



INCORPORATING:



**HEARING DOGS FOR DEAF PEOPLE
(A COMPANY LIMITED BY GUARANTEE)
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021**



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

**HEARING DOGS FOR DEAF PEOPLE
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FOR THE YEAR ENDED 31 MARCH 2021**

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HEARING DOGS FOR DEAF PEOPLE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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 2021.

Reference and administrative details of the charity

Company number: 01964878

Charity number: England: 293358
Scotland: SC040486

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

Royal patron: HRH The Princess Royal

President: Sir Stuart Hampson CVO

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

Vice-presidents: R Bourne
Air Vice-Marshal D Crwys-Williams CB FCIPD FCIM
Dr H Harris MB ChB FRCGP
K W Keir OBE

Trustees: F B Clark
Dr B Fogle MBE DVM MRCVS
A C Bowers BSc ACA
G P Burchett MBA FCMI
E M Burness (Appointed 11 May 2021)
M S Coote BSc (Appointed 11 May 2021)
B S Downes LL.B FSHAA
K A England RVN DipCIM
Dr V Harrison MA DPhil
D L Hay
S E Heath BVSc PgCertVE DipECAWBM(BM) CCAB FHEA FRCVS
(Appointed 11 May 2021)
A M Horsley JP DL
V A Hunt
K B Milsom BHSc Hons MSc (Appointed 11 May 2021)
C M P O'Donovan-Rossa BA Hons MA ACIB FCIPD DMS
Professor R T Ramsden MBE FRCS

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

In accordance with the Articles of Association, F B Clark, G P Burchett, Dr B Fogle, A M Horsley, B S Downes, Professor R T Ramsden, E M Burness, M S Coote, S E Heath and K B Milsom retire at the Annual General Meeting (AGM) and being eligible, offer themselves for re-election. A C Bowers retires at the AGM and is not seeking re-election. Dr V Harrison and V A Hunt retire at the AGM and are not eligible 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.

Executive team:	Chief Executive Director of Corporate Services and Company Secretary Director of Operations Director of Services & Partnerships Director of Quality & Human Resources Director of Income Generation and Communications	M Jennings BA LL.B MBA P R Hester FCA J Tommey BSc A Platten J Gray MBA VN S Heyes BSc from 01 January 2021
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**HEARING DOGS FOR DEAF PEOPLE
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Reference and administrative details of the charity (continued)

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

Structure, Governance and Management

Governing Document

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

Governing Body

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

The Trustees meet formally four times a year, with Trustees also forming six sub-committees: Finance, Business Development, Governance and Audit, Remuneration and the newly formed Canine Services and Hearing Loss Services sub-committees. The Finance and Business Development sub-committees meet four times a year and the Governance and Audit, Canine Services and Hearing Loss Services sub-committees meet at least twice a year. The Remuneration sub-committee meets at least once a year primarily to review the salary of the Chief Executive. In addition, the Trustees hold ad hoc 'away days' where governance and the future strategy of the charity are discussed. 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.

Recruitment and Training of Trustees

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

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

Pay policy for senior staff

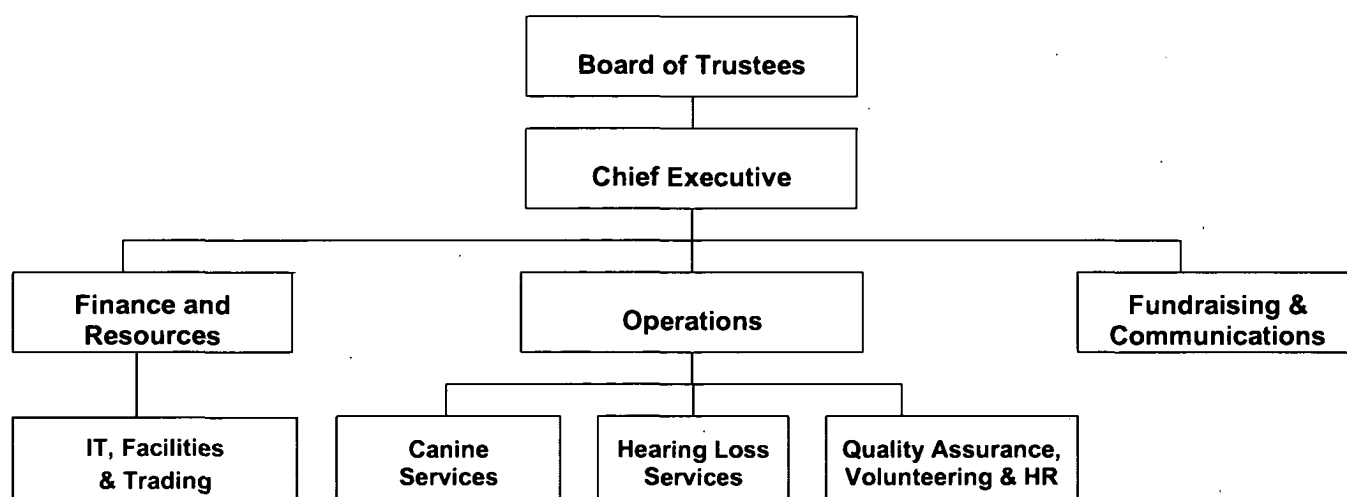
The pay of the Chief Executive is reviewed annually by the Remuneration Committee and normally increased according to agreed benchmarks and the percentage annual pay award to all staff are taken into consideration. Pay increases for the executive team are approved by the Chief Executive after reviewing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

**HEARING DOGS FOR DEAF PEOPLE
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Structure, Governance and Management (continued)

Organisation and Structure

The charity employs 176 members of staff (full-time equivalent) who are involved in the labour intensive process of creating and supporting hearing dog partnerships and supporting people affected by hearing loss. Members of staff operate within three main departments as indicated in the following organisation chart.



