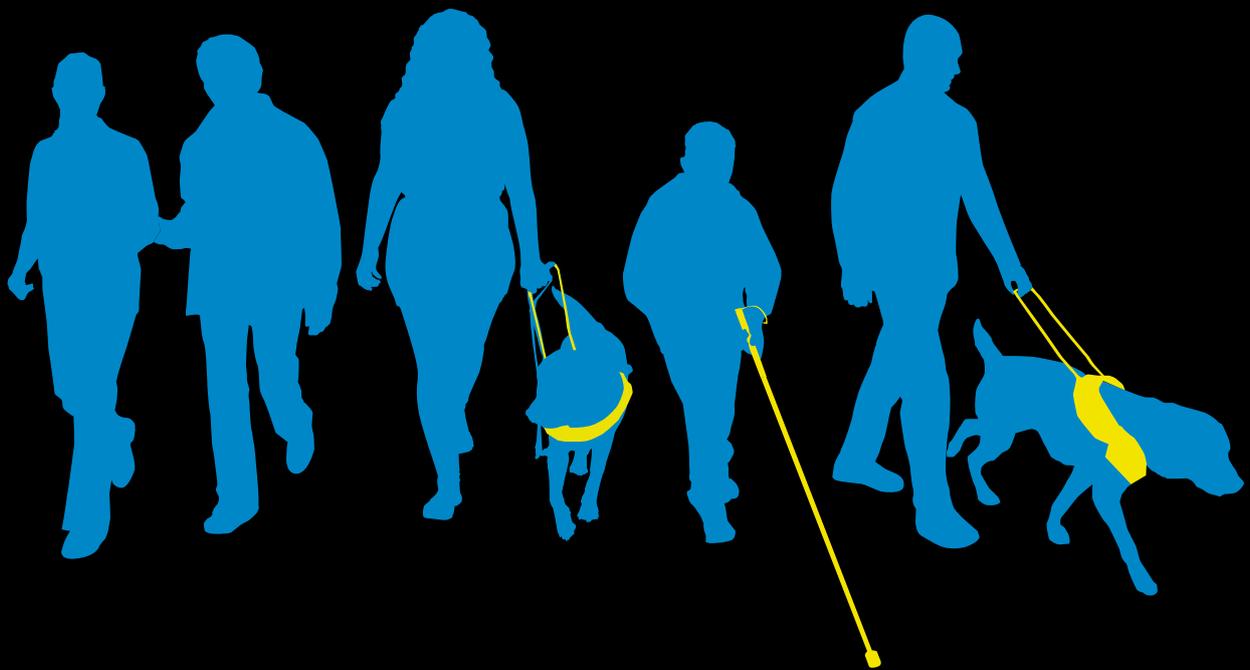


GUIDE  
DOGS



The Guide Dogs for the Blind Association

# Report and Financial Statements 2011





**We will not rest until blind  
and partially sighted people  
can enjoy the same freedom of  
movement as everyone else**

# Guide Dogs for the Blind Association

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# Report of the Council for the year ended 31 December 2011

The Council of The Guide Dogs for the Blind Association presents its Report and Financial Statements for the year ended 31 December 2011. These have been prepared in accordance with the provisions of the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities (revised 2005).

## Corporate information

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

Guide Dogs is governed by its Articles of Association, which were last amended on 19 July 2011.

## Objects and activities

The Objects for which Guide Dogs was established 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.

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

Our purpose is to:

- Deliver the guide dog service and other mobility services.
- Break down legal and physical barriers.
- Enable blind and partially sighted people to get around on their own terms.

## Strategic aims

Guide Dogs is now two years into its Building Extraordinary Partnerships strategy. The strategy aims to assist more blind and partially sighted people to be mobile on their own terms, with a broader range of services. 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”. 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.

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.

## Public benefit

The Council has paid due regard to the public benefit guidance published by the Charities Commission.

The objects and aims of Guide Dogs fall within the subsection of the Charities Act

## Report of the Council for the year ended 31 December 2011

2011 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, research, and campaigning activities have also directly benefited blind and partially sighted people.

### 2011 Highlights

2011 was Guide Dogs' 80th anniversary and, fittingly, it has been a year of records and improvement.

We bred more puppies, and trained more partnerships of blind or partially sighted people and their guide dogs than ever before.

We have grown our voluntary income by 13% after three years of reductions.

We have undertaken a complex change programme to realign our structure and infrastructure to facilitate the delivery of our strategy. Central to this is our desire to engage more closely with all of our stakeholders. A cornerstone of this approach will be our new Mobility Teams which will not only bring a broader range of mobility services closer to service users, but also allow us to work more closely with volunteers, raise funds in the areas where our service users are, collaborate more closely with local partners, and influence local politicians, media and service providers. Implementation of the new way of working is already well underway. Once complete this will represent a significant shift of emphasis towards our service users and other stakeholders, and away from back office administration.

We have started a significant study to assess whether there is a better way to train our dogs, to make the process easier for them, to reduce the number of distinct steps in the process, and to ensure that the best possible value for money is achieved.

We have also brought into operation our new state of the art National Breeding Centre. This superb facility will enable growth in the guide dog service, and in time will act as a centre for educating the public about what we do and how we do it.

For very little cost we have refreshed our brand under the banner of "Active Participation", creating a platform which will support greater awareness, improved fundraising and new services. This has been very positively received by stakeholders, and Third Sector Research ranked our re-branded website seventh out of 300 charities and first for a disability charity. Unprompted awareness of Guide Dogs in members of the public has been increased substantially. At the beginning of the year only 2½% of people asked to name major charities would mention Guide Dogs. At the end of the year this was up to 4%. This should lead to increased scope for fundraising, and greater ease of recruiting the valuable volunteers who play such a fundamental role in the delivery of our strategy.

The following sections of this report look more closely at the huge range of activity that we have undertaken, and consider what we are planning for the future.

### The Guide Dog Service

The guide dog service is our priority service. It continues to be the most effective method of providing a flexible

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and dynamic form of independent mobility to blind and partially sighted people. The service is open to people of all ages, and no one is denied a dog on the grounds of cost. 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.

When a blind or partially sighted person contacts us about the possibility of having a guide dog we talk to them about their suitability and what having the dog means – the benefits and the commitments. If after this it is clear that a guide dog will meet their mobility needs they join our waiting list. As soon as practically possible they are matched with a suitable dog. There then follows a period of training, together with the dog, until they “qualify” as a partnership. The partnership is monitored throughout its life through regular home visits, to ensure that all is well, or to resolve concerns. As the dog approaches retirement the monitoring is stepped up and the process of identifying a replacement dog begins. Guide dog owners are able to liaise with their local Mobility Team at all times, and provide more formal input through our client service evaluation process, and through elected District Representatives, who are fellow guide dog owners.

The breeding of guide dogs is coordinated from the National Breeding Centre in Warwickshire. For the most part, initial guide dog training takes place at one of the four Guide Dog Training Schools in Forfar, Atherton, Leamington and Redbridge, though we are experimenting with providing this training in the community.

The mobility and partnership training of the prospective guide dog owner and guide dog together is delivered through

the network of twenty Mobility Teams located across all four countries of the United Kingdom.

At the end of December we had 331 dogs in our breeding stock, 570 in training, 4,610 in active partnerships, and we had a continuing involvement in the care of 771 retired dogs. At all stages of their lives our dogs receive the highest levels of care and welfare, to ensure that they are happy and best able to deliver their life-changing service.

Volunteers play crucially important roles in the breeding and training of guide dogs. About 331 volunteers act as breeding stock holders, meaning that our breeding stock are cared for in private homes and most of our puppies are whelped into the sort of environment in which they will eventually work. About 1,379 puppy walking volunteers care for, and provide basic training to, our puppies for typically just over a year, until they are ready to transfer to one of the Guide Dog Training Schools for their initial guide dog training. In addition many more volunteers assist in such activities as the boarding of dogs in training and the transport of dogs around the country. Without these many highly dedicated people, Guide Dogs would not be able to breed and train so many dogs and consequently provide so many blind and partially sighted people with independent mobility.

**Achievements and performance:** At the end of 2011 there were 4,610 guide dog owners in the UK (4,577 at end of 2010). During the year, 823 people were trained and qualified with a guide dog (791 in 2010), of whom about one third were new guide dogs owners, and two thirds were receiving their second or subsequent dog.

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Included amongst our guide dog owners at the end of the year were 22 people under the age of 18, and 22 people with dual purpose dogs. Children and young people and service users with additional needs are areas we are seeking to expand in the future. We also continue to work closely with collaborative partners to develop our services with black and minority ethnic groups.

