



Report & Financial Statements 2019

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“

I can do more things with Nugget. I can get lost and not panic. He's made me feel much more confident; I put my trust in him. He's not just a guide dog, he's my best friend.

”

Justin



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Every six minutes in the UK, approximately one more person loses their sight. Every day, 250 more people join the two million people already living with sight loss. And this number is set to double by 2050.



We are Guide Dogs

We're here to help people with sight loss live the life they choose. Children and adults. Friends and family. Whoever you are, our expert staff, volunteers and life-changing dogs are here to help you:

Live actively.

Our people and dogs can help people with sight loss get out and about with confidence, going wherever school, work, or play takes them – and knowing that sight loss won't hold them back.

Live independently.

The advice and skills we provide give people with sight loss the freedom to live life on their own terms, in their own way, and achieve their hopes and ambitions.

Live well.

With our experience and understanding, we can help people through the emotional and practical challenges of sight loss, introducing them to an inspiring community of people, giving them the support they need to be their best self.



Welcome letter from the Chairman

At the time of writing, the whole country is coming to terms with the scale and impact of the Covid-19 outbreak. Our immediate response has been to adapt the way we support our community by delivering essential information and support online and over the phone, including the launch of our Covid-19 Sight Loss Information Line.

However, like so many organisations, Guide Dogs is facing uncertainty about how we will be affected in the longer term and how we might need to adapt as a result, particularly as so many of our services are delivered face to face. This is discussed further in the financial performance section on pages 30 to 36 and in Note 3 to the financial statements.

Since 2018 through our By My Side strategy, we have been expanding not just our core dog services but specialist services that provide vital support for young people, those who need

help with orientation and mobility, and people who want to make the most of their remaining vision. We have invested in our digital platforms so that more people can access advice and support whenever and however they need it. We have also invested time and expertise into our campaigning and policy work to advocate for the rights of people with sight loss.

To tell our story and help people understand that sight loss matters to everyone, we've refreshed our identity to make sure it stays inspiring and relevant to the audiences we need to reach with our campaigns.

To help us deliver our ambitious strategy in these challenging circumstances, we have recruited some talented and experienced Trustees, who will replace those completing their tenure. These are people who can continue to bring the skills and commitment to help us reach our goals.

To achieve our By My Side strategy, we must maintain and build on the success of our fundraising efforts and persuade even more people to donate to us. The reality is that two million people are already living with sight loss in the UK, and this is set to double to more than four million by 2050. In the near future, all of us are likely to know someone who is affected by sight loss.

At this difficult time I would like to applaud our staff and volunteers who have responded superbly to keep our services going wherever practical. To them, and to all those who supported us in 2019, I would like to give my heartfelt thanks.



James Hambro
Chairman

7 July 2020

Welcome letter from the Chief Executive

2019 marked the first full year of our By My Side strategy. Launched in 2018, it sets out how we plan to reach more than double the number of people we support today and reduce the waiting times for guide dogs. To do this, we will improve and increase the services we offer.

Among my highlights of 2019 were the development of our PREP (Puppy Readiness for Excellent Partnerships) programme for launch in 2020 and the continued roll out of our cutting edge STEP (Standardised Training for Excellent Partnerships) programme.

These initiatives will mean that going forward, our puppies and adult dogs are raised and trained to an ever more consistent standard. And STEP is already helping our adult dogs to learn faster so that we can provide a better service for guide dog owners.

We recruited 70 staff into frontline technical roles in 2019, taking our total to over 500. This means more people than

ever are doing outstanding work to support people with sight loss. It was a great pleasure to see these efforts rewarded at our annual People's Awards.

Guide Dogs' income was £122.2 million in 2019. This achievement was helped by our campaigns, including last year's TV advertisement to raise awareness of Guide Dogs, which was the most-liked charity TV advert of the year. Expenditure totalled £113.4 million.

Our net income totalled £14.0 million. The surplus generated will be used to contribute to the £30.0 million Build the Future Appeal. This capital sum is fundamental if we are to modernise some of our very old training sites, such as Redbridge and Leamington Spa. Some of these sites date back to the Second World War and are not fit for the future. With old-style kennelling and no indoor training facilities, these sites are unsuited to rolling out our modern STEP training programme. The timing of this programme may be delayed by Covid-19.

Our reserves will decrease as the funds are used to develop the next generation of Guide Dogs facilities. These centres of excellence will enable us to host and train more dogs, helping us reduce the waiting time for a guide dog.

I am pleased to report that in 2019 we helped people with orientation and mobility services on 4,600 occasions, and our children's services helped young people and their families on over 7,300 occasions. We created 685 guide dog partnerships, and supported people through our My Guide services on 3,300 occasions. And 158,661 people accessed advice and information online.

At the time of writing, we are facing the unprecedented challenge of Covid-19. We will deliver significantly fewer services in 2020 than planned due to the Covid-19 pandemic. However, we are doing all we can to maintain our services while keeping our staff, volunteers, service users and dogs safe. We are providing our services virtually where face to

face isn't possible. It is an incredibly tough time and our income will be impacted. However, cost mitigation actions have been taken which will address this and everyone in our Guide Dogs family is pulling together.

The top ten focus areas have been agreed, considering the current situation, for the remainder of 2020, which will ensure we will be in the best position to deliver our long-term strategy to expand our dog services, and our specialist services for adults, children and young people and their families. I have every faith in our staff and volunteers at this difficult time and I would like to say a huge thank you to them all for their hard work and dedication, and to everyone who's donated to our charity.



Tom Wright CBE
Chief Executive

7 July 2020



Our By My Side strategy

In 2018 we supported individuals 200,000 times, 15,000 of them by providing support face to face.

By **2023** we aim to support individuals 500,000 times a year, 23,000 of them by providing support face to face.

Our By My Side strategy is a massive step towards creating a better and fairer future for people living with sight loss. By 2023, we will change more lives than ever before. **More than double the amount of support by 2023.**

More support and skills

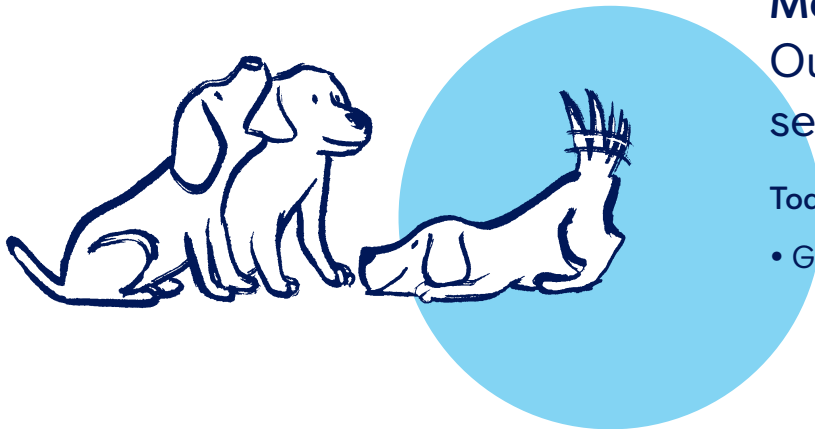
Our expert team will provide more face-to-face services

Today

- My Guide, and Orientation and Mobility Services
- Children and Young People’s Services
- Family Services

2023

- My Guide
- Orientation and Mobility Services
- Children and Young People’s Services
- Family Services
- Life Planning
- Listening Service



More dogs in service

Our range of face-to-face dog services will be broader

Today

- Guide dogs

2023

- Guide dogs
- Buddy dogs
- Companion dogs

More digital and phone support

We will grow our digital and online services

Today

- Website

2023

- Telephone and online advice and information
- How To guides





Mia, 14, was born with multiple conditions affecting her sight, including cortical visual impairment, third nerve palsy and photophobia, and her family didn't know where to turn for help. After contacting Guide Dogs, Mia got the support she needed and now enjoys life like any other teenager. Mia's mum, Bernadette, tells their story...

Mia's story



It took us months to get a diagnosis after Mia was born – it was a real battle. As she got older, she became painfully shy and kept falling over when we went out. Her school wasn't accessible so she was trapped at home, desperate to go out with her friends. Things got really difficult for our family, and we were struggling.

“

Things got really difficult for our family, and we were struggling.

”



A life-changing meeting

That's when our liaison at the hospital suggested I contact Guide Dogs. They helped us put together an education, health and care plan for Mia, and worked with the local authority to make it happen. They supported us when Mia moved to a new school, and helped us find assistive technology like Braille readers, to help her do more of the things she loves.

Every step of the way

Mia's habilitation specialist from Guide Dogs, Amy, has really helped boost her confidence. She taught her how to get around safely using a long cane, and practised regular routes like going to the local shops. She's also helped Mia develop skills like learning to cook and handling money – now she can identify the different coins by feeling their weight, shapes and edges.

“

Now I have my cane, I have a life.

”

Soon, Mia started talking about the places she'd love to visit by herself. She even told me, "now I have a cane, I have a life." She can go out by herself and get a coffee with her friends and that shy girl has completely disappeared – Mia loves singing and performing on stage!

Amy taught us all how to guide Mia when we're out and about as a family. Her brothers and sisters are a huge help at home too; if the sound on the TV is terrible, they'll describe what's happening to her.



A brighter future

Mia says that Guide Dogs has helped make her who she is today, and I couldn't agree more. Before, it felt like it was one problem after another but Guide Dogs has helped us find a solution for all of them. I used to go to bed crying but now I've got a smile on my face instead.



How we are achieving our strategic goals

Our strategic goal is to provide support half a million times a year by 2023.

After the first full year of our five-year By My Side strategy, we made great strides, including 685 guide dog partnerships established in 2019 (2018: 673 partnerships) and 15,191 occasions (2018: 10,910) where Skills, Information and Support services were used. We also provided 158,661 pieces of online information and advice, an increase from 2018. However, Covid-19 control measures will result in significantly fewer services being delivered in 2020.



Our strategy update



We're providing more life-changing services

Our strategy is all about reaching more people with sight loss. That means offering more services through our dogs, our people and our digital and phone platforms.

More dogs to help people live the life they choose

Our guide dogs are the core of our charity. Building on the amazing work they do, we're broadening our range of guide dog services so that by 2023 we'll reach more people who need us, when they need us. We've made a fantastic start, cutting waiting times for a dog by seven weeks in 2019.

"Having a guide dog has given me the confidence to get back out there, back into the community and just live. I feel complete now, I feel totally at ease with my sight loss." – Steve Bowles

We're developing a new buddy dog service that will have a huge impact on children with sight loss, helping them to move confidently in their surroundings. Our companion dogs will do the same for adults, improving their health and wellbeing and making sure they never feel isolated. Our ambassador dogs will play an important role too, helping volunteers to raise awareness of our work and generate more funds for Guide Dogs.

"Dan has had a huge impact on our lives, not just as Logan's buddy dog but as a family dog. We've all gained confidence, especially Logan. Dan has taught Logan responsibility, companionship and most of all unconditional love." – Tabitha, mum to Logan, aged 4

Guide dogs need to be happy and healthy to carry out the amazing work they do. Our ethical canine research programme is helping us to breed dogs that can best meet the needs of people with sight loss, now and in the future.

More specially trained staff and volunteers

People with sight loss want to carry on doing the things they love. By expanding our sighted guiding service, My Guide, we'll help them do just that. Our specially trained volunteers will help them to be more active and independent, whether that means going to a football match, working out at the gym or taking a walk in the park.

We're investing in more orientation and mobility specialists so we can help more adults and young people to get out and about. And growing our functional vision service will help more people with sight loss to make the most of their remaining vision.

Our Life Planning service will help more people decide for themselves what support they'll need to live the life they choose, and build a personalised plan to make it happen.



Before I applied for the My Guide service, I felt like I was on a bit of a treadmill, going round and round just doing the same things. I would never have imagined the things I've done since being paired up with Louise from Guide Dogs.



More services to support children and young people

Children with sight loss should have the same opportunities as everyone else. We're determined to make this a reality by investing in services to support young people in a whole range of ways, such as:

- Learning to use a cane.
- CustomEyes books with a customised print size.
- Sensory and technology grants.
- Education Support.
- Family Support.
- Family Experience events.

"The work I've done with Emma from Guide Dogs has definitely improved my confidence with my judo. There's a possibility of me going to the Paralympics in a couple of years. Just the thought that that could be me one day is really cool." – Caitlin

One of the most important ways we can reach more families is through expanding our 0-4 Early Years Service. We have therefore created some group sessions specifically for young children to learn through play while their families build the skills and confidence they need to support their child.

