

GUIDE  
DOGS



# The Guide Dogs for the Blind Association

## Report and Financial Statements 2015



Company limited by guarantee  
Registered in England and Wales number 291646  
Registered charity in England and Wales number 209617  
Registered charity in Scotland number SC038979

# The Guide Dogs for the Blind Association

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## **Letter from the Chairman and Chief Executive**

The work of Guide Dogs has never been so vital. In the UK today, almost two million people are living with sight loss and of those, around 180,000 rarely leave their homes alone and many suffer from depression and struggle with feelings of isolation.

Guide Dogs is here to help solve this problem. We want everyone who experiences sight loss to be able to live their lives the way they choose and feel confident, independent and supported in the world.

### **How we support people with sight loss**

Our iconic guide dog service is at the heart of our charity. Since 1931, we have transformed the lives of thousands of people with sight loss by partnering them with a guide dog, helping them to get out of their homes to live independent lives. At the end of 2015, there were just under 5,000 guide dogs in active service. As it costs around £55,000 to breed, train and support a guide dog through its working life, it is a long-term financial commitment. All of this money has to be raised each year from voluntary donations.

Other people with sight loss require different help and support. Our innovative service My Guide, equips volunteers with the skills to become a sighted guide to help people get out of their homes and back into the community. We trained more than 4,300 volunteers in 2015.

We know there are around 30,000 children and young people with sight loss in the UK many of whom are not getting the support they need. Together with Blind Children UK, a part of the Guide Dogs group since 2013, we supported children and young people, providing advice, information and a range of services to help them enjoy their childhood and reach their potential as adults.

We have much to be proud of in 2015. Through our wonderful guide dogs and other adult and children's services, we provided two million days of mobility, supporting more than 10,000 people.

In addition to providing services, we campaign vociferously for the rights of people with sight loss so that they can enjoy better access to public transport, our town centres and other services. We successfully influenced politicians on a number of important issues, such as bringing about changes to the regulatory framework for habilitation training for children and young people; and organising a petition of 29,531 signatures calling for audio-visual announcements to be compulsory on new buses.

Highlights at a glance:

- Our breeding programme delivered 1,250 puppies.
- We matched 843 people with a guide dog. By the end of the year, 4,994 people with sight loss were able to regain control of their lives thanks to the support of a guide dog.

## **Letter from the Chairman and Chief Executive**

- Our sighted guiding service, My Guide, went from strength to strength. 1,800 people benefited from support from a sighted guide.
- Through Blind Children UK, a part of the Guide Dogs group since 2013, we supported 1,788 children and their families.
- We placed 45 buddy dogs into families of children with sight loss. By the end of the year, there were a total of 132 buddy dog partnerships.
- 30,000 people campaigned for rights that sighted people take for granted.

### **A challenging fundraising environment - regulation and our response**

None of these achievements would be possible without funding. Our guide dog service receives no government funding and we rely on donations from individuals and organisations to continue our life-changing work.

2015 was a highly challenging year in which to fundraise. It was a year of intense media scrutiny of the charity sector as a whole where some of the UK's best-known charities were criticised for their fundraising practices. The persistent negative media coverage cast a shadow over the integrity of the sector, including those charities who have always acted properly, and led to new laws to regulate the sector.

We responded quickly to the legislative changes and commissioned a rigorous external review of our fundraising practices which confirmed that in all key aspects of our organisation the highest standards are being followed. You can read more about this in 'Our fundraising standards' on page 20.

In this difficult financial climate, we are therefore delighted to be able to report that we raised £103.7 million in income, an increase of 3% over 2014 (or 24% discounting the one-off benefit of property sales in 2014), which allowed us to support more people with sight loss and help them to take control of their lives.

### **Cost effective use of funds**

Of course, with the raising of funds becoming increasingly challenging and the possibility of a reduction in income in future years, we can only extend our services to more people by making the delivery of those services more efficient. We are focussing on continuous improvement in all aspects of our organisation, and setting ourselves targets for reducing costs without adversely affecting service delivery. Page 22 provides more detail on how we are spending the money we receive.

### **Careful planning for the future**

We have much to do, and in these uncertain times the planning of the growth of our services has to be managed in the context of potential fluctuations in our income. The Board revised its financial reserves policy during the year, and believes that the new policy is a robust mechanism for

## Letter from the Chairman and Chief Executive

ensuring that financial constraints are identified early, and acted upon promptly. We describe our Financial Reserves Policy in greater depth on page 27.

### Our grateful thanks

John Stewart, Chairman of Guide Dogs, between 2013 and 2015, retired in November. We are all extremely grateful for his strong leadership and wise counsel. During his tenure, and with his future vision, the charity grew and broadened its customer base, but we know we are still a long way from being able to respond to the needs of everyone in the UK living with sight loss.

None of our work is possible without the support of so many: individuals and organisations who make donations and raise money on our behalf; our amazing volunteers who give their time and skills in so many different ways; those who took actions to campaign for the rights of people with sight loss; our partners in the charity and commercial sectors who like us want to change things for the better and who help us turn our vision into reality.

Guide Dogs is an organisation made up of exceptional people and our many achievements cannot happen without their hard work and commitment. Together, we look forward to a future where people with sight loss have the confidence to live their lives the way they choose.

To all those who supported us, on behalf of the Board of Trustees and the Executive Board, we give our most sincere thanks.



**James Hambro**  
Chairman



**Richard Leaman**  
Chief Executive



# **Strategic report for the year ended 31 December 2015**

## **Objectives and activities**

Guide Dogs and its subsidiaries were established to promote the health, equality and independence of people with sight loss. Specifically to:

- Provide guide dogs for people who are blind or partially sighted;
- Train and educate people who are blind or partially sighted to work in partnership with a guide dog;
- Provide services, facilities and activities for the benefit of people with sight loss;
- Work towards the relief, prevention and cure of vision impairment; and
- Provide support to children and young people who are registered blind or partially sighted, or should be classified by a local authority as visually impaired.

Our vision is for a society in which people who are blind or partially sighted enjoy the same freedom of movement as everyone else.

Our purpose is to:

- Provide the guide dog service and other mobility services.
- Break down barriers which prevent people with sight loss from participating in society.
- Enable people with sight loss to feel confident, independent and supported in the world.
- Use our expertise and skills to deliver a range of services to meet the needs of children and young people with vision impairment.

## **Strategic aims**

Living with sight loss is one of the most difficult challenges a human being can face. It is often frightening – for those who experience it, for their families and for the wider public who don't know how to interact with someone who is blind or partially sighted.

Our 2010 – 2020 strategy is a long-term plan for providing help that reflects the true needs of each individual – from dealing with initial diagnosis and potential emotional trauma, through to finding the right mix of mobility and vision support services for different circumstances.

Guide Dogs wants to change the way sight loss affects people's lives. We want everyone who experiences sight loss to feel confident, independent and supported in the world.

Working alongside people who have a vision impairment and in close partnership with other organisations and with VISION 2020 UK our aims are to:

- Continue to expand our world-class guide dog service.

## **Strategic report for the year ended 31 December 2015**

- Provide other services such as My Guide which trains volunteers to be sighted guides to help people with sight loss get out of their homes and back into the community.
- Support children and young people with sight loss, and their families, including training in life skills and mobility through the Movement Matters programme; providing buddy dogs; family and education support services; access to recreational activities and large print books.
- Work collaboratively with partners in the commercial sector to encourage innovations in technology and design that will make our towns and cities more accessible.

## 2015 in numbers

We supported more than **10,000** people with sight loss.



Our mobility instructors completed **1,039** mobility assessments and delivered **3,647** individual training sessions including:

**2,395** individual long cane sessions.

**390** sighted guide sessions.

**359** short handle walks.

**250** other cane sessions.

**95** sessions to support independent living.

**75** sessions supporting communication needs.

**4,994** guide dog partnerships were in place by the end of the year.



**132** buddy dogs supported children and young people.



We raised **£103.7** million.



We generated nearly **12,000** items of media coverage.

We shared our story with **200,000** scouts.

**30,000** people campaigned for us.

There were over **2 million** unique visitors to our website.

We achieved more than **110,000** Facebook likes and **68,000** Twitter followers.





# Strategic report for the year ended 31 December 2015

## Supporting adults with sight loss

The following paragraphs describe the guide dog service and other mobility services.

### Our guide dog service

**A partnership with a guide dog offers a unique way for people with sight loss to enjoy independence and to regain control of their lives. And we're committed to providing this opportunity to as many people as possible.**

As it costs just under £55,000 to breed, train and support one guide dog throughout its working life, and around 20 months of specialised training to transform a new-born puppy into a confident guide dog, each year we look at ways to improve the efficiency of our breeding and training programmes to make the best use of our resources and to produce the most effective guide dogs.

We continued testing the idea of bringing the different stages of guide dog training closer together. Historically, puppy walking, early training and advanced training of our future guide dogs have all taken place in different Guide Dogs' locations (one of our four Guide Dog Training Schools, or one of our 20 Mobility Teams), often geographically remote from each other. The aim of the trial is to reduce the overall training time, increase the number of dogs who qualify as a guide dog, and match the right dog with the right owner at an earlier stage.

The results in the test locations were encouraging - showing both an increase in the number of dogs who qualify as a guide dog as well a reduction in the length of training time. We will continue with further pilots in 2016 and beyond.

### Achievements and performance

- Guide Dogs is the largest breeder and trainer of working dogs in the world. In 2015, we bred 1,250 puppies (1,490 in 2014). We matched 843 people with a guide dog (847 in 2014). Of these, nearly half of them were first time guide dog owners.
- We supported a total of 4,994 guide dog owners and their guide dogs throughout the year (4,948 in 2014).
- We worked with other assistance dog organisations to provide 30 multi skilled dogs for people with sight loss with additional needs.
- It cost £49.4 million to run the guide dog service in 2015, up about £1.6 million on the prior year.

### Plans for the future

The process of matching a person with sight loss with a guide dog is complex; the person and dog must be compatible in character, temperament, lifestyle and environment and regrettably we are not always able to partner people as

## Strategic report for the year ended 31 December 2015

quickly as we would like. Waiting times differ in different areas of the country but the average is six months.

Looking ahead, our aim is to expand our breeding programme, improve the efficiency of our matching process and reduce waiting times, so that we enable more people with sight loss to experience the benefits of a partnership with a guide dog. By 2020, we aim to increase the number of guide dog partnerships we create to 1,000 a year.

**Our work ensured we were able to provide a guide dog to people like Nathan.**

### Nathan's story



Nathan went totally blind aged just 19. With the help of his guide dog Hudson, Nathan has been able to meet the immense challenges facing him.

Reflecting on the moment he was told all his sight had gone, Nathan said: "It was strange really, hard to take in. I'd already lost a lot of my sight when I was younger

which is why I got Hudson. Then, just a few months later, I suddenly lost the rest of my sight within about a day. I realised how much having even 5% vision mattered. I tried to stay strong for the people around me but I couldn't go more than an hour or so without crying. I thought, 'that's the rest of my life never seeing anything again, how am I going to do this?'"

Hudson supported Nathan during his bleakest moments. But it was hard for Nathan to even think about getting out of the house.

"I'd lost all my confidence and I didn't want to step out of the door. Before, when I had a bit of vision, I could use that alongside Hudson. Now, I had to trust him 100%. But he was by my side the whole time. I think he knew what was happening, and one morning, I thought, 'I didn't let sight loss beat me before and I'm not going to let it beat me now.'"

After doing some extra training, Nathan and Hudson are now stepping out together again with confidence. Nathan is an active volunteer fundraiser for Guide Dogs and has raised £5,000 by hosting various events including a 16-mile walk from Mansfield Town Football Club to local rivals Chesterfield.

## Strategic report for the year ended 31 December 2015

His volunteering has resulted in an honorary place on the RAG committee at Nottingham Trent University and his newfound confidence means he is also preparing to travel to London on his own for the first time.

"It's difficult to summarise what Hudson means to me. I now have the confidence to carry on living my life and the motivation to prove there's life after sight loss. I don't have to rely on my parents to drive me around and I can get out and about just like anyone else my age. He's given me a sense of freedom and independence. He means the world to me and I don't know what I would do without him."

### Our sighted guiding service – My Guide

**Not everyone with sight loss is suited to having a guide dog. Others require different support and help. In 2015, we further developed our sighted guiding service My Guide. Our service went from strength to strength and the number of people who benefited from it increased significantly over 2014.**

Some simple training equips volunteers with the necessary skills to become a sighted guide, helping people get out of their homes to do the things they want to do – such as going to the local shops, visits to the theatre, or even running a marathon.