Group structure and relationships

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

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

Risk Management

The Trustees of Hearing Dogs for Deaf People recognise and accept their responsibility for ensuring that risks to which the charity is exposed are reviewed, and steps taken to mitigate the impact of adverse factors through the application of appropriate preventative controls and corrective actions. 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 Governance and Audit sub-committee oversees these formal reviews and meets at least twice annually and monitors the ongoing operational management decisions which make suitable adjustments and amendments to systems and procedures as and when risks are identified in everyday operations.

HEARING DOGS FOR DEAF PEOPLE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Objectives, Aims and Activities

Charitable Objectives

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

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

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

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

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

Aim and Intended Impact

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

Our principal aim is:

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

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

Principal activities of the year

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

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

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

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

Activities in Scotland - Registered Charity Number: SC040486

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

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

**HEARING DOGS FOR DEAF PEOPLE
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Volunteer Support

We are indebted to our volunteer family more than ever. There is no underestimating how quickly volunteers adapted and stepped up to the challenges of 2020 - puppy training moved from village halls to video calls, 'bed and breakfast' volunteers started training from home, speaker bookings went virtual, fundraising and LinkUps moved online - many volunteers have been busier than ever, whilst unfortunately some volunteering has been on hold or severely limited since the first lockdown in March 2020. In both instances, we have continued to champion and thank our volunteers for their incredible capability and resilience.

Hearing Link volunteers are being welcomed into our community and its friendly culture. Throughout December, Hearing Link volunteers were brought to the fore through our Virtual Advent Calendar. We celebrated Christmas and Volunteers' Week with no less gusto for being remote.

Communicating with all our volunteers has been especially imperative and we have done that through new portals, monthly updates and social media, in particular our exceptionally popular volunteers' Facebook group.

Volunteer recruitment has been mostly on hold during the uncertainties of this past year, and therefore enquiries greatly reduced. We have very sadly lost members of our volunteer family to Covid-19, people have reassessed their circumstances, decided to get their own pet dog, moved to a new house, and we continue to keep our database updated, which has led to us recording reduced volunteer numbers for the first time: the charity had 3,112 registered volunteers at 31 March 2021 which was 250 less than in 2020.

The charity had 3,112 (2020: 3,362) volunteers at 31 March 2021 who, in line with best practice, have entered into a formal agreement with the charity, setting out the responsibilities of both the charity and the volunteer. This year's exceptional decrease in the number of registered volunteers was -250 (2020: +350), however this net decrease masks volunteer turnover which recorded 286 (2020: 805) new volunteers and 536 (2020: 455) departures.

Provision of information to auditors

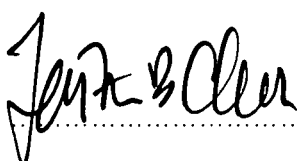
Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

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

Auditors

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

Approved by the board on 01 October 2021
and signed on their behalf by



.....F B Clark (Chairman)

HEARING DOGS FOR DEAF PEOPLE

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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 2020/21 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.

Strategies to achieve the year's objectives

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

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

What we achieved during the year

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

1. This year has seen the continuing development of our online Hearing Loss Services through Hearing Link including the helpdesk which is supported by our volunteer helpdesk responders and client advisors and received 1,769 enquiries during the year.
2. Total number of dogs completing training during the year was 182 (2020: 221) including 159 (2020: 193) dogs working specifically with deaf clients. Each hearing dog takes some 18-24 months to train.
3. The net movement in funds for the year was a surplus of £4,191,170 (2020: £12,503). Income exceeded expenditure by £2,796,195 and investment gains amounted to £1,394,975.
4. The charity continued to enjoy significant media coverage from its virtual fundraising events and communications activities. Core campaigns included the continuing promotion of the charity's puppy sponsorship regular giving scheme via social media. Our national and community events were adversely impacted by Covid-19.

HEARING DOGS FOR DEAF PEOPLE

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

What we achieved during the year (continued)

5. The performance of the charity's trading subsidiary was satisfactory given the disruption caused by Covid-19. The response from customers has remained very encouraging and the loss on ordinary activities for the year was £(16,455) (2020: £(16,385)).
6. The past year was a challenging one for volunteers due to Covid-19. The number of registered volunteers reduced for the first time to 3,112 which was 250 less than at the end of the previous year.

Fundraising practices and performance

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

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

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

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

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

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

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

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

Total income was £1.9 million above last year at £12.3 million. Legacies increased by £1.2 million and donations were £0.4m higher than last year mainly as a result of grants received to fund specific projects. Sponsorship increased by £0.2m principally from the further development of the puppy sponsorship regular giving scheme.

Sales by the Trading Company were £0.4m lower than last year due to the closure of operations in line with Covid-19 restrictions. Operating costs for the year were also significantly reduced resulting in a net loss for the year of £(16,455) (2020: loss £(16,385)).

HEARING DOGS FOR DEAF PEOPLE STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Operational performance

Canine Services (Hearing Dogs)

The senior operational management team was in a strong position to adapt to the changing environment created by Covid-19 with key aspects of its training model and support processes already in place and embedded prior to 2020.

From the start of the year the charity was forced to suspend its breeding and adoption programme due to lockdowns and Government restrictions however the scheme remains in a strong position to resume and reach its full-size in 2021/22.

A major challenge for the year was the need to place hearing dogs with deaf people given the circumstances relating to Covid-19. As a result, the team went back to basics and developed the Companion Starter Plan a homed based, step by step training course for new clients which uses a training approach supported remotely by video conferencing and the charity's intranet. As a result, we are delighted have trained 159 dogs (2020: 193 dogs) for core deaf support roles.

The department is committed to providing improved learning materials for volunteer trainers/ training assistants through its online portal, virtual dog club, written materials and video which is in addition to group classes and in-person topic led workshops. Staff and volunteers continue to working hard and adapt to support the growth that is being planned for in the future.

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

The Quality Assurance team were furloughed full time from April to August 2020 with some staff members remaining on flexi furlough until March 2021. Between August 2020 and March 2021, 130 Hearing Dog Accreditations (HDA) were performed.

The QA team adapted the HDA to become a virtual assessment allowing the operational pipeline to have some movement, whilst reducing the risk of placing a dog with an unsuitable match.

