

Annual Report and Financial Statements

For the year ended 31 December 2016

Canine Partners for Independence
(a company limited by guarantee)

Charity Commission Registered No. 803680
Office of the Scottish Charity Regulator Registered No. SC039050
Company Registration No. 02516146

This Report is provided by the Trustees and staff of the Charity and shall not be copied in written or electronic format without formal permission in writing from the Council of Trustees.

| Contents | Page |
|-----------------------------------|-------------|
| Governance | 3 |
| Administrative Information | 4 |
| Trustees' Annual Report: | |
| i) Chairman's Review | 5 |
| ii) Annual Report | 6 |
| iii) Strategic Report | 9 |
| Auditors' Report | 19 |
| Statement of Financial Activities | 21 |
| Balance Sheet | 22 |
| Statement of Cash Flows | 23 |
| Notes to the Accounts | 24 |

Governance

| | | |
|------------------------|--|---|
| Patron | HRH The Duke of Gloucester KG GCVO | |
| Vice Patrons | The Dowager Countess of Clarendon DL Lady Kindersley Mr Roger Jefcoate CBE DL | |
| Vice Presidents | Baroness Tanni Grey-Thompson DBE Ms Elizabeth Ormerod BVMS MRCVS | |
| Trustees Council | Mr Mark Richardson MCICM (Chairman) Mr David Filmer (Vice Chairman) Mr John Barwick MBE FRSA (Hon. Treasurer) (ret'd 28 April 2016) Mr Simon Clare BSc EdM FinstPet Dr Clive Elwood MA Vet MB MSc PhD MRCVS Mrs Amanda Farren LLB TEP Mr Stephen Fletcher FCIBS (appointed 28 April 2016) Mr Jon Flint Mrs Claire Graham Mrs Caroline Hoare BSc MBA (appointed 28 April 2016) Mrs Nicky Pendleton DipCOT MSc (Rehab) Lady Rankin Mrs Jackie Staunton FCIPD Mrs Gillian Taylor MRCVS Cdr Debra Whittingham RN | |
| Senior Management Team | Chief Executive Director of Operations Director of Fundraising, Marketing & Communications Director of Finance & Resources Company Secretary | Mr Andy Cook MA (Cantab) Mr David Bailey Ms Anne Yendell Mr Clive Murray |
| Bankers | Lloyds plc 4 West Street Havant Hampshire PO9 1PE | |
| Auditors | Moore Stephens (South) LLP City Gates 2-4 Southgate Chichester West Sussex PO19 8DJ | |

Canine Partners for Independence

Administrative Information

Constitution

“Canine Partners for Independence” is a company limited by guarantee and a registered charity, governed by its Memorandum and Articles of Association; company registration number 2516146. The Charity is registered with the Charity Commission; number 803680 and the Office of the Scottish Charity Regulator; number SC039050.

Directors and Trustees

The directors of the charitable company (“the Charity”) are its Trustees for the purposes of charity law and throughout this report are collectively referred to as “the Trustees”. As set out in the Articles of Association, the Charity is governed by a Council of not less than seven and no more than 30 elected Trustees. The Chairman of the Council is elected by the Council, along with its other key officers. The Council has the power to appoint additional Trustees and to fill vacancies. Any Trustee so appointed shall formally retire at the next Annual General Meeting and shall, with Trustees retiring by rotation, be eligible for re-election. Trustees serving during the year and since the year end are listed at page 3.

Trustee Induction and Training

New Trustees undergo an induction programme to introduce them to the Charity, their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the Council decision-making process, the Business Plan and recent financial performance of the Charity. During the induction programme they meet key employees for a detailed briefing. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their respective roles, and to participate in events that are run by the Charity.

Chief Executive

The Trustees delegate day to day management of the Charity to the Chief Executive, Mr Andy Cook MA (Cantab).

Registered Office and Southern Training Centre

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Trustees Annual Report

Chairman's Review

I am delighted to be able to confirm that due to the foresight and determination of our founders, 2016 saw 671 life changing partnerships having been created since the foundation of the Charity! This would not have happened without the help and support that we receive year in year out from our loyal supporters, it is their tireless commitment that underpins all that was and is achieved. I would like to express my gratitude to all our donors for their generosity, many of whom will have made substantial personal sacrifices to give what they can!

