



The Guide Dogs for the Blind Association

# Report and Financial Statements 2010

Company limited by guarantee  
registered in England and Wales No. 291646

# The Guide Dogs for the Blind Association

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## Report of the Council for the year ended 31 December 2010

# The Guide Dogs for the Blind Association

### Patron

HRH Princess Alexandra, the Hon. Lady Ogilvy, KG, GCVO

### Members of Council

Tony Aston OBE, DL, Chairman 1,4,5,6,8,9,10

Elizabeth Hubbick BA, DipL, CFCIPD, Deputy Chairman 4,6,9,10

Martyn Smith FCCA, Hon. Treasurer 2,3,4,10

David Anderson BVMS MVM MRCVS 5

Roy Benjamin DipSW, MSocSc 1,2,4,9

Bruce Gordon ACA 3

Prof John Hilbourne BSc, DSc, FRSA, HFRCSLT 1,5

Jill Hill BSc, MBA, CEng, FBCS 3

Norma Johnston BA, MIPR

Rowena Lusty LLB, PGCE 2,6,7,8

Ken McFarlane BA, FCA 3,7

Amos Miller BSc, MBA 1

Alan Park FRICS, MCIQB, MBA 7

Miles Stanford MD, FRCOphth 5,6

Dr Michael Townsend BSc(Econ), MSc, PhD 1,2,5

### Chief Executive

Richard Leaman CB, OBE

### Key to Members of Council

1 Guide dog owner

2 Member of Audit Committee

3 Member of Investment Committee

4 Member of Remuneration Committee

5 Member of Research Committee

6 Member of Nominations Committee

7 Member of Property Committee

8 Member of National Client Representatives Committee

9 Member of Governance Task Force

10 Member of Honorary Officers' Committee

## **Report of the Council for the year ended 31 December 2010**

### **Headquarters and Registered Office**

Hillfields, Burghfield Common  
Reading, Berkshire RG7 3YG

Company limited by guarantee registered in England and Wales No. 291646  
Charity registered in England and Wales No. 209617  
Charity registered in Scotland No. SC038979

### **Auditors**

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

### **Bankers**

HSBC Bank plc  
25 High Street  
Windsor  
Berkshire SL4 1LN

### **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

# Report of the Council for the year ended 31 December 2010

## Report of the Council

The Council of The Guide Dogs for the Blind Association has pleasure in presenting its Report and audited consolidated Financial Statements for the year ended 31 December 2010. The Council's Report and Financial Statements have been prepared in accordance with the provisions of the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities (revised 2005).

A more comprehensive summary of the services and achievements of the charity during 2010 is included in a separate annual review document.

## 1. Structure, governance and management

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

### Members of Council

The names and positions of the Members of Council as at 17 May 2011, who are both Directors of the company and Trustees of the charity (the "Trustees"), are shown on the inside cover of this Report. In addition, Council co-opted David Anderson as a trustee during the year, to fill a specific skills gap, and he will be nominated by Council to be elected as a Trustee at the AGM in July 2011. Martyn Smith was elected as a Trustee on 13 July 2010, having been previously co-opted as a non-voting trustee. He was elected as Honorary Treasurer by Council on 7 September 2010, succeeding Bruce Gordon in this role.

The Trustees are elected by the members of Guide Dogs at the Annual General Meeting or co-opted by Council to fill any vacancies arising during the year. Recruitment takes place through a sub committee of Council with clear terms of reference, and candidates are sought to provide Council with a full range of relevant skills relating to the business of the charity. Diverse applications are actively sought, particularly including blind and partially sighted people.

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 Council.

On appointment, all new Trustees have personalised induction programmes. These are designed to cover the main operational framework of the charity, including its finances and future plans and objectives. New Trustees are also encouraged to visit one of the four Guide Dog Training Schools and other teams, and are required to attend a staff and volunteer induction workshop, covering areas such as safeguarding.

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

Company and charity law requires the Trustees to prepare a Report and Financial Statements for each financial year. The Trustees have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable 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

## Report of the Council for the year ended 31 December 2010

charitable company and the group and of the surplus or deficit of the group for that period. In preparing these Financial Statements, the directors are required to:

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company, and enable them to ensure that the Financial Statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charitable company and, hence, for taking reasonable steps in the prevention and detection of fraud and other irregularities.

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

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

- So far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware;
- They have taken all the steps that ought to have been taken in order to be aware of any relevant audit information needed by the auditors in connection with preparing this Report, and to establish that the auditors are aware of that information; and
- They have complied with the duty in Part 1, Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'.

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

There are currently nine Committees within Council:

- Audit;
- Investment;
- Remuneration;
- Research;
- Nominations;
- Property;
- National Client Representatives;
- Governance;
- Honorary Officers

The Council sets clear terms of reference for the Committees and receives regular reports on their activities. The Governance Committee addresses governance issues within the charity and Council has established a clear policy and procedures for dealing with conflicts and the authorisation thereof in accordance with Charity Commission guidelines.

# Report of the Council for the year ended 31 December 2010

## Management

The Executive Board is responsible for the day-to-day management of Guide Dogs, acting under delegated authority given to them by the Council. The members of the Executive Board as at 17 May 2011 were:

**Richard Leaman**, Chief Executive

**Jane Coope**, Director of People and Business Services

**Jayne George**, Director of Fundraising and Income Generation

**Tim Lowth**, Director of Finance, Planning and Performance

**Simon Malcolm**, Director of Marketing

The post of Director of Mobility Services is currently vacant.

Richard Leaman was appointed as Chief Executive on 1 April 2010, replacing Bridget Warr, who held the post of Chief Executive to 31 March 2010. The Executive Board came into existence on 1 March 2011, replacing the former Corporate Team. During 2010 the latter included the individuals noted above, plus Tom Pey who resigned on 30 September 2010, Stephen Kirk who resigned on 28 February 2011, and Jenny Cook and Wayne Brads, both of whom remain within Guide Dogs in senior roles.

## Related parties

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

- The Guide Dogs for the Blind Association (Trading Company) Limited is the charity's trading subsidiary.
- Guide Dogs UK Limited operates as a design and new build company for Guide Dogs.
- GDBA Community Care Services Limited, GDBA (Pension Fund Trustee) Limited and Guide Dogs Limited were dormant during 2010.

The financial performance of these subsidiaries is disclosed in Note 15 to the Financial Statements.

## Associated relationships

Guide Dogs is one of the founder members of the International Guide Dog Federation ("IGDF"). The IGDF sets and monitors global standards and promotes international good practice in the breeding and training of dogs, and the education of their owners, in existing and newly formed schools. In addition, Guide Dogs has been instrumental in establishing the European Guide Dog Federation; closely aligned with the IGDF, and promoting the interests of blind and partially sighted people for access and mobility across Europe.

Guide Dogs has played a major role in the definition and implementation of the UK Vision Strategy, which is a Vision 2020 UK initiative. Vision 2020 UK is an umbrella organisation with over 40 members. Its purpose is to facilitate greater collaboration and co-operation between organisations within the UK which focus on visual impairment and operate on a national, regional or international basis. The Strategy has brought together all those involved in eye health and the rights of blind and partially sighted people to deliver three key aims across the UK:

## **Report of the Council for the year ended 31 December 2010**

- To improve the eye health of the people of the UK
- To eliminate avoidable sight loss and deliver excellent support to those with a visual impairment and
- To enhance the inclusion, participation and independence of blind and partially sighted people.

Guide Dogs is using every opportunity to work individually and collectively to ensure this commitment to blind and partially sighted people is honoured. It is anticipated that Guide Dogs' strategy will significantly assist in the delivery of the services and activities required to achieve the mobility and inclusion aspects of these ambitious aims.

Guide Dogs works with other charities that focus on the needs of blind and partially sighted people, especially the RNIB and Action for Blind People. It has a Memorandum of Understanding with Action for Blind People and Visionary (formerly known as the National Association of Local Societies for Visually Impaired People), which identifies how the organisations will cooperate and work together better to support the needs of blind and partially sighted people. This is reviewed annually.

Guide Dogs also has close relationships with a number of local voluntary organisations and with other assistance dog organisations, as well as, on a contractual basis, local authorities. A Guide Dogs employee chaired the umbrella organisation Assistance Dogs UK until September 2010. These relationships contribute significantly to our ability to deliver mobility services to blind and partially sighted people.

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

Council reviews the major risks the charity faces as part of the annual business planning process and has established effective and efficient systems to manage these. It is satisfied that the arrangements for managing these risks, combined with the annual review of internal financial controls and the reserves policy, will ensure that sufficient resources are available to maintain services for the foreseeable future.

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

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

- Council meets at least five times a year. A number of matters are specifically reserved for its approval.
- There is a clear organisational structure with appropriate levels of accountability and reporting lines.
- Council approves the delegation of financial authority to the Chief Executive.
- 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 2010 the organisation continued to monitor significant risks. These included financial



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risks relating to voluntary income generation, potential loss of legacy income and an increased pension deficit. Other risks included working with young people and vulnerable adults and a failure to recruit and retain qualified and skilled staff and volunteers. In Operations potential risks related to poor animal health and an inadequate supply of dogs. Council is of the view that these risks are all being effectively managed and mitigated.

### 2. Objects and activities

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

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

#### Strategic aims

Based on these objects 2010 has seen Guide Dogs embark on its new strategy, Building Extraordinary Partnerships. These ambitions are based on what blind and partially sighted people have told us they need on their journey to independence. We have called this the “mobility journey” and it is the cornerstone of Building Extraordinary Partnerships. We aim to ensure that appropriate services are available to clients at each stage of the journey, ultimately providing them with the mobility skills and tools that enable them to live their lives as they wish.