Guide Dogs, together with other partner organisations, delivers this sighted guiding training. In 2015, we trained more people, allowing us to reach and support more people with sight loss than ever before.

Some people want a sighted guide working with them on a regular basis, while others prefer to have their family and friends trained as their guide. Whatever their preference, we know that 95% of people who took part in our research survey in 2015 said that support from a sighted guide enabled them to do the things they want to do.

### Achievements and performance

- We supported on average 150 people with sight loss every month - a 222% increase over 2014.
- We trained more than 4,300 volunteers to equip them with sighted guiding skills.
- We provided Friends and Family training to 400 people to help them support their loved ones.
- We worked with 55 partner organisations to help us reach more people with sight loss.
- It cost £2.1 million to run the My Guide service in 2015.

# Strategic report for the year ended 31 December 2015

## Plans for the future

When the My Guide service was first set up, we planned that the partnership would last for a given amount of time. This was to promote independence rather than to build dependency. However, as the sighted guiding service developed, people told us that this 'time limit' deterred them from using the service. Looking ahead, we will aim to offer greater flexibility in the service to ensure that our customers receive the support they need as an individual.

We aim to expand and develop the service significantly in 2016 and to do this, we know that we must adapt the way we work with our volunteers who are critical to the future growth of the service. We will strive to improve our internal processes and put in place a stewardship programme to ensure our volunteers are well supported in the roles they undertake.

## Stuart's story shows the difference the My Guide service made to his life.



Reading-based, former HGV driver Stuart began to lose his sight in 2014 as a result of diabetic retinopathy and, no longer able to drive, lost his job, income and independence.

"Three laser operations didn't work and my sight got worse and worse. I was registered sight impaired / partially sighted in January 2015 and at that point, I was absolutely devastated and scared. I'd

completely lost my independence. However, the My Guide service has greatly helped me overcome these emotions."

Stuart describes his vision as like wearing dark glasses all the time. "Everything is grey, there's no colour and so it is difficult to detect kerbs, steps, slopes and so on."

Luckily for Stuart, the Eye Clinic Liaison Officer at The Royal Berkshire Hospital referred him to Guide Dogs' My Guide service.

Stuart was matched with Richard, a sighted guide volunteer and initially they worked together to rebuild Stuart's confidence in getting out and about. Meeting once a week, Stuart explains that he has gained so much more: "Having Richard walking with me gives me reassurance that I am safe and I won't walk into anything. He is always happy to help me work out how I'd get to certain places. Without the My Guide service I don't know where I'd be. I certainly wouldn't have been about to start at college less than a year after losing my sight."

## Strategic report for the year ended 31 December 2015

### Supporting children and young people

**There are around 30,000 children and young people in the UK who have a vision impairment. Many of them are not getting the support they need. From the moment a child has been diagnosed with sight loss, it is vital they have access to habilitation training - the process that helps children with sight loss move around safely and independently. Without it, many will not reach their potential as adults.**

Guide Dogs and Blind Children UK help children and young people with sight loss to be all they can be and reach their potential as adults. Between us, we have more than 50 years' experience of working with children and young people. We have combined our knowledge and expertise to offer a range of different support services:

Guide Dogs provides:

- The young guide dog service.
- Buddy dogs.

Blind Children UK provides:

- Movement Matters – our habilitation service.
- Family Support.
- Education Support.
- Access Technology.
- Recreational Activities.
- CustomEyes large print books.

Information about Movement Matters and our buddy dog service are detailed below. Information about our other Blind Children UK services are contained in the Blind Children UK Report and Financial Statements.

On 1 March 2016 the Trustees of Blind Children UK and The Guide Dogs for the Blind Association decided that the time had come to merge the two charities within the parent company legal entity. The date of this merger is still to be finalised but the activities of Blind Children UK will continue to be undertaken.

#### **Movement Matters – habilitation service**

Our focus in 2015 was to build on the work of last year and to consolidate the service offering. Guide Dogs previously provided this service and it is now provided by Blind Children UK.

This service offers support and advice about orientation, mobility and independence. It also teaches important life skills such as handling money, preparing food and interacting with others – the skills that allow the young person to make a full and active contribution to school life, make friends and take part in sport and leisure activities.

## Strategic report for the year ended 31 December 2015

As 80% of a child's learning takes place using vision, it is essential that habilitation training begins from birth or soon after a sight loss diagnosis, not as an 'add-on' just before leaving school.

### Achievements and performance

- Through Blind Children UK, we supported 1,788 children and young people and their families (1,388 in 2014).
- Nine Habilitation Specialists graduated from the Institution of Education Habilitation course, University of London, bringing our total to 48 qualified staff.
- 29 contracts were agreed with local authorities who pay Blind Children UK to provide the service.

### Plans for the future

As 2015 was a year of consolidation, we were unable to recruit any further new trainees or qualified staff. This has been challenging for some teams in terms of meeting service demand, but has strengthened cross-team working and the sharing of expertise.

We will continue to identify and share good practice as outlined in the Good Habilitation Guide and Benchmarking Framework, as part of our work with the National Sensory Impairment Partnership.

We will also strengthen our relationships with local statutory providers of children's services and other third sector organisations to influence the way in which habilitation training is developed and delivered. We will standardise our 'end-to-end' process for contract negotiation, management, renewal and invoicing.

We will standardise our delivery of habilitation services to babies and children from birth to five years of age.

### Buddy dogs for children and young people

**Our buddy dog service continued to grow in 2015. Unlike guide dogs, buddy dogs are not trained to assist with mobility or to perform specific tasks. Buddy dogs are therefore not classified as assistance dogs and do not have statutory access rights to public places such as restaurants, shopping centres, and public transport.**

As there are many psychological and physiological benefits associated with having a buddy dog, such as improving confidence and self-esteem, helping to develop a child's sense of responsibility and promoting greater independence, they play an important role in improving the quality of life for young people with sight loss.



# Strategic report for the year ended 31 December 2015

## Achievements and performance

We placed 45 buddy dogs into families of children with sight loss in 2015, bringing the total to 132 (95 in 2014).

## Plans for the future

We will offer the buddy dog service, if appropriate, to children and young people and their families when they first contact us for support.

## Our research programme

**Our research team led important work to enhance our understanding of the needs of people with sight loss.**

### Sight loss and depression

A key study in 2015 investigated the incidence of depression and sight loss. The three-year research trial led by a team from Cardiff University investigated the incidence of depression in people attending low vision clinics. The study found that 43% of people attending low vision clinics for help with sight loss suffer from symptoms of depression. Psychological therapy to help people cope with the emotional impact of losing their sight is not yet an integral part of rehabilitation treatment. This lack of support prevents those living with sight loss from accessing vital treatments that could help build their confidence to live full and independent lives.

As a result of the findings, we are now working with Cardiff University to launch a second phase of research to develop a treatment model. In this phase, Guide Dogs mobility instructors will be trained to deliver 'stepped care' intervention - assessing a person's needs in order to provide the right treatment at the right time and 'stepping up' this treatment if needed. This project has been submitted to the National Institute for Health Research for funding and we will know the outcome in April 2016.

Other research studies in 2015 included:

**Sight loss in older people:** We commissioned a research project with Brunel University to gain further insight into the needs of older people with sight loss and how we can support them in the future. The research will conclude in July 2016.

**Canine research:** Our canine research programme continued to inform and modify our everyday working practices to ensure that we work as efficiently as possible while ensuring a high standard of dog care and welfare.

**Epidemiology of guide dog behaviour:** A major piece of work completed this year was a collaborative investigation into the Epidemiology of guide dog behaviour with the University of Nottingham. The results of this study will help us

## Strategic report for the year ended 31 December 2015

improve the way we monitor our dogs' behavioural development, enabling us to produce a better all-round guide dog.

### Plans for the future

Funding for research is becoming increasingly difficult to secure and a number of research projects were put on hold due to resourcing issues. The research team will proactively look for external sources of funding, or collaborative research institutions that could help us progress our valuable work.

## Collaborative working

**There are thousands of people with sight loss who are not yet getting the support they need. We know we cannot reach everyone ourselves and so we work closely with partners in the charity and commercial sectors who, like us, want to change the world for the better.**

### Achievements and performance

- We continued to be a driving force within VISION 2020 UK, an umbrella organisation which aims to bring about greater collaboration between organisations in the UK which focus on vision impairment, ensuring the vision impairment sector is working in the best interests of people with sight loss, ensuring our contribution to the UK Vision strategy is achieved, particularly outcome 3 – 'A society in which people with sight loss can fully participate'.
- We continued to chair and coordinate the Children and Young People Special Interest Committee leading, with VISION 2020 UK, the Children and Young People workstream at the Vision UK 15 Conference.
- We began a four-year partnership with The Scout Association, as part of their A Million Hands initiative, to get the Scouts' 500,000 young members doing practical things to tackle social issues within their communities. A Million Hands tackles four social issues – disability, mental health, dementia and access to clean water. Guide Dogs, together with Leonard Cheshire, was chosen to work with the Scouts on the disability issue.
- We led the agenda on 'Social inclusion: transforming lives through digital technology' at the Vision UK 15 conference, bringing together digital experts for a series of discussions which illustrated how collaborations can produce technologies that will help people with sight loss access services – such as education, transport, leisure activities and employment – that sighted people take for granted.
- We continued our productive working partnership with Action for Blind People to provide mobility and orientation training to help ensure people recently diagnosed with sight loss remain independent.

## Strategic report for the year ended 31 December 2015

- We worked with the nation's police forces to combat the impact of dog attacks on working guide dogs. We set up Service Level Agreements to ensure that owners whose dogs attack assistance dogs are prosecuted.

### Plans for the future

We will continue our work of aligning with key strategic partners in the commercial and charitable sectors to enable us to extend our reach and support more people living with sight loss.

## Encouraging innovations in technology

**New generation technologies can unquestionably help people with sight loss to regain control of their lives. Our partnership with Microsoft took further positive steps forward in developing technology to make it easier for people with vision impairment to explore our towns and cities.**

In 2014, we launched the first phase of an audio-based technology prototype – a smart phone connecting wirelessly to a headset – that has the potential to enable people with sight loss to make safe enjoyable journeys around our towns and cities.

In 2015, we invested in the next phase of development of getting a potential product in the marketplace. In this phase, the technology was adapted to offer more choice, allowing the user to instantaneously map new environments using novel 3D soundscapes and the option to tone up or down the available information based on personal choice. The technology was tested amongst a group of participants with sight loss, all of whom reported noticeable improvements in enjoyment, curiosity, confidence and autonomy.

The trials in 2015 demonstrated that this technology has the very real potential of transforming the way people with sight loss travel around urban environments.

### Plans for the future

In 2016 we will continue to refine the 'external experience' with Microsoft, getting the technology into the hands of a broader and wider group of people with sight loss, aiming to prove its market viability by the end of the year.

## Campaigning for equal rights

**We campaign vociferously on issues that affect the freedom and independence of people with sight loss. Our consistent campaigning in 2015 led to a shift in Government thinking on a number of areas. We campaigned on four key issues:**

- To end the problem of pavement parking.
- For audio visual announcements to be compulsory on new buses.

## Strategic report for the year ended 31 December 2015

- For quiet hybrid and electric vehicles to have a sound generator installed and to be switched on.
- To end access refusals so that everyone with assistance dogs has their right of access to places, services and vehicles.

**Pavement parking.** Cars parked on pavements are a dangerous obstacle for people with sight loss. The lack of clear legislation on pavement parking allows drivers to assume it is an acceptable practice.

- Thanks to our campaigning efforts, Simon Hoare MP agreed to champion the Pavement Parking Bill. It had its second reading in December where MPs from across the political parties supported the Bill.
- As a result of our campaigning, the Government is commissioning research into whether legislation on pavement parking could be introduced.

**Talking Buses.** Buses play a vital role in enabling people with sight loss to live more independent lives. Being unsure if you have caught the right bus, or when your stop is coming up, puts many people off using them. We continued our campaign to make audio-visual announcements compulsory on new buses.

- With more than 29,000 petition signatures, we called on the Big 5 bus companies (who operate the majority of buses in England, Wales and Scotland) to make all their buses 'Talking Buses'.
- We continued to press the Department for Transport and were pleased to learn that they have now decided to commission new research into the costs of making buses 'Talking Buses'.