The new National Breeding Centre was completed and became operational in late spring 2011 and was formally opened by our Patron, HRH Princess Alexandra, in October 2011. We are delighted with this flagship facility. Its existence provides much needed increased capacity to fulfil our breeding requirements to meet our planned increase in guide dog partnerships in line with our strategy. The old centre was capable of handling up to 1,100 puppies a year. The new centre has allowed us to produce 1,350 puppies in 2011 – an all time record for Guide Dogs – and has the capacity for up to 1,500 puppies per annum. It is better for dog welfare, with the different populations of stud dogs, brood bitches, whelping bitches, newly whelped puppies and six week old puppies in for assessment being separated to prevent the spread of infection. Further, the kennel design, developed along similar principles to those at the newer Guide Dog Training Schools, lead to an instantaneous improvement in dog wellbeing – as evidenced by quieter, happier dogs on the day they moved to the new facility. We are developing plans to make the centre into 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.

During the year we started a study to assess the most efficient way of training guide dogs. This study has a potentially profound impact on the way in which we work, and will take more than two years to complete. It will compare the advantages and disadvantages of training dogs partly or wholly at our Guide Dog Training Schools and/or at our Mobility Centres. Indications from a small sample in London are that local training can deliver dogs in four to six weeks less time than our current method. It is probable that there is no “one size fits all” answer, and that we will end up with a mix of approaches. The aim, however, is to minimise training times and cost, and to maximise dog welfare.

**Plans for the future:** We plan to continue to grow and diversify this service. In particular we aim to extend our reach to include larger numbers of younger clients, people with multiple disabilities and clients from minority ethnic communities.

We aim to increase the number of new or replacement partnerships trained in the year to over 900 by 2016, at which point we anticipate we will have about 5,300 partnerships in operation.

### **Buddy Dogs**

The presence of a dog in the life of a blind or partially sighted person can bring benefits that extend beyond mobility alone. It is clear that a dog can help an individual develop their confidence and mobility skills, as well as preparing them for guide dog ownership if this proves appropriate. We have therefore been running a pilot Buddy Dog service, using dogs that are unsuited to guiding, to assess the benefits further. As well as the benefits to the recipients there are also benefits becoming evident in terms of

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collaboration with other organisations and the promotion of Guide Dogs and the Guide Dog Service.

**Achievements and performance:** We have placed a number of these Buddy Dogs with older people, children and young people, and with schools. Through this pilot we have confirmed that a young person's buddy dog placed within a family impacts positively on the development of a child with severe visual impairment. Dogs placed in schools have an impact on a greater number of children within each school, many of whom would otherwise have no dog contact. Improvements in motivation, exercise, social interaction, communication, dog understanding and responsibility have all been reported, confirming previous research. These benefits and a connection with the young person's guide dog and other services have a direct link to service users' current mobility, ongoing mobility training and future potential. Buddy dogs have the potential to support the development of diversity within the Guide Dog Service.

At the end of 2011 we had 22 active buddy dog partnerships in place (2010: 18), mostly with young people and schools.

**Plans for the future:** Based upon the outcomes of the work in 2011 we plan to extend the service to more schools and children and young people. We have found that the benefit to older people is less marked.

### My Guide

The My Guide service, which is currently in a pilot phase, supports visually impaired people in getting out and about and engaging with their community, whilst

training the community in basic sighted guiding skills and raising awareness of sight loss issues. Trained volunteers are matched one to one with clients, working together towards agreed goals within an agreed time period, building the confidence of the blind or partially sighted person by taking them out on a regular basis to do everyday activities and make connections in the community.

The My Guide Service can support blind or partially sighted people at almost any stage of their mobility journey. It can support people at the start of their journey through development of confidence, route knowledge and fitness, leading on to other forms of mobility training. It offers an interim support for people who are already competent in use of other mobility aids during periods when, perhaps due to health problems, they may need additional support, or because they need help developing knowledge of a new area, or because they are waiting for a replacement guide dog. It also offers a means of continuing to support the mobility needs of people in the very late stages of life when the option of owning a guide dog or using a long cane is no longer feasible.

The service will be particularly useful to those clients who do not want a dog, and who do not want to go out on their own. This assistance is provided for a period of between three and six months, after which service users are referred on to link services and training is provided to family, friends and the community to support that person through sighted guiding, in the long term.

For the most part the service will be managed by our local blind society partners and delivered by their volunteers. Guide Dogs' role is to develop

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national standards and training packages for the service, to coordinate the training of volunteers and to quality assure and evaluate the service. However, we are also exploring how we can directly deliver some of the shorter term interventions which facilitate people towards other forms of mobility.

**Achievements and performance:** The programme started with five pilot partner organisations in 2010, though the delivery of the service by partners did not start until 2011, at the same time as a dedicated staff team were recruited to support partners and develop the programme.

We are encouraged by the enthusiasm of our collaboration partners for this project. They can see the real leverage this 'extraordinary partnership' will bring to blind and partially sighted people. Without these partners the service would be impractical to deliver as we do not have the geographical coverage of volunteers that they have.

**Plans for the future:** In 2012 we will evaluate the impact of the pilots and, assuming it is justified, plans for national roll out will be made. We will also explore our approach to accreditation of our partners, and fundraising opportunities that the service might provide. We will also investigate wider partnerships beyond the Visual Impairment sector as well as our potential to expand direct delivery options.

### Mobility Services Contracts

We provide a range of services to help blind and partially sighted people of all ages. Amongst these is the provision of services on a contract basis to local authorities, and local voluntary organisations on a partial cost recovery

basis for our mobility and habilitation services.

**Achievements and performance:** 2011 presented very difficult trading conditions for contracted mobility services. Local authority cutbacks continue to have a dual impact on contracts – new opportunities are scarce and existing contracts are under threat. As a result there were 150 active service users at the end of 2011, and the total numbers of interventions supporting service users through our contracts was 836 (2010: 1,380).

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 £173k shortfall on full recovery (2010: £95k shortfall).

**Plans for the future:** Guide Dogs will continue to develop potential mobility or habilitation contracted services with local authorities on a cost recovery basis. We will work closely with partner organisations, in particular Action for Blind People, to enhance service provision through collaborative opportunities. We will seek to work with commissioners in developing future contracted services and potential personalised budget holders requiring mobility services.

### Adult Mobility Service

Guide Dogs has established a reputation for providing high quality mobility services. In response to declining mobility services contracts for adults, we have withdrawn from tendering for contracts where a competent alternative

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provider exists – notably our key trusted partner, Action for Blind People. We are however providing mobility training as a sub-contractor to the primary provider and continue to use our discretion to provide mobility training as part of the guide dog application process.

**Achievements and performance:** Our focus has been on four pilot areas, as follows:

**Mobility assessment for all:** We are assessing the demand from a sample group of fifty potential service users who do not go on to receive training with a guide dog, but exit the service with a mobility assessment which will assist them in making appropriate mobility choices in the future.

**Waiting list engagement:** New working practices have been introduced to work more actively with service users placed on the guide dog waiting list in order to provide a timely intervention which maintains their existing independence whilst waiting for a guide dog.

**Use of residual vision:** We are identifying best practice in the assessment of, and training in, the use of residual vision.

**Access to work:** We are working with partners such as Royal National Institute of Blind People, Action for Blind People and Remploy to identify how Guide Dogs can provide specialist mobility input to assist people to travel to their place of employment.

**Plans for the future:** Our plans for 2012 include gateway reviews on the trials currently underway. Much of this involves effective collaboration with other service suppliers. High level plans are already in place, with delivery started in the four pilot areas.

We also plan to design and promote a model of service delivery which other organisations can use to improve their own services to blind and partially sighted people.

### **Children and Young People's Mobility Service**

Without effective habilitation, orientation and mobility training, thousands of blind and partially sighted children and young people will continue to fail to reach their full potential. This is an area where our research shows we have an opportunity to impact many thousands of individuals over a prolonged period of time. Guide Dogs has already proved it can deliver high-quality mobility services for children, and in 2011 worked with about 450 blind and partially sighted children thus engaging with a broader range of families, partner agencies and a more diverse customer group. Unlike the adult Vision Support Services contracts, these children's services will continue to be maintained in a difficult financial climate.

**Achievements and performance:** In 2011 we have been working on development in key areas with partner organisations. We have started market assessment work and the implementation of our research plan. We have identified that many thousands of young people do not access mobility services at all. This project comprises the development of the service model identifying potential routes to market, and testing a fundraising proposition to support it. This product development will continue into 2012 with the aim of proposing a service launch and fundraising appeal in early 2013.

