

GUIDE
DOGS



The Guide Dogs for the Blind Association

Report and Financial

Statements 2012

Guide Dogs for the Blind Association

Contents

	Pages
Report of the Board of Trustees	1 - 20
Independent Auditor's Report	21 - 22
Consolidated Statement of Financial Activities incorporating an Income and Expenditure Account	23
Consolidated and Charity Balance Sheets	24 - 25
Consolidated Cash Flow Statement	26
Accounting Policies	27 - 29
Notes to the Financial Statements	30 - 44
Major Gifts and Donations	45

Report of the Board of Trustees for the year ended 31 December 2012

The Board of Trustees of The Guide Dogs for the Blind Association ("the Board") presents its Report and Financial Statements for the year ended 31 December 2012. These have been prepared in accordance with the provisions of the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities (revised 2005).

Corporate information

The Association operates under the abbreviated name of Guide Dogs. Guide Dogs is a registered charity (Number 209617 in England and Wales and number SCO38979 in Scotland) and is constituted as a charitable company limited by guarantee (registered in England and Wales number 291646), which was established on 30 August 1934. Its Central Office which is also its Registered Office, is Hillfields, Burghfield Common, Reading, Berkshire RG7 3YG.

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

Guide Dogs is a charitable company limited by guarantee and does not have a share capital. The company is governed by the memorandum and its articles of association. In the event of the company being wound up each trustee and member of the company undertakes to contribute amount as may be required (not exceeding £1) to the company's assets.

Objects and activities

The Objects for which Guide Dogs was established are to promote the health, equality and independence of people who are blind or partially sighted by:

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

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

Our purpose is to:

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

Strategic aims

We are now three years into our Building Extraordinary Partnerships strategy which aims to assist more people who are blind or partially sighted to be mobile on their own terms, with a broader range of services. These ambitions are the result of listening carefully to our clients who tell us about their needs and requirements on their journey to independence. We have called this the "mobility journey". We aim to ensure that appropriate services are available to clients at each stage of the journey, ultimately providing them with the mobility skills and tools that enable them to live their lives as they wish.

Report of the Board of Trustees for the year ended 31 December 2012

Public benefit

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

The objects and aims of Guide Dogs fall within the subsection of the Charities Act 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 information, research and campaigning activities we undertake have also directly benefited people who are blind or partially sighted.

2012 Highlights

In 2012 we began to reap the benefits of our ambitious and complex programme to implement our Building Extraordinary Partnerships strategy. We provided more services to more people than ever before and we recorded another year of improvement and achievement.

- Our state-of-the-art National Breeding Centre and well-established breeding programme continue to support the delivery of our guide dog partnership training. In 2012 we bred 1,300 puppies (2011: 1,350).
- We trained more partnerships of blind or partially sighted people and their guide dogs – 853 (2011: 823) bringing the total number of partnerships to 4,752 (2011: 4,610).
- Against a challenging economic environment, and an average industry downward trend, we grew voluntary income to £61.1 million, an increase of £5.6 million or 10% on 2011.

Our desire to engage more closely with

our clients, offer them a wider range of services as well as broadening our reach to potential new clients is at the heart of our strategy and to facilitate this, we recruited 20 Mobility and Engagement teams around the UK which bring a broader range of services to a broader range of clients at every stage in their mobility journey.

Our guide dog service provides a high degree of mobility and independence for some people with sight loss, but for others, a guide dog is not the solution they need. We therefore continued to invest in consumer research to develop our understanding of our clients' needs so that we can offer them more relevant services to meet their individual requirements. While the guide dog service remains core to what we do, we want to offer a range of services, at each stage of the mobility journey, appropriate to all individuals at all stages of life.

In 2012 we continued to develop and roll-out new services:

- Our Children's and Young People's Habilitation Service benefited over 600 young people in 2012.
- We ran a successful sighted guiding pilot through our My Guide programme where trained volunteers assisted over 5,000 people with a visual impairment to get out into the community again, by guiding them to shops and local community events, helping to rebuild their confidence and regain their independence.
- Following a successful pilot, we launched Buddy Dogs as a full service in 2012. Buddy Dogs are dogs that have not qualified as a guide dog and are instead placed with young people and their families to help the young people develop their confidence, communication and

Report of the Board of Trustees for the year ended 31 December 2012

mobility skills. In 2012 we provided 20 new buddy dogs to children and young people.

We championed collaboration as another means of delivering our strategy, and now have partnership agreements with 41 local blind societies and Memoranda of Understanding with both Action for Blind People and the National Blind Children's Society.

We pursued technology collaborations to develop new and improved mobility products, systems and services, showcased by our collaboration with Microsoft which successfully brought together experts in the fields of technology, the built environment, transport and retailers to enable designers and builders to create seamless accessibility for blind and partially sighted people.

High profile campaigning successfully raised our ability to engage effectively both politically and in the media on behalf of people who are blind or partially sighted. Our "One Voice" communications approach introduced in 2012 - where our customers, supporters, fundraisers, politicians and the media heard the same message at the same time over a sustained period - helped heighten awareness of campaign issues as well as the Guide Dogs brand. The "One Voice" approach achieved unprecedented success during the dangerous dogs campaign where our campaigns team held a parliamentary reception with 153 MPs and 5 Ministers, resulting in an unprecedented 79% of MPs being aware of the campaign. Concerted local engagement is vital for the success of our brand building, policy and campaigning activity and we have adopted a "think national, act local" approach to our activities. Our national

campaigns acted as a foundation for local teams to adapt and make relevant to the local communities, beneficiaries and supporters they serve.

We received the Queen's Diamond Jubilee Award in 2012 which recognises the invaluable work of our volunteers who give their time, skills and energy so generously, and in October we held a celebration event at the House of Lords which gave us the opportunity to thank all of them for all their extraordinary work.

The following sections provide more detail of our ambitious and wide-ranging work and our plans for the future.

The Guide Dog service

The guide dog service is at the heart of what we do and continues to grow.

Guide dogs transform the lives of our clients. We make a lifetime promise to provide every one of our guide dog owners with a guide dog for as long as they need one. This could be as many as eight dogs over the course of a lifetime. Anyone of any age can apply for a guide dog and no one is denied a dog on the grounds of cost.

When a person with a visual impairment contacts us to apply for a guide dog, we first assess their needs and talk to them about what having a guide dog entails – the benefits as well as the commitment they need to make to the dog. If it is clear that a guide dog is the right solution, we begin the process of carefully matching a dog with the prospective owner. Together they then complete three to five weeks of intensive work before qualifying as a working guide dog partnership. We continue to visit the partnership at home to ensure that all is well and as the dog

Report of the Board of Trustees for the year ended 31 December 2012

approaches retirement age, we begin the process of identifying a replacement.

We are committed to delivering the highest quality of service to all our clients and throughout the partnership we encourage the owner to stay in touch with Guide Dogs through contact with their Mobility Team as well as asking them to provide more formal feedback through our client service evaluation process. Our most recent survey reported satisfaction levels at an all-time-high of 98%.

Our dogs are bred at the National Breeding Centre in Warwickshire and trained at one of four training centres in Atherton, Lancashire; Forfar, Scotland; Leamington Spa, Warwickshire and Redbridge, London. We are also piloting different, more local, training approaches within our 20 Mobility Team bases across the UK.

At the end of December 2012 we had 351 dogs in our breeding stock, 557 in training, 4,752 active partnerships and 746 dogs enjoying a well-earned retirement. Throughout our dogs' lives they are given the highest level of care to ensure they are happy and healthy, and can give of their best to their owners who are blind or partially sighted.

Our volunteers play a vital role in the breeding and training of our dogs. We have 351 volunteers caring for our brood bitches and studs in their own homes and 1,380 puppy walkers who give our puppies a home for their first year and carry out basic training for their important future role. After a year the puppies go to training school and yet more volunteers help out with boarding our dogs-in-training overnight and at weekends. Another army of volunteers drives our dogs around the country to their puppy

or training destinations. Without our dedicated and skilled volunteers, we would not be able to breed and train so many dogs and thousands of people with sight loss would not be able to get out and about.

Achievements and performance: We have increased the number of partnerships yet again this year and broken new records:

- We produced 1,300 puppies.
- We trained 853 guide dog partnerships (compared with 823 in 2011), with our eldest guide dog owner being 96 and our youngest being 13. By the end of 2012 there were 4,752 active partnerships across the UK (compared with 4,610 at the end of 2011).

Plans for the future: By 2020 we aim to increase the number of guide dog partnerships we train to 1,000 a year. We anticipate we will have around 5,150 partnerships in operation by 2015.

Buddy Dogs

Following a successful pilot we launched Buddy Dogs, which supports children and young people, as a full service in January 2012.