**Campaigning for quiet vehicles to be heard.** Quiet hybrid and electric vehicles pose a danger to people with sight loss and are 40% more likely to be involved in an accident than conventional vehicles. To date, we have secured an EU regulation that from 2021 all new quiet vehicles must be installed with an artificial sound generator. This regulation does not go far enough as the sound generators will be fitted with a pause switch allowing the driver to turn it off as they choose, making it void as a safety feature.

- We handed 6,416 petition signatures to the Department for Transport calling for the Government to make it compulsory for quiet vehicles to have a sound generator built in and turned on.
- And we worked to influence the UN to make sure sound generators in electric cars are loud enough.

**Ending access refusals.** Three out of four assistance dog owners have been turned away from a taxi, business, service or public place because of their dog. This is against the law. We want to make sure all people with assistance dogs are able to take advantage of their right to access places, services and vehicles.

- We released a report that highlights the most common places where access refusals happen.
- We gathered petition signatures calling for the Government to bring an end to guide dog owners being refused access, for tougher sentences for taxi

## Strategic report for the year ended 31 December 2015

and private hire vehicle drivers who refuse to carry assistance dogs and the law strengthened to prevent refusals taking place in other settings.

- We sent an access card to just under 5,000 guide dog owners, that explains that by law assistance dogs must be allowed to enter premises with their owners.

### Plans for the future

In 2016 we will focus on progressing our Talking Buses, Pavement Parking and Access All Areas campaigns. We will do this by continuing to involve our campaigners, and influencing decision makers at all levels. We intend to hold our first lobby of Parliament in May which will focus on Access All Areas where we hope to be joined by many guide dog owners, who will tell their MP about their own issues relating to access refusals.

## Raising awareness of our work and generating support

**Our media work – in newspapers, magazines, television, radio and online channels – plays an essential part in increasing understanding of how sight loss affects people's lives and in encouraging members of the public to support Guide Dogs. We concentrated our efforts on:**

- Maximising opportunities following the broadcast of two new episodes of our Me and My Guide Dog documentary which followed the journey of a litter of puppies who go on to become life-changing guide dogs.
- Developing Guide Dogs Week as a means of both building our profile and raising funds.
- Building the relationship with ITV This Morning as guide dog puppy Clover joined the show.
- Reaching a new generation of supporters – particularly through our work on social media channels.
- Generating as much media exposure as possible, covering the issues that affect the lives of people with sight loss.

### Achievements and performance

- Nearly 12,000 pieces of media coverage were generated throughout the year.
- More than 4 million people watched the two episodes of our Me & My Guide Dog documentary.
- Puppy Clover starred on ITV This Morning.
- 45,000 viewers per episode watched puppy Iggy on Blue Peter.
- £0.7 million was raised from Guide Dogs Week.
- There were more than two million unique visitors to our website.
- We had more than 68,000 Twitter followers (49,000 in 2014) and 112,000 Facebook likes (84,000 in 2014).

# **Strategic report for the year ended 31 December 2015**

## **Plans for the future**

We will review our messaging in all communications to ensure that it remains relevant to people living with sight loss and the general public so that they have a deeper understanding of the scope of our work. We will continue to maximise all opportunities for raising awareness of Guide Dogs through our work with the media and other communications channels.

## **Staff and volunteers**

At the end of 2015, we had 1,453 employees working in a wide range of roles, all passionate about playing their part in helping people with sight loss get around independently and safely. We were also fortunate in having more than 16,000 volunteers carrying out more than 25,000 roles.

## **Achievements and performance**

During 2015 we carried out our fourth annual Staff Engagement Survey. The results informed us that we have made significant progress in a number of areas compared against external benchmarks.

As part of our rewards portfolio we provide a defined contribution pension scheme which successfully achieved the Pension Quality Mark (PQM) for the fourth year running. The PQM is a standard that recognises high quality defined contribution pension schemes. It is designed to help employers demonstrate the value of their scheme to current and future employees, and help employees recognise that their scheme has been independently verified.

## **Plans for the future**

The Staff Engagement Survey highlighted that we need to make improvements in communication and leadership. These findings together with the 360° assessments of all senior managers at the end of 2015, have informed our plans for leadership development in 2016. We will run an in-house coaching programme to develop our leaders and senior managers as coaches and to continue our programme of continuous improvement.

We will also work towards improving our internal communication, to ensure that everyone gets the information they need when they need it. We ran a number of focus groups and telephone interviews in 2015 and will be trialling changes throughout 2016 such as improved targeting and use of different communication channels.

## **Volunteers**

In 2015 we were fortunate in having more than 16,000 volunteers who gave their time and expertise in many different ways. Our volunteers make a vital contribution to our work and help us to reach out to an increasing number of people with sight loss. We are indebted to them for their support.



# Strategic report for the year ended 31 December 2015

## Achievements and performance

- In 2015, our volunteers gave more than 19.5 million hours of support.
- We carried out our second Volunteer Impact Assessment - a major piece of research to help us understand volunteers' experiences of volunteering with Guide Dogs, to evaluate the impact of volunteering and to demonstrate areas of success and areas that can be developed further.
- 69% of our volunteers strongly recommend volunteering at Guide Dogs.
- 75% of volunteers feel they are well trained by Guide Dogs to fulfil their roles and many stay volunteering for Guide Dogs for a longer period of time compared with volunteers' time at other charities.
- We invested in our volunteers through an on-going programme of learning and development to ensure that they have the tools to fulfil their roles effectively and that we are able to meet their motivations for volunteering.
- We looked at new ways to encourage people to volunteer for Guide Dogs – such as micro-volunteering (giving a little time as a one-off action) and corporate / employee volunteering.

## Plans for the future

We know that some current processes prevent timely recruitment of volunteers. In 2016, we will work to adapt our processes to allow for a more efficient recruitment process so that we get the right volunteer to start the right role at the right time.

We also want to improve the diversity of our volunteers and appeal to groups who are currently under-represented such as students or unemployed people.

We will also aim to improve communication with our volunteers so that they are kept up-to-date with information about their role. We will create a dedicated website that will allow the sharing of information in a cost-effective way.

## Sustainability

**We are committed to reducing the environmental impact of our operations and wherever possible we aim to incorporate sustainable practices into the way we deliver our services.**

## Achievements and performance

We have continued with our sustainability engagement programme 'A different way of thinking' and reached out across the organisation. The response has been rewarding with staff volunteering to work on projects relating to waste reduction, energy saving and improving biodiversity. The rollout of our

## Strategic report for the year ended 31 December 2015

Sustainability Improvement Teams (SITs) has been a successful way of improving engagement and generating ideas.

The National Breeding Centre (NBC), our Training Schools and Central Office were set energy reduction targets at the beginning of the year. As a result there has been an overall saving of 4.9% in electricity and a small 0.5% reduction in gas. Our biomass boiler at the NBC is contributing well to the reduction in our use of gas. The exercise has enabled us to reduce costs as well as our carbon footprint.

The lessons we have learnt have enabled us to further focus during 2016 on the reduction of our energy and fuel consumption.

Guide Dogs achieved ESOS (Energy Saving Opportunities Scheme) compliance during 2015. The scheme has helped identify 'quick' wins that further reduce our impact on the environment, coupled with further cost reductions. Through the compliance process we have also established strong data records, enabling improved monitoring of utilities and transport information.

### Plans for the future

- We will continue to embed sustainable ways of working across Guide Dogs – focusing during 2016 on our vehicle fleet, travel behaviours and sustainable procurement opportunities.
- We will set further energy reduction targets and actively manage our carbon emissions.
- We will develop a waste reduction communications strategy to further highlight smarter ways of working that reduce our costs and emissions.
- We will comply with all legal environmental requirements.
- We will share knowledge, experience and best practice internally and externally.
- We will continue to be fully transparent with all of our sustainability facts and figures.

The Trustees and Executive Board continue to recognise the importance of environmental sustainability and view this as an integral part of Guide Dogs' future strategy.

## Our fundraising standards

**Guide Dogs is a member of the Fundraising Standards Board (FRSB) which works to ensure that charities raising money from the public do so honestly and properly. We follow the Institute of Fundraising's Code of Practice which sets out standards members are expected to follow when raising money.**

In 2015 the media investigated the fundraising practices of a number of the UK's leading charities and found some of their practices to be in breach of industry

## Strategic report for the year ended 31 December 2015

standards. This resulted in a new set of regulations to be monitored by the Charity Commission.

We responded swiftly to those changes in the Code of Fundraising practice and took the opportunity to strengthen our own monitoring and supervision practices including:

- Ensuring that clear opt out messages are included in all marketing communications and being clear about how we will use individuals' contact information.
- Providing enhanced training to all fundraisers, including third parties, to make sure they fully understand our code of practice.
- Updating our policy on managing conversations with vulnerable people.
- Increasing the frequency of spot checks and 'mystery shopping' calls on telefundraisers and third party agencies.

We respond quickly and efficiently to resolve any complaints we receive about our fundraising practices. Each year we file a Complaints Return to the Fundraising Standards Board which details the number of complaints we receive in relation to the fundraising activity such as direct marketing, public collections and telefundraising. In 2015, we received 388 complaints – less than 0.001% of the people we contacted.

## How we raised our money in 2015

We rely on the goodwill of our supporters and volunteers to raise funds to help people with sight loss enjoy freedom and independence. As the guide dog service receives no government funding, we are incredibly grateful for every donation we receive.

Throughout the year, we use different techniques to tell people about our work and to raise the vital funds that enable us to support people with sight loss.

**Face-to-face fundraising** in the street or at events has been an effective way for us to reach members of the public who may not otherwise have the chance to support us. It provides them the opportunity to ask questions about our work and discuss the different ways they can support us. We worked with a third party agency who is governed by our code of practice and with whom we have a robust, contractual agreement.

**Telefundraising.** For many years, we have been contacting our supporters by telephone to ask for donations. We work with a professional telefundraising agency and are able to contact thousands of supporters each week. We only contact people if we have their consent to do so. In 2015, we increased the number of quality assurance checks to ensure that the conversations are always respectful and that no one feels under pressure to make a donation.

## Strategic report for the year ended 31 December 2015

**Direct marketing.** A significant amount of our income is raised through our direct marketing programme. We promote our appeals, regular monthly donations, sponsor a puppy, giving in memory of a loved one, leaving a gift in your Will, and our events programme through varied direct marketing activities both in print and online. In 2015, more than 40% of our income came from legacies. In recognition of our gratitude, we have developed a responsible stewardship programme to support the families of those who have pledged to leave a gift in their will to Guide Dogs.

Our income in 2015 totalled £103.7 million (2014 £100.5 million) made up as follows:

	2015 £m	2014 £m
Legacies	44.3	34.3
Sponsor a Puppy	32.3	27.0
Raffles and lotteries	5.2	4.6
Cash appeals	2.7	2.4
High value partnerships	6.7	2.7
Community fundraising and events	7.7	7.0
Property sales	-	17.1
Other	4.8	5.4
<b>Total</b>	<b>103.7</b>	<b>100.5</b>

Legacy income increased substantially year on year due to a large increase in notifications from executors.

Sponsor a Puppy, legacies, raffles and cash appeals all showed an increase over 2014.

Major donors and high value partnerships benefited from a restricted grant of £4.7 million from the LIBOR banking fines fund to support 90 ex-service personnel with the lifetime cost of a guide dog.

Community fundraising and events: We have more than 400 supporter groups across the UK. These thriving community groups arrange a wide range of fundraising activities and increase our profile in their local area. More than 2,000 people took part in a sports and challenge event,

## How we spent our money in 2015

53% of our total expenditure went towards providing guide dogs and other adult services such as My Guide.

4% of our total expenditure was on providing children's services.

## Strategic report for the year ended 31 December 2015

38% of our total expenditure was spent on generating income, including trading activities.

4.5% of our total expenditure was dedicated to advocacy and raising awareness. Our spend on campaigning within this was £0.6 million.

0.5% of our total expenditure was spent on research and development.

Further detail about expenditure is given on page 24

## Financial review

### Overview

In 2015 net income totalled £0.3 million (2014: £4.2 million net income). Total funds decreased by £2.5 million (2014: £8.1 million increase).

The surplus in 2014 was due to the sale of the obsolete Wokingham property, generating a profit of £17.1 million. Without this one-off benefit 2014 would have shown net expenditure of 9.0 million, so 2015's £0.3 million net income is a marked improvement. Our income growth plans continue to bear fruit, and this, along with close control over obtaining value for money from the resources we expend means that we remain on track to bringing the organisation to a more robust financial position. Our financial reserves policy, which is described later in this report, ensures that we will be able to continue providing our services into the future.