This has been an exceptionally busy year for us and our staff have worked tirelessly in their support of partners both new and old. Being partnered with a dog for the first time is a life changing experience that brings with it both joy and challenges. Being faced with a new challenge is not unfamiliar to our partners and it is their courage and determination to make a new canine partnership work that is so inspirational. This serves as a constant reminder of the importance of the Charity's work, in seeking to give our partners a greater measure of independence.

Last year I set out my aspiration that we should build Phase 2, the accommodation facility, at the Midlands centre before the end of 2016 and I am pleased to be able to tell you that it has been completed, creating a much needed home from home for our partners during their time with us. Funds allowing, 2017 will see the completion of the kennel block and landscaping.

Despite the challenges and uncertainties brought by 2016, I can report that operationally 66 new partnerships were created and we ended the year with a record 375 partnerships nationwide. I would like to extend my thanks to all who were involved in making this possible!

The Charity has over 600 volunteers and they, together with our corporate sponsors, charitable foundations, trusts and individual donors, give the Charity the strong foundation from which to grow. 2017 will bring new challenges to the charity sector and we will need to adapt accordingly, but we are resolute in our determination to continue to create and support our life changing partnerships.

My final thanks must go to our loyal staff and my fellow trustees for their unstinting support. I will be stepping down as Chairman in April 2017 and it has been an immense privilege to have been able to serve in this capacity and I wish the Charity every possible success as it goes about its work of transforming the lives of disabled people with these amazing dogs.

**W Mark Richardson, Chairman
Canine Partners for Independence**

Canine Partners for Independence

Annual Report

Structure Governance and Management

1. The Trustees are pleased to present the Charity's Annual Report and Financial Statements for the year ended 31 December 2016. Legal and administrative information set out on pages 3 & 4, forms part of this report. The Financial Statements comply with current statutory requirements, the Memorandum and Articles of Association and the "Statement of Recommended Practice (SORP, FRS 102) – Accounting and Reporting by Charities".
2. Canine Partners is registered as a charity with both the Charity Commission and the Office of the Scottish Charity Regulator and is a company limited by guarantee, not having any share capital. Whilst being registered as Canine Partners for Independence, the Charity operates under the working title of "Canine Partners".
3. Objects of the Charity are "to purchase, breed, or otherwise acquire to train and educate dogs to be provided, to give efficient and safe assistance to persons with disabilities, to further train and educate for their own benefit, Disabled Persons in the proper and safe use of such dogs and to provide such additional services and facilities for the relief of Disabled Persons as the Association from time to time deems fit and also to work with individuals, or in institutions, as part of pet facilitated therapy programmes."
4. Organisation. The Council of Trustees, currently 14 members, meets every two months, to administer the Charity. A sub-committee of Trustees has been appointed to monitor financial performance on a regular, on-going basis. Day to day management of business is delegated to the Chief Executive, to operate within budgets and guidelines approved by the Trustees. The Charity operates from its Southern Centre/ Head Office at Heyshott, near Midhurst, West Sussex, and from its Midlands Centre at Fields Farm, near Osgathorpe, Leicestershire.
5. Related Parties. The Charity has no relationship with any other party. Canine Partners is a fully accredited member of Assistance Dogs UK, Assistance Dogs Europe and Assistance Dogs International. Canine Partners is also an associate member of COBSEO, The Confederation of Service Charities.
6. Investment Powers. Under the Memorandum and Articles of Association, the Charity has the power to make investments, from time to time, such as the Trustees see fit.

Mission Statement

7. The mission of Canine Partners is to transform the lives of disabled people through partnership with our specially trained assistance dogs.

The Role of the Charity and Public Benefit

8. Canine Partners is committed to improving the quality of life and independence of people with substantial physical disabilities, the majority of whom use a wheelchair. This is done through the provision of highly trained "assistance dogs", which are carefully selected and

Canine Partners for Independence

pecially trained to carry out any number of specialised assistive tasks to increase the independence of their allocated human partners. These tasks may be difficult, painful or impossible for their partners to perform themselves. Tasks include opening and shutting doors, unloading washing machines and tumble dryers, helping people to undress, picking up dropped items, pressing buttons and switches and getting help in an emergency. The dogs also offer strong emotional support both to the partner and to family members, thereby providing additional evidence of the value of dogs in a therapeutic role – increasing confidence and self-esteem, bringing companionship, a sense of security and increased opportunities for social interaction. In this context the Trustees have taken into consideration the aims in respect of Public Benefit.

