

COMPANY NUMBER: 07130031

CHARITY NUMBER: 1134359

**HOUNDS FOR HEROES
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2013**

Hounds for Heroes
For the year ended 31 March 2013

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**Hounds for Heroes
Trustees' Report
For the year ended 31 March 2013**

REFERENCE AND ADMINISTRATIVE DETAILS

Registered charity name	Hounds for Heroes
Charity number	1134359
Company number	07130031
Principal address	Unit 2B Rookery Farm Buildings Ramsdean Petersfield Hampshire GU32 1RU
Trustees	Lt. Col (Retd) J F Wheeley MBE (Chairman) Mr A P Parton (Vice-chairman) Mr G Botterill Ms L J Cain Ms S F Fisher (appointed 13 August 2013) Mr R G King (appointed 13 August 2013 and resigned 13 September 2013) Sqn Ldr W V Palmer (resigned 1 August 2012) Mrs B D Smith (resigned 24 June 2013) Gp Capt I R Tolfts OBE RAF (resigned 24 June 2013)
Accountant	M Richardson Accountant 5 Chapel Street Petersfield Hampshire GU32 3DT
Auditor	Nexia Smith & Williamson Chartered Accountants Statutory Auditor No 1 Bishops Wharf Walnut Tree Close Guildford Surrey GU1 4RA
Bankers	Lloyds Bank plc 5 The Square Petersfield Hampshire GU32 3HL

**Hounds for Heroes
Trustees' Report
For the year ended 31 March 2013**

The trustees, who are also the directors for the purpose of company law, have pleasure in presenting their report and the financial statements of the charity for the year ended 31 March 2013.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Charity's governing document is its Memorandum and Articles dated 19 January 2010 and amended by special resolution on 15 February 2010, 19 December 2012 and 17 November 2013.

Organisation and structure

During the year the Charity developed its organisation and structure by the appointment in December 2012 of a Chief Executive Officer. This appointment in the last three months of the reporting period has yet to develop fully a coherent structure that separates the main functions of the Charity into distinct areas, namely: dog training and welfare (including client partnering); fundraising; administration. The Charity has also employed a Community Fundraiser and increased the number of part-time staff from two to four in order to assist with the administration and fund-raising. The two dog trainers remain on shortened working weeks of around 30 hours. Significant use of volunteer staff is also made to support the full-time and paid part-time staff.

Trustee induction and training policy

The Trustees have instituted a policy that requires all staff and volunteers to receive a thorough induction into the charity's aims, ethos and working practices. That said, until the arrival of the Chief Executive Officer, this was not as thorough as the Trustees would have wished and is one of the reasons that a full-time managerial post was introduced.

OBJECTIVES AND ACTIVITIES

Objects

The purpose of Hounds for Heroes is to provide specially trained assistance dogs to injured and disabled men and women of both the UK armed forces and emergency services. Through this provision its aims are to provide help and practical support leading to an enhanced quality of life for its clients.

Core to the running of Hounds for Heroes is the need to select and train the best quality dogs to the very best standards possible. Through such selection and training, the charity will be able to meet its mission. Throughout this year – a year that has seen the charity grow significantly – the trustees have been consistent in their desire and insistence that quality training must be at the heart of the charity. This quality training will be delivered through the selection of the best available trainers and careful selection of puppy parents. By adopting this approach, the charity hopes to minimise the failure rate of dogs as they progress through training and thus be able to provide the best possible service to those disabled servicemen and women and members of the emergency services who need the support provided by an assistance dog.

Volunteers

The charity is fortunate to be supported by an enthusiastic band of volunteers. A number provide much needed support to the charity's part-time administrative staff whilst others regularly assist by providing support to and attendance at fundraising events. The majority of those who assist with the charity's administration generally do so on a regular basis, often working one or two half days per week. Volunteers are not all local to the charity's headquarters, some living as far afield as Lancashire. These distant volunteers tend in the main to assist with the major fundraising events or indeed organise these events themselves.