### Accounting changes

In 2015 we have adopted FRS 102 for the first time. This has resulted in a number of changes to the way in which our financial statements are presented. Where appropriate these changes have also been reflected in restated 2014 figures, as well as in 2015 figures:

- Under FRS102 we have changed our legacy income accounting policy, with the result that we now recognise income at the time probate is granted, rather than when executors indicate that they plan to make a distribution from the estate. The overall impact is that our total funds at the end of 2015 are about £23.3 million more than they would have been under the old policy.
- FRS102 has also resulted in the re-analysis of information in the Statement of Financial Activities. This has affected in particular the way in which investment returns for both the Group's investment portfolio, and that of the defined benefit pension scheme are reflected. However, none of these has had an impact on the value of funds at the end of the year.

## Strategic report for the year ended 31 December 2015

### Income

Income totalled £103.7 million in 2015, up £3.2 million on the prior year, though the latter was flattered by the £17.1 million one-off benefit from the sale of the Wokingham property. Without this, income in 2015 was up £20.3 million or 24% on 2014. The major elements of our income are as follows:

- Legacy income in 2015 totalled £44.3 million, £10.0 million or 23% higher than in 2014 as a result of a significant increase in the value of legacy probate notifications in the year.
- Donor-based fundraising was up by £5.3 million, or 17%, reflecting our continuing investment in generating this form of income.
- Corporate and trust income improved by £4.0 million, including a £4.7 million donation from the LIBOR fund. The latter is restricted to the provision of guide dogs for visually impaired veterans of the armed forces.

### Expenditure

Expenditure in 2015 totalled £104.4 million, £6.2 million more than the prior year. Further information is shown in note 2 to the Financial Statements. Expenditure includes:

- Costs of raising funds. The additional investment in fundraising brought the total to £40.5 million (2014: £37.6 million). Over the last few years we have been successfully investing in signing up new regular giving donors. The cost of doing this in any year is relatively high – for example, in 2015 we spent £16.5 million signing up new donors to our Sponsor a Puppy product – but the pay back over the long term makes this an efficient method of raising funds. Because of the initial high cost, it does distort the in-year ratio of income earned to fundraising expenditure incurred. A proper assessment of return can only be achieved by considering the impact over a period of several years.
- Costs of the provision of a guide dog and other adult services. At £55.0 million these were up £3.2 million on the prior year, due primarily to a change in the way the old defined benefit pension scheme is accounted for (under FRS 102) and additional costs of updating staff computer equipment. Of the £55.0 million, £49.4 million (2014: £47.8 million) relates to the guide dogs service, made up as follows:



## Strategic report for the year ended 31 December 2015

	2015 £m	2014 £m
Breeding	4.8	5.1
Puppy walking	5.4	5.8
Early training of dogs	14.3	9.7
Advanced training of dogs	10.4	10.7
Partnership training	2.7	2.9
Total cost of breeding and training	37.6	34.2
Ongoing partnership support	9.1	10.4
Retired and rehomed dogs	2.7	3.2
Total cost of the guide dog service	49.4	47.8

The average cost of providing a guide dog, from its breeding through to its retirement, is £54,600. This comprises two elements. The first is the average cost of breeding and training the dogs and partnerships that qualify during the year. This is about £42,300 per dog. The second element is the average annual cost of supporting the partnership through the dog's working life. This totals about £12,300 per dog.

The remainder of the £55.0 million cost of the guide dog and other adult services – £5.6 million – represents the cost of the My Guide service (£2.0m, 2014: £1.9 million), the cost of mobility and orientation services (£1.6 million, 2014: £0.7 million) and allocated support costs such as those relating to service development and infrastructure projects, and the net interest in the defined benefit pension scheme (£2.7million, 2014: £1.4 million).

- Costs of the provision of other children's services, through Blind Children UK. At £3.8 million this was up £0.8 million on the prior year. Of the £3.8 million total expenditure, £2.7 million relates to the Movement Matters service, £0.8 million to family and educational support services, and the balance to CustomEyes large print books and access technology advice and grants.
- Research and development costs, which totalled £0.5 million in both 2015 and 2014.
- Advocacy and awareness costs. In 2015 these totalled £4.6 million, £0.7 million less than in the prior year. The majority of these costs relate to awareness-raising; the cost of our very successful campaigning amounts to only 13% of £4.6 million the total.

### Net gains on investment assets

Our investment portfolio generated net capital gains of £1.0 million in 2015, £0.9 million less than in the prior year.

### Net income/expenditure in the year

As noted above net income totalled £0.3 million (2014: £4.2 million net income). The Board of Trustees' overall aim is to operate at least at break even, but

## Strategic report for the year ended 31 December 2015

recognises that in times of service expansion or general economic recession this may not always be achieved.

### Other recognised gains and losses

Other actuarial gains and losses arose from the defined benefit pension scheme. Net actuarial losses of £2.8 million (2014: £3.9 million gains) were recognised. These arose from a weaker than anticipated performance of the scheme's investments, countered by benefits arising from lower than anticipated inflation in 2015.

### Funds

Taking into account the above recognised gains and losses in the year, overall funds decreased by £2.5 million (2014: increased by £8.1 million), to £109.7 million. These funds comprise three elements: unrestricted funds, restricted funds and endowment funds. Each of these categories is described as follows.

#### Unrestricted funds

Unrestricted funds are those funds that we are able to use for any activity that our charitable objects envisage. At the end of 2015 unrestricted funds amounted to £104.4 million (2014: £111.6 million). They comprise four types of reserve:

- **General funds.** At the end of 2015 general funds amounted to £62.8 million (2014: £68.1 million).
- **Designated funds,** which are funds that have been designated for specific purposes by the Board of Trustees. At the end of 2015 there were two designated funds: (i) The **fixed assets fund**, which represents funds allocated to tangible fixed assets such as property, plant and equipment. This has decreased from £44.2 million to £42.6 million during the year, in line with the reduction in value of tangible fixed assets. (ii) The **research fund**, which provides funding for ophthalmic, canine and psycho-social research. The year-end balance on this fund was £0.3 million (2014: £0.3 million).
- The **revaluation reserve.** At the end of 2015 the revaluation reserve stood at £6.0 million (2014: £9.9 million).
- The **pension deficit reserve.** At the end of 2015 the pension deficit reserve was a negative at £7.3 million (2014: negative £10.9 million).

#### Restricted funds

These are unexpended funds that have been donated to Guide Dogs with specific conditions attached to their use. At 31 December 2015 these funds totalled £4.8 million (2014: £0.1 million), with the substantial increase being due to the £4.7 million donation from the LIBOR fund noted earlier. It is anticipated that these funds will be expended over the next seven or so years.

## **Strategic report for the year ended 31 December 2015**

### **Endowment funds**

These are funds that have been donated subject to the condition that the capital must remain unspent, in perpetuity. Income from the investment of these funds may be used for unrestricted purposes. At 31 December 2015 these funds totalled £0.5 million (2014: £0.5 million).

### **Financial reserves policy**

The Board has revised its financial reserves policy in 2015, in the light of tightening fundraising regulation. The new policy seeks to ensure that reserves are maintained at a level that enables the Group to manage financial risk and short-term income volatility, thus allowing the Group to sustain optimal levels of service over the long term, while ensuring that financial commitments can be met as they fall due.

Our reserves policy takes into consideration the nature of our most costly activity, the guide dog service, which requires us to effectively commit expenditure over the medium to long term, whilst also recognising that, as we are a fundraising charity, we are subject to the effects of short-term volatility in income. We therefore hold funds in reserve to ensure that we can meet our service delivery plans in the face of such fluctuations. We use a rolling five-year plan to model how we will fund the delivery of our strategy and ensure reserves remain at an appropriate level.

We have a single reserves measure: Cash Resources. Our financial reserves policy mandates that the Group holds a minimum level of Cash Resources to ensure that the Group will be able to discharge its financial commitments as they fall due over the course of the five-year plan. The Board has agreed that the Group should aim to ensure that Cash Resources should exceed a minimum of £30 million at all times, both currently and as anticipated in the future. This level is determined by considering the potential extent and rapidity of a decline in our income and the speed with which we can make accommodating changes to our expenditure plans.

In determining this policy, the Board has also taken into account the fact that it has no wish to hold excessive Cash Resources: funds are donated to provide support to people with a visual impairment, not to hold in reserve. The Board therefore closely monitors current and projected levels of Cash Resources, and amends its fundraising or service delivery plans if levels become, or are expected to become, too high.

## Strategic report for the year ended 31 December 2015

At 31 December 2015, Cash Resources stood at £43.0 million, made up as follows:

	2015 £m	2014 £m
Investments	34.0	56.2
Cash at bank and in hand	9.5	3.9
Less endowment funds	(0.5)	(0.5)
Less funds restricted to non-core activity	-	-
Net Cash Resources	43.0	59.6

The level of Cash Resources at the end of 2015 is above the minimum required by the policy, and the Board does not consider it to be excessive. The Board therefore considers that the Group has adequate resources to meet its financial commitments for the foreseeable future.

### Tangible fixed assets

The movements in tangible fixed assets during the year are summarised in Note 5 to the Financial Statements. No major investment has taken place in 2015, and none is planned for 2016.

### Investment policy

Guide Dogs' investment policy is:

- (i) To protect the value of its investments while seeking an appropriate return. In order to achieve this outcome at appropriately low levels of risk and volatility, investments are selected that seek to produce a return of LIBOR plus 4% per annum over three-year rolling periods.
- (ii) Not to invest directly in any company with a significant interest in any activity that runs contrary to Guide Dogs' charitable objectives and mission.

The Board of Trustees considers this to be a prudent policy which challenges managers to produce excellent results.

The investment portfolio is managed on an unconstrained basis in two segments, by Standard Life Investments and Newton Investment Management, under the control of Guide Dogs' Investment Committee. The two managers were selected for their contrasting styles, in order to diversify overall risk.

At the beginning of the year investments were valued at £56.2 million. During the year £23.2 million was withdrawn from the portfolio and investment gains of £1.0 million were achieved. As a result, the portfolio was valued at £34.0 million at the end of the year.

## **Strategic report for the year ended 31 December 2015**

Against the benchmark target return (LIBOR plus 4%) for the rolling three years to 31 December 2015 of 4.5%, Standard Life Investments has achieved a return of 4.0% and Newton Investment Management 4.8%, producing an overall return of 4.6%.

### **Guide Dogs' pension schemes**

Guide Dogs operates two funded pension schemes for its staff: a defined benefit and a defined contribution scheme.

The defined benefit scheme was closed to future accrual on 31 December 2012. A valuation of this scheme for accounting purposes, under FRS 102, valued the deficit at 31 December 2015 at £7.3 million (2014: £10.9 million). The £3.6 million decrease in the deficit results from the £6.7 million additional payment from Guide Dogs toward the elimination of the deficit, countered by a net £2.8m of actuarial and experience losses and £0.3m of net interest. The latest completed full actuarial valuation of the scheme was at 31 December 2012. This showed a deficit of £54.3 million calculated on a funding basis. Annual payments of £6.7 million through to 2023 have been agreed with the scheme's trustees. (See note 14d with regards to 2015 valuation) Guide Dogs is working with the scheme Trustee to manage and reduce the financial risks inherent in the scheme's funding arrangements.

The defined contribution scheme has been in existence since 1 April 2011, and during 2013 also became the vehicle for the auto-enrolment offering to staff.

### **Risk management and internal control**

The Board reviews the major risks the charity faces at least four times a year and has established effective and efficient systems to manage these. It is satisfied that the arrangements for managing these risks, combined with the continual review of internal controls and the reserves policy, will ensure that sufficient resources are available to maintain services for the foreseeable future.

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

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

- The Board meets at least four times a year. A number of matters are specifically reserved for its approval.
- There is a clear organisational structure with appropriate levels of accountability and reporting lines. The Board approves the delegation of financial authority to the Chief Executive.

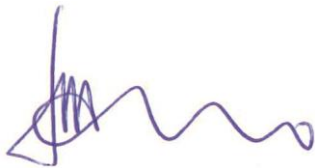
## **Strategic report for the year ended 31 December 2015**

- An out-sourced internal audit function, directed by the Audit Committee undertakes a rolling review of the design and operational effectiveness of controls over activities, based upon the risks inherent in those activities.
- The risk management framework is used to identify and assess new and current major business risks. It prioritises them in terms of impact and probability of occurrence and then identifies and implements efficient controls to manage them and monitor their effect.

