for deaf clients.

This is slightly less than the number originally aimed for. Dogs have continued to take slightly longer to finish all their training if they were born during Covid restrictions, however, the vast majority of dogs have succeeded in developing sufficiently for a working role. During the year we had 138 puppies born.

In this time, we have also focused on the continued development of our training course for new partnerships. This activity now has a dedicated team based at our two centres that specialise in supporting the course, and in particular the final week which is based at both our Buckinghamshire and Yorkshire centres.

In 2023/24 we aim to train 185 dogs for deaf clients. We will also invest in our Learning & Development infrastructure for dog training staff and volunteers, setting up a nationally accessible support framework to provide a clear, confident & connected experience for the operations team in future years. This will be a combination of dedicated staff and technology solutions.

HEARING DOGS FOR DEAF PEOPLE STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Hearing Loss Services

All departments within the Hearing Loss Services team have focused on working closely together to ensure that we take every opportunity to engage with potential beneficiaries effectively and where possible, identify future pathways for support. This has meant diversification in some roles and investment in our digital platforms.

We have reintroduced many 1-1 sessions now named 'Hearing Support Sessions' and opened the Hearing Hub for technical and emotional support sessions.

Objectives for the Year:

- Engage with more potential beneficiaries through succinct and enhanced communication of the services the charity has to offer
- Grow our services both 1-1 and in the Community.
- Investment in our staff and volunteers learning and development.
- Grow our external networks and build new professional relationships.

Strategies to achieve this year's objectives:

- Produced new assets which complement the range of services including new graphics, marketing materials and digital resources.
- Hearing Support Sessions running both online and in person supported by staff and volunteers.
- Community Support Days throughout the UK including some welcoming members of the public.
- National Information Days held in 2 key locations, welcoming members of the public as well as our potential beneficiaries to come and learn about the support available for people with hearing loss.
- Helpful Hours sessions have been piloted towards the end of the year, focusing on key topics which our beneficiaries may value and learn from
- A range of new videos have been introduced to share information about our services 'What is a LinkUp' as well as information about important topics 'Your first audiology appointment'.
- We invested in creating a Membership portal to offer our supporters a unique site to learn about our work, benefit from a first glimpse of new updates and access their membership benefits.
- Recognise the importance of good volunteer training and development and therefore new training modules developed to enhance their preparation and understanding.
- Attended major sector events to showcase our work and build relationships including the British Academy of Audiology, Association of Teachers of Lipreading to Adults and The Association of Independent Hearing Healthcare Professionals.

Outcomes:

- 1,144 Hearing Dog Partnerships successfully supported in the community, including 54 children.
- 1,141 people attended our community events or information and essential social interaction.
- 319,017 visitors to the Hearing Loss Services website to access information.
- 10,330 Information downloads from people accessing useful information and viewing support videos.
- 282 Hearing Support Sessions conducted.
- 85 Linkup group participants benefitted from 10 programs across the UK and online.
- 260 people attended our Hearing Information Days

HEARING DOGS FOR DEAF PEOPLE

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

Human Resources

The charity employed 262 staff throughout the financial year and ended the year with a turnover rate of 13.6%. The charity had 218 staff at 31 March 2023. Hybrid working was trialed for specific roles and successfully made permanent. This has strengthened the charity's commitment to staff wellbeing and employee engagement.

A detailed pay review was completed across the organisation with positive feedback received. Our HR Management systems continue to be strengthened to respond to the needs of our growing hybrid, regional roles.

Recruitment for a new permanent CEO was successful, as was the appointment of an interim CEO to provide leadership over a 6-month period. The Executive team have a combined total of over 60 years of service to the charity which has provided stability and success for the organisation during this period.

Investment performance

Evelyn (formally Tilney) have been the charity's investment managers for the last nineteen 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 £7.9 million (2022: £8.1 million), including cash awaiting investment, against four indices for last year and the last nineteen years.

	Year 2022/23 (Total Return)	Nineteen Year Period (Total Return)
Income and Growth Portfolio	- 1.98%	+187.54%
MSCI WMA Private Investor Balanced	- 3.23%	+128.85%
ARC Balanced PCI	- 4.52%	+131.50%
ARC Balanced ACI	- 4.52%	+157.61%
MSCI United Kingdom TR	+ 5.60%	+246.88%

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 nineteen years has exceeded the benchmarks and a satisfactory result was achieved in 2022/23, 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 (2022: £1.2 million), including cash awaiting investment, against four indices for last year and the six years since inception.