#### Public benefit

The objectives and aims of Guide Dogs fall within the subsection of the Charities Act 2006 related to the relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage. No blind or partially sighted person is prohibited from applying for assistance from the services we provide on the grounds of financial circumstances. We believe that Guide Dogs’ information, eye health research, and campaigning activities have also directly benefited blind and partially sighted people.

#### Primary activities

**The Guide Dog Service:** our priority service, giving independent mobility to blind and partially sighted people through the provision of a guide dog. When we provide a guide dog to a client we make a commitment to continue to provide them with a dog for as long as they require one.

The breeding of guide dogs is coordinated from the National Breeding Centre in Warwickshire. Initial guide dog training takes place at one of the four Guide Dog Training Schools in Forfar, Atherton, Leamington and Redbridge.

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

**Vision Support Services (VSS):** a range of rehabilitation services is provided to help blind and

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partially sighted people of all ages. This includes long cane mobility training and communication and independent living skills training. Central to the VSS strategy is the provision of services on a contract basis to local authorities and local voluntary organisations on a partial cost recovery basis.

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

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

**Research activities:** Guide Dogs provides grants for, and supports activities in, the following areas of research relevant to the delivery of our strategy:

- Ophthalmic
- Canine
- Psycho-social
- Technology

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

### 3. Achievements and performance

#### The Guide Dog Service

At the end of 2010 there were 4,577 guide dog owners in the UK (4,564 at end of 2009). During the year, 791 people were trained and qualified with a guide dog (760 in 2009).

We again carried out over 11,000 home visits to clients during 2010, which contribute to the effective delivery and maintenance of a safe and rewarding partnership.

Of the dogs bred by the charity, two-thirds successfully reach partnership with a client.

Guide Dogs is continuing to invest in new technical staff to meet our operational plan to increase partnership production to 900 by 2015, to improve quality and continue to manage waiting times.

Success rates are improving as we strive further to develop our breeding stock, quality assurance process and procedures.

The client representative structure is designed to provide quality feedback and ideas, aiding the continuous improvement of the Guide Dog Service. All guide dog owners have the opportunity to

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elect their District Representative.

The Client Service evaluation process shows standards of service continue to exceed 95% satisfaction.

Following the completion of the new training centres at Atherton and Forfar, re-development of the National Breeding Centre is due for completion in late spring 2011. It will create much needed increased capacity to fulfil our breeding requirements to meet our planned increase in guide dog partnerships in line with our strategy. It will be a centre of excellence and a flagship for our association in all areas of service delivery, providing enhanced opportunities for fundraising, public relations and communications.

### **Vision Support Services**

2010 presented very difficult trading conditions for Vision Support Services. Local authority cut-backs had a dual impact on contracts – new opportunities are scarce and existing contracts are under threat. This has resulted in the total number of clients trained by VSS reducing to 1,380 – 498 children and young people and 882 adults – from 1,502 in 2009. The percentage of these clients from black and minority ethnic communities has risen to 20% for children and young people (from 19.5% in 2009) and to 2.7% for adults (from 1.5% in 2009).

These contracts are paid for by local authorities, and it is Guide Dogs' intention that the direct costs of delivering these services should be covered by the payments received. However, recognising the importance of these services, Guide Dogs has ensured continuity of provision in the year by accepting a £95k shortfall on full recovery. (2009: £89k shortfall).

### **Policy development, advocacy and campaigns**

#### **i. Shared surface streets**

Throughout 2010 Guide Dogs continued to campaign to stop shared surface streets with over 40 pan-disability organisations supporting our stance on this important issue.

Support for our campaign in Westminster was demonstrated in the number of MPs who signed an Early Day Motion (EDM) on the subject. Before the national election, a second EDM had attracted 188 signatures of MPs indicating that there is considerable political interest in the issue. A similar motion tabled in the Scottish Parliament in 2009 had attracted support from 36 MSPs by the end of the session in 2010.

Our legal action against a local authority's street design proposals was put on hold in spring 2010 following an agreement between Guide Dogs and the authority about further trials of its proposed design and certain other steps they agreed to take. The trials began towards the end of 2010 and we expect to know the outcome in spring 2011.

The "Say NO" message was effective but it was also important that we provided local authorities with some principles of good design that would meet the needs of blind and partially sighted people. On behalf of the visual impairment sector and supported by other national organisations, we commissioned and produced 'Inclusive streets: Design principles for blind and partially sighted people'. This document sets out the key design principles for the provision of inclusive accessible street environments whether in traditional streets or in a shared space design and we distributed widely to local authorities, planners and designers.

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### **ii. Talking Buses**

Guide Dogs' Talking Buses campaign, which aims to secure changes to regulations to require audio-visual information systems on buses, gained momentum in 2010 through the support of 24 pan-disability organisations. A parliamentary reception in March 2010 attracted around 50 parliamentarians, who joined industry and civil servants to learn more about the issue and its importance to the mobility of blind and partially sighted people.

An EDM on Talking Buses was tabled in the new Parliament and by the end of the year had attracted 140 signatures of MPs.

During the year our chief executive Richard Leaman met with Government ministers on the issue and other Guide Dogs staff had discussions with Department for Transport officials.

The current economic climate, however, presents serious challenges in trying to introduce the changes but we remain fully committed to continue this campaign and to maintaining a dialogue with Government and industry to achieve a positive outcome for blind and partially sighted people.

### **iii. Access to international travel**

Guide Dogs continues to be a member of the International Guide Dog Federation and the European Guide Dog Federation (EGDF), as well as participating in the work of the World and European Blind Unions. In 2010, Guide Dogs supported EGDF in its successful bid for European Community (EC) funding to enable new guide dog organisations to be developed across Europe. This new three-year funding stream will come through in 2011.

Guide Dogs worked alongside our partners in the UK disability sector to seek improvements to the proposed EC regulation on passenger rights for bus users and to lobby the UK Government to support the proposals. By the end of 2010 we saw a positive outcome and we look forward to seeing the regulation fully approved in 2011.

We also worked with the Department for the Environment, Food and Rural Affairs and other regulators, alongside the air and international rail industry, to ensure that more airports, ports and transport carriers complied with the requirements of the PET travel scheme in relation to the carriage of guide and other assistance dogs. We expect a positive outcome from this work in 2011.

### **iv. Dog Attacks**

There has been an increase in the number of dog attacks being reported to Guide Dogs; we are taking this very seriously and we continue to analyse work around the subject of dog attacks. The Chief Executive has written to every Chief Constable in England and Wales informing them of the serious consequences of such attacks and urging them to take action. Many have responded positively. In 2010 Guide Dogs responded to the DEFRA consultation on the Dangerous Dogs Act. We conducted a literature review investigating the greeting behaviours present when two dogs meet, designed and implemented new methods of collecting dog attack data and began work on a compulsory micro chipping campaign. Social networking sites and the Guide Dogs internet pages have been used to publicise and promote our work.

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### **v. Children and young people**

Our parents, children and young people's initiative (Parents supporting parents in the promotion of wellbeing in their visually impaired children) commenced in 2010 with a proof of concept study (phase 1) in which a short "wellbeing course" was devised specifically for blind and partially sighted children. The topics delivered included self esteem, wellbeing and resilience. Phase 1 was successfully completed with the older age group demonstrating some unexpected results which require further study. The course, entitled "Think Right, Feel Good", has been evaluated, peer reviewed and published. Further evaluation will take place in 2011 and reported thereafter.

### **Research**

Guide Dogs recognises that sight loss in children affects parents and carers as well. A major initiative within Building Extraordinary Partnerships is the development of an exciting new service providing appropriate professional support for the child and family on their journey from mobility to inclusion in society.

#### **i. Psycho-social**

Addressing the emotional well-being of parents will lead to more effective learning about managing sight loss, the development and enhancement of positive relationships and improvement in the emotional well-being of children. Guide Dogs has also led the development of a short course that promotes well being in young people which has been warmly received by the sector.

#### **ii. Ophthalmic Research**

Guide Dogs funded ophthalmic research continues to advance understanding of the mechanisms associated with preserving sight and how residual vision may be used to maintain the mobility of blind and partially sighted people. Exciting advances have been made in 2010 in relation to cell repair and gene marking that will help to identify susceptibility to eye conditions and prevent further deterioration.

#### **iii. Canine Research**

The primary focus of the in-house research programme is to help produce high quality guide dogs which meet the needs of clients, by carrying out robust, valid and ethical research into dog health and well being, breeding efficiency and diversity, temperamental suitability, socialisation and habituation and training processes and methodology. As a result of this research a number of operational changes have been made in the areas of breeding, training and dog care. Guide Dogs' reputation as a rigorous researcher has been enhanced via the publishing of scientific journal articles and the presentation of information to other business and commercial partners. In addition we pursue opportunities for research collaboration, working with IGDF schools, Animal Health Trust, Royal Veterinary College, Waltham and the University of Nottingham Veterinary School.

Canine health research has delivered impressive results. Working in collaboration, this research has identified a gene that is linked to an eye condition in golden retrievers. This breakthrough provides the opportunity to screen guide dog breed stock to ensure the risk of loss of sight in working stock is removed from future generations. This piece of research is now being taken forward to assess if a related human eye condition may be detected by a similar screening approach.

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### **iv. Service development research**

It is expected that Middle Step phase II will commence in the autumn of 2011. It will be a single site initiative, the target population will be approximately 120 individuals recently diagnosed with severe sight loss. Provided the outcome is as expected, a case will thereafter be made to the National Institute for Clinical Excellence (NICE) for a discrete management pathway for visually impaired individuals.

