

GUIDE DOGS REPORT AND FINANCIAL STATEMENTS 2009

**COMPANY LIMITED
BY GUARANTEE**

**REGISTERED IN ENGLAND
AND WALES NO. 291646**



Guide Dogs

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The Guide Dogs for the Blind Association

Company Details

Patron

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

Members of Council

Tony Aston OBE, DL, Chairman 1,4,5,6,8,9,10
Elizabeth Hubbick BA, DipL, CFCIPD, Deputy Chairman 4,6,9,10
Bruce Gordon ACA, Hon. Treasurer 2,3,4,10
Neal King BVSc, Hon FRCVS 2,4,5,6,7,9,10
Roy Benjamin DipSW, MSocSc 1,2,4,9,10
Prof. John Hilbourne JP, BSc, DSc, FRSA, HFRCSLT 1,5
Jill Hill BSc, MBA, CEng, FBICS 3
Norma Johnston BA, MIPR
Rowena Lusty LLB, PGCE 2,7,8
Ken McFarlane BA, FCA 3,7
Amos Miller BSc, MBA 1
Dr David Mitchell BSc, PhD, AMI, MechE 1,5
Alan Park FRICS, MCIQB, MBA 3,7
Miles Stanford MD, FRCOphth 5,6
Dr Michael Townsend BSc(Econ), MSc, PhD 1,2,5

Chief Executive

Bridget Warr MBA, RSW (until 31 March 2010)
Richard Leaman CB, OBE (from 1 April 2010)

Key to Members of Council

- 1 Guide dog owner
- 2 Member of Audit Committee
- 3 Member of Investment Committee
- 4 Member of Remuneration Committee
- 5 Member of Research Committee
- 6 Member of Nominations Committee
- 7 Member of Property Committee
- 8 Member of National Client Representatives Committee
- 9 Member of Governance Task Force
- 10 Member of Reward Task Force

Headquarters and Registered Office

Hillfields, Burghfield Common
Reading, Berkshire RG7 3YG

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

Principal Advisors

Auditors

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

Bankers

HSBC Bank plc
25 High Street
Windsor
Berkshire SL4 1LN

Investment Fund Managers

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

Standard Life Investments Ltd
1 George Street
Edinburgh EH2 2LL

Solicitors

Stone King Sewell LLP
16 St John's Lane
London
EC1M 4BS

Report of the Council for the year ended 31 December 2009

The Council of The Guide Dogs for the Blind Association has pleasure in presenting its Report and audited consolidated Financial Statements for the year ended 31 December 2009. The Council's Report and Financial Statements has been prepared in accordance with the provisions of the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities (revised 2005).

A more comprehensive summary of the services and achievements of the charity during 2009 is included in Guide Dogs' Annual Review.

1. Structure, governance and management

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

Members of Council

The names and positions of the Members of Council serving as at May 2010, who are Directors of the company and Trustees of the charity, are shown on the inside cover of this Report.

Members of Council are elected by the members of Guide Dogs at the Annual General Meeting or elected by the Council to fill a vacancy as it arises from time to time. 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, including blind and partially sighted people. Prior to appointment, prospective Members of Council receive an induction pack and briefing which is designed to provide them with an understanding of the roles and responsibilities they will be required to fulfil.

Neal King was Deputy Chairman up until 8 September 2009 when this position was taken up by Elizabeth Hubbick. Also on 8 September 2009, Prof. John Hilbourne and Rowena Lusty stood down from the Nominations Committee and Elizabeth Hubbick, Miles Stanford and Tony Aston joined the Nominations Committee on this date. Council co-opted Martyn Smith as a (non-voting) Trustee in November 2009. He will be standing for election as a Trustee in July 2010. (A co-optee is not a full Trustee or a Director of the company.)

Following changes to the Articles of Association in 2007, Members of Council 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 Members of Council have personalised induction programmes. These are designed to cover the main operational framework of the charity, the current financial position and future plans and objectives. New Trustees are also encouraged to visit one of the four Guide Dog Training Schools and other teams, and required to attend a staff and volunteer induction workshop that covers areas such as safeguarding.

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

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Their responsibilities

The Members of Council are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Members of Council to prepare Financial Statements for each financial year. Under that law the Members of Council have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these Financial Statements, the Directors are required to:

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

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

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

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

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

The Members of Council have overall responsibility for the activities of Guide Dogs, advised by the Chief Executive and the Corporate Team.

Report of the Council for the year ended 31 December 2009

There are currently nine Committees within the Council:

- Audit;
- Investment;
- Remuneration;
- Research;
- Nominations;
- Property;
- National Client Representatives;
- Governance;
- Rewards.

The Council sets clear terms of reference for the Committees and receives regular reports on their activities. The guide dog owners' National Client Representatives Committee provides a focus for user involvement and consultation within Guide Dogs. The Governance Task Force addresses governance issues of the charity. Council has established a clear policy and procedures for dealing with conflicts and the authorisation thereof in accordance with Charity Commission guidelines.

Trustees have further involvement through a system of some 12 portfolios addressing specific areas of Guide Dogs' activities.

Management

The Chief Executive and Corporate Team are responsible for the day-to-day management of Guide Dogs, acting under delegated authority given to them by the Council. The members of the Corporate Team as at 31 December 2009 were:

Bridget Warr, Chief Executive

Jenny Cook, Director of Planning and Performance Improvement

Jane Coope, Director of Human Resources and Diversity

Jayne George, Director of Fundraising

Stephen Kirk, Director of Operations

Tim Lowth, Director of Finance and Support Services (from 10 August 2009)

Tom Pey, Director of External Affairs

Richard Leaman was appointed Chief Executive with effect from 1 April 2010.

John Whiterow held the post of Director of Finance and Support Services until 30 June 2009.

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 2009.

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

Associated relationships

Guide Dogs is one of the founder members of the International Guide Dog Federation (IGDF), and its Chair up to April 2010 was Guide Dogs' Chief Executive, Bridget Warr. The IGDF sets and monitors global standards and promotes international good practice in the breeding and training of dogs, and the education of their owners, in existing and newly formed schools. In addition, Guide Dogs has been instrumental in establishing the European Guide Dog Federation; closely aligned with the IGDF, and promoting the interests of blind and partially sighted people for access and mobility across Europe. Its current President is Tom Pey, Guide Dogs' Director of External Affairs. Guide Dogs has also been a fundamental partner in the definition and implementation of the UK Vision Strategy (an initiative led by RNIB on behalf of Vision 2020), which has brought together all those involved in eye health and the rights of blind and partially sighted people and achieved their commitment 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 and
- To enhance the inclusion, participation and independence of blind and partially sighted people.

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

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

Guide Dogs also has close relationships with a number of local voluntary organisations and with other assistance dog organisations, as well as, on a contractual basis, local authorities. A Guide Dogs' employee also currently chairs the umbrella organisation, Assistance Dogs UK.

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. The terms of reference for the Audit Committee were reviewed and rewritten in 2007, giving more focus and emphasis to risk management.

Performance against the objectives set out in the five-year business plan and management of major risks is monitored regularly by Council. Council also ensures that systems for internal financial control are in place. These systems are reviewed as part of a three-year rolling internal

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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 (including management remuneration and the approval of bank mandates) are specifically reserved for their approval.
- There is a clear organisational structure with appropriate levels of accountability and reporting lines.
- Council approves the delegation of financial authority, through the Chief Executive, to the rest of the charity, with specific limits imposed at each level.
- The annual budget and any financial commitment in excess of £400,000 require approval by the full Council.
- A revised risk management framework was developed based on the risk management standard, and was implemented throughout Guide Dogs during 2007. This framework is subject to ongoing development and review and is used to identify and assess new and current major business risks and prioritise them in terms of impact and probability of occurrence, and then identify and implement efficient controls to manage them and monitor their effect.

Throughout 2009 the organisation continued to monitor on average eight high-level risks. These included financial risks relating to voluntary income generation, potential loss of legacy income and an increased pension deficit. Other risks included working with young people and vulnerable adults and a failure to recruit and maintain qualified and skilled staff and volunteers. In Operations, risks related to poor animal health and an inadequate supply of dogs. Council is of the view that these risks are all being effectively managed.

A new corporate risk framework is being developed to align with the new Guide Dogs' strategy from 2010.

2. Objectives and activities

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

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

Strategic aims

Guide Dogs has addressed the five strategic objectives in its Moving Forward Together Strategy (2005 to 2009).

- Improving and expanding the guide dog service.

