Charity registration number 1134359 (England and Wales)

Charity registration number SC043751 (Scotland)

Company registration number 07130031 (England and Wales)

HOUNDS FOR HEROES

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

TOGETHER
WE CAN

HOUNDS FOR HEROES

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	A Parton	
	A Ferguson	
	J H Forth	
	P A Ketley	
	M J Perkins	
	H Slater	
	A F Smith	
	C Brook	
	S E Cole	
	H R Collyer	
	A H Howie	(Appointed 2 January 2026)
Chair	A Ferguson	
Vice-Chair	A Parton	
Chief Executive Officer	K Phipps-Wiltshire	(Appointed 1 February 2026)
Charity number (England and Wales)	1134359	
Charity number (Scotland)	SC043751	
Company number	07130031	
Registered office	Unit 2B Rookery Farm Buildings Ramsdean Petersfield Hampshire GU32 1RU	
Auditor	Moore (South) LLP City Gates 2 - 4 Southgate Chichester West Sussex PO19 8DJ	
Bankers	Lloyds Bank plc 5 The Square Petersfield Hampshire GU32 3HL	

HOUNDS FOR HEROES

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HOUNDS FOR HEROES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2026

The trustees present their annual report and financial statements for the year ended 31 March 2026.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)".

1 Objectives and activities

1.1 Our Objectives

Our principal objective is to enhance the quality of life of HM Armed Forces and Emergency Services personnel who have become physically disabled through injury or illness at any time – service or non-service attributable. The Charity's Memorandum of Articles of Association allows a broad range of mechanisms by which the Charity may achieve this objective, however, the Charity only came into existence because of a remarkable life changing partnership that formed between a dog and an injured serviceman. Therefore, it remains the Charity's purpose to deliver our charitable benefit primarily through the provision of specially trained Assistance Dogs. This is the raison d'etre of the Charity.

The Charity can fund the whole working life of our dogs up to the dog's retirement, although contributions to costs from Partners who are in a financial position to do so, are always welcome. In this way the Charity can best safeguard the welfare of all our dogs throughout their working lives as well as relieve our Partners from the financial commitment of being partnered with an assistance dog.

1.2 Our Achievements and Performance 2025/26

- The economic environment continues to be a very challenging one for charities to operate within, affected by an ongoing difficult UK economy and an increase in global conflicts, all leading to financial pressure on businesses and individuals.
  The Charity does not receive any government funding and therefore is totally dependent upon the income it can raise to fund the development and delivery of its charitable benefit. It is therefore important for the Charity to steadily grow its income, to cover our increased expenditure and to reduce our operating deficit. Due to the economic environment however, we found income generation more difficult than we had planned, with competition for grant applications in particular being more fierce than the prior year. However, whilst we were not able to achieve our planned income, which was fairly ambitious, through the hard work of the team we did manage to grow our income to £671k, an increase of +41% on the disappointing prior year, primarily driven by an increase in legacies and corporate donations. We generate income from a number of sources and we are very grateful for the grants and donations made by a broad mix of institutions, corporate sponsors and individuals who have undertaken a number of challenges and activities to generate our much needed funds.
  Due to the plan to reduce our operating deficit, operating costs were planned accordingly and expenditure continued to be tightly managed and actually came in slightly below plan. Despite inflation, expenditure only increased +2% versus the prior year. Overall, whilst the operating deficit at -£77k was higher than the original plan, it was a significant improvement vs the operating deficit of -£260k of last fiscal and a positive development towards the target of achieving a breakeven operating position.

- It was also a very difficult year for the Charity in terms of the number of new partnerships it was able to establish. We experienced an unprecedented level of health challenges in our dogs in training which resulted in 6 dogs having to be retired from the assistance dog training programme. All were found loving homes where their health issues will be cared for and they can enjoy being pet dogs. However, that obviously impacted on the number of dogs available to be matched with partners. It is always difficult to predict how long it will take for a potential partnership to progress from the initial matching process through to the signing of the full partnership agreement as the development of the relationship between each dog and their Partner is individual to that partnership. Despite the issues, the team were still able to establish one new partnership within the year, with a further 2 partnerships, the process for which started in 25/26, being signed off early in the current fiscal. In addition 2 established Partners were matched and partnered with a successor dog where their original dog had reached the end of their working life. It is always pleasing to be able to continue to support our Partners and know the value they derive from having an assistance dog aid them in their everyday lives.
- The Charity is reliant on having a pool of puppy parents who do an amazing job of supporting the Charity by providing the puppies with a loving, safe home and giving basic training for the first one to two years of their lives. The Charity conducts regular recruitment drives to attract new puppy parents and foster parents as recruitment, and then retention of volunteer puppy parents is a critical factor in our ability to expand our intake of puppies and therefore increase delivery of charitable benefit as planned. As at the beginning of 25/26 we had sufficient dogs in our pipeline of standard and advanced training, living with puppy parents, the Board decided to only acquire 3 new puppies in 25/26 and we were delighted to welcome Blaze, Minnie & Fletcher to the team. As we've ended the year with fewer dogs in our training pipeline than expected, due to the dog retirements, we have already welcomed a further 5 puppies to the Charity so far in 26/27.
- We use our training centre throughout the year for both advanced dog training and the running of puppy classes, as well as providing ongoing support to the puppy parents, with our dog trainers conducting a level of general training in external environments and providing one-to-one support as required. In addition to the puppy training provided at our training centre in Ramsdean, the Charity continues to operate a puppy training hub in Portsmouth. At our training centre, we also hold matching sessions between applicants, who are ready to be partnered with a dog, and dogs who have completed their advanced training. Our regular schedule of aftercare visits with Partners and their dogs has been delivered with the dogs and their Partners always pleased to see our staff in person in their home environment.
- Our application process remains open throughout the year and we have increased the level of our activity aimed at spreading awareness of what the Charity does and how it can support disabled personnel who have served in either HM Armed Forces or the Emergency Services – no matter where or when they served or for how long. It is important that awareness of the support the Charity provides reaches those service/ex service personnel who could potentially benefit from a partnership with an assistance dog. It is therefore a key activity that the Charity continues to build its relationships with other military and emergency service support organisations to facilitate communication and also offer mutual support to beneficiaries. We were pleased to be awarded the Armed Forces Covenant Bronze Award.
- We were delighted once again to hold our Partnership Celebration event which took place in May'25, where we celebrated 6 Partnerships which had been established in the previous one to two years. We welcomed the Partners, their dogs, the wonderful puppy parents and trainers who had played such a vital role in bringing the partnership to fruition and representatives from organisations who had so generously provided some of the funds to support the dogs through their training. It is always so rewarding for all involved to see the wonderful bond that has formed between the Partners and their loyal companions.