Buddy Dogs are dogs that have not qualified to work as assistance dogs but they can still play a vital role in improving the quality of life of people who are blind or partially sighted. They contribute to their sensory and physical development, enhance their confidence and self-esteem, and improve their communication and mobility skills. Buddy Dogs can also help young people counter the isolation and depression that often comes with sight loss.

Report of the Board of Trustees for the year ended 31 December 2012

The Buddy Dog service places suitable dogs with young people and their families, or in schools and organisations. It provides the opportunity for young people to experience the responsibility of caring for a dog, and can help us assess their suitability for future guide dog ownership.

Achievements and performance: By the end of 2012 there were 20 new Buddy Dog partnerships in place, bringing the total to 32.

Plans for the future: Our aim for 2013 is to extend the service to more schools and young people by placing an additional 30 Buddy Dogs.

My Guide

During 2012 we continued to develop My Guide, our sighted guiding pilot programme which provides trained volunteers to assist people who are visually impaired by regularly guiding them to shops, community events or other activities. The cornerstone of the programme is the My Guide partnership, where trained volunteers are matched one-to-one with individuals to complete a tailored schedule of activities within a mutually agreed time period. These partnerships help the individual to rebuild their confidence and regain their independence. Our Guide Dogs Mobility Teams work collaboratively with our local blind society partners to deliver this service.

A key part of the My Guide volunteer's role is to identify other people or groups within the community who can continue to support the individual. To help more people with a visual impairment to get out into the community, we are creating a national standard of sighted guiding as well as working in collaboration with

other organisations to train volunteers and provide sighted guiding services. My Guide will become a full service in January 2014.

Achievements and performance: By the end of 2012, 2,600 people had completed My Guide level 1 training. My Guide training has had a very significant impact in the last year: We trained more than 1,500 London Olympic Games Official Guide (LOGOG) volunteers, whose skills helped make the London Olympics accessible to people with a visual impairment. We also developed the My Guide-Open-for-Business service which trains staff in hospitals, large national retailers and transport companies to use sighted guiding techniques to make their organisations more accessible to people who are blind or partially sighted. During 2012, My Guide has helped more than 5,000 people with a visual impairment to get out and about.

Plans for the future: During 2013, we will be working to develop many more My Guide partnerships and to expand our coverage of My Guide Open-for-Business schemes. We'll also be completing a full evaluation of our activities to direct our plans for the future. In 2013 we aim to deliver training to 25,000 sighted guiding volunteers and reach over 17,000 service user beneficiaries.

Mobility Services Contracts

We provide a range of services to help blind and partially sighted people of all ages. This includes providing mobility and habilitation training through local authority contracts.

Achievements and performance: Due to cuts in the public sector, 2012 presented difficult conditions for our contract work.

Report of the Board of Trustees for the year ended 31 December 2012

At the end of the year there were 288 individuals using our services (2011: 150), through 16 contracts, having given mobility training to 763 individuals throughout the year.

We have continued to work in partnership as part of the South West Sensory Consortium, providing a focus for commissioners and individual clients, as well as a stronger voice for people who are blind or partially sighted.

We are also refining our mobility assessment process following a pilot and now have a clearer strategy to deliver other mobility service support to people on the waiting list for a guide dog, including the My Guide service.

Plans for the future: We will continue to work in partnership as part of the South West Sensory Consortium and through our Mobility Teams we will continue to identify and bid for local authority contract work.

Children and Young People's Habilitation Service

Without effective habilitation training, (orientation and mobility training along with independent living skills), thousands of children and young people with a visual impairment (CYPVI) will continue to fail to reach their full potential. This is an area where our research shows we have an opportunity to make a positive impact on many thousands of individuals over a prolonged period of time. We have already proved we can deliver high quality mobility services for children, and in 2012 we worked with over 600 children and young people, just over 430 of them through 15 Local Authority contracts.

We work closely with the National Blind Children's Society (NBCS) to deliver services to children and young people

and in September 2012, we signed a Memorandum of Understanding which allows us to combine our experience, knowledge and skills to enable us to have a greater impact on young people with a visual impairment. We have been working together in Birmingham on a pilot programme called Movement Matters which offers support and advice about mobility, orientation and independence to children and young people with sight loss, and their families. One of our key priorities is to work with NBCS to ensure that children and young people, and their families, continue to get the support they need to fulfil their full potential.

Achievements and performance: In 2012 we prepared a detailed business case to expand our children's services to ensure all CYPVI and families in the UK receive birth-to-adulthood habilitation and mobility support.

Plans for the future: On 29 April 2013 Guide Dogs entered into a closer alliance with NBCS by becoming its sole member. This relationship will help both organisations develop their respective services to CYPVI, and provide joined-up solutions to their needs. In 2013 we will focus on direct delivery of habilitation services where we have new or existing capacity. We will complete the pilot phase of our parental education programme Movement Matters and transition it into a full service. We will evaluate the Parents as Partners pilot which provides an emotional support network for parents, working towards the future integration within Guide Dogs or other organisations within the sector. We will work with Microsoft to develop and test a prototype habilitation support technology solution.

Report of the Board of Trustees for the year ended 31 December 2012

Engagement

Throughout much of 2012 we recruited and developed a new team of Engagement Managers and Officers to bring us closer to our clients, potential clients, supporters and stakeholders. We recruited many staff internally but also some from outside Guide Dogs who brought relevant skills and helped strengthen our capacity to engage effectively. The Engagement Teams' role is to support a wide range of objectives to help us build strong relationships with potential partners from both the statutory and voluntary sectors. Specifically to:

- Lobby and work with local authorities and other organisations for equal access rights for people with sight loss to transport, buildings, goods and services.
- Support the Mobility Team Manager to ensure we deliver the highest level of service to our clients.
- Identify ways in which we can appeal to potential new supporters of Guide Dogs.
- Raise the profile of Guide Dogs by promoting our services and fundraising campaigns through building relationships with the media.

Our local Engagement staff work closely with colleagues in Central Office to ensure that their activities are aligned to our strategic aims.

Achievements and performance: Our Engagement staff across the country have made our voice heard, have increased awareness in local communities, have challenged political agendas and developed new and productive relationships. In doing so, we have attracted more people to explore

our services as well as bringing more supporters to our cause. In 2012 we saw an increase in media coverage, much of it around the inspirational and educational stories about individuals who use our service, such as ensuring recognition for a local man celebrating 50 years as a guide dog owner.

The media covered our campaigning on key issues such as horrific dog attacks and our call for mandatory micro chipping. We challenged a local supermarket over an access issue which resulted not only in the supermarket changing how they support their customers who are visually impaired but also gaining their active support to our Name a Puppy fundraising initiative.

We developed new relationships with organisations such as the Manx Blind Welfare Society on the Isle of Man. As a result, we are now working collaboratively on a number of projects including training My Guide volunteers and raising awareness around an access issue. We have created the Guide Dogs Scotland website and worked to collate a continual stream of stories and case studies to populate the site. We have also had success in the Scottish Parliament with our part in the preparation of the bill relating to prevention of cars parking on pavements.

Plans for the future: In 2013 we will seek to develop existing national and local collaborations as well as creating new ones to support Guide Dogs' strategy. We will aim to increase community based awareness and become more visible by increasing our lobbying to influence the local and national political landscape. We will "localise" national campaigns to support regional and devolved priorities. We also want to work with other national charities to enable us to locate, and then

Report of the Board of Trustees for the year ended 31 December 2012

support, more isolated people with a visual impairment.

Technology

We believe that technology has significant potential to transform the ways in which people who are blind or partially sighted get out and about on their own terms. We are lobbying for greater collaborative working between technology companies, transport providers, retailers, entertainment venues and policy makers, so that together we can deliver a society-wide, technology-enabled solution to address mobility and independence for all.

Achievements and performance: In 2012 we filmed a series of video interviews of people with a visual impairment talking about their mobility issues and their aspirations for technology-enabled solutions. We also continued work on an important piece of research amongst people with sight loss to understand their thoughts on how technology developments could improve mobility and to identify any barriers which potentially could prevent their take-up of technology solutions. We will use the results of the research to target technology, transport and retail companies to adopt a universal design approach to make their mainstream products and services accessible to everyone.

Plans for the future: In 2013 we will be working on three key technology initiatives:

- To deliver a prototype mobility game using gesture-based gaming technology to deliver mobility training to blind and partially sighted children.
- To establish a project consortium to develop a real-world demonstrator of

the technology-enabled mobility solutions portrayed in our concept film.

- To conduct a series of technology-focused workshops to understand the opinions and experiences of people with sight loss.

Advocacy and Campaigns

We lobby, campaign and influence policies and legislation to break down barriers that prevent people who are blind or partially sighted from getting out and about on their own terms. Our campaigns are based on surveys of the views and aspirations of people with sight loss and include access to services, independent travel, street obstacles and provision of rehabilitation services.