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- Extending services to children and young people, to more people from black and minority ethnic communities and to more people with disabilities additional to their visual impairment.
- Defining and campaigning for better rehabilitation services for all blind and partially sighted people.
- Campaigning for equal access for guide dog owners and other blind and partially sighted people.
- Helping to reduce or slow down the onset of blindness, and promoting eye care.

Public benefit

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

Primary activities

The guide dog service: at the heart of the charity, giving independent mobility to blind and partially sighted people through the provision of a guide dog.

The breeding of most guide dogs is carried out at the Tollgate breeding and puppy aptitude centre in Warwickshire. Initial guide dog training takes place at one of the four Guide Dog Training Schools in Forfar, Atherton, Leamington and Redbridge.

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

Vision Support Services (VSS): a range of rehabilitation services is provided to help blind and partially sighted people of all ages. This includes long cane mobility training and communication and independent living skills training. Central to the VSS strategy is the provision of services on a contract basis to local authorities and local voluntary organisations on a cost recovery basis.

Policy development, 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, street obstacles, provision of rehabilitation services and raising awareness of eye care issues. Campaigning is based on surveys of the views and aspirations of blind and partially sighted people.

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

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Research activities: Guide Dogs provides grants for research and supports activities in the following areas:

- Ophthalmic research –
 - To maintain and enhance residual vision.
 - Epidemiology, to provide enhanced understanding of the issues and inform the development of organisational strategy and policy.
- Canine research – to inform, preserve and enhance performance in Guide Dogs' dogs, which improves and maintains the effectiveness of those dogs in their lifecycle.
- Service development and technology – to fund advances in technology, services and environments that advance mobility for blind and partially sighted people.

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

3. Achievements and performance

The Guide Dog Service

At the end of 2009 there were 4,564 guide dog owners in the UK (4,500 at end of 2008). During the year, 760 people were trained and qualified with a guide dog (759 in 2008).

We were again able to carry out over 11,300 home visits to clients during 2009, which contribute to the effective maintenance of a safe and rewarding partnership.

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

We continue to invest in the training of new technical staff in line with our plan to increase output, reduce waiting times and increase productivity. Additionally, investment in the capacity and quality of our breeding programme is helping to drive up the success rates. Reliance on stock bred outside of the guide dogs programme has been reduced to minimal numbers.

The Client Representative structure is designed to provide quality feedback and ideas, aiding the continuous improvement of the guide dog service. All guide dog owners have the opportunity to elect their representative at district level and National Representatives are elected from the District Representatives. Selected and trained guide dog owners have also been involved in running a year long pilot, providing telephone based listening and empathetic support to clients who have experienced the end of a guide dog partnership or the death of a guide dog. This has proved to be successful and will continue in 2010.

In 2009, we repeated the 2006 Guide Dog Owner Survey, to see if there were any significant changes in the standard of service we had provided over the three year period. 90% of respondents said that Guide Dogs had met or exceeded their expectations and 96% that their guide dogs met their mobility needs. These results are very positive and comparable with 2006. However we are not complacent and will continuously look for areas of improvement and seek feedback from existing and potential clients.

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Vision Support Services

2009 has seen some extremely difficult trading conditions for Vision Support Services with the recession having a deep impact on local authorities' willingness to consider new contract opportunities, and even cutting back on existing contracts – either taking them 'in house' or cutting back the hours per week of contracted services.

This has resulted in the total number of clients trained by VSS dropping from 1,600 in 2008 to 1,502 in 2009 – 1,090 adults and 412 children and young people. The percentage of these clients from black and minority ethnic communities has risen to 19.5% for children and young people (from 17% in 2008) and remains steady for adults at around 1.5%.

While these contracts are paid for by local authorities, Guide Dogs, recognising the importance of these services, has subsidised the direct costs by £89,000 in 2009 (2008 £103,000).

Policy development, advocacy and campaigns

i. Shared surface streets

The campaign to stop shared surface streets was central to our work of championing accessible street environments. Shared surface streets threaten the independent mobility and safety of blind and partially sighted people.

Throughout 2009, we supported local initiatives to campaign against proposed schemes. For example, we successfully influenced policy in Greater Manchester where shared surface streets have now been ruled out in residential areas. We also worked in partnership with organisations in Northern Ireland to stop shared surface streets in Belfast and Londonderry.

Across the country we gained the support of over 1,000 people, who wrote to their MPs about the issue. We also achieved the support of 183 MPs who signed an Early Day Motion (EDM).

For the first time in Guide Dogs' history, we also began legal action against a local authority for the inaccessibility of its street design proposals. The outcomes of this will become clear in 2010.

ii. Talking Buses

Towards the end of 2009, we launched the 'Talking Buses' campaign. The aim is to secure a change to legislation that requires buses to have audio-visual information. The campaign is supported by a number of other disability organisations, including those which represent people with other forms of sensory impairment. Guide Dogs was highly influential in achieving the introduction of audio visual information on all London buses.

An EDM for Talking Buses attracted widespread support amongst MPs.

iii. Access to international travel

We continue to play a lead role in the work of the International Guide Dog Federation and the European Guide Dog Federation (EGDF), as well as participating in the work of the World and European Blind Unions. Through EGDF, we achieved political support in the European Parliament for amendments to the proposed Equal Treatment Directive. The Directive would provide guide dog owners with greater rights for access and mobility. The work continues as we now need to convince Member States of the benefits of those amendments.

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iv. Children and young people social research findings

During Guide Dog Week, in October, we highlighted the inadequacy of the support for children and young people with sight loss. This had been revealed in a Guide Dogs' survey which found that 18,000 youngsters under 17 are missing out on crucial mobility, independence and life skills. These gaps lead to social isolation and Guide Dogs is now working to tackle those issues within its 2010 to 2020 strategy.

Research

i. Ophthalmic research

During 2009, we gained National Institute for Health Research (NIHR) accreditation for our research process, allowing all Guide Dogs' grant holders to draw further government funding to aid set-up and project continuation costs. NIHR accreditation recognises the comprehensive peer reviewed research process that Guide Dogs delivers in the areas of ophthalmic related medical and epidemiology research.

We committed to funding research into areas of diagnosis and treatment, designed to help preserve sight and prevent further visual loss. We also committed to research which encouraged developments in ophthalmology – which will lead to a clinical application in around five years.

Of particular note was the major breakthrough in macular degeneration. Professor John Marshall's research, funded by Guide Dogs, has shown that the use of a short pulse laser can prevent the formation of 'drusen' – a waste material which causes vision loss. This measure can therefore preserve sight and prevent loss of vision. Wider clinical trials are planned.

Guide Dogs has been accepted as a NIHR Partner Organisation for its Ophthalmic Research Grants Programme. The role of the NIHR is to manage and maintain clinical research activities funded by the NHS. Its goal is to create a health research system supporting first class research focused on the needs of patients and the public. Guide Dogs' funded clinical studies are eligible for inclusion in the NIHR portfolio, allowing our researchers to access service support costs and other infrastructure funding, such as interview costs and study promotion. The research studies we fund will also be listed on the NIHR website.

We are currently funding 13 projects, of which four started in 2009. Five grants were completed during the year. Current and recently completed research projects address four main areas:

- Prediction;
- Prevention and early detection of eye disease;
- Treatment; incidence and trends; and
- Attitudes.

Projects include:

- Research on cataract, glaucoma, diabetic eye disease, age related macular degeneration, retinitis pigmentosa and uveitis;
- Retinal research; and
- Support for the British Ophthalmological Surveillance Unit.

We will continue to work in collaboration with all members of Vision 2020 to develop a UK wide Research Strategy that will underpin the aims of the UK Vision Strategy. We will also work

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collaboratively to ensure that funding for research is not duplicated within the sector and that collaborative funding opportunities are actively pursued.

ii. Canine research

Guide Dogs funds and supports an in-house programme of canine research, designed to enhance the understanding of guide dog health and behaviour, and impact in a positive way on the future quality of our dogs. This research plays a key role in both reducing the number of unsuitable dogs produced, and identifying these at an early stage. The research programme is implemented in partnership with veterinary, scientific and commercial colleagues. We invested £500,000 in 2009, for a five year period that will support the development of research into the canine epidemiology of our dogs, supporting the continuous development of behaviours, standards, quality and performance in future stock. This is in collaboration with Nottingham University.

iii. Service development research

2009 saw the successful completion of Phase 1 of the Middle Step Trials. Middle Step is a programme of emotional support for individuals recently diagnosed with permanent, serious sight loss.