Hearing Loss Services

Hearing Loss Services provides practical and emotional support to those affected by hearing loss through the services of its team of kind and experienced staff and volunteers. Some services are provided on an occasional basis, while others require a longer-term partnership approach where we stay in touch and offer services, advice and information to help when needed.

The past year was one of high intensity activity and focus on adapting and responding to environmental restrictions to allow the intake and fast-tracking of hearing dog applications. During the year we were able to provide support to 3,263 people which included our existing hearing dog partnerships and applicants.

We have continued to maintain a diverse partnership network totalling 1,012 dogs (2020: 981) made up of accredited hearing dogs for adults and children, sound support dogs, family friends and confidence companions. The team also carried out 355 face to face visits in between lockdowns for Covid-19 and in response to emergency situations. Our client support model continues to evolve from a predominantly in the home-based model to a community-based support model.

The development of our LinkUp courses continued with an online trial involving 24 participants. An annual schedule of activity is planned which will help us reach many more people nationwide. We also launched LiveChat on the Hearing Link website during the year and began work on the creation and development of new videos to help support our beneficiaries.

HEARING DOGS FOR DEAF PEOPLE STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Operational performance (continued)

Hearing Loss Services (continued)

The online helpdesk is now fully embedded into the Hearing Loss Services team, co-ordinated and supported by a network of volunteer helpdesk responders and the client advisors. This past year saw a continuing high volume of enquiries which reached 1,769 in total.

We engaged with 3,528 people through our communication support 'giveaway' events where we supplied free materials on request to help improve communications with deaf people. We also introduced clear facemasks through the Hearing Link shop which received 1,180 customers during the year.

Investment performance

Tilney have been the charity's investment managers for the last seventeen 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 £7.6 million (2020: £6.4 million), including cash awaiting investment, against four indices for last year and the last seventeen years.

	<u>Year 2020/21</u> <u>(Total Return)</u>	<u>Seventeen Year Period</u> <u>(Total Return)</u>
Income and Growth Portfolio	+18.5%	+173.7%
MSCI WMA Private Investor Balanced	+22.1%	+119.4%
ARC Balanced PCI	+18.5%	+135.6%
ARC Balanced ACI	+19.0%	+156.9%
MSCI United Kingdom TR	+20.1%	+175.8%

The favoured benchmarks are currently the ARC Balanced indices as these are comparable with the underlying asset allocation of the Hearing Dogs portfolio. Performance over the past seventeen years has exceeded the benchmarks and a satisfactory result was achieved in 2020/21, 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 £1.1 million (2020: £0.9 million), including cash awaiting investment, against four indices for last year and the six years since inception.

	<u>Year 2020/21</u> <u>(Total Return)</u>	<u>Six Year Period</u> <u>(Total Return)</u>
Growth Portfolio	+27.7%	+45.3%
MSCI WMA Private Investor Growth	+26.2%	+55.9%
ARC Steady Growth PCI	+24.8%	+41.4%
ARC Steady Growth ACI	+24.5%	+43.5%
MSCI United Kingdom TR	+20.1%	+25.1%

A satisfactory result was achieved in 2020/21 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 (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

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

The charity is pleased to report a net surplus of £4,191,170 (2020: £12,503) made up of an operating surplus of £2,796,195 (2020: £537,676) and investment gains of £1,394,975 (2020: losses £(525,173)) reflecting higher stock market values.

Total income increased by £1.9 million to £12.3 million (2020: £10.4 million). The major movements were; an increase in donations of £0.4 million relating to grants received for specific projects, an increase of £0.2 million in sponsorship principally from the puppy sponsorship regular giving scheme, an increase in legacies of £1.2 million and an increase in other income of £0.1 million. In addition, trading and fundraising decreased by £0.5 million due to impact of Covid-19 however this was offset by an increase in grants receivable of £0.5 million mainly from the Coronavirus Job Retention Scheme. We remain very grateful to all our supporters who provide us with the financial resources we need to continue to maintain and develop our work. Their many contributions are essential given that there is continuing demand for the charity's hearing dog and hearing loss services for which it receives only a relatively small amount of government funding.

Expenditure for the year decreased by £0.4 million to £9.5 million (2020: £9.9 million). Spending on fundraising increased by £0.1 million with higher spending on puppy sponsorship recruitment and fulfilment being largely offset by savings related to community fundraising. Other cost savings, mainly related to Covid-19, were fundraising trading £0.3 million, and £0.2 million relating to charitable activities.

Total net assets increased by £4.2 million to £22.4 million (2020: £18.2 million) at the year end. Total fixed assets increased by £1.3 million to £16.2 million (2020: £14.9 million) principally due to investment gains and net current assets increased by £2.9 million to £6.2 million (2020: £3.3 million) most notably a £3.5 million increase in short term deposits generated by the operating surplus and the sale of assets held for resale at the previous year end.

Designated funds increased by £2.1million to £15.8 million (2020: £13.7 million) with the creation of the new £2.0 million Coronavirus Recovery Fund and the operational reserve and restricted funds amounted to £5.2 million (2020: £4.0 million) and £1.4 million (2020: £0.5 million) respectively.

HEARING DOGS FOR DEAF PEOPLE

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Reserves policy

The charity operates to provide immediate benefit to hearing dog recipients followed by a lifetime of partnership support for them and their families. With plans to increase the number of dogs being trained each year and 1,012 (2020: 981) working partnerships located throughout the country this level of support is expensive to maintain and will require both capital and revenue expenditure as a continuing investment for the future. In addition, it is dependent on voluntary income, principally legacies, which can be subject to considerable fluctuation from year to year.

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

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

Designated Funds for Tangible Fixed Assets.

This represents unrestricted reserves set aside by the Trustees for the functional fixed assets and capital commitments of the charity required to carry out its principal activities. At 31 March 2021 this reserve stood at £7.7 million (2020: £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 2021 were estimated at £6.1 million (2020: £6.0 million) over the next 10 years.