More digital and phone services

To support more people with sight loss and their families, we're developing a new interactive online information service that will answer questions in real time with online assessment options, How To guides and chat tools like the Lucybot we're developing in partnership with Microsoft. Service users will be able to access information in the way that best suits their needs, using our smartphone app, social media platforms and artificial intelligence chatbots.

Advice and understanding can be a lifeline to people with sight loss and their loved ones.

We're providing more specialist guidance so we can support people by sharing stories, skills and tips that really help.

"They helped us put together a clear plan of everything we needed and worked with the local authority to make it happen. It was brilliant." – Bernadette, mum of Mia, after calling the Guide Dogs' Advice Line

Covid-19 control measures have impacted our ability to grow the reach of our services during 2020 as face-to-face training has been suspended. However, we have moved to virtual delivery where possible, accelerated the information and advice telephone service, and are ensuring that training will continue for our technical trainee roles. There is no negative impact on demand for our services as a result of Covid-19 and we continue to seek new ways to continue to deliver these important services.



We're working smarter

We're always looking for new and better ways of working, so that we can make the biggest impact with every donation we receive. This extends across everything we do, from our internal processes and the methods we use to raise and train our dogs, to the technology our staff and volunteers use to provide support.

Our Standardised Training for Excellent Partnerships (STEP) programme is already helping our adult dogs to learn faster so that we can provide a better service for guide dog owners. And we're changing the way we raise our puppies too. Puppy-Raising for Excellent Partnerships (PREP) is our new standard, treating every pup as an individual and teaching them the life skills they need to become confident, well-adjusted dogs ready for training.

After year one of our strategy, smarter working is already making a difference:

- 685 people are enjoying new guide dog partnerships.
- The number of people using our skills, information and support services has increased by more than 15%.

- The number of people waiting for over nine months has reduced by 20%.
- We've recruited 70 new technical staff into vital front line roles.
- Continuous improvement, including the PREP and STEP programmes, is delivering a reduction in guide dog training times of up to seven weeks.

The ability to complete training and achieve partnerships in 2020 will be significantly impacted by the Covid-19 measures. However, we have restarted dog training in line with government guidelines, developed virtual delivery where appropriate and are developing new ways of working. We are still on track to deliver our long-term strategy.



We're investing in our people and places

New and improved regional centres

We have an ambitious development project to deliver new or upgraded regional centres around the country. These inspiring and accessible places will showcase our passion for our work, and help us provide the best experience possible to the people who use our services, our staff, volunteers and supporters. Equipped with indoor training facilities and on-site canine health service and vet care, the new sites will greatly enhance our ability to train more dogs.

To realise our vision, we need to raise £30.0 million for this development project. In recent years, we have run our services with a small surplus. Our 2019 surplus will contribute towards this project. Additionally, through the sale of land and property we expect to raise a further £8.0 million.

The remainder we aim to raise through our Build the Future Appeal.

We are seeking planning permission for our new regional centre in Redbridge in the South East, and developing an exciting new campus within our existing National Breeding Centre at Leamington Spa. And we are anticipating the opening of our new South West centre in Bristol. At the time of writing, the impact of Covid-19 has meant that the work on our Bristol site has been delayed.

Inspiring and supporting our staff and volunteers

We depend on our wonderful staff and volunteers to turn donations into services that change lives, so we need them to feel supported and included.

In 2019 we launched our new volunteering strategy, Inspiring Connections, to welcome and develop more volunteers. And by investing in a new leadership development programme and

progressing plans to make our organisation more diverse, we'll be able to unlock the best talent and reach out to every sector of the community we're here to support. To make it easier for staff to look after the welfare of our dogs on the move, we've upgraded our vans with more space, better ventilation, and temperature control.

Regular communications with volunteers and staff during the Covid-19 pandemic, including webinars, individual calls, emails/mailings and monthly newsletters, have ensured that people continued to feel supported and included.

Volunteer recruitment has slowed due to the control measures of the virus. However, we are developing alternative methods for volunteer recruitment, training and screening, while still maintaining a strong stance on safer recruitment and safeguarding standards.



We're growing our voice and impact

We want people to know about all the important work we do, not just the services our amazing dogs provide. Work like our Access All Areas campaign, advocating for people with sight loss to have the same opportunities to participate in society as everyone else. Building on the campaign's successful launch in 2018, we held a mass lobby in Parliament in 2019 and met more than 240 Members of Parliament to help stop guide dog owners being illegally denied access to public places.

To increase awareness of who we are, what we do and why we do it, we're evolving our Guide Dogs brand so that it works harder to tell our story. By engaging with a wider audience, we can generate income to support thousands more people with sight loss. Our new visual identity is more accessible and

works better with our digital platforms. We'll be using it to launch our buddy dog and companion dog services, and our new children's services. And we're confident our new-look brand will help us create even more life-changing partnerships.

As we move forward with our By My Side strategy, we want to change the way people think about sight loss, and move from sympathy to empathy. This was part of the brief for our hugely successful television advert in 2019. The advert helped to raise awareness of Guide Dogs among the public and drove a 100% increase in the number of people registering to volunteer.



We're diversifying our fundraising

Funding our life-changing work

We depend almost entirely on donations from our generous supporters to carry out our vital work. Thanks to their support, and the amazing fundraising from our 7,000 volunteers up and down the country, we raised a record amount of money in 2019, enabling us to support more people with sight loss and their families than ever before. However, diversification of fundraising has not yet been completed.

In light of the financial implications of Covid-19, we continue to look at expanding the ways the public can support us to protect our income in the medium and long term, as well as ensuring that those who support us have a great experience with Guide Dogs.



Sponsor A Puppy donations reached a new high in 2019, with hundreds of thousands of people donating each month to receive Pupdates on how 'their' puppy is progressing through training.



Fundraising in the community

Over 7,000 volunteers worked tirelessly in 2019, braving all weathers at nearly 3,000 collections up and down the country, hosting thousands of social events and engaging local businesses in our cause. Hundreds of those individuals went on to raise much needed funds by Naming a Puppy. In addition, thousands of individuals took part in challenge events, the Guide Dogs Tea Party and our new event, Walk Your Socks Off, to raise a record amount of donations. We also set up more than 50 new volunteer groups to help with fundraising in the future.

Individual donations

Sponsor A Puppy donations reached a new high in 2019, with hundreds of thousands of people donating each month to receive Pupdates on how 'their' puppy is progressing through training. Our volunteer Puppy Walkers have added to the experience

by uploading videos and pictures of the dogs onto exclusive social media groups, bringing the experience to life.

Our Guide Dogs Lottery also performed well, with thousands playing each week to support our life-changing work and to be in with a chance of winning a great prize.

Philanthropy

In 2019 we raised £0.8 million towards our Build the Future Appeal. We need to raise £10.0 million to help with a planned £30.0 million investment in our training and service delivery facilities over the next three years. The other £20.0 million will come from funds we have saved for this purpose over the past few years, together with the sale of our land. We need fit-for-purpose centres which allow for our new dog training methods as well as enabling us to deliver our new services to those in the local communities and their families.

We received more generous and significant support from individual philanthropists than ever before. Work undertaken in 2018 to review our philanthropic programme and recognition opportunities has aided our efforts in 2019.

Corporate partnerships

We continued to focus on larger, multi-year corporate partnerships and brought on-board Citi Group in December 2019. We also received life-changing support from the People's Postcode Lottery as well as Pets at Home, Toyota, Specsavers and many others.

Gifts in Wills

We had a record year for legacy income in 2019, with awareness-raising activity over the last five years taking effect and increasing the number of people choosing to leave us a gift in their will. We continue to work hard in this area, spreading the word on how this type of gift can help and showing



people how it might be used. We held 120 events up and down the UK where those interested could come and meet some of our service users, volunteers, staff and, of course, our dogs.

Looking ahead

We're proud of what we've achieved over the last year and how the funds will be used to help more people with sight loss and their families than ever before, but we still have much to do. To grow our services and reach more of the people who need us, we need more people and organisations to support our charity.

The Covid-19 control measures stopped many fundraising activities and we expect an impact from reduced volunteer fundraising, events and face-to-face donor meetings and recruitment. Despite this, fundraising at Guide Dogs is continuing to perform well, partially due to our core donor group being the most loyal

of the generational cohorts. We are adapting our fundraising, developing new propositions and changing our planned campaigns, depending on results. However, we expect to see a reduction in legacy income over the coming months.

We're moving forward together

Listening to our valued volunteers


In 2019 we undertook our third edition of the Volunteer Impact Assessment (VIA), which captured the views of 2,931 volunteers and 302 staff. The VIA looks at the contribution made by volunteers to Guide Dogs and assesses their views and feelings of being valued and supported by us, locally and nationally. We're addressing some key areas from the feedback, looking at our training and communication, the resources and support we provide for our volunteers, and encouraging diversity.

Supporting our service users

We know how important it is to keep the people who use our services up to date with accurate information. We're improving our communications and marketing activities to build awareness of newer services like Life Planning and Children and Young People's Services. And we're reviewing how people interact with us when they need information, updates and support through our long-term Information, Advice and Guidance initiative. We'll continue to invest in innovative digital technology and in accessible and inspiring centres for service users to visit. Covid-19 has confirmed how important this activity is and specific projects have been accelerated as a result.

Rik's story



A close-up, low-angle portrait of a man with short dark hair, wearing a bright red jacket. He is looking upwards and to the right with a slight smile, showing his teeth. The background is a soft-focus outdoor scene with green foliage and a bright light source, possibly the sun, creating a bokeh effect.

Rik's close family support network was crucial for both him and his parents when he was growing up. Born prematurely at just 26 weeks, Rik's early arrival shook the family's world. His grandad, Fred, says: "It was a massive shock and a scary time. We didn't think he would survive, but he fought like mad..."

“

It's wonderful to see his confidence grow.

”

“Family is everything,” says Rik Jones, 29, a talented musician from Wigan, “but you need a space of your own in the world too.”

Rik was born with retinopathy of prematurity, a sight condition prevalent in babies born before 32 weeks. He describes his vision as like looking through a misty window, and over the last year his sight has started to deteriorate due to cataracts. “I worry about losing my remaining sight,” he says, “but I don't dwell on it. I like to live in the moment and my music is my focus.”

Although Rik is a busy gigging musician at weekends, he was spending a lot of time alone in his studio: “I love making music, editing and writing new songs. But I also want new experiences, and I don't want to rely on family to get out.”

Rik heard about the My Guide sighted guide service from Guide Dogs from an advert on Facebook, and he hit it off with his volunteer guide, Louise Johnston,

from day one. They share a similar sense of humour and Rik bounces off Louise's confidence during their weekly meetings at coffee shops, parks and shopping centres.

Louise, 45, says: “I really enjoy spending time with Rik each week and it's wonderful to see his confidence grow as we visit new places. I helped him buy and wrap presents for his family at Christmas, which is something he's never done before.”

Grandad Fred says: “As a family we can't speak highly enough of Louise. We've seen so much change in Rik since they've been matched. It's brought so much joy to him and his mum and dad, it's brought a lot of trust and confidence back into his life.”

And Rik thinks the world of Louise too: “I'm doing things now that I've never done before. Louise is opening up a new world to me and it feels like an adventure. I'm excited for what's next.”





Sustainability statement

Sustainability matters to us at Guide Dogs. Our new Environmental and Sustainability Policy is committed to minimising any negative impact on the environment. We're achieving this through these core areas:



1

Reducing energy consumption

We've had energy reduction targets at all our sites since 2013. We've invested in LED lighting and intelligent controls, and we encourage staff to switch off lights and shut down equipment when not in use.

On average, our largest sites used 30% less electricity and 11% less heating fuel in 2019 than in our baseline year of 2012. We completed ESOS Phase 2 (Energy Saving Opportunities Scheme) and submitted our report to the Environment Agency in December 2019. Renewable heat incentive payments for the biomass boiler at our National Breeding Centre continued to help pay for heating the building.

2

Managing waste and recycling

Through our waste contract with Veolia, non-recyclable waste is diverted from landfill and sent for energy recovery. Mixed recycling is collected from our sites and in 2019 we supported the Walkers Crisp Packet and TerraCycle recycling scheme.

5

Reducing paper use

We're encouraging our teams to reduce printing. We set a reduction challenge of 10% in 2017, and in 2019 we used 20% fewer sheets of paper than in 2017.

3

Lowering our carbon footprint

We're setting targets that will help us towards net zero emissions. We want to invest in alternative forms of energy generation and energy efficiency measures and we'll further reduce energy consumption wherever we can.

As we redevelop our property portfolio for the future, we intend to drive through green energy and new building practices to reduce our carbon footprint.