We have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing our aims and objectives and in planning our future activities. In particular the Trustees consider how planned activities will contribute to the aims and objectives they have set.

Background

9. Demand. More than 1.2 million people in the UK use a wheelchair, and a significant number of these could benefit from a canine partner. With a current annual output of significantly less than this, there is a clear need for Canine Partners to expand its operations over the coming years, in order to meet the potential demand.

10. Medical Conditions. Conditions which are commonly encountered in our day to day work include:

Multiple Sclerosis; Cerebral Palsy; Paraplegia/Tetraplegia/Quadriplegia; Spinal Injuries; Head Injuries; Strokes; Brittle Bones Disease; Osteo/Rheumatoid/Juvenile Arthritis; Amputations/Loss of limbs; Spina Bifida; Parkinson's Disease; Myalgic Encephalitis; Muscular dystrophy; Spinal Muscular Atrophy; Thalidomide survivors; Polio.

11. Financial Benefits. A canine partner often reduces the need for a carer which not only increases self-esteem and independence but also reduces care-costs.

12. Managing the Need. Since the first canine partner was placed in 1994, a total of 671 partnerships have been created with disabled people, of which 375 are currently in partnership, allowing for retirement and deaths over the years. There is a substantial list of applicants, with over 300 disabled people having applied for the Charity's services in 2016. The average waiting time is approximately 2 years, which includes time taken for the collation and processing of medical information as well as assessments at one of our centres and in the home environment. Our Southern Centre, in Heyshott, West Sussex, together with our developing facilities in the Midlands, at Fields Farm near Loughborough, currently have the combined potential to create 70 - 80 partnerships a year. Our ambition is to place 100 canine partners each year by 2020 in order to better manage the need that exists.

Canine Partners for Independence

13. Assessment of Applicants. All applications pass through a rigorous assessment process, including home visits, detailed medical reports, assessment days, interviews and questionnaires. The Charity acknowledges the input from a whole range of healthcare professionals in this process, including our own network of trained occupational therapists.

14. Training of Dogs. Puppies are normally acquired into the programme at about seven or eight weeks old and receive early socialisation and training with volunteer families ("puppy parents"). Dogs are selected from breeders, from other assistance dog organisations and increasingly from the Charity's own budding breeding programme. Puppy parents attend training classes with their dogs, supervised by a Canine Partners trainer, at one of the Charity's puppy satellite groups around the UK. Regular one-to-one training sessions also take place in the puppy parent's home. At the end of this period, the dogs enter full time advanced training at either of the Charity's two main centres, where they are matched to a partner and trained for their specific needs, which takes 4-6 months depending upon the exact tasks that are required.

15. Partnership & Aftercare. Partners attend training courses with their allocated dog, at one of the Charity's centres or in their own home, after which they will receive a qualification assessment to ensure consistency of standards. Aftercare support is provided by the Charity by means of a national network of aftercare representatives. Aftercare support continues for the whole working life of the partnership.

16. Standards. Canine Partners is a fully accredited member of Assistance Dogs International, Assistance Dogs Europe and Assistance Dogs UK and surpasses all prescribed standards. The Charity passed its routine 5-yearly accreditation with flying colours in 2016.

17. Management. To enable the above operation to be managed effectively, the Charity has a rolling 3 year business plan which is reviewed annually.

Organisation and Management Structure

18. The Council currently consists of 14 Trustees, with considerable and varied skills and experience.

19. The structure of the Charity's staff is based around three main activities:

1. Operations, combining:
 - puppy supply and training;
 - advanced training;
 - applications;
 - aftercare;
2. Fundraising, Marketing & Communications
3. Finance, Facilities, Support Services & HR

Canine Partners for Independence

20. The above main activities are supported by networks of staff and volunteers, based both at the Charity's headquarters in West Sussex, its new Midlands centre and across the regions of the UK via its 16 satellite groups.