Throughout 2015 the organisation continued to monitor significant risks. These included:

- Financial and brand risks arising from fundraising regulatory changes.
- Funding risks for our defined benefit pension scheme.
- Safeguarding risks relating to our work with young people and vulnerable adults.
- Risks relating to the recruitment and retention of qualified and skilled staff and volunteers.

**This report was approved by the Board of Trustees on 9 June 2016 and signed on its behalf by:**



**Chairman: James Hambro**

## **Report of the Board of Trustees for the year ended 31 December 2015 (incorporating the Directors' Report)**

The Board of Trustees of The Guide Dogs for the Blind Association (the 'Board') presents its Report and Financial Statements for the year ended 31 December 2015. These have been prepared in accordance with the provisions of the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities (revised 2015).

### **Corporate information.**

The Association operates under the abbreviated name of Guide Dogs. Guide Dogs is a registered charity (Number 209617 in England and Wales and number SC038979 in Scotland) and was incorporated as a company limited by guarantee (registered in England and Wales number 291646) on 30 August 1934. Its Central Office which is also its Registered Office, is Hillfields, Burghfield Common, Reading Berkshire RG7 3YG.

Guide Dogs is governed by its Articles of Association, which were last amended on 20 July 2013.

Guide Dogs is a company limited by guarantee and does not have a share capital. In the event of the company being wound up each member of the company undertakes to contribute such amount as may be required (not exceeding £1) towards the costs of dissolution and liabilities of the Association.

A review of the Group's business, its future developments and its risks are included in the Strategic Report.

### **Public benefit**

The Board has paid due regard to the public benefit guidance published by the Charity Commission.

The objects and aims of Guide Dogs fall within the subsection of the Charities Act 2011 related to the relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage. No person who is blind or partially sighted is prohibited from applying for assistance from the services we provide on the grounds of financial circumstances. We believe that Guide Dogs' information, research and campaigning activities have also directly benefited people who are blind or partially sighted.

## **Structure, governance and management**

### **Members of the Board**

The members of the Board as at 7 June 2016, who are both Directors of the company and Trustees of the charity (the 'Trustees') were as follows:



## **Report of the Board of Trustees for the year ended 31 December 2015 (incorporating the Directors' Report)**

James Hambro - Chairman

Pat Stafford BA (Hons) – Vice Chairman

David Anderson BVMS, MVM, MRCVS

Amanda Ariss BA (Hons), MA (Dist)

David J Bagley FCA, CF

Clare Black BSc (Hons)

Mike Hughes \*

Dr Mike Nussbaum \* BSc, PhD, Honorary Doctor of the Open University

Polly Williams ACA,BA (Hons)

John Wraithouse BSc (Hons), MA, FCIPD

\*Guide dog owner.

John Stewart resigned and James Hambro was appointed as a Trustee on 10 October 2015. John Everitt resigned as a Trustee on 25 March 2016. Amar Latif resigned as a Trustee on 7 April 2016.

The Trustees are elected by the members of Guide Dogs at the Annual General Meeting or appointed by the Board to fill any vacancies arising during the year. Recruitment takes place through a sub-committee of the Board with clear terms of reference, and candidates are sought to provide the Board with a full range of relevant skills relating to the business of the charity. We actively seek diverse applications, particularly from people with a vision impairment.

Trustees serve a three-year term of office before retiring and are eligible to stand for re-election for a maximum of two further three-year terms of office. Exceptionally, a fourth and final term may be served if there is a specific need, agreed by the Board.

All new Trustees have personalised induction programmes which are designed to cover the main operational framework of the charity, including its finances and future plans and objectives. We encourage new Trustees to visit one of the four Guide Dog Training Schools and other mobility teams. They are also required to attend a staff and volunteer induction workshop, covering such areas as safeguarding.

The Trustees have overall responsibility for the activities of Guide Dogs, advised by the Chief Executive and his Executive Board.

We have three committees: these (and their chairmen) are:

Audit (Polly Williams)

Investment (Bruce Gordon\*)

Remuneration Committee (Pat Stafford)

\*Independent member.

## **Report of the Board of Trustees for the year ended 31 December 2015 (incorporating the Directors' Report)**

The policy framework sets out the clear terms of reference for the committees and the Board receives regular reports of their activities. The Board has established a clear policy and procedures for dealing with conflicts of interest in accordance with the Charity Commission guidelines.

Trustees of the Board and independent committee members do not receive any remuneration for their services to the charity.

### **Trustees' responsibilities statement**

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 of the surplus or deficit of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; 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 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. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.

## **Report of the Board of Trustees for the year ended 31 December 2015 (incorporating the Directors' Report)**

- The Trustees have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Management**

Guide Dogs' Executive Officers are the Chief Executive and the Executive Board. Together, they are accountable for Guide Dogs' vision and strategy. The Executive Board is responsible for the day-to-day management of Guide Dogs, acting under delegated authority given to them by the Board. It is important for Guide Dogs to have a highly effective leadership team in place in these senior roles. The members of the Executive Board as at 7 June 2016 were:

Richard Leaman, CB, OBE, Chief Executive  
Jayne George, Director of Fundraising and Marketing  
Mike Holt, Director of People and Business Services  
Tim Lowth, Director of Finance, Planning and Performance  
Steve Vaid, Director of Mobility Services (Deputy CEO)

### **Executive pay policy statement**

Guide Dogs is committed to greater transparency over pay in the voluntary sector and supports the recommendations in the National Council of Voluntary Organisations' (NCVO) Report of the Enquiry into Charity Senior Executive Pay, and for that reason is publishing information on pay policy and remuneration levels for its chief officers in this annual report and on the Guide Dogs' website.

The current pay and terms and conditions for the Executive Officers were introduced in 2011 and are determined by the Guide Dogs' Remuneration Committee operating as a sub-committee of the Board. This pay policy forms part of the contracts of employment of the Chief Executive and Executive Board.

The policy aims to:

- Develop and sustain a high performance culture from the top of Guide Dogs.
- Recruit and retain talented people to maintain or improve Guide Dogs' already high performance and lead the organisation through the challenging changes we are facing.
- Recognise Executive Officers for their personal contributions.

There are a number of principles that underpin the Board's approach to Executive Officers' pay:

## Report of the Board of Trustees for the year ended 31 December 2015 (incorporating the Directors' Report)

- The amount paid should reflect the market for comparable jobs in comparable organisations, the performance of the organisation and the skills and contribution of the individual performing the role.
- Increases to pay are 'at risk' because they depend on delivering results; this means it is a performance-related pay scheme.
- Performance is defined in a rounded way, including not only achievement of annual targets but also leadership and other behaviours as well as success in developing the capability and services of Guide Dogs over the longer term.

### Salary ranges

Executive roles are allocated to a salary range based on a number of factors including the level of knowledge, skills and experience required and the responsibilities and accountabilities associated with the position. This assessment of the size of each Executive role is carried out by the Hay Group. Each Executive Officer is paid within a salary range applicable to their post. Progression within that range is dependent on their performance.

Salary ranges are reviewed annually and any decision to change them is taken by the Remuneration Committee. As part of the review, consideration is given to the level of pay in the sector using benchmark data collected by the Hay Group.

### Other benefits

Benefits for Executive Officers are in line with benefits available to all staff. This includes a flexible benefits allowance of up to 3% of salary.

Employer's pension contributions are conditional on employee contributions and the same as equivalent contribution levels for all staff.

Across Guide Dogs, as a whole, the ratio between median salary and the highest salary at the end of 2015 was 1: 5.68.

### Total remuneration of Executive Board 2015

The table below shows the total remuneration of the Executive Board. This includes salary, allowances in lieu of pension scheme participation, benefits in kind, and pension contributions.

Name	Role	Total remuneration
Richard Leaman	Group Chief Executive	£146,013
Jayne George	Director of Fundraising and Marketing	£126,840
Tim Lowth	Director of Finance, Planning & Performance	£104,029
Steve Vaid	Director of Mobility Services / Deputy CEO	£102,447
Mike Holt	Director of People and Business Services	£98,501

# **Report of the Board of Trustees for the year ended 31 December 2015 (incorporating the Directors' Report)**

## **Related parties**

Guide Dogs is sole member, or owns the entire issued share capital, of its seven subsidiary undertakings:

- Blind Children UK is a charity providing services to children and young people with vision impairment and their families.
- The Guide Dogs for the Blind Association (Trading Company) Limited is the charity's trading subsidiary.
- Guide Dogs UK Limited, GDBA Community Care Services Limited, GDBA (Pension Fund Trustee) Limited, Guide Dogs Limited and Blind Children UK (Trading) Limited (formerly NBCS Blind Limited) were dormant during 2015.

The financial performance of these subsidiaries is disclosed in Note 13 to the Financial Statements.

## **Employee involvement and employment of disabled persons**

We are committed to transparency in our work and to including employees appropriately in decisions. We communicate with employees through conventional line-management, team meetings, management visits to Guide Dogs' offices, conferences and away days. We also regularly communicate via our intranet, internal publications and by email. In addition, employees can raise any issues of concern with the Consultation Partnership Group which encourages a flow of information up and down the organisation in a constructive and timely manner.

Guide Dogs has been awarded the Two Ticks symbol by Jobcentre Plus. The symbol identifies those employers who have committed to take action to meet five commitments regarding the employment, retention, training and career development of disabled employees. We apply the same principles to those that become disabled while employed by Guide Dogs.

## **Provision of information to Auditor**

Each person who is a Trustee at the date of approval of this report confirms that:


- So far as the Trustee is aware, there is no relevant audit information of which the company's auditor is unaware.
- He/she has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

## **Re-appointment of Auditor**

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Deloitte LLP as auditor of the Company.

## **Report of the Board of Trustees for the year ended 31 December 2015 (incorporating the Directors' Report)**

**This report was approved by the Board on 9 June 2016 and signed on its behalf  
by:**

A handwritten signature in purple ink, consisting of a series of loops and a long horizontal stroke.

**Chairman: James Hambro**

## **Principal Advisors**

### **Advisors**

#### **Auditor**

Deloitte LLP  
2 New Street Square  
London EC4A 3BZ

#### **Bankers**

HSBC Bank plc  
25 High Street  
Windsor  
Berkshire SL4 1LN

Barclays  
90-93 Broad Street  
Reading  
RG1 2AP

#### **Investment Fund Managers**

Newton Investment Management Ltd  
The Bank of New York Mellon Centre  
160 Queen Victoria Street  
London EC4V 4LA

Standard Life Investments Ltd  
1 George Street  
Edinburgh EH2 2LL



## **Independent Auditor's report to the Trustees and Members of The Guide Dogs for the Blind Association**

We have audited the financial statements of The Guide Dogs for the Blind Association for the year ended 31 December 2015 which comprise the Consolidated Statement of Financial Activities, the Consolidated and the Company Balance Sheets, the Consolidated Cash Flow Statement, the Accounting Policies and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and the trustees 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, 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.

### **Respective responsibilities of Trustees and Auditor**

As explained more fully in the Trustees' Responsibilities Statement, 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.

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 regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant

## **Independent Auditor's report to the Trustees and Members of The Guide Dogs for the Blind Association**

accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2015 and of the group's charitable company's incoming resources and application of resources, including its 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or returns; or

## **Independent Auditor's report to the Trustees and Members of The Guide Dogs for the Blind Association**

- 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.



Signature:  
Reza Motazed (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London

Date: 20 - 6 - 2016

Deloitte LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006 and consequently to act as the auditor of a registered charity.