- Increasing awareness of the Charity, who and how it helps, and how it can be supported, is one of our key priorities in order to facilitate the desired growth in the number of partnerships and in income generation. The Charity has an ongoing, and constantly evolving, communications programme targeted at reaching and engaging our key target audiences. Our website is regularly updated as is all of our physical and digital collateral. We continue to promote the aims of the Charity and to increase awareness of the support we provide, particularly through a consistent programme on social media channels; obtaining features in other media where we can as well as attending a number of relevant events. We also engage with our supporters through publication of a quarterly Newsletter and other regular mail campaigns. The Charity's Founder has also continued to deliver an Awareness Programme to increase understanding of the Charity's objectives amongst both the communities it wishes to deliver charitable benefit to, and with current and potential supporters.
- We were very pleased to be accepted as a Candidate member of Assistance Dogs International (ADI) and aim to achieve full membership status within two years, adhering to all the ADI standards.
- The Board were delighted to welcome Kate Phipps-Wiltshire as our new Chief Executive Officer at the beginning of February 2026. Kate brings with her extensive strategic and operational charity experience and will continue development of the Charity, building on our solid foundations, to ensure it can meet our strategic objectives. The Charity also invested in upgrading its internal IT capability to allow the team to operate far more effectively.
- And finally, the Trustees would like to thank our staff and all our volunteers for their hard work, passion and commitment throughout this past year.

1.3 Our Focus for the Coming Year

The areas of focus for FY26/27 identified by the Trustees are:

- To continue to deliver high quality support and after-care to our existing Partners and to develop new partnerships. As the needs of our Partners become increasingly complex and ongoing aftercare support is therefore ever more important, the team have recently restructured how aftercare support is provided and the Charity now has a regional aftercare support network in place. The number of dogs in active partnerships at the end of FY25/26 was 18 and the target is to establish a minimum of 5 new partnerships by the close of the coming fiscal. At this stage of the year, having already established 3 new partnerships, we are confident this target will be met and likely exceeded.
- Our strategic aim remains to have an ongoing, steadily increasing pipeline of dogs to take through the various stages of training and placement to ensure we can deliver new partnerships in each year and successor dogs when required. We have already added 5 new puppies to the team in the first quarter of this fiscal and if funds allow, then we will acquire more puppies later in the year.
- In order to fund our ongoing operations and any increase in delivery of charitable benefit, a continued increase in our income is required. We will continue to develop our breadth and depth of income streams, with a particular focus on developing relationships and support from corporate organisations. All activity will be supported by our marketing and communications activity to raise awareness of the work the Charity does, increase supporter engagement and grow our supporter base.
- To increase awareness of who the Charity helps and the support it can provide, the Charity will build its relationships with relevant organisations in order to reach potential applicants.
- The Charity will, with the support of ADI, review all its processes and procedures and develop as appropriate to meet ADI standards.
- As we are in the final year of our current 5 Year strategy, the CEO and Board of Trustees are in the process of developing the strategy for the next 5 years to take the Charity into its next phase. Critically, the Board has set the target for the Charity to break even by the end of fiscal 27/28 and for the strategy to determine how it achieves and then maintains that position. Our current financial position is sufficiently sound to support the timing of this target. The Board will continue to monitor progress in income generation closely and the Charity will continue to manage expenditure carefully, keeping a tight control on costs and seeking efficiencies to offset cost inflation where possible.

2 Financial review

2.1 Overview

The financial performance of Hounds for Heroes for the year ended 31 March 2026 reflects a period of significant activity and development, despite continued economic challenges. The Charity continues to be committed to training and providing assistance dogs for injured and disabled men and women of both the UK Armed Forces and Emergency Services.