### **Fundraising**

Guide Dogs' total voluntary income was £52.8 million in 2010, down £1.6 million on last year.

Our largest source of income is from legacies and this decreased from £31.7 million in 2009 to £28.1 million in 2010. The majority of this income is from residuary legacies where we receive all, or a share, of the residue of the estate after specific legacies have been paid. In 2010 we experienced a reduction in the average value of such legacies notified to us. More positively, the number of unconditional residuary legacies notified to us increased by 2% in the year.

Furthermore more supporters pledged that they have included Guide Dogs in their will than ever before (1,229 in 2010 against 613 in 2009) with an additional 4,000 indicating that they intend to include us in their will or are considering doing so. To further assist in this key fundraising area a new Legacy Marketing Strategy is also being implemented.

Voluntary income from other sources continues to grow each year and, despite an average industry growth trend of around 3% (CIFIC industry average), this income grew by almost 9% in 2010 against the previous year, to £24.7 million.

Individual Giving income was up by around 11% overall due to an increase in the amount of Sponsor a Puppy ("SAP") donors being recruited (making 2010 the highest recruitment year for SAP ever) as well as the recruitment of twice as many cash donors and 50% more raffle players. The average monthly gift amount increased from £6.33 in 2009 to £6.87 in 2010.

Community fundraising has seen growth in the branch network, with 46 new branches being opened in 2010.

A focus on fundraising activity during Guide Dog Week 2010 saw income double compared to the previous year. We won awards for Volunteer of the Year (Institute of Fundraising) and for the Best Use of FastStats (Marketing Week).

### **Employees**

The average number of full time equivalent staff employed during 2010 was 1,082 (2009:1,053). The main areas of increase have been in Information Systems, to support planned project work; in Fundraising, to broaden our reach; and in Operations and Research and Technology to support the development of Guide Dogs' activities.

We have continued with our rolling programme to review employment policies and introduce new policies to ensure that we remain compliant with legislation and that our policies are fit for purpose.

A major project during 2010 was to embed safer recruitment practices and this involved training line managers, and introducing a safer recruitment policy and associated procedures. We have also been working on becoming a registered body for criminal record checks rather than using a third party supplier. Networks of interested and informed staff covering both safeguarding and

## **Report of the Council for the year ended 31 December 2010**

diversity have been created, aiming to ensure that good practice is embedded throughout Guide Dogs. Awareness of diversity and inclusion matters has been further boosted by the appointment of a dedicated diversity manager, but more work is required to embrace diversity organisation wide.

A new Foundation Degree in Client and Dog Partnerships was validated by the University of Chester to cover all key Operational roles from January 2011. It is the first of its kind in the country and Guide Dogs received considerable positive international press as a result.

A Learning Management System was implemented during 2010 to enable employee self-service bookings on central courses and automated confirmations and reminders. The system has also enabled the creation and roll-out of new e-learning courses in Data Protection and the Health and Social Care Sector.

Continued attention has been given to ensuring our approach to reward and recognition balances employee needs with our financial challenges and charitable ethos. The implementation of a new pay and grading structure and harmonisation of benefits was successfully completed and a review of pension provision is on track for completion in 2011. Improved management information and process efficiencies will be achieved during 2011 as a new HR and payroll system goes live. Areas of compliance are continually reviewed, with actions including the launch of photographic identification cards

### **Volunteers**

There are an estimated 11,000 volunteers supporting all areas of Guide Dogs' work. Work has taken place to produce detailed volunteer resourcing plans alongside relevant departments strategically to plan for estimated volunteers required and support targeted recruitment. Specific initiatives have encouraged increasing diversity amongst volunteers, for example, the establishment of a fundraising branch at a university.

Despite the difficulties caused by the economic downturn, volunteer numbers have increased. The Volunteer Application process has been overhauled in order to maximise the number of enquiries converted into placed volunteers, and a team leader has been recruited to work with the National Volunteering Office to support volunteer enquiries, bringing criminal record checks in-house, launch of ID cards etc. Specific volunteers are also being recruited to follow up applications and aid recruitment.

Volunteer management training has been developed and stage 1 of the 3 stage programme has commenced roll-out to all staff in contact with volunteers. A review of all policies and procedures for volunteers has taken place with new processes to be launched in 2011.

We have undertaken a review to ensure that we check for criminal records for all appropriate volunteer roles, and have started to roll out training on this matter to staff.

## **4. Plans for the future**

Our ambitious and exciting strategy 'Building Extraordinary Partnerships' 2010 to 2020 will provide blind and partially sighted people with the services they need on their journey to independence – or their "mobility journey".

## Report of the Council for the year ended 31 December 2010

Fundamental to our approach is to listen carefully to the client's needs and aspirations, providing evidence-based and needs-led services, and collaborating closely with others wherever this will enhance their interests.

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

Our five-year plan details the services Guide Dogs will provide and introduce between 2010 and 2015.

The plan reflects the pivotal position occupied by our priority guide dog service. We have set ourselves a target to train 800 new or replacement guide dog partnerships in 2011, increasing to 900 by 2015. Our five-year plan aims to increase guide dog ownership to in excess of 5,000, based on current attrition arising from sickness, ill-health and lifestyle changes etc. At the same time, we will extend our reach to include larger numbers of younger clients, people with multiple disabilities and clients from minority ethnic communities. This higher level of production will continue to meet or exceed current International Guide Dog Federation accreditation standards. Initiatives supporting the planned growth of the guide dog service include:

- **Increasing Applications** – We are continuing to ensure that people are aware of the guide dog service, and its wide availability, by developing and nurturing relationships with other organisations that can influence and promote the guide dog as a mobility aid. The introduction of information officers in key locations has significantly increased the number of successful applications for our services including guide dog ownership. We will need carefully to manage expectations of applicants to match our capacity to supply.
- **Additional Needs** - This project raises Guide Dogs' ability to provide mobility support to clients with additional needs. We continue to build an additional needs library, which shares good practice of dealing with clients across district teams and are actively developing closer networks with several key organisations.
- **Dual Purpose Dogs** – With Hearing Dogs, we currently have 13 dogs working with deaf blind adults and 21 new enquiries in 2010. We have also worked closely with Canine Partners and Support dogs with the potential for dual-trained dogs for seizure alert and wheelchair users. We will continue to work with these organisations to provide dogs for blind people with other disabilities.
- **Working with Black and Minority Ethnic groups** - Building on existing involvement we will continue to engage and build relationships with minority ethnic communities, in order to broaden our client base.
- **Development of capability** - The ongoing development of our capability will be delivered through an increasing emphasis on staff training with the introduction of the Building Blocks educational programme and validation by Chester University.
- **Buddy Dogs**  
Dogs that are unsuited to guiding work will be used in various ways to provide value to blind and partially sighted people through the proven benefits which dog ownership can bring. It is envisaged that Buddy Dogs will also help to build confidence and mobility skills and, in some cases, help develop the skills required for guide dog ownership in the future. The Buddy Dog service relates to stage three of the mobility journey, preparing individuals for guide dog



## Report of the Council for the year ended 31 December 2010

ownership and developing their confidence to move to stage four of the mobility journey. It also relates to maintaining our life long commitment to our clients and dogs. As well as the benefits to the recipients which will be evaluated, there are also benefits becoming evident in terms of collaboration with other organisations and the promotion of Guide Dogs and the Guide Dog Service.

Eighteen Buddy Dogs have been placed: six Team Buddy Dogs, four Adult, four Children and Young Persons and four School Buddy Dogs. A review of the first six months is underway. For the remainder of the pilot we will concentrate on the C&YP's and School placements. There are currently five young persons waiting for a suitable dog. A communication plan is being developed to promote the service and also to keep staff and stakeholders informed of the progress.

- **Guide Dog Service for young people**

Our service will bring young clients and their families to the point where guide dog assessment and training can commence. When fully established, we aim to provide guide dogs for up to 500 young people across the UK. Young people's opportunities to train with a guide dog are often dictated by circumstances outside their control, for example term times, school changes and family circumstances. To help alleviate this, we have made flexibility in our matching process to meet their needs by partly prioritising their position on the waiting list to that of a replacement client. As a group, children and young people are a priority for diversity. The provision of guide dog mobility to this age group can have a lifetime effect.

- **Sighted Guiding**

The sighted guiding service is a partnership between a blind or partially sighted person and a volunteer through which the volunteer regularly guides the service user to shops, community events and other activities. This enables the service user to build lasting relationships with community members who can in turn support their ongoing independence and engagement with society. 2011 will see six pilots commence, and we will evaluate carefully the quality of training and the value to clients of the service. The plan will be to reach some 2,500 clients (nearly half the number we support with guide dogs) within the first year by rapid roll-out of the concept and the training of local VI charities workers and volunteers in the techniques of sighted guiding. Quality will be assured and lessons learned on design and roll out will be reviewed by the use of dedicated evaluation staff.

- **Adult mobility service**

In line with the new strategy, we will seek to provide services primarily focussed on mobility. This may mean entirely new types of contracts in partnership with other providers where Guide Dogs is the provider of the specialist element associated with mobility. We will also seek to contract direct services where adult clients have access to personalised budgets from their local authorities to fund mobility training and support. Collaborative partnerships are being sought in tendering opportunities for the adoption of Guide Dogs as a specialist mobility provider for appropriate listing on service brokers approved providers.