**Plans for the future:** In 2012 and beyond we will continue the development of the service model and supporting fundraising

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proposition. We will also be assessing the value of the methodology developed by the Visual Impairment Centre for Teaching and Research as a measurement tool, implementing the transition plan for children and young people's education to employment, and educating the parents of visually impaired children and young people, in collaboration with the National Blind Children's Society. We also plan to experiment with a leading global software company, on a pro bono basis, to develop technical solutions to habitation and orientation for children.

### Children and Young People's Parental Service

This is a time-limited project to develop appropriate support networks for parents and carers of blind and partially sighted children. The project is based on our 2008 research which highlighted that blind and partially sighted children and young people did not perform as well as other young people in terms of confidence and mobility, as well as a lack of timely and appropriate support for the parents and other carers of visually impaired children. The project aims to facilitate the setting up of local support forums for both adults and children, and appropriate professional support for the child and family on the journey from mobility to inclusion in society.

**Achievements and performance:** This initiative is an exemplar of collaborative working within the sector. Guide Dogs has worked with organisations and associations including National Blind Children's Society, Royal National Institute of Blind People, Royal London Society for Blind People, The National Sensory Impairment Partnership and the Berkshire Sensory Impairment Consortium, to

produce the "Think Right Feel Good" wellbeing programme. This package helps parents understand how children gather and interpret information from their environment and supports parents in accessing and securing mobility training for their children. The initial pilot in 2011 attracted extremely positive feedback from sector experts who see this as an "exciting development". More widely the National Deaf Children's Society and the British Association of Teachers of the Deaf have expressed interest in adapting this approach to support their service users. Building on this success, an extended trial is now underway involving approximately 300 participants. Whilst uptake by local authorities in Scotland, Wales and Northern Ireland has been disappointing to date, five education authorities in England and eight agencies from the third sector are actively engaged in this latest trial that will report in summer 2012.

**Plans for the future:** The project is continuing into 2012, but we anticipate that take-up of the concept by the third sector over the next three years will mean that we can stand back from our facilitating role.

### Education of Transport Professionals

This project was devised as a method of influencing transport service providers into improving the nature of their service for blind and partially sighted people. It was originally anticipated that we would need to develop a detailed proposal for a training package to educate transport professionals about access and issues faced by people with sight loss.

We have completed initial research into this, but are now finding that transport service providers are becoming more aware of the needs of blind and partially

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sighted people, and are responding to these needs. Our campaigning in this area has contributed to this success.

As a result we are delighted that we no longer need to pursue the development of a training package.

### Technology

In the future, technology will inevitably play a bigger part in the mobility of blind and partially sighted people. Our role is to identify, and encourage the development of, way-finding technologies that will enable people to navigate both internal and external environments. We do not have the expertise or resource to participate directly in the development process.

**Achievements and performance:** The Talking Tags prototype project was successfully completed in 2011.

**Plans for the future:** In 2012 we will be working with a leading global software provider and conducting research to understand how technology can improve mobility, and to identify the barriers and enablers affecting technology take-up in the blind and partially sighted community.

We plan to conduct a detailed task analysis of the mobility journey issues to be addressed by technology. Outputs will include personas, journey storyboards and task analyses.

### 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.

**Achievements and performance:** Good progress has been achieved by our campaigns in 2011, though there is more to do in some areas.

A major report on dog attacks has led to direct influence of government and Defra and firmly put the issue of compulsory micro-chipping on Defra's agenda in 2011.

Our work on Shared Streets, centred initially around Exhibition Road in Kensington, has been successful. We triggered a judicial review on this matter, and its hearing and out of court settlement has led to other councils changing schemes. Exhibition Road is now delineated and we have influenced the Department for Transport and Local Transport on Shared Space. However, some suggestions were not adopted and more work is needed.

Our campaigns team also supported the Hardest Hit march in London and the regions and was able to support our partner organisations.

Our Talking Buses campaign has had mixed success in 2011. The Minister has written to all bus operators saying they should install audio-visual systems on all new buses. Lothian Buses, Brighton & Hove and Reading have adopted systems, with trials in Belfast. Successful political lobbying at conferences and at industry level has raised the profile and issue of Talking Buses, but the Minister for Transport has said he will not regulate at this time, due to the financial situation

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and the recent 20% cut in the bus operators' grant.

Following a long running campaign in London, it was announced in October 2011 that guide and other assistance dogs are to be allowed on escalators on the London Underground, once they have had relevant training. The relevant regulation has now been changed and approved by Norman Baker, which was a great success with Mobility Services, Campaigns and Communications working together.

**Plans for the future:** Our campaigns will continue to respond to the external environment, especially local and national political influence. The campaigns will provide an effective, dynamic, creative and assertive presence around the mobility message. We plan to grow the number of online campaigners and empower Engagement Officers to build local campaigning networks. We will also work on partnership campaigns and continue to support the Hardest Hit campaign and our partner organisations around the mobility message.

In 2012 we will continue our work on Talking Buses by lobbying the bus industry and the Minister to persuade them that 2013 is the right time to change the PSVAR regulation to include a requirement to have audio visual systems on buses, with a 15 year phase-in period.

Our work on shared surfaces and the Streets Ahead campaign will continue. We will work nationally and locally in partnership with active groups to influence local schemes and to get councils to adopt best practice and inclusive design principles.

We will also continue to work on dangerous dogs and micro-chipping, and the dangers of low-noise electric and hybrid vehicles.

### Research

Guide Dogs undertakes in-house research, and commissions third party research, in a number of fields.

Our canine research is undertaken to inform, preserve and enhance performance in our dogs that maintains their quality of life and ensures their suitability to the particular mobility needs of their blind or partially sighted owner.

Our psycho-social research is designed to maintain and enhance mobility by the identification of social and psychological factors impacting upon the mobility journey and other areas identified by such research.

Our ophthalmic research seeks 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.

### Achievements and performance:

Nottingham University's School of Veterinary Science and Medicine is part-way through a project funded by Guide Dogs to investigate the epidemiology of behaviour in guide dogs. The study is progressing well, but the final report will not be available until 2015. In addition, several internal research projects into guide dog related issues are ongoing including obesity, spending routines and the monitoring of specific health and behavioural issues. Collaborative activities with other organisations such as Assistance Dogs Organisations, the Kennel Club, and veterinary schools will

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continue to be developed, and new partnerships established.

In 2011, in the psycho-social field, a research project into the quality of life of visually impaired children was completed.

In 2011, ophthalmic projects researching glucocorticoid interactions, genotype correlation in Age-Related Macular Degeneration (AMD), and ethnic variations in diabetic retinopathy were completed, as was our work with the British Ophthalmic Survey Unit.

**Plans for the future:** We will investigate the impact of dog attacks on working guide dogs, in particular focusing on the possible cause of these attacks and the emotional impact on the owner and working partnership. We will also investigate the early retirement of working guide dogs. The study will examine causes of early retirement, with the aim of identifying breeding, rearing, selection and matching procedures that will extend the working life of the guide dog.

The Middle Step project shortly to be started by the Royal Holloway College represents a significant contribution tackling stage two of the mobility journey which underpins Guide Dogs' strategy (dealing with depression on sight loss). This research proposes to test an established intervention called Problem-Solving Treatment (PST) with people with an early diagnosis of vision loss. The research will examine whether the intervention has a positive impact on mobility, psychological well-being and quality of life. If successful PST could be implemented as 'usual care' and thus improve clinical practice.

Three new ophthalmic research projects will also commence in 2012. These include a study to investigate a potential new therapy for an inherited blindness that affects young children, Leber's congenital amaurosis (LCA); a study that will investigate whether vitamin D levels are linked to the development of AMD; and a study that will estimate the prevalence and causes of sight loss of people living in care homes in order to inform eye care planning in this community.

We will also continue to fund ophthalmic research projects due to complete over the next four years, including: biological shape analysis; identification and propagation of stem cells; Age-Related Macular Degeneration; retinal progenitor cells; intermediate uveitis; optimal perimetric testing; investigation of complement receptor genes; and identification of anti-angiogenic fragments of Opticin.

### Working with Other Organisations

2011 was a significant year for Guide Dogs. Not only did we celebrate our 80th anniversary, we also made significant changes to the organisation to ensure that we can now deliver on our "Building Extraordinary Partnerships" Strategy.

Guide Dogs knows that to do this we must work in partnership with other organisations. We believe the changes we have implemented will strengthen the collaborative opportunities that currently exist across the UK and internationally and will allow us to work much more closely with a range of organisations on a variety of issues to achieve common goals.

We now have a number of new posts to increase the number of collaborative

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partnerships and their effectiveness. At a national level there is a Collaboration Development Manager, at a regional level we have Engagement Managers, and at a local level we have put in place Community Engagement Officers.

Guide Dogs plays 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:

- 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.
- To enhance the inclusion, participation and independence of blind and partially sighted people.