**Hounds for Heroes
Trustees' Report
For the year ended 31 March 2013**

ACHIEVEMENTS AND PERFORMANCE

Review of activities

The Charity aims to continue to raise its profile so that people become aware of the purpose of Hounds for Heroes and donate to the cause. The channels of delivery were the traditional media outlets of magazines, papers and radio, as well as a website, Facebook and Twitter pages created to engage with the public. The Charity also attended a number of fund raising events, including Crufts and the Bournemouth Airshow. These were very successful and the work by the directors has continued to ensure maximum publicity and knowledge within the Armed Forces, Emergency Services and the general public. Donations were extremely good and have steadily risen as the role of the Charity has become known. The Charity has continued to receive funding from Zurich to expand our national volunteer base; Petplan has continued to insure our dogs; and Burns continues to supply/sponsor all the dog food. The training centre and headquarters at Ramsdean in Hampshire has been expanded and a small number of permanent staff, including a Chief Executive Officer recruited. Further groups of puppies have been acquired and the first applications for clients for the Charity's assistance dogs received. An estate car has been purchased to transport dogs and allow staff and volunteers to attend fund raising events. West Sussex Police have kindly donated a large van which is being converted to carry dogs, a disabled client and assistants.

FINANCIAL REVIEW

The charity had incoming resources of £732,103 (2012: £484,152) in the year and expenditure of £228,876 (2012: £92,342). Part of the surplus has been designated by the trustees to fund future costs of dogs that were in training at the year end to the extent that this is not funded by restricted funds. The trustees are satisfied with the performance of the charity in the year and consider that it is in a strong financial position as it continues to grow and develop.

Reserves

It has always been the Charity's policy to support a dog throughout its working life as the costs of dog ownership can be a significant burden on clients who are reliant on disability pensions. It has been estimated that the cost of maintaining a dog for the ten years of its working life – which includes the training period – is some £30,000, although no accurate data is yet available to the Charity. The Charity therefore holds as a designated reserve sufficient funds to maintain all dogs in training (14 as at 31 March 2013). The trustees' policy is to hold in general funds sufficient funds to meet administration costs for a period of six months in the event that a significant decline in donations is experienced.

Risk Management

The Trustees have identified and examined the major risks to which the charity is exposed, and have established procedures for taking all reasonable steps to lessen or mitigate them. Trustees review these risk management procedures annually and remain vigilant and prepared to act quickly to adapt to new and unforeseen risks that may arise.

Public Benefit

The principles of public benefit, as defined by the Charity Commission, have been noted by Trustees. The Trustees confirm having given regard to the Charity Commission's guidance and state their belief that the Charity provides identifiable benefits to a section of the public.

PLANS FOR THE FUTURE

The Charity intends to continue to raise funds to maintain its aims and, hopefully, continue to increase the number of dogs it can provide to clients. If successful, this will require further expansion of the training and administrative staff.

**Hounds for Heroes
Trustees' Report
For the year ended 31 March 2013**

AUDITOR

Under section 487(2) of the Companies Act 2006, Nexia Smith & Williamson will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

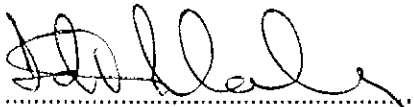
DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as that trustee is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 27/2/14 and signed on its behalf by:



**Lt. Col (Retd) J F Wheeley MBE
Trustee**

Hounds for Heroes
Statement of trustees' responsibilities
For the year ended 31 March 2013

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable regulations). Under that law the trustees must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity 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 accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records which are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable it to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Hounds for Heroes
Independent auditor's report to the members of Hounds for Heroes
For the year ended 31 March 2013

Nexia Smith & Williamson

We have audited the financial statements of Hounds for Heroes for the year ended 31 March 2013 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes 1 to 20. 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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, 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 set out previously, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm.

Basis for qualified opinion on financial statements

With respect to stock having a carrying value of £14,928 the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 31 March 2013, since that date was prior to our appointment as auditor of the charitable company. Owing to the nature of the charitable company's records, we were unable to obtain sufficient appropriate audit evidence regarding stock quantities by using other audit procedures.

With respect to income and debtors from collection tins having a carrying value of £14,074 and £nil respectively, the audit evidence available to us was limited because the charitable company did not keep sufficient records to enable us to verify the income and debtor balances.