The project was set up to test the theory that timely intervention, emotional support and information could help to restore an individual's level of personal functioning immediately after diagnosis, and aid them in their mobility journey.

We devised outcome measures for pre- and post-implementation interventions. 91 people took part in the study, 19 of whom received no Middle Step intervention.

The results showed that a significant improvement in the three main areas of functionality – mobility, independent living skills and wellbeing. The visual impairment sector has agreed that the provision of emotional care is a major aim of the UK Vision Strategy. In the meantime some Middle Step programmes continue to be delivered throughout the country by participating organisations.

We also set up a project group in 2009 to look at the emotional wellbeing of blind and partially sighted children and young people.

Fundraising

Guide Dogs' total voluntary income was £54.5 million in 2009. Legacy income decreased from £36 million in 2008 to £31.7 million in 2009. This fall is due to a decrease in average values of residuary legacies from £58,800 in 2008 to £51,700 in 2009. A total of 1,411 legacies were left to Guide Dogs in 2009. The number of notifications increased during the year. This has halted a trend of falling notifications for the last eight years.

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Although falling short of our very ambitious targets, voluntary income, excluding legacies, increased to £22.8 million in 2009, an increase of 3% on 2008. This was due in the main to an increase in committed giving programmes (including Gift Aid) and volunteer led fundraising, which offset decreases in raffle, corporate and event income. The general economic environment and the postal strikes in August and September had a significant negative impact on fundraising plans during the year, though this was partially countered by reduced costs of acquiring new supporters, improved efficiencies in mailing programmes and the impact of previous years' investment in Sponsor a Puppy marketing activity.

During 2009, a new Customer Relationship Management database was implemented, bringing short term financial benefits and vastly improved functionality for future years. A fundraising development capability was introduced in 2009 to ensure that the introduction of new products and cases for support are in line with the 2010 to 2020 strategy.

Employees

The average number of full time equivalent staff employed during 2009 was 1,053 (2008: 998). This includes planned growth to support the development of Guide Dogs' activities and ongoing projects.

A rolling programme reviewing employment policies ensures that we remain compliant with legislation and that our policies are fit for purpose. A project was ongoing during 2009, reviewing how we reward and recognise our staff, to deliver improved employee engagement and deliver a better return on investment of our reward spend.

The in-house management development programme was accredited as a Certificate in Management by the Chartered Institute of Management. A network for internal trainers was launched to enhance and assure the quality of training delivery within the organisation.

Safeguarding policies are kept under review. Preparations are being made for registration with the Independent Safeguarding Authority from November 2010. Any allegations or potential threats to the wellbeing of our clients or the wider community as a result of our service are managed effectively and efficiently by specially trained staff through clearly defined procedures.

An increasing focus has been given to broadening the diversity of our clients, staff and volunteers, including sharing of good practice and establishing strong relations with community, faith and special interest groups.

Volunteers

There are an estimated 10,000 volunteers supporting all areas of Guide Dogs' work. The recommendations from a major project that fundamentally reviewed volunteering are now being implemented. Recruitment to additional volunteering management posts has been completed and detailed plans have been formulated to better support, value and deploy volunteers.

Despite the economic downturn, levels of volunteer applications were maintained, though certain roles, such as puppy walking became increasingly difficult to recruit to. Steps are being taken to explore this trend, such as a pilot involving Guide Dogs' office staff, to see whether it is possible to effectively combine employment with puppy walking.

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From a safeguarding perspective, a strategy is being rolled out to develop better data collection, review roles of volunteers, implement safer recruitment checks and develop safeguarding training.

4. Plans for the future

We have now come to the end of our Moving Forward Together strategy and have made a great deal of progress. We have, over the five years, increased the number of partnerships we train each year, invested in staff and buildings to improve the guide dog service further, and extended our service to help even more blind and partially sighted people. We have also greatly enhanced our campaigning effectiveness and reputation, established excellent structures for our research activities and improved our support to volunteers.

Our ambitious new strategy (2010 to 2020) builds on Moving Forward Together, to provide blind and partially sighted people with the services they need on their journey to independence – or their ‘mobility journey’.

Fundamental to our new strategy is the ethos of always starting with the client’s needs and aspirations and building support around those; listening carefully; collaborating closely with others wherever this will enhance the interests of blind and partially sighted people; establishing long term sustainability of services and testing new approaches carefully with blind and partially sighted people before committing significant resources to delivery.

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

Our corporate five-year plan details the services Guide Dogs will provide and introduce between 2010 and 2014.

The plan reflects the pivotal position occupied by our core guide dog service. We have set ourselves a target to train 780 new or replacement guide dog partnerships in 2010, increasing to 860 in 2014. Our five-year plan aims to increase guide dog ownership to 5,020, based on current drop-out rates due to sickness, ill-health and lifestyle changes etc. At the same time, we will extend our reach to include larger numbers of younger clients, people with multiple disabilities and clients from minority ethnic communities. This increase in levels of production will continue to meet or exceed current International Guide Dog Federation accreditation standards. Initiatives supporting the planned growth of the guide dog service include:

- **Applications Development Programme** – This project will ensure that people are aware of the guide dog service and its wide availability by developing and nurturing relationships with other organisations that can influence and promote the guide dog as a mobility aid.
- **Additional Needs** – This project raises Guide Dogs’ ability to provide mobility support to clients with additional needs.
- **Dual Purpose Dogs** – We have worked closely with Hearing Dogs for Deaf People and other assistance dog organisations to train and provide guide dogs that also give other support to their owners. We currently have 10 dogs working with deaf-blind adults and aim to extend this area of our work.
- **Working with Black and Minority Ethnic Groups** – Building on existing involvement we will continue to engage and build relationships with minority ethnic communities.

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- **Development of capability** – The ongoing development of our capability through an increasing emphasis on staff training and recruitment, and investment in new facilities.

Buddy Dogs

Dogs that are unsuited to guiding will be used in various ways to provide companionship and therapeutic value to blind and partially sighted people; particularly children and elderly people. They will provide an opportunity to further assess clients for suitability as guide dog owners of the future.

Guide dog service for young people

Our service will bring young clients and their families to the point where guide dog assessment and training can commence; when fully established, we aim to provide guide dogs for up to 500 young people across the UK.

Sighted guiding

Free at the point of delivery, this service is aimed at supporting visually impaired adults who want help getting about, and their families and friends who could benefit from sighted guiding training.

Adult mobility service

In line with the new strategy, we will seek to provide services primarily focussed on mobility. This may mean entirely new types of contracts in partnership with other providers where Guide Dogs is the provider of the specialist element associated with mobility. We will also seek to contract direct services where adult clients have access to personalised budgets from their local authorities to fund mobility training and support.

Children and young people's mobility service

We will seek to contract service provision from local authorities to ensure that blind and partially sighted children will receive training in key skills that support their individual mobility journey needs. The contracting service will provide specialist habilitation, rehabilitation, orientation and mobility skills for babies, children and their parents and carers.

Children and young people's parental service

This service will provide education and peer support programmes for the parents and carers of blind and partially sighted children. The education programme will focus on the psychological adjustments required as well as the practical skills needed for parents and carers to ensure babies and children with visual impairment develop and progress in the same way as their sighted peer group.

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Research

- **Ophthalmic research** – Focusing on:
 - The use of residual vision during mobility.
 - Investigation into the causes of visual impairment in guide dog owners and future clients across the age range.
 - Evidence based research that will enable blind and partially sighted people to gain maximum benefit from the mobility services we provide.
- **Canine research** – This informs, preserves and enhances the performance and effectiveness of our dogs over their working lifecycle.
- **Psycho-social research** – To maintain and enhance mobility and to undertake social epidemiological studies which will inform the development of organisational strategy and policy.

Campaigning and influencing

We will develop partnerships with local authorities, transport operators and with others in and beyond the visual impairment sector (particularly around regional campaigning activity) to identify, test and promote new initiatives.

Education of professionals

Our service will provide a suite of accredited training packages that identify issues to be considered when accommodating the needs of blind and partially sighted people.

Technology

We plan to lead in supporting the development and application of technology and encourage its take up by blind and partially sighted people as an aid to mobility.

Valuing our volunteers

Our priority for the coming year is to increase the number and diversity of our volunteers to support the ten year strategy, and to retain our volunteers by increasing their levels of satisfaction.