For FY25/26, the trustees set ambitious budget goals to increase our income through the Charity's growth. Unfortunately the ambitious income target was not met but we did increase our income compared to FY24/25 by £195,164 and steps continue to be taken to increase income levels in FY26/27. Expenditure was slightly below budget and so this partially offset the shortfall in income and we ended the year with a deficit of £76,600 (significantly less than the prior year deficit of £259,871).

Expenditure in FY25/26 rose by only 2% compared to FY24/25. Meanwhile, most categories of income showed an increase compared with the previous year, with investment income being the only income category to show a decrease. Income overall increased by 41%. We ended FY25/26 with a cash deficit but this was significantly reduced from previous years, aligning with the Trustees' projections as we work towards a positive net position. The Charity has ample reserves to sustain our objectives during this period of growth.

At the end of FY25/26 the Charity had total funds of £1,185,857. As outlined in the Charity's Reserves Policy below, the Charity has £91,320 of Restricted Reserves and has set aside £1,028,720 as Designated Reserves leaving a balance of £65,817 as Unrestricted General Funds.

As of FY25/26, the Charity possesses the necessary asset strength to move forward effectively and deliver the quality and volume of charitable benefits that both the Charity and our donors aspire to achieve. At the time of this report, we remain confident in the Charity's ability to continue as a viable and ongoing concern.

Hounds for Heroes has demonstrated resilience and financial prudence in FY25/26, successfully managing its expenditure to continue supporting its vital mission. The trustees remain dedicated to ensuring the Charity's financial health and sustainability, allowing it to provide life-changing assistance dogs to those in need.

2.2 Reserves Policy

The Charity maintains a policy of holding both Restricted and Designated Reserves. The remaining funds, not allocated to these reserves, are categorised as Unrestricted General Funds, which support the day-to-day operations of the Charity.

The Restricted Reserve holds restricted funds that are the balance of all the as yet unspent donations where the donor has specified the task to be achieved by their donation. The Designated Reserves hold unrestricted funds which the Trustees agree are required to ensure, for instance, the welfare of all the dogs in our care and as required to mitigate against identified financial risks such as the uncertainty of income that all charities face.

2.2.1 Restricted Reserve

The Restricted Reserve has increased from £90,402 as at the end of FY24/25 to £91,320 at the end of FY25/26 (note 21). When a donor specifies the task to be achieved by a donation and this is declared at the time the donation is made, then the donation is placed in the Restricted Reserve. In most cases the task identified takes several months to complete.

When a donor sponsors a dog's name, it may take more than 2 years for the sponsored dog to be placed and for the Charity to deem that the specified task has been achieved. Therefore, the Restricted Reserve is reduced by the spend made by the Charity as it progresses the delivery of the specified tasks. In this way the value of the Restricted Reserve always reflects the spend yet to be made to achieve the outcomes specified by the donors.

2.2.2 Designated Working Life Reserve
The Charity chooses to deliver charitable benefit by funding the entire working life of the dog. The Working Life Reserve is therefore required to ensure that this commitment may be delivered irrespective of the longevity of the Charity.

The Working Life Reserve reflects funds to support 2 years of costs for all dogs in service. The Trustees have agreed that the cost per year per dog will be £5,000 (FY24/25 £5,000). The Working Life Reserve at FY25/26 is £330,000 (FY24/25 £360,000).

2.2.3 Designated Operating Reserve
The Charity survives through charitable donations and it is recognised that from time to time any of our sponsors may wish to redirect their sponsorship to other worthy causes. Replacement of a major sponsor may take more than two years and so this reserve is prudent protection against the uncertainties of income that all charities face. The Trustees have decided to maintain the Operating Reserve to allow the Charity to function at its current rate of expenditure for 18 months.

The projected indirect running costs of the Charity for the 18 months from the start of FY26/27 are £663,720. Direct costs are already covered within the Designated Working Life Reserve.

The Trustees remain mindful of the need to release part or all of this designated reserve into unrestricted general funds should the need arise.

2.2.4 Designated Property Maintenance Reserve
The Charity currently occupies rented premises. The use of the premises causes wear and tear and the Charity is responsible for costs of the repair and maintenance of the premises. Property maintenance is conducted throughout the year. The Property Maintenance Reserve represents monies set aside to cover these costs. The Property Maintenance Reserve has been set at £35,000 and is reviewed annually.

2.3 Management of Funds
The Trustees continue to pay high regard to the guidance of the Charity Commission in shaping how the Charity delivers charitable benefit.

The management of the Charity's funds through the allocation of Restricted and Designated Reserves is a key aspect of the Charity's strategy and will continue to be a priority for the Trustees.

2.4 Support from Sponsors

During the year the Charity has been extremely fortunate to receive support from a number of organisations including the following:

- Aldro School
- Aquila
- Army Benevolent Fund
- Betfred
- Bloomberg
- Bruce Wake Charitable Trust
- Dignity Pet Crematorium
- Fareham Masonic Lodge
- Forces Trust
- Girdlers Company Charitable Trust
- Godolphin School
- Grocers Charity
- Hampshire and Isle of Wight Community Foundation
- Haramead Trust
- HMS Victory
- Johnson Vets
- Joint Hospital Group (South)
- Kennel Club
- Ludlow Junior School
- Marilyn Gillanders and Valerie
- National Lottery
- Navigator Trust
- Petersfield Golf Club
- RAF Cranwell
- Red Arrows Trust
- Team Raleigh
- Veterans Foundation
- Worshipful Company of Constructors
- Worshipful Company of Wheelwrights

2.5 Pay Policy for Trustees and Staff

All Trustees give their time freely and no Trustee received remuneration from the Charity in the year. There is no intention for this to change.