# Consolidated statement of financial activities incorporating an income and expenditure account for the year ended 31 December 2015

	Notes	Unrestricted Funds £m	Restricted Funds £m	Endowment Funds £m	Total 2015 £m	Restated Total 2014 £m
<b>Income from:</b>	1					
Donations and legacies		83.1	12.2	-	95.3	75.3
Charitable activities		0.9	-	-	0.9	0.7
Other trading activities		6.6	-	-	6.6	6.0
Investment income		0.9	-	-	0.9	1.3
Other income – property gain		-	-	-	-	17.2
<b>Total income</b>		91.5	12.2	-	103.7	100.5
<b>Expenditure on:</b>						
<b>Raising funds</b>		40.5	-	-	40.5	37.6
<b>Charitable activities</b>						
Provision of guide dogs and other adult mobility services		47.9	7.1	-	55.0	51.8
Provision of other children's services		3.4	0.4	-	3.8	3.0
Research and development		0.5	-	-	0.5	0.5
Advocacy and awareness		4.6	-	-	4.6	5.3
<b>Total charitable expenditure</b>		56.4	7.5	-	63.9	60.6
<b>Total expenditure</b>	2	96.9	7.5	-	104.4	98.2
Net gains on investment assets		1.0	-	-	1.0	1.9
<b>Net (expenditure)/income for the year</b>		(4.4)	4.7	-	0.3	4.2
<b>Other recognised gains and losses:</b>						
Actuarial (loss)/gain on defined benefit pension scheme		(2.8)	-	-	(2.8)	3.9
<b>Net (decrease)/increase in funds</b>		(7.2)	4.7	-	(2.5)	8.1
Restated Fund balance at 1 January		111.6	0.1	0.5	112.2	104.1
Fund balances at 31 December		104.4	4.8	0.5	109.7	112.2

All results are derived from continuing operations.

The parent charity, The Guide Dogs for the Blind Association has gross income of £99.9 million (2014: £98.9 million) and a deficit of £7.3 million (2014: £12.3 million surplus) for the year.

The net decrease in funds for the last financial year under the historical cost accounting convention, adjusted for the revaluation of fixed assets but excluding the movement in market value of Investments, is £2.9 million (restated 2014: net increase £7.7 million) (Note 6).

See note 17 for comparative Consolidated Statement of Financial Activities analysed by funds.

See accounting policies for details of restatement.

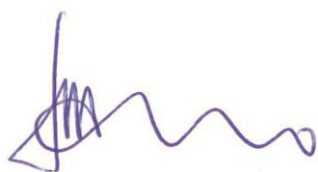
The accounting policies and notes on pages 45 to 64 form part of these financial statements

## Consolidated and charity balance sheets at 31 December 2015

	Notes	Group 2015 £m	Group 2014 £m	Charity 2015 £m	Charity 2014 £m
<b>Fixed assets</b>					
Tangible assets	5	42.6	44.2	42.6	44.2
Investments	6	34.0	56.2	34.5	56.7
		<u>76.6</u>	<u>100.4</u>	<u>77.1</u>	<u>100.9</u>
<b>Current assets</b>					
Stocks	7	0.4	0.2	0.1	0.1
Debtors	8	39.4	28.3	39.6	33.0
Cash at bank and in hand		9.5	3.9	8.4	3.2
		<u>49.3</u>	<u>32.4</u>	<u>48.1</u>	<u>36.3</u>
<b>Creditors</b>					
Amounts falling due within one year	9	(8.7)	(9.4)	(8.2)	(9.0)
<b>Net current assets</b>		<u>40.6</u>	<u>23.0</u>	<u>39.9</u>	<u>27.3</u>
<b>Total assets less current liabilities</b>		<u>117.2</u>	<u>123.4</u>	<u>117.0</u>	<u>128.2</u>
<b>Creditors</b>					
Amounts falling due after more than one year	10	(0.2)	(0.3)	(0.2)	(0.3)
<b>Net assets excluding pension deficit</b>		<u>117.0</u>	<u>123.1</u>	<u>116.8</u>	<u>127.9</u>
Pension fund deficit	14	(7.3)	(10.9)	(7.3)	(10.9)
<b>Net assets</b>		<u>109.7</u>	<u>112.2</u>	<u>109.5</u>	<u>117.0</u>
<b>Unrestricted Funds</b>					
General funds		62.8	68.1	62.7	72.9
Designated funds		42.9	44.5	42.9	44.5
Revaluation reserve		6.0	9.9	6.0	9.9
Pension deficit reserve		(7.3)	(10.9)	(7.3)	(10.9)
<b>Total unrestricted funds</b>		<u>104.4</u>	<u>111.6</u>	<u>104.3</u>	<u>116.4</u>
<b>Restricted funds</b>		<u>4.8</u>	<u>0.1</u>	<u>4.7</u>	<u>0.1</u>
<b>Endowment funds</b>		<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
<b>Total funds</b>	11,15	<u>109.7</u>	<u>112.2</u>	<u>109.5</u>	<u>117.0</u>

The Financial Statements of The Guide Dogs for the Blind Association (registered company number 291646) were approved by the Board of Trustees on 9 June 2016 and signed on its behalf by:

Chairman:



Trustee:



The accounting policies and notes on pages 45 to 64 form part of these financial statements

## Consolidated cash flow statement for the year ended 31 December 2015

	Notes	2015 £m	2014 £m
Net cash outflow from operating activities	16	<u>(16.6)</u>	<u>(22.6)</u>
<b>Return on investment and servicing of finance</b>			
Investment income received		<u>0.9</u>	<u>1.3</u>
<b>Capital expenditure and financial investment</b>			
Payments for tangible fixed assets		(2.2)	(2.8)
Proceeds from sale of tangible fixed assets		0.3	18.1
Net divestment from investment portfolio		<u>23.2</u>	<u>5.9</u>
		<u>21.3</u>	<u>21.2</u>
<b>Increase/(decrease) in cash in the year</b>		<u>5.6</u>	<u>(0.1)</u>
Net cash at 1 January		3.9	4.0
Increase/(decrease) in the year		<u>5.6</u>	<u>(0.1)</u>
Net cash at 31 December		<u>9.5</u>	<u>3.9</u>

The accounting policies and notes on pages 45 to 64 form part of these financial statements

## Accounting policies

### Company and charitable status

Guide Dogs, a public benefit entity, is incorporated in England and Wales as a company limited by guarantee not having share capital. There are currently 10 Trustees who are also the members of the company. Each member has undertaken to contribute the assets in the event of winding up a sum not exceeding £1. The charity is a registered charity. The registered office is given on page 31.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of these Financial Statements are as follows:

#### a. Basis of accounting

The financial statements are prepared under the historical cost convention, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2015)" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), effective 1 January 2015; and the Companies Act 2006.

The Guide Dogs for the Blind Association meets the definition of a public benefit entity under FRS 102.

#### b. Reconciliation with previous Generally Accepted Accounting Practice – Transition to FRS 102

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. The transition date was 1 January 2014.

At the date of transition in applying the requirement to recognise income when its receipt becomes probable (previously: when it was virtually certain), an asset was recognised for accrued legacy income. No other restatements were required. A reconciliation of opening balances is provided below.

	<b>1 Jan 2014 £m</b>	<b>31 Dec 2014 £m</b>
Fund balances as previously stated	87.5	96.2
Additional legacy accrual	16.6	16.0
Fund balances as restated	<u>104.1</u>	<u>112.2</u>

The opening fund balances at the date of transition have been restated due to an accrual for legacy income and no other restatement of items has been required in making the transition to FRS 102. The 2014 impact on the Consolidated statement



## Accounting policies

of financial activities was a decrease in legacy income recognised of £0.6m. The transition date was 1 January 2014.

2014 expenditure comparatives have been restated under the Charities SORP (FRS102) for £0.5m of governance costs, which were previously disclosed separately on the SOFA. Under the Charities SORP (FRS102), governance costs are included under support costs and allocated across the other categories of expenditure. This does not affect funds or net movements in funds.

### **c. Preparation of the accounts on a going concern basis**

Guide Dogs reported a total cash inflow of £5.2 million for the year and £5.6 million on a group basis.

The Board of Trustees has reviewed financial projections for Guide Dogs and considers that there are sufficient funds at the date of signature of the financial statements to manage any foreseeable downturn in the UK and global economy. The Board also considers that there is a reasonable expectation that The Guide Dogs for the Blind Association has adequate resources to continue in operational existence for the foreseeable future and for this reason the Board continues to adopt the 'going concern' basis in preparing the Financial Statements.

### **d. Group financial statements**

The group accounts consolidate the accounts of the charity and its subsidiary undertakings. As provided by Section 408 of the Companies Act 2006, no separate income and expenditure account is presented for the charity. Acquisitions are accounted for under the acquisition method.

### **e. Incoming resources**

Incoming resources are recognised when their receipt become probable.

- i) The income of fundraising branches and other donations is accounted for on a receivable basis. Income from raffles and draws is accounted for at the time of cash receipt.
- ii) Donated goods and professional services are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised and refer to the trustees' annual report for more information about their contribution. On receipt, donated goods are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.
- iii) Following the change to preparation of accounts under Financial Reporting Standard 102, legacy income is accounted for when notification of the legacy is received, generally after grant of probate, providing the amount

## Accounting policies

- can be reliably ascertained and that ultimate receipt is probable.
- iv) Investment income is accounted for on an accruals basis.
  - v) Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

### f. Resources expended

Expenditure is accounted for on an accruals basis.

- i) Grants payable are recognised when a legal or operationally binding commitment has been made to make the grant payment.
- ii) The costs of charitable activities and generating funds include relevant direct costs incurred and the direct costs of staff employed on the activity, together with a share of overheads and support costs calculated in proportion to the number of staff employed in this area. Following FRS102 governance costs (relating to the direct costs associated with the constitutional and statutory requirements of the charity and including the costs of internal and external audit, secretariat and other related costs) are now included in the support costs allocation.
- iii) The cost of irrecoverable Value Added Tax is included within relevant expenditure.

### g. 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, finance, personnel, payroll and governance costs which support the group's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. Support costs have been allocated primarily on the basis of headcount of staff include in each charitable activity.

### h. Operating leases

Rentals payable under operating leases are expensed on a straight-line basis over the lease term.

### i. Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost, with the exception of freehold land and buildings which are stated at historic valuation, which are adopted as deemed costs upon FRS102 transition (see Note 5), less depreciation, on a straight-line basis, at the following annual rates:

Freehold land	Nil
Freehold buildings	2½% - 5%
Furniture and equipment	10% - 20%
Motor vehicles	20%
Computers	33%

## Accounting policies

Software development costs are expensed.

Leasehold properties are depreciated over their lease terms on a straight-line basis.

### **j. Financial instruments**

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The charity and group only have 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.

### **k. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Group's key areas of judgement relate to the timing of recognition of legacies receivable, and the actuarial assumptions adopted in calculating the defined benefit pensions liability.

### **l Investments**

Investments are stated at market value at the balance sheet date. The value of unit trusts is the bid price of the units.

It is the charity's policy to keep valuations up to date such that when investments are sold there is no realised gain or loss arising. As a result the Statement of Financial Activities does not distinguish between the valuation adjustments relating to sales and those relating to continued holdings as they are together treated as changes in the value of the investment portfolio throughout the year.

Investments in subsidiary companies are stated at cost, less any provision for impairment.

## Accounting policies

### **m. Stocks**

Stocks have been valued at the lower of cost on a first in first out basis and net realisable value.

### **n. Pension costs**

Guide Dogs operate sponsors two pension schemes:

(a) A defined contribution scheme. The pension charge in relation to this scheme is based upon employer's contributions payable in the year.

(b) A defined benefit pension scheme. This scheme is closed to future accrual. The pension charge in relation to this scheme is based on annual valuations undertaken by the scheme Actuary in compliance with the provisions of FRS102.

In addition there is a small unfunded pension liability in respect of four ex-employees. The liability in relation to these employees is recognised in accordance with actuarial valuation.

### **o. Fund accounting**

The charity has a few small permanent endowments, which have to be retained as capital in perpetuity. However, income arising from these funds is wholly unrestricted.

Restricted funds are those which must be applied in accordance with the purpose specified by the donor. Expenditure relating to these purposes is therefore charged directly to the relevant fund.

The unrestricted income funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objects. Such funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose. Transfers of funds from general unrestricted funds to designated funds are approved by the Trustees. Further details of each fund are disclosed in Note 11.