- **Children and young people's mobility service**

We will continue to seek contracts with local authorities, to provide services that ensure blind and partially sighted children receive training in key skills that support their individual mobility journey needs.

The contracting service will provide specialist habilitation, rehabilitation, orientation and

## Report of the Council for the year ended 31 December 2010

mobility skills for babies, children and their parents and carers.

We will focus on innovative ways of attracting contracts and partnerships with other specialists in the field to reach to more children. However given Government austerity measures we know that funding for these services will be hit. Therefore we will also develop a fundraising proposition to test the propensity of the British public to support this as a voluntary funded service. We believe that this will attract more support and allow us more flexibility and autonomy to develop a direct service and achieve our aim to deliver mobility services to all blind and partially sighted children and young people.

- **Children and young people's parental service**

2010 saw the development of the Think Right, Feel Good wellbeing programme, an unanticipated spin-off of the proof of concept study, designed for delivery by Qualified Teachers of the Visually Impaired (QTVIs) (this programme will be rolled-out from February 2011). QTVIs will be invited to deliver this programme over the next year (at no cost to Guide Dogs) and send the evaluation to Royal London Society for the Blind, the gatekeeper of the programme, for formal analysis and further reporting on the effectiveness of the initiative.

### Research

Guide Dogs' funding of critical research to improve the mobility of blind and partially sighted people is being maintained. These major research projects range from gene related studies, the development of a standardised functional assessment of visually impaired children, to a study into depression in blind and partially sighted people at the point of diagnosis. This research will help to inform service providers of the most appropriate care pathways to maintain or enhance functional mobility of low vision patients and is a vital component of the mobility journey.

Research into improving and enhancing our guide dog population will continue in 2011 with studies into breeding, behavioural and health issues of guide dogs. This will improve our understanding of and enable Guide Dogs to reduce training failures and enhance the welfare of our working stock.

### Campaigning and influencing

Securing audio-visual information on buses remains a top priority for Guide Dogs. Following a period of lobbying under the campaign banner of 'Talking Buses', the Transport Minister, Norman Baker MP, made a commitment that while the issue could not be part of the primary legislation schedule for this parliament he would continue to work with Guide Dogs to encourage operators and manufacturers to introduce the system on buses and review if and when it would get formal Government support. We will continue to pursue the objective of amending the public service vehicle accessibility guidelines to make such a system mandatory through engagement with existing and new intake MPs, industry and other sector partners. We will also be continuing our work to achieve inclusive streets, including our work in the area of shared space. Working with others in the visual impairment and wider disability sector, we will be campaigning against the welfare reform proposals where they threaten to undermine the mobility and other aspects of daily living for disabled people. We will also work to ensure proper legislation for dangerous dogs and that it is fully enforced.

# **Report of the Council for the year ended 31 December 2010**

## **Education of professionals**

During 2011 we will have the results of our work looking at the training available to service providers and other professionals on meeting the needs of blind and partially sighted people. That piece of work, which will also provide a gap analysis and identify any potential collaborators in the training arena, will determine the future shape of our activity in this area.

## **Technology**

In the future, technology is likely to play a bigger part in the mobility of blind and partially sighted people. We will be continuing to develop our technology strategy and in particular to identify and develop, as necessary, wayfinding technologies that will enable people to navigate both internal and external environments.

## **Valuing our people**

Future priorities centre on ensuring Guide Dogs has the skilled, experience and motivated staff and volunteers required to ensure delivery of our Building Extraordinary Partnerships strategy. This will involve reviewing organisational structures and our approach to performance management, as well as supporting our workforce during periods of change.

## **Investing in our future**

We will be carrying out a number of innovative changes to our process of training and management of the core guide dog service in order to maximise efficiency and provide a lower cost base. Simultaneously we will continue to grow the guide dog service with a planned extra 20 partnerships for 2011 and a total production of over 800 for the first time. 2011 will also see the opening of our new National Breeding Centre. The existing facility has the capacity to produce about 1,100 high quality puppies each year. The new centre will help us to grow this number to 1,500 per annum by 2012. As the flagship facility in Guide Dogs it will also be a major visitor destination, enabling a larger number of supporters to learn about the organisation and share the passion we feel for helping blind and partially sighted people to become mobile.

We are undertaking a thorough review to ensure that our structure and infrastructure facilitate the delivery of our strategy. This includes considering the nature and location of the offices from which our services are delivered, how to make our processes more efficient, the role and location of head office, and many other matters.

## **Fundraising**

Our fundraising team is committed to providing sufficient income to deliver the Guide Dogs objectives and help meet our financial commitments. We will achieve this by constantly identifying opportunities for growth and sustainable income generation, thus increasing voluntary income and reducing our reliance on legacy income. Trustees have also agreed investment of £1m in legacy marketing to improve the market share of legacy notifications and values received by Guide Dogs.

# Report of the Council for the year ended 31 December 2010

## 5. Financial review 2010

### Overview

In 2010 resources expended exceeded incoming resources by £15.7 million (2009: £10.5 million) and our total funds reduced by £15.8 million (2009: £1 million increase).

2010 has been another challenging year for fundraising. Overall, income has fallen for the third year in a row, due to a continuing reduction in legacy income. This trend was recognised some years ago, and we continue to invest successfully in the generation of other forms of voluntary income, though it is recognised that the benefit of this investment in any year is substantially felt in subsequent years. In the light of the pressure on our income we have taken care to manage our expenditure closely. This has meant that, despite the increase in the number of guide dog partnerships trained and the broadening of our range of services, we have been able to contain charitable expenditure in line with last year's level – which itself was similar to the previous year.

The good overall performance of the investment portfolio has helped to fill the fundraising gap, but only partially mitigated the impact of changes in assumptions underlying the valuation of the pension scheme's liabilities.

### Income

Income totalled £57.4 million in 2010, down £2.7 million on the prior year. The main constituents of this income are:

- Voluntary income. Totalling £52.8 million in 2010, this was £1.6 million lower than 2009. The primary reason for this was a reduction of £3.6 million in legacy income, where we have seen a reduction in the average value of notified legacies. However, the number of residuary legacy notifications in the year has increased slightly on the prior year. The decline in legacy income was compensated by a £2.1 million increase in donor-based fundraising, reflecting the investment made in developing this income source in prior years.
- Investment income. At £2.5 million in 2010, this was down £0.5 million on the prior year. However this was more than offset by the substantial capital return in 2010, as noted below.

### Expenditure

Resources expended in 2010 totalled £73.0 million, £2.4 million up on the prior year. The larger elements of this total include:

- Costs of generating funds. As a result of additional investment in fundraising, this was up £2.8 million on the previous year, to a total of £18.0 million. The benefit of this additional expenditure will be felt in future years.
- Costs of the provision of guide dogs and other mobility services. At £46.6 million this was very slightly up on the prior year's £46.4m.
- Advocacy. A total of £5.1 million was spent, £0.4 million lower than in 2009.

### Net outgoing resources before other recognised gains and losses

Net outgoing resources before other recognised gains and losses was therefore a deficit of £15.7 million (2009: deficit of £10.5 million) reflecting the lower levels of income achieved in 2010, and

## Report of the Council for the year ended 31 December 2010

the additional fundraising investment made in the year to improve income in future years. In the long term Council aims to operate at least break even, but recognises that in times of service expansion or general economic recession this may not always be achieved.

### Other recognised gains and losses

Other recognised gains and losses arose from two sources:

- Capital gains or losses on investments. Improving investment returns directly benefited the value of our investment portfolio. Capital gains of £10.5 million (2009: gains of £17.6 million) were achieved.
- The pension scheme. The improving value of investment markets contributed positively to the performance of Guide Dogs defined benefit pension scheme. However this benefit was entirely outweighed by changes in assumptions underlying the calculation of the pension liability, with the result that net actuarial losses of £10.6 million (2009: losses of £6.1 million) were recognised.

### Funds

Taking into account all the above, recognised gains and losses in the year, overall funds were reduced by £15.8 million (2009: increased by £1.0 million), to £118.8 million. These funds comprise four elements: Free reserves, designated funds, restricted funds and endowment funds. Each of these categories is described as follows.

#### Free reserves

Free reserves comprise general funds, the revaluation reserve and the pension reserve. Net free reserves at the end of 2010 amounted to £67.8 million (£96.5 million at the end of 2009).

When someone becomes a client as a guide dog owner we make a commitment to provide them with a guide dog for as long as they require. The average working life of guide dogs is between six and seven years, so a client may require eight or more dogs during the period of our commitment, with the time taken from a puppy being born to the completion of training being between 20 and 24 months. Furthermore, the highly specialised nature of our work means that we have to train our own staff, for example to recruit and fully train a Guide Dog Mobility Instructor takes over three years. Also, the expenditure on our buildings and supporting infrastructure is fixed in the medium term and, together with our breeding and training requirements, results in the necessity for a long term cost planning horizon. It is estimated that the total cost of our commitment is in excess of £200m, and is made in the context of our income being derived primarily from voluntary giving, particularly legacies, which can fluctuate significantly.

To mitigate the risk to the delivery of our commitment to each guide dog owner, it is Council's view that free reserves should normally be maintained at a level equivalent to between one and two years' operating costs. However, Council recognises that there may be occasions where investments lead to a reduction in free reserves to a lower amount, with such investments only being undertaken when Council believes that free reserves can then be re-established at the policy level within a reasonable period of time.