Details of Trustees' expenses and related party transactions are disclosed in Note 11 to the accounts.

The pay of staff is reviewed annually by the Trustees supported by the Chief Executive. Staff pay normally is increased by a cost of living increment at the start of each financial year guided by CPI and RPI in February for the prior year.

Changes in salary to reflect changes in the level of responsibility of staff members are also usually but not exclusively timed to come into effect at the start of the financial year.

HOUNDS FOR HEROES

3 Risk management

The Trustees have a risk management strategy which comprises:

- A review of the principal financial risks is held at the Finance Committee meeting, and these are reviewed on a regular basis. The Reserves Policy outlined earlier reflects the perceived financial risks and how the Charity has mitigated against those risks.

- The establishment and maintenance of a Risk Register which identifies all material risks to the operation of the Charity and the implementation. Plans are identified to reduce the likelihood/impact of the identified risks and the Trustees review the Risk Register quarterly.

4 Structure, governance and management

The Hounds for Heroes Charity is a company limited by guarantee, without share capital. The Charity's governing document is its Articles of Association, dated 1st April 2015. The Trustees meet regularly (was monthly in fiscal 25/26 but have now moved to bi-monthly for fiscal 26/27), to review performance, discuss current projects and how the Charity's long term aims and objectives are being met. Presently the Trustees collectively act as the board of directors responsible for strategy, together with the CEO, and the delivery of governance. In addition, the Trustees work through sub-committees, comprising of a mix of Trustees, the CEO and the relevant functional managers for discrete areas of the Charity's operations, namely Finance and Income Generation and Service Delivery (dog support/training & partnerships). At the Trustees Board meetings, the Trustees may vote on any decisions that are required to be made for which a majority of Trustees must be in agreement. Should any decision making be fundamental when not all Trustees are present, then relevant documents are circulated and all Trustees are required to vote. Day to day operational matters are the responsibility of the Charity's Senior Management Team comprising the CEO and the Senior Managers.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

A Parton	
A Ferguson	
D J Connor	(Resigned 29 April 2025)
J H Forth	
P A Ketley	
M J Perkins	
H Slater	
A F Smith	
C Brook	
S E Cole	
H R Collyer	
A H Howie	(Appointed 2 January 2026)

The Trustees recognise that the Charity benefits from having a team of trustees that have a broad variety of skills and experience that are allied to the operations of the Charity. A candidate Trustee is only appointed to the Board of Trustees after a screening and interview process by the Chair, Vice-Chair and selected other Trustees and after satisfactory completion of appropriate searches by the Disclosing and Barring Service.

New Trustees receive an induction in order to brief them on their legal obligations under charity and company law, the Charity Commission guidance on public benefit and inform them of the content of the Memorandum and Articles of Association, the committee and decision-making processes, the strategic plan and recent financial performance of the Charity. They also meet key employees and other Trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

5 Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

6 Auditor

The auditor, Moore (South) LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

7 Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

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

The trustees' report was approved by the Board of Trustees.

....

A Ferguson

Trustee

09/09/2026

Date: ....

HOUNDS FOR HEROES

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS AND TRUSTEES OF HOUNDS FOR HEROES

Opinion
We have audited the financial statements of Hounds for Heroes (the 'charity') for the year ended 31 March 2026 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2026 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees
As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF HOUNDS FOR HEROES

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- The engagement partner selected staff for the audit who had prior knowledge of the client and who had the required competence and skills in the not for profit sector to be able to identify or recognise non-compliance with laws and regulations.
- We assessed the risk of irregularities as part of our audit planning, including due to fraud, management override was identified as a significant fraud risk from our assessment. This is due to the ability to bypass controls through inappropriate expenditure and accounting policies adopted.
- Completeness of income was also identified as a significant risk to the audit, most significantly legacy income as there is a degree of judgement as to whether this income should be included.
- Additionally, some income received is restricted in its use. A significant risk was identified regarding the correct classification of income between restricted and unrestricted funds and that the expenditure against this income was in line with any specified restrictions.
- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and we considered the most significant to be the Companies Act 2006, the Charities Act 2011, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities SORP, and the UK financial reporting standards as issued by the Financial Reporting Council. We considered how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We enquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations. Consideration was also made of the internal controls in place to mitigate the identified risks.
- We assessed the control environment, documenting the systems, controls and processes adopted. The audit approach incorporated a combination of controls where appropriate, analytical review and substantive procedures involving tests of transactions and balances. Any irregularities noted were discussed with management and additional corroborative evidence was obtained as required.

To address the risk of fraud through management override we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify any unusual transactions;
- Reviewed sensitive nominal ledger codes;
- Reviewed transactions with related parties; and
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities with regards to the completeness of income we:

- Agreed a sample of income received from source documentation into the accounting records;
- Obtained details of legacies due to be received at the year end from source documentation and ensuring that none were omitted from the accounts and those included were at the correct value;
- Discussed with management that there was no further income they were aware of that needed to be accounted for; and
- Reviewed board minutes for evidence of any further unrecorded income.