Objectives and Activities

21. The strategic aims and objectives of the Charity, as published in the Business Plan, are:

- i) to transform the lives of increasing numbers of disabled people, year on year, finances permitting, through partnership with our specially trained assistance dogs;
- ii) to increase the number of disabled people across the UK who enjoy the benefits of partnership with a specially trained canine partner;
- iii) to invest in the capability for steady growth – in the provision of puppies, in the flow of trained dogs and prepared partners, in staff trained and premises adapted to the Charity's need;
- iv) to develop new centres strategically located around the country thereby reducing travel and increasing accessibility for applicants and partners;
- v) to broaden the Charity's fundraising base and increase public awareness;
- vi) to collaborate with other charities who share a common interest in assisting people with disabilities;
- vii) to grow the Charity's income and invest in future expansion.

Strategic Report

22. Achievements and Performance. The Charity has made further progress in 2016 against targets which were detailed in last year's Annual Report & Financial Statements (2015). Key areas have been:

i) To create 66 new partnerships between our dogs and disabled people. 2016 saw the creation of 66 new partnerships between disabled people and our specially trained dogs. This means that 671 partnerships have been formed over the course of the Charity's history. Although we had started the year with the aim of creating 80 new partnerships, the tragic loss of one of our key members of dog training staff, to cancer at a young age, had a direct impact on operational capacity in this calendar year. This was compounded by a higher than average withdrawal rate in puppies coming through the training system, an issue that has subsequently been addressed. The transformation of 66 people's lives is nevertheless a pleasing result, falling directly in line with our mission. Meanwhile, additional training staff have been recruited in readiness for renewed operational growth.

Partnerships created from 2006-2016 are as follows:

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------|------|------|------|------|------|------|------|------|------|------|
| 20 | 26 | 40 | 40 | 39 | 44 | 59 | 67 | 79 | 78 | 66 |

Canine Partners for Independence

ii). To further increase numbers of established working partnerships across the UK. We finished the year with more working partnerships than ever before, having surpassed our aim of having more than 350 established working partnerships across the UK by year end. In fact we closed 2016 with 375 disabled people around the UK living their daily lives with a specially trained canine partner by their side.

Current operational partnership figures, which allow for retirements and sadly deaths, are as follows:

| | | | | | | | | | | |
|------|------|------|------|------|------|------|------|------|------|------|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 96 | 108 | 120 | 137 | 164 | 188 | 221 | 254 | 305 | 339 | 375 |

iii). To complete the construction of purpose-built wheelchair accessible facilities at our Midlands centre. We succeeded in achieving our aim of completing the construction of wheelchair-accessible residential accommodation just before Christmas, and booked our first partnership training course in these facilities in January 2017. This is a major step forward for the Charity. The accommodation comprises four fully accessible rooms, complete with overhead tracking hoists, profiling beds, and ensuite wet rooms that are specifically adapted to the needs of disabled people. Two carer bedrooms are situated adjacent to the adapted rooms, connected by call buttons for a 24 hour service. The safety of disabled people staying on our site is of paramount importance. The complex also comprises a spacious kitchen and breakout lounge area for the comfort of our guests. We also recognise that whilst facilities provide the backdrop, it is our people that provide the heart and soul of our service. We are therefore delighted to have welcomed three key additions to the Midlands team: an Advanced Training Manager to supervise the growing team of staff in the Midlands; a Dog Welfare Officer to look after our dogs and a Domestic Manager/Housekeeper to provide for our guests when staying in the new Residential Accommodation. We look forward to putting these wonderful facilities to good use in 2017 and for many years to come, mirroring the tried and tested model that has been in place at our Southern centre for many years. Our grateful thanks go to all those generous benefactors who have made it possible. This year we make special mention of The Bradbury Foundation and The Clive and Sylvia Richards Charity. Not only did Clive and Sylvia donate generously via their charitable trust but also held a garden party in their own grounds, to help raise further funds. Other wonderfully supportive trusts and foundations included the Enabling Activities Charitable Trust, the Bernard Sunley Charitable Foundation, the Leathersellers' Company Charitable Fund, the Sir Jules Thorn Charitable Trust and the Alice Ellen Cooper Dean Charitable Trust. We also thank our team of architects and contractors for delivering this project in such a way as to scoop a prestigious accolade at the Built Environment Awards 2016. We make special mention of trustee Simon Clare for overseeing this project on the Charity's behalf.