### **p. Taxation**

Guide Dogs, as a registered charity, is exempt from corporation tax under Chapter 3 of Part 11 to the Corporation Tax Act 2010 or Section 256 of the Taxation of the Chargeable Gains Act 1992, to the extent that surpluses are applied to its charitable purposes. No corporation tax charge has arisen in the charity's subsidiaries, in one case because the subsidiary itself is a registered charity, and in all other cases due to their policies of gifting all taxable profits to Guide Dogs each year. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

## Notes to the financial statements for the year ended 31 December 2015

### 1. Incoming resources

	2015 £m	Restated 2014 £m
<b>Income from</b>		
<b>Donations and legacies</b>		
Community fundraising	7.7	7.0
Donor based fundraising	36.6	31.3
Corporate and trust income	6.7	2.7
Legacies	44.3	34.3
	<hr/> 95.3	<hr/> 75.3
<b>Charitable activities</b>		
Sale of rehabilitation services under contract	0.6	0.4
Ancillary training	0.3	0.3
	<hr/> 0.9	<hr/> 0.7
<b>Other trading activities</b>		
Raffles and draws	3.6	3.5
Lotteries	1.6	1.1
Other	1.4	1.4
	<hr/> 6.6	<hr/> 6.0
<b>Investment income</b>	<hr/> 0.9	<hr/> 1.3
Other income – property gain*	-	17.2
	<hr/>	<hr/>
Total	<hr/> 103.7	<hr/> 100.5

\*2014 included other incoming resources in the profit on sale of the Wokingham site (£17.1 million).

## Notes to the financial statements for the year ended 31 December 2015

### 2. Total Expenditure

	Direct Costs £m	Support Costs £m	Total 2015 £m	Restated Total 2014 £m
<b>Expenditure on raising donations and legacies</b>				
Community fundraising	4.7	1.0	5.7	5.8
Donor based fundraising	23.6	0.8	24.4	21.1
Corporate and trust income	1.3	0.2	1.5	0.9
Fundraising development and administration	1.5	0.4	1.9	1.9
Legacy marketing and administration	1.8	0.2	2.0	2.6
	32.9	2.6	35.5	32.3
<b>Expenditure on trading activities</b>				
Cost of goods sold and other costs	1.0	-	1.0	1.2
Raffles and draws	2.8	0.1	2.9	3.0
Lotteries	0.8	-	0.8	0.8
	4.6	0.1	4.7	5.0
<b>Investment management fees</b>	0.3	-	0.3	0.3
<b>Expenditure on raising funds</b>	37.8	2.7	40.5	37.6
<b>Charitable expenditure</b>				
Provision of guide dogs and other adult mobility services	43.2	11.8	55.0	51.8
Provision of children's services	3.6	0.2	3.8	3.0
Research and development	0.4	0.1	0.5	0.5
Advocacy and awareness	4.0	0.6	4.6	5.3
	51.2	12.7	63.9	60.6
<b>Total expenditure</b>	89.0	15.4	104.4	98.2

Resources expended include:

	2015 £m	2014 £m
Operating lease charges		
Other – land and buildings	0.8	0.6
Depreciation charged in the year	3.7	3.6
	<b>£'000</b>	<b>£'000</b>
Fees payable to the charity's auditor		
The audit of the charity's annual financial statements	62.2	58.6
The audit of the charity's subsidiaries pursuant to legislation	14.2	16.3

## Notes to the financial statements for the year ended 31 December 2015

### Support Cost allocation

	Raising Funds	Provision of guide dog and other adult mobility services	Provision of children's services	Research and development	Advocacy and awareness	Total
	£m	£m	£m	£m	£m	£m
Governance	0.1	0.5	-	-	-	0.6
Finance	0.3	1.5	-	-	0.1	1.9
Information Technology	0.5	2.6	-	-	0.2	3.3
Human resources	0.4	1.8	-	-	0.1	2.3
Marketing & communications	0.2	1.2	-	-	0.1	1.5
Central property costs	0.3	1.2	-	-	0.1	1.6
Other central costs ,	0.9	3.0	0.2	0.1	-	4.2
<b>Total</b>	<b>2.7</b>	<b>11.8</b>	<b>0.2</b>	<b>0.1</b>	<b>0.6</b>	<b>15.4</b>

### 3. Research commissioned – Grants payable

Research and development comprises strategic, market, consumer and scientific research and technology development. Total research and development expenditure including grants amounted to £0.5 million in 2015 (2014: £0.5 million). One grant for £35,000 to Brunel University London was made in 2015 (2014: No new research grants were made).

### 4. Trustees and employees

The trustees and persons connected with them have not received, obtained or waived any remuneration or other financial benefits for the year directly or indirectly from Guide Dogs (2014: £nil). Travelling and subsistence expenses were reimbursed in respect of 9 trustees, totalling £9,123 (2014: 16; £9,784).

#### Staff costs

	2015 £m	2014 £m
Wages and salaries	38.8	35.3
Social security costs	3.7	3.4
Other pension costs excluding pension scheme actuarial loss (see Note 14)	2.7	3.0
Sub total	45.2	41.7
Other staff related costs	6.5	6.0
<b>Total</b>	<b>51.7</b>	<b>47.7</b>

## Notes to the financial statements for the year ended 31 December 2015

The average number of persons employed during the year ended 31 December 2015 is shown below on full time equivalent basis:

	<b>2015 No.</b>	<b>2014 No.</b>
Fundraising and legacies	176	128
Provision of guide dogs and other adult mobility services	846	773
Provision of other children's services	87	79
Research and development	7	7
Advocacy and awareness	51	27
Management, administration and clerical (indirect)	175	226
	<b>1,342</b>	<b>1,240</b>

Pension contributions were paid into Guide Dogs' defined contribution scheme for 1,370 employees (2014: 1,238 employees).

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

	<b>2015 No.</b>	<b>2014 No.</b>
£60,001 to £70,000	8	9
£70,001 to £80,000	5	5
£80,001 to £90,000	2	1
£90,001 to £100,000	1	1
£100,001 to £110,000	2	2
£130,001 to £140,000	-	1
£140,001 to £150,000	1	-
	<b>19</b>	<b>19</b>

Pension contributions were paid into the Guide Dogs' defined contribution scheme for the year on behalf of 15 (2014: 17) of the employees with emoluments in excess of £60,000.



## Notes to the financial statements for the year ended 31 December 2015

### 5. Tangible fixed assets

Group and Charity	Freehold properties £m	Leasehold properties £m	Furniture Equipment, vehicles and computers £m	Total £m
<b>Cost or valuation</b>				
As 1 January 2015	52.1	1.0	13.3	66.4
Additions	-	-	2.2	2.2
Disposals	-	-	(2.3)	(2.3)
<b>At 31 December 2015</b>	<b>52.1</b>	<b>1.0</b>	<b>13.2</b>	<b>66.3</b>
<b>Depreciation</b>				
As 1 January 2015	13.2	0.7	8.3	22.2
Provision for year	1.7	-	2.0	3.7
Disposals	-	-	(2.2)	(2.2)
<b>At 31 December 2015</b>	<b>14.9</b>	<b>0.7</b>	<b>8.1</b>	<b>23.7</b>
<b>Net book value 31 December 2015</b>	<b>37.2</b>	<b>0.3</b>	<b>5.1</b>	<b>42.6</b>
Net book value 31 December 2014	38.9	0.3	5.0	44.2

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

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

The external valuer responsible for the inspection and preparation of the valuation was Mr R Wheeler BSc FRICS. The depreciated historical cost of the property prior to revaluation review was £2.5 million.

The discount rate used in the calculation to arrive at the Value in Use was 4.5%.

The charity's freehold property depreciation charge for the year on a historical cost basis would have been £2.2 million (2014: £2.2 million) compared with the actual charge of £1.7 million (2014: £1.8 million) based on revalued amounts.

## Notes to the financial statements for the year ended 31 December 2015

### 6. Investments

#### a) Movement in investments during the year

	Group 2015 £m	Group 2014 £m	Charity 2015 £m	Charity 2014 £m
Market value at 1 January	56.2	60.2	56.7	60.7
Net divestment	(23.2)	(5.9)	(23.2)	(5.9)
Net gain on revaluation	1.0	1.9	1.0	1.9
Market value 31 December	34.0	56.2	34.5	56.7

#### b) Analysis of investments of market value

	Group 2015 £m	Group 2014 £m	Charity 2015 £m	Charity 2014 £m
Listed investments – United Kingdom	34.0	56.2	34.0	56.2
Investments in subsidiaries	-	-	0.5	0.5
	34.0	56.2	34.5	56.7

#### c) Analysis of investment cost

	Group 2015 £m	Group 2014 £m	Charity 2015 £m	Charity 2014 £m
Listed investments – United Kingdom	28.1	46.4	28.1	46.4
Investments in subsidiaries	-	-	0.5	0.5
	28.1	46.4	28.6	46.9

At 31 December 2015 the listed investments included holdings in Standard Life Investment's Global Absolute Return Strategies Fund valued at £21.3 million (2014: £34.5 million), and BNY Mellon Newton Real Return Fund valued at £12.2 million (2014: £21.2million). There was also a holding valued at £0.5 million (2014: £0.5 million) in Standard Life Investment's Global Equity unit trust representing the Association's Endowment Funds.

The results of the charity's subsidiaries are discussed in note 13.

### 7. Stocks

	Group 2015 £m	Group 2014 £m	Charity 2015 £m	Charity 2014 £m
Equipment	0.1	0.1	0.1	0.1
Trading Stock	0.3	0.1	-	-
	0.4	0.2	0.1	0.1

## Notes to the financial statements for the year ended 31 December 2015

### 8. Debtors

	Group 2015 £m	Restated Group 2014 £m	Charity 2015 £m	Restated Charity 2014 £m
Tax recoverable	5.1	5.9	5.0	5.9
Other debtors	0.1	0.1	0.1	0.1
Trade debtors	4.9	0.3	4.8	0.3
Due from subsidiary undertakings	-	-	0.6	4.8
Accrued legacy income	27.5	19.6	27.4	19.6
Other accrued income	0.4	1.2	0.4	1.1
Other prepayments	1.4	1.2	1.3	1.2
	<u>39.4</u>	<u>28.3</u>	<u>39.6</u>	<u>33.0</u>

Included in other debtors are amounts falling due after more than one year. They include a non-interest bearing equity loan to an employee for housing assistance amounting to £50,000 (2014: £50,000) and a loan of £73,000 (2014: £83,000) repayable over 20 years to Sight Concern Worcestershire (formerly The Worcestershire Association for the Blind) for the development of a resource centre.

Amounts due from subsidiary undertakings in 2014 included a £4.6 million loan to Blind Children UK. This loan was repaid during 2015.

### 9. Creditors: amounts falling due within one year

	Group 2015 £m	Group 2014 £m	Charity 2015 £m	Charity 2014 £m
Trade creditors	3.0	4.9	3.0	4.8
Other creditors	0.6	0.4	0.5	0.4
Tax and social security	1.0	0.8	0.9	0.8
Accruals and deferred income	4.1	3.3	3.8	3.0
	<u>8.7</u>	<u>9.4</u>	<u>8.2</u>	<u>9.0</u>

### 10. Creditors: amounts falling due after more than one year

	Group 2015 £m	Group 2014 £m	Charity 2015 £m	Charity 2014 £m
Unfunded pension obligations	0.1	0.1	0.1	0.1
Contracted research grants	0.1	0.2	0.1	0.2
	<u>0.2</u>	<u>0.3</u>	<u>0.2</u>	<u>0.3</u>

The unfunded pension obligations are in respect of four (2014: four) retired members of staff.

## Notes to the financial statements for the year ended 31 December 2015

### 11. Fund balances

Group	1 January 2015 Restated £m	Income £m	Expenditure £m	Investment Gains £m	Other Losses £m	31 December 2015 £m
Unrestricted funds	111.6	91.5	(96.9)	1.0	(2.8)	104.4
Restricted funds	0.1	12.2	(7.5)	-	-	4.8
Endowment funds	0.5	-	-	-	-	0.5
<b>Total funds</b>	<b>112.2</b>	<b>103.7</b>	<b>(104.4)</b>	<b>1.0</b>	<b>(2.8)</b>	<b>109.7</b>

Charity	1 January 2015 Restated £m	Income £m	Expenditure £m	Investment Gains £m	Other Losses £m	31 December 2015 £m
Unrestricted funds	116.4	88.2	(98.5)	1.0	(2.8)	104.3
Restricted funds	0.1	11.7	(7.1)	-	-	4.7
Endowment funds	0.5	-	-	-	-	0.5
<b>Total funds</b>	<b>117.0</b>	<b>99.9</b>	<b>(105.6)</b>	<b>1.0</b>	<b>(2.8)</b>	<b>109.5</b>

Restricted income comes primarily from legacies but also from other income streams. The restrictions primarily relate to geographical location or the stage of the dog training. Most funds are utilised in the year of receipt as they are matched to activities already happening in the area.

Further detail on specific restricted funds is included on page 65.