Designated Fund for Recovery from the Coronavirus Pandemic.

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

Operational (Free) Reserve.

The policy of the Trustees is to hold an operational reserve equivalent to 6 months operating expenditure. At 31 March 2021 this reserve stood at £5.2 million (2020: £4.0 million) which represents 6.6 months running costs, based on the 2021/22 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 seventeen years, the Trustees have given their appointed investment managers, Tilney, discretion to manage the Income and Growth Portfolio with a cautious growth risk profile providing both income and capital growth. The Trustees have also invested additional funds in a more aggressive Growth Portfolio which is also managed on a discretionary basis by Tilney. Decisions are taken in accordance with the charity's investment policy document which has been approved by the Board of Trustees. The charity's overriding policy remains to maximise returns whilst ensuring that as far as possible the funds invested are adequately safeguarded.

Principal risks and uncertainties facing the business

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

Risks:	Comments:
Dog supply pipeline.	Affected by temporary suspension the charity's breeding scheme and the availability of dogs from external breeders. Breeding scheme re-started/growing, improved dog selection, Creation of Companion Starter programme.
Availability of skilled dog training staff.	Efficient HR recruitment process in place with an emphasis on transferable skills to help with staff retention.
Availability of applicant population to receive their hearing dogs and matching processes impacted by Covid-19.	Hearing Loss Services now taking responsibility. New panel selection criteria have been developed.

HEARING DOGS FOR DEAF PEOPLE STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Impact of COVID-19

The direct impact of Covid-19 on the financial results for the year are summarised below:

Income

- Grants receivable +£0.5 million mainly from the Coronavirus Job Retention Scheme. 76 members of staff were furloughed during lockdowns on a full-time or flexi-furlough basis and all staff had returned to work by the year end. There were no job losses or redundancies due to Covid-19 during the year. Sadly, one resignation was received as a direct result of the effects of long Covid.
- Sponsorship +£0.2 million mainly from puppy sponsorship. Cost savings from operational activities released additional funds for investment in the puppy sponsorship scheme.
- Trading and fundraising -£0.5 million as a result of the suspension of face to face community fundraising and the closure of the charity's trading operations due to Government restrictions.

Expenditure

- Fundraising cost increased +£0.1 million net with higher spending on puppy sponsorship recruitment and fulfilment being largely offset by savings related to community fundraising.
- Fundraising trading -£0.3 million due to closure of the charity's trading operations.
- Charitable activities -£0.2 million due to a reduction in activities during the year.

The impact of Covid-19 on the value of the charity's assets has again been assessed and has not resulted in any material write-down in value as at 31 March 2021. There was a recovery of £1.4 million in the value of the charity's investments during the year and the charity continues to maintain cash reserves of a least two months operating expenditure. Investments may only be sold if the available cash amount falls below £1.0m.

The 2021/22 financial year has started in line with expectations and the cash flow forecast for the remainder of the year remains optimistic with income being well supported by legacy notifications already received.

The charity's sites at The Grange and BWC closed on 23 March 2020 and re-opened on 01 June 2020. Prior to re-opening the charity carried out risk assessments at both sites and confirmed that it had complied with the government's guidance on managing the risk of COVID-19.

In December 2020 and January 2021, the sites were again closed due to the second and third national lockdowns and from March/April 2021 both sites were again re-opened with reception and administration support activities back on site as the lockdown restrictions eased in line with the Government road map.

During the recent lockdown period the charity has also taken the opportunity to carry out planned maintenance and refurbishment to its buildings and equipment.

The charities operational activities have adapted significantly over the past year most notably with the creation of the Companion Starter programme and the move to remote delivery of our services online. A gradual return to full capacity for our operational activities and hearing loss services is expected during the coming year as our clients, staff and volunteers continue to re-engage more fully as restrictions are relaxed.

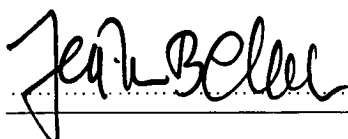
Future plans

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

The charity plans to build on its 2021-26 strategy with the key aspects of the plan being to:

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

Approved by the board on 01 October 2021
and signed on their behalf by



..... F B Clark (Chairman)

HEARING DOGS FOR DEAF PEOPLE
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2021

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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 2021 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 2021 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 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.

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

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.

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

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.

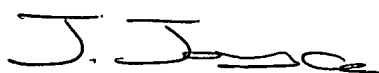
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

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 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 income receipts and related documentation, 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

Date: 23.11.21

For and on behalf of Crowe U.K. LLP
Statutory Auditor, Reading

HEARING DOGS FOR DEAF PEOPLE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021

	Note	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Income from:					
Donations and legacies	4	7,407,237	3,614,669	11,021,906	9,199,195
Grants receivable	4	473,634	-	473,634	-
Charitable activities	4	51,601	-	51,601	21,679
Trading and fundraising	4	546,005	-	546,005	1,029,871
Investments	4	83,756	-	83,756	89,039
Other	4	105,474	-	105,474	52,683
Total income		<u>£ 8,667,707</u>	<u>£ 3,614,669</u>	<u>£12,282,376</u>	<u>£10,392,467</u>
Expenditure on:					
Raising funds	5	2,153,453	-	2,153,453	2,305,808
Charitable activities	5	4,594,971	2,737,757	7,332,728	7,548,983
Total expenditure		<u>£ 6,748,424</u>	<u>£ 2,737,757</u>	<u>£ 9,486,181</u>	<u>£ 9,854,791</u>
Net gains/(losses) on investments		1,394,975	-	1,394,975	(525,173)
Net income		3,314,258	876,912	4,191,170	12,503
Transfers between funds	17	<u>25,117</u>	<u>(25,117)</u>	<u>-</u>	<u>-</u>
Net movement in funds		3,339,375	851,795	4,191,170	12,503
Reconciliation of funds:					
Total funds brought forward		<u>17,695,467</u>	<u>538,086</u>	<u>18,233,553</u>	<u>18,221,050</u>
Total funds carried forward	17	<u>£ 21,034,842</u>	<u>£1,389,881</u>	<u>£ 22,424,723</u>	<u>£18,233,553</u>