6

Reducing our impact from travel

Travel accounts for over half of our carbon footprint. We plan to introduce a mileage reduction target and will look at decarbonising our fleet through the introduction of ultra-low emission vehicles.

4

Reducing single plastic use

We're committed to reducing single-use plastic across our organisation.

7

Changing behaviour

Behaviour change is at the heart of our sustainability strategy. We're growing our network of Green Reps and planning projects and events to encourage everyone to help make Guide Dogs more sustainable. We'll communicate progress regularly and continue to partner with other charities and organisations to support our efforts.

We recognise that sustainability needs to be embedded right across our organisation. We will develop an environmental management system as a framework to help us to progress our commitments and achieve this goal.

Financial performance

In 2019 net income totalled £14.0 million (2018: £10.2 million).
Net movement in funds was £13.0 million (2018: £9.6 million).

This a strong set of financial results for 2019 which is in line with our five-year plan and strategy to build reserves to fund significant investment in infrastructure, both buildings and technology as well as front-line staff. This income will contribute to the £30.0 million Build the Future capital appeal which was launched in 2019 to fund the modernising of our training and service delivery facilities which allow for our new dog training methods. However, in the light of Covid-19, we continue to keep all expenditure plans and decisions under review.

Covid-19

In March 2020, Covid-19 was declared a pandemic and various control measures were introduced by the government. Demand for our services is expected to remain strong throughout 2020, and we are still anticipating a growing need for our life-changing work. Our continued focus is to: (i) Deliver our charitable objectives, (ii) Ensure the wellbeing and safety of staff and volunteers and, (iii) Ensure the welfare of our dogs. The non-adjusting post balance sheet events arising from the financial consequences of the Covid-19 pandemic are summarised in Note 3 to the financial statements.

Going concern

The Trustees have assessed the charity's ability to continue as a going concern taking into account the financial impacts of Covid-19.

The Trustees have considered several factors when forming their conclusions as to whether the use of the going concern basis is appropriate when preparing these financial statements including liquidity, cash resources, liabilities and demand for services.

Like many charities, our financial position has been, and will continue to be, impacted by the financial impacts of Covid-19. The cancellation of events, no face-

to-face fundraising and the slowdown of the economy impacts income including the value and receipt of future legacies. We have instigated cost mitigation actions, including deferral of capital expenditure, which will address potential shortfalls in income. Cash resources have been purposely built up to fund much needed investment in facilities and technology. However, we will utilise these cash resources to prioritise the continuity of services if required in the short term.

There have not been any significant changes in the principal activities of the charity in the year under review and no

significant changes are intended in the immediate future. However, Covid-19 has had a significant immediate impact on the charity's ability to deliver services in the short term due to lockdown and social distancing requirements. All face-to-face activities have ceased; however, this is being mitigated where possible with virtual support and alternative delivery methods which are being developed.

In light of the economic crisis triggered by Covid-19 on the charity, the Trustees have carried out further financial modelling based on various scenarios including a 58% reduction in legacy income and a 30% shortfall against cost savings.

After assessing the impact of possible income reduction scenarios, the Trustees have concluded that the charity has a reasonable expectation that there are adequate resources to continue to operate for at least twelve months from the date of signing of the financial statements and have continued to prepare the financial statements on a going concern basis.

Income

Income totalled £122.2 million in 2019, up £4.5 million (4%) on 2018. The major elements of our income are as follows:

- Donor-based income includes all types of income that are made on a voluntary basis.

It comprises our Sponsor a Puppy product and cash appeals. Income was £49.1 million, up by £2.3 million (5%) on 2018, reflecting our continued loyal support from our donors.

- Legacy income in 2019 totalled £48.1 million, £0.7 million (1%) higher than in 2018, reflecting a 3.6% increase in the average value of legacy cases offset by a 2% reduction in the number of legacies notified to us during the year.
- Community fundraising income was £8.2 million in 2019, £0.3 million (4%) lower than 2018 owing to the withdrawal of M&S and Sainsbury carrier bag schemes.
- Income from Corporate and Trust income decreased by £1.5 million to £2.8 million. In 2018 People's Postcode Lottery income of £1.1 million was reported in Corporate and Trust Income. From 2019 the People's Postcode Lottery income is reported gross, with gross income included in other income and costs included in the costs of raising funds. 2018 People's Postcode Lottery net revenue of £1.1 million consists of gross income of £3.3 million and gross costs of £2.2 million.
- Other income, which includes income from Charitable Activities, Other Trading Activities, and Investments increased by £3.3 million from £10.7 million

in 2018 to £14.0 million in 2019. The People's Postcode Lottery gross income was £3.6 million (2018 People's Postcode Lottery net income of £1.1 million was reported in Corporate and Trust Income).

Expenditure

Expenditure in 2019 totalled £113.4 million (2018: £106.3 million). The increase of £7.1 million results from higher costs arising from investment in mobility services and advocacy campaigns as summarised below:

Costs of raising funds

During 2019 we continued to roll out our organisational strategy, By My Side, and have aligned fundraising plans and investment levels with the financial needs of the strategy. The total cost of raising funds in 2019 reduced by £1.8 million to £37.7 million (2018: £39.5 million). Donor-based fundraising reduced by £1.3 million to £21.9 million, largely due to the retention of regular-giving donors reducing the requirement for additional donor recruitment. 2019 includes People's Postcode Lottery expenditure amounting to £2.2 million (2018: People's Postcode Lottery was reported under Corporate Trust Income as net revenue of £1.1 million consisting of gross income of £3.3 million and gross costs of £2.2 million).

Costs of providing guide dog services

£51.8 million (2018: £49.9 million) relates to the guide dog service which includes breeding, puppy walking, training, ongoing partnership support and support of retired and rehomed dogs. Allocated support costs, as defined in the notes to our accounts, were £9.5 million (2018: £8.3 million).

Costs of providing other adult mobility services

£8.0 million was spent on other adult services (2018: £5.3 million). The level of expenditure has increased by £2.7 million to develop the wider services in line with the By My Side strategy. Allocated support costs were £1.9 million (2018: £1.2 million).

Costs of providing children's services

In 2019 £5.5 million (2018: £4.8 million) was spent on children's services. Allocated support costs were £1.3 million (2018: £0.9 million).

Research and development costs

In 2019, these totalled £0.6 million (2018: £1.1 million), a reduction of £0.5 million resulting from reduced research marketing.

Advocacy and awareness costs

In 2019 these totalled £9.8 million, (2018: £5.7 million). The majority of the cost increase of £4.1 million relates to activity to raise awareness of blind and partially

sighted people through active campaigns and engagement to promote public awareness.

Net gains and losses on investment assets

Our investment portfolio generated net capital gains of £5.2 million in 2019 (£1.2 million loss in 2018).

Net income/expenditure in the year

Net income totalled £14.0 million (2018: £10.2 million). This has been achieved through strong commercial management to increase fundraising at the same time as looking for efficiencies across our cost base. This income facilitates the delivery of future plans to invest in technology and properties, enabling the growth of our services in line with our By My Side strategy.

Other recognised gains and losses

Other actuarial losses arose from the defined benefit pension scheme. Net actuarial losses of £1.0 million (2018: £0.6 million loss) were recognised. These arose from lower asset returns compared to expected, a rise in the discount rate used to value the liability to pay pensions, higher inflation and the impact of the asset ceiling. These factors are linked as the scheme's trustee has adopted a strategy that uses investments to hedge against the

impact of changes in discount and inflation rates.

Funds

Taking into account the above recognised gains and losses in the year, overall funds increased by £13.0 million (2018: increased by £9.6 million), to £136.1 million, (2018: £123.1 million). These funds comprise three elements: unrestricted funds, restricted funds and endowment funds.

Each of these categories is described as follows:

Unrestricted funds

Unrestricted funds are those funds that we can use for any activity that meets our charitable objects. At the end of 2019 unrestricted funds amounted to £132.4 million (2018: £117.3 million). They comprise four types of reserve:

General funds

At the end of 2019 general funds amounted to £75.5 million (2018: £72.4 million).

Designated funds

These are funds that have been designated for specific purposes by the Board of Trustees. At the end of 2019 there were three designated funds: (1) The fixed assets fund representing the historical cost of tangible assets such as property, plant and equipment, £31.7 million (2018: £32.7 million); (2) People's Postcode Lottery (PPL) fund representing funds allocated to,

but not restricted to, activity agreed with the PPL, £1.6 million (2018: £1.1 million) and; (3) Strategic development of the By My Side strategy, £15.0 million (2018: £8.0 million).

Revaluation reserve

At the end of 2019 the revaluation reserve was £8.6 million (2018: £3.1 million), which includes £2.7 million (2018: £2.9 million) relating to fixed assets and £5.9 million (2018: £0.2 million) relating to investments.

Pension deficit reserve

At the end of 2019 the pension deficit reserve was £nil million (2018: £nil million).

Restricted funds

These are unexpended funds that have been donated to Guide Dogs with specific conditions attached to their use. At 31 December 2019 these funds totalled £3.2 million (2018: £5.3 million). The majority of these funds originated from the Government's LIBOR fund, and will be spent over the next five years in providing guide dogs to vision impaired veterans of the armed forces.

Endowment funds

These are funds that have been donated subject to the condition that the capital must remain unspent, in perpetuity. Income from the investment of these funds may be used for unrestricted

purposes. At 31 December 2019 these funds totalled £0.5 million (2018: £0.5 million).

Financial reserves policy

Our financial reserves policy seeks to ensure that reserves are maintained at a level that enables the Guide Dogs Group ('the Group') to manage financial risk and short-term income volatility, allowing us to sustain optimal levels of service over the long term, while ensuring that financial commitments can be met as they fall due. Holding reserves also allows us to implement new strategic priorities and to invest in new opportunities that help us to achieve our goals.

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

Cash resources are the most important part of our reserves policy. Our financial reserves policy mandates that the Group holds a minimum level of cash resources to ensure that we can discharge our financial commitments as they fall due over the course of the five-year plan. The Board of Trustees (the 'Board') has agreed that the Group should aim to maintain cash resources above £35.0 million. This level is determined by considering the need to provide short-term protection against downward fluctuations in annual income or capital receipts, such as legacies; the need to protect the charity from investment risk, the need to support medium strategic investment and to provide a financial cushion in the event of extreme circumstances affecting the charity's ability to operate. This level was reviewed and deemed to still be appropriate.

We have no wish to hold excessive cash resources; funds are donated to provide support to people with a vision impairment, not to hold in reserve. The Board therefore closely monitors current and projected levels of cash resources and amends its fundraising or service delivery plans if levels become, or are expected to become, too high. The impact of Covid-19 will not change this approach, and cash resources will be utilised to maintain and deliver services where these can be undertaken whilst maintaining social distancing requirements.

At 31 December 2019, cash resources stood at £52.7 million (2018: £52.5 million), made up as follows:

	2019 £m	2018 £m
Investments	63.3	51.0
Cash at bank and in hand	6.5	11.1
Less endowment funds	(0.5)	(0.5)
Less People's Postcode Lottery designated funds	(1.6)	(1.1)
Less strategic designated funds	(15.0)	(8.0)
Net cash resources	52.7	52.5

The financial consequences of Covid-19 on investments is a non-adjusting post balance sheet reduction of £1.7 million as at 31 May 2020 (see Note 3).

Cash resources at the year end were above the approved threshold. Guide Dogs embarked on our By My Side strategy in 2018 which has significant investment over the next five years. The increase in reserves will partly fund the £30.0 million Build the Future capital appeal which was launched in 2019 to fund the modernising of old and dilapidated training sites, such as Redbridge and Leamington Spa. Some of these buildings date back to the Second World War and are not fit for our future services, including no indoor training facilities, which are fundamental to our STEP training methodologies. £15.0 million has been designated to fund strategic capital programmes outlined above. The timing of this programme may be delayed by Covid-19.

It is anticipated that we will utilise an element of cash resources in the following two years to manage

financial risk and income volatility. However, it is expected that the trigger level will not be breached.

The Trustees have reviewed the reserve policy in light of the going concern work and will continue to monitor the reserves policy and tailor it as required as more data emerges on the financial consequences of Covid-19. Based on this, we consider that we have adequate resources to meet our financial commitments for at least twelve months from the date of signing of the financial statements and that the reserves policy is appropriate at this time, taking into account the potential impact of the Covid-19 virus.

Tangible fixed assets

The movements in tangible fixed assets during the year are summarised in Note 6 to the financial statements. No major investment has taken place in 2019.