Investing in our future

Our strategy ensures we are constantly finding ways to get better at providing services to blind and partially sighted people. We know that we can only continue to develop and improve our services if our workforce has the skills and support it needs. We will:

- Provide our staff and volunteers with the support and training they need to use their skills in delivering the new strategy.
- Foster the unique talents of every person working for us.
- Continually monitor activities, so that we are always able to see the 'big picture' of how we are serving blind and partially sighted people.
- Invest in buildings and equipment to do the job. In 2010, this includes the re-building of our guide dog breeding centre at Bishop's Tachbrook, in Warwickshire, and continued investment in Information Technology Systems.

Report of the Council for the year ended 31 December 2009

We will continue to look for ways to work 'smarter', reviewing Guide Dogs' current processes and procedures to ensure all that we do is efficient, effective and value for money. This is particularly important in the current economic climate.

Fundraising

Plans are in place to ensure that adequate funds are available to develop new services in line with the 2010 to 2020 strategy. This requires investment in new and existing income streams.

5. Financial review 2009

Overview

In common with most charities that are dependent upon voluntary income, Guide Dogs has found 2009 challenging from a fundraising point of view. Income was down on the prior year, mainly due to reduced legacies. However expenditure has been substantially contained at last year's level and the strong performance of the investment portfolio means that, despite the drop in income, total reserves were increased by £1.0 million during the year. The highlights are as follows:

Income

Income totalled £60.1 million in 2009, down £8.5 million on the prior year. The main constituents of this income are:

- Voluntary income. Totalling £54.5 million in 2009, this category was down by £3.6 million on 2008. The primary reason for this decline was a reduction of £4.4 million in legacy income, where the Association has seen a reduction in average legacy values, reflecting lower investment and property values. The number of notifications in the year has increased slightly on the prior year. This decline in legacy income was ameliorated by increases in community and donor-based fundraising.
- Investment income. At £3.0 million in 2009, investment income was down £1.2 million on the prior year, but this reduction should be seen in the light of the substantial capital return in 2009, as noted below.

Expenditure

Total resources expended in 2009 were in line with the prior year at £70.6 million. The larger elements of this total include:

- Costs of generating funds. This was down £1.0 million on the previous year, to a total of £15.2 million.
- Costs of provision of guide dogs. At £46.4 million this was up £2.2 million on the prior year, reflecting in part the investment in the new Guide Dog Training School at Atherton, and the Dog and Client information system.
- Advocacy. A total of £5.5 million was spent, compared with £6.2 million in 2008.

Report of the Council for the year ended 31 December 2009

Net outgoing resources before other recognised gains and losses

Net outgoing resources before other recognised gains and losses shows a deficit of £10.5 million (2008: deficit of £1.6 million) reflecting the lower levels of income achieved in 2009. In the long term Council aims to at least break even, but recognises that in times of service expansion or recession this may not always be achieved.

Other recognised gains and losses

Other recognised gains and losses are derived from two sources:

- Capital gains or losses on investments. The improving UK equity market directly impacted the value of our investment portfolio. Capital gains of £17.6 million (2008: losses of £10.3 million) were achieved of which £3.1 million were realised and £14.5 million unrealised.
- The pension scheme. The improving value of investment markets contributed positively to the performance of Guide Dogs' defined benefit pension scheme, but this benefit was entirely outweighed by changes in assumptions underlying the calculation of the pension liability, with the result that net actuarial losses of £6.1 million (2008: losses of £8.7 million) were recognised.

Reserves

Taking into account all recognised gains and losses in the year, funds increased by £1.0 million (2008: reduced by £20.6 million), to £134.6 million. Reserves comprise four elements: free reserves, designated funds, restricted funds and endowment funds. Each of these categories is described as follows.

Free reserves

Free reserves comprise general funds, the revaluation reserve and the pension reserve. Net free reserves at the end of 2009 amounted to £96.5 million (£90.1 million at the end of 2008).

When someone becomes a guide dog owner, we make a commitment to provide them with a guide dog for as long as they need one. The average working life of a guide dog is six and a half years, so a client may require eight or more dogs during their lifetime. Each guide dog partnership involves around 20 months of training. The highly specialised nature of our work also means that we have to train our own staff. This is a long process which has to be planned well in advance. For example, to recruit and train a Guide Dog Mobility Instructor takes over three years. The maintenance expenditure on buildings and supporting infrastructure is fixed in the medium term and, together with our training requirements, results in the necessity for a long term cost planning horizon. Furthermore, the charity's income is derived primarily from voluntary giving, particularly legacies, which may fluctuate significantly.

Report of the Council for the year ended 31 December 2009

In order to mitigate the risk to the provision of this long term commitment to each guide dog owner, Council has concluded that, in the medium to long term, free reserves should be maintained at a level equivalent to least two years' running costs of the core guide dog service. Council recognises that there may be occasions where investment plans lead to a reduction in free reserves below the prescribed level, but these investment plans will be undertaken only when Council believes that free reserves can be re-established at the right level within a reasonable time frame. At the end of 2009 free reserves satisfied the minimum level.

Designated funds

Designated funds are unrestricted but have been ear-marked 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 £31.3 million to £34.3 million during the year, with the greater part of the increase being due to the investment in the new Guide Dog Training School at Atherton.
- The **Research Fund** provides funding for:
 - Ophthalmic research into the prevention and cure of conditions that affect people's sight. This comprises work to maintain and enhance residual vision, and epidemiology to inform the development of organisational strategy and policy;
 - Canine research to continue the improvement in the health and quality of dogs; and
 - Advances in technology, services and environments that promote mobility for blind and partially sighted people.The year-end balance on this fund was £1.9 million (£2.7 million at the end of 2008).
- 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 2008 has been completed, and the balance of the fund at the end of 2009 represents funds earmarked for the completion of two information system projects to support the Association's strategic aims. No further designations have been made in 2009, and the balance of reserve at the end of 2009 was £1.6 million (2008: £8.4 million).

Restricted funds

These are unexpended funds that have been donated to Guide Dogs with specific conditions attached to their use.

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.

Report of the Council for the year ended 31 December 2009

Tangible fixed assets

The movements in tangible fixed assets during the year are summarised in Note 6 to the Financial Statements. Guide Dogs is continuing its programme of investment in new training and breeding facilities, and the new Guide Dog Training School at Atherton opened in May 2009, replacing the old school at Bolton. During 2009 work began on the development of the new National Breeding Centre at Bishop's Tachbrook in Warwickshire. This work is anticipated to be completed in the summer of 2011.

During 2009 the old district team office in Southampton was sold, realising net proceeds of £0.7m. This is part of a programme of disposals of surplus property which will continue as economic conditions improve. The programme includes obsolete sites such as the old training centres at Forfar and Bolton.

Investment policy

Guide Dogs is undertaking a major capital asset replacement programme which will continue over several years, and it aims to break even on its routine operations over the period. The current investment policy is to ensure that, at the end of that period, investments will be at the same level (after drawdowns and adjusted for inflation) as at the beginning of the period. 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. In addition, the mandate seeks to avoid downside risks by avoiding underperforming returns in any 12 month period. 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 reduce overall risk. The investment policy allows the use of derivatives which, when used, are held as traded products. Currency forward contracts may be used to reduce risk by removing unwanted foreign currency exposure. Equity futures may be used to gain exposure to an equity market without investing in physical assets or to reduce exposure to an equity market where an underlying investment in that market is held. Gilt/bond futures may be used to gain exposure to movements in underlying interest rates without having to invest in fixed income funds. Equity options may be used to reduce risk and provide exposure to market volatility. Interest rate swaps may be used to gain exposure to movements in underlying interest rates without having to invest in fixed income funds. Inflation swaps may be used to provide exposure to the outcome of a typical inflation index compared to current predictions. Swaptions may be used to provide positive exposure to interest rate movements beyond a certain level.

Towards the end of the year the majority of the investment portfolio managed by Standard Life Investments was transferred into one of their managed funds. All the derivatives held at the end of 2009 were fully hedged, and have been eliminated during the first two months of 2010.

At the beginning of the year the investment portfolio was valued at £126.8 million. During the year a net £16.1 million of funds were withdrawn from the portfolio and investment gains of £17.6 million were achieved. As a result, the portfolio was valued at £128.3 million at the end of the year.

Report of the Council for the year ended 31 December 2009

Against the benchmark target return (LIBOR plus 4%) of 5.2% for the year, Standard Life Investments achieved 24.7% and Newton Investments 10.8%, producing an overall return of 20.0%. This was 0.9% above the WM Charity Fund Average return of 19.1%.