	Year 2022/23 (Total Return)	Eight Year Period (Total Return)
Growth Portfolio	- 0.85%	+53.02%
MSCI WMA Private Investor Growth	- 1.35%	+70.97%
ARC Steady Growth PCI	- 4.52%	+39.86%
ARC Steady Growth ACI	- 4.04%	+45.73%
MSCI United Kingdom TR	+ 5.60%	+57.36%

A satisfactory result considering the market conditions was achieved in 2022/23 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 2023

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

The charity recorded a net deficit of £335,870 (2022: £3,091,520 *surplus*). Expenditure exceeded income by £101,593 (2022: £2,508,213 *excess of income over expenditure*) and investment losses amounted to £234,277 (2022: £583,307 *gains*).

The primary reasons for the change in results are:

- 1) A year-end accounting adjustment relating to legacies not yet received at the year end. In 2022 the accounting adjustment increased income by £278,230 whereas the adjustment at the end of 2023 reduced income by £868,927. This equates to a reduction in income of £1,147,157 between the two years.
- 2) The performance in the investment portfolio moved from a gain of £583,307 to a loss of £234,277, a negative swing of £817,584.
- 3) Spend on charitable activities during the 2022/23 year increased by £1,163,338 of which £606,217 related to payroll. Increased staff numbers in dog training / welfare and pay increases to partially keep pace with inflation caused much of the increase. Non-payroll costs also increased significantly with veterinary costs and dog food costs rising significantly.

Total income decreased by £1.6 million to £12.1 million (2022: £13.7 *million*). The major movements were an increase in donations of £0.8 million relating to the receipt of two major donations from trusts and foundations, and a decrease in legacies of £2.7 million partially due to year end accounting adjustments. 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.

Total net assets reduced by £0.3 million to £25.2 million (2022: £25.5 *million*) at the year end. Total fixed assets decreased by £0.4 million to £16.6 million (2022: £17.0 *million*) principally due to investment loss. Net current assets increased by £0.1 million to £8.6 million (2022: £8.5 *million*).

Designated funds increased by £2.2million to £17.5 million (2022: £15.3 *million*) and the operational reserve and restricted funds amounted to £6.6 million (2022: £9.3 *million*) and £1.0 million (2022: £0.9 *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 1,019 (2022: 974) 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.

HEARING DOGS FOR DEAF PEOPLE STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Reserves policy (continued)

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 2023 this reserve stood at £7.5 million (2022: £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 2023 were estimated at £6.4 million (2022: £5.9 million) over the next 10 years.

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 eighteen months to two years to fully train a hearing dog. In the lead up to the end of the current accounting period it was felt that it was unlikely that any further expenditure would be required that was directly related to the Covid-19 outbreak. As such the fund was returned to undesignated funds.

Property Development Fund

There are plans currently being formulated to alter parts of the sites in Buckinghamshire and Yorkshire. The operating environment has changed since the Coronavirus pandemic and neither site now use their kennel buildings. It is hoped that the areas no longer used can be redeveloped to provide enhanced welfare for the dogs that are vital to the assistance that we provide. It is integral to everything that we do that Hearing Dogs are well trained and cared for during their lives. A fund of £3.5m has been established to support the plans.

Operational (Free) Reserve.

The policy of the Trustees is to hold an operational reserve equivalent to 6-12 months operating expenditure. At 31 March 2023 this reserve stood at £6.6 million (2022: £9.3 million) which represents 6.5 months running costs, based on the 2023/24 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 nineteen years, the Trustees have given their appointed investment managers, Evelyn (formerly 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 Evelyn. 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.

**HEARING DOGS FOR DEAF PEOPLE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

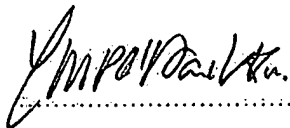
Future plans

Underpinning the charity's strategic plans are its objectives which are set out on pages 4-5.