It is considered that the commercial value of properties exceeds the book value sufficiently for there to be no non-adjusting post Balance Sheet event.

Investment policy

Our investment policy is:

- (i) To protect the value of our investments while seeking an appropriate return.
- (ii) Not to invest directly in any company with a significant interest in any activity that runs contrary to Guide Dogs' charitable objectives and mission.

We 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 CCLA Investment Management Limited (previously by Invesco Fund Managers Limited) and Newton Investment Management, controlled by Guide Dogs' Investment Committee. We selected two managers for their contrasting styles, to diversify overall risk. Our Investment Committee reviews their performance against target on a quarterly basis, and against the performance of comparable funds approximately annually.

At the beginning of the year investments were valued at £51.0 million. During the year £6.5 million of surplus cash was invested in the portfolio and with gains of £5.8 million, the portfolio was valued at £63.3 million at the end of the year.

The financial impacts of Covid-19 on investments of £63.3 million as at 31 December 2019 is a

reduction in value by £1.7 million as at 31 May 2020 (see Note 3).

Guide Dogs' pension schemes

We operate two funded pension schemes for our staff: a defined benefit and a defined contribution scheme.

We closed the defined benefit scheme to new entrants on 31 March 2011, and to future accrual on 31 December 2012. A valuation of this scheme for accounting purposes, under FRS 102, at 31 December 2019 showed no deficit (2018: no deficit).

The latest completed full actuarial valuation of the scheme was at 31 December 2019. This showed a surplus of £1.3 million calculated on a technical funding basis. A discretionary annual payment of £1.0 million was made in 2019 (2018: £1.0 million). As the scheme is in surplus there is no need for a deficit recovery plan. We are working with the scheme's trustees to manage and reduce the financial risks inherent in the scheme's funding arrangements.

At 31 December 2019 the defined benefit pension scheme was fully funded on a technical basis with a funding percentage of 100.5%. This funding percentage reduced to 95.8% with a funding gap of £14.3 million as at 30 April 2020, following the market's response to the Covid-19 pandemic. The funding gap is expected to vary in the short term; however, we anticipate that in the long term

the pension scheme will return to fully funded status.

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

Risk management and internal control

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

The Board regularly monitors performance against the objectives set out in the five-year business plan. This includes management of significant risks.

The Board also ensures that systems for internal control are in place. We reviewed these systems as part of an internal audit programme. The systems are designed to safeguard the charity's assets, ensure that proper accounting records are maintained and provide reliable financial information.

Key elements of our control systems include the following:

- The Board meets at least four times a year. A number

of matters are specifically reserved for its approval.

- There is a clear organisational structure with appropriate levels of accountability and reporting lines. The Board approves the delegation of financial authority to the Chief Executive.
- An outsourced internal audit function, directed by the Audit and Risk Committee, undertakes a rolling review of the design and operational effectiveness of controls over activities, based upon the risks inherent in those activities.
- The risk management framework is used to identify and assess new and current major business risks. We prioritise them in terms of impact and probability of occurrence and then identify and implement efficient controls to manage them and monitor their effect.
- A Risk and Ethics Panel looks at all aspects of risk across the organisation. The Panel is responsible for monitoring and mitigating risk and reporting on it.

Monitoring risks

Throughout 2019 we continued to monitor significant risks including:

- Compliance management, financial and brand risks arising from fundraising regulatory changes.

- Funding risks for our defined benefit pension scheme.
- Safeguarding risks relating to our work with young people and vulnerable adults.
- Risks relating to the recruitment and retention of qualified and skilled staff and volunteers.
- Risks relating to the extent of the organisation's resources to be able to deliver the five-year corporate strategy and the correct governance in place.
- Ensuring tax compliance in an evolving regulatory environment.

The risk of a pandemic was not on the risk register. However, the business continuity plans were invoked in response to the Covid-19 outbreak in March 2020 and an Emergency Action Group was established to assess the risks and enable effective decision making. A Covid-19 specific risk register has been developed to support decision making whilst also assessing the longer-term impact on the strategy.

Fundraising responsibly

We rely on donations to keep our life-changing services running. We have policies and controls in place to ensure we raise money in a considerate and responsible way:

We are registered with the Fundraising Regulator and follow their code of practice. This means:

- We are transparent about how we raise funds.
- We treat donors and supporters respectfully and fairly.

- We explain clearly how to opt out of receiving fundraising communications.
- We adhere to data protection laws and explain clearly how we use, store and secure personal details.
- We work with third-party suppliers who ensure the provision of door-to-door and private site face-to-face donor acquisition, as well as some Tele-fundraising activity.
- All third-party supplier contracts are approved by Procurement and Legal to ensure compliance with Participator and Third-party requirements under the fundraising Code of Practice.
- We ensure that any volunteer, third party or professional agency who fundraises on our behalf has had proper training and adheres to our standards and procedures.
- We monitor the work of all third-party fundraisers by carrying out mystery shopping visits, observations, shadowing, quality calls and by listening to telephone calls to make sure they meet our quality standards.
- Guide Dogs has Institute of Fundraising Accreditation status that requires an annual assessment of our fundraising practices to ensure responsible fundraising practice.
- We take all reasonable steps to protect vulnerable people from persistent requests to donate.

Any staff member or third-party agency who contacts supporters receives regular training on how they should address and deal with vulnerable people. Our safeguarding team takes follow-up action on any calls that raise concern.

- As a member of Dementia Friends, Guide Dogs has access to resources and information which help our staff and third-party fundraisers to understand dementia and how it may affect a person.
- We have robust procedures in place for handling complaints. We respond quickly and efficiently to resolve any complaints we receive about our fundraising. In 2019 we received 304 complaints (2018: 394) which represents a fall of 23% compared to 2018.
- In 2019, 86% (2018: 74%) of the total proceeds from Guide Dogs Lotteries were applied for the unrestricted purposes of the charity, whose core objective is to provide mobility services to people who are blind or partially sighted. The remaining 14% (2018: 26%) of the total proceeds covers prizes and the administrative costs of running the lotteries.
- Guide Dogs also ran a Lottery draw in collaboration with the People's Postcode Lottery in 2019, of which 39% (2018 32%) of the proceeds were applied for the unrestricted purposes of the charity.

Structuring and managing Guide Dogs

The Board of Trustees

The members of the Board of Trustees (the 'Board') of The Guide Dogs for the Blind Association (Guide Dogs) who are both Directors of the company and Trustees of the charity during 2019 and as at 7 July 2020 were:

James Hambro
Chairman

Patricia Stafford
BA (Hons)
Vice Chairman

David Anderson
BVMS, MVM, MRCVS

Amanda Ariss
BA (Hons), MA (Dist)

David J Bagley
FCA, CF

Clare Black
BSc (Hons)

Catherine Crofts*
BSc, CIM, CAM

Robert Deakin
BA (Hons) Economics,
Chartered Engineers (CEng), FIET

Michael Hughes**

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

Polly Shute

Ranjit Sondhi

Polly Williams
FCA, BA (Hons)

John Wriighthouse
BSc (Hons), MA, FCIPD

*Catherine Crofts is waiting for a replacement guide dog.

**Michael Hughes was appointed on 3 July 2019 and resigned on 29 November 2019.

***Dr Michael Nussbaum is a guide dog owner.

Election of Trustees

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

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

All new Trustees have personalised induction programmes. These cover the main aspects of the charity, including our finances and our future plans and objectives. They are encouraged to visit one of our Guide Dog Training Schools and other local teams. They also must attend a staff and volunteer induction workshop, covering safeguarding and other topics.

Governance

Trustees have overall responsibility for Guide Dogs' activities and are advised by the Chief Executive and the Executive

Directors. The Trustees have established four committees:

- The Audit and Risk Committee: comprised Polly Williams (Chairman), Trustee; Clare Black, Trustee; Elaine Carr and Nicholas Coleman, independent members.
- The Investment Committee: comprised Bruce Gordon (Chairman), independent member; David Bagley and Clare Black both Trustees and Robert Barnard-Smith, an independent member appointed on 4 June 2019.
- The Remuneration Committee comprised the following Trustees: Pat Stafford (Chairman), Amanda Ariss, Mike Nussbaum, John Wriighthouse, and Jamie Hambro as an ex officio member.
- The Nominations Committee comprised the following Trustees: Jamie Hambro (Chairman) Chairman of the Board; Pat Stafford, Deputy Chairman of the Board & Chairman of the Remuneration Committee; Clare Black, Chairman of Blind Children UK; Polly Williams, Chairman of the Audit and Risk Committee; and John Wriighthouse, Trustee with HR expertise.

Each committee has its own terms of reference and the Board receives regular reports of their activities. The Board has a clear policy and procedures for dealing

with conflicts of interest in accordance with the Charity Commission guidelines.

All Trustees have adopted The Charity Governance Code and are committed to meeting its principles. Trustees and independent committee members do not receive any remuneration for their services to Guide Dogs.

S172 statement

Section 172 of the Companies Act 2006 requires Trustees to promote the success of the charity for the benefit of its stakeholders as a whole, and this includes anyone suffering from sight loss, their families, our employees and volunteers, our sponsors and donors, our suppliers, the wider community and the environment. Acting in good faith and fairly between members, the Trustees consider what is most likely to promote success for its stakeholders in the long term.

- With the development and introduction of the By My Side Strategy in 2018 the Trustees undertook extensive engagement with the sight loss community. This has enabled Guide Dogs to expand not just our core dog services but specialist services that provide vital support for young people, those who need help with orientation and mobility, and people who want to make the most of their remaining vision.

We have also expanded our campaigning and policy work to advocate for the rights of people with sight loss.

In addition, we also ensure all of our internal and external documents are accessible to anyone with sight loss.

- The Trustees recognise that as a charity it is important that all decisions support the objective to help people with sight loss live the life they choose - to live actively, live independently and live well. To do this, individuals with sight loss are engaged at all levels of the organisation.
- We are committed to transparency in our work and to include employees and volunteers in our decisions. We communicate with employees and volunteers through day-to-day line management, team meetings, management visits to Guide Dogs' offices, conferences and away days. We also communicate regularly via our intranet, internal publications and by email. In addition, employees or volunteers can raise any concerns they may have with the Staff Representatives, our elected Consultation Partnership Group which encourages a flow of information up and down the organisation.
- Guide Dogs has a procurement policy that governs engagement with suppliers when procuring

goods and services. This policy is based on achieving best value wherever possible through a transparent, equitable, auditable, competitive process wherever possible so that every £1 donated is spent in the most effective and efficient way. We aim to work responsibly with our suppliers building long-term relationships. We are developing partnerships across the supply chain to support the property refresh, improving our technology, and extending our digital content. The welfare of our dog population is at the heart of what we do and key to us being able to deliver our guide dog service. The supply of the right quality dog food therefore is key, as are the relationships with the suppliers that manufacture the food we use. Over the last year the relationship between Guide Dogs and our core dog food supplier has been continued after a market review and has been strengthened by further discussions regarding other partnership opportunities. This has meant that we have been able to prepare well, with our supplier, for the Covid-19 crisis and we have not seen any disruption to the delivery of dog food to our service users and volunteers.

- The Trustees are supported by an extensive Governance framework described on pages 37 and 38. The members of each

Committee are selected to ensure the Trustees are provided with expert advice to understand the issues to which they must have regard when forming opinions and decisions.

- We rely on donations and sponsorship to keep our life-changing services running. We have policies and controls in place to ensure we raise money in a considerate and responsible way as described further on pages 36. We keep in regular contact through events with our sponsorship base to ensure we are transparent in our use of donations and providing the services they are willing to continue to support.
- Through the activities of the extended Advocacy team and our volunteering community we are placing sight loss at the forefront of our engagement with the general public in our local communities. Training our dogs in a community environment also helps build wider understanding and awareness across the community.
- The steps Guide Dogs has taken to address and improve sustainability are set out on pages 28 and 29. Whilst this has improved, the redevelopment of our property, and our consideration of a move to electric vehicles, will provide the next step towards a zero emissions target.

- The Trustees have overseen the implementation of measures to ensure that stakeholder interests are always taken into account and that the Trustees act fairly between stakeholders of the charity. The risk register has been redefined to focus on services and stakeholders and ensure that the requirements of s172 are embedded at the core of all key Trustees' decisions.
- Throughout the Covid-19 pandemic we have placed the safety of our community, staff and employees at the core of all decisions. We have ceased all face-to-face activities, furloughed operational and fundraising staff and extended our digital service offering. We have set up a Way Forward Group to manage the return to work as restrictions are removed to ensure we act fairly across all stakeholders of the charity.