We are using every opportunity to work collectively to ensure this commitment to blind and partially sighted people is honoured.

One such opportunity is the South West Sensory Loss Consortium, a consortium that can bid for sensory loss contracts and offer services direct to commissioning agencies and individual budget holders in the South West. The Consortium is in its pilot phase and is currently made up of six members, including Action for Blind People with whom we have a Memorandum of Understanding.

Guide Dogs has a Memorandum of Understanding with Visionary to support the delivery of the My Guide Service pilot and we also have close relationships with a number of local voluntary organisations as well as, on a contractual basis, local authorities. We are also a member of Assistance Dogs (UK). ADUK is a coalition of assistance dog organisations that encourages the exchange of ideas and best practice amongst its members, raises awareness amongst the general public and promotes behavioural and legislative changes to ensure the freedom, independence and rights of its clients. These relationships contribute significantly to our ability to deliver mobility services to blind and partially sighted people.

Guide Dogs has also introduced the role of Head of High Value Partnerships whose responsibility will be to develop and grow our partnerships with corporate partners in 2012.

### Fundraising

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 and gifts in wills.

**Achievements and performance:** Guide Dogs' total voluntary income in 2011 was £55.5 million, up £ 6.4 million or 13% on last year.

Our largest source of income is from legacies and this increased from £28.1 million in 2010 to £33.0 million in 2011. 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 2011 we experienced a reduction in the average

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value of such legacies notified to us. More positively, the number of unconditional residuary legacies notified to us increased by 4% in the year. Furthermore, 2,300 supporters pledged that they have included Guide Dogs in their will, which is more than in any previous year. To further assist in this key fundraising area a Legacy Marketing Strategy continues to be implemented.

Voluntary income from other sources continues to grow each year and, despite an average industry growth trend of around 3% (from The Centre for Interfirm Comparison), this income grew by over 7% in 2011 against the previous year, to £22.5 million (2010: £21.0 million).

Individual Giving income (donor-based fundraising and raffles and draws) was up by over 11% overall, substantially due to the recruitment of 52,200 new Sponsor a Puppy ("SAP") donors during the year (making 2011 the highest recruitment year for SAP, ever) as well as the recruitment of 17,000 new cash donors and 41,000 new raffle players. The average monthly gift amount paid by direct debit increased from £6.87 in December 2010 to £7.08 in December 2011.

Community fundraising income increased by 6% in the year, supported by the opening of 62 new branches and the recruitment of over 800 new fundraising volunteers. The commitment of our community fundraising volunteers, and the value of the work they do, is truly astonishing.

**Plans for the future:** Investment in fundraising growth continues with a focus on:

- The recruitment of more SAP donors.
- The continued implementation of a legacy marketing strategy.

- The diversification of the fundraising portfolio in order to reduce dependency on legacy income and minimise risk.
- Closer engagement with our branches through our new network of Mobility Centres.

## Financial Review

### Overview

In 2011 resources expended exceeded incoming resources by £11.1 million (2010: £15.7 million) and our total funds reduced by £27.1 million (2010: £15.8 million decrease).

2011 has been another financially challenging year for Guide Dogs. Following three years of declining income, we have in 2011 seen a substantial increase. At the same time we have invested heavily in securing new regular donors, to ensure that income growth continues into 2012. Our investment portfolio has generated a very reasonable performance, given the volatility of financial markets. In the light of the current economic environment we have continued to bear down on our expenditure, to ensure that we maximise the value of every pound donated. We have invested carefully in the restructuring of the organisation to enable it to deliver the Building Extraordinary Partnerships strategy most effectively. Our defined benefit pension scheme has again resulted in a substantial cost due to the state of financial markets, but we have instigated steps to bring this under control.

### Income

Income totalled £66.1 million in 2011, up £8.8 million on the prior year. The main constituents of this income are:

## Report of the Council for the year ended 31 December 2011

- Voluntary income. Totalling £55.5 million in 2011, this was £6.4 million higher than in 2010. The primary reason for this was an increase of £4.9 million in legacy income, where we have seen an increase in the number of notified legacies. In addition we have seen good growth in donor-based funding.
- Activities for Generating Funds. Income from these sources totalled £5.7m, up £1.0m on the prior year.
- Investment income. At £1.6 million in 2011, this was down £0.9 million on the prior year.
- Income from other sources. This included a £2.7million profit from the sale of the obsolete site in Bolton.

### Expenditure

Resources expended in 2011 totalled £77.2 million, £4.2 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 expenditure was up £3.2 million on the previous year, to a total of £21.2 million. The return on this additional expenditure will be achieved in future years.
- Costs of the provision of guide dogs and other mobility services. At £49.9 million this was up £3.3 million on the prior year. About £2.5 million of this increase was in respect of reshaping the organisation to ensure it is able to deliver its Building Extraordinary Partnerships strategy.
- Advocacy. A total of £3.8 million was spent in the year, some £1.3 million lower than in 2010.

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

Net outgoing resources before other recognised gains and losses was therefore a deficit of £11.1 million (2010: deficit of £15.7 million) reflecting the increased income in 2011 offset by the additional fundraising investment made in the year to improve income in future years. In the long term Council aims to operate at least at 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:

- Net unrealised gains on investments. A challenging year for financial markets has meant that our investment portfolio generated gains of only £0.6 million (2010: gains of £10.5 million).
- The pension scheme. The worsening value of investment markets and changes in assumptions underlying the calculation of the pension liability resulted in the recognition of net actuarial losses of £16.6 million (2010: losses of £10.6 million).

### Funds

Taking into account all the above recognised gains and losses in the year, overall funds were reduced by £27.1 million (2010: £15.8 million), to £91.7 million. These funds comprise four elements: Free reserves, designated funds, restricted funds and endowment funds. Each of these categories is described as follows.

# Report of the Council for the year ended 31 December 2011

## Free reserves

Free reserves comprise general funds, the revaluation reserve and the pension reserve. Total free reserves at the end of 2011 amounted to £39.7 million (£67.7 million at the end of 2010).

When someone becomes a guide dog owner we make a commitment to provide them with a guide dog for as long as they require one. 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.

At 31 December 2011 free reserves fell below the equivalent of one year's operating costs. Council has carefully reviewed forward projections of Guide Dogs' financial position and is confident that the organisation will be able to meet its liabilities as they fall due, while maintaining services. Council is closely monitoring performance against the forward projections so that remedial action can be taken if it becomes clear that the assumptions underlying the projections cease to be realistic.

## 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 £48.2 million to £50.3 million during the year, with the greater part of the increase being due to the final 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 2010 has been completed, and the balance of the fund at the end of 2011 represents funds ear-marked for the completion of an information systems project to support the Association's strategic aims. No further designations have been made in 2011, and the balance of the reserve at the end of 2011 was £0.4 million (2010: £1.4 million).
- The **Research Fund** provides funding for ophthalmic, canine and psycho-

## Report of the Council for the year ended 31 December 2011

social research. The year-end balance on this fund was £0.9 million (£1.2 million at the end of 2010).

### Restricted funds

These are unexpended funds that have been donated to Guide Dogs with specific conditions attached to their use. At 31 December 2011 these funds totalled £0.1 million (2010: £nil).

### 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 2011 these funds totalled £0.3 million (2010: £0.3m).

### Tangible fixed assets

The movements in tangible fixed assets during the year are summarised in Note 6 to the Financial Statements. During 2011 work on the building of the new National Breeding Centre was completed. The building project reached practical completion on 15 April 2011, and the state of the art facility came into operational use shortly thereafter. During the last six years our important infrastructure investments in the two new Dog Training Schools at Forfar and Atherton, and in the new National Breeding Centre, have cost a total of £38.9 million. Guide Dogs owns a number of now obsolete properties, the disposal of which is being pursued. Market conditions and planning constraints have conspired to slow the process down, but action is being taken to realise these assets, and the Bolton site was sold in 2011, for £3.5 million.

### Investment policy

Guide Dogs investment policy is to ensure that, after capital expenditure, investments will be at the same level (after draw-downs 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.

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 diversify overall risk.

At the beginning of the year investments were valued at £105.1 million. During the year a net £19.4 million of funds were withdrawn from the portfolio and investment gains of £0.6 million were achieved. As a result, the portfolio was valued at £86.3 million at the end of the year.

Against the benchmark target return (LIBOR plus 4%) for the rolling three years to 31 December 2011 of 4.9%, Standard Life Investments has achieved 12.7% and Newton Investments 7.1%, producing an overall return of 10.9%.