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 18 July 2023
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 2023**

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 2023 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 2023 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: 29 August 2023

HEARING DOGS FOR DEAF PEOPLE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2023

	Note	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
Income from:					
Donations and legacies	4	7,578,341	2,872,800	10,451,141	12,388,828
Grants receivable	4	-	-	-	38,477
Charitable activities	4	89,417	-	89,417	69,561
Trading and fundraising	4	1,203,577	-	1,203,577	1,119,345
Investments	4	271,999	-	271,999	70,479
Other	4	74,350	-	74,350	49,904
Total income		<u>9,217,684</u>	<u>2,872,800</u>	<u>12,090,484</u>	<u>13,736,594</u>
Expenditure on:					
Raising funds	5	2,688,224	-	2,688,224	2,887,866
Charitable activities	5	6,749,434	2,754,419	9,503,853	8,340,515
Total expenditure		<u>9,437,658</u>	<u>2,754,419</u>	<u>12,192,077</u>	<u>11,228,381</u>
Net (losses)/gains on investments		<u>(234,277)</u>	<u>-</u>	<u>(234,277)</u>	<u>583,307</u>
Net income		<u>(454,251)</u>	<u>118,381</u>	<u>(335,870)</u>	<u>3,091,520</u>
Transfers between funds	17	-	-	-	-
Net movement in funds		<u>(454,251)</u>	<u>118,381</u>	<u>(335,870)</u>	<u>3,091,520</u>
Reconciliation of funds:					
Total funds brought forward		<u>24,642,654</u>	<u>873,589</u>	<u>25,516,243</u>	<u>22,424,723</u>
Total funds carried forward	17	<u>24,188,403</u>	<u>991,970</u>	<u>25,180,373</u>	<u>25,516,243</u>


The notes on pages 21 to 38 form part of these financial statements

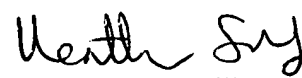
HEARING DOGS FOR DEAF PEOPLE
BALANCE SHEET
31 MARCH 2023
COMPANY NUMBER: 01964878

	Note	The Group		The Charity	
		2023	2022	2023	2022
		£	£	£	£
Fixed assets:					
Tangible assets	9	7,476,054	7,731,285	7,476,054	7,731,285
Investments	10	9,092,117	9,295,040	9,092,117	9,295,040
Total fixed assets		16,568,171	17,026,325	16,568,171	17,026,325
Current assets:					
Stocks	11	45,307	38,155	-	-
Debtors	12	761,520	1,520,176	882,558	1,646,356
Short term deposits		8,487,014	8,298,852	8,487,014	8,298,852
Cash at bank and in hand		18,431	(83,799)	14,140	(90,783)
Total current assets		9,312,272	9,773,384	9,383,712	9,854,425
Liabilities:					
Creditors: Amounts falling due within one year	13	(700,070)	(1,283,466)	(688,289)	(1,287,928)
Net current assets		8,612,202	8,489,918	8,695,423	8,566,497
Total net assets	14	25,180,373	25,516,243	25,263,594	25,592,822
Funds:					
Restricted funds	17	991,970	873,589	991,970	873,589
Unrestricted funds:					
Designated funds	17	17,539,339	15,304,842	17,539,339	15,304,842
Operational reserve	17	6,649,064	9,337,812	6,732,285	9,414,391
Total funds	17	25,180,373	25,516,243	25,263,594	25,592,822

The deficit in the year relating to the parent charity was £329,228 (2022: surplus £3,067,559)

The financial statements were approved and authorised for issue by the board on 18 July 2023 and were signed on its behalf by:


C M P O'Donovan-Rossa
Chairman


H Self
Honorary Treasurer

The notes on pages 21 to 38 form part of these financial statements

HEARING DOGS FOR DEAF PEOPLE
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2023 £	2022 £
Cash flows from operating activities:				
Net cash provided by/(used in) operating activities	18a		164,034	3,036,065
Cash flows from investing activities:				
Dividends and interest from investments		271,999		70,479
Proceeds from the sale of tangible assets		6,550		1,155
Purchase of tangible assets		(120,837)		(594,079)
Proceeds from the sale of investments		1,573,624		1,462,468
Purchase of investments		(1,530,173)		(1,355,197)
Net cash provided by / (used in) investing activities			201,163	(415,174)
Change in cash and cash equivalents in the reporting period	18c		365,197	2,620,891
Change in cash and cash equivalents at the beginning of the reporting period	18b		8,402,615	5,781,724
Cash and cash equivalents at the end of the reporting period	18b		8,767,812	8,402,615

The notes on pages 21 to 38 form part of these financial statements

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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.