### Analysis of revaluation reserve (included within unrestricted funds)

	Group 2015 £m	Group 2014 £m	Charity 2015 £m	Charity 2014 £m
Revaluation of investment portfolio	5.9	9.8	5.9	9.8
Revaluation of properties for use by charity	0.1	0.1	0.1	0.1
	<b>6.0</b>	<b>9.9</b>	<b>6.0</b>	<b>9.9</b>

## Notes to the financial statements for the year ended 31 December 2015

### 12. Commitments

Obligations under operating leases

At the end of the year the total of future minimum lease payments under non-cancellable operating leases for each of the following periods are:

	2015 £m	Restated 2014 £m
<b>Group :</b>		
Within one year	0.8	0.6
Between one and five years	0.5	1.2
After five years	0.0	0.0
	<hr/> 1.3	<hr/> 1.8

### 13. Subsidiaries

The Association owns the whole of the issued share capital, or is the sole member of: The Guide Dogs for the Blind Association (Trading Company) Limited (company registration number 1596945), Blind Children UK (company registration number 3133018), GDBA Community Care Services Limited (company registration number 2735518), Guide Dogs Limited (company registration number 2332629), Guide Dogs UK Limited (company registration number 3252696) and GDBA (Pension Fund Trustee) Limited (company registration number 1870871). Blind Children UK owns the whole of the issued share capital of Blind Children UK (Trading) Limited (company registration number 4245581). Of these only the following traded on their own account in 2015:

- Blind Children UK, provides services to blind and partially sighted children, and their families.
- The Guide Dogs for the Blind Association (Trading Company) Limited is the charity's trading subsidiary.

All companies in the group are domiciled in the United Kingdom.

## Notes to the financial statements for the year ended 31 December 2015

A summary of the trading results and net assets for the year ended 31 December 2015 is shown below:

	Blind Children UK 2015 £m	Trading Company 2015 £m	Total 2015 £m	Total 2014 £m
Incoming resources/turnover	11.2	1.3	12.5	3.2
Cost of generating funds/cost of sales	(2.4)	(0.5)	(2.9)	(3.0)
Gross profit	8.8	0.8	9.6	0.2
Other operating income	-	0.1	0.1	0.1
Distribution, selling and administration expenses	-	(0.6)	(0.6)	(0.6)
Cost of charitable activities	(4.0)	-	(4.0)	(3.1)
Operating profit/(loss) for the financial year	4.8	0.3	5.1	(3.4)
Gift Aid donation to charity	-	(0.3)	(0.3)	(0.2)
Result for the year	4.8	-	4.8	(3.6)
<b>Reserves at start of year</b>	(4.6)	0.5	(4.1)	(0.6)
<b>Reserves at end of year</b>	0.2	0.5	0.7	(4.2)
<b>Current assets</b>	0.5	0.9	1.4	1.0
<b>Current liabilities</b>	(0.3)	(0.4)	(0.7)	(5.2)
<b>Net assets/(liabilities) at end of year</b>	0.2	0.5	0.7	(4.2)

Guide Dogs has taken advantage of the exemptions allowed by FRS 102, not to disclose transactions with related party undertakings which are wholly-owned by the group.

Blind Children UK's income includes a £8.5 million grant from Guide Dogs.

### 14. Pension costs

Other pension costs in note 4 have been determined under FRS 102.

Guide Dogs operate two pension schemes;

- The Guide Dogs Personal Pension Plan, a defined contribution scheme which came into existence on 1 April 2011 and is open to all employees. During 2015 employer's contributions to this scheme totalled £4.2 million (2014: £4.2 million). At 31 December 2015 employer's contributions of £375,000 (2014: £359,000) were payable to the scheme.
- The Guide Dogs for the Blind Association Pension Scheme, is a defined benefit scheme for all qualifying employees who joined the association before 1 April 2011, with the assets of the scheme being held in a separately administered fund. The scheme was closed to future accrual on 31 December 2012.

## Notes to the financial statements for the year ended 31 December 2015

Further detail in respect of this scheme is given below.

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

	2015 £m	2014 £m
Present value of funded obligations	(248.4)	(258.6)
Fair value of plan assets	241.1	247.7
Deficit	(7.3)	(10.9)

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

	2015 £m	2014 £m
Opening defined benefit obligation	258.6	233.2
Interest cost	9.8	10.4
Past service cost	-	(1.4)
Actuarial loss	0.1	23.2
Experience gains	(4.2)	-
Benefits paid	(15.9)	(6.8)
Closing defined benefit obligation	248.4	258.6

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

	2015 £m	2014 £m
Opening fair value of the scheme assets	247.7	211.0
Interest income	9.5	9.7
Actuarial (loss)/gain	(6.9)	27.1
Employer contributions	6.7	6.7
Benefits paid	(15.9)	(6.8)
Closing fair value of scheme assets	241.1	247.7

### d) The amounts credited/(charged) within the Statement of Financial Activities are as follows:

	2015 £m	2014 £m
Interest income on scheme assets	9.5	9.7
Interest on pension liabilities	(9.8)	(10.4)
Past service cost	-	1.4
Total amount charged within net outgoing resources	(0.3)	0.7
Actuarial (losses)/gains	(2.8)	3.9
Total amount (charged)/credited to the Statement of Financial Activities	(3.1)	4.6

Guide Dogs expects to pay contributions to the scheme totalling about £6.7million in 2016, all of which represents a payment towards the elimination of the deficit.

## Notes to the financial statements for the year ended 31 December 2015

The most recent completed full actuarial valuation of the scheme was undertaken as at 31 December 2012. This showed a deficit on a funding basis of £54.3 million. A further valuation, as of 31 December 2015, is underway and is expected to show a significantly reduced funding deficit. This valuation is due to be completed by March 2017.

### e) The fair value of the major categories of scheme assets and their long-term expected rate of return are as follows:

	2015 £m	2014 £m
Equities	70.4	71.0
Bonds	76.9	88.2
Other assets	93.8	88.5
	<u>241.1</u>	<u>247.7</u>

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

	2015 £m	2014 £m
The actual return on the scheme assets in the year	<u>2.6</u>	<u>36.8</u>

### f) Principal assumptions at the balance sheets dates (expressed as weighted averages)

	2015	2014
Discount rate at 31 December	3.85%	3.90%
Rate of increase of pension payments		
Post 2007 pension	3.05%	3.05%
Rate of increase of pensions in deferment	2.20%	2.20%
Proportion of employees opting for early retirement		
Assumes life expectations on retirement age 60:		
Retiring today – males	26.7	26.9
Retiring today – females	28.9	29.2
Retiring in 20 years – males	28.1	28.3
Retiring in 20 years - females	30.5	30.7

## 15. Analysis of net assets between funds

Group	General funds £m	Designated funds £m	Restricted funds £m	Endowment funds £m	Total 2015 £m	Total 2014 £m
Tangible fixed assets	-	42.6	-	-	42.6	44.2
Fixed asset investments	33.5	-	-	0.5	34.0	56.2
Bank balances	9.5	-	-	-	9.5	3.9
Pension fund	(7.3)	-	-	-	(7.3)	(10.9)
Other assets and liabilities	25.8	0.3	4.8	-	30.9	18.8
	<u>61.5</u>	<u>42.9</u>	<u>4.8</u>	<u>0.5</u>	<u>109.7</u>	<u>112.2</u>



## Notes to the financial statements for the year ended 31 December 2015

Charity	General funds £m	Designated funds £m	Restricted funds £m	Endowment funds £m	Total 2015 £m	Total 2014 £m
Tangible fixed assets	-	42.6	-	-	42.6	44.2
Fixed asset investments	34.0	-	-	0.5	34.5	56.7
Bank balances	8.4	-	-	-	8.4	3.2
Pension fund	(7.3)	-	-	-	(7.3)	(10.9)
Other assets and liabilities	26.3	0.3	4.7	-	31.3	23.8
	61.4	42.9	4.7	0.5	109.5	117.0

### 16. Notes to Cash flow statement

#### Reconciliation of net income/expenditure to net cash outflow from operating activities

	2015 £m	Restated 2014 £m
Net income for the financial year	0.3	4.2
Investment gains	(1.0)	(1.9)
Investment income	(0.9)	(1.3)
Depreciation	3.7	3.6
Net gain on disposal of tangible fixed assets	(0.2)	(17.1)
(Increase)/Decrease in stocks	(0.2)	0.1
Increase in debtors	(11.1)	(4.2)
(Decrease)/increase in creditors	(0.8)	1.4
Pension fund non-cash movement	(6.4)	(7.4)
Net cash outflow from operating activities	(16.6)	(22.6)

## Notes to the financial statements for the year ended 31 December 2015

### 17. Comparative Consolidated Statement of Financial Activities 2014

	Restated Unrestricted Funds £m	Restricted Funds £m	Endowment Funds £m	Restated Total 2014 £m
<b>Income from:</b>				
Donations and legacies	69.4	5.9	-	75.3
Charitable activities	0.7	-	-	0.7
Other trading activities	6.0	-	-	6.0
Investment income	1.3	-	-	1.3
Other income – property gain	17.2	-	-	17.2
<b>Total income</b>	<b>94.6</b>	<b>5.9</b>	<b>-</b>	<b>100.5</b>
<b>Expenditure on:</b>				
<b>Raising funds</b>	<b>37.6</b>	<b>-</b>	<b>-</b>	<b>37.6</b>
<b>Charitable activities</b>				
Provision of guide dog and other adult mobility services	46.0	5.8	-	51.8
Provision of other children's services	2.7	0.3	-	3.0
Research and development	0.5	-	-	0.5
Advocacy and awareness	5.3	-	-	5.3
<b>Total charitable expenditure</b>	<b>54.5</b>	<b>6.1</b>	<b>-</b>	<b>60.6</b>
<b>Total expenditure</b>	<b>92.1</b>	<b>6.1</b>	<b>-</b>	<b>98.2</b>
Net gains on investment assets	1.8	-	0.1	1.9
<b>Net income/(expenditure) for the year</b>	<b>4.3</b>	<b>(0.2)</b>	<b>0.1</b>	<b>4.2</b>
<b>Other recognised gains and losses:</b>				
Actuarial (loss)/gain on defined benefit pension scheme	3.9	-	-	3.9
<b>Net increase/(decrease) in funds</b>	<b>8.2</b>	<b>(0.2)</b>	<b>0.1</b>	<b>8.1</b>
Restated fund balance at 1 January	103.4	0.3	0.4	104.1
Fund balances at 31 December	111.6	0.1	0.5	112.2

### 18. Contingent liabilities

At 31 December 2015 a contingent liability existed in respect of the cost of direct mailing activities undertaken on Guide Dogs' behalf by certain of its suppliers. The likelihood of the liability crystallising cannot be ascertained with sufficient certainty to warrant the inclusion of a provision in the Financial Statements. We currently estimate that the liability, should it crystallise, is unlikely to exceed £1 million.

## Notes to the financial statements for the year ended 31 December 2015

### 19. Post Balance sheet event

On 1 March 2016 the trustees of Blind Children UK and The Guide Dogs for the Blind Association decided that they wanted to move to a full merger of the two charities. The date for this formal merger has not yet been finalised but all current activities of Blind Children UK will continue into the future and after the merger will be run from within The Guide Dogs for the Blind Association. All assets and liabilities of Blind Children UK at the date of the merger will be transferred at book value to The Guide Dogs for the Blind Association.

## Major gifts and donations

Restricted Funds include (amongst others) the following grants.

<b>Funder</b>	<b>Grant in respect of</b>	<b>Unspent at 31 Dec 2014 £</b>	<b>Incoming resources £</b>	<b>Outgoing resources £</b>	<b>Unspent at 31 Dec 2015 £</b>
Big Lottery Fund Awards for all England	Sensory Tunnel – London	9,990	-	9,990	-
Big Lottery Fund Awards for all NI	Sensory Tunnel – NI	-	9,990	9,990	-
Peoples Postcode Trust Small Grants	My Guide Scotland	14,250	-	3,549	10,701
Blind Children UK Department of Health Innovation Excellence and Strategic Development Fund	Children and Young People's Habilitation Service	-	97,738	97,738	-



## Get in touch

To apply for a guide dog or enquire about another service, or if you have sight loss and need advice about how we might help you, please contact us:

**[www.guidedogs.org.uk](http://www.guidedogs.org.uk)**  
**[info@guidedogs.org.uk](mailto:info@guidedogs.org.uk)**  
**T. 0845 372 7499**

Calls to this number cost 3p per minute plus your telephone company's access charge.