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

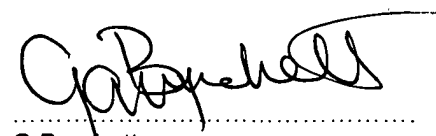
HEARING DOGS FOR DEAF PEOPLE
BALANCE SHEET
31 MARCH 2021
COMPANY NUMBER: 01964878

		The Group		The Charity	
	Note	2021 £	2020 £	2021 £	2020 £
Fixed assets:					
Tangible assets	9	7,502,323	7,640,881	7,502,323	7,640,881
Investments	10	<u>8,706,292</u>	<u>7,277,086</u>	<u>8,706,294</u>	<u>7,277,088</u>
Total fixed assets		<u>16,208,615</u>	<u>14,917,967</u>	<u>16,208,617</u>	<u>14,917,969</u>
Current assets:					
Assets held for resale		-	900,000	-	900,000
Stocks	11	35,564	29,801	-	-
Debtors	12	1,348,613	922,595	1,470,120	1,018,380
Short term deposits		5,690,195	2,159,494	5,688,077	2,149,732
Cash at bank and in hand		<u>16,679</u>	<u>23,999</u>	<u>16,677</u>	<u>23,997</u>
Total current assets		7,091,051	4,035,889	7,174,874	4,092,109
Liabilities:					
Creditors: Amounts falling due within one year	13	<u>(874,943)</u>	<u>(720,303)</u>	<u>(858,228)</u>	<u>(692,440)</u>
Net current assets		<u>6,216,108</u>	<u>3,315,586</u>	<u>6,316,646</u>	<u>3,399,669</u>
Total net assets	14	<u>£ 22,424,723</u>	<u>£ 18,233,553</u>	<u>£ 22,525,263</u>	<u>£ 18,317,638</u>
Funds:					
Restricted funds	17	1,389,881	538,086	1,389,881	538,086
Unrestricted funds:					
Designated funds	17	15,803,329	13,680,563	15,803,329	13,680,563
Operational reserve	17	<u>5,231,513</u>	<u>4,014,904</u>	<u>5,332,053</u>	<u>4,098,989</u>
Total funds	17	<u>£ 22,424,723</u>	<u>£ 18,233,553</u>	<u>£ 22,525,263</u>	<u>£ 18,317,638</u>

The surplus in the year relating to the parent charity was £4,207,625 (2020: surplus £28,888)

The financial statements were approved and authorised for issue by the board on 01 October 2021 and were signed on its behalf by


 F B Clark
 Chairman


 G Burchett
 Honorary Treasurer

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

**HEARING DOGS FOR DEAF PEOPLE
CONSOLIDATED STATE
MENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	18a	2,742,640	1,527,365
Cash flows from investing activities:			
Dividends and interest from investments		83,756	89,039
Proceeds from the sale of tangible assets		14,859	10,312
Proceeds from the sale of tangible assets for resale		959,852	-
Purchase of tangible assets		(243,495)	(209,187)
Purchase of tangible assets for resale		-	(900,000)
Proceeds from the sale of investments		2,556,903	1,766,197
Purchase of investments		<u>(2,535,125)</u>	<u>(1,876,505)</u>
Net cash (used in)/provided by investing activities		<u>836,750</u>	<u>(1,120,144)</u>
Change in cash and cash equivalents in the reporting period	18c	3,579,390	407,221
Cash and cash equivalents at the beginning of the reporting period	18b	<u>2,202,334</u>	<u>1,795,113</u>
Cash and cash equivalents at the end of the reporting period	18b	<u>£ 5,781,724</u>	<u>£ 2,202,334</u>

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

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting policies

a) Basis of preparation

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

The Trustees have considered how COVID-19 could affect the accounting policies that underlie these financial statements, and have reviewed income budgets, asset valuations and made assessments regarding possible material uncertainties and the adequacy of disclosures. Following this review the Trustees consider that there are sufficient reserves at 31 March 2021 to manage any foreseeable downturn in the UK and global economy and that there is a reasonable expectation that Hearing Dogs for Deaf People has adequate resources to continue in operational existence for the foreseeable future and for this reason, the Trustees continue to adopt the 'going concern' basis in preparing the accounts.

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

b) Income

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

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

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

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

c) Volunteers

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

d) Unrestricted funds

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

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting policies (continued)

e) Designated funds

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

f) Restricted funds

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

g) Expenditure and irrecoverable VAT

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

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

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

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

h) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs comprising facilities, general management, legal and professional, IT and governance costs which support the charity's activities. These costs have been allocated between expenditure on raising funds and expenditure on charitable activities on the basis set out in note 5a.

i) Operating leases

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

j) Fixed assets and depreciation

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

Motor vehicles	:	25% per annum on a straight line basis
Furniture and equipment	:	20% per annum on a straight line basis
Freehold property	:	2% per annum on a straight line basis

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

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting policies (continued)

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.