In response to the classification of income between restricted and unrestricted we:

- Agreed a sample of income received from source documentation into the accounting records to ensure any restrictions to the income were correctly identified;
- Reviewed the clients analysis of restricted funds for any obvious misallocations of income or expenditure;
- Confirmed that expenses and payroll costs allocated against restricted funds met the purpose for which the income was given; and
- Tested a sample of expenditure to ensure it was allocated against the correct funding received.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

HHastings

Louise Hastings (Senior Statutory Auditor)
For and on behalf of Moore (South) LLP, Statutory Auditor
Chartered Accountants
City Gates
2 - 4 Southgate
Chichester
West Sussex
PO19 8DJ
Date: 10/9/26

HOUNDS FOR HEROES

STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	Unrestricted funds general 2026 £	Unrestricted funds designated 2026 £	Restricted funds 2026 £	Total 2026 £	Unrestricted funds general 2025 £	Unrestricted funds designated 2025 £	Restricted funds 2025 £	Total 2025 £
Income from:									
Donations and legacies	3	501,768	-	99,957	601,725	303,036	1,000	95,541	399,577
Charitable activities	4	21,688	-	-	21,688	15,262	-	-	15,262
Other trading activities	5	6,298	-	-	6,298	2,211	-	-	2,211
Investments	6	41,267	-	-	41,267	58,764	-	-	58,764
Total income		571,021	-	99,957	670,978	379,273	1,000	95,541	475,814
Expenditure on:									
Raising funds	7	255,378	-	-	255,378	249,958	-	-	249,958
Charitable activities	8	393,161	-	99,039	492,200	390,070	-	95,657	485,727
Total expenditure		648,539	-	99,039	747,578	640,028	-	95,657	735,685
Net income/(expenditure)		(77,518)	-	918	(76,600)	(260,755)	1,000	(116)	(259,871)
Transfers between funds		(35,493)	35,493	-	-	269,261	(239,261)	(30,000)	-
Net movement in funds	10	(113,011)	35,493	918	(76,600)	8,506	(238,261)	(30,116)	(259,871)
Reconciliation of funds:									
Fund balances at 1 April 2025		178,828	993,227	90,402	1,262,457	170,322	1,231,488	120,518	1,522,328
Fund balances at 31 March 2026		65,817	1,028,720	91,320	1,185,857	178,828	993,227	90,402	1,262,457

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

HOUNDS FOR HEROES

BALANCE SHEET

AS AT 31 MARCH 2026

		2026		2025	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	14		6,460		9,690
Tangible assets	15		34,757		27,422
			41,217		37,112
Current assets					
Stocks	16	6,404		2,923	
Debtors	17	112,697		61,163	
Investments	18	815,561		1,104,206	
Cash at bank and in hand		308,777		146,174	
		1,243,439		1,314,466	
Creditors: amounts falling due within one year	19	(98,799)		(89,121)	
Net current assets			1,144,640		1,225,345
Total assets less current liabilities			1,185,857		1,262,457
The funds of the charity					
Restricted income funds	21		91,320		90,402
Unrestricted funds - general	23		65,817		178,828
Unrestricted funds - designated	22		1,028,720		993,227
			1,185,857		1,262,457

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the trustees on 09/09/2026

Allen Parton

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A Parton

Trustee

Company registration number 07130031 (England and Wales)

HOUNDS FOR HEROES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026 £	2026 £	2025 £	2025 £
Cash flows from operating activities					
Cash absorbed by operations	27		(152,806)		(202,870)
Investing activities					
Purchase of tangible fixed assets		(14,503)		(32,773)	
Movements on bank fixed term deposits treated as investments		288,645		256,535	
Investment income received		41,267		58,764	
Net cash generated from investing activities			315,409		282,526
Net cash generated from financing activities			-		-
Net increase in cash and cash equivalents			162,603		79,656
Cash and cash equivalents at beginning of year			146,174		66,518
Cash and cash equivalents at end of year			308,777		146,174

1 Accounting policies

Charity information

Hounds for Heroes is a private charitable company limited by guarantee incorporated in England and Wales, and registered with the Charity Commission in England and Wales, and Scotland. The registered office is Unit 2B, Rookery Farm Buildings, Ramsdean, Petersfield, Hampshire, GU32 1RU.

1.1 Basis of preparation

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes. Such funds may be held in order to finance both working capital and capital investment.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors or grantors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Included within other trading activities, is income from the sale of merchandise. Income is recognised on the exchange of goods for cash.

Bank interest is accounted for when receivable.

Included within charitable activities income is donations received in return for trustees or trainers to speak at events. These speakers' fees are considered to be voluntary and are accounted for on receipt, which is usually the date the event takes place.

1 Accounting policies **(Continued)**

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

Costs of raising funds comprise the costs of staging fundraising events, advertising and marketing and the associated support costs.

Expenditure on charitable activities includes the costs of purchasing puppies, their associated costs and staff costs in relation to training the puppies.

Other expenditure relating to the running of the charity is allocated to the charity's sole charitable activity.