iv). To reach out to more disabled people across the UK. As news of the services we offer spreads ever more effectively across the UK, we saw a further increase in numbers of disabled people applying for our specially trained dogs during 2016. For comparison, in 2014 we received 150 applications, whereas in 2016 we received more than double this number: 320 to be exact. The numbers of applications from disabled people living in the Midlands continues to rise sharply, in line with the fact that we now have a centre in that area. This reinforces our determination to train more dogs as the years go by, and to fully

Canine Partners for Independence

complete Phase 3 of our Midlands centre project (onsite kennelling facilities) as soon as resources allow.

v) To strengthen the pipeline of puppies passing through our training programme. During 2016 much effort was put into strengthening the quality of the puppies progressing through our training programme (see point (i) above). This resulted in a sharp increase in the proportion of puppies acquired from proven assistance dog bloodlines during the course of 2016, with 70% of our youngsters having come from these sources, either as a result of our own budding in-house breeding programme or having been purchased from other assistance dogs organisations. In particular we acknowledge the cooperation of Guide Dogs for the Blind and Dogs for Good in this regard. We are also grateful for the support of those private breeders who provided us with pups from external bloodlines. It is hoped and anticipated that the proportion of these puppies progressing all the way through the stringent health and temperament assessments will increase, but this is something that will only become evident two years later, once the dogs are fully mature. Having succeeded in improving the quality of our youngsters, the next aim for 2017 will be to increase numbers. The combined effect of these two approaches will be to ensure that we have more dogs at our disposal to partner with those disabled people who come to us for help, coinciding with the completion of our Midlands centre project. In this way we plan to be partnering over 100 dogs per year by 2020, thereby giving the opportunity to greater numbers of disabled people to enjoy the benefits of our specially trained dogs.

vi). Aftercare. Due to increasing numbers of disabled people living life with a canine partner by their side, across the various regions of the UK, we identified an additional Aftercare Instructor in 2016, in order to help support these partnerships out in their local communities. In this case we are delighted to have developed one of our existing staff into this role, and they will take up their new 'field-based' post in January 2017, based in the West Midlands. Our Aftercare Instructors, now three in number, work alongside our existing national network of part time aftercare assistants, and respond to the needs of a growing number of canine partnerships across the UK, totalling 375 at year end. We plan to continue this strategy, and will recruit further Aftercare Instructors in the coming years.

vii). Dual-trained assistance dogs. We were delighted to train more dual-skilled assistance dogs in 2016, working collaboratively with our colleagues in Assistance Dogs UK in the training of canine partner/guide dogs, and canine partner/hearing dogs, for people whose disability also involved hearing loss or visual impairment.

viii). Assistance Dogs International. We are proud that our Director of Operations continued to play an active part in the worldwide assistance dogs scene as an accreditation assessor for Assistance Dogs International, the body which oversees the accreditation of assistance dogs programmes across the world. We also played our part on the board of umbrella organisation Assistance Dogs UK, with our Chief Executive acting as Hon Treasurer.

ix). Working with the armed services community. We are delighted to continue working with those members of the armed services community who are 'wounded, injured or sick', and are proud to be affiliate members of COBSEO, The Confederation of Service Charities. We continue to work in partnership with Help for Heroes, attending their

Canine Partners for Independence

Recovery Centres across the UK on a regular basis, and we provided more dogs to members of the services community as a result. We are immensely grateful to Help for Heroes for providing generous sponsorship again in 2016. We are also pleased to work with The Royal British Legion and other services-related organisations.