Hounds for Heroes
Independent auditor's report to the members of Hounds for Heroes
For the year ended 31 March 2013

Qualified opinion on financial statements

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2013 and of its Incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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

In respect solely of the limitation on our work relating to stock and collection tin income and debtors, described above:

- we have not received all the information and explanations that we require for our audit; and
- we were unable to determine whether adequate accounting records had been kept.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime

Nexia Smith & Williamson

Jeffrey Selden, Senior Statutory Auditor
for and on behalf of
Nexia Smith & Williamson

Chartered Accountants
Statutory Auditor

Date: *4 March 2014*

1 Bishops Wharf
Walnut Tree Close
Guildford
GU1 4RA

Hounds for Heroes
Statement of Financial Activities
incorporating Income and Expenditure Account
For the year ended 31 March 2013

	Note	Restricted Funds	Unrestricted Funds	Designated Funds	Total Funds 2013	Total Funds 2012 (as restated)
		£	£	£	£	£
Incoming Resources						
Incoming resources from generated funds						
Voluntary income	2	70,477	640,358	-	710,835	482,023
Activities for generating funds	2	-	20,597	-	20,597	2,123
Interest receivable	3	-	671	-	671	6
Total Incoming Resources		<u>70,477</u>	<u>661,626</u>	<u>-</u>	<u>732,103</u>	<u>484,152</u>
Resources Expended						
Cost of generating funds:						
Cost of generating voluntary income	7	-	(90,794)	-	(90,794)	(42,826)
Fundraising trading costs	6	-	(10,642)	-	(10,642)	(2,812)
Charitable Activities	8	(4,500)	(115,184)	-	(119,684)	(42,174)
Governance Costs	10	-	(7,756)	-	(7,756)	(4,530)
Total Resources Expended		<u>(4,500)</u>	<u>(224,376)</u>	<u>-</u>	<u>(228,876)</u>	<u>(92,342)</u>
Net Incoming Resources from Operations		<u>65,977</u>	<u>437,250</u>	<u>-</u>	<u>503,227</u>	<u>391,810</u>
Net Incoming Resources for the Year		65,977	437,250	-	503,227	391,810
Transfer between funds	14	-	(250,000)	250,000	-	-
Total movement on funds		<u>65,977</u>	<u>187,250</u>	<u>250,000</u>	<u>503,227</u>	<u>391,810</u>
Total funds brought forward at 1 April as previously stated		<u>-</u>	<u>284,267</u>	<u>-</u>	<u>284,267</u>	<u>84,100</u>
Prior year adjustment		102,824	(111,181)	200,000	191,643	-
Total funds brought forward at 1 April (as restated)		<u>102,824</u>	<u>173,086</u>	<u>200,000</u>	<u>475,910</u>	<u>84,100</u>
Total funds carried forward at 31 March	14	<u>168,801</u>	<u>360,336</u>	<u>450,000</u>	<u>979,137</u>	<u>475,910</u>

All activities for the current and preceding year derive from continuing operations.

Hounds for Heroes
Company registration number 07130031
Balance Sheet as at 31 March 2013

	Note	2013 £	2012 (as restated) £
Fixed Assets			
Tangible fixed assets	11	27,957	4,642
		<u>27,957</u>	<u>4,642</u>
Current Assets			
Stocks		14,928	12,272
Debtors	12	21,687	44,331
Cash at bank and in hand		930,063	416,194
		966,678	472,797
Creditors: Amounts falling due within one year	13	<u>15,498</u>	<u>1,529</u>
Net Current Assets		<u>951,180</u>	<u>471,268</u>
Total Assets less Current Liabilities		<u><u>979,137</u></u>	<u><u>475,910</u></u>
Funds			
Unrestricted funds:			
General funds	14	360,336	284,267
Designated funds	14	450,000	200,000
Restricted funds	14	168,801	102,824
Total Funds		<u><u>979,137</u></u>	<u><u>587,091</u></u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

These financial statements were approved by the Trustees on 27/2/14 and signed on their behalf by


A P Parton
Trustee

Hounds for Heroes

Notes to the Financial Statements

For the year ended 31 March 2013

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical convention in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005 and applicable accounting standards.