Governance costs include expenditure in relation to constitutional and statutory obligations including audit and statutory accounts preparation, and any reimbursable expenses of the trustees.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel and governance costs which support the charity's activities. These costs have been allocated between costs of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 9.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
Website	20% straight line

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	20% straight line
Fixtures and fittings	20% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1 Accounting policies **(Continued)**

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Stocks

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

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

1 Accounting policies **(Continued)**

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

1.15 Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured reliably. Creditors and provisions are normally recognised at their settlement amount.

2 Critical accounting estimates and judgements

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

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

The trustees consider that there are no material areas of judgement or estimation uncertainty.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2026

3 Income from donations and legacies

	Unrestricted funds general 2026 £	Unrestricted funds designated 2026 £	Restricted funds 2026 £	Total 2026 £	Unrestricted funds general 2025 £	Unrestricted funds designated 2025 £	Restricted funds 2025 £	Total 2025 £
Donations and gifts	204,690	-	99,957	304,647	161,383	1,000	95,541	257,924
Legacies	258,203	-	-	258,203	105,894	-	-	105,894
Donated goods and services	38,659	-	-	38,659	35,315	-	-	35,315
Other	216	-	-	216	444	-	-	444
	501,768	-	99,957	601,725	303,036	1,000	95,541	399,577

3 Income from donations and legacies **(Continued)**

Donated goods and services

Donated services are included at the value to the charity, where this can be quantified. Donated goods and services received for which the trustees have been able to value include donations of insurance, vehicle repairs and receipt of a puppy.

In addition to this, the trustees are very grateful for the time volunteered by individuals in running events and fundraising activities. This is invaluable support for the charity, and the trustees are not able to value this in monetary terms.

4 Income from charitable activities

	Unrestricted funds 2026 £	Unrestricted funds 2025 £
Puppies and working dogs		
Vet insurance refunds received	21,688	15,262

5 Income from other trading activities

	Unrestricted funds 2026 £	Unrestricted funds 2025 £
Shop income	5,326	1,951
Other income	972	260
Other trading activities	6,298	2,211

In both the current and prior year, this income is classified as unrestricted.

6 Income from investments

	Unrestricted funds 2026 £	Unrestricted funds 2025 £
Interest receivable	41,267	58,764

In both the current and prior year, this income is classified as unrestricted.

7 Expenditure on raising funds

	Unrestricted funds 2026 £	Unrestricted funds 2025 £
Fundraising and publicity		
Governance costs	7,175	6,064
Staging fundraising events	10,155	11,327
Advertising	14,142	9,038
Other fundraising costs	-	1,230
Staff costs	70,581	49,769
Support costs	153,325	172,530
	255,378	249,958

In both the current and prior year, costs relating to raising funds were expensed from unrestricted funds.

8 Expenditure on charitable activities

	Puppy costs 2026 £	Advanced training 2026 £	Working dog costs 2026 £	Retired dogs 2026 £	Total 2026 £	Puppy costs 2025 £	Advanced training 2025 £	Working dog costs 2025 £	Total 2025 £
Direct costs									
Staff costs	126,573	22,336	39,709	9,927	198,545	112,182	17,366	31,642	161,190
Puppy purchase	3,200	-	-	-	3,200	7,647	-	-	7,647
Care and training dogs	2,171	1,559	2,683	347	6,760	2,426	1,468	3,769	7,663
Food and treats	2,323	6,556	4,986	1,407	15,272	6,237	3,186	5,482	14,905
Kennels	1,588	118	158	500	2,364	1,643	1,371	1,112	4,126
Vet fees and medication	11,428	9,975	11,974	12,369	45,746	12,713	4,039	39,332	56,084
Travel & mileage	1,948	909	10	225	3,092	1,647	1,106	103	2,856
Insurance	4,936	4,583	17,603	9,180	36,302	6,141	4,374	22,802	33,317
Puppy parents' claims	2,172	-	-	-	2,172	1,994	-	-	1,994
Client costs and aftercare	-	-	11,630	-	11,630	-	-	10,004	10,004
Residential training costs	-	5,537	-	-	5,537	-	7,346	-	7,346
	156,339	51,573	88,753	33,955	330,620	152,630	40,256	114,246	307,132
Share of support and governance costs (see note 9)									
Support	98,433	17,371	30,881	7,720	154,405	120,074	18,588	33,868	172,530
Governance	4,574	807	1,435	359	7,175	4,221	653	1,191	6,065
	259,346	69,751	121,069	42,034	492,200	276,925	59,497	149,305	485,727
Analysis by fund									
Unrestricted funds - general	232,279	47,415	81,360	32,107	393,161	230,276	42,131	117,663	390,070
Restricted funds	27,067	22,336	39,709	9,927	99,039	46,649	17,366	31,642	95,657
	259,346	69,751	121,069	42,034	492,200	276,925	59,497	149,305	485,727

9 Support costs allocated to activities

	2026	2025
	£	£
Staff costs	162,198	172,757
Depreciation	10,398	11,462
Rent and rates	66,983	90,431
Premises costs	12,205	16,231
Travel and subsistence	5,816	14,108
Telephone	6,408	6,172
Legal and professional	7,164	8,695
Printing, postage, stationery and website costs	25,966	15,834
Insurance	6,126	4,444
Advertising	510	1,193
Bank charges	94	412
Administration costs	3,862	3,321
Governance costs	14,350	12,129
	322,080	357,189
Analysed between:		
Fundraising	160,500	178,594
Charitable activities	103,007	124,295
Advanced training	18,178	19,241
Working dog costs	32,316	35,059
Retired dogs	8,079	-
	322,080	357,189

The Trustees consider that the basis of allocation of support and governance costs between fundraising and charitable activities is equal. This is consistent with prior periods.