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 Charities 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.

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.

HEARING DOGS FOR DEAF PEOPLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

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.

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.

**HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. Accounting policies (continued)

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).

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 2023

3. Comparative statement of financial activities

	Unrestricted Funds £	Restricted Funds £	Total 2022 £
Income from:			
Donations and legacies	10,252,757	2,136,071	12,388,828
Grants receivable	38,477	-	38,477
Charitable Activities	69,561	-	69,561
Trading and fundraising	1,119,345	-	1,119,345
Investments	70,479	-	70,479
Other	49,904	-	49,904
Total income	<u>11,600,523</u>	<u>2,136,071</u>	<u>13,736,594</u>
Expenditure on:			
Raising funds	2,887,866	-	2,887,866
Charitable activities	5,977,829	2,362,686	8,340,515
Total expenditure	<u>8,865,695</u>	<u>2,362,686</u>	<u>11,228,381</u>
Net gains on investments	<u>583,307</u>	<u>-</u>	<u>583,307</u>
Net income	3,318,135	(226,615)	3,091,520
Transfers between funds	<u>289,677</u>	<u>(289,677)</u>	<u>-</u>
Net movement in funds	<u>3,607,812</u>	<u>(516,292)</u>	<u>3,091,520</u>
Reconciliation of funds:			
Total funds brought forward	21,034,842	1,389,881	22,424,723
Total funds carried forward	<u>24,642,654</u>	<u>873,589</u>	<u>25,516,243</u>

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

4. Income

	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
Donations and legacies				
Donations	862,111	1,482,266	2,344,377	1,584,975
Income from branches	19,614		19,614	59,966
Sponsorship	2	1,390,534	1,390,536	1,374,097
Legacies	6,466,300		6,466,300	9,130,692
Gift Aid	230,314		230,314	239,098
	<u>7,578,341</u>	<u>2,872,800</u>	<u>10,451,141</u>	<u>12,388,828</u>
Grants receivable				
Coronavirus Job Retention Scheme	-	-	-	14,477
Local Authority Grants	-	-	-	24,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,477</u>
Charitable activities				
Sale of hearing equipment	13,313	-	13,313	19,857
Services to other charities	76,104	-	76,104	49,704
	<u>89,417</u>	<u>-</u>	<u>89,417</u>	<u>69,561</u>
Trading and fundraising				
Fundraising events	441,932	-	441,932	365,599
Trading subsidiary income	761,645	-	761,645	753,746
	<u>1,203,577</u>	<u>-</u>	<u>1,203,577</u>	<u>1,119,345</u>
Investment income				
UK listed securities	84,918	-	84,918	60,764
UK bank interest	187,081	-	187,081	9,715
	<u>271,999</u>	<u>-</u>	<u>271,999</u>	<u>70,479</u>
Other income				
Rent received	48,495	-	48,495	46,674
Profit on sale of tangible assets	6,550	-	6,550	1,155
Other income	19,305	-	19,305	2,075
	<u>74,350</u>	<u>-</u>	<u>74,350</u>	<u>49,904</u>
Total income	<u>9,217,684</u>	<u>2,872,800</u>	<u>12,090,484</u>	<u>13,736,594</u>

HEARING DOGS FOR DEAF PEOPLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

5. Expenditure

Expenditure on:	Direct Costs £	Staff Costs £	Depreciation £	Support Costs £	Total 2023 £	Total 2022 £
Raising funds:						
Donations and legacies	906,110	730,392	40,877	121,897	1,799,276	2,042,042
Fundraising trading	708,287	97,649	-	27,713	833,649	790,525
Investment management	55,299	-	-	-	55,299	55,299
	<u>1,669,696</u>	<u>828,041</u>	<u>40,877</u>	<u>149,610</u>	<u>2,688,224</u>	<u>2,887,866</u>
Charitable activities:						
Provision of hearing dogs	1,359,798	5,922,751	335,191	1,547,685	9,165,425	8,024,315
Supporting people affected by hearing loss	31,016	238,384	-	69,028	338,428	316,200
	<u>1,390,814</u>	<u>6,161,135</u>	<u>335,191</u>	<u>1,616,713</u>	<u>9,503,853</u>	<u>8,340,515</u>
Total expenditure 2023	<u>3,060,510</u>	<u>6,989,176</u>	<u>376,068</u>	<u>1,766,323</u>	<u>12,192,077</u>	<u>11,228,381</u>
Total expenditure 2022	<u>2,948,774</u>	<u>6,348,371</u>	<u>355,117</u>	<u>1,566,119</u>	<u>11,218,381</u>	