# Report of the Council for the year ended 31 December 2010

## Designated funds

Designated funds are unrestricted but have been set aside by Council for a particular purpose. Guide Dogs maintains three designated funds:

- The **Fixed Assets Fund** represents funds allocated to tangible fixed assets such as property, plant and equipment. This has increased from £34.3 million to £48.2 million during the year, with the greater part of the increase being due to the investment in the new National Breeding Centre.
- The **Capital Reserve** was established to set aside funds for major works to improve certain aspects of the infrastructure of the organisation. Much of the work identified at the end of 2009 has been completed, and the balance of the fund at the end of 2010 represents funds earmarked for the completion of two information system projects to support the Association's strategic aims. No further designations have been made in 2010, and the balance of reserve at the end of 2010 was £1.4 million (2009: £1.6 million).
- The **Research Fund** provides funding for ophthalmic, canine and psycho-social research. The year-end balance on this fund was £1.2 million (£1.9 million at the end of 2009).

## Restricted funds

These are unexpended funds that have been donated to Guide Dogs with specific conditions attached to their use. At 31 December 2010 these funds totalled less than £0.1 million.

## 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 2010 these funds totalled £0.3 million.

## Tangible fixed assets

The movements in tangible fixed assets during the year are summarised in Note 6 to the Financial Statements. During 2010 substantial progress was made on the building of the new National Breeding Centre. The building project reached practical completion on 15 April 2011, and the state of the art facility is coming into operational use during the second quarter. During the last six years our important infrastructure investments in the two new Dog Training Centres at Forfar and Atherton, and in the new National Breeding Centre, have cost a total of £35.4 million. Guide Dogs owns a number of now obsolete properties the disposal of which is being pursued. Market conditions in the last two years and planning constraints have conspired to slow the process down, but action is being taken to realise these assets.

## Investment policy

The current investment policy is to ensure that, after capital expenditure, investments will be at the same level (after drawdowns and adjusted for inflation) as at the beginning of the current period of capital investment. In order to achieve this outcome at appropriately low risk and low volatility in reserves, a target of LIBOR plus 4% over three-year rolling periods has been established for the fund managers. Trustees consider this to be a prudent policy which challenges managers to produce excellent results.

## Report of the Council for the year ended 31 December 2010

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

At the beginning of the year the investment portfolio was valued at £128.3 million. During the year a net £33.7 million of funds were withdrawn from the portfolio and investment gains of £10.5 million were achieved. As a result, the portfolio was valued at £105.1 million at the end of the year.

Against the benchmark target return (LIBOR plus 4%) of 4.7% for the year, Standard Life Investments achieved 11.2% and Newton Investments 10.5%, producing an overall return of 11.0%.

### The Guide Dogs pension scheme

The latest formal actuarial valuation of the scheme was at 31 December 2008. A separate valuation for FRS 17 purposes valued the deficit in the pension scheme at 31 December 2010 at £35.6 million (2009: £31.2 million). The major element of this increase in liability was a £21.6 million increase arising from changes in valuation assumptions. Assumption changes increasing the liability included increases in general inflation and in the rate of growth of salaries and reductions in the rate of return on investments and in discount rates. These were ameliorated by the change from RPI to CPI as the basis for future increases in pensions in deferment. Other beneficial changes in the valuation included £7.0 million better than expected return on scheme investments, a £3.9 million experience gain on liabilities and a £6.7 million additional payment from Guide Dogs toward the elimination of the deficit. Five further annual payments of £6.7 million have been agreed with the scheme's trustees.

In order to contain the financial risks arising from the defined benefit pension scheme the scheme was closed to new entrants on 31 March 2011. On 1 April 2011 a new defined contribution scheme was established to enable new staff, and existing staff who have opted not to join the defined benefit scheme, to make provision for their pensions.

This report was approved by the Members of Council on 17 May 2011 and signed on its behalf by:



**Chairman:** Tony Aston

# **Report of the Council for the year ended 31 December 2010**

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

We have audited the group and parent charitable company financial statements of The Guide Dogs for the Blind Association for the year ended 31 December 2010, which comprise the Consolidated Statement of Financial Activities, the Charity and Group Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 18. These financial statements have been prepared in accordance with the accounting policies set out therein.

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).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's trustees and members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members 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 Statement of Council Members' Responsibilities, the Members of Council (who are also the directors of the charitable company for the purpose 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(1c) 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

We read all the information in the Report of the Council to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



# Report of the Council for the year ended 31 December 2010

## 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 2010 and of its 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 Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Council 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:

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



Tim Baines  
Senior Statutory Auditor  
For and on behalf of  
Crowe Clark Whitehill LLP  
Statutory Auditor  
London

17 May 2011

**The Guide Dogs for the Blind Association**  
**Consolidated Statement of Financial Activities**  
**for the year ended 31 December 2010**

	<b>General funds £000</b>	<b>Designated funds £000</b>	<b>Restricted funds £000</b>	<b>Endowment funds £000</b>	<b>Total 2010 £000</b>	<b>Total 2009 £000</b>
<b>Incoming resources from generated funds (Note 1)</b>						
Voluntary income	47,680	-	5,148	-	52,828	54,457
Activities for generating funds	1,046	-	-	-	1,046	1,175
Investment income	2,518	-	-	-	2,518	3,023
Incoming resources from charitable activities	789	-	14	-	803	857
Other incoming resources	171	-	-	-	171	581
<b>Total incoming resources</b>	<b>52,204</b>	<b>-</b>	<b>5,162</b>	<b>-</b>	<b>57,366</b>	<b>60,093</b>
<b>Resources expended</b>						
Cost of generating funds	(18,027)	-	-	-	(18,027)	(15,238)
<b>Net incoming resources available for charitable application</b>	<b>34,177</b>	<b>-</b>	<b>5,162</b>	<b>-</b>	<b>39,339</b>	<b>44,855</b>
<b>Charitable activities by objective</b>						
Costs of activities in furtherance of charity's objects:						
Provision of guide dogs and other mobility services	(41,445)	-	(5,158)	-	(46,603)	(46,374)
Provision of visual impairment support services	(1,000)	-	-	-	(1,000)	(1,042)
Research commissioned (Note 4)	-	(754)	-	-	(754)	(786)
Advocacy	(5,075)	-	(10)	-	(5,085)	(5,461)
<b>Total charitable expenditure</b>	<b>(47,520)</b>	<b>(754)</b>	<b>(5,168)</b>	<b>-</b>	<b>(53,442)</b>	<b>(53,663)</b>
Governance costs	(1,559)	-	-	-	(1,559)	(1,698)
<b>Total resources expended (Note 2)</b>	<b>(67,106)</b>	<b>(754)</b>	<b>(5,168)</b>	<b>-</b>	<b>(73,028)</b>	<b>(70,599)</b>
Net (outgoing)/incoming resources before transfers	(14,902)	(754)	(6)	-	(15,662)	(10,506)
Gross transfers between funds (Note 12)	(13,721)	13,599	-	122	-	-
<b>Net outgoing resources before recognised gains/(losses)</b>	<b>(28,623)</b>	<b>12,845</b>	<b>(6)</b>	<b>122</b>	<b>(15,662)</b>	<b>(10,506)</b>
Net gains/(losses) on investments	10,515	-	-	-	10,515	17,626
Actuarial loss on defined benefit pension scheme (Note 16)	(10,647)	-	-	-	(10,647)	(6,116)
<b>Net increase/(decrease) in funds</b>	<b>(28,755)</b>	<b>12,845</b>	<b>(6)</b>	<b>122</b>	<b>(15,794)</b>	<b>1,004</b>
Fund balances at 1 January	96,515	37,913	43	166	134,637	133,633
Fund balances at 31 December	<b>67,760</b>	<b>50,758</b>	<b>37</b>	<b>288</b>	<b>118,843</b>	<b>134,637</b>

All operations are continuing.

The net expenditure for the financial year under the historical cost accounting convention is £13,009,000 (2009 net income of £7,800,000) (Note 6).

The notes on pages 28 to 44 form part of these financial statements.

**The Guide Dogs for the Blind Association (Registered company number 291646)**  
**Balance Sheets at 31 December 2010**

	<b>Group 2010 £000</b>	<b>Group 2009 £000</b>	<b>Charity 2010 £000</b>	<b>Charity 2009 £000</b>
<b>Fixed assets</b>				
Tangible assets (Note 6)	48,215	34,322	48,215	34,322
Investments (Note 7)	105,124	128,284	105,628	128,784
	<b>153,339</b>	<b>162,606</b>	<b>153,843</b>	<b>163,106</b>
<b>Current assets</b>				
Stocks (Note 8)	174	164	64	65
Debtors (Note 9)	7,592	6,978	6,886	7,102
Cash at bank and in hand	2,687	3,082	2,045	2,114
	10,453	10,224	8,995	9,281
<b>Creditors:</b> amounts falling due within one year (Note 10)	(8,428)	(6,128)	(7,487)	(5,699)
<b>Net current assets</b>	<b>2,025</b>	<b>4,096</b>	<b>1,508</b>	<b>3,582</b>
<b>Total assets less current liabilities</b>	<b>155,364</b>	<b>166,702</b>	<b>155,351</b>	<b>166,688</b>
Creditors: amount falling due after more than 1 year (Note 11)	(916)	(823)	(916)	(823)
Net assets excluding pension scheme	154,448	165,879	154,435	165,865
Pension fund deficit (Note 16)	(35,605)	(31,242)	(35,605)	(31,242)
<b>Net assets</b>	<b>118,843</b>	<b>134,637</b>	<b>118,830</b>	<b>134,623</b>

**The Guide Dogs for the Blind Association (Registered company number 291646)**  
**Balance Sheets at 31 December 2010**

	<b>Group 2010 £000</b>	<b>Group 2009 £000</b>	<b>Charity 2010 £000</b>	<b>Charity 2009 £000</b>
<b>Funds</b>				
General funds	84,785	115,637	84,772	115,627
Revaluation reserve	18,580	12,120	18,580	12,116
Pension reserve deficit	(35,605)	(31,242)	(35,605)	(31,242)
<b>Net free reserves</b>	<b>67,760</b>	<b>96,515</b>	<b>67,747</b>	<b>96,501</b>
<b>Designated funds</b>				
Fixed assets	48,215	34,322	48,215	34,322
Capital reserve	1,351	1,645	1,351	1,645
Research	1,192	1,946	1,192	1,946
	<b>50,758</b>	<b>37,913</b>	<b>50,758</b>	<b>37,913</b>
<b>Total unrestricted funds</b>	<b>118,518</b>	<b>134,428</b>	<b>118,505</b>	<b>134,414</b>
Restricted funds	37	43	37	43
Endowment funds	288	166	288	166
<b>Total funds (Note 12)</b>	<b>118,843</b>	<b>134,637</b>	<b>118,830</b>	<b>134,623</b>

Approved by the Council on 17 May 2011 and signed on its behalf by

Chairman: Tony Aston

Honorary Treasurer: Martyn Smith

The notes on pages 28 to 44 form part of these Financial Statements.