10 Net movement in funds

	2026	2025
	£	£
The net movement in funds is stated after charging/(crediting):		
Fees payable to the charity's auditor:		
- for the audit of the charity's financial statements	7,600	7,275
- for other financial services	1,700	1,600
Depreciation of owned tangible fixed assets	7,168	8,232
Amortisation of intangible assets	3,230	3,230

11 Trustees

None of the Trustees received any remuneration or benefits from the charity during the year.

A total of £2,728 has been reimbursed to 5 of the Trustees, this includes expenses in respect of travel, subsistence, hospitality and attending fundraising events (2025: 3 Trustees were reimbursed a total of £519). All expenses are reimbursed at cost and there is no benefit to the Trustee.

At the year end no monies were owed to the trustees (2025: £Nil).

11 Trustees **(Continued)**

The charity has employed Mrs S Parton who is the wife of Mr A Parton, a Trustee. A thorough recruitment process was followed and a market rate salary was agreed. The Trustees sought advice from the Charity Commission at the time of the appointment and all proper procedures have been followed. Remuneration has been paid of £34,668 (2025: £36,652). There are no amounts outstanding at the balance sheet date.

12 Employees

The average monthly number of employees during the year was:

	2026 Head Count	2026 FTE	2025 Head Count	2025 FTE
Dog trainers	8	6	6	5
Administration and fundraising	7	6	7	6
Total	15	12	13	11

Employment costs	**2026**	**2025**
	£	**£**
Wages and salaries	384,442	348,632
Social security costs	37,689	27,052
Other pension costs	9,193	8,032
	431,324	383,716

There were no employees whose annual remuneration was more than £60,000.

Remuneration of key management personnel

The remuneration of key management personnel was as follows:

	2026	**2025**
	£	**£**
Aggregate compensation	44,863	53,756

13 Taxation

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

14 Intangible fixed assets

	Software	Website	Total
	£	£	£
Cost			
At 1 April 2025	6,550	16,150	22,700
Disposals	(6,550)	-	(6,550)
At 31 March 2026	-	16,150	16,150
Amortisation and impairment			
At 1 April 2025	6,550	6,460	13,010
Amortisation charged for the year	-	3,230	3,230
Disposals	(6,550)	-	(6,550)
At 31 March 2026	-	9,690	9,690
Carrying amount			
At 31 March 2026	-	6,460	6,460
At 31 March 2025	-	9,690	9,690

15 Tangible fixed assets

	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2025	29,308	23,121	96,343	148,772
Additions	11,719	2,784	-	14,503
Disposals	(25,325)	(1,202)	-	(26,527)
At 31 March 2026	15,702	24,703	96,343	136,748
Depreciation and impairment				
At 1 April 2025	28,030	22,085	71,235	121,350
Depreciation charged in the year	312	557	6,299	7,168
Eliminated in respect of disposals	(25,325)	(1,202)	-	(26,527)
At 31 March 2026	3,017	21,440	77,534	101,991
Carrying amount				
At 31 March 2026	12,685	3,263	18,809	34,757
At 31 March 2025	1,278	1,036	25,108	27,422

16 Stocks

	2026	2025
	£	£
Finished goods and goods for resale	6,404	2,923

17 Debtors

	2026	2025
Amounts falling due within one year:	£	£
Other debtors	1,374	7,433
Prepayments and accrued income	111,323	53,730
	112,697	61,163

18 Current asset investments

	2026	2025
	£	£
Bank fixed term deposits	815,561	1,104,206

Current asset investments consist of cash held in bank fixed term deposit accounts with original maturity dates of over 3 months.

19 Creditors: amounts falling due within one year

	2026	2025
	£	£
Other taxation and social security	59,544	57,416
Trade creditors	15,708	10,962
Other creditors	4,677	2,785
Accruals and deferred income	18,870	17,958
	98,799	89,121

20 Retirement benefit schemes

	2026	2025
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	9,193	8,032

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

At the year end the amount outstanding was £2,729 (2025 - £1,871).

21 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	At 1 April 2025	Incoming resources	Resources expended	Transfers	At 31 March 2026
	£	£	£	£	£
Sponsored Dogs	86,902	99,957	(99,039)	-	87,820
St James Trust Homes	3,500	-	-	-	3,500
	90,402	99,957	(99,039)	-	91,320

Previous year:	At 1 April 2024	Incoming resources	Resources expended	Transfers	At 31 March 2025
	£	£	£	£	£
Sponsored Dogs	87,018	95,541	(95,657)	-	86,902
St James Trust Homes	3,500	-	-	-	3,500
Vehicle fund	30,000	-	-	(30,000)	-
	120,518	95,541	(95,657)	(30,000)	90,402

The Sponsored Dogs restricted fund comprises amounts received to be expended on the purchase and training costs of named dogs. The restricted donations are only released as and when the stipulations for the individual donation are satisfied. This may be as a one-off transaction or phased, depending on the restrictions.