5a. Support costs

Support costs included in the above are analysed as follows:

	Facilities £	General Management £	Legal & Professional £	IT £	Total 2023 £	Total 2022 £
Raising funds:						
Donations and legacies	55,912	29,928	12,208	23,849	121,897	76,426
Fundraising trading	22,713	2,500	-	2,500	27,713	25,222
	<u>78,625</u>	<u>32,428</u>	<u>12,208</u>	<u>26,349</u>	<u>149,610</u>	<u>101,648</u>
Charitable activities:						
Provision of hearing dogs	510,029	458,542	247,474	331,640	1,547,685	1,426,260
Supporting people affected by hearing loss	12,109	44,670	11,070	1,179	69,028	38,211
	<u>522,138</u>	<u>503,212</u>	<u>258,544</u>	<u>332,819</u>	<u>1,616,713</u>	<u>1,464,471</u>
Total expenditure 2023	<u>600,763</u>	<u>535,640</u>	<u>270,752</u>	<u>359,168</u>	<u>1,766,323</u>	<u>1,566,119</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>	

Total governance costs included above are £77,418 (2022: £77,174).

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:

	2023 %	2022 %
Raising funds:		
Donations and legacies	14.7	18.2
Fundraising trading	6.8	7.0
Investment management	0.5	0.5
Charitable activities:		
Provision of hearing dogs	75.2	71.5
Supporting people affected by hearing loss	2.8	2.8

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

6. Net income

This is stated after charging/(crediting):

	2023 £	2022 £
Profit on sale of fixed assets	(6,550)	(1,155)
Depreciation	376,068	365,117
Auditors' remuneration	23,365	20,320
- audit		
-other services	3,835	3,450
Operating lease rentals	12,182	12,182
- equipment		
-property	2,832	2,832
	<u>2,832</u>	<u>2,832</u>

7. Staff costs and numbers

Staff costs were as follows:

	2023 £	2022 £
Salaries and wages	6,074,679	5,578,849
Social security costs	613,118	549,280
Pension contributions	266,791	220,242
	<u>6,954,588</u>	<u>6,348,371</u>

There were termination costs in the year of £154,693 (2022: £Nil). Termination costs include any payments in lieu of notice and pension contributions paid on termination.

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

	2023 Number	2022 Number
£60,001 - £70,000	1	2
£70,001 - £80,000	2	1
£80,001 - £90,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	1	-
£140,001 - £150,000	-	1
£160,001 - £170,000	1	-
	<u>1</u>	<u>-</u>

Contributions to the charity's defined contribution pension scheme for the highest paid employee amounted to £40,058 (2022: £11,084).

The key management personnel of the charity are the trustees and the executive team led by the Chief Executive. No (2022: one) member 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 £739,617 (2022: £578,708).

The Trustees did not receive any remuneration during the year to 31 March 2023 (2022: £Nil). Trustees received reimbursed travel and subsistence expenses in 2023 of £1,742 (2022: £Nil).

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

7. Staff costs and numbers (continued)

	2023		2022	
	Average	FTE	Average	FTE
Hearing Dogs: supply, training, welfare and aftercare	147	132	151	139
Hearing Link: supporting people affected by hearing loss	16	15	6	5
Fundraising	20	18	21	20
Communications and marketing	12	11	8	6
Management and administration	21	20	14	14
Total	216	196	200	184

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 2023 amounted to £Nil (2022: £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 2022	9,663,715	299,423	1,886,028	11,849,166
Additions	32,850	10,838	77,149	120,837
Disposals	-	(54,348)	-	(54,348)
At 31 March 2023	9,696,565	255,913	1,963,177	11,915,655
Depreciation				
At 1 April 2022	2,449,640	284,105	1,384,136	4,117,881
Charge for the year	193,276	5,958	176,834	376,068
Disposals	-	(54,348)	-	(54,348)
At 31 March 2023	2,642,916	235,715	1,560,970	4,439,601
Net book value				
At 31 March 2023	7,053,649	20,198	402,207	7,476,054
At 31 March 2022	7,214,075	15,318	501,892	7,731,285