**The Guide Dogs for the Blind Association**  
**Consolidated Cashflow Statement for the year end 31 December 2010**

	<b>2010</b> <b>£000</b>	<b>2009</b> <b>£000</b>
Net cash outflow from operating activities (Note 18)	<u>(20,392)</u>	<u>(14,019)</u>
<b>Return on investment and servicing of finance</b>		
Investment income received	<u>2,518</u>	<u>3,023</u>
<b>Capital expenditure and financial investment</b>		
Payments for tangible fixed assets	(16,436)	(6,612)
Proceeds from sale of tangible fixed assets	240	855
Net divestment from investment portfolio	33,675	16,113
	<u>17,479</u>	<u>10,356</u>
<b>Decrease in cash in the year</b>	<u><b>(395)</b></u>	<u><b>(640)</b></u>
Net cash at 1 January	3,082	3,722
<b>Decrease in the year</b>	<u>(395)</u>	<u>(640)</u>
Net cash at 31 December	<u>2,687</u>	<u>3,082</u>

The notes on pages 28 to 44 form part of these Financial Statements

## **The Guide Dogs for the Blind Association Accounting Policies**

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

### **i. Basis of accounting**

The Financial Statements of the Association have been prepared using the historical cost convention, as modified by the revaluation of certain assets, and are drawn up in line with the Companies Act 2006, and in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' published in March 2005 and applicable accounting standards.

The group accounts consolidate the accounts of the charity and its subsidiary trading companies. As provided by Section 408 of the Companies Act 2006, no separated income and expenditure account is presented for the charity. The subsidiaries' profits are transferred to the Charity under Gift Aid.

Council considers that there are sufficient reserves at 31 December 2010 to manage any foreseeable downturn in the UK and global economy. Council 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, Council continues to adopt the 'going concern' basis in preparing the accounts.

### **ii. Incoming resources**

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

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

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

Investment income is accounted for on an accruals basis.

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

### **iii. Resources expended**

Expenditure is accounted for on an accruals basis.

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

The costs of 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. The allocation of overhead and support costs is analysed in Note 3.

## **The Guide Dogs for the Blind Association Accounting Policies**

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

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

### **iv. Tangible fixed assets**

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

Freehold land	Nil
Freehold buildings	2½% - 5%
Furniture and equipment	10% - 20%
Motor vehicles	25%
Computers	33%

Assets in the course of construction are not depreciated.

Software development costs are expensed.

Guide Dogs first applied Financial Reporting Standard (FRS) 15 'Tangible Fixed Assets' in the year ended 31 December 2000, adopting the transitional provision to not revalue the freehold land and buildings on a periodic basis in the future; therefore this valuation has not been updated.

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

### **v. Investments**

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

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.

### **vi. Stocks**

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

### **vii. Pension costs**

Guide Dogs operates a defined benefit pension scheme for the majority of its employees. The pension charge in relation to this scheme is based on annual valuations undertaken by the scheme Actuary in compliance with the provisions of FRS17.

The unfunded pension liability is recognised in accordance with actuarial valuation. The liability is in relation to ex-employees.

## **The Guide Dogs for the Blind Association Accounting Policies**

### **viii. Operating leases**

Rentals payable under operating leases are expensed as incurred.

### **ix. Fund balances and transfers**

The charity has three 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 unrestricted funds to designated funds are approved by the Trustees. Further details of each fund are disclosed in Note 12.

### **x. Foreign exchange**

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



**The Guide Dogs for the Blind Association**  
**Notes to the Financial Statements for the period ended 31 December 2010**

**1. Incoming resources**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Incoming resources from generated funds</b>		
<b>Voluntary income</b>		
Community fundraising	5,016	5,010
Donor based fundraising	15,052	12,995
Raffles and draws	4,385	4,214
Corporate and trust income	196	495
Legacies	28,125	31,687
Gifts in kind	54	56
	<hr/> 52,828	<hr/> 54,457
<b>Activities for generating funds</b>	<hr/> 1,046	<hr/> 1,175
<b>Investment income</b>		
Listed investment	2,515	3,013
Cash deposits	3	10
	<hr/> 2,518	<hr/> 3,023
<b>Incoming resources from charitable activities</b>		
Sale of rehabilitation services under contract	635	673
Membership income	12	10
Ancillary trading	156	174
	<hr/> 803	<hr/> 857
<b>Other incoming resources</b>	<hr/> 171	<hr/> 581
<b>Total incoming resources</b>	<hr/> 57,366	<hr/> 60,093

**The Guide Dogs for the Blind Association**  
**Notes to the Financial Statements for the period ended 31 December 2010**

**2. Resources expended**

	<b>Staff costs</b>	<b>Depreciation</b>	<b>Facilities costs</b>	<b>Guide Dog costs</b>	<b>Other costs</b>	<b>Total 2010</b>	<b>Total 2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Costs of generating voluntary income</b>							
Community fundraising	2,648	86	96	-	1,010	3,840	3,082
Donor based fundraising	1,336	16	623	-	5,565	7,540	5,579
Raffles and draws	-	-	527	-	1,319	1,846	1,382
Corporate and trust income	141	5	4	-	22	172	419
Fundraising development and administration	1,079	21	71	-	764	1,935	2,247
Legacy marketing and administration	567	11	17	-	700	1,295	1,166
Fundraising trading costs of goods sold and other costs	122	-	-	-	727	849	737
Investment management fees	-	-	-	-	550	550	626
	<b>5,893</b>	<b>139</b>	<b>1,338</b>	<b>-</b>	<b>10,657</b>	<b>18,027</b>	<b>15,238</b>
<b>Charitable expenditure</b>							
Provision of guide dogs and other mobility services	29,633	2,224	2,978	7,390	4,378	46,603	46,374
Provision of visual impairment support services	848	20	38	-	94	1,000	1,042
Research commissioned	15	-	16	-	723	754	786
Advocacy	2,720	76	138	-	2,151	5,085	5,461
	<b>33,216</b>	<b>2,320</b>	<b>3,170</b>	<b>7,390</b>	<b>7,346</b>	<b>53,442</b>	<b>53,663</b>
Governance costs	1,264	15	12	-	268	1,559	1,698
<b>Total resources expended</b>	<b>40,373</b>	<b>2,474</b>	<b>4,520</b>	<b>7,390</b>	<b>18,271</b>	<b>73,028</b>	<b>70,599</b>

**Resources expended include:**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Liability insurance premium for Trustees in respect of duties as Council members (Company Directors)	12	13
Operating lease charges	567	528
Auditors' remuneration:		
Audit fee	65	74
Other services	7	12

**The Guide Dogs for the Blind Association**  
**Notes to the Financial Statements for the period ended 31 December 2010**

**3. Support costs**

	<b>Management</b>	<b>Finance</b>	<b>Information Services</b>	<b>Human Resources</b>	<b>Total 2010</b>	<b>Total 2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fundraising	295	196	483	341	1,315	833
Corporate and trust income	9	6	15	10	40	87
Legacy marketing and administration	42	28	68	48	186	164
Fundraising development and administration	69	46	112	79	306	554
Provision of guide dogs and other mobility services	2,320	1,542	3,794	2,683	10,339	9,758
Provision of visual impairment support services	63	42	102	72	279	277
Advocacy	146	97	239	169	651	716
<b>Total</b>	<b>2,944</b>	<b>1,957</b>	<b>4,813</b>	<b>3,402</b>	<b>13,116</b>	<b>12,389</b>

Total support costs for the year are included within the relevant line of 'total resources expended' in note 2.

**4. Research commissioned – Grants payable**

	<b>2010 No.</b>	<b>Total 2010 £000</b>	<b>2009 No.</b>	<b>Total 2009 £000</b>
Addenbrookes/Cambridge University	-	-	1	28
Cardiff University	1	207	-	-
Kings College London	-	-	1	115
Queen's University Belfast	-	-	1	120
UCL – Institute of Child Health	1	212	-	-
University of Birmingham	1	116	-	-
University of Bristol	1	211	-	-
University of Nottingham Hospital	-	-	1	582
Other	-	8	-	(59)
<b>Total</b>	<b>4</b>	<b>754</b>	<b>4</b>	<b>786</b>

**5. 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 (2009: nil). Travelling and subsistence expenses were reimbursed in respect of 11 trustees, totalling £11,998 (2009: 12; £18,339).