o) Creditors

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

p) Branches

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

q) Pensions

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

r) Financial instruments

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

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

2. Critical accounting judgements and key sources of estimation uncertainty

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

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

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

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

3. Comparative Statement of financial activities

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

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

4. Income

	Unrestricted funds £	Restricted funds £	2021 £	2020 £
Donations and legacies				
Donations	767,158	1,980,303	2,747,461	2,313,874
Income from branches	38,131	-	38,131	77,152
Sponsorship	-	1,189,636	1,189,636	942,689
Legacies	6,399,615	444,730	6,844,345	5,675,053
Gift Aid	202,333	-	202,333	190,427
	<u>£ 7,407,237</u>	<u>£ 3,614,669</u>	<u>£11,021,906</u>	<u>£ 9,199,195</u>
Grants receivable				
Coronavirus Job Retention Scheme	450,599	-	450,599	-
Local authority grants	23,035	-	23,035	-
	<u>£ 473,634</u>	<u>£ -</u>	<u>£ 473,634</u>	<u>£ -</u>
Charitable activities				
Sale of hearing equipment	26,601	-	26,601	21,679
Services to other charities	25,000	-	25,000	-
	<u>£ 51,601</u>	<u>£ -</u>	<u>£ 51,601</u>	<u>£ 21,679</u>
Trading and fundraising				
Fundraising events	289,498	-	289,498	393,164
Trading subsidiary income	256,507	-	256,507	612,149
Staff/Volunteer Restaurant	-	-	-	24,558
	<u>£ 546,005</u>	<u>£ -</u>	<u>£ 546,005</u>	<u>£ 1,029,871</u>
Investment income				
UK listed securities	82,477	-	82,477	77,702
UK bank interest	1,279	-	1,279	11,337
	<u>£ 83,756</u>	<u>£ -</u>	<u>£ 83,756</u>	<u>£ 89,039</u>
Other income				
Rent received	36,324	-	36,324	52,683
Profit on sale of tangible assets	63,235	-	63,235	-
Other income	5,915	-	5,915	-
	<u>£ 105,474</u>	<u>£ -</u>	<u>£ 105,474</u>	<u>£ 52,683</u>
Total income	<u>£ 8,667,707</u>	<u>£ 3,614,669</u>	<u>£12,282,376</u>	<u>£10,392,467</u>

Donations include grants received from The Steel Charitable Trust, The Ostacchini Family Charitable Trust, The Hobson Charity Limited and BBC Children in Need.

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

5. Expenditure

Expenditure on:	Direct Costs £	Staff Costs £	Depreciation £	Support Costs £	Total 2021 £	Total 2020 £
Raising funds:						
Donations and legacies	999,847	615,649	40,005	102,669	1,758,170	1,616,239
Fundraising trading	279,079	43,270	-	24,738	347,087	640,780
Investment management	48,196	-	-	-	48,196	48,789
	<u>1,327,122</u>	<u>658,919</u>	<u>40,005</u>	<u>127,407</u>	<u>2,153,453</u>	<u>2,305,808</u>
Charitable activities:						
Provision of hearing dogs	925,851	4,761,147	330,572	1,032,902	7,050,472	7,124,099
Supporting people affected by hearing loss	11,069	247,356	-	23,831	282,256	424,884
	<u>936,920</u>	<u>5,008,503</u>	<u>330,572</u>	<u>1,056,733</u>	<u>7,332,728</u>	<u>7,548,983</u>
Total expenditure 2021	<u>£ 2,264,042</u>	<u>£5,667,422</u>	<u>£ 370,577</u>	<u>£ 1,184,140</u>	<u>£ 9,486,181</u>	<u>£ 9,854,791</u>
Total expenditure 2020	<u>£ 2,597,925</u>	<u>£5,460,236</u>	<u>£ 401,815</u>	<u>£ 1,394,815</u>	<u>£ 9,854,791</u>	

5a. Support costs

Support costs included above are analysed as follows:

	Facilities £	General Management £	Legal & Professional £	IT £	Total 2021 £	Total 2020 £
Raising funds:						
Donations and legacies	46,537	28,073	6,509	21,550	102,669	111,958
Fundraising trading	20,470	2,000	-	2,268	24,738	22,236
	<u>67,007</u>	<u>30,073</u>	<u>6,509</u>	<u>23,818</u>	<u>127,407</u>	<u>134,194</u>
Charitable activities:						
Provision of hearing dogs	480,478	213,740	164,013	174,671	1,032,902	1,162,370
Supporting people affected by hearing loss	7,915	9,593	5,190	1,133	23,831	98,251
	<u>488,393</u>	<u>223,333</u>	<u>169,203</u>	<u>175,804</u>	<u>1,056,733</u>	<u>1,260,621</u>
Total support costs 2021	<u>£ 555,400</u>	<u>£ 253,406</u>	<u>£ 175,712</u>	<u>£ 199,622</u>	<u>£ 1,184,140</u>	<u>£ 1,394,815</u>
Total support costs 2020	<u>£ 751,952</u>	<u>£ 261,374</u>	<u>£ 168,715</u>	<u>£ 212,774</u>	<u>£ 1,394,815</u>	

Total governance costs included above are £73,832 (2020: £67,476).

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:

	2021 %	2020 %
Raising funds:		
Donations and legacies	18.5	16.4
Fundraising trading	3.7	6.5
Investment management	0.5	0.5
Charitable activities:		
Provision of hearing dogs	74.3	72.3
Supporting people affected by hearing loss	<u>3.0</u>	<u>4.3</u>

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

6. Net Income

This is stated after (crediting)/charging:-

	2021 £	2020 £
(Profit)/loss on sale of fixed assets	(3,383)	21,746
Depreciation	370,577	401,815
Auditors' remuneration - audit	18,785	18,240
- other services	7,563	2,420
Operating lease rentals - equipment	37,527	41,246
- property	<u>3,072</u>	<u>5,532</u>

7. Staff costs and numbers

Staff costs were as follows:-

	2021 £	2020 £
Salaries and wages	5,002,352	4,824,319
Social security costs	471,637	442,596
Pension contributions	<u>193,433</u>	<u>193,321</u>
	<u>£ 5,667,422</u>	<u>£ 5,460,236</u>

Salaries and wages include termination costs of £9,000 (2020: £Nil).

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

	2021 Number	2020 Number
£60,001 - £70,000	2	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£130,001 - £140,000	-	1
£140,001 - £150,000	<u>1</u>	<u>-</u>

Contributions to the charity's defined contribution pension scheme for the highest paid employee amounted to £10,873 (2020: £10,873).

The key management personnel of the charity are the trustees and the executive team led by the Chief Executive. Two members of the executive team earned salaries of less than £60,000 and are not included in the table above. Total employee benefits (gross salaries, social security costs, and pension contributions) of all the key management personnel of the charity and the group were £521,304 (2020: £455,730). This figure includes the total employee benefits of an additional employee promoted from middle management to the executive team during the year.