Achievements and performance: 2012 was an enormously successful year. There are 1,000 new talking buses on the roads across the UK thanks to our campaign to put audio-visual announcements on buses.

- Our Dangerous Dogs campaign for compulsory micro-chipping achieved unprecedented success with a high level of national media coverage and significant influence on Government policy. Northern Ireland has already announced compulsory micro-chipping and we are expecting a similar announcement from Westminster in 2013.
- Our Safe and Sound Campaign won three awards during the Party Conference season, which is aimed at ensuring a minimum sound level on all vehicles. As a result of intense lobbying in November and December we were able to influence a key vote on the EU Regulation that specifies standards for Acoustic Vehicle Alerting Systems (AVAS) on quiet vehicles,

Report of the Board of Trustees for the year ended 31 December 2012

requiring the regulation to be reviewed after a year and providing us with an opportunity to get the regulation upgraded to stipulate mandatory installation of AVAS. As part of our lobbying work we also convinced the second largest group in the Parliament (the Alliance of Socialists and Democrats) to change their position on mandatory installation and we will be working with them on a further amendment to the regulation in 2013.

Our campaigns would not be the success they are without our supporters. This year 4,000 new campaigners signed up and 10,000 campaign actions have been completed this year by people through our website – ten times as many as last year. Our supporters also helped us send 700 personalised birthday messages to the Minister for Buses, Norman Baker, to remind him of our Talking Buses campaign. Our supporters also helped us assess 65 High Streets as part of our Street Clutter Survey.

In February 2012, Guide Dogs along with three other organisations sought clarity in the Supreme Court on the rights of disabled people in England to receive an assessment of need prior to a council making any decisions about their eligibility for support or resource limitations. The Supreme Court Judges agreed with our interpretation during the case of KM versus Cambridgeshire County Council.

We were asked to comment on the Department of Communities and Local Government's (DCLG) publication, "Re-imagining urban spaces to help revitalise our high streets". As well as recommending that photographs showing examples of poor street design be removed, we were also able to

secure a recommendation for our booklet, "Inclusive Streets: Design principles for blind and partially sighted people", within the good practice references listed in the DCLG guidance.

Plans for the future: Our campaigns will continue to provide an effective, dynamic and creative presence around the mobility message and will continue to respond to the external environment.

Research

We commission and undertake research so we can better understand the needs and experiences of people who are blind or partially sighted and continue to provide world class mobility services.

We undertake canine research to inform, preserve and enhance the performance of our dogs to maintain their quality of life as well as to ensure their suitability to the particular mobility needs of their owner who is blind or partially sighted.

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

Our ophthalmic research seeks to advance understanding of the mechanisms associated with preserving sight and how residual vision may be used to maintain the mobility of people with a visual impairment.

Our market research ensures that Guide Dogs listens to the people we serve and the people whose support we need, as well as helping us to evolve to meet the challenges of a rapidly changing economic and policy environment in the four nations of the UK.

Report of the Board of Trustees for the year ended 31 December 2012

Achievements and performance: The internal research team is currently running and managing a number of research projects including puppy character profiling, breeding efficiencies, neutering practices, disease management and behavioural development.

In addition, canine research engages other organisations in research collaborations and is currently working with a number of key players in the industry including Assistance Dogs organisations, the Kennel Club and veterinary schools and universities. A long term collaboration exists with Nottingham University's School of Veterinary Science and Medicine which is part way through a project funded by Guide Dogs to investigate the epidemiology of behaviour in guide dogs. The study is progressing well, and will conclude in 2015. The Veterinary School will also start a second, part funded study in 2013 looking into the issues related to the early retirement of working guide dogs and how this could impact our customers.

In 2012, we started a psycho-social research project, Middle Step, in conjunction with Royal Holloway College, the aim of which is to explore and understand the depression that some people encounter on being diagnosed with sight loss. This research proposes to test an established intervention called Problem Solving Treatment (PST) amongst people with an early diagnosis of vision loss and will examine whether the intervention has a positive impact on mobility, psychological well-being and quality of life. If successful, PST could be implemented as "usual care" and thus improve clinical practice.

Due to the economic climate, we took the decision to suspend the funding of any new ophthalmic research projects

until 2014. We do remain committed, however, to the funding of ongoing ophthalmic projects and the following research is underway:

- An investigation of a potential new therapy for a devastating inherited blindness that affects young children, Leber's Congenital Amaurosis (LCA).
- A study to investigate whether low vitamin D levels are associated with Age-related Macular Degeneration (AMD).
- A study to determine the nature and incidence of sight loss in care homes in order to inform eye care planning in this community.

Plans for the future: We will investigate the impact of dog attacks on working guide dogs, in particular focusing on the possible cause of these attacks and the emotional impact on the owner and working partnership. We will also investigate the early retirement of working guide dogs. The study will examine causes of early retirement, with the aim of identifying breeding, rearing, selection and matching procedures that will extend the working life of the guide dog. We will continue to investigate the incidence of depression in those diagnosed with sight loss and appropriate support mechanisms. We will also be investigating habilitation services for children and young people to identify the nature of services and training provided across the country and to establish the quality of these services in order to inform and support our wider Children and Young People's mobility service. We will also be investigating ways to measure the effectiveness of our mobility services by identifying a mobility measure to be used pre and post-delivery of our service. This will help us identify key factors that impact on a person's mobility and will inform the way

Report of the Board of Trustees for the year ended 31 December 2012

in which we deliver our services in the future. Finally, our market research focus in 2013 is to continue our mission of listening to the ever expanding group of people who are visually impaired and to support the development of services that meet their needs.

Working with other organisations

We have continued to work in partnership with other organisations over the last 12 months, identifying ways of working together to secure greater benefits for people with sight loss. We now have 41 partnership arrangements with local societies to test the My Guide pilot, and Memoranda of Understanding in place with Action for Blind People and the National Blind Children's Society (NBCS) to deliver more joined up services to our mutual clients.

As noted earlier, on 29 April 2013 Guide Dogs entered into a closer alliance with NBCS by becoming its sole member.

We continue to play a major role in the definition and implementation of the UK Vision Strategy (UKVS), which is an initiative of VISION 2020 UK, an umbrella organisation with more than 40 members, which aims to bring about greater collaboration between organisations in the UK which focus on visual impairment. We have worked closely with the UKVS team to consult widely on the strategy, bringing together all those involved in eye health and the rights of people with sight loss to collectively deliver three key aims across the UK:

- To improve the eye health of the people of the UK.
- To eliminate avoidable sight loss and deliver excellent support to those with a visual impairment.

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

The third aim is a particular focus for Guide Dogs, as we are the leading organisation working on mobility and independence for people who are visually impaired. One way we are doing this is through our My Guide service, which relies on us working in partnership with other voluntary organisations to provide sighted guides. We have a Memorandum of Understanding with Visionary, a membership organisation for local sight loss charities, to support the delivery of the My Guide service pilot and we also have close relationships with a number of local voluntary organisations as well as, on a contractual basis, local authorities.

We are not just working with the voluntary and public sector to get more people who are blind or partially sighted mobile. A major public transport provider, First Bus, has agreed to work with us to trial "Open for Business", a scheme we have set up to raise awareness among retailers and transport providers about how they can support more people who are visually impaired get out and about on their own terms. First Bus has a fleet of 8,500 buses, and more than 17,000 drivers. Training all these drivers will enhance the experience of thousands of people using their services, making them more confident that their journeys will be safe, comfortable and adapted to their needs.

We have identified technology as a growth area for supporting our clients with their mobility needs and we believe the best way forward is to partner a technology company and pool our expertise.

Report of the Board of Trustees for the year ended 31 December 2012

At the beginning of 2012 we began to work with Microsoft to develop a 15 minute short film which shows the very considerable potential of future technologies to transform the lives of thousands of people who are visually impaired. Working together, we have a unique opportunity to bring a glimpse of this future to life by demonstrating the real benefits that technological services and devices can bring to people's lives. To realise the concepts demonstrated in the film will require collaborative working between technology companies, transport providers, retailers, entertainment venues and policy makers. Although none of the technology in the film yet exists, we believe that by working together and using each other's strengths, all these technologies, and the infrastructure to support them, could exist within five years.

We are also a member of Assistance Dogs UK (ADUK), a coalition of assistance dog organisations that encourages the exchange of ideas and best practice amongst its members as well as raising public awareness and promoting behavioural and legislative changes to ensure the freedom, independence and rights of all individuals who use its services. In 2012 we re-launched the assistance dog "passport" and window sticker scheme which will be introduced to newly qualified clients from June 2013, with delivery to all by April 2014. ADUK is planning a launch to the public in September 2013.