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

9. Tangible assets (continued)

	Beatrice Wright Centre £	The Grange £	Total £
Net book value			
At 1 April 2022	2,050,515	5,163,560	7,214,075
Additions at cost	14,356	18,494	32,850
Disposals at net book value	-	-	-
Depreciation charge	(56,578)	(136,698)	(193,276)
Net book value at 31 March 2023	<u>2,008,293</u>	<u>5,045,356</u>	<u>7,053,649</u>

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

10. Fixed asset investments

	Group	
	2023	2022
	£	£
Quoted investments		
Market value at 1 April	9,107,478	8,631,442
Purchases	1,530,173	1,355,197
Sales	(1,573,624)	(1,462,468)
Net investment (losses)/gains	<u>(234,277)</u>	583,307
Market value at 31 March	8,829,750	9,107,478
Cash awaiting investment	<u>262,367</u>	187,562
Total at 31 March	<u>9,092,117</u>	<u>9,295,040</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 2023 was £7,643,870 (2022: £7,450,981). Included in the operational reserve shown in the balance sheet (see page 20) is a revaluation reserve of £1,185,880 (2022: £1,656,497) 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:

	2023	2022
	£	£
Total dividend and interest income for basic financial assets	<u>271,999</u>	<u>70,479</u>
Total (losses) / gains in respect of basic financial assets	<u>(234,277)</u>	<u>583,307</u>

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

11. Stocks

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Goods for resale	<u>45,307</u>	<u>38,155</u>	<u>-</u>	<u>-</u>

12. Debtors

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	8,186	8,001	-	-
Loan to subsidiary	-	-	85,010	135,010
Other amounts due from subsidiary	(11)	-	45,421	-
Prepayments	195,461	500	194,243	-
Other debtors and accrued income	<u>557,884</u>	<u>1,511,675</u>	<u>557,884</u>	<u>1,511,346</u>
	<u>761,520</u>	<u>1,520,176</u>	<u>882,558</u>	<u>1,646,356</u>

Total debtors includes £85,010 (2022: £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	
	2023	2022	2023	2022
	£	£	£	£
Trade creditors	265,343	281,723	264,952	279,439
Taxation and social security	158,494	267,926	158,494	267,926
Other creditors and accruals	<u>276,233</u>	<u>733,817</u>	<u>264,843</u>	<u>740,563</u>
	<u>700,070</u>	<u>1,283,466</u>	<u>688,289</u>	<u>1,287,928</u>

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

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

14. Analysis of group net assets between funds

	Restricted funds	Unrestricted designated funds	Unrestricted operational reserve	Total funds
	£	£	£	£
2023				
Tangible fixed assets	-	7,476,054	-	7,476,054
Investments	-	9,092,117	-	9,092,117
Current assets	991,970	971,168	7,349,134	9,312,272
Current liabilities	-	-	(700,070)	(700,070)
Group funds at 31 March 2023	<u>991,970</u>	<u>17,539,339</u>	<u>6,649,064</u>	25,180,373
Add: Subsidiary net liabilities			83,221	83,221
Charity funds at 31 March 2023	<u>991,970</u>	<u>17,539,339</u>	<u>6,732,285</u>	<u>25,263,594</u>
	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>	25,516,243
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>

15. Other financial commitments

At 31 March 2023 the ageing of total minimum lease payments was as follows:

	2023			2022		
	Property Leases	Other	Total	Property Leases	Other	Total
	£	£	£	£	£	£
Operating leases due:						
Within one year	2,832	1,092	3,924	2,832	8,116	10,948
Between 2-5 years	-	1,277	1,277	-	2,772	2,772
Total	<u>2,832</u>	<u>2,369</u>	<u>5,201</u>	<u>2,832</u>	<u>10,888</u>	<u>13,720</u>

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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.