The Guide Dogs pension scheme

The latest formal actuarial valuation was at 31 December 2008. A separate valuation for FRS 17 purposes valued the deficit in the pension scheme at 31 December 2009 at £31.2 million (2008: £27.7 million) (See Note 16 to the Financial Statements). Guide Dogs has agreed to contribute additional annual amounts of £6.7 million over the next six years to eliminate the deficit.

This report was approved by the Members of Council on 18 May 2010 and signed on its behalf by:



Chairman: Tony Aston
Date: 18 May 2010

Independent Auditors' Report

To the Members of The Guide Dogs for the Blind Association

We have audited the group and parent charitable company Financial Statements of The Guide Dogs for the Blind Association for the year ended 31 December 2009, which comprise the Consolidated Statement of Financial Activities, the Charity and Group Balance Sheets, the Consolidated Cash Flow Statement and the related Notes numbered 1 to 18. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006 and to the Members of Council, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The Members of Council (who are also the Directors of The Guide Dogs for the Blind Association for the purpose of company law) responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the Financial Statements give a true and fair view are set out in the Statement of Council Members' Responsibilities.

We have been appointed auditors under the Companies Act 2006 and under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with those Acts.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if in our opinion the information given in the Report of the Council is not consistent with the Financial Statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charity's Financial Statements are not in agreement with those records, if we have not received all the information and explanations we require for our audit or if certain disclosures of Council members' remuneration specified by law are not made.

We read the Report of the Council and consider the implications for our report if we become aware of any apparent misstatements within it.

Independent Auditors' Report

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Members of Council in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

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 2009 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- The Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- The Financial Statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006; and
- The information given in the Report of the Council is consistent with the Financial Statements.



Tim Baines

Senior Statutory Auditor

For and on behalf of

Horwath Clark Whitehill LLP

Statutory Auditor

London

Date: 18 May 2010

Horwath Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

The Guide Dogs for the Blind Association
Consolidated Statement of Financial Activities
for the year ended 31 December 2009 (Incorporating an Income and Expenditure Account)

	General funds £000	Designated funds £000	Restricted funds £000	Endowment funds £000	Total 2009 £000	Total 2008 £000
Incoming resources from generated funds (Note 1)						
Voluntary income	48,121	-	6,336	-	54,457	58,147
Activities for generating funds	1,175	-	-	-	1,175	1,355
Investment income	3,023	-	-	-	3,023	4,162
Incoming resources from charitable activities	857	-	-	-	857	1,093
Other incoming resources	581	-	-	-	581	3,818
Total incoming resources	53,757	-	6,336	-	60,093	68,575
Resources expended						
Costs of generating funds	15,238	-	-	-	15,238	16,173
Net incoming resources available for charitable application	38,519	-	6,336	-	44,855	52,402
Charitable activities by objective						
Costs of activities in furtherance of the charity's objects:						
Provision of guide dogs	40,250	-	6,124	-	46,374	44,157
Provision of visual impairment support services	1,042	-	-	-	1,042	1,151
Training of visual impairment support workers	-	-	-	-	-	94
Research (Note 4)	-	786	-	-	786	681
Advocacy	5,361	-	100	-	5,461	6,239
Total charitable expenditure	46,653	786	6,224	-	53,663	52,322
Governance costs	1,698	-	-	-	1,698	1,690
Total resources expended (Note 2)	63,589	786	6,224	-	70,599	70,185
Net (outgoing)/incoming resources before transfers	(9,832)	(786)	112	-	(10,506)	(1,610)
Gross transfers between funds (Note 12)	4,763	(3,744)	(1,019)	-	-	-
Net outgoing resources before other recognised losses/gains	(5,069)	(4,530)	(907)	-	(10,506)	(1,610)
Net realised gains/(losses) on investments	3,146	-	-	-	3,146	(1,278)
Net expenditure for the financial year	(1,923)	(4,530)	(907)	-	(7,360)	(2,888)
Actuarial losses on defined benefit pension scheme (Note 16)	(6,116)	-	-	-	(6,116)	(8,688)
Net unrealised gains/(losses) on investments	14,480	-	-	-	14,480	(9,008)
Net increase/(decrease) in funds	6,441	(4,530)	(907)	-	1,004	(20,584)
Fund balances at 1 January	90,074	42,443	950	166	133,633	154,217
Fund balances at 31 December	96,515	37,913	43	166	134,637	133,633

The net expenditure for the financial year under the historical cost accounting convention is £7,800,000 (2008 net expenditure of £4,209,000) (Note 6).

The notes on pages 28 to 45 form part of these Financial Statements.

The Guide Dogs for the Blind Association
Consolidated and Charity Balance Sheet at 31 December 2009
 Company registration number: 291646

	Group 2009 £000	Group 2008 £000	Charity 2009 £000	Charity 2008 £000
Fixed assets				
Tangible assets (Note 6)	34,322	31,336	34,322	31,394
Investments (Note 7)	128,284	126,771	128,784	127,271
	162,606	158,107	163,106	158,665
Current assets				
Stocks (Note 8)	164	167	65	74
Debtors (Note 9)	6,978	8,851	7,102	8,440
Cash at bank and in hand	3,082	4,625	2,114	3,682
	10,224	13,643	9,281	12,196
Creditors: amounts falling due within one year (Note 10)	(6,128)	(8,997)	(5,699)	(8,054)
Net current assets	4,096	4,646	3,582	4,142
Total assets less current liabilities	166,702	162,753	166,688	162,807
Creditors: amount falling due after more than one year (Note 11)	(823)	(1,458)	(823)	(1,458)
Net assets excluding pension scheme	165,879	161,295	165,865	161,349
Pension fund deficit (Note 16)	(31,242)	(27,662)	(31,242)	(27,662)
Net assets	134,637	133,633	134,623	133,687

The Guide Dogs for the Blind Association
Consolidated and Charity Balance Sheet at 31 December 2009
 Company registration number: 291646

	Group 2009 £000	Group 2008 £000	Charity 2009 £000	Charity 2008 £000
Funds				
General funds	115,637	141,331	115,627	141,331
Revaluation reserve	12,120	(23,595)	12,116	(23,599)
Pension reserve deficit	(31,242)	(27,662)	(31,242)	(27,662)
Net free reserves	96,515	90,074	96,501	90,070
Designated funds				
Fixed assets	34,322	31,336	34,322	31,394
Capital reserve	1,645	8,375	1,645	8,375
Research	1,946	2,732	1,946	2,732
	37,913	42,443	37,913	42,501
Total unrestricted funds	134,428	132,517	134,414	132,571
Restricted funds	43	950	43	950
Endowment funds	166	166	166	166
Total funds (Note 12)	134,637	133,633	134,623	133,687

Approved by the Council on 18 May 2010 and signed on its behalf by



Chairman: Tony Aston



Deputy Chairman: Elizabeth Hubbick

The notes on pages 28 to 45 form part of these Financial Statements.

The Guide Dogs for the Blind Association Consolidated Cashflow Statement for the year ended 31 December 2009

	2009	2008
	£000	£000
Net cash outflow from operating activities (Note 18a)	(14,019)	(9,218)
Return on investment and servicing of finance		
Investment income received	3,023	4,162
Capital expenditure and financial investment		
Payments for tangible fixed assets	(6,612)	(8,452)
Proceeds from sale of tangible fixed assets	855	4,032
Net divestment from investment portfolio	16,113	7,680
	<hr/> 10,356	<hr/> 3,260
Decrease in cash in the year (see below)	<hr/> (640) <hr/>	<hr/> (1,796) <hr/>

Analysis of changes in net funds

	At 31	Cashflow	At 31
	Dec 2009		Dec 2008
	£000	£000	£000
Cash at bank and in hand	3,082	1,543	4,625
Bank overdrafts	-	(903)	(903)
Total net funds	<hr/> 3,082 <hr/>	<hr/> 640 <hr/>	<hr/> 3,722 <hr/>

The notes on pages 28 to 45 form part of these Financial Statements.

The Guide Dogs for the Blind Association Accounting Policies

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

i. Basis of accounting

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

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

ii. Incoming resources

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

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

Legacies are accounted for when notified, providing the amount can be reliably ascertained and that ultimate receipt is reasonably certain.

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

Investment income is accounted for on an accruals basis.

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

iii. Resources expended

Expenditure is accounted for on an accruals basis.

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

The costs of generating funds include the direct costs incurred by the function, and the direct costs of staff employed in the function, together with a share of overheads calculated in proportion to the number of staff employed in this area.