We are active members of the International Guide Dog Federation (IGDF), an organisation that exists to maintain standards in guide dog training around the world through assessment and accreditation of existing guide dog training schools and supporting the development of new Guide Dogs

organisations. Guide Dogs UK has several staff operating as Assessors and also has representation on the IGDF Board

These relationships contribute significantly to our ability to deliver mobility services to people who are blind or partially sighted.

Fundraising

We generate income for the delivery of our services through a range of fundraising programmes. These include individual giving, community and branch activity, events, corporate relationships, trusts and in-memoriam gifts and gifts in wills.

Achievements and performance: Guide Dogs' total voluntary income in 2012 was £61.1 million, up £5.6 million or 10% on last year. Our largest source of income is from legacies and this increased from £33.0 million in 2011 to £34.5 million in 2012. The majority of this income is from residuary legacies where we receive all, or a share, of the residue of the estate after specific legacies have been paid. In 2012 we experienced an increase in the average value of such legacies notified to us.

Voluntary income from other sources continued to grow in 2012. Despite an average industry downward trend of around 15%, (source: UK Giving 2012), other voluntary income grew by over 18% in 2012 to £26.6 million (2011: £22.5 million).

Individual Giving income (donor-based fundraising raffles and draws) increased by nearly 15%, mainly as a result of the regular giving programmes.

Community fundraising income increased by 4% in 2012 as a result of opening 55 new branches and ongoing recruitment of fundraising volunteers. The

Report of the Board of Trustees for the year ended 31 December 2012

commitment of our community fundraising volunteers, and the value of their work continues to make a significant contribution to our income.

Plans for the future: We will continue to invest in growing fundraising income with a focus on:

- The recruitment of more donors to our database.
- The continued implementation of a legacy marketing strategy.
- The diversification of the fundraising portfolio into new income streams.
- Closer engagement with our branches through our new network of Mobility Teams.

Financial review

Overview

In 2012 resources expended exceeded incoming resources by £2.1 million (2011: £11.1 million) but our total funds increased by £2.4 million (2011: £27.1 million reduction).

While 2012 has been another financially challenging year for Guide Dogs, progress has been made in countering the reductions in reserves experienced in previous years. Our income growth plans are beginning to bear fruit, and this, along with a good performance from our investment portfolio, close control over obtaining value for money from the resources we expend, and the initial accounting benefits of closing the defined benefit pension scheme to future accrual, have meant that we have been able to record this small increase in total funds.

Income

Income totalled £69.1 million in 2012, up £3.0 million on the prior year. The main

constituents of this income are:

- Voluntary income. Totalling £61.1 million in 2012, this was £5.6 million higher than in 2011. The primary reason for this was an increase of £3.3 million in donor based fundraising, reflecting the investment we have been putting into growing our donor database. In addition legacy income increased by £1.5m.
- Activities for Generating Funds. Income from these sources totalled £5.0 million, down £0.7 million on the prior year.

Expenditure

Resources expended in 2012 totalled £71.2 million, £6.0 million less than the prior year. A £3.2 million increase in fundraising expenditure was offset by a £9.0m curtailment gain resulting from the closure to future accrual of the defined benefit pension scheme. The larger elements of this total include:

- Costs of generating funds. The additional investment in fundraising expenditure of £3.2 million brought the total to £24.4 million. The return on this additional expenditure will be achieved in future years.
- Costs of the provision of guide dogs and other mobility services. At £41.0 million this was down £8.9 million on the prior year. About £7.0 million of this decrease represents a share of the pension scheme curtailment gain noted above.

Net outgoing resources before other recognised gains and losses

Net outgoing resources before other recognised gains and losses was therefore a deficit of £2.1 million (2011: deficit of £11.1 million) reflecting the

Report of the Board of Trustees for the year ended 31 December 2012

increased income and the pension scheme curtailment gain, offset by the additional fundraising investment made in the year to improve income in future years. The Board of Trustees' overall aim is to operate at least at break even, but recognises that in times of service expansion or general economic recession this may not always be achieved.

Other recognised gains and losses

Other recognised gains and losses arose from two sources:

- Net unrealised gains on investments. A better year for financial markets has meant that our investment portfolio generated gains of £4.3 million (2011: gains of £0.6 million).
- The defined benefit pension scheme. Net actuarial gains of £0.2 million (2011: losses of £16.6 million) were recognised.

Funds

Taking into account all the above recognised gains and losses in the year, overall funds increased by £2.4 million (2011: reduced by £27.1 million), to £94.1 million. These funds comprise four elements: free reserves, designated funds, restricted funds and endowment funds. Each of these categories is described as follows.

Free reserves

We define free reserves as comprising general funds, the revaluation reserve and the pension reserve. Total free reserves at the end of 2012 amounted to £45.1 million (2011: £39.7 million).

When someone becomes a guide dog owner we make a commitment to

provide them with a guide dog for as long as they require one. As it takes between 20 to 24 months to train a guide dog and as the average working life of guide dogs is between six and seven years, a client may require eight or more dogs in a lifetime. Furthermore, the highly specialised nature of our work means that we have to train our own staff. To recruit and fully train a Guide Dog Mobility Instructor, for example, takes over three years. Also, the expenditure on our buildings and supporting infrastructure is fixed in the medium term which, together with our breeding and training requirements, results in the necessity for a long-term cost planning horizon. We estimate that the total cost of our commitment is in excess of £200 million, and is made in the context of our income being derived primarily from voluntary giving, particularly legacies, which can fluctuate significantly.

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

In 2011 free reserves fell below the equivalent of one year's operating costs, and while the value has improved in 2012, it is still below the target we set ourselves. The Board of Trustees has carefully reviewed forward projections of Guide Dogs' financial position and is confident that the organisation will be

Report of the Board of Trustees for the year ended 31 December 2012

able to meet its liabilities as they fall due, while maintaining services. The Board of Trustees is closely monitoring performance against the forward projections so that remedial action can be taken if it becomes clear that the assumptions underlying the projections cease to be realistic.

Designated funds

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

- The **Fixed Assets Fund** represents funds allocated to tangible fixed assets such as property, plant and equipment. This has decreased from £50.3 million to £48.3 million during the year.
- The **Capital Reserve** was established to set aside funds for major works to improve certain aspects of the infrastructure of the organisation. All of the work identified at the end of 2011 has been completed, and the balance of the fund at the end of 2012 was £nil (2011: £0.4 million).
- The **Research Fund** provides funding for ophthalmic, canine and psycho-social research. The year-end balance on this fund was £0.3 million (2011: £0.9 million).

Restricted funds

These are unexpended funds that have been donated to Guide Dogs with specific conditions attached to their use. At 31 December 2012 these funds totalled £0.1 million (2011: £0.1 million).

Endowment funds

These are funds that have been donated subject to the condition that the capital must remain unspent, in perpetuity.

Income from the investment of these funds may be used for unrestricted purposes. At 31 December 2012 these funds totalled £0.3 million (2011: £0.3m).

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 2012, and none is planned for 2013. Guide Dogs owns several surplus properties, the disposal of which is being pursued. Market conditions and planning constraints have conspired to slow the process down, but action is being taken to realise these assets, and the redundant Exeter Kennel site was sold in 2012, for £0.6 million.

Investment policy

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

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

Report of the Board of Trustees for the year ended 31 December 2012

At the beginning of the year investments were valued at £86.3 million. During the year a net £18.2 million of funds were withdrawn from the portfolio and investment gains of £4.3 million were achieved. As a result, the portfolio was valued at £72.4 million at the end of the year.

Against the benchmark target return (LIBOR plus 4%) for the rolling three years to 31 December 2012 of 4.8%, Standard Life Investments has achieved 7.6% and Newton Investment Management 5.1%, producing an overall return of 6.5%.

The Guide Dogs pension schemes

The latest full actuarial valuation of the defined benefit pension scheme was at 31 December 2010. A separate valuation for FRS 17 purposes valued the deficit at 31 December 2012 at £31.0 million (2011: £46.2 million). The major elements of this £15.2 million decrease in liability were the £9.0 million curtailment gain arising from the closure of the scheme to future accrual on 31 December 2012, and a £6.7 million additional payment from Guide Dogs toward the elimination of the deficit. Three further annual payments of £6.7 million have been agreed with the scheme's trustees. Further payments are likely to be agreed following the completion of the full actuarial valuation as at 31 December 2012.