### The Guide Dogs pension schemes

The latest formal actuarial valuation of the defined benefit pension scheme was at 31 December 2010. A separate

## Report of the Council for the year ended 31 December 2011

valuation for FRS 17 purposes valued the deficit at 31 December 2011 at £46.2 million (2010: £35.6 million). The major elements of this £10.6 million increase in liability were a £16.6 million increase arising from changes in valuation assumptions, countered by a £6.7 million additional payment from Guide Dogs toward the elimination of the deficit. Four 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.

### Structure, Governance and Management

#### Members of Council

The members of Council as at 22 May 2012, who are both Directors of the company and Trustees of the charity (the "Trustees"), were as follows:

Amos Miller\* BSc, MBA, Chairman  
Prof John Hilbourne\* BSc, DSc, FRSA,  
HFRCSLT, Deputy Chairman  
David J Bagley FCA, CF, Hon. Treasurer  
David Anderson BVMS, MVM, MRCVS  
Roy Benjamin\* DipSW, MSocSc  
Elizabeth Hubbick BA, DipL, CFCIPD  
Norma Johnston BA, MIPR  
Mark Jenkins BA(Hons), FCA, DipL  
Rowena Lusty LLB, PGCE  
Alan Park FRICS, MCIQB, MBA  
Patricia Stafford BA(Hons)  
Miles Stanford MD, FRCOphth  
Dr Michael Townsend\* BSc(Econ), MSc,  
PhD

John Wriighthouse BSc(Hons), MA, FCIPD

\* Guide dog owner.

David Bagley, Rodney Buse and Patricia Stafford were appointed as Trustees on 19 July 2011. John Wriighthouse was co-opted to Council on 19 July 2011 and appointed as a Trustee on 15 February 2012. Mark Jenkins was appointed as a Trustee on 21 February 2012.

In addition to those listed above, Bruce Gordon, Jill Hill and Ken McFarlane retired as Trustees on 19 July 2011, Martyn Smith retired as a Trustee on 21 February 2012, and Rodney Buse retired as a trustee on 14 May 2012. Tony Aston retired as Chairman and a Trustee on 15 February 2012.

The Trustees are elected by the members of Guide Dogs at the Annual General Meeting or appointed 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

## Report of the Council for the year ended 31 December 2011

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.

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

There are currently seven Committees within Council. These (and their chairmen) are as follows:

Audit (Roy Benjamin)  
Investment (Bruce Gordon\*)  
Remuneration (Amos Miller)  
Research (John Hilbourne)  
Nominations (Rowena Lusty)  
Property (Alan Park)  
Honorary Officers (Amos Miller)

\* Co-opted advisor.

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

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

### **Trustees' Responsibilities Statement**

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

## Report of the Council for the year ended 31 December 2011

and other information included in Annual Reports may differ from legislation in other jurisdictions.

### 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 22 May 2012 were:

Richard Leaman, CB, OBE, Chief Executive  
Jayne George, Director of Fundraising and Income Generation  
Mike Holt, Director of People and Business Services  
Sheila Hooper, Director of Marketing  
Tim Lowth, Director of Finance, Planning and Performance  
Graham Smith, Director of Mobility Services

### Related parties

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

- The Guide Dogs for the Blind Association (Trading Company) Limited is the charity's trading subsidiary.
- Guide Dogs UK Limited operates as a design and new build company for Guide Dogs.
- GDBA Community Care Services Limited, GDBA (Pension Fund Trustee) Limited and Guide Dogs Limited were dormant during 2011.

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

### Employee Involvement and Employment of Disabled Persons

Management is committed to transparency in its work and to including employees appropriately in decisions. Communication with employees is implemented through conventional line-management, team meetings, management visits to locations, conferences and away days, internal publications and extensive access to the charity's intranet and e-mail system. There is direct and formal consultation with employees on issues of concern to them and the elected National Staff Consultative Committee meets with management regularly.

Guide Dogs has been awarded the 'Two Ticks' Symbol by Jobcentre Plus. The symbol identifies those employers who have committed to take action to meet five commitments regarding the employment, retention, training and career development of disabled employees.

### 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.

## Report of the Council for the year ended 31 December 2011

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 2011 the organisation continued to monitor significant risks. These included financial risks relating to income generation, the investment portfolio and the defined benefit pension scheme. Other risks included working with young people and vulnerable adults, a failure to recruit and retain qualified and skilled staff and volunteers, poor animal health and an inadequate supply of dogs.

Council is of the view that these risks are all being effectively managed and mitigated.

### Provision of information to Auditors

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

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

### Auditor

A resolution for the appointment of Deloitte LLP was approved on 29 November 2011 and, being eligible, they offer themselves for reappointment. A resolution proposing the reappointment of Deloitte will be put to the Annual General Meeting, in accordance with section 485 of the Companies Act 2006.

**This Report was approved by the Members of Council on 22 May 2012, and signed on its behalf by:**



**Chairman: Amos Miller**

# Report of the Council for the year ended 31 December 2011

## Advisors

### Auditor

Deloitte LLP  
2 New Street Square  
London EC4A 3BZ

### 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 2011

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

We have audited the financial statements of The Guide Dogs for the Blind Association for the year ended 31 December 2011 which comprise the Consolidated Statement of Financial Activities, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement, the Accounting Policies and the related notes numbered 1 to 18. 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 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body and the charitable company's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the 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 group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements.

## Report of the Council for the year ended 31 December 2011

In addition, we read all the financial and non-financial information in the annual report 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

### 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 2011 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

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

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

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

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



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

24 May 2012

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

**Consolidated Statement of Financial Activities  
Incorporating an income and expenditure account  
For the year ended 31 December 2011**

	Notes	Unrestricted funds £m	Restricted funds £m	Endowment funds £m	Total 2011 £m	Total 2010 £m
<b>Incoming resources from generated funds</b>						
Voluntary Income		47.3	8.2	-	55.5	49.1
Activities for generating funds		5.7	-	-	5.7	4.7
Investment income		1.6	-	-	1.6	2.5
Incoming resources from charitable activities		0.6	-	-	0.6	0.8
Other incoming resources		2.7	-	-	2.7	0.2
<b>Total incoming resources</b>	1	<b>57.9</b>	<b>8.2</b>	<b>-</b>	<b>66.1</b>	<b>57.3</b>
<b>Resources expended</b>						
Cost of generating funds		(21.2)	-	-	(21.2)	(18.0)
<b>Net incoming resources available for charitable application</b>		<b>36.7</b>	<b>8.2</b>	<b>-</b>	<b>44.9</b>	<b>39.3</b>
<b>Charitable activities</b>						
Cost of activities in furtherance of charity's objects:						
Provision of guide dogs and other mobility services		(41.8)	(8.1)	-	(49.9)	(46.6)
Provision of contracted vision support services		(0.9)	-	-	(0.9)	(1.0)
Research commissioned	4	(0.3)	-	-	(0.3)	(0.7)
Advocacy		(3.8)	-	-	(3.8)	(5.1)
<b>Total charitable expenditure</b>		<b>(46.8)</b>	<b>(8.1)</b>	<b>-</b>	<b>(54.9)</b>	<b>(53.4)</b>
Governance costs		(1.1)	-	-	(1.1)	(1.6)
<b>Total resources expended</b>	2	<b>(69.1)</b>	<b>(8.1)</b>	<b>-</b>	<b>(77.2)</b>	<b>(73.0)</b>
<b>Net expenditure for the year before other recognised gains/(losses)</b>		<b>(11.2)</b>	<b>0.1</b>	<b>-</b>	<b>(11.1)</b>	<b>(15.7)</b>
Net unrealised gains on investments		0.6	-	-	0.6	10.5
Actuarial loss on defined benefit pension scheme	16	(16.6)	-	-	(16.6)	(10.6)
<b>Net (decrease)/increase in funds</b>		<b>(27.2)</b>	<b>0.1</b>	<b>-</b>	<b>(27.1)</b>	<b>(15.8)</b>
Fund balances at 1 January		118.5	-	0.3	118.8	134.6
<b>Fund balances at 31 December</b>		<b>91.3</b>	<b>0.1</b>	<b>0.3</b>	<b>91.7</b>	<b>118.8</b>

All results are derived from continuing operations.

The parent charity, The Guide Dogs for the Blind Association has gross income of £65.2 million (2010: £56.4 million) and a result of £27.1 million loss (2010: £15.8m loss) for the year.

The net expenditure for the financial year under the historical cost accounting convention is £27.5 million (2010: net income of £13.0 million) (Note 6).