The Guide Dogs for the Blind Association Accounting Policies

The costs of charitable activities include the direct costs incurred on the activity, and the direct costs of staff employed on the activity, together with a share of overheads calculated in proportion to the number of staff employed on the activity. Support costs are included in the costs of activities in furtherance of the charity's objects, in order to present the full cost of those activities. Support costs have been allocated between charitable activity and the cost of generating funds on the basis of proportionate full time equivalent head count for each cost centre. 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 constitutional related costs.

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

iv. Tangible fixed assets

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

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

Assets in the course of construction are not depreciated.

Business systems development costs are expensed.

Guide Dogs first applied Financial Reporting Standard (FRS) 15 'Tangible Fixed Assets' in the year ended 31 December 2000. Guide Dogs is taking advantage of the transitional provisions within FRS 15 not to revalue the freehold land and buildings on a periodic basis in the future; therefore this valuation has not been updated. Accordingly depreciation is being charged, as noted above, to write off the valuation of the freehold buildings over their estimated remaining useful lives.

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

v. Investments

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

vi. Stocks

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

The Guide Dogs for the Blind Association Accounting Policies

vii. Pension costs

Guide Dogs operates a defined benefit pension scheme for the majority of its employees. The pension charge in relation to this scheme is based on a full actuarial valuation dated 31 December 2008, updated for annual provisions of this estimate under FRS17.

viii. Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred.

ix. Fund balances and transfers

The charity has three permanent endowments, which the Trustees are required to retain as capital in perpetuity, and are not entitled to be spent. 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 charged directly to the fund.

Unrestricted income funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objects.

Unrestricted funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose.

Transfers of funds from unrestricted funds to designated funds are approved by Council. Further details of each fund are disclosed in Note 12.

x. Unfunded pension liability

The unfunded pension liability is recognised in accordance with our actuarial valuation and released to the Statement of Financial Activities each year in line with the pension payments made. The liability is in relation to ex-employees.

xi. Foreign exchange

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

The Guide Dogs for the Blind Association
Notes to the Financial Statements for the period ended 31 December 2009

1. Incoming resources

	2009	2008
	£000	£000
Incoming resources from generated funds		
Voluntary income		
Community fundraising	5,010	4,809
Donor based fundraising	12,995	10,443
Raffles and draws	4,214	5,762
Corporate and trust income	495	991
Legacies	31,687	36,045
Gifts in kind	56	97
	<hr/> 54,457	<hr/> 58,147
Activities for generating funds	<hr/> 1,175	<hr/> 1,355
Investment income		
Listed investments	3,013	4,010
Cash deposits	10	152
	<hr/> 3,023	<hr/> 4,162
Incoming resources from charitable activities		
Sale of rehabilitation services under contract	673	740
Funding for the training of rehabilitation workers	-	123
Membership income	10	14
Ancillary trading	174	216
	<hr/> 857	<hr/> 1,093
Other incoming resources	<hr/> 581	<hr/> 3,818
Total incoming resources	<hr/> <hr/> 60,093	<hr/> <hr/> 68,575

The Guide Dogs for the Blind Association

Notes to the Financial Statements for the period ended 31 December 2009

2. Resources expended

	Staff costs	Depreciation	Facilities costs	Guide dog costs	Other costs	Total 2009	Total 2008
	£000	£000	£000	£000	£000	£000	£000
Costs of generating voluntary income							
Community fundraising	2,253	67	81	-	681	3,082	3,062
Donor based fundraising	869	14	758	-	3,938	5,579	6,767
Raffles and draws	-	-	434	-	948	1,382	1,789
Corporate and trust income	353	12	8	-	46	419	681
Fundraising development and administration	1,073	31	31	-	1,112	2,247	1,147
Legacy marketing and administration	514	8	31	-	613	1,166	1,083
Fundraising trading costs of goods sold and other costs	126	1	-	-	610	737	943
Investment management fees	-	-	-	-	626	626	701
	5,188	133	1,343	-	8,574	15,238	16,173
Charitable expenditure							
Provision of guide dogs	28,328	2,590	2,982	7,104	5,370	46,374	44,157
Provision of visual impairment support services	874	23	32	-	113	1,042	1,151
Training of visual impairment support workers	-	-	-	-	-	-	94
Research	-	-	-	-	786	786	681
Advocacy	2,934	90	107	-	2,330	5,461	6,239
	32,136	2,703	3,121	7,104	8,599	53,663	52,322
Governance costs	1,141	15	16	-	526	1,698	1,690
Total resources expended	38,465	2,851	4,480	7,104	17,699	70,599	70,185

Guide Dogs pays a premium for liability insurance of £13,493 (2008: £13,490) for Trustees in respect of their duties as Council Members (Company Directors).

Governance costs include:

	2009 £000	2008 £000
Auditors' remuneration:		
Audit fee	74	102
Other services	12	24
	86	126

Operating leases amounting to £528,000 (2008: £485,000) were included within total resources expended for the year.

During 2009 Guide Dogs received £673,000 (2008: £740,000) in income from mobility contracts and spent £762,000 in direct costs (2008: £843,000) on these contracts.

The Guide Dogs for the Blind Association

Notes to the Financial Statements for the period ended 31 December 2009

3. Support costs

	Management	Finance	Information Services	Human Resources	Total 2009
	£000	£000	£000	£000	£000
Fundraising	154	136	370	173	833
Corporate and trust income	16	14	39	18	87
Legacy marketing and administration	30	27	73	34	164
Fundraising development and administration	102	91	246	115	554
Provision of guide dogs	1,803	1,596	4,331	2,028	9,758
Provision of visual impairment support services	51	45	123	58	277
Advocacy	132	117	318	149	716
Total	2,288	2,026	5,500	2,575	12,389

Total support costs for the year are included within 'total resources expended' in Note 2.

4. Research - Grants payable

	2009 No.	Total 2009 £000	2008 No.	Total 2008 £000
Addenbrookes/Cambridge University	1	28	-	-
Kings College London	1	115	-	-
Nottingham University Hospital	1	582	1	156
Queen's University Belfast	1	120	-	-
UCL – Institute of Ophthalmology	-	-	1	79
Aberdeen University	-	-	1	119
University of Liverpool	-	-	1	161
Royal College of Ophthalmologists	-	-	1	117
Other items	-	(59)	-	49
Total	4	786	5	681

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 (2008: nil). 12 Trustees were reimbursed a total of £18,339 travelling and subsistence expenses (2008: 12; £16,110)

Staff costs

	2009 £000	2008 £000
Wages and salaries	28,643	26,906
Social security costs	2,314	2,091
Other pension costs excluding pension scheme actuarial loss (see Note 16)	4,072	4,239
Sub-total	35,029	33,236
Other staff related costs	3,436	3,324
Total	38,465	36,560

The Guide Dogs for the Blind Association

Notes to the Financial Statements for the period ended 31 December 2009

The average number of persons employed by Guide Dogs during the year ended 31 December 2009 is shown below. The numbers are monthly averages. A proportion are employed on a part-time basis, and for this reason the following analysis by job function is also expressed in full-time equivalents.

	2009		2008	
	Employees No.	Full time Equivalents No.	Employees No.	Full time Equivalents No.
Fundraising and legacies	130	118	129	117
Provision of guide dogs	773	707	730	671
Provision of visual impairment support services	22	18	25	21
Research	2	2	1	1
Advocacy	56	56	51	50
Management, administration and clerical (indirect)	157	146	142	132
Domestic and ancillary (indirect)	7	6	6	6
	1,147	1,053	1,084	998

Pension contributions were paid into Guide Dogs' defined benefit scheme for the year on behalf of 822 (2008: 772) of the 1,147 employees shown above.

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

	2009 No.	2008 No.
£60,001 to £70,000	10	4
£70,001 to £80,000	2	2
£80,001 to £90,000	2	1
£90,001 to £100,000	1	-
£100,001 to £110,000	-	1
£110,001 to £120,000	1	-
	16	8

Pension contributions were paid into Guide Dogs' defined benefit scheme for the year on behalf of 16 (2008: 8) of the employees with emoluments in excess of £60,000.