Structure Governance and Management

Members of the Board

The members of the Board as at 14 May 2013, who are both Directors of the company and Trustees of the charity (the "Trustees"), were as follows:

John Stewart BA, FCIB, ACII – Chairman

Amos Miller* BSc, MBA – Deputy Chairman

Amanda Ariss BA (Hons), MA (Dist)
Prof John Hilbourne* BSc, DSc, FRSA, HFRCSLT

David J Bagley FCA, CF

David Anderson BVMS, MVM, MRCVS

Norma Johnston BA, MIPR

Mark Jenkins BA(Hons), FCA, DipL

Rowena Lusty LLB, PGCE

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

Alan Park FRICS, MCIOB, MBA

Patricia Stafford BA(Hons)

John Wrighthouse BSc (Hons), MA, FCIPD

* Guide dog owner.

Tony Aston and Martyn Smith resigned as Trustees on 28 February 2012. Rodney Buse resigned as a Trustee on 14 May 2012. Roy Benjamin, Elizabeth Hubbick, Miles Stanford and Mike Townsend resigned as Trustees on 13 August 2012. Mark Jenkins, Amanda Ariss, Mike Nussbaum and John Stewart were appointed as Trustees on 21 February, 13 August, 21 September, and 30 November 2012 respectively.

The Trustees are elected 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, and candidates are sought to provide the Board with a full range of relevant skills relating to the business of the charity. Diverse applications are actively sought, particularly from people with a visual 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. Exceptionally, a fourth and final term

Report of the Board of Trustees for the year ended 31 December 2012

may be served if there is a specific need, agreed by the Board.

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

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

The Board undertook a root and branch review of its governance structure in April 2012, based on a report, from Consilium Limited, which recommended that a "policy framework" approach be adopted. Trustees refined these policies over a six month period and formally approved the changes in November 2012.

The changed approach to its governance also meant a change to the committee structure and there are now three committees; these (and their chairmen) are as follows:

Audit (Mark Jenkins)
Investment (Bruce Gordon*)
People (Amos Miller)

* Independent Member.

The policy framework sets out the clear terms of reference for the committees and the Board receives regular reports on their activities. The Board has established a clear policy and procedures for

dealing with conflicts and the authorisation thereof in accordance with Charity Commission guidelines.

Trustees of the Board and independent committee members do not receive any remuneration for their services to the charity.

Trustees' Responsibilities Statement

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

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

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

Report of the Board of Trustees for the year ended 31 December 2012

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

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

Management

The Executive Board is responsible for the day-to-day management of Guide Dogs, acting under delegated authority given to them by the Board. The members of the Executive Board as at 14 May 2013 were:

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

Related parties

Guide Dogs owns the entire issued share

capital of its five subsidiary undertakings:

- The Guide Dogs for the Blind Association (Trading Company) Limited is the charity's trading subsidiary.
- Guide Dogs UK Limited operates as a design and new build company for Guide Dogs.
- GDBA Community Care Services Limited, GDBA (Pension Fund Trustee) Limited and Guide Dogs Limited were dormant during 2012.

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

Employee involvement and employment of disabled persons

Management is committed to transparency in its work and to including employees appropriately in decisions. Communication with employees is implemented through conventional line management, team meetings, management visits to locations, conferences and away days, internal publications and extensive access to the charity's intranet and e-mail system. There is direct and formal consultation with employees on issues of concern to them and the elected National Staff Consultative Committee meets with management regularly. Guide Dogs has been awarded the "Two Ticks" Symbol by Jobcentre Plus. The symbol identifies those employers who have committed to take action to meet five commitments regarding the employment, retention, training and career development of disabled employees.

Report of the Board of Trustees for the year ended 31 December 2012

Risk management and internal control

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

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

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

- The Board meets at least five times a year. A number of matters are specifically reserved for its approval.
- There is a clear organisational structure with appropriate levels of accountability and reporting lines. The Board approves the delegation of financial authority to the Chief Executive.
- The risk management framework is used to identify and assess new and current major business risks. It prioritises them in terms of impact and probability of occurrence and then identifies and implements efficient controls to manage them and monitor their effect.

Throughout 2012 the organisation continued to monitor significant risks. These included financial risks relating to income generation, the investment portfolio and the defined benefit pension scheme. Other risks included working with young people and vulnerable adults, a failure to recruit and retain qualified and skilled staff and volunteers, poor animal health and an inadequate supply of dogs.

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

Provision of information to Auditors

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

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

This report was approved by the Board of Trustees on 14 May 2013 and signed on its behalf by:



Chairman: John Stewart

Report of the Board of Trustees for the year ended 31 December 2012

Advisors

Auditor

Deloitte LLP
2 New Street Square
London EC4A 3BZ

Bankers

HSBC Bank plc
25 High Street
Windsor
Berkshire SL4 1LN

Investment Fund Managers

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

Standard Life Investments Ltd
1 George Street
Edinburgh EH2 2LL

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

We have audited the financial statements of The Guide Dogs for the Blind Association for the year ended 31 December 2012 which comprise the Consolidated Statement of Financial Activities, the Group and the Company Balance Sheets, the Cash Flow Statement, the Accounting Policies and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity'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 the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, 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.

Respective responsibilities of Trustees and Auditor

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements.

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

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2012 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

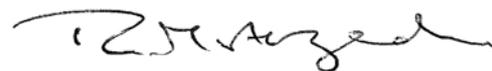
Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



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

14 May 2013

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

Consolidated Statement of Financial Activities incorporating an income and expenditure account for the year ended 31 December 2012

	Notes	Unrestricted funds £m	Restricted funds £m	Endowment funds £m	Total 2012 £m	Total 2011 £m
Incoming resources from generated funds						
Voluntary Income		55.7	5.4	-	61.1	55.5
Activities for generating funds		5.0	-	-	5.0	5.7
Investment income		1.2	-	-	1.2	1.6
Incoming resources from charitable activities		0.6	-	-	0.6	0.6
Other incoming resources		1.2	-	-	1.2	2.7
Total incoming resources	1	63.7	5.4	-	69.1	66.1
Resources expended						
Cost of generating funds		(24.4)	-	-	(24.4)	(21.2)
Net incoming resources available for charitable application		39.3	5.4	-	44.7	44.9
Charitable activities						
Cost of activities in furtherance of charity's objects:						
Provision of guide dogs and other mobility services		(35.6)	(5.4)	-	(41.0)	(49.9)
Provision of contracted vision support services		(1.9)	-	-	(1.9)	(0.9)
Research	2&4	(1.1)	-	-	(1.1)	(0.3)
Advocacy		(1.5)	-	-	(1.5)	(3.8)
Total charitable expenditure*		(40.1)	(5.4)	-	(45.5)	(54.9)
Governance costs		(1.3)	-	-	(1.3)	(1.1)
Total resources expended	2	(65.8)	(5.4)	-	(71.2)	(77.2)
Net expenditure for the year before other recognised gains/(losses)		(2.1)	-	-	(2.1)	(11.1)
Net unrealised gains on investments		4.3	-	-	4.3	0.6
Actuarial gain/(loss) on defined benefit pension scheme	16	0.2	-	-	0.2	(16.6)
Net increase/(decrease) in funds		2.4	-	-	2.4	(27.1)
Fund balances at 1 January		91.3	0.1	0.3	91.7	118.8
Fund balances at 31 December		93.7	0.1	0.3	94.1	91.7

All results are derived from continuing operations.

The parent charity, The Guide Dogs for the Blind Association has gross income of £68.1 million (2011: £65.2 million) and a result of £2.4 million surplus (2011: £27.1m deficit) for the year. The net increase in funds for the financial year under the historical cost accounting convention, adjusted for the revaluation of fixed assets but excluding the movement in market value of Investments, is £2.0 million (2011: net decrease in funds £27.5 million) (Note 6).

*A curtailment gain of £9 million has been included within total charitable expenditure as a result of the closure of the Defined Benefit Pension Scheme to future accrual. Further disclosures and information are available within Note 2 and Note 16.

The accounting policies and notes on pages 27 to 44 form part of these financial statements.