**The Guide Dogs for the Blind Association**  
**Notes to the Financial Statements for the period ended 31 December 2010**

**Staff costs**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	29,358	28,643
Social security costs	2,472	2,314
Other pension costs excluding pension scheme actuarial loss (see Note 16)	5,146	4,072
Sub total	<u>36,976</u>	<u>35,029</u>
Other staff related costs	3,397	3,436
<b>Total</b>	<b><u>40,373</u></b>	<b><u>38,465</u></b>

The monthly average number of persons employed during the year ended 31 December 2010 is shown below. In addition full time equivalent information is given with part time staff included proportionally.

	<b>2010</b>		<b>2009</b>	
	Employees No.	Full time Equivalents No.	Employees No.	Full time Equivalent No.
Fundraising and legacies	139	126	130	118
Provision of guide dogs	778	710	773	707
Provision of visual impairment support services	21	18	22	18
Research	2	2	2	2
Advocacy	49	48	56	56
Management, administration and clerical (indirect)	183	172	157	146
Domestic and ancillary (indirect)	7	6	7	6
	<u>1,179</u>	<u>1,082</u>	<u>1,147</u>	<u>1,053</u>

Pension contributions were paid into Guide Dogs' defined benefit scheme on behalf of an average of 866 (2009: 822) of the 1,179 employees shown above.

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

	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>
£60,001 to £70,000	6	10
£70,001 to £80,000	3	2
£80,001 to £90,000	3	2
£90,001 to £100,000	1	1
£110,001 to £120,000	-	1
	<u>13</u>	<u>16</u>

Pension contributions were paid into Guide Dogs' defined benefit scheme on behalf of 10 (2009: 16) of the employees with emoluments in excess of £60,000.

**The Guide Dogs for the Blind Association**  
**Notes to the Financial Statements for the period ended 31 December 2010**

**6. Tangible fixed assets**

	Freehold properties	Leasehold properties	Assets in the course of construction	Furniture, equipment, vehicles and computers	Total
	£000	£000	£000	£000	£000
<b>Group</b>					
<b>Cost or valuation</b>					
At 1 January 2010	33,186	733	2,870	12,134	48,923
Additions	315	-	14,224	1,897	16,436
Disposals	-	-	-	(1,537)	(1,537)
Transfers	750	-	(750)	-	-
<b>At 31 December 2010</b>	<b>34,251</b>	<b>733</b>	<b>16,344</b>	<b>12,494</b>	<b>63,822</b>
<b>Depreciation</b>					
At 1 January 2010	5,907	482	-	8,212	14,601
Provision for year	1,016	37	-	1,421	2,474
Disposals	-	-	-	(1,468)	(1,468)
<b>At 31 December 2010</b>	<b>6,923</b>	<b>519</b>	<b>-</b>	<b>8,165</b>	<b>15,607</b>
<b>Net book value 31 December 2010</b>	<b>27,328</b>	<b>214</b>	<b>16,344</b>	<b>4,329</b>	<b>48,215</b>
Net book value 31 December 2009	27,279	251	2,870	3,922	34,322
<b>Charity</b>					
<b>Cost or valuation</b>					
At 1 January 2010	33,186	733	2,870	11,726	48,515
Additions	315	-	14,224	1,897	16,436
Disposals	-	-	-	(1,129)	(1,129)
Transfers	750	-	(750)	-	-
<b>At 31 December 2010</b>	<b>34,251</b>	<b>733</b>	<b>16,344</b>	<b>12,494</b>	<b>63,822</b>
<b>Depreciation</b>					
At 1 January 2010	5,907	482	-	7,804	14,193
Provision for year	1,016	37	-	1,421	2,474
Disposals	-	-	-	(1,060)	(1,060)
<b>At 31 December 2010</b>	<b>6,923</b>	<b>519</b>	<b>-</b>	<b>8,165</b>	<b>15,607</b>
<b>Net book value 31 December 2010</b>	<b>27,328</b>	<b>214</b>	<b>16,344</b>	<b>4,329</b>	<b>48,215</b>
Net book value 31 December 2009	27,279	251	2,870	3,922	34,322

## The Guide Dogs for the Blind Association

### Notes to the Financial Statements for the period ended 31 December 2010

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

If freehold properties had been valued under the historical cost convention they would have been included in the charity balance sheet at a cost of £51.3m (2009: £51.7m) and a net book value of £27.6m (2009: £27.3m). The charity's depreciation charge for the year would have been £1,483,000 (2009: £1,390,000) compared with the actual charge of £1,016,000 (2009: £950,000) based on revalued amounts.

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

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

#### 7. Investments

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

	Group 2010 £000	Group 2009 £000	Charity 2010 £000	Charity 2009 £000
Market value at 1 January	128,284	126,771	128,784	127,271
Net divestment	(33,675)	(16,113)	(33,675)	(16,113)
Net gain on investments	10,515	17,626	10,519	17,626
<b>Market value at 31 December</b>	<b>105,124</b>	<b>128,284</b>	<b>105,628</b>	<b>128,784</b>
Realised gains calculated on historic cost	3,120	3,146	3,120	3,146

##### b. Analysis of investments at market value

	Group 2010 £000	Group 2009 £000	Charity 2010 £000	Charity 2009 £000
Listed investments				
United Kingdom	105,089	128,156	105,089	128,156
Derivatives	-	225	-	225
Cash deposits	35	(97)	35	(97)
Investment in subsidiaries	-	-	504	500
	<b>105,124</b>	<b>128,284</b>	<b>105,628</b>	<b>128,784</b>

**The Guide Dogs for the Blind Association**  
**Notes to the Financial Statements for the period ended 31 December 2010**

**c. Analysis of investments at cost**

	<b>Group 2010 £000</b>	<b>Group 2009 £000</b>	<b>Charity 2010 £000</b>	<b>Charity 2009 £000</b>
Listed investments				
United Kingdom	85,991	116,377	85,991	116,377
Derivatives	-	249	-	249
Cash deposits	35	(523)	35	(523)
Investment in subsidiaries	-	-	504	504
	<b>86,026</b>	<b>116,103</b>	<b>86,530</b>	<b>116,607</b>
Unrealised gains at 31 December	19,098	12,181	19,098	12,177

In prior years the Trustees have adopted an investment strategy which allows the use of derivative products to seek to achieve target performance, and to manage investment risk. Details of the key classes of derivative product used, together with their economic exposures and year-end open positions, are set out below. The current investment strategy does not include direct investments in derivatives.

**Forward foreign exchange contracts**

	<b>2010 £000</b>	<b>2009 £000</b>
Gross amount received at inception		
Asset	-	51,548
Liability	-	77,976
Market Value		
Asset	-	1,160
Liability	-	935

**8. Stocks**

	<b>Group 2010 £000</b>	<b>Group 2009 £000</b>	<b>Charity 2010 £000</b>	<b>Charity 2009 £000</b>
Equipment	64	65	64	65
Trading stocks	110	99	-	-
	<b>174</b>	<b>164</b>	<b>64</b>	<b>65</b>

**The Guide Dogs for the Blind Association**  
**Notes to the Financial Statements for the period ended 31 December 2010**

**9. Debtors**

	<b>Group 2010 £000</b>	<b>Group 2009 £000</b>	<b>Charity 2010 £000</b>	<b>Charity 2009 £000</b>
Tax recoverable	1,111	1,598	1,111	1,598
Other debtors	462	247	234	247
Trade debtors	1,014	394	194	235
Due from subsidiary companies	-	-	344	285
Accrued income	3,306	4,217	3,306	4,217
Other prepayments	1,699	522	1,697	520
	<b>7,592</b>	<b>6,978</b>	<b>6,886</b>	<b>7,102</b>

Included in other debtors are amounts falling due after more than one year. They include non-interest bearing loans to employees for housing assistance amounting to £97,000 (2009: £97,000), a loan of £120,000 (2009: £127,000) repayable in equal annual instalments over 17 years to The Worcestershire Association for the Blind for the development of a resource centre and £228,500 held on deposit.

**10. Creditors: amounts falling due within one year**

	<b>Group 2010 £000</b>	<b>Group 2009 £000</b>	<b>Charity 2010 £000</b>	<b>Charity 2009 £000</b>
Trade creditors	4,101	2,839	3,961	2,524
Other creditors	502	40	502	40
Tax and social security	730	717	730	717
Accruals and deferred income	3,095	2,532	2,294	2,418
	<b>8,428</b>	<b>6,128</b>	<b>7,487</b>	<b>5,699</b>

**11. Creditors: amounts falling due after more than one year**

	<b>Group 2010 £000</b>	<b>Group 2009 £000</b>	<b>Charity 2010 £000</b>	<b>Charity 2009 £000</b>
Unfunded pension obligations	129	138	129	138
Contracted research grants	787	685	787	685
	<b>916</b>	<b>823</b>	<b>916</b>	<b>823</b>

The unfunded pension obligations are in respect of four (2009: four) retired members of staff.