The accounting policies and notes on pages 28 to 43 form part of these financial statements

## Consolidated and Charity Balance Sheets at 31 December 2011

	Notes	Group 2011 £m	Group 2010 £m	Charity 2011 £m	Charity 2010 £m
<b>Fixed assets</b>					
Tangible assets	6	50.3	48.2	50.3	48.2
Investments	7	86.3	105.1	86.8	105.6
		<b>136.6</b>	<b>153.3</b>	<b>137.1</b>	<b>153.8</b>
<b>Current assets</b>					
Stocks	8	0.2	0.1	0.1	-
Debtors	9	6.6	7.6	6.6	6.9
Cash at bank and in hand		4.2	2.7	3.5	2.1
		11.0	10.4	10.2	9.0
<b>Creditors</b>					
Amounts falling due within one year	10	(8.9)	(8.4)	(8.6)	(7.5)
<b>Net current assets</b>		<b>2.1</b>	<b>2.0</b>	<b>1.6</b>	<b>1.5</b>
<b>Total assets less current liabilities</b>		<b>138.7</b>	<b>155.3</b>	<b>138.7</b>	<b>155.3</b>
<b>Creditors</b>					
Amounts falling due after more than one year	11	(0.8)	(0.9)	(0.8)	(0.9)
<b>Net assets excluding pension deficit</b>		<b>137.9</b>	<b>154.4</b>	<b>137.9</b>	<b>154.4</b>
Pension fund deficit	16	(46.2)	(35.6)	(46.2)	(35.6)
<b>Net assets</b>		<b>91.7</b>	<b>118.8</b>	<b>91.7</b>	<b>118.8</b>

## Consolidated and Charity Balance Sheets at 31 December 2011

	Notes	Group 2011 £m	Group 2010 £m	Charity 2011 £m	Charity 2010 £m
<b>Funds</b>					
General funds		73.4	84.7	73.4	84.7
Revaluation reserve		12.5	18.6	12.5	18.6
Pension reserve deficit		(46.2)	(35.6)	(46.2)	(35.6)
<b>Total free reserves</b>		<b>39.7</b>	<b>67.7</b>	<b>39.7</b>	<b>67.7</b>
Fixed assets		50.3	48.2	50.3	48.2
Capital reserve		0.4	1.4	0.4	1.4
Research		0.9	1.2	0.9	1.2
<b>Total designated funds</b>		<b>51.6</b>	<b>50.8</b>	<b>51.6</b>	<b>50.8</b>
<b>Total unrestricted funds</b>		<b>91.3</b>	<b>118.5</b>	<b>91.3</b>	<b>118.5</b>
Restricted funds		0.1	-	0.1	-
Endowment funds		0.3	0.3	0.3	0.3
<b>Total funds</b>	<b>12</b>	<b>91.7</b>	<b>118.8</b>	<b>91.7</b>	<b>118.8</b>

The Financial Statements of The Guide Dogs for the Blind Association (registered company number 291646) were approved by the Council on 22 May 2012 and signed on its behalf by



Chairman: Amos Miller



Honorary Treasurer: David Bagley

The accounting policies and notes on pages 28 to 43 form part of these Financial Statements.

## Consolidated Cash Flow Statement for the year end 31 December 2011

	2011 £m	2010 £m
Net cash outflow from operating activities (Note 18)	<u>(16.9)</u>	<u>(20.4)</u>
<b>Return on investment and servicing of finance</b>		
Investment income received	<u>1.6</u>	<u>2.5</u>
<b>Capital expenditure and financial investment</b>		
Payments for tangible fixed assets	(6.4)	(16.4)
Proceeds from sale of tangible fixed assets	3.8	0.2
Net divestment from investment portfolio	<u>19.4</u>	<u>33.7</u>
	16.8	17.5
<b>Increase/(Decrease) in cash in the year</b>	<b><u>1.5</u></b>	<b><u>(0.4)</u></b>
Net cash at 1 January	2.7	3.1
<b>Increase/(decrease) in the year</b>	<u>1.5</u>	<u>(0.4)</u>
Net cash at 31 December	<u>4.2</u>	<u>2.7</u>

The accounting policies and notes on pages 28 to 43 form part of these financial statements

## Accounting Policies

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

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

The Financial Statements of the Association have been prepared using the historical cost convention, as modified by the revaluation of certain investment and fixed 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 United Kingdom accounting standards.

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

Council considers that there are sufficient reserves at 31 December 2011 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.

Investment income is accounted for on an accruals basis.

### **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.

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.

## Accounting Policies

### 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 historic 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	20%
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 1998, 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 value of unit trusts is the bid price of the units.

It is the charity's policy to keep valuations up to date such that when investments are sold there is no realised gain or loss arising. As a result the Statement of Financial Activities does not distinguish between the

valuation adjustments relating to sales and those relating to continued holdings as they are together treated as changes in the value of the investment portfolio throughout the year.

Investments in subsidiary companies are stated at cost.

### vi. Stocks

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

### vii. Pension costs

Guide Dogs operates two pension schemes:

(a) A defined contribution scheme which came into existence on 1 April 2011, and is open to all employees. The pension charge in relation to this scheme is based upon employer's contributions payable in the year.

(b) A defined benefit pension scheme for the majority of its employees who commenced working for Guide Dogs before 1 April 2011. 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.

In addition there is an unfunded pension liability in respect of a limited number of ex-employees. The liability in relation to this scheme is recognised in accordance with actuarial valuation.

## Accounting Policies

### viii. Operating leases

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

### 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 general 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.

### xi. Taxation

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

## Notes to the Financial Statements for the year ended 31 December 2011

### 1. Incoming resources

	2011 £m	2010 £m
<b>Incoming resources from generated funds</b>		
<b>Voluntary income</b>		
Community fundraising	5.3	5.0
Donor based fundraising	16.5	15.1
Corporate and trust income	0.7	0.9
Legacies	33.0	28.1
	<hr/> 55.5	<hr/> 49.1
<b>Activities for generating funds</b>		
Raffles and draws	4.3	3.7
Other	1.4	1.0
	<hr/> 5.7	<hr/> 4.7
<b>Investment Income</b>	<hr/> 1.6	<hr/> 2.5
<b>Incoming resources from charitable activities</b>		
Sale of rehabilitation services under contract	0.4	0.6
Ancillary training	0.2	0.2
	<hr/> 0.6	<hr/> 0.8
<b>Other incoming resources</b>	<hr/> 2.7	<hr/> 0.2
<b>Total incoming resources</b>	<hr/> 66.1	<hr/> 57.3

Income from raffles and draws has been reclassified into activities for generating funds this year.

## Notes to the Financial Statements for the year ended 31 December 2011

### 2. Resources expended

	Direct Costs	Support Costs	Total 2011	Total 2010
	£m	£m	£m	£m
<b>Costs of generating voluntary income</b>				
Community fundraising	2.7	1.1	3.8	3.8
Donor based fundraising	9.3	0.4	9.7	7.5
Corporate and trust income	0.2	-	0.2	0.2
Fundraising development and administration	1.5	0.2	1.7	1.9
Legacy marketing and administration	1.4	0.4	1.8	1.3
	15.1	2.1	17.2	14.7
<b>Costs of fundraising trading</b>				
Costs of goods sold and other costs	0.9	-	0.9	0.9
Raffles and draws	2.6	-	2.6	1.8
	3.5	-	3.5	2.7
<b>Investment management fees</b>	0.5	-	0.5	0.6
<b>Costs of generating funds</b>	19.1	2.1	21.2	18.0
<b>Charitable expenditure</b>				
Provision of guide dogs and other mobility services	38.4	11.5	49.9	46.6
Provision of visual impairment support services	0.6	0.3	0.9	1.0
Research commissioned	0.3	-	0.3	0.7
Advocacy	3.2	0.6	3.8	5.1
	42.5	12.4	54.9	53.4
Governance costs	0.9	0.2	1.1	1.6
<b>Total resources expended</b>	62.5	14.7	77.2	73.0

Resources expended include:

	2011 £m	2010 £m
Operating lease charges		
Other – land and buildings	0.6	0.6
Depreciation charged in the year	3.2	2.5
	<b>£000</b>	<b>£000</b>
Fees payable to the charity's auditor for:		
The audit of the charity's annual financial statements	55	60
The audit of the charity's subsidiaries pursuant to legislation	5	5
Tax compliance services	-	7

## Notes to the Financial Statements for the year ended 31 December 2011

### 3. Support costs

	Manage- -ment £m	Finance £m	Information Services £m	Human Resources £m	Total 2011 £m	Total 2010 £m
Fundraising	0.3	0.3	0.5	0.4	1.5	1.3
Legacy marketing and administration	-	-	0.1	0.1	0.2	0.2
Fundraising development and administration	0.1	0.1	0.1	0.1	0.4	0.3
Provision of guide dogs and other mobility services	2.2	2.0	4.3	3.0	11.5	10.2
Provision of visual impairment support services	0.1	-	0.1	0.1	0.3	0.3
Advocacy	0.1	0.1	0.2	0.2	0.6	0.6
Governance	-	-	0.1	0.1	0.2	0.2
<b>Total</b>	<b>2.8</b>	<b>2.5</b>	<b>5.4</b>	<b>4.0</b>	<b>14.7</b>	<b>13.1</b>

### 4. Research commissioned – Grants payable

	2011 No.	2011 £m	2010 No.	2010 £m
Cardiff University	-	-	1	0.2
UCL – Institute of Child Health	-	-	1	0.2
University of Birmingham	-	-	1	0.1
University of Bristol	-	-	1	0.2
University of Manchester	1	0.1	-	-
Queens University Belfast	1	0.2	-	-
<b>Total</b>	<b>2</b>	<b>0.3</b>	<b>4</b>	<b>0.7</b>

## Notes to the Financial Statements for the year ended 31 December 2011

### 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 (2010: £nil). Travelling and subsistence expenses were reimbursed in respect of 14 trustees, totalling £12,631 (2010: 11; £11,998).