Consolidated and Charity Balance Sheets at 31 December 2012

	Notes	Group 2012 £m	Group 2011 £m	Charity 2012 £m	Charity 2011 £m
Fixed assets					
Tangible assets	6	48.3	50.3	48.3	50.3
Investments	7	72.4	86.3	72.9	86.8
		120.7	136.6	121.2	137.1
Current assets					
Stocks	8	0.2	0.2	0.1	0.1
Debtors	9	5.4	6.6	5.5	6.6
Cash at bank and in hand		6.6	4.2	6.0	3.5
		12.2	11.0	11.6	10.2
Creditors					
Amounts falling due within one year	10	(6.7)	(8.9)	(6.6)	(8.6)
Net current assets		5.5	2.1	5.0	1.6
Total assets less current liabilities		126.2	138.7	126.2	138.7
Creditors					
Amounts falling due after more than one year	11	(1.1)	(0.8)	(1.1)	(0.8)
Net assets excluding pension deficit		125.1	137.9	125.1	137.9
Pension fund deficit	16	(31.0)	(46.2)	(31.0)	(46.2)
Net assets		94.1	91.7	94.1	91.7

Consolidated and Charity Balance Sheets at 31 December 2012

	Notes	Group 2012 £m	Group 2011 £m	Charity 2012 £m	Charity 2011 £m
Funds					
General funds		64.6	73.4	64.6	73.4
Revaluation reserve		11.5	12.5	11.5	12.5
Pension reserve deficit		(31.0)	(46.2)	(31.0)	(46.2)
Total free reserves		45.1	39.7	45.1	39.7
Fixed assets		48.3	50.3	48.3	50.3
Capital reserve		-	0.4	-	0.4
Research		0.3	0.9	0.3	0.9
Total designated funds		48.6	51.6	48.6	51.6
Total unrestricted funds		93.7	91.3	93.7	91.3
Restricted funds		0.1	0.1	0.1	0.1
Endowment funds		0.3	0.3	0.3	0.3
Total funds	12	94.1	91.7	94.1	91.7

The Financial Statements of The Guide Dogs for the Blind Association (registered company number 291646) were approved by the Council on 14 May 2013 and signed on its behalf by



Chairman: John Stewart



Trustee: Amos Miller

The accounting policies and notes on pages 27 to 44 form part of these Financial Statements.

Consolidated Cash Flow Statement for the year ended 31 December 2012

	Notes	2012 £m	2011 £m
Net cash outflow from operating activities	18	<u>(16.6)</u>	<u>(16.9)</u>
Return on investment and servicing of finance			
Investment income received		<u>1.2</u>	<u>1.6</u>
Capital expenditure and financial investment			
Payments for tangible fixed assets		(1.8)	(6.4)
Proceeds from sale of tangible fixed assets		1.4	3.8
Net divestment from investment portfolio		<u>18.2</u>	<u>19.4</u>
		<u>17.8</u>	<u>16.8</u>
Increase in cash in the year		<u>2.4</u>	<u>1.5</u>
Net cash at 1 January		4.2	2.7
Increase in the year		<u>2.4</u>	<u>1.5</u>
Net cash at 31 December		<u>6.6</u>	<u>4.2</u>

The accounting policies and notes on pages 27 to 44 form part of these financial statements

Accounting Policies

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

i. Basis of accounting

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

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

The Board of Trustees considers that there are sufficient reserves at 31 December 2012 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 and for this reason the Board continues to adopt the 'going concern' basis in preparing the Financial Statements.

ii. Incoming resources

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

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

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

Investment income is accounted for on an accruals basis.

iii. Resources expended

Expenditure is accounted for on an accruals basis.

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

The costs of charitable activities and generating funds include relevant direct costs incurred and the direct costs of staff employed on the activity, together with a share of overheads and support costs calculated in proportion to the number of staff employed in this area. The allocation of overhead and support costs is analysed in Note 3.

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

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

Accounting Policies

iv. Tangible fixed assets

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

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

Assets in the course of construction are not depreciated.

Software development costs are expensed.

Guide Dogs first applied Financial Reporting Standard (FRS) 15 'Tangible Fixed Assets' in the year ended 31 December 1998, adopting the transitional provision to not revalue the freehold land and buildings on a periodic basis in the future; therefore this valuation has not been updated.

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

v. Investments

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

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

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

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

vi. Stocks

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

vii. Pension costs

Guide Dogs operates two pension schemes:

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

(b) A defined benefit pension scheme for the majority of its employees who commenced working for Guide Dogs before 1 April 2011. The pension charge in relation to this scheme is based on annual valuations undertaken by the scheme Actuary in compliance with the provisions of FRS17. The scheme was closed to future accrual on 31 December 2012.

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

Accounting Policies

viii. Operating leases

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

ix. Fund balances and transfers

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

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

The unrestricted income funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objects. Such funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose. Transfers of funds from general unrestricted funds to designated funds are approved by the Trustees. Further details of each fund are disclosed in Note 12.

x. Foreign exchange

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

xi. Taxation

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

Notes to the Financial Statements for the year ended 31 December 2012

1. Incoming resources

	2012 £m	2011 £m
Incoming resources from generated funds		
Voluntary income		
Community fundraising	5.5	5.3
Donor based fundraising	19.8	16.5
Corporate and trust income	1.3	0.7
Legacies	34.5	33.0
	<hr/> 61.1	<hr/> 55.5
Activities for generating funds		
Raffles and draws	4.1	4.3
Other	0.9	1.4
	<hr/> 5.0	<hr/> 5.7
Investment Income	<hr/> 1.2	<hr/> 1.6
Incoming resources from charitable activities		
Sale of rehabilitation services under contract	0.4	0.4
Ancillary training	0.2	0.2
	<hr/> 0.6	<hr/> 0.6
Other incoming resources	<hr/> 1.2	<hr/> 2.7
Total incoming resources	<hr/> 69.1	<hr/> 66.1

Notes to the Financial Statements for the year ended 31 December 2012

2. Resources expended

A curtailment gain of £9 million has been included within total charitable expenditure as a result of the closure of the Defined Benefit Pension Scheme to future accrual on 31 December 2012. This curtailment gain has been allocated to resources expended based upon pension costs during the year, in line with the SORP, which results in a reduction of costs by £9 million.

	Direct Costs £m	Support Costs £m	Total 2012 £m	Total 2011 £m
Costs of generating voluntary income				
Community fundraising	2.9	0.7	3.6	3.8
Donor based fundraising	12.9	0.2	13.1	9.7
Corporate and trust income	0.5	0.1	0.6	0.2
Fundraising development and administration	1.1	0.4	1.5	1.7
Legacy marketing and administration	1.0	0.2	1.2	1.8
	18.4	1.6	20.0	17.2
Costs of fundraising trading				
Costs of goods sold and other costs	1.0	-	1.0	0.9
Raffles and draws	2.9	-	2.9	2.6
	3.9	-	3.9	3.5
Investment management fees	0.5	-	0.5	0.5
Costs of generating funds	22.8	1.6	24.4	21.2
Charitable expenditure				
Provision of guide dogs and other mobility services	31.3	9.7	41.0	49.9
Provision of visual impairment support services	1.5	0.4	1.9	0.9
Research	1.0	0.1	1.1	0.3
Advocacy	1.4	0.1	1.5	3.8
	35.2	10.3	45.5	54.9
Governance costs	1.0	0.3	1.3	1.1
Total resources expended	59.0	12.2	71.2	77.2

Resources expended include:

	2012 £m	2011 £m
Operating lease charges		
Other – land and buildings	0.6	0.6
Depreciation charged in the year	3.5	3.2

	£000	£000
Fees payable to the charity's auditor for:		
The audit of the charity's annual financial statements	52	55
The audit of the charity's subsidiaries pursuant to legislation	5	5

Notes to the Financial Statements for the year ended 31 December 2012

2. Resources expended (continued)

The table above includes the one-off curtailment gain arising on the closure of the Defined Benefit pension scheme to future accrual. The table below shows the same information but without this one-off benefit:

	Direct Costs £m	Support Costs £m	Total 2012 £m	Total 2011 £m
Costs of generating voluntary income				
Community fundraising	3.8	0.8	4.6	3.8
Donor based fundraising	12.9	0.2	13.1	9.7
Corporate and trust income	0.5	0.1	0.6	0.2
Fundraising development and administration	1.1	0.5	1.6	1.7
Legacy marketing and administration	1.0	0.2	1.2	1.8
	19.3	1.8	21.1	17.2
Costs of fundraising trading				
Costs of goods sold and other costs	1.0	-	1.0	0.9
Raffles and draws	2.9	-	2.9	2.6
	3.9	-	3.9	3.5
Investment management fees				
	0.5	-	0.5	0.5
Costs of generating funds				
	23.7	1.8	25.5	21.2
Charitable expenditure				
Provision of guide dogs and other mobility services	37.2	10.8	48.0	49.9
Provision of visual impairment support services	1.8	0.5	2.3	0.9
Research	1.1	0.1	1.2	0.3
Advocacy	1.6	0.1	1.7	3.8
	41.7	11.5	53.2	54.9
Governance costs				
	1.2	0.3	1.5	1.1
Total resources expended				
	66.6	13.6	80.2	77.2

Notes to the Financial Statements for the year ended 31 December 2012

3. Support costs

	Manage- ment £m	Finance £m	Information Services £m	Human Resources £m	Total 2012 £m	Total 2011 £m
Fundraising	0.2	0.2	0.3	0.3	1.0	1.5
Legacy marketing and administration	-	-	0.1	0.1	0.2	0.2
Fundraising development and administration	0.1	0.1	0.1	0.1	0.4	0.4
Provision of guide dogs and other mobility services	2.0	2.0	3.0	2.7	9.7	11.5
Provision of visual impairment support services	0.1	0.1	0.1	0.1	0.4	0.3
Research	0.1	-	-	-	0.1	-
Advocacy	-	-	-	0.1	0.1	0.6
Governance	0.1	-	0.1	0.1	0.3	0.2
Total	2.6	2.4	3.7	3.5	12.2	14.7