Specific responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with applicable law

and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing these financial statements, trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.
- Observe the methods and principles in the Charities SORP. The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time

the financial position of the charitable company and ensure that the financial statements comply with the Companies Act 2006. Trustees are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far as we are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The Trustees have taken all reasonable steps to know any relevant audit information and to establish that the auditor is aware of that information.

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

Trustee attendance of Board and Committee meetings 2019

In the table opposite, the number in brackets denotes the number of meetings the Trustee was eligible to attend and the number outside brackets represents the number of meetings actually attended.

	Trustee Board	Away Day	Audit and Risk	Pension Trust	Remuneration Committee	Investment Committee	Nomination Committee
James Hambro	7 (7)	1 (1)	–	–	–	–	2 (2)
Patricia Stafford	7 (7)	1 (1)	–	–	5 (5)	–	2 (2)
David Anderson	6 (7)	0 (1)	–	–	–	–	–
Amanda Ariss	4 (7)	1 (1)	–	–	5 (5)	–	1 (1)
David J Bagley	7 (7)	1 (1)	–	2 (3)	–	2 (3)	–
Clare Black	7 (7)	1 (1)	2 (4)	–	–	2 (3)	1 (1)
Catherine Crofts	4 (7)	1 (1)	–	–	–	–	–
Robert Deakin	5 (7)	1 (1)	–	–	–	–	–
Michael Hughes*	3 (3)	0 (1)	–	–	–	–	–
Dr Michael Nussbaum	3 (7)	0 (1)	–	–	0 (5)	–	0 (1)
Ranjit Sondhi	6 (7)	1 (1)	–	–	–	–	–
Polly Shute	7 (7)	1 (1)	–	–	–	–	–
Polly Williams	3 (7)	1 (1)	4 (4)	3 (3)	–	–	1 (1)
John Wriighthouse	6 (7)	1 (1)	–	2 (3)	3 (5)	–	2 (2)

*Appointed on 3 July 2019 and resigned on 29 November 2019 due to ill health; Michael died in December 2019.

Independent Committee Member attendance of Committee meetings 2019

In the table opposite, the number in brackets denotes the number of meetings the Independent Committee Member (defined as not being a Trustee or employee) was eligible to attend and the number outside brackets represents the number of meetings actually attended.

	Audit and Risk	Pension Trust	Investment Committee
Bruce Gordon	–	4 (4) Chairman	4 (4) Chairman
Elaine Carr	4 (4)	–	–
Nicholas Coleman	4 (4)	–	–
Robert Barnard-Smith	–	–	4 (3)

Managing Guide Dogs – our Executive Directors

Guide Dogs' Executive Directors are the Chief Executive and the Executive Directors. Together,

they are accountable for Guide Dogs' vision and strategy. The Executive Directors are responsible for the day-to-day management of Guide Dogs, acting under delegated authority

given to them by the Board. It is important for Guide Dogs to have an effective leadership team in place in these senior roles. The Executive Directors in post during 2019 and as at 7 July 2020 were:

Name	Position	Date of appointment/resignation in the year
Guy Butler	Interim Transformation Director	Contract ended 3 January 2020
Deidre Evans	Chief Financial Officer	-
Emma Foulds	Director of Marketing	-
Maria Novell	Director of Fundraising	-
Peter Osborne	Director of Operations	Appointed on 1 November 2019
Wendy Rankin	Interim Director of Operations	Assignment ended 31 December 2019
Kathryn Ward	Director of People & Performance	Appointed on 9 September 2019
Katie Wery	Interim Director of People & Performance	Assignment ended 30 September 2019
Tom Wright	Chief Executive Officer	-

Our policy on executive pay

Guide Dogs is a growing charity, with the ambition to double the amount of support we provide. To achieve this, we need to recruit and retain talented leaders with the skills and experience to help us meet our goals. The Board of Trustees, all independent volunteers, decide the level of pay for the Executive Directors, who are accountable to the Board for ensuring we transform the lives of those we support. The current pay and terms and conditions for the Executive Directors were introduced in 2011 and are determined by the Guide Dogs' Remuneration Committee operating as a sub-committee of the Board. The Trustees use

recognised benchmarks to ensure levels of pay are appropriate, and comparable with similar roles in organisations of a similar size and complexity.

Guide Dogs is committed to transparency on the issue of pay and supports the recommendations in the National Council of Voluntary Organisations (NCVO). Information on pay policy and remuneration levels for senior staff is available in our annual report and via Guide Dogs' website.

This pay policy forms part of the contracts of employment of the Chief Executive and Executive Directors.

Salary ranges

Trustees allocate salaries to our executive roles based on a number of factors such as the level of knowledge, skills and experience required, and the responsibilities and accountabilities associated with the position. The amount paid should reflect the market for comparable jobs in comparable organisations, the performance of the organisation, and the skills and contribution of the individual performing the role.

Korn Ferry (formerly the Hay Group) assess the scope of each executive role and each Executive Director is paid within a salary range applicable to their post. Progression within that range is dependent on their performance.

Trustees review salary ranges annually and any decision to change them is taken by the Remuneration Committee. As part of the review, the Committee considers the level of pay in the

sector using benchmark data, which includes information collected by Korn Ferry.

Across Guide Dogs as a whole, the ratio between median salary and the highest salary at the end

of 2019 was 1 : 6.00 (2018: 1 : 6.41). The total basic salaries for the key management personnel of the charity for the financial year ended 31 December 2019 are as follows:

Name	Position	Period	Basic salary
Guy Butler	Interim Transformation Director	12 months	£89,673
Deidre Evans	Chief Financial Officer	12 months	£128,903
Emma Foulds	Director of Marketing	12 months	£79,384
Maria Novell	Director of Fundraising	12 months	£96,898
Peter Osborne	Director of Operations	2 months	£14,508
Wendy Rankin	Interim Director of Operations	12 months	£88,558
Kathryn Ward	Director of People & Performance	4 months	£37,619
Katie Wery	Interim Director of People & Performance	9 months	£50,956
Tom Wright	Chief Executive Officer	12 months	£173,823

Pension contributions, employer's National Insurance, flexible benefits for key management listed above totalled £160,989 (2018: £132,930).

Other benefits

Benefits for Executive Directors are in line with benefits available to all staff. This includes a flexible benefits allowance of up to 3% of salary. Employer's pension contributions are conditional on employee contributions and the same as equivalent contribution levels for all staff.

Diversity, equality and inclusion

As a charity based on inclusion, we must be explicit about our commitment to increasing diversity at Guide Dogs. We recruit, work with, and provide services to people whatever their age, disability, gender identity, nationality, race, religion or belief, sexual orientation, marital/civil partnership status, pregnancy maternity. Yet we must acknowledge where we lack diversity, and where a lack of inclusion forms a barrier towards achieving greater diversity in our Guide Dogs Family.

We are developing new action plans to enhance and support inclusion within the Guide Dogs Family across protected characteristics, starting with disability and race. We will work across our people, our services, and our external interactions, to listen, to learn, and take action to improve. First and foremost, we will support and safeguard our people (workforce, volunteers, service users and supporters), and create conditions at Guide Dogs which allow and encourage people from underrepresented and marginalised groups to engage with, to stay and to thrive with us.

Employee involvement and employing people with disabilities

We are committed to transparency in our work and to include employees in our decisions. We communicate with employees through day-to-day line management, team meetings, management visits to Guide Dogs' offices, conferences and away days. We also communicate regularly via our intranet, internal publications and by email. In addition, employees can raise any concerns they may have with the Consultation Partnership Group which encourages a flow of information up and down the organisation.

Guide Dogs is a Disability Confident Employer

Guide Dogs has been awarded the Two Ticks symbol by Jobcentre Plus. The symbol identifies employers who have undertaken to meet five commitments on the employment, retention, training and career development of employees with disabilities. We apply the same principles to anyone who becomes disabled while employed by Guide Dogs.

Related parties

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

- The Guide Dogs for the Blind Association (Trading Company) Limited is the charity's trading subsidiary.
- Blind Children UK is a charity which raises funds to provide services to children and young people with vision impairment and their families. In 2019 Blind Children UK made a restricted grant of its liquid funds to Guide Dogs for use in providing these services.
- Guide Dogs UK Limited, GDBA Community Care Services Limited, GDBA (Pension Fund Trustee) Limited, Guide Dogs Limited and Blind Children UK (Trading) Limited were dormant during 2019.

The financial performance of these subsidiaries is disclosed in Note 15 of the financial statements.

Provision of information to Auditor

As Trustees, at the date of approval of this report, we confirm that:

- So far as we are aware, there is no relevant audit information of which the company's auditor is unaware.
- We have taken all the steps possible to make ourselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Re-appointment of Auditor

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

Corporate information

Corporate information

The Guide Dogs for the Blind Association (Guide Dogs) operates under the abbreviated name of Guide Dogs. Guide Dogs is a registered charity (Number 209617 in England and Wales and number SC038979 in Scotland) and was incorporated as a company limited by guarantee (registered in England and Wales number 00291646) on 30 August 1934. Its Central Office which is also its Registered Office, is Hillfields, Reading Road, Burghfield Common, Reading, Berkshire RG7 3YG.

Guide Dogs is governed by its Articles of Association, which were last amended on 20 July 2013. Guide Dogs is a company limited by guarantee and does not have a share capital. In the event of the company being wound up each member of the company undertakes to contribute such amount as may be required (not exceeding £1) towards the costs of dissolution and liabilities of the Association.

Public benefit

The objects and aims of Guide Dogs fall within the subsection of the Charities Act 2011 related to the relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage.

No person who is blind or partially sighted is prohibited from applying for assistance from the services we provide on the grounds of financial circumstances.

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

Principal Advisors

Auditor

Deloitte LLP, 1 New Street Square
London EC4A 3BZ

Bankers

Barclays Bank Plc, Thames Valley
Corporate, Wytham Court
11 West Way, Oxford OX2 0JB

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

CCLA Investment
Management Limited
Senator House
85 Queen Victoria Street
London EC4V 4ET

The Trustees' report including the Strategic report and the Directors' report was approved by the Board on 7 July 2020 and signed on its behalf by:



James Hambro
Chairman

Independent auditor's report to the members and the Trustees of Guide Dogs for the Blind Association

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Guide Dogs for the Blind Association (the 'charitable company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2019 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and

have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

We have audited the financial statements which comprise:

- the consolidated statement of financial activities incorporating an income and expenditure account;
- the consolidated and charity balance sheets;
- the consolidated cash flow statement; and
- the related Notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic

of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and of the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Trustees' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and report in accordance with those Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report, which includes the Strategic report and the Directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in

the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report included within the Trustees' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the

Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Reza Motazed

(Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

7 July 2020

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as audit of a company under section 1212 of the Companies Act 2006.



Accounts and statements

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Consolidated statement of financial activities incorporating an income and expenditure account for the year ended 31 December 2019

	Notes	Unrestricted funds £m	Restricted funds £m	Endowment funds £m	Total 2019 £m	Total 2018 £m
Income and endowment from:	1					
Donations and legacies		100.8	7.4	–	108.2	107.0
Charitable activities		1.4	–	–	1.4	1.1
Other trading activities		10.7	–	–	10.7	7.3
Investments		1.0	–	–	1.0	0.9
Other income		0.9	–	–	0.9	1.4
Total income		114.8	7.4	–	122.2	117.7
Expenditure on:	2					
Raising funds		37.7	–	–	37.7	39.5
Charitable activities						
Provision of guide dogs' services		43.4	8.4	–	51.8	49.9
Provision of other adult mobility services		7.8	0.2	–	8.0	5.3
Provision of other children's services		4.6	0.9	–	5.5	4.8
Research and development		0.6	–	–	0.6	1.1
Advocacy and awareness		9.8	–	–	9.8	5.7
Total charity expenditure		66.2	9.5	–	75.7	66.8
Total expenditure		103.9	9.5	–	113.4	106.3
Net gain/(loss) on investments		5.2	–	–	5.2	(1.2)
Net income for the year		16.1	(2.1)	–	14.0	10.2
Other recognised losses						
Actuarial loss on defined benefit pension scheme		(1.0)	–	–	(1.0)	(0.6)
Net movements in funds		15.1	(2.1)	–	13.0	9.6
Reconciliation of funds						
Fund balance brought forward at 1 January		117.3	5.3	0.5	123.1	113.5
Fund balance carried forward at 31 December		132.4	3.2	0.5	136.1	123.1

All results are derived from continuing operations with the exception of £0.5 million other income which was from the sale of a property. There are no other recognised gains or losses.

The accounting policies and Notes on pages 53 to 81 form part of these financial statements.