Fund accounting

The Charity maintains various types of funds as follows:

Restricted funds

Restricted funds represent donations received which are allocated by the donor for specific purposes.

General funds

These represent unrestricted income which is expendable at the discretion of the Trustees in the furtherance of the objects of the Charity. Such funds may be held in order to finance both working capital and capital investment.

Designated funds

These funds have been designated by the Trustees for use in a particular purpose.

Incoming resources

All incoming resources are recognised in the statement of financial activities when the conditions for receipt have been met, the amount can be quantified with reasonable accuracy and there is reasonable assurance of receipt.

Donated services are included at the value to the charity where this can be quantified. Donations and all other receipts from fundraising are reported gross and the related fundraising costs are reported separately.

Activities for generating funds relates to the income from the sale of merchandise.

Bank interest is accounted for when receivable.

Resources expended

All expenditure has been accounted for on an accruals basis.

Operating leases

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

Allocation of support costs

The Charity's support costs include staff and other related costs as well as general administration and operating costs. Such costs are allocated between expenditure for charitable purposes and costs of generating voluntary income equally.

Cost of generating voluntary income

Cost of generating voluntary income costs relate to expenditure incurred in motivating individual supporters and trusts to donate to the work of Hounds for Heroes and consist of event costs, specific expenditure on these events and allocated support costs as detailed above.

Fundraising trading costs

Relates to the purchasing of stock for sale as merchandise.

Governance costs

Governance costs includes expenditure in relation to constitutional and statutory obligations including audit and statutory accounts preparation.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Fixed assets

All fixed assets are initially recorded at cost. Donated assets are included at their value to the charity.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Equipment	- 20% Straight Line
Motor vehicles	- 20% Straight Line
Fixtures and fittings	- 20% Straight Line

Hounds for Heroes
Notes to the Financial Statements (continued)
For the year ended 31 March 2013

	2013	2012
	£	(as restated)
		£
2 Incoming Resources		
The Income is attributable to the principal activities of the Charity.		
Voluntary income	710,835	482,023
Activities for generating funds	20,597	2,123
Interest receivable	671	6
	<u>732,103</u>	<u>484,152</u>

3 Interest Receivable

Bank interest	<u>671</u>	<u>6</u>
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4 Net Incoming Resources from Operations before Transfers

Net incoming resources for the year is stated after charging:

Auditors' remuneration	5,500	-
Operating lease - rent of land and building	25,275	17,524
Depreciation of tangible fixed assets	4,092	1,160
	<u>4,092</u>	<u>1,160</u>

5 Information regarding Employees and Trustees

Employee costs during the year:

Wages and salaries	73,575	14,038
Social security costs	4,674	3,585
	<u>78,249</u>	<u>17,623</u>

The average number of full-time equivalent persons employed by Hounds for Heroes during the year was:

	2013	2012
	Number	Number
Dog trainer	1	1
Administration & fundraising	4	2
	<u>5</u>	<u>3</u>

No Trustee has received any remuneration from the charity during the year (2012: none).

No employee was paid above £60,000 during the year (2012: none).

Hounds for Heroes
Notes to the Financial Statements (continued)
For the year ended 31 March 2013

	2013	2012
	£	(as restated) £
6 Fundraising trading costs		
Merchandise cost	<u>10,642</u>	<u>2,812</u>
7 Cost of generating voluntary income		
Great South Run	4,954	-
Warrior Ball	7,419	-
Bournemouth Air show	128	3,749
Crufts	747	-
Dog Fight	107	9,517
Fundraiser salary	8,001	-
Fund raising general expenses	1,870	-
Fund raising travel	3,268	-
	<u>26,494</u>	<u>13,266</u>
Support costs allocated	64,300	29,560
	<u>90,794</u>	<u>42,826</u>
8 Charitable Activities		
Puppy purchase	4,500	3,650
Puppy costs	6,802	5,557
Puppy kennels	1,384	-
Puppy vet fees	5,169	979
Puppy travel & mileage	2,875	2,389
Puppy insurance	75	39
Puppy parents claims	8,617	-
Puppy AT Costs	2,100	-
Dog trainer salary cost	23,862	-
	<u>55,384</u>	<u>12,614</u>
Support costs allocated to charitable activities	64,300	29,560
	<u>119,684</u>	<u>42,174</u>