Support Costs excluding Curtailment gain

The table above includes the one-off curtailment gain arising on the closure of the Defined Benefit pension scheme to future accrual. The table below shows the same information but without this one-off benefit:

	Manage- ment £m	Finance £m	Information Services £m	Human Resources £m	Total 2012 £m	Total 2011 £m
Fundraising	0.2	0.2	0.4	0.3	1.1	1.5
Legacy marketing and administration	-	-	0.1	0.1	0.2	0.2
Fundraising development and administration	0.2	0.1	0.1	0.1	0.5	0.4
Provision of guide dogs and other mobility services	2.2	2.2	3.2	3.2	10.8	11.5
Provision of visual impairment support services	0.1	0.1	0.2	0.1	0.5	0.3
Research	0.1	-	-	-	0.1	-
Advocacy	-	-	-	0.1	0.1	0.6
Governance	0.1	-	0.1	0.1	0.3	0.2
Total	2.9	2.6	4.1	4.0	13.6	14.7

Notes to the Financial Statements for the year ended 31 December 2012

4. Research

Research comprises strategic, market, consumer and scientific research. Total research expenditure amounted to £1.1 million in 2012 (2011: £0.3 million) and included various grants as detailed below:

	2012 No.	2012 £m	2011 No.	2011 £m
University of Manchester	-	-	1	0.1
Queen's University Belfast	1	-	1	0.2
UCL	1	0.2	-	-
Royal Holloway	1	0.2	-	-
University of Nottingham	1	0.2	-	-
Small grants	2	-	-	-
Total	6	0.6	2	0.3

The small grants in 2012 were to the London School of Hygiene (£12,000) and the Animal Health Trust (£14,000).

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 (2011: Nil). Travelling and subsistence expenses were reimbursed in respect of 16 trustees, totalling £10,324 (2011: 14; £12,631).

Staff costs

	2012 £m	2011 £m
Wages and salaries	30.4	31.0
Social security costs	2.6	2.5
Other pension costs excluding pension scheme actuarial loss and curtailment gain (see Note 16)	4.6	5.1
Sub total	37.6	38.6
Other staff related costs	3.2	3.4
Total	40.8	42.0

Notes to the Financial Statements for the year ended 31 December 2012

The monthly average number of persons employed during the year ended 31 December 2012 is shown below. In addition full time equivalent information is given with part time staff included proportionally.

	2012		Restated* 2011	
	Employees No	Full time Equivalents	Employees No	Full time Equivalents
Fundraising and legacies	136	126	142	129
Provision of guide dogs	800	734	791	726
Provision of other mobility services	16	15	19	15
Research	9	9	1	1
Advocacy	18	17	5	5
Management, administration and clerical (indirect)	231	217	242	231
Domestic and ancillary (indirect)	-	-	7	7
	1,210	1,118	1,207	1,114

* The 2011 employee numbers have been re-stated as a result of the re-classification of Marketing and Communications staff from Advocacy to Management, administration and clerical.

Pension contributions were paid into Guide Dogs' defined benefit scheme on behalf of an average of 867 (2011: 927) and into the Guide Dogs defined contribution scheme for 111 (2011: 23) of the 1,210 employees shown above.

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

	2012	2011
£60,001 to £70,000	4	5
£70,001 to £80,000	1	3
£80,001 to £90,000	4	2
£90,001 to £100,000	2	-
£100,001 to £110,000	-	1
£110,001 to £120,000	1	-
	12	11

Pension contributions were paid into Guide Dogs' defined benefit scheme for the year on behalf of 9 (2011 - 9) of the employees with emoluments in excess of £60,000 and pension contributions were paid into Guide Dogs' defined contribution scheme for the year on behalf of 2 (2011 - nil) of these employees.

Notes to the Financial Statements for the year ended 31 December 2012

6. Tangible fixed assets

	Freehold properties	Leasehold properties	Furniture, equipment, vehicles and computers	Total
	£m	£m	£m	£m
Group and Charity				
Cost or valuation				
At 1 January 2012	53.6	0.7	13.0	67.3
Additions	0.2	0.1	1.5	1.8
Disposals	(0.1)	-	(1.7)	(1.8)
At 31 December 2012	53.7	0.8	12.8	67.3
Depreciation				
At 1 January 2012	8.2	0.5	8.3	17.0
Provision for year	1.8	-	1.7	3.5
Disposals	-	-	(1.5)	(1.5)
At 31 December 2012	10.0	0.5	8.5	19.0
Net book value 31 December 2012	43.7	0.3	4.3	48.3
Net book value 31 December 2011	45.4	0.2	4.7	50.3

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

If freehold properties had been valued under the historical cost convention they would have been included in the charity balance sheet at a cost of £71.8 million (2011: £71.7 million) and a net book value of £43.2 million (2011: £45.3 million). The charity's depreciation charge for the year would have been £2.2 million (2011: £1.9 million) compared with the actual charge of £1.8 million (2011: £1.5 million) based on revalued amounts.

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

Notes to the Financial Statements for the year ended 31 December 2012

7. Investments

a) Movement in investments during the year

	Group		Charity	
	2012 £m	2011 £m	2012 £m	2011 £m
Market value at 1 January	86.3	105.1	86.8	105.6
Net divestment	(18.2)	(19.4)	(18.2)	(19.4)
Net gain on revaluation	4.3	0.6	4.3	0.6
Market value at 31 December	72.4	86.3	72.9	86.8

b) Analysis of investments at market value

	Group		Charity	
	2012 £m	2011 £m	2012 £m	2011 £m
Listed investments – United Kingdom	72.4	86.3	72.4	86.3
Investment in subsidiaries	-	-	0.5	0.5
	72.4	86.3	72.9	86.8

c) Analysis of investments at cost

	Group		Charity	
	2012 £m	2011 £m	2012 £m	2011 £m
Listed investments - United Kingdom	60.9	73.9	60.9	73.9
Investment in subsidiaries	-	-	0.5	0.5
	60.9	73.9	61.4	74.4

At 31 December 2012 the listed investments included holdings in Standard Life Investment's Global Absolute Return Strategies fund, and Newton Investment's Real Return Fund valued at £48.6 million and £23.8 million respectively (2011: £56.7 million and £29.4 million respectively).

8. Stocks

	Group		Charity	
	2012 £m	2011 £m	2012 £m	2011 £m
Equipment	0.1	0.1	0.1	0.1
Trading Stock	0.1	0.1	-	-
	0.2	0.2	0.1	0.1

Notes to the Financial Statements for the year ended 31 December 2012

9. Debtors

	Group		Charity	
	2012 £m	2011 £m	2012 £m	2011 £m
Tax recoverable	0.4	0.3	0.4	0.3
Other debtors	0.2	0.2	0.2	0.2
Trade debtors	0.5	0.5	0.2	0.2
Due from subsidiary companies	-	-	0.4	0.3
Accrued income	3.5	3.3	3.5	3.3
Other prepayments	0.8	2.3	0.8	2.3
	5.4	6.6	5.5	6.6

Included in other debtors are amounts falling due after more than one year. They include non-interest bearing loans to employees for housing assistance amounting to £0.1 million (2011: £0.1 million), a loan of £0.1 million (2011: £0.1 million) repayable over 20 years to The Worcestershire Association for the Blind for the development of a resource centre and £0.2 million (2011: 0.2 million) guarantee bond relating to the construction of a property, which will be released in 2015.

10. Creditors: amounts falling due within one year

	Group		Charity	
	2012 £m	2011 £m	2012 £m	2011 £m
Trade creditors	2.4	3.9	2.3	3.8
Other creditors	0.4	0.5	0.4	0.5
Tax and social security	0.8	0.8	0.8	0.8
Accruals and deferred income	3.1	3.7	3.1	3.5
	6.7	8.9	6.6	8.6

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

	Group		Charity	
	2012 £m	2011 £m	2012 £m	2011 £m
Unfunded pension obligations	0.1	0.1	0.1	0.1
Contracted research grants	1.0	0.7	1.0	0.7
	1.1	0.8	1.1	0.8

The unfunded pension obligations are in respect of four (2011: four) retired members of staff.