	2023 £	2022 £
Trading and profit and loss account		
Turnover	761,645	753,746
Cost of sales	<u>(567,788)</u>	<u>(542,905)</u>
Gross profit	193,857	210,841
Grants receivable	-	24,000
Administrative expenses	<u>(194,388)</u>	<u>(207,827)</u>
Operating loss	(531)	27,014
Interest payable	<u>(6,111)</u>	<u>(3,053)</u>
(Loss) / Profit on ordinary activities	(6,642)	23,961
Retained losses brought forward	<u>(76,581)</u>	<u>(100,542)</u>
Retained losses carried forward	(83,223)	(76,581)
Balance sheet		
Total assets	59,002	72,128
Total liabilities	<u>(142,223)</u>	<u>(148,707)</u>
Net liabilities	<u>(83,221)</u>	<u>(76,579)</u>
Share capital	2	2
Retained losses	<u>(83,223)</u>	<u>(76,581)</u>
Capital and reserves	<u>(83,221)</u>	<u>(76,579)</u>

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

17. Movement in funds

	2022 £	Total Income £	Total Expenditure £	Investment Gains / Transfers £	2023 £
Restricted funds:					
<u>Hearing Dogs:</u>					
<u>By project / activity</u>					
Physical Facility	290,000	-	-		290,000
Hearing Dogs for Deaf Children	-	68,667	(68,667)		-
Purchase & Training of HD	-	65,000	-		65,000
Hearing Dogs Training	-	1,390,534	(1,390,534)		-
Partnerships	-	586,789	(586,789)		-
Training, partnership and salaries	-	277,955	(46,327)		231,628
Puppy Socialising Areas	25,000	-	(25,000)		-
Operations Development Team	-	46,000	(46,000)		-
Upgrade: The Grange Farmhouse	300,000	-	-		300,000
Upgrade: Kennels	10,000	-	-		10,000
Lifetime Partnership Support	150,000	-	(125,000)		25,000
Training and / or name a dog	40,000	50,000	(37,500)		52,500
Elderly - Scotland	-	10,000	(10,000)		-
Other projects less than £10,000	8,424	15,886	(15,886)		8,424
<u>By location</u>					
Bedfordshire	-	14,000	(14,000)		-
Buckinghamshire	-	13,000	(13,000)		-
Devon & Cornwall	-	52,451	(52,451)		-
Dorset	-	5,500	(5,500)		-
Gloucestershire	-	5,000	(5,000)		-
Greater Manchester	-	9,000	(9,000)		-
Hampshire & West Sussex	-	5,500	(5,500)		-
Jersey	9,418	-	-		9,418
Kent	-	6,000	(6,000)		-
Leicestershire	-	5,500	(5,500)		-
Merseyside	-	7,000	(7,000)		-
Oxfordshire and Hertfordshire	-	5,500	(5,500)		-
Scotland	-	9,710	(9,710)		-
York	-	9,000	(9,000)		-
Yorkshire	6,673	2,500	(9,173)		-
Amounts £5,000 or less	-	69,792	(69,792)		-
Hearing Dogs Total	839,515	2,730,284	(2,577,829)	-	991,970
<u>Hearing Link:</u>					
<u>By project / activity</u>					
Hearing Aid Liaison Outreach	8,498	-	(8,498)		-
Hearing Link	-	75,883	(75,883)		-
Website Development	25,576	-	(25,576)		-
<u>By location</u>					
Northern Ireland	-	66,633	(66,633)		-
Hearing Link Total	34,074	142,516	(176,590)	-	-
Total restricted	873,589	2,872,800	(2,754,419)	-	991,970

HEARING DOGS FOR DEAF PEOPLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

17. Movement in funds (continued)

	2022 £	Total Income £	Total Expenditure £	Investment Gains / Transfers £	2023 £
Unrestricted funds:					
Designated funds:					
Freehold - BWC	2,050,515	-	(56,578)	14,356	2,008,293
Freehold - The Grange	5,163,560	-	(136,698)	18,494	5,045,356
Other functional fixed assets	517,210	-	(182,792)	87,987	422,405
Sub-total fixed assets	7,731,285	-	(376,068)	120,837	7,476,054
Capital commitments	-	-	-	119,917	119,917
Total fixed assets	7,731,285	-	(376,068)	240,754	7,595,971
Partnership commitments	5,868,982	-	-	574,386	6,443,368
Property development fund	-	-	-	3,500,000	3,500,000
Coronavirus Recovery Fund	1,704,575	-	(425,000)	(1,279,575)	-
Total designated	15,304,842	-	(801,068)	3,035,565	17,539,339
Operational reserve	9,337,812	9,217,684	(8,636,590)	(3,269,842)	6,649,064
Total unrestricted	24,642,654	9,217,684	(9,437,658)	(234,277)	24,188,403
Total funds	25,516,243	12,090,484	(12,192,077)	(234,277)	25,180,373