The Trustees did not receive any remuneration during the year to 31 March 2021 (2020: £Nil). Nil (2020: Seven) Trustees received reimbursed travel and subsistence expenses totalling £Nil (2020: £1,700).

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

7. Staff costs and numbers (continued)

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

	2021		2020	
	Number		Number	
	Average	FTE	Average	FTE
Hearing Dogs: supply, training, welfare and aftercare	147	131	150	135
Hearing Link: supporting people affected by hearing loss	7	6	8	7
Fundraising	20	19	20	19
Communications and marketing	9	7	9	7
Management and administration	13	13	12	11
Total	196	176	199	179

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 2021 amounted to £Nil (2020: £Nil).

8. Taxation

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

9. Tangible assets

Group	Freehold property	Motor vehicles	Furniture and equipment	Total
	£	£	£	£
Cost				
<i>At 1 April 2020</i>	9,327,129	347,523	1,601,081	11,275,733
Additions	24,196	22,930	196,369	243,495
Disposals	(14,110)	(62,630)	(179,001)	(255,741)
At 31 March 2021	9,337,215	307,823	1,618,449	11,263,487
Depreciation				
<i>At 1 April 2020</i>	2,075,553	340,229	1,219,070	3,634,852
Charge for the year	186,574	6,738	177,265	370,577
Disposals	(2,634)	(62,630)	(179,001)	(244,265)
At 31 March 2021	2,259,493	284,337	1,217,334	3,761,164
Net book value				
At 31 March 2021	£7,077,722	£ 23,486	£ 401,115	£ 7,502,323
<i>At 31 March 2020</i>	<i>£7,251,576</i>	<i>£ 7,294</i>	<i>£ 382,011</i>	<i>£ 7,640,881</i>
Freehold property comprises:	BWC	The Grange	Total	
	£	£	£	
<i>Net book value</i>				
<i>At 1 April 2020</i>	2,163,671	5,087,905	7,251,576	
Additions at cost	-	24,196	24,196	
Disposals at net book value	-	(11,476)	(11,476)	
Depreciation charge	(56,578)	(129,996)	(186,574)	
Net book value at 31 March 2021	£2,107,093	£4,970,629	£7,077,722	

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

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

10. Fixed asset investments

	Group	
	2021 £	2020 £
Quoted investments:		
Market value at 1 April 2020	7,258,245	7,673,110
Purchases	2,535,125	1,876,505
Sales	(2,556,903)	(1,766,197)
Net investment (losses)/gains	<u>1,394,975</u>	<u>(525,173)</u>
Market value at 31 March 2021	8,631,442	7,258,245
Cash awaiting investment	<u>74,850</u>	<u>18,841</u>
Total at 31 March 2021	<u>£8,706,292</u>	<u>£7,277,086</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 2021 was £7,325,362 (2020: £7,210,377). Included in the operational reserve shown in the balance sheet (see page 18) is a revaluation reserve of £1,306,080 (2020: £47,868) 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:

	2021 £	2020 £
Total dividend and interest income for basic financial assets	<u>£ 83,756</u>	<u>£ 89,039</u>
Total gains/(losses) in respect of basic financial assets	<u>£1,394,975</u>	<u>£ (525,173)</u>

11. Stocks

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Goods for resale	<u>£ 35,564</u>	<u>£ 29,801</u>	<u>£ -</u>	<u>£ -</u>

12. Debtors

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	-	171	-	-
Loan to subsidiary	-	-	135,010	90,010
Other amounts due from subsidiary	-	-	13,949	14,486
Prepayments	50,761	75,538	50,261	75,038
Other debtors and accrued income	<u>1,297,852</u>	<u>846,886</u>	<u>1,270,900</u>	<u>838,846</u>
	<u>£1,348,613</u>	<u>£ 922,595</u>	<u>£1,470,120</u>	<u>£1,018,380</u>

Total debtors includes £135,010 (2020: £90,010) 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.

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

13. Creditors: Amounts falling due within one year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	321,763	305,948	312,196	287,130
Taxation and social security	130,410	116,823	130,410	116,823
Other creditors and accruals	<u>422,770</u>	<u>297,532</u>	<u>415,622</u>	<u>288,487</u>
	<u>£ 874,943</u>	<u>£ 720,303</u>	<u>£ 858,228</u>	<u>£ 692,440</u>

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

14. Analysis of group net assets between funds

2021	Restricted funds	Unrestricted designated funds	Unrestricted operational reserve	Total Funds
	£	£	£	£
Tangible fixed assets	-	7,502,323	-	7,502,323
Investments	-	8,057,065	649,227	8,706,292
Current assets	1,389,881	243,941	5,457,229	7,091,051
Current liabilities	-	-	(874,943)	(874,943)
Group funds at 31 March 2021	1,389,881	15,803,329	5,231,513	22,424,723
Add: Subsidiary net liabilities	-	-	100,540	100,540
Charity funds at 31 March 2021	<u>£1,389,881</u>	<u>£15,803,329</u>	<u>£5,332,053</u>	<u>£22,525,263</u>
2020				
Tangible fixed assets	-	7,640,881	-	7,640,881
Investments	-	5,973,697	1,303,389	7,277,086
Current assets	538,086	65,985	3,431,818	4,035,889
Current liabilities	-	-	(720,303)	(720,303)
Group funds at 31 March 2020	538,086	13,680,563	4,014,904	18,233,553
Add: Subsidiary net liabilities	-	-	84,085	84,085
Charity funds at 31 March 2020	<u>£ 538,086</u>	<u>£13,680,563</u>	<u>£4,098,989</u>	<u>£18,317,638</u>

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

15. Other financial commitments

At 31 March 2021 the ageing of total minimum lease payments was as follows:

	2021			2020		
	Property leases £	Other £	Total £	Property leases £	Other £	Total £
Operating leases due:						
Within one year	2,832	24,202	27,034	5,628	31,951	37,579
Between 2 – 5 years	-	3,748	3,748	-	19,676	19,676
Total	<u>£ 2,832</u>	<u>£ 27,950</u>	<u>£ 30,782</u>	<u>£ 5,628</u>	<u>£ 51,627</u>	<u>£ 57,255</u>

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.