Consolidated and charity balance sheets

At 31 December 2019

	Notes	Group 2019 £m	Group 2018 £m	Charity 2019 £m	Charity 2018 £m
Fixed assets					
Tangible assets	6	34.4	35.6	34.4	35.6
Investments	7	63.3	51.0	63.8	51.5
		<u>97.7</u>	<u>86.6</u>	<u>98.2</u>	<u>87.1</u>
Current assets					
Stocks	8	0.3	0.4	–	0.1
Debtors	9	40.0	33.6	40.1	34.0
Cash at bank and in hand		6.5	11.1	5.7	10.1
		<u>46.8</u>	<u>45.1</u>	<u>45.8</u>	<u>44.2</u>
Creditors					
Amounts falling due within one year	11	(9.1)	(9.4)	(9.0)	(9.3)
Net current assets		<u>37.7</u>	<u>35.7</u>	<u>36.8</u>	<u>34.9</u>
Total assets less current liabilities		<u>135.4</u>	<u>122.3</u>	<u>135.0</u>	<u>122.0</u>
Debtors					
Amounts receivable after more than one year	10	0.8	0.9	0.8	0.9
Creditors					
Amounts falling due after more than one year	12	(0.1)	(0.1)	(0.1)	(0.1)
Net assets excluding pension deficit		<u>136.1</u>	<u>123.1</u>	<u>135.7</u>	<u>122.8</u>
Net assets		<u>136.1</u>	<u>123.1</u>	<u>135.7</u>	<u>122.8</u>
Unrestricted funds					
General funds		75.5	72.4	75.4	72.4
Designated funds		48.3	41.8	48.3	41.8
Revaluation reserve	13	8.6	3.1	8.6	3.1
Total unrestricted funds		<u>132.4</u>	<u>117.3</u>	<u>132.3</u>	<u>117.3</u>
Restricted funds		<u>3.2</u>	<u>5.3</u>	<u>2.9</u>	<u>5.0</u>
Endowment funds		<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
Total funds	13,17	<u>136.1</u>	<u>123.1</u>	<u>135.7</u>	<u>122.8</u>

The parent charity, The Guide Dogs for the Blind Association has gross income of £121.1 million (2018: £116.5 million) and a result of £12.9 million gain (2018: £9.5 million gain) for the year. As provided by Section 408 of the Companies Act 2006, no separate income and expenditure account is presented for the parent charity.

The financial statements of The Guide Dogs for the Blind Association (registered company number 00291646) were approved by the Board of Trustees on 7 July 2020 and signed on its behalf by:



James Hambro
Chairman



Polly Williams
Trustee

The accounting policies and Notes on pages 53 to 81 form part of these financial statements.

Consolidated cash flow statement

For the year ended 31 December 2019

	Notes	2019 £m	2018 £m
Net cash inflow from operating activities	18	1.9	9.1
Return on investment and servicing of finance			
Investment income received		1.0	0.9
Capital expenditure and financial investment			
Payments for tangible fixed assets		(2.3)	(2.5)
Proceeds from sale of tangible fixed assets		1.3	2.0
Net investment in investment portfolio		(6.5)	(2.5)
		(7.5)	(3.0)
(Decrease)/increase in cash in the year		(4.6)	7.0
Net cash at 1 January		11.1	4.1
(Decrease)/increase in the year		(4.6)	7.0
Net cash at 31 December		6.5	11.1

The accounting policies and Notes on pages 53 to 81 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2019

Company and charitable status

The Guide Dogs for the Blind Association (Guide Dogs), a public benefit entity, is incorporated in England and Wales as a company limited by guarantee not having share capital. There are currently 13 Trustees who are also the members of the company. Each member has undertaken to contribute to the assets in the event of winding up a sum not exceeding £1. Guide Dogs is a registered charity. The registered office and charity registration numbers are given on page 45.

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

a. Basis of accounting

The financial statements are prepared under the historical cost convention, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2015)" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2019; and the Companies Act 2006.

The Guide Dogs for the Blind Association meets the definition of a public benefit entity under FRS 102 and has therefore taken advantage of the disclosure exemption available to it in respect of its separate financial statements in relation to presentation of a cash flow statement.

b. Preparation of the accounts on a going concern basis

Guide Dogs reported a total cash outflow of £4.4 million for the year (2018: £6.2 million inflow) and an outflow of £4.6 million (2018: £7.0 million inflow) on a group basis.

The Board of Trustees has reviewed financial projections for Guide Dogs which take into account the expected impacts of the Covid-19 pandemic and lockdown (see page 30 of the Trustees' report and Note 3 to the financial statements). The Board of Trustees consider that there are sufficient cash resources for at least the next twelve months from the date of signature of the financial statements to manage any foreseeable downturn in the UK and global economy. The Board also considers that there is a reasonable expectation that The Guide Dogs for the Blind Association has adequate resources to continue in operational existence for the foreseeable future based on future cashflows and a number of worst case scenarios which indicate that it has sufficient cash resources to continue to operate for the foreseeable future, and for this reason the Board continues to adopt the 'going concern' basis in preparing the financial statements.

c. Group financial statements

The group accounts consolidate the accounts of the charity and its subsidiary undertakings. Acquisitions are accounted for under the acquisition method.

Notes to the financial statements

For the year ended 31 December 2019

d. Income

Income resources are recognised when their receipt become probable.

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

e. Expenditure

Expenditure is accounted for on an accruals basis.

- i) Grants payable are recognised when a legal or operationally binding commitment has been made to make the grant payment.
- ii) The costs of charitable activities and generating funds include relevant direct costs incurred and the direct costs of staff employed on the activity, together with a share of overheads and support costs calculated in proportion to the number of staff employed in this area. Following FRS 102 governance costs (relating to the direct costs associated with the constitutional and statutory requirements of the charity and including the costs of internal and external audit, secretariat and other related costs) are now included in the support costs allocation.
- iii) The cost of irrecoverable Value Added Tax is included within relevant expenditure.

f. Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the group's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. Support costs have been allocated primarily on the basis of headcount of staff included in each charitable activity.

g. Leases

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

h. Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost, with the exception of freehold land and buildings which are stated at historic valuation, which are adopted as deemed costs upon FRS 102 transition (see Note 6), less depreciation, on a straight-line basis, at the following annual rates:

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

Software development costs are expensed.

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

i. Financial instruments

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

The charity and group only have financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Notes to the financial statements

For the year ended 31 December 2019

j. Critical accounting judgements and key sources of estimation uncertainty

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

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

The Group's key areas of judgement relate to the timing of recognition and fair value of legacies receivable (see Notes 9 and 10), and the actuarial assumptions adopted in calculating the defined benefit pensions liability (see Note 16). The post balance sheet non-adjusting events arising from the financial consequences of the Covid-19 pandemic have been considered and are set out in Note 3. Future cashflow forecasts and a number of worst case scenarios have been prepared and the Board of Trustees considers that there are sufficient cash resources for at least the next twelve months from the date of signature of the financial statements to manage any foreseeable downturn in the UK and global economy. (See page 30 of the Trustees' report on 'going concern').

k. Investments

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

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

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

l. Stocks

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

m. Pension costs

Guide Dogs sponsors two pension schemes:

- a) A defined contribution scheme. The pension charge in relation to this scheme is based upon employer's contributions payable in the year.
- b) A defined benefit pension scheme. This scheme is closed to future accrual. The pension charge in relation to this scheme is based on annual valuations undertaken by the scheme Actuary in compliance with the provisions of FRS 102.

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

n. Fund accounting

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

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

The unrestricted income funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objects. Such funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose. Transfers of funds from general unrestricted funds to designated funds are approved by the Trustees. Further details of each fund are disclosed in Note 13.

o. Taxation

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

Notes to the financial statements

For the year ended 31 December 2019

1. Income

	2019 £m	2018 £m
Income from		
Donations and legacies		
Community fundraising	8.2	8.5
Donor-based fundraising	49.1	46.8
Corporate and trust income	2.8	4.3
Legacies	48.1	47.4
	<hr/> 108.2	<hr/> 107.0
Charitable activities		
Sale of rehabilitation services under contract	1.0	0.8
Ancillary trading	0.4	0.3
	<hr/> 1.4	<hr/> 1.1
Other trading activities		
Raffles and draws	3.0	3.1
Lotteries	6.5	2.8
Other	1.2	1.4
	<hr/> 10.7	<hr/> 7.3
Investment income	1.0	0.9
Other income – gain on sale of tangible assets	0.9	1.4
Total income	<hr/> 122.2	<hr/> 117.7

2. Total expenditure

	Direct costs £m	Support costs £m	Total 2019 £m	Total 2018 £m
Expenditure on raising donations and legacies				
Community fundraising	4.1	1.0	5.1	5.7
Donor-based fundraising	21.2	0.7	21.9	23.2
Corporate and trust income	1.3	0.3	1.6	1.6
Fundraising development and administration	1.7	0.5	2.2	1.8
Legacy marketing and administration	0.7	0.2	0.9	3.4
	29.0	2.7	31.7	35.7
Expenditure on trading activities				
Cost of goods sold and other costs	1.2	–	1.2	1.5
Raffles and draws	1.7	–	1.7	1.4
Lotteries	2.7	–	2.7	0.5
	5.6	–	5.6	3.4
Investment management fees	0.4	–	0.4	0.4
Expenditure on raising funds	35.0	2.7	37.7	39.5
Charitable expenditure				
Provision of guide dogs services	42.3	9.5	51.8	49.9
Provision of other adult mobility services	6.1	1.9	8.0	5.3
Provision of children's services	4.2	1.3	5.5	4.8
Research and development	0.5	0.1	0.6	1.1
Advocacy and awareness	9.1	0.7	9.8	5.7
	62.2	13.5	75.7	66.8
Total expenditure	97.2	16.2	113.4	106.3

Notes to the financial statements

For the year ended 31 December 2019

2. Total expenditure continued

2018 comparatives

	Direct costs £m	Support costs £m	Total 2018 £m
Expenditure on raising donations and legacies			
Community fundraising	4.6	1.1	5.7
Donor-based fundraising	22.3	0.9	23.2
Corporate and trust income	1.3	0.3	1.6
Fundraising development and administration	1.5	0.3	1.8
Legacy marketing and administration	3.2	0.2	3.4
	32.9	2.8	35.7
Expenditure on trading activities			
Cost of goods sold and other costs	1.4	0.1	1.5
Raffles and draws	1.4	–	1.4
Lotteries	0.5	–	0.5
	3.3	0.1	3.4
Investment management fees	0.4	–	0.4
Expenditure on raising funds	36.6	2.9	39.5
Charitable expenditure			
Provision of guide dogs services	41.6	8.3	49.9
Provision of other adult mobility services	4.1	1.2	5.3
Provision of children's services	3.9	0.9	4.8
Research and development	1.0	0.1	1.1
Advocacy and awareness	5.1	0.6	5.7
	55.7	11.1	66.8
Total expenditure	92.3	14.0	106.3

2. Total expenditure continued

Resources expended include:	2019 £m	2018 £m
Lease charges		
Other – land and buildings	1.0	0.9
Depreciation charged in the year	2.9	3.2
	£'000	£'000
Fees payable to the charity's auditor (inclusive of VAT)		
The audit of the charity's annual financial statements	69.0	68.7
The audit of the charity's subsidiaries pursuant to legislation	11.8	11.6

Notes to the financial statements

For the year ended 31 December 2019

2. Total expenditure continued

Support cost allocation

	Raising funds £m	Provision of guide dog services £m	Provision of other adult mobility services £m	Provision of children's services £m	Research and development £m	Advocacy and awareness £m	Total 2019 £m
Governance	0.1	0.1	–	–	–	–	0.2
Finance	0.4	1.3	0.3	0.2	–	0.1	2.3
Information technology	0.7	2.4	0.5	0.3	–	0.2	4.1
Human resources	0.5	1.8	0.3	0.3	–	0.1	3.0
Marketing and communications	0.1	0.3	0.1	0.1	–	–	0.6
Central property costs	0.2	0.8	0.1	0.1	–	0.1	1.3
Other central costs	0.7	2.8	0.6	0.3	0.1	0.2	4.7
Total	2.7	9.5	1.9	1.3	0.1	0.7	16.2

2018 comparatives

	Raising funds £m	Provision of guide dog services £m	Provision of other adult mobility services £m	Provision of children's services £m	Research and development £m	Advocacy and awareness £m	Total 2018 £m
Governance	0.1	0.2	–	–	–	–	0.3
Finance	0.4	1.1	0.2	0.1	–	0.1	1.9
Information technology	0.7	2.1	0.3	0.2	0.1	0.1	3.5
Human resources	0.6	1.7	0.2	0.2	–	0.2	2.9
Marketing and communications	0.2	0.4	0.1	0.1	–	–	0.8
Central property costs	0.3	0.9	0.1	0.1	–	0.1	1.5
Other central costs	0.6	1.9	0.3	0.2	–	0.1	3.1
Total	2.9	8.3	1.2	0.9	0.1	0.6	14.0

3. Covid-19 non-adjusting post Balance Sheet event

As a result of the Covid-19 pandemic being declared in March 2020 and the subsequent government controls, a number of assets and liabilities have been impacted. This has resulted in non-adjusting post Balance Sheet events. The key items to note are:

- At 31 December 2019 the defined benefit pension scheme was fully funded on a technical basis with a funding percentage of 100.5%. This funding percentage reduced to 95.8% with a funding gap of £14.2 million as at 30 April 2020. The funding gap is expected to be volatile in the short term; however, we anticipate that in the long term the pension scheme will recover.
- Investments of £63.3 million as at 31 December 2019 have reduced in value by £1.7 million as at 31 May 2020; and
- Legacies notified but not yet received amounting to £36.9 million as at 31 December 2019 are estimated to have reduced in value by £3.0 million as at 31 May 2020.