Hounds for Heroes
Notes to the Financial Statements (continued)
For the year ended 31 March 2013

	2013	2012
	£	(as restated)
		£
9 Support Costs		
Administration	4,798	1,148
Mileage	2,377	3,018
Rent	25,275	17,524
Rates	3,997	1,773
Light & heat	2,714	694
Telephone	3,711	578
Premises	2,945	3,645
Legal and professional	7,611	-
Printing, postage, stationery & website	9,302	4,928
Advertising	2,097	-
Insurance	10,007	6,790
Bank charges	254	239
Wages & salaries	46,386	17,623
Equipment depreciation charge	1,480	-
Motor vehicle depreciation charge	1,496	1,160
Fixures & fittings depreciation charge	1,116	-
Volunteer and employee expenses	3,034	-
	<u>128,600</u>	<u>59,120</u>
10 Governance Costs		
Audit Fees	5,500	-
Preparation of statutory accounts	1,950	-
Trustee expenses	306	4,530
	<u>7,756</u>	<u>4,530</u>

Hounds for Heroes
Notes to the Financial Statements (continued)
For the year ended 31 March 2013

14 Funds

	Brought forward at 1 April 2012 as previously stated £	Prior year adjustment £	Incoming resources £	Resources expended £	Transfers between funds £	Carried forward at 31 March 2013 £
Unrestricted funds:						
- General funds	284,267	(111,181)	661,626	(224,376)	(250,000)	360,336
Designated funds:						
- Working life fund	-	200,000	-	-	250,000	450,000
Restricted funds:						
- Sponsored dogs	-	102,824	65,477	(4,500)	-	163,801
- Wheelchair	-	-	5,000	-	-	5,000
	284,267	191,643	732,103	(228,876)	-	979,137

The Sponsored dogs restricted fund comprises amounts received to be expended on the costs of named dogs, some of which have not yet been purchased by the charity.

The Wheelchair restricted fund comprises amount received to be expended on a wheelchair for a future client.

The Working life designated fund represents monies set aside to fund future costs of dogs currently in service. A transfer from General funds has been made to bring the balance on this fund up to the amount necessary to cover future costs of dogs in training and in service at the year end.

15 Analysis of net assets between funds

	£	£	£	£	Total
	Unrestricted - General	Unrestricted - Designated	Restricted		
Tangible fixed assets	27,957	-	-		27,957
Current assets	347,877	450,000	168,801		966,678
Current liabilities	(15,498)	-	-		(15,498)
	360,336	450,000	168,801		979,137

Hounds for Heroes
Notes to the Financial Statements (continued)
For the year ended 31 March 2013

16 Taxation

As a charity, Hounds for Heroes is exempt under current tax legislation from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

17 Trustees' Expenses

During the year three trustees were reimbursed for costs borne on behalf of the charity totalling £2,328 in respect of travel expenses and £1,267 in respect of subsistence and accommodation expenses (2012: four trustees were reimbursed for costs borne on behalf of the charity totalling £4,530).

18 Operating Lease Commitments

At 31 March 2013 the charity had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2013	2012
Expiry date:	£	£
Between 2 and 5 years	<u>24,408</u>	<u>24,408</u>

19 Related Party Transactions

During the year the charity made purchases from Pet Subjects Limited, trading as Dogs Today, an entity controlled by Mrs B D Smith, a trustee, totalling £2,105 (2012: nil) with no outstanding balance at the year end (2012: nil).

20 Prior year restatement

The comparative figures have been restated to show a more appropriate allocation of income and expenditure on the SOFA, to remove an accrual for £200,000 which has now been presented as a designated fund, to reflect the brought forward balance on the sponsored dogs restricted fund and to correct a VAT misposting of £8,357. The net effect of these adjustments is to increase the surplus for the prior year by £191,643 and increase funds brought forward by £191,643.