The St James Trust restricted fund relates to amounts received for educational purposes.

The vehicle fund relates to amounts received towards the purchase of a new vehicle. A new vehicle was purchased in the prior year and the fund has been fully utilised.

22 Unrestricted funds - designated

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	At 1 April 2025	Incoming resources	Transfers	At 31 March 2026
	£	£	£	£
Working Life Reserve	360,000	-	(30,000)	330,000
Operating Reserve	598,227	-	65,493	663,720
Property Maintenance Reserve	35,000	-	-	35,000
	993,227	-	35,493	1,028,720

The Working Life Reserve represents monies set aside to fund 2 years worth of costs for all dogs currently in service. The Trustees have agreed that the cost per year per dog will be £5,000. The amount of £330,000 (2025: £360,000) represents the Charity's commitment to fund those dogs currently in various stages of their working lives for the Charity. The transfer of funds to or from the Working Life Reserve to or from Unrestricted General funds is to ensure the balance on the fund reflects the Charity's Working Life commitment as at the end of the reporting period.

The Named Dog Reserve identified where a donation that was initially placed in the restricted reserve had been spent, but the desired outcome had not yet been achieved in respect of a successful placement of a named dog. The reserve was released once the desired outcome has been achieved. Amounts of £nil (2025: £239,261) have been released from this reserve back to unrestricted general to reflect donations received previously where the named dog is now in service. The fund was fully utilised by 31 March 2025.

The Trustees have transferred £65,493 (2025: £Nil) during the year from unrestricted general reserves to the Operating Reserve. This is to ensure that the closing fund balance represents the amount of indirect running costs of the Charity, that the Trustees consider is required in order that the Charity may function at its current rate of expenditure for 18 months, should the level of donations received drop significantly.

The Charity is responsible for the costs of maintaining its premises under the lease. £35,000 (2025: 35,000) is the amount estimated by the Trustees to be required to fund the costs of maintenance of the rental premises and this is carried forward in the Property Maintenance Reserve. These costs will become payable if/when the charity leaves its current premises.

22 Unrestricted funds - designated **(Continued)**

The comparative fund movements are as follows:

Previous year:	**At 1 April 2024**	**Incoming resources**	**Transfers**	**At 31 March 2025**
	£	£	£	£
Working Life Reserve	360,000	-	-	360,000
Named Dog Reserve	238,261	1,000	(239,261)	-
Operating Reserve	598,227	-	-	598,227
Property Maintenance Reserve	35,000	-	-	35,000
	1,231,488	1,000	(239,261)	993,227

23 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 April 2025	**Incoming resources**	**Resources expended**	**Transfers**	**At 31 March 2026**
	£	£	£	£	£
General funds	178,828	571,021	(648,539)	(35,493)	65,817

Previous year:	**At 1 April 2024**	**Incoming resources**	**Resources expended**	**Transfers**	**At 31 March 2025**
	£	£	£	£	£
General funds	170,322	379,273	(640,028)	269,261	178,828

24 Analysis of net assets between funds

	Unrestricted funds general 2026	**Unrestricted funds designated 2026**	**Restricted funds 2026**	**Total 2026**
	£	£	£	£
At 31 March 2026:				
Intangible fixed assets	6,460	-	-	6,460
Tangible assets	34,757	-	-	34,757
Current assets/(liabilities)	24,600	1,028,720	91,320	1,144,640
	65,817	1,028,720	91,320	1,185,857

24 Analysis of net assets between funds (Continued)

	Unrestricted funds general 2025 £	Unrestricted funds designated 2025 £	Restricted funds 2025 £	Total 2025 £
At 31 March 2025:				
Intangible fixed assets	9,690	-	-	9,690
Tangible assets	27,422	-	-	27,422
Current assets/(liabilities)	141,716	993,227	90,402	1,225,345
	178,828	993,227	90,402	1,262,457

25 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for the properties from which it operates, as well as rentals for items of office equipment. Property leases and equipment rentals are negotiated for an average term of 6 years. The property leases have break clauses after 3 years.

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2026 £	2025 £
Within one year	50,163	50,163
Between two and five years	99,787	1,080
	149,950	51,243

During the year, the charitable company recognised £50,163 (2025: £50,163) of lease costs in the Statement of Financial Activities in respect of non-cancellable operating leases.

26 Related party transactions

Details of transactions and balances with Trustees and parties related to them are disclosed in note 11.

Remuneration of key management personnel is disclosed in note 12.

There were no other disclosable related party transactions during the year (2025 - none).

27 Cash absorbed by operations

	2026	2025
	£	£
Deficit for the year	(76,600)	(259,871)
Adjustments for:		
Investment income recognised in statement of financial activities	(41,267)	(58,764)
Amortisation and impairment of intangible assets	3,230	3,230
Depreciation and impairment of tangible fixed assets	7,168	8,232
Movements in working capital:		
(Increase) in stocks	(3,481)	(243)
(Increase)/decrease in debtors	(51,534)	44,919
Increase in creditors	9,678	59,627
Cash absorbed by operations	(152,806)	(202,870)

28 Analysis of changes in net funds

The charity had no material debt during the year.