Notes to the Financial Statements for the year ended 31 December 2012

12. Fund balances

	At 1 January 2012 £m	Incoming resources £m	Resources expended £m	Other gains and losses £m	Transfers between funds £m	At 31 December 2012 £m
Free reserves	39.7	63.7	(65.8)	4.5	3.0	45.1
Fixed assets	50.3	-	-	-	(2.0)	48.3
Capital reserve	0.4	-	-	-	(0.4)	-
Research fund	0.9	-	-	-	(0.6)	0.3
Total designated funds	51.6	-	-	-	(3.0)	48.6
Total unrestricted funds	91.3	63.7	(65.8)	4.5	-	93.7
Restricted funds	0.1	5.4	(5.4)	-	-	0.1
Endowment funds	0.3	-	-	-	-	0.3
Total funds	91.7	69.1	(71.2)	4.5	-	94.1

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

Transfers between funds include:

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

Analysis of revaluation reserve (included within free reserves)

	Group		Charity	
	2012 £m	2011 £m	2012 £m	2011 £m
Revaluation of investment portfolio	11.4	12.4	11.4	12.4
Revaluation of properties for use by charity	0.1	0.1	0.1	0.1
	11.5	12.5	11.5	12.5

Notes to the Financial Statements for the year ended 31 December 2012

13. Commitments

	2012 £m	2011 £m
Contracted capital commitments for the group and the charity	0.8	0.6

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

Obligations under operating leases

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

	2012 £m	2011 £m
For leases of properties expiring:		
Within one year	0.1	0.1
Between two and five years	0.2	0.3
Over five years	0.3	0.2
	0.6	0.6

14. Legacies

There are some legacies which have been notified to the Association at 31 December 2012 for which the amount receivable cannot be ascertained. These Financial Statements include payments received on account but not any estimates for future amounts receivable. Indications are that an estimated £33.4 million (2011: £33.5 million) of legacies are potentially receivable in the future.

15. Subsidiaries

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

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

Notes to the Financial Statements for the year ended 31 December 2012

A summary of the trading results and net assets for the year ended 31 December 2012 is shown below:

	Dormant companies 2012 £m	Trading Company 2012 £m	GDUK 2012 £m	Total 2012 £m	Total 2011 £m
Turnover	-	1.1	0.4	1.5	4.8
Cost of sales	-	(0.6)	(0.4)	(1.0)	(4.2)
Gross profit	-	0.5	-	0.5	0.6
Other operating income	-	0.3	-	0.3	0.2
Distribution, selling and administration expenses	-	(0.5)	-	(0.5)	(0.5)
Operating profit for the financial year	-	0.3	-	0.3	0.3
Gift Aid donation to charity	-	(0.3)	-	(0.3)	(0.3)
Result for the year	-	-	-	-	-
Reserves at end of year	-	0.5	-	0.5	0.5
Current assets	-	0.8	0.2	1.0	1.2
Current liabilities	-	(0.3)	(0.2)	(0.5)	(0.7)
Net assets at end of year	-	0.5	-	0.5	0.5

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

16. Pension costs

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

Guide Dogs operates two pension schemes:

- The Guide Dogs Personal Pension Plan, a defined contribution scheme which came into existence on 1 April 2011 and is open to all employees. During 2012 employer contributions to this scheme totalled £142,000 (2011: £20,000). At 31 December 2012 employer's contributions of £18,000 (2010: £6,000) were payable to the scheme.
- The Guide Dogs for the Blind Association Pension Scheme, a defined benefit scheme for all qualifying employees who joined the Association before 1 April 2011, with the assets of the scheme being held in a separately administered fund. This scheme was closed to future accrual on 31 December 2012 which resulted in a curtailment gain of £9 million. Further detail in respect of this scheme is given below.

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

	2012 £m	2011 £m
Present value of funded obligations	(226.7)	(218.6)
Fair value of plan assets	195.7	172.4
Deficit	(31.0)	(46.2)

Notes to the Financial Statements for the year ended 31 December 2012

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

	2012 £m	2011 £m
Opening defined benefit obligation	218.6	192.4
Current service cost	4.4	4.5
Interest cost	10.6	10.5
Past service cost	0.1	-
Gain on curtailment	(9.0)	-
Actuarial loss	5.4	14.0
Employee contributions	1.5	1.6
Benefits paid	(4.9)	(4.4)
Closing defined benefit obligation	<u>226.7</u>	<u>218.6</u>

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

	2012 £m	2011 £m
Opening fair value of the scheme assets	172.3	156.8
Expected return	10.6	10.4
Actuarial gain/(loss)	5.6	(2.6)
Employer contributions	10.5	10.6
Employee contributions	1.5	1.6
Benefits paid	(4.9)	(4.4)
Closing fair value of scheme assets	<u>195.6</u>	<u>172.4</u>

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

	2012 £m	2011 £m
Current service cost	(4.4)	(4.5)
Expected return on scheme assets	10.6	10.4
Interest on pension liabilities	(10.6)	(10.5)
Past service cost	(0.1)	-
Gain on curtailment	9.0	-
Total amount credited/(charged) within net outgoing resources	<u>4.5</u>	<u>(4.6)</u>
Actuarial gains and losses	0.2	(16.6)
Total amount credited/(charged) to the Statement of Financial Activities	<u>4.7</u>	<u>(21.2)</u>

The Association expects to pay contributions to the scheme totalling about £6.7 million in 2013, all of which represents a payment towards the elimination of the deficit.

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

The cumulative total of recognised actuarial gains and losses is £35.8 million (2011: £36.0 million).

Notes to the Financial Statements for the year ended 31 December 2012

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

	2012 Long-term Expected Return	2012 £m	2011 Long-term Expected Return	2011 £m
Equities	7.00%	49.5	7.00%	40.8
Bonds	3.90%	53.9	4.10%	45.8
Other assets	6.80%	92.3	6.70%	85.8
Total	6.05%	195.7	6.05%	172.4

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

	2012 £m	2011 £m
The actual return on the scheme assets in the year	16.3	7.9

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

	2012	2011
Discount rate at 31 December	4.50%	4.85%
Expected return on scheme assets at 31 December	6.05%	6.05%
Rate of increase of salaries	2.95%	3.10%
Rate of increase of pension payments		
Post 2007 pension	2.90%	3.10%
Rate of increase of pensions in deferment	1.95%	2.10%
Proportion of employees opting for early retirement	0.00%	0.00%
Assumes life expectations on retirements age 60:		
Retiring today – males	26.8	26.8
Retiring today – females	29.3	29.2
Retiring in 20 years – males	28.4	28.3
Retiring in 20 year – females	30.9	30.8

g) History of funding position and experience gains and losses

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Defined benefit obligation	(226.7)	(218.6)	(192.4)	(165.2)	(140.2)
Scheme assets	195.7	172.4	156.8	133.9	112.6
Deficit	(31.0)	(46.2)	(35.6)	(31.3)	(27.6)
Experience adjustments on scheme liabilities	(2.0)	(1.5)	3.9	(2.0)	-
Experience adjustments on scheme assets	5.6	(2.6)	7.0	11.0	(26.7)

Notes to the Financial Statements for the year ended 31 December 2012

17. Analysis of net assets between funds

	General funds £m	Designated funds £m	Restricted funds £m	Endowment funds £m	Total 2012 £m	Total 2011 £m
Tangible fixed assets	-	48.3	-	-	48.3	50.3
Fixed asset investments	72.1	-	-	0.3	72.4	86.8
Bank balances	6.6	-	-	-	6.6	4.2
Pension fund	(31.0)	-	-	-	(31.0)	(46.2)
Other assets and liabilities	(2.6)	0.3	0.1	-	(2.2)	(3.4)
	45.1	48.6	0.1	0.3	94.1	91.7

18. Notes to Cash Flow statement

Reconciliation of net expenditure to net cash outflow from operating activities

	2012 £m	2011 £m
Net expenditure for the financial year	(2.1)	(11.1)
Investment income	(1.2)	(1.6)
Depreciation	3.5	3.2
Net gain on disposal of tangible fixed assets	(1.1)	(2.7)
(Increase) in stocks	-	(0.1)
Decrease in debtors	1.2	1.0
(Decrease)/Increase in creditors	(1.9)	0.4
Pension fund non-cash movement	(15.0)	(6.0)
Net cash outflow from operating activities	(16.6)	(16.9)

19. Post Balance Sheet Event

On 29 April 2013 GDBA became the sole member of National Blind Children's Society (NBCS) and therefore acquired control of that organisation. No consideration was paid or is due in respect of this transaction. This relationship will help both organisations develop their respective services to children and young people with a visual impairment, and provide joined-up solutions to their needs.

Major Gifts and Donations

Our grateful thanks to our supporters

We would like to thank all our supporters who donate money and their time to Guide Dogs. In particular we record our gratitude to the following who donated £10,000 or more in 2012.

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VetVits
Mrs Wells



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Burghfield Common, Reading RG7 3YG**

To apply for a guide dog

T: 0845 372 7499

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