The Guide Dogs for the Blind Association
Notes to the Financial Statements for the period ended 31 December 2009

6. Tangible fixed assets

	Freehold properties	Leasehold properties	Assets in the course of construction	Furniture, equipment, vehicles and computers	Total
	£000	£000	£000	£000	£000
Group					
Cost or valuation					
At 1 January 2009	23,711	733	8,814	11,193	44,451
Additions	549	-	4,342	1,721	6,612
Disposals	(1,360)	-	-	(780)	(2,140)
Transfers	10,286	-	(10,286)	-	-
At 31 December 2009	33,186	733	2,870	12,134	48,923
Depreciation					
At 1 January 2009	5,577	444	-	7,094	13,115
Provision for year	950	38	-	1,863	2,851
Disposals	(620)	-	-	(745)	(1,365)
At 31 December 2009	5,907	482	-	8,212	14,601
Net book value 31 December 2009	27,279	251	2,870	3,922	34,322
Net book value 31 December 2008	18,134	289	8,814	4,099	31,336
Charity					
Cost or valuation					
At 1 January 2009	23,711	733	8,875	10,785	44,104
Additions	549	-	4,281	1,721	6,551
Disposals	(1,360)	-	-	(780)	(2,140)
Transfers	10,286	-	(10,286)	-	-
At 31 December 2009	33,186	733	2,870	11,726	48,515
Depreciation					
At 1 January 2009	5,577	444	-	6,689	12,710
Provision for year	950	38	-	1,860	2,848
Disposals	(620)	-	-	(745)	(1,365)
At 31 December 2009	5,907	482	-	7,804	14,193
Net book value 31 December 2009	27,279	251	2,870	3,922	34,322
Net book value 31 December 2008	18,134	289	8,875	4,096	31,394

The Guide Dogs for the Blind Association

Notes to the Financial Statements for the period ended 31 December 2009

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

If freehold properties had been valued under the historical cost convention they would have been included in the charity balance sheet at a cost of £51.7m (2008: £49.6m) and a net book value of £27.3m (2008: £19.8m). The charity's depreciation charge for the year would have been £1,390,000 (2008: £1,458,000) compared with the actual charge of £950,000 (2008: £849,000) based on revalued amounts.

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

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

7. Investments

a. Movement in investments during the year

	Group 2009 £000	Group 2008 £000	Charity 2009 £000	Charity 2009 £000
Market value at 1 January	126,771	144,737	127,271	145,237
Net divestment	(16,113)	(7,680)	(16,113)	(7,680)
Realised gains/(losses)	3,146	(1,278)	3,146	(1,278)
Unrealised gains/(losses)	14,480	(9,008)	14,480	(9,008)
Market value at 31 December	128,284	126,771	128,784	127,271

b. Analysis of investments at market value

	Group 2009 £000	Group 2008 £000	Charity 2009 £000	Charity 2008 £000
Listed investments				
United Kingdom	128,156	76,374	128,156	76,374
Overseas	-	33,461	-	33,461
Derivatives	225	(9,858)	225	(9,858)
Cash deposits	(97)	26,794	(97)	26,794
Investment in subsidiaries	-	-	500	500
	128,284	126,771	128,784	127,271

The Guide Dogs for the Blind Association

Notes to the Financial Statements for the period ended 31 December 2009

c. Analysis of investments at cost

	Group 2009 £000	Group 2008 £000	Charity 2009 £000	Charity 2008 £000
Listed investments				
United Kingdom	116,377	78,332	116,377	78,332
Overseas	-	37,320	-	37,320
Derivatives	249	(396)	249	(396)
Cash deposits	(523)	26,415	(523)	26,415
Investment in subsidiaries	-	-	504	504
	116,103	141,671	116,607	142,175

As explained in the Trustees' Report, the Trustees, working with their investment managers and with the approval of the Charity Commission, have adopted an investment strategy which allows the use of derivative products to seek to achieve target performance, and to manage investment risk. Details of the key classes of derivative product used, together with their economic exposures and year-end open positions, are set out below.

Futures contracts

	Economic exposure value (asset) £000	Economic exposure value (liability) £000	Market value (asset) £000	Market value (liability) £000
At 31 December 2009	-	-	-	-
At 31 December 2008	32,230	(76,320)	106	(1,521)

Forward foreign exchange contracts

Country of currency underlying forward foreign exchange contract	Gross receive amount at inception (asset) £000	Gross pay amount at inception (liability) £000	Market value (asset) £000	Market value (liability) £000
Australia	-	291	-	(3)
Brazil	-	4,392	-	(39)
Canada	-	277	-	(1)
Chile	-	4,558	-	(9)
Czech Republic	4,370	-	184	-
Denmark	208	-	5	-
Euro	29,008	8,558	804	(20)
Japan	949	-	13	-
Norway	77	74	2	(1)
Poland	-	4,255	-	(138)
Sweden	226	8,641	7	(156)
Switzerland	475	1,293	10	(8)
United Kingdom	12,577	21,223	92	(204)
United States	3,658	24,414	43	(356)
Total at 31 December 2009	51,548	77,976	1,160	(935)
Total at 31 December 2008	12,068	(50,400)	3,254	(8,380)

The Guide Dogs for the Blind Association
Notes to the Financial Statements for the period ended 31 December 2009

Options

	Nominal amount of contract (asset) £000	Nominal amount of contract (liability) £000	Market value (asset) £000	Market value (liability) £000
As at 31 December 2009	-	-	-	-
As at 31 December 2008	17,569	(65,093)	107	(7,390)

Swaps (collateralised)

	Notional principal £000	Market value (asset) £000	Market value (liability) £000
As at 31 December 2009	-	-	-
As at 31 December 2008	207,321	10,535	(3,390)

Swaptions

	Notional principal £000	Market value (asset) £000	Market value (liability) £000
As at 31 December 2009	-	-	-
As at 31 December 2008	24,553	-	(3,313)

CDS indices

	Notional principal £000	Market value (asset) £000	Market value (liability) £000
As at 31 December 2009	-	-	-
As at 31 December 2008	25,137	133	-

8. Stocks

	Group 2009 £000	Group 2008 £000	Charity 2009 £000	Charity 2008 £000
Equipment	65	74	65	74
Subsidiary stocks	99	93	-	-
	164	167	65	74

The Guide Dogs for the Blind Association

Notes to the Financial Statements for the period ended 31 December 2009

9. Debtors

	Group 2009 £000	Group 2008 £000	Charity 2009 £000	Charity 2008 £000
Trade debtors	394	788	235	378
Tax recoverable	1,598	444	1,598	444
Other debtors	247	182	247	182
Due from subsidiary companies	-	-	285	-
Accrued income	4,217	6,260	4,217	6,260
Other prepayments	522	1,177	520	1,176
	6,978	8,851	7,102	8,440

Included in other debtors are amounts falling due after more than one year. They include non-interest bearing equity loans to employees for housing assistance amounting to £97,000 (2008: £97,000) and a loan of £127,000 (2008: £135,000) repayable in equal annual instalments over 17 years to The Worcestershire Association for the Blind for the development of a resource centre.

10. Creditors: amounts falling due within one year

	Group 2009 £000	Group 2008 £000	Charity 2009 £000	Charity 2008 £000
Bank overdrafts	-	903	-	903
Due to subsidiary companies	-	-	-	86
Trade creditors	2,839	3,761	2,524	3,585
Other creditors	40	581	40	518
Tax and social security	717	714	717	714
Accruals and deferred income	2,532	3,038	2,418	2,248
	6,128	8,997	5,699	8,054

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

	Group 2009 £000	Group 2008 £000	Charity 2009 £000	Charity 2008 £000
Unfunded pension obligations	138	283	138	283
Contracted research grants	685	1,175	685	1,175
	823	1,458	823	1,458

The unfunded pension obligations are in respect of four (2008: six) retired members of staff.

The Guide Dogs for the Blind Association

Notes to the Financial Statements for the period ended 31 December 2009

12. Fund balances

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

	At 1 Jan 2009	Incoming resources	Funds used	Net unrealised gains	Transfer between funds	At 31 Dec 2009
	£000	£000	£000	£000	£000	£000
Free reserves	90,074	53,757	(60,443)	8,364	4,763	96,515
Designated funds						
Fixed assets	31,336	-	-	-	2,986	34,322
Capital reserve	8,375	-	-	-	(6,730)	1,645
Research fund	2,732	-	(786)	-	-	1,946
	42,443	-	(786)	-	(3,744)	37,913
Total unrestricted funds	132,517	53,757	(61,229)	8,364	1,019	134,428
Restricted funds	950	6,336	(6,224)	-	(1,019)	43
Endowment funds	166	-	-	-	-	166
Total funds	133,633	60,093	(67,453)	8,364	-	134,637

Restricted and endowment fund balances are represented by investment assets.