#### Staff costs

	2011 £m	2010 £m
Wages and salaries	31.0	29.4
Social security costs	2.5	2.5
Other pension costs excluding pensions scheme actuarial loss (see Note 16)	5.1	5.1
Sub total	38.6	37.0
Other staff related costs	3.4	3.4
<b>Total</b>	<b>42.0</b>	<b>40.4</b>

The monthly average number of persons employed during the year ended 31 December 2011 is shown below. In addition full time equivalent information is given with part time staff included proportionally.

	2011		2010	
	Employees No	Full time Equivalents	Employees No	Full time Equivalents
Fundraising and legacies	142	129	139	126
Provision of guide dogs	791	726	778	710
Provision of visual impairment support services	19	15	21	18
Research	1	1	2	2
Advocacy	47	47	49	48
Management, administration and clerical (indirect)	200	189	183	172
Domestic and ancillary (indirect)	7	7	7	6
	<b>1,207</b>	<b>1,114</b>	<b>1,179</b>	<b>1,082</b>

Pension contributions were paid into Guide Dogs' defined benefit scheme on behalf of an average of 927 (2010: 866) and into the Guide Dogs defined contribution scheme for 23 (2010: none) of the 1,207 employees shown above.

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

	2011	2010
£60,001 to £70,000	5	6
£70,001 to £80,000	3	3
£80,001 to £90,000	2	3
£90,001 to £100,000	-	1
£100,001 to £110,000	1	-
	<b>11</b>	<b>13</b>

Pension contributions were paid into Guide Dogs' defined benefit scheme on behalf of 9 (2010:10) of the employees with emoluments in excess of £60,000.

## Notes to the Financial Statements for the year ended 31 December 2011

### 6. Tangible fixed assets

	Freehold properties	Leasehold properties	Assets in the course of construction	Furniture, equipment, vehicles and computers	Total
	£m	£m	£m	£m	£m
<b>Group and Charity</b>					
<b>Cost or valuation</b>					
At 1 January 2011	34.3	0.7	16.3	12.5	63.8
Additions	0.3	-	3.9	2.2	6.4
Disposals	(1.2)	-	-	(1.7)	(2.9)
Transfers	20.2	-	(20.2)	-	-
<b>At 31 December 2011</b>	<b>53.6</b>	<b>0.7</b>	<b>-</b>	<b>13.0</b>	<b>67.3</b>
<b>Depreciation</b>					
At 1 January 2011	6.9	0.5	-	8.2	15.6
Provision for year	1.5	-	-	1.7	3.2
Disposals	(0.2)	-	-	(1.6)	(1.8)
<b>At 31 December 2011</b>	<b>8.2</b>	<b>0.5</b>	<b>-</b>	<b>8.3</b>	<b>17.0</b>
<b>Net book value 31 December 2011</b>	<b>45.4</b>	<b>0.2</b>	<b>-</b>	<b>4.7</b>	<b>50.3</b>
Net book value 31 December 2010	27.4	0.2	16.3	4.3	48.2

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 £71.7 million (2010: £51.3 million) and a net book value of £45.3 million (2010: £27.6 million). The charity's depreciation charge for the year would have been £1.9 million (2010: £1.5 million) compared with the actual charge of £1.5 million (2010: £1.0 million) based on revalued amounts.

In accordance with FRS11 (Impairment of fixed assets and goodwill), during 2006 the carrying value of the Central Office freehold property was compared with its recoverable amount and, as a result, an impairment charge of £0.1 million was recognised in that year. Prior to the impairment review, the Central Office freehold property was last valued as at 31 December 1998 at Open Market Value. The Central Office freehold property was valued by external valuers, Alder King Property Consultants, as at 6 March 2006 on the basis of Existing Use Value in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards Manual. The external valuer did not consider there to be any significant difference between 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. The depreciated historical cost of the property prior to the impairment review was £2.5 million. The discount rate used in the calculation to arrive at the Value in Use was 4.5%.

## Notes to the Financial Statements for the year ended 31 December 2011

### 7. Investments

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

	Group		Charity	
	2011 £m	2010 £m	2011 £m	2010 £m
Market value at 1 January	105.1	128.3	105.6	128.8
Net divestment	(19.4)	(33.7)	(19.4)	(33.7)
Net gain on revaluation	0.6	10.5	0.6	10.5
<b>Market value at 31 December</b>	<b>86.3</b>	<b>105.1</b>	<b>86.8</b>	<b>105.6</b>

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

	Group		Charity	
	2011 £m	2010 £m	2011 £m	2010 £m
Listed investments – United Kingdom	86.3	105.1	86.3	105.1
Investment in subsidiaries	-	-	0.5	0.5
	<b>86.3</b>	<b>105.1</b>	<b>86.8</b>	<b>105.6</b>

#### c) Analysis of investments at cost

	Group		Charity	
	2011 £m	2010 £m	2011 £m	2010 £m
Listed investments - United Kingdom	73.9	86.0	73.9	86.0
Investment in subsidiaries	-	-	0.5	0.5
	<b>73.9</b>	<b>86.0</b>	<b>74.4</b>	<b>86.5</b>

At 31 December 2011 the listed investments included holdings in Standard Life Investment's Global Absolute Return Strategies fund, and Newton Investment's Real Return Fund valued at £56.7 million and £29.4 million respectively (2010: £68.0 million and £36.8 million respectively).

### 8. Stocks

	Group		Charity	
	2011 £m	2010 £m	2011 £m	2010 £m
Equipment	0.1	-	0.1	-
Trading Stock	0.1	0.1	-	-
	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>-</b>

## Notes to the Financial Statements for the year ended 31 December 2011

### 9. Debtors

	Group		Charity	
	2011 £m	2010 £m	2011 £m	2010 £m
Tax recoverable	0.3	1.9	0.3	1.1
Other debtors	0.5	0.5	0.2	0.2
Trade debtors	0.2	0.2	0.2	0.2
Due from subsidiary companies	-	-	0.3	0.4
Accrued income	3.3	3.3	3.3	3.3
Other prepayments	2.3	1.7	2.3	1.7
	<b>6.6</b>	<b>7.6</b>	<b>6.6</b>	<b>6.9</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 £0.1 million (2010: £0.1 million), a loan of £0.1 million (2010: £0.1 million) repayable over 20 years to The Worcestershire Association for the Blind for the development of a resource centre and £0.2 million (2010: 0.2 million) guarantee bond relating to the construction of a property, which will be released in 2015..

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

	Group		Charity	
	2011 £m	2010 £m	2011 £m	2010 £m
Trade creditors	3.9	4.1	3.8	4.0
Other creditors	0.5	0.5	0.5	0.5
Tax and social security	0.8	0.7	0.8	0.7
Accruals and deferred income	3.7	3.1	3.5	2.3
	<b>8.9</b>	<b>8.4</b>	<b>8.6</b>	<b>7.5</b>

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

	Group		Charity	
	2011 £m	2010 £m	2011 £m	2010 £m
Unfunded pension obligations	0.1	0.1	0.1	0.1
Contracted research grants	0.7	0.8	0.7	0.8
	<b>0.8</b>	<b>0.9</b>	<b>0.8</b>	<b>0.9</b>

The unfunded pension obligations are in respect of four (2010: four) retired members of staff.