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 £7,476,054 (2022: £7,731,285) 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 2023 (2022: £Nil). An amount of £120,837 (2022: £594,079) 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 2023 this amount was calculated at £6,443,368 (2022: £5,868,982) representing the projected costs over a 10-year period. An amount of £574,386 (2022: £489,106) 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. In the lead up to the end of the current accounting period it was felt that it was unlikely that any further expenditure would be required that was directly related to the Covid-19 outbreak. As such the fund was returned to undesignated funds.

The operating environment has changed since the Coronavirus pandemic and it is planned to redevelop parts of both sites that are no longer used. A designated fund of £3.5m has been established to support the plans.

HEARING DOGS FOR DEAF PEOPLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

17. Movement in funds (continued)

	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
Pawilian		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
<u>Hearing Link:</u>					
<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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

17. Movement in funds (continued)

	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	7,502,323	-	(365,117)	594,079	7,731,285
Capital commitments	243,941	-	(243,941)	-	-
Total fixed assets	7,746,264	-	(609,058)	594,079	7,731,285
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	15,803,329	-	(1,581,672)	1,083,185	15,304,842
Operational reserve	5,231,513	11,600,523	(7,284,023)	(210,201)	9,337,812
Total unrestricted	21,034,842	11,600,523	(8,865,695)	872,984	24,642,654
Total funds	22,424,723	13,736,594	(11,228,381)	583,307	25,516,243

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

	2023 £	2022 £
Net (expenditure) / income	(335,870)	3,091,520
Adjustments for:		
Depreciation charges	376,068	365,117
Losses / (Gains) on investments	234,277	(583,307)
Dividends and interest from investments	(271,999)	(70,479)
(Profit)/loss on sale of tangible fixed assets	(6,550)	(1,155)
(Increase) in stock	(7,152)	(2,591)
Decrease / (Increase) in debtors	758,656	(171,563)
(Decrease) / increase in creditors	(583,396)	408,523
Net cash provided by operating activities	164,034	3,036,065

18b. Analysis of cash and cash equivalents

	2023 £	2022 £
Cash awaiting investment	262,367	187,562
Short term deposits	8,487,014	8,298,852
Cash at bank and in hand	18,431	(83,799)
	8,767,812	8,402,615

HEARING DOGS FOR DEAF PEOPLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

18c. Movement in net funds

	At 1 April 2022 £	Cash flow £	At 31 March 2023 £
Short term deposits	8,298,852	188,162	8,487,014
Cash at bank and in hand	(83,799)	102,230	18,431
Cash held awaiting investment	187,562	74,805	262,367
Total net cash	<u>8,402,615</u>	<u>365,197</u>	<u>8,767,812</u>

19. Capital commitments

	2023 £	2022 £
Contracted capital commitments for the group and the charity	<u>£ 119,917</u>	<u>£ -</u>

There were capital commitments of £119,917 relating to the purchase of four motor vehicles as at 31 March 2023 (2022: £Nil).

20. Related parties

In the year to 31 March 2023 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 (2022: £60,000).
- b. Interest payable by the trading subsidiary to the charity £6,111 (2022: £3,053).

At 31 March 2023 the amount owed by the trading subsidiary to the charity amounted to £42,626 (2022: £18,159 owed by the charity to the trading company).

In addition, the charity has loaned the trading subsidiary £85,010 which has no fixed repayment date, but which is secured on its assets, attracting interest at 2% over bank base rate.

Mr P Davis (charity trustee) and Mr C Hedley (charity Company Secretary) 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.

£496 (2022: £264) of donations from Trustees were received during the year. £350 of books written by trustee Bruce Fogle were sold through the gift shop in the period.

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 2023 was £6.1 million (2022: £5.0 million) and is not included in the accounts.