4. Research commissioned – grants payable

Research and development comprises strategic, market, consumer and scientific research and technology development. Total research and development expenditure amounted to £0.6 million (2018: £1.1 million). No new grants were made in 2019 (2018: £nil).

Notes to the financial statements

For the year ended 31 December 2019

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 (2018: £nil). Travelling and subsistence expenses were reimbursed in respect of 11 trustees, totalling £3,956 (2018: £2,453).

Staff costs

	2019 £m	2018 £m
Wages and salaries	43.5	41.9
Social security costs	4.3	3.9
Other pension costs	2.9	2.7
Sub total	50.7	48.5
Other staff related costs	5.6	5.7
Total	56.3	54.2

The average number of persons employed during the year ended 31 December 2019 is shown below on full-time equivalent basis:

	2019 Number	2018 Number
Fundraising and legacies	203	245
Provision of guide dogs services	725	715
Provision of other adult services	139	102
Provision of other children's services	101	83
Research and development	7	10
Advocacy and awareness	55	50
Management, administration and clerical (indirect)	154	149
	1,384	1,354

Pension contributions were paid into Guide Dogs' defined contribution scheme for 1,463 employees (2018: 1,482 employees).

5. Trustees and employees continued

The number of group employees whose emoluments, excluding pension contributions and employers' national insurance, but including benefits in kind, were in excess of £60,000 was:

	2019 Number	2018 Number
£60,001 to £70,000	13	4
£70,001 to £80,000	3	11
£80,001 to £90,000	7	3
£90,001 to £100,000	1	3
£120,001 to £130,000	1	–
£170,001 to £180,000	1	1
	26	22

Pension contributions were paid into the Guide Dogs' defined contribution scheme for the year on behalf of 25 (2018: 21) of the employees with emoluments in excess of £60,000.

The key management personnel of the parent charity and the Group are listed on page 42. The total remuneration (including pension contributions and employers' national insurance) of the key management personnel of the charity for the year totalled £920,000 (2018: £926,000).

No staff are employed directly by subsidiary companies.

Notes to the financial statements

For the year ended 31 December 2019

6. Tangible fixed assets

	Freehold properties £m	Leasehold properties £m	Furniture, equipment, vehicles and computers £m	Total £m
Group and Charity				
Cost or valuation				
As of 1 January 2019	48.7	1.0	14.0	63.7
Additions	0.2	–	2.1	2.3
Disposals	(0.5)	–	(1.5)	(2.0)
At 31 December 2019	48.4	1.0	14.6	64.0
Depreciation				
As of 1 January 2019	16.7	0.8	10.6	28.1
Provision for year	1.5	–	1.4	2.9
Disposals	–	–	(1.4)	(1.4)
At 31 December 2019	18.2	0.8	10.6	29.6
Net book value 31 December 2019	30.2	0.2	4.0	34.4
Net book value 31 December 2018	32.0	0.2	3.4	35.6

The majority of freehold properties were revalued as at 31 December 1998 by Weatherall Green & Smith, Chartered Surveyors, on an open market value basis in accordance with guidelines issued by the Royal Institution of Chartered Surveyors. The Trustees are of the opinion that the fair value of assets exceeds their book value owing to informal valuations received as part of redevelopment proposals. As properties are expected to be redeveloped, and are not being relied upon from a going concern basis as there are sufficient cash resources to meet going concern requirements for the next twelve months from signing of the financial statements, a formal revaluation is not required at this time.

The freehold property depreciation charge for the year on a historical cost basis was identical to the actual charge as the revalued assets have now been fully depreciated (2018: £2.0 million on a historical cost basis compared with actual charge £1.6 million).

7. Investments

a. Movement in investments during the year

	Group 2019 £m	Group 2018 £m	Charity 2019 £m	Charity 2018 £m
Market value as of 1 January	51.0	49.7	51.5	50.2
New investment	6.5	2.5	6.5	2.5
Dividends received	1.0	–	1.0	–
Net gain/(loss) on revaluation	5.2	(1.2)	5.2	(1.2)
Fees paid	(0.4)	–	(0.4)	–
Market value at 31 December	63.3	51.0	63.8	51.5

b. Analysis of investments of market value

	Group 2019 £m	Group 2018 £m	Charity 2019 £m	Charity 2018 £m
Listed investments				
United Kingdom	63.3	51.0	63.3	51.0
Investments in subsidiaries	–	–	0.5	0.5
	63.3	51.0	63.8	51.5

c. Analysis of investment cost

	Group 2019 £m	Group 2018 £m	Charity 2019 £m	Charity 2018 £m
Listed investments				
United Kingdom	57.4	50.8	57.4	50.8
Investments in subsidiaries	–	–	0.5	0.5
	57.4	50.8	57.9	51.3

At 31 December 2019 the listed investments included holdings in COIF Charities Investment Fund, managed by CCLA, valued at £20.7 million (2018: £17.2 million in Invesco Perpetual's Global Absolute Return Strategies Fund) and BNY Mellon's Newton Real Return Fund valued at £42.5 million (2018: £33.8 million). The CCLA holding includes £0.5 million (2018: £0.5 million in Invesco) representing Guide Dogs' Endowment Funds.

The results of the charity's subsidiaries are discussed in Note 15.

Notes to the financial statements

For the year ended 31 December 2019

8. Stocks

	Group 2019 £m	Group 2018 £m	Charity 2019 £m	Charity 2018 £m
Equipment	0.1	0.1	–	0.1
Trading stock	0.2	0.3	–	–
	0.3	0.4	–	0.1

9. Debtors

	Group 2019 £m	Group 2018 £m	Charity 2019 £m	Charity 2018 £m
Tax recoverable	1.5	1.9	1.5	1.9
Other debtors	–	0.1	–	0.1
Trade debtors	0.1	0.2	0.1	0.2
Due from subsidiary undertakings	–	–	0.2	0.4
Accrued legacy income	36.2	29.7	36.1	29.6
Other accrued income	0.3	0.1	0.3	0.1
Other prepayments	1.9	1.6	1.9	1.7
	40.0	33.6	40.1	34.0

10. Debtors receivable after more than one year

	Group 2019 £m	Group 2018 £m	Charity 2019 £m	Charity 2018 £m
Accrued legacy income	0.8	0.9	0.8	0.9

11. Creditors: amounts falling due within one year

	Group 2019 £m	Group 2018 £m	Charity 2019 £m	Charity 2018 £m
Trade creditors	3.6	4.1	3.7	4.1
Other creditors	0.5	0.5	0.5	0.5
Tax and social security	1.0	1.0	0.9	1.0
Accruals and deferred income	4.0	3.8	3.9	3.7
	9.1	9.4	9.0	9.3

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

	Group 2019 £m	Group 2018 £m	Charity 2019 £m	Charity 2018 £m
Unfunded pension obligations	0.1	0.1	0.1	0.1

The unfunded pension obligations are in respect of four (2018: four) retired members of staff.

13. Fund balances

Year ended 31 December 2019	1 January 2019 £m	Income £m	Expenditure £m	Investment gain £m	Other loss £m	31 December 2019 £m
Group						
Unrestricted funds	117.3	114.8	(103.9)	5.2	(1.0)	132.4
Restricted funds	5.3	7.4	(9.5)	–	–	3.2
Endowment funds	0.5	–	–	–	–	0.5
	123.1	122.2	(113.4)	5.2	(1.0)	136.1

Year ended 31 December 2019	1 January 2019 £m	Income £m	Expenditure £m	Investment gain £m	Other loss £m	31 December 2019 £m
Charity						
Unrestricted funds	117.3	113.7	(102.9)	5.2	(1.0)	132.3
Restricted funds	5.0	7.4	(9.5)	–	–	2.9
Endowment funds	0.5	–	–	–	–	0.5
	122.8	121.1	(112.4)	5.2	(1.0)	135.7

Notes to the financial statements

For the year ended 31 December 2019

13. Fund balances continued

Year ended 31 December 2018 Comparatives	1 January 2018 £m	Income £m	Expenditure £m	Investment loss £m	Other loss £m	31 December 2018 £m
Group						
Unrestricted funds	108.0	108.0	(96.9)	(1.2)	(0.6)	117.3
Restricted funds	5.0	9.7	(9.4)	–	–	5.3
Endowment funds	0.5	–	–	–	–	0.5
	<u>113.5</u>	<u>117.7</u>	<u>(106.3)</u>	<u>(1.2)</u>	<u>(0.6)</u>	<u>123.1</u>

Year ended 31 December 2018 Comparatives	1 January 2018 £m	Income £m	Expenditure £m	Investment loss £m	Other loss £m	31 December 2018 £m
Charity						
Unrestricted funds	107.9	107.0	(95.8)	(1.2)	(0.6)	117.3
Restricted funds	4.9	9.5	(9.4)	–	–	5.0
Endowment funds	0.5	–	–	–	–	0.5
	<u>113.3</u>	<u>116.5</u>	<u>(105.2)</u>	<u>(1.2)</u>	<u>(0.6)</u>	<u>122.8</u>

Restricted income comes primarily from legacies but also from other income streams. The restrictions primarily relate to geographical location or the stage of the dog training. Most funds are utilised in the year of receipt as they are matched to activities already happening in the area. Blind Children UK reserves of £0.3 million (2018: £0.3 million) have been treated as restricted, and 2018 comparators have been restated on this basis.

Further detail on specific restricted funds is included on page 82.

Analysis of revaluation reserve (included within unrestricted funds)

	Group 2019 £m	Group 2018 £m	Charity 2019 £m	Charity 2018 £m
Revaluation of investment portfolio	5.9	0.2	5.9	0.2
Revaluation of properties for use by charity	2.7	2.9	2.7	2.9
	<u>8.6</u>	<u>3.1</u>	<u>8.6</u>	<u>3.1</u>

14. Financial commitments

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

	2019 £m	2018 £m
Group		
Within one year	0.9	1.0
Between one year and five years	0.7	1.4
Beyond five years	–	–
	1.6	2.4

15. Subsidiaries

The Association owns the whole of the issued share capital, or is the sole member of:

1. The Guide Dogs for the Blind Association (Trading Company) Limited (company registration number 1596945);
2. Blind Children UK (company registration number 3133018), GDBA Community Care Services Limited (company registration number 2735518);
3. Guide Dogs Limited (company registration number 2332629);
4. Guide Dogs UK Limited (company registration number 3252696); and
5. GDBA (Pension Fund Trustee) Limited (company registration number 1870871).

Blind Children UK owns the whole of the issued share capital of Blind Children UK (Trading) Limited (company registration number 4245581). Of these only the following traded in their own account in 2018:

- Blind Children UK raises funds for providing services to blind and partially sighted children, and their families via the Guide Dogs programmes. This funding is passed to Guide Dogs in the form of a restricted grant.
- The Guide Dogs for the Blind Association (Trading Company) Limited is the charity's trading subsidiary.

All companies in the group are domiciled in the United Kingdom and their registered offices are all: Hillfields, Burghfield Common, Reading, Berkshire RG7 3YG.