## Notes to the Financial Statements for the year ended 31 December 2011

### 12. Fund balances

	At 1 January 2011 £m	Incoming resources £m	Resources expended £m	Other gains and losses £m	Transfers between funds £m	At 31 December 2011 £m
<b>Free reserves</b>	67.7	57.8	(69.0)	(16.0)	(0.8)	39.7
Fixed assets	48.2	-	-	-	2.1	50.3
Capital reserve	1.4	-	-	-	(1.0)	0.4
Research fund	1.2	-	-	-	(0.3)	0.9
<b>Total designated funds</b>	50.8	-	-	-	0.8	51.6
<b>Total unrestricted funds</b>	118.5	57.8	(69.0)	(16.0)	-	91.3
Restricted funds	-	8.2	(8.1)	-	-	0.1
Endowment funds	0.3	-	-	-	-	0.3
<b>Total funds</b>	<b>118.8</b>	<b>66.0</b>	<b>(77.1)</b>	<b>(16.0)</b>	<b>-</b>	<b>91.7</b>

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

Transfers between funds include:

- Movements on tangible fixed assets.
- Expenditure out of designated funds.

#### Analysis of revaluation reserve (included within free reserves)

	Group		Charity	
	2011 £m	2010 £m	2011 £m	2010 £m
Revaluation of investment portfolio	12.4	19.1	12.4	19.1
Revaluation of properties for use by charity	0.1	(0.5)	0.1	(0.5)
	<b>12.5</b>	<b>18.6</b>	<b>12.5</b>	<b>18.6</b>

## Notes to the Financial Statements for the year ended 31 December 2011

### 13. Commitments

	2011 £m	2010 £m
Contracted capital commitments for the group and the charity	0.6	3.7

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

Obligations under operating leases

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

	2011 £m	2010 £m
<b>For leases of properties expiring:</b>		
Within one year	0.1	-
Between two and five years	0.3	0.3
Over five years	0.2	0.3
	<b>0.6</b>	<b>0.6</b>

### 14. Legacies

There are some legacies which have been notified to the Association at 31 December 2011 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 £33.5 million (2010: £32.5 million) of legacies are potentially receivable in the future.

### 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.

## Notes to the Financial Statements for the year ended 31 December 2011

A summary of the trading results and net assets for the year ended 31 December 2011 is shown below

	Dormant companies 2011 £m	Trading Company 2011 £m	GDUK 2011 £m	Total 2011 £m	Total 2010 £m
Turnover	-	1.1	3.7	4.8	15.6
Cost of sales	-	(0.5)	(3.7)	(4.2)	(15.1)
Gross profit	-	0.6	-	0.6	0.5
Other operating income	-	0.2	-	0.2	0.1
Distribution, selling and administration expenses	-	(0.5)	-	(0.5)	(0.5)
Operating profit for the financial year	-	0.3	-	0.3	0.1
Gift Aid donation to charity	-	(0.3)	-	(0.3)	(0.1)
Result for the year	-	-	-	-	-
<b>Reserves at end of year</b>	-	<b>0.5</b>	-	<b>0.5</b>	<b>0.5</b>
<b>Current assets</b>	-	0.8	0.4	1.2	1.8
<b>Current liabilities</b>	-	(0.3)	(0.4)	(0.7)	(1.3)
<b>Net assets at end of year</b>	-	0.5	-	0.5	0.5

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).

Guide Dogs operates two pension schemes:

- The Guide Dogs Personal Pension Plan, a defined contribution scheme which came into existence on 1 April 2011 and is open to all employees. During 2011 employer's contributions to this scheme totalled £20,000 (2011: £nil). At 31 December 2011 employer's contributions of £6,000 (2010: £nil) were payable to the scheme.
- The Guide Dogs for the Blind Association Pension Scheme, a defined benefit scheme for all qualifying employees who joined the Association before 1 April 2011, with the assets of the scheme being held in a separately administered fund. Further detail in respect of this scheme is given below.

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

	2011 £m	2010 £m
Present value of funded obligations	(218.6)	(192.4)
Fair value of plan assets	172.4	156.8
Deficit	(46.2)	(35.6)

## Notes to the Financial Statements for the year ended 31 December 2011

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

	2011 £m	2010 £m
Opening defined benefit obligation	192.4	165.2
Current service cost	4.5	4.5
Interest cost	10.5	9.6
Actuarial loss	14.0	17.7
Employee contributions	1.6	1.5
Benefits paid	(4.4)	(6.1)
	<hr/>	<hr/>
Closing defined benefit obligation	218.6	192.4
	<hr/>	<hr/>

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

	2011 £m	2010 £m
Opening fair value of the scheme assets	156.8	133.9
Expected return	10.4	9.5
Actuarial (loss)/gain	(2.6)	7.0
Employer contributions	10.6	11.0
Employee contributions	1.6	1.5
Benefits paid	(4.4)	(6.1)
	<hr/>	<hr/>
Closing fair value of scheme assets	172.4	156.8
	<hr/>	<hr/>

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

	2011 £m	2010 £m
Current service cost	(4.5)	(4.5)
Expected return on scheme assets	10.4	9.4
Interest on pension liabilities	(10.5)	(9.6)
	<hr/>	<hr/>
Total amount charged within net outgoing resources	(4.6)	(4.7)
Actuarial gains and losses	(16.6)	(10.6)
	<hr/>	<hr/>
Total amount charged to the Statement of Financial Activities	(21.2)	(15.3)
	<hr/>	<hr/>

The Association expects to pay contributions to the scheme totalling about £10.5 million in 2012, of which £6.7 million represents a payment towards the elimination of the deficit. Regular contributions to the scheme are paid at 16.2% of the employees' pensionable salaries.

The most recent full actuarial valuation of the scheme was undertaken as at 31 December 2010.

The cumulative total of recognised actuarial losses is £36.0million (2010 £19.4 million).

## Notes to the Financial Statements for the year ended 31 December 2011

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

	2011 Long-term Expected Return	2011 £m	2010 Long-term Expected Return	2010 £m
Equities	7.00%	40.8	7.00%	37.3
Bonds	4.10%	45.8	4.85%	9.9
Other assets	6.70%	85.8	6.93%	109.6
Total	6.05%	172.4	6.50%	156.8

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.

	2011 £m	2010 £m
The actual return on the scheme assets in the year	7.9	16.5

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

	2011	2010
Discount rate at 31 December	4.85%	5.40%
Expected return on scheme assets at 31 December	6.05%	6.50%
Rate of increase of salaries	3.10%	3.75%
Rate of increase of pension payments		
Post 2007 pension	3.10%	3.50%
Rate of increase of pensions in deferment	2.10%	2.95%
Proportion of employees opting for early retirement	0.00%	0.00%
Assumes life expectations on retirements age 60:		
Retiring today – males	26.8	26.3
Retiring today – females	29.2	28.8
Retiring in 20 years – males	28.3	27.6
Retiring in 20 year – females	30.8	29.8

g) History of funding position and experience gains and losses

	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m
Defined benefit obligation	(218.6)	(192.4)	(165.2)	(140.2)	(148.9)
Scheme assets	172.4	156.8	133.9	112.6	127.0
Deficit	(46.2)	(35.6)	(31.3)	(27.6)	(21.9)
Experience adjustments on scheme liabilities	(1.5)	3.9	(2.0)	-	27.6
Experience adjustments on scheme assets	(2.6)	7.0	11.0	(26.7)	(2.2)

## Notes to the Financial Statements for the year ended 31 December 2011

### 17. Analysis of net assets between funds

	General funds £m	Designated funds £m	Restricted funds £m	Endowment funds £m	Total 2011 £m	Total 2010 £m
Tangible fixed assets	-	50.3	-	-	50.3	48.2
Fixed asset investments	86.5	-	-	0.3	86.8	105.1
Bank balances	4.2	-	-	-	4.2	2.7
Pension fund	(46.2)	-	-	-	(46.2)	(35.6)
Other assets and liabilities	(4.8)	1.3	0.1	-	(3.4)	(1.6)
	39.7	51.6	0.1	0.3	91.7	118.8

### 18. Notes to Cash Flow statement

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

	2011 £m	2010 £m
Net expenditure for the financial year	(11.1)	(15.7)
Investment income	(1.6)	(2.5)
Depreciation	3.2	2.5
Net gain on disposal of tangible fixed assets	(2.7)	(0.2)
Increase in stocks	(0.1)	-
Decrease/(Increase) in debtors	1.0	(0.6)
Increase in creditors	0.4	2.4
Pension fund non-cash movement	(6.0)	(6.3)
Net cash outflow from operating activities	(16.9)	(20.4)



## **Yancy and Paul Thomas**

**Guide Dog of the Year 2011 winners**

**“If Paul had been without Yancy he would have relied on my judgement and would have crossed with me. Had Yancy gone across that road there is no doubt they would have been run down too. Yancy certainly saved Paul and herself from serious injury.”**

**Nikki Merchant, Paul's partner**

## Get in touch

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

To apply for a guide dog

**T: 0845 372 7499**



Guide Dogs is a working name of The Guide Dogs for the Blind Association.  
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