	2021 £	2020 £
Trading and profit and loss account		
Turnover	256,507	612,149
Cost of sales	<u>(191,470)</u>	<u>(475,120)</u>
Gross profit	65,037	137,029
Grants receivable	23,035	-
Administrative expenses	<u>(101,609)</u>	<u>(150,693)</u>
Operating loss	(13,537)	(13,664)
Interest payable	<u>(2,918)</u>	<u>(2,721)</u>
Loss on ordinary activities	(16,455)	(16,385)
Retained losses brought forward	<u>(84,087)</u>	<u>(67,702)</u>
Retained losses carried forward	<u>£ (100,542)</u>	<u>£ (84,087)</u>
Balance sheet		
Total assets	65,134	48,274
Total liabilities	<u>(165,674)</u>	<u>(132,359)</u>
Net liabilities	<u>£ (100,540)</u>	<u>£ (84,085)</u>
Share capital	2	2
Retained losses	<u>(100,542)</u>	<u>(84,087)</u>
Capital and reserves	<u>£ (100,540)</u>	<u>£ (84,085)</u>

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

17. Movement in funds

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

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

17. Movement in funds (continued)

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

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 £7,502,323 (2020: £7,640,881) have been set aside from the group's unrestricted funds by the Directors for the functional fixed assets required to carry out the principal activities of the charity. In addition, an amount of £243,941 (2020: £65,985) has been set aside to cover the future cost of fixed assets where contractual commitments existed at 31 March 2021. An amount of £409,975 (2020: £269,124) 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 2021 this amount was calculated at £6,057,065 (2020: £5,973,697) representing the projected costs over a 10 year period. An amount of £1,121,601 (2020: £1,218,186) 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 which was created during the year to provide for the consequences of the pandemic, some of which may not be seen for some time. This fund will cover, amongst other aspects, increased labour costs to carry out the training of dogs who have not reached the required standard during the pandemic, or to scale up the charity's breeding programme which was halted during the crisis, in order to supply sufficient dogs to meet the demand for the charity's services. The charity also sees opportunities to accelerate its development by investing in additional capital and revenue projects over the next 5 years in line with its strategic plan. Expenditure will be over and above amounts approved annually as part of the charity's budgeting procedures and will be approved in advance by the Trustees to enable the charity to plan to meet the increased demand for its services in the coming years.

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

17. Movement in funds (continued)

Transfers from restricted funds during the year amounted to £25,117 (2020: £132,836) and related to capital expenditure principally on the upgrade of training flats and fencing at The Grange. Designated funds received net transfers of £3,531,576 (2020: £1,487,310) for additions and future commitments relating to functional fixed assets £409,975 (2020: £269,124), £1,121,601 (2020: £1,218,186) in respect of future partnership liabilities and £2,000,000 for the new Coronavirus Recovery Fund. £(2,111,484) (2020: £(1,879,647)) was transferred (from) the operational reserve during the year after deducting investment gains of £1,394,975 (2020: losses £525,173).

2020

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

HEARING DOGS FOR DEAF PEOPLE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

17. Movement in funds (continued)

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

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

	2021 £	2020 £
Net income	4,191,170	12,503
Adjustments for:		
Depreciation charges	370,577	401,815
(Gains)/losses on investments	(1,394,975)	525,173
Dividends and interest from investments	(83,756)	(89,039)
(Profit)/loss on sale of tangible fixed assets	(3,383)	21,746
(Profit) on sale of tangible assets held for resale	(59,852)	-
(Increase)/decrease in stock	(5,763)	8,215
(Increase)/decrease in debtors	(426,018)	645,806
Increase in creditors	<u>154,640</u>	<u>1,146</u>
Net cash provided by/(used in) operating activities	<u>£ 2,742,640</u>	<u>£ 1,527,365</u>

18b. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash awaiting investment (note 10)	74,850	18,841
Short term deposits	5,690,195	2,159,494
Cash at bank and in hand	<u>16,679</u>	<u>23,999</u>
Total cash and cash equivalents	<u>£ 5,781,724</u>	<u>£ 2,202,334</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

18c. Movement in net funds

	At 01 April 2020 £	Cash flow £	At 31 March 2021 £
Short term deposits	2,159,494	3,530,701	5,690,195
Cash at bank and in hand	23,999	(7,320)	16,679
Cash held awaiting investment	<u>18,841</u>	<u>56,009</u>	<u>74,850</u>
Total net cash	<u>£2,202,334</u>	<u>£ 3,579,390</u>	<u>£5,781,724</u>

19. Capital commitments

	2021 £	2020 £
Contracted capital commitments for the group and the charity	<u>£ 243,941</u>	<u>£ 86,259</u>

Capital commitments at 31 March 2021 relate to an upgrade to high speed broadband at BWC £21,819 (2020: £20,274) and £222,122 for site improvements at The Grange, Saunderton HP27 9NS. *Capital commitments for 2020 included the cost purchasing of four new cars for £65,985, three of these cars were not delivered as had originally been planned.*

20. Related parties

In the year to 31 March 2021 the following transactions took place between the charity and its wholly owned trading subsidiary:

- a. Management charges from the charity to the trading subsidiary £14,000 (2020: £56,000).
- b. Interest payable by the trading subsidiary to the charity £2,918 (2020: £2,721).

At 31 March 2021 the amount owed to the charity by its trading subsidiary amounted to £13,949 (2020: £14,486).

In addition, the charity has loaned the trading subsidiary £135,010 which has no fixed repayment date, but which is secured on its assets, attracting interest at 2% over bank base rate.

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

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

21. Contingent assets – Legacies

At the balance sheet date the charity had received notification that it is a beneficiary of a number of legacies. It is not possible to quantify these accurately or to ascertain the date on which the charity will receive them. The estimated value of the legacies notified at 31 March 2021 was £5.2 million (2020: £3.7 million) and is not included in the accounts.