Notes to the financial statements

For the year ended 31 December 2019

15. Subsidiaries continued

A summary of the trading results and net assets for the year ended 31 December 2019 is shown below:

	Blind Children UK 2019 £m	Trading company 2019 £m	Total 2019 £m	Total 2018 £m
Incoming resources/turnover	0.6	1.0	1.6	1.9
Cost of generating funds/cost of sales	–	(0.6)	(0.6)	(0.5)
Gross profit	0.6	0.4	1.0	1.4
Other operating income	0.1	0.2	0.3	0.2
Distribution, selling and administration expenses	–	(0.5)	(0.5)	(0.6)
Operating profit for the financial year	0.7	0.1	0.8	1.0
Donation to Guide Dogs	(0.7)	(0.1)	(0.8)	(0.8)
Profit for the year	–	–	–	0.2
Reserves at start of year	0.3	0.5	0.8	0.6
Reserves at end of year	0.3	0.5	0.8	0.8
Current assets	0.3	0.8	1.1	1.4
Current liabilities	–	(0.3)	(0.3)	(0.6)
Net assets at end of year	0.3	0.5	0.8	0.8

15. Subsidiaries continued

2018 comparatives

	Blind Children UK 2018 £m	Trading company 2018 £m	Total 2018 £m
Incoming resources/turnover	0.8	1.1	1.9
Cost of generating funds/cost of sales	–	(0.5)	(0.5)
Gross profit	0.8	0.6	1.4
Other operating income	–	0.2	0.2
Distribution, selling and administration expenses	–	(0.6)	(0.6)
Operating profit for the financial year	0.8	0.2	1.0
Donation to Guide Dogs	(0.6)	(0.2)	(0.8)
Profit for the year	0.2	–	0.2
Reserves at start of year	0.1	0.5	0.6
Reserves at end of year	0.3	0.5	0.8
Current assets	0.3	1.1	1.4
Current liabilities	–	(0.6)	(0.6)
Net assets at end of year	0.3	0.5	0.8

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

In 2019 and 2018 Blind Children UK's income was all granted to Guide Dogs for use on their children's services.

Notes to the financial statements

For the year ended 31 December 2019

16. Pension costs

Composition of the scheme

The Association operates The Guide Dogs for the Blind Association Pension Scheme which is a final salary pension scheme. The Scheme closed to new entrants on 31 March 2011 and closed to future accrual on 31 December 2012.

The Scheme is a registered funded pension scheme. The assets of the Scheme are held separately from the assets of the Association in trustee administered funds.

Contributions to the Scheme are assessed in accordance with the advice of a qualified actuary. Nil deficit contributions are required for 2019 under the Scheme's agreed Recovery Plan however, a discretionary contribution of £1.0 million was paid (2018: £1.0 million).

The results of the actuarial valuation of the Scheme as at 31 December 2018 have been updated to 31 December 2019 by a qualified independent actuary.

Assumptions

The major assumptions used by the actuary were:

	2019	2018
Discount rate	2.00%	2.95%
Rate of increase in salaries	n/a	n/a
Rate of increase in payment of pensions (RPI maximum 5%)	3.00%	3.25%
Inflation assumption (RPI)	3.05%	3.40%
Inflation assumption (OP)	2.15%	2.40%
Life expectancies on retirement at age 60:		
Retiring today – males	26.3	26.8
Retiring today – females	28.5	29.0
Retiring in 20 years – males	27.8	28.4
Retiring in 20 years – females	30.1	30.5
Cash commutation	100% of members commute 25%	100% of members commute 25%

16. Pension costs continued**Balance Sheet**

The assets in the plan were:

	2019	2018
Equities	93.6	100.5
Properties	13.9	22.9
Bonds	150.9	57.8
Hedge funds	45.1	85.5
Insured pensions	0.4	0.4
Cash	6.3	16.4
Total market value of assets	310.2	283.5
Present value of plan liability	(300.4)	(270.4)
Surplus/(deficiency) in the plan	9.8	13.1
Effect of the asset ceiling	(9.8)	(13.1)
Net pension fund deficit	-	-

Analysis of the amount (charged)/credited to the Statements of Financial Activities

	2019 £m	2018 £m
Net interest cost and past service cost on the defined benefit obligation	-	(0.4)
Total amount charged within Net Income for the year	-	(0.4)
Experience gain/(loss) arising on the plan's assets	30.0	(15.9)
Experience (loss)/gain arising on the plan's liabilities	(0.3)	8.0
Actuarial (losses)/gains	(34.4)	16.1
Effect of asset ceiling	3.7	(8.8)
Actuarial (loss)	(1.0)	(0.6)
Total amount (charged) to the Statement of Financial Activities	(1.0)	(1.0)

Notes to the financial statements

For the year ended 31 December 2019

16. Pension costs continued

Reconciliation of present values of plan liabilities and assets

	2019 £m	2018 £m
Change in present value liabilities		
Present value of plan liabilities at start of year	270.4	298.6
Interest on pension liabilities	7.7	7.5
Past service benefits granted during the year	–	0.4
Actuarial loss/(gain) on financial assumptions	40.7	(14.7)
Actuarial (gain) on demographic assumptions	(6.3)	(1.4)
Experience losses/(gains)	0.3	(8.0)
Benefits paid	(12.4)	(12.0)
Present value of plan liabilities at the end of year	300.4	270.4
Change in plan assets		
Fair value of plan assets at start of year	283.5	302.8
Interest income	8.1	7.6
Return on scheme assets excluding interest income	30.0	(15.9)
Employer's contributions	1.0	1.0
Benefits paid	(12.4)	(12.0)
Fair value of plan assets at end of year	310.2	283.5

16. Pension costs continued

5-year history

History of funding position and experience gains and losses

	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Defined benefit obligation	(300.4)	(270.4)	(298.6)	(309.0)	(248.4)
Scheme assets	310.2	283.5	302.8	300.2	241.1
Effect of asset ceiling	(9.8)	(13.1)	(4.2)	–	–
(Deficit)	–	–	–	(8.8)	(7.3)
Actual return less expected return on plan assets					
– amount	30.0	(15.9)	10.5	61.1	(6.9)
– percentage of plan assets	9.7%	5.6%	3.5%	20.4%	2.8%
Experience (loss)/gain on plan liabilities					
– amount	(0.3)	8.0	4.8	(5.9)	4.2
– percentage of the present value of plan liabilities	0.1%	3.0%	1.6%	1.9%	1.7%
Total (loss)/gain recognised in statement of financial activities					
– amount	(1.0)	(0.6)	5.0	(8.1)	(2.8)
– percentage of the present value of the plan liabilities	0.3%	0.2%	1.7%	2.6%	1.1%

Notes to the financial statements

For the year ended 31 December 2019

17. Analysis of net assets between funds

Group	General funds £m	Designated funds £m	Restricted funds £m	Endowment funds £m	Total 2019 £m	Total 2018 £m
Tangible fixed assets	2.7	31.7	–	–	34.4	35.6
Fixed asset investments	62.8	–	–	0.5	63.3	51.0
Bank balances	6.3	–	0.2	–	6.5	11.1
Other assets and liabilities	12.3	16.6	3.0	–	31.9	25.4
	84.1	48.3	3.2	0.5	136.1	123.1

Charity	General funds £m	Designated funds £m	Restricted funds £m	Endowment funds £m	Total 2019 £m	Total 2018 £m
Tangible fixed assets	2.7	31.7	–	–	34.4	35.6
Fixed asset investments	63.3	–	–	0.5	63.8	51.5
Bank balances	5.7	–	–	–	5.7	10.1
Other assets and liabilities	12.3	16.6	2.9	–	31.8	25.6
	84.0	48.3	2.9	0.5	135.7	122.8

17. Analysis of net assets between funds continued

2018 comparatives	General	Designated	Restricted	Endowment	Total
Group	funds	funds	funds	funds	2018
	£m	£m	£m	£m	£m
Tangible fixed assets	2.9	32.7	–	–	35.6
Fixed asset investments	50.5	–	–	0.5	51.0
Bank balances	10.9	–	0.2	–	11.1
Other assets and liabilities	11.2	9.1	5.1	–	25.4
	75.5	41.8	5.3	0.5	123.1

2018 comparatives	General	Designated	Restricted	Endowment	Total
Charity	funds	funds	funds	funds	2018
	£m	£m	£m	£m	£m
Tangible fixed assets	2.9	32.7	–	–	35.6
Fixed asset investments	51.0	–	–	0.5	51.5
Bank balances	10.1	–	–	–	10.1
Other assets and liabilities	11.5	9.1	5.0	–	25.6
	75.5	41.8	5.0	0.5	122.8

Notes to the financial statements

For the year ended 31 December 2019

18. Notes to the cash flow statement

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

	2019 £m	2018 £m
Net income for the financial year	14.0	10.2
Investment (gain)/loss	(5.8)	1.2
Investment income	(1.0)	(0.9)
Depreciation	2.9	3.2
Net gain on disposal of tangible fixed assets	(0.7)	(1.4)
Decrease/(increase) in stocks	0.1	(0.1)
Increase in debtors	(6.3)	(3.1)
(Decrease)/increase in creditors	(0.3)	0.6
Adjustment for pension funding	(1.0)	(0.6)
Net cash inflow from operating activities	1.9	9.1

19. Comparative consolidated statement of financial activities
Incorporating an income and expenditure account
For the year ended 31 December 2018

	Notes	Unrestricted funds £m	Restricted funds £m	Endowment funds £m	Total 2018 £m
Income and endowment from:	1				
Donations and legacies		97.3	9.7	–	107.0
Charitable activities		1.1	–	–	1.1
Other trading activities		7.3	–	–	7.3
Investments		0.9	–	–	0.9
Other income		1.4	–	–	1.4
Total income		108.0	9.7	–	117.7
Expenditure on:	2				
Raising funds		39.5	–	–	39.5
Charitable activities					
Provision of guide dogs' services		41.5	8.4	–	49.9
Provision of other adult mobility services		5.3	–	–	5.3
Provision of other children's services		3.8	1.0	–	4.8
Research and development		1.1	–	–	1.1
Advocacy and awareness		5.7	–	–	5.7
Total charitable expenditure		57.4	9.4	–	66.8
Total expenditure		96.9	9.4	–	106.3
Net losses on investments		(1.2)	–	–	(1.2)
Net income for the year		9.9	0.3	–	10.2
Other recognised gains and losses:					
Actuarial loss on defined benefit pension scheme		(0.6)	–	–	(0.6)
Net movement in funds		9.3	0.3	–	9.6
Reconciliation of funds:					
Fund balance brought forward at 1 January		108.0	5.0	0.5	113.5
Fund balance carried forward at 31 December		117.3	5.3	0.5	123.1

Major gifts and donations

Thank you

None of our work is possible without the support of so many. To those who pledged a gift in their will, sponsored a puppy, made a cash donation, took part in a sporting challenge event, or raised money through any number of fundraising activities, we give you our sincere thanks.

In particular, our special thanks go to the following donors.

Restricted funds include (amongst others) the following grants:

Funds	Grant in respect of	Unspent at 31 December 2018 £	Incoming resources £	Outgoing resources £	Unspent at 31 December 2019 £
Big Lottery Fund Awards for all NI	Supporting Families – NI	42,680	139,827	147,852	34,655
Innovate UK	Journeys Unlocked project	-	92,613	92,613	-
Department for Digital Culture, Media & Sport	Digital leadership fund	-	50,846	50,846	-
Wales Council for Voluntary Action	To establish three volunteer hubs	-	19,444	18,161	1,283
Newcastle City Council	My Guide Newcastle	-	23,598	21,993	1,605
Glasgow City Council	Children and Young People – Habitation	-	21,506	21,688	(182)
Liverpool City Council	My Guide Liverpool	-	10,000	9,044	956
Suffolk Police & Crime Commissioner's Fund	Raising awareness of attacks on assistance dogs	-	9,187	9,114	73
South Kesteven District Council	My Guide	-	5,217	6,956	(1,739)
Belfast Health Development Unit	Our Healthy Futures Project	(7,956)	25,000	17,153	(109)

Our special thanks go to the following National Corporation Partners

Partner	Income £
Players of People's Postcode Lottery	1,166,777
Pets at Home (VIP Scheme)	149,025
Petplan UK	70,843
Toyota (GB) plc	53,986
Specsavers	24,467
AmazonSmile	19,260
Build-A-Bear	13,000

Our special thanks to the following major donors

Mrs and Mr Davison for their generous support for Guide Dogs

Mr and Mrs Drizen for supporting the advanced training of a guide dog

Mr Joyce A. for his support of a guide dog puppy

Mrs Mobley for her generous support for Guide Dogs

“

I was recently diagnosed with sight loss and was very apprehensive going out and about and walking on my own. I couldn't believe how much help and support Guide Dogs has provided. They have helped me with orientation and mobility and have made me feel much more independent.

”

Vynee