**The Guide Dogs for the Blind Association**  
**Notes to the Financial Statements for the period ended 31 December 2010**

**12. Fund balances**

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

	At 1 Jan 2010 £000	Incoming resources £000	Funds used £000	Net unrealised gains £000	Transfer Between funds £000	At 31 Dec 2010 £000
Free reserves	96,515	51,857	(63,639)	(3,252)	(13,721)	67,760
Designated funds						
Fixed assets	34,322	-	-	-	13,893	48,215
Capital reserve	1,645	-	-	-	(294)	1,351
Research fund	1,946	-	(754)	-	-	1,192
	37,913	-	(754)	-	13,599	50,758
Total unrestricted funds	134,428	51,857	(64,393)	(3,252)	(122)	118,518
Restricted funds	43	5,162	(5,168)	-	-	37
Endowment funds	166	-	-	-	122	288
<b>Total funds</b>	<b>134,637</b>	<b>57,019</b>	<b>(69,561)</b>	<b>(3,252)</b>	<b>-</b>	<b>118,843</b>

Restricted and endowment fund balances are represented by investment assets

'Funds used' comprise resources expended of £72,681,000 less realised gains on investments of £3,120,000 within the charity's own Statement of Financial Activities

Analysis of Transfer between funds

	Note a £000	Note b £000	Note c £000	Total £000
Free reserves	(13,893)	294	(122)	(13,721)
Designated funds				
Fixed assets	13,893	-	-	13,893
Capital reserve	-	(294)	-	(294)
	13,893	(294)	-	13,599
Total unrestricted funds	-	-	(122)	(122)
Endowment funds	-	-	122	122
<b>Total funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- a. Movements on tangible fixed assets
- b. Expenditure out of designated funds
- c. Movement in market value of endowments

**The Guide Dogs for the Blind Association**  
**Notes to the Financial Statements for the period ended 31 December 2010**

**Analysis of revaluation reserve**

	<b>Group 2010 £000</b>	<b>Group 2009 £000</b>	<b>Charity 2010 £000</b>	<b>Charity 2009 £000</b>
Revaluation of investment portfolio	19,098	12,181	19,098	12,177
Revaluation of properties for use by charity	(518)	(61)	(518)	(61)
	<b>18,580</b>	<b>12,120</b>	<b>18,580</b>	<b>12,116</b>

**13. Commitments**

	<b>2010 £000</b>	<b>2009 £000</b>
Contracted capital commitments for the group and the charity	3,713	660

Capital commitments relate to contracted obligations resulting from construction contracts and vehicle replacement schedule.

Obligations under operating leases

At the end of the year the annual commitments are as follows:

	<b>2010 £000</b>	<b>2009 £000</b>
<b>For leases of properties expiring:</b>		
Within one year	-	27
Between two and five years	266	236
Over five years	274	265
	<b>540</b>	<b>528</b>

**14. Legacies**

There are some legacies which have been notified to the Association at 31 December 2010 for which the amount receivable cannot be ascertained. These Financial Statements include payments received on account but not any estimates for future amounts receivable. Indications are that an estimated £32.5 million (2009: £33.4 million) of legacies are receivable at the year end.

**15. Subsidiaries**

The Association owns the whole of the issued share capital of: The Guide Dogs for the Blind Association (Trading Company) Limited, GDBA Community Care Services Limited, Guide Dogs Limited, Guide Dogs UK Limited and GDBA (Pension Fund Trustees) Limited. Of these only the following trade on their own account:

- The Guide Dogs for the Blind Association (Trading Company) Limited is the charity's trading subsidiary. A comprehensive review of this company's operations has been undertaken to ensure its future activities continue to be of maximum benefit to Guide Dogs.
- Guide Dogs UK Limited operates as a design and new build company for The Guide Dogs for the Blind Association. Using a subsidiary reduces the financial risk to the Association.

**The Guide Dogs for the Blind Association**  
**Notes to the Financial Statements for the period ended 31 December 2010**

A summary of the trading results and net assets for the year ended 31 December 2010 is shown below

	<b>Dormant companies 2010 £000</b>	<b>Trading Company 2010 £000</b>	<b>GDUK 2010 £000</b>	<b>Total 2010 £000</b>	<b>Total 2009 £000</b>
Turnover	-	1,088	14,496	15,584	5,409
Cost of sales	-	(603)	(14,496)	(15,099)	(4,827)
Gross profit	-	485	-	485	582
Other operating income	-	64	-	64	81
Distribution, selling and administration expenses	-	(484)	-	(484)	(462)
Operating profit for the financial year	-	65	-	65	201
Interest	-	1	-	1	3
Gift Aid donation to charity	-	(64)	-	(64)	(200)
Profit for the year	-	2	-	2	4
Reserves at beginning of year	(1)	13	-	12	8
<b>Reserves at end of year</b>	<b>(1)</b>	<b>15</b>	<b>-</b>	<b>14</b>	<b>12</b>
<b>Net assets at end of year</b>	<b>2</b>	<b>515</b>	<b>1</b>	<b>518</b>	<b>515</b>

The company has taken advantage of the exemptions allowed by the FRS 8, not to disclose transactions with related party undertakings which are wholly owned by the group.

**16. Pension costs**

Other pension costs in Note 5 have been determined under FRS 17 (Retirement Benefits).

The Association operates a defined benefit scheme for all qualifying employees with the assets of the scheme being held in a separately administered fund. The scheme was closed to new entrants on 31 March 2011.

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

	<b>2010 £000</b>	<b>2009 £000</b>
Present value of funded obligations	(192,399)	(165,174)
Fair value of plan assets	156,794	133,932
Deficit	(35,605)	(31,242)
Amount in the balance sheet:		
Liabilities	(35,605)	(31,242)
Assets	-	-
<b>Net liability</b>	<b>(35,605)</b>	<b>(31,242)</b>

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

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Opening defined benefit obligation	165,174	140,220
Service cost	4,562	3,111
Interest cost	9,580	8,124
Actuarial loss	17,667	17,137
Employee contributions	1,512	1,395
Benefits paid	(6,096)	(4,813)
Closing defined benefit obligation	<u>192,399</u>	<u>165,174</u>

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

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Opening fair value of the scheme assets	133,932	112,558
Expected return	9,443	6,968
Experience gain / (loss)	7,020	11,021
Employer contributions	10,983	6,803
Employee contributions	1,512	1,395
Benefits paid	(6,096)	(4,813)
Closing fair value of scheme assets	<u>156,794</u>	<u>133,932</u>

Employer contributions include £6,700,000 (2009: £3,420,000) of deficit payments.

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

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Current service cost	(4,562)	(3,111)
Expected return on scheme assets	9,443	6,968
Interest on pension liabilities	(9,580)	(8,124)
Total amount charged within net outgoing resources	<u>(4,699)</u>	<u>(4,267)</u>
Actuarial gains and losses	(10,647)	(6,116)
Total amount charged to the Statement of Financial Activities	<u>(15,346)</u>	<u>(10,383)</u>

The Association expects to contribute £6,700,000 to its defined benefit pension scheme in 2011.  
The cumulative total of recognised actuarial net losses is £19,398,000

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

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Equities	24%	24%
Bonds	75%	75%
Cash	1%	1%

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

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
The actual return on the scheme in the year	16,463	17,989

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

	<b>2010</b>	<b>2009</b>
Discount rate at 31 December	5.40%	5.80%
Expected return on scheme assets at 31 December	6.50%	6.90%
Rate of increase salaries	3.75%	3.25%
Rate of increase of pensions in payment		
Post 97 pension	3.50%	3.25%
Rate of increase of pensions in deferment *	2.95%	3.25%
Proportion of employees opting for early retirement	0.00%	0.00%
Assumes life expectations on retirements age 60:		
Retiring today – males	26.3	26.3
Retiring today – females	28.8	28.8
Retiring in 20 years – males	27.6	27.6
Retiring in 20 year – females	29.8	29.8

\* From April 2011 the rate of increase of pensions in deferment is based up on the increase in the Consumer Price Index (CPI). Prior to this it was based up on the Retail Price Index (RPI)

g) The amounts for the last five years are as follows

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Defined benefit obligation	(192,399)	(165,174)	(140,220)	(148,940)	(172,763)
Scheme assets	156,794	133,932	112,558	127,046	115,116
Surplus/(deficit)	(35,605)	(31,242)	(27,662)	(21,894)	(57,647)
Experience adjustments on scheme liabilities	3,934	(2,003)	(41)	27,588	(10,909)
Experience adjustments on scheme assets	7,020	11,021	(26,685)	(2,223)	600

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**17. Analysis of net assets between funds and cashflow**

	General funds £000	Designated funds £000	Restricted funds £000	Endowment funds £000	Total 2010 £000	Total 2009 £000
Tangible fixed assets	-	48,215	-	-	48,215	34,322
Fixed asset investments	104,836	-	-	288	105,124	128,284
Bank balances	2,687	-	-	-	2,687	3,082
Pension fund	(35,605)	-	-	-	(35,605)	(31,242)
Other assets and liabilities	(4,158)	2,543	37	-	(1,578)	191
	<b>67,760</b>	<b>50,758</b>	<b>37</b>	<b>288</b>	<b>118,843</b>	<b>134,637</b>

**18. Notes to Cashflow Statement**

**Reconciliation of net resources expended to net cash outflow from operating activities**

	2010 £000	2009 £000
Statement of Financial Activities: Net expenditure for the financial year	(15,662)	(10,506)
Investment income	(2,518)	(3,023)
Depreciation	2,474	2,851
Net gain on disposal of tangible fixed assets	(171)	(80)
(Increase)/decrease in stocks	(10)	3
(Increase)/decrease in debtors	(614)	1,873
Increase/(decrease) in creditors	2,393	(2,601)
Pension fund non-cash movement	(6,284)	(2,536)
<b>Net cash outflow from operating activities</b>	<b>(20,392)</b>	<b>(14,019)</b>

End



The Guide Dogs for the Blind Association  
Burghfield Common  
Reading  
RG7 3YG

[www.guidedogs.org.uk](http://www.guidedogs.org.uk)