'Funds used' comprise resources expended of £70,599,000 less realised gains on investments of £3,146,000 within the charity's own Statement of Financial Activities.

Analysis of Transfer between funds:

	Note a £000	Note b £000	Note c £000	Note d £000	Total £000
Free reserves	-	-	1,707	3,056	4,763
Designated funds					
Fixed assets	3,674	1,019	(1,707)	-	2,986
Capital reserve	(3,674)	-	-	(3,056)	(6,730)
	-	1,019	(1,707)	(3,056)	(3,744)
Total unrestricted funds	-	1,019	-	-	1,019
Restricted funds	-	(1,019)	-	-	(1,019)
Total funds	-	-	-	-	-

- Expenditure on tangible fixed assets out of designated funds.
- Expenditure on tangible fixed assets out of restricted funds.
- Other movements on tangible fixed assets.
- Other expenditure out of designated funds.

The Guide Dogs for the Blind Association

Notes to the Financial Statements for the period ended 31 December 2009

Analysis of revaluation reserve

	Group 2009 £000	Group 2008 £000	Charity 2009 £000	Charity 2008 £000
Revaluation of investment portfolio	12,181	(14,900)	12,177	(14,904)
Revaluation of properties for use by charity	(61)	(8,695)	(61)	(8,695)
	<u>12,120</u>	<u>(23,595)</u>	<u>12,116</u>	<u>(23,599)</u>

13. Commitments

	2009 £000	2008 £000
Contracted capital commitments for the group and the charity	<u>660</u>	<u>5,380</u>

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:

	2009 £000	2008 £000
For leases of properties expiring:		
Within one year	27	64
Between two and five years	236	190
Over five years	265	231
	<u>528</u>	<u>485</u>

14. Legacies

There are some legacies which have been notified to the Association at 31 December 2009 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 £33.4 million (2008: £39.8 million) of legacies are receivable at the year end.

15. Subsidiaries

The Association holds 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 are of maximum benefit to Guide Dogs.
- Guide Dogs UK Limited operates as a design and new build company for The Guide Dogs for the Blind Association. Using a subsidiary reduces the financial risk to the Association.

The Guide Dogs for the Blind Association

Notes to the Financial Statements for the period ended 31 December 2009

A summary of the trading results and net assets for the year ended 31 December 2009 is shown below.

	Dormant companies	Trading Company	GDUK	Total	Total
	2009	2009	2009	2009	2008
	£000	£000	£000	£000	£000
Turnover	-	1,076	4,333	5,409	7,080
Cost of sales	-	(494)	(4,333)	(4,827)	6,553
Gross profit	-	582	-	582	527
Other operating income	-	81	-	81	126
Distribution, selling and administration expenses	-	(462)	-	(462)	(488)
Operating profit for the financial year	-	201	-	201	165
Interest	-	1	2	3	25
Gift Aid donation to charity	-	(198)	(2)	(200)	(187)
Profit for the year	-	4	-	4	3
Reserves at beginning of year	(1)	9	-	8	5
Reserves at end of year	(1)	13	-	12	8
Net assets at end of year	2	512	1	515	512

16. Pension costs

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

The Association operates a defined benefit scheme for all qualifying employees. The assets of the scheme are held in a separately administered fund.

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

	2009	2008
	£000	£000
Present value of funded obligations	(165,174)	(140,220)
Fair value of plan assets	133,932	112,558
Deficit	(31,242)	(27,662)
Amounts in the balance sheet:		
Liabilities	(31,242)	(27,662)
Assets	-	-
Net liability	(31,242)	(27,662)

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

	2009	2008
	£000	£000
Opening defined benefit obligation	140,220	148,940
Service cost	3,111	3,771
Interest cost	8,124	8,511
Actuarial loss/(gain)	17,137	(17,997)
Employee contributions	1,395	1,250
Benefits paid	(4,813)	(4,255)
Closing defined benefit obligation	165,174	140,220

The Guide Dogs for the Blind Association

Notes to the Financial Statements for the period ended 31 December 2009

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

	2009	2008
	£000	£000
Opening fair value of the scheme assets	112,558	127,046
Expected return	6,968	8,630
Actuarial gain/(loss)	11,021	(26,685)
Employer contributions	6,803	6,572
Employee contributions	1,395	1,250
Benefits paid	(4,813)	(4,255)
	<hr/>	<hr/>
Closing fair value of scheme assets	133,932	112,558
	<hr/> <hr/>	<hr/> <hr/>

d) The amounts included within the Statement of Financial Activities are as follows:

	2009	2008
	£000	£000
Current service cost	(3,111)	(3,706)
Past service cost	-	(65)
Expected return on scheme assets	6,968	8,630
Interest on pension liabilities	(8,124)	(8,511)
	<hr/>	<hr/>
Total amount charged within net outgoing resources	(4,267)	(3,652)
Actuarial gains and losses	(6,116)	(8,688)
	<hr/>	<hr/>
Total amount charged to the Statement of Financial Activities	(10,383)	(12,340)
	<hr/> <hr/>	<hr/> <hr/>

The Group expects to contribute £6,700,000 million to its defined benefit pension scheme in 2010. The cumulative total of recognised actuarial net losses is £14,809,000.

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

	2009	2008
Equities	24%	49%
Bonds	75%	49%
Cash	1%	2%

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.

	2009	2008
	£000	£000
The actual return on the scheme in the year	<hr/>	<hr/>
	17,989	(18,055)
	<hr/> <hr/>	<hr/> <hr/>

The Guide Dogs for the Blind Association

Notes to the Financial Statements for the period ended 31 December 2009

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

	2009	2008
Discount rate at 31 December	5.80%	5.80%
Expected return on scheme assets at 31 December	6.90%	6.10%
Rate of increase in salaries	3.25%	3.25%
Rate of increase in payment		
Pre 5 April 1989 accrual	3.00%	3.00%
Post 6 April 1989 accrual	3.25%	2.75%
Rate of increase of pensions in deferment		
	3.25%	2.75%
Proportion of employees opting on early retirement	0.00%	0.00%
Assumes life expectations on retirements age 60:		
Retiring today – males	26.3	23.7
Retiring today – females	28.8	26.7
Retiring in 20 years – males	27.6	24.6
Retiring in 20 years - females	29.8	27.6

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

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Defined benefit obligation	(165,174)	(140,220)	(148,940)	(172,763)	(159,500)
Scheme assets	133,932	112,558	127,046	115,116	100,200
Surplus/(deficit)	(31,242)	(27,662)	(21,894)	(57,647)	(59,300)
Experience adjustments on scheme liabilities	(17,137)	17,997	34,618	(2,300)	(30,700)
Experience adjustments on scheme assets	11,021	(26,685)	(2,223)	600	10,400

17. Analysis of net assets between funds and cashflow

	General funds £000	Designated funds £000	Restricted funds £000	Endowment funds £000	Total 2009 £000	Total 2008 £000
Tangible fixed assets	-	34,322	-	-	34,322	31,336
Fixed asset investments	128,118	-	-	166	128,284	126,771
Bank balances	3,039	-	43	-	3,082	3,722
Pension fund	(31,242)	-	-	-	(31,242)	(27,662)
Other assets and liabilities	(3,400)	3,591	-	-	191	(534)
	96,515	37,913	43	166	134,637	133,633

The Guide Dogs for the Blind Association
Notes to the Financial Statements for the period ended 31 December 2009

18. Notes to Cashflow Statement

a) Reconciliation of net resources expended to net cash outflow from operating activities

	2009	2008
	£000	£000
Statement of Financial Activities: Net expenditure for the financial year	(7,360)	(2,888)
Investment income	(3,023)	(4,162)
Net realised (gain)/loss on investments	(3,146)	1,278
Depreciation	2,851	2,465
Net gain on disposal of tangible fixed assets	(80)	(2,403)
Decrease in stocks	3	84
Decrease/(increase) in debtors	1,873	(2,598)
(Decrease)/increase in creditors	(2,601)	1,926
Pension fund non-cash movement	(2,536)	(2,920)
Net cash outflow from operating activities	(14,019)	(9,218)

Guide Dogs is a working name of
The Guide Dogs for the Blind
Association. Registered Office:
Hillfields, Burghfield Common,
Reading, Berkshire, RG7 3YG.

A company limited by guarantee
registered in England and Wales
(291646) and a charity registered
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and Scotland (SC038979).

For further information on
Guide Dogs' services please
visit the Guide Dogs website:
www.guidedogs.org.uk

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