x). Canine Partners in Scotland. Our operational work continued to grow in Scotland, with an ever-increasing number of partnerships spread across the country, more applicants in the pipeline than ever before and with two puppy training satellite groups based on the West and the East sides of the country. We are immensely grateful to our funders in Scotland and to our amazing team of volunteers and supporters. Our Scottish members organised and attended several events in 2016 including the Scottish Fundraising Committee's annual Prestwick Golf Day, a Race Picnic at Perth Racecourse and our annual Bluebell Walk and Family Fun day organised by our West Scotland Support Group. We were delighted to give over 70 talks to community groups all over Scotland and also to be selected as a beneficiary of the Lord Provost's Supper. In recognition of our growing activities in Scotland, we took the decision to appoint a Scotland Community Manager, reporting directly into the Chief Executive. We are delighted that this new role was filled by developing an existing member of staff. We are proud of our Scottish team, who go from strength to strength.

xi). To raise sufficient funds to make all our UK-wide operational activity possible. In a year that saw a rather unsettled picture in the world at large following the Brexit referendum, we were pleased to have raised sufficient funds in 2016 to enable all the above work to happen. The operating surplus, together with specific capital funding that we succeeded in securing thanks to generosity of donors, enabled us to designate funds to the completion of the Residential Accommodation at our Midlands centre. (More detail below, in Financial Review). It was a year of transition for our fundraising team, with our Director of Fundraising & Communications aligning the team into four 'pillars', of Community Engagement, Donor Development, Education & Awareness and Communications. We believe this provides a strong platform as we move forward. Various recruitments took place during 2016 in order to populate the above structure.

xii). Regional support. We are immensely grateful to those local communities around the UK who undertook and supported a whole host of fundraising events in 2016. These are far too numerous to mention in full, but were typified by events such as the Santa Fun Run, organized by our Hull team, with the thrilling sight of a host of santas running across the Humber Bridge in full costume; our anniversary event celebrating 10 years of working in Bedford and the placement of our 100th puppy in the Bedford satellite group; our inaugural Pedal for Paws event, which saw over 100 cyclists gaining sponsorship as they cycled through the South Downs countryside; two collection days at Canary Wharf shopping centre; and our most successful Bluebell Walk, on the West side of Scotland, organized by our Paisley satellite group. These are just random selections from a very full calendar of events across the length and breadth of the UK in 2016. To support this growing activity, we further bolstered our Community Engagement teams both in the South and the Midlands. Thank you so much to all our local communities for supporting us so amazingly, helping us to transform the lives of more disabled people.

Canine Partners for Independence

xiii). Nestlé Purina Petcare. We are indebted to Nestlé Purina Petcare for their continued support in 2016, in their seventeenth year as our principle corporate supporters. We are immensely grateful to the team at Nestlé Purina Petcare for such generous ongoing sponsorship of our work, and to their staff for so actively throwing themselves into volunteering-opportunities with us, performing tasks such as painting and decorating, stock taking and stuffing envelopes. Thank you! We also worked with our colleagues at Purina to apply for an additional grant to specifically sponsor the implementation of a new database in 2017. We wait with bated breath to see if our project is selected.

xiv). Draycott Nursing & Care. Our thanks go to Angela Hamlin and her team at Draycott Nursing & Care for organising another wonderful carol service in aid of Canine Partners, with music and celebrity readings. You are fantastic supporters of Canine Partners!

xv). Other corporate support. We were delighted to also receive support from a whole range of other companies in 2016, including Pets Corner, National Express and Kew Electrical. We also commenced partnerships with Greggs', Humberts and Wilco's Region 17 as well as others too many to mention. Another highlight was the fact that we were selected as Charity of the Year by the mutual society Foresters Friendly, which was an amazing coup. As with many 'charity of the year' arrangements, the organisations' efforts frequently span more than one calendar year, so income will be seen primarily in 2017 for any partnerships that have commenced in 2016. We are grateful not only for the funding provided but also for the awareness raised by staff by means of a whole range of events that have been organised. We have loved working with all our corporate partners in 2016.

xvi). The Big Give. A highlight of 2016 was the nomination of Canine Partners to take part in the annual pre-Christmas fundraising initiative, The Big Give. We were astounded by the generosity of The Clive and Sylvia Richards Charity who matched all donations made over the 48 hour period, to the tune of nearly £30,000.

xvii). The Kennel Club Charitable Trust. We are indebted to The Kennel Club Charitable Trust for their continued support in 2016, support which has been forthcoming every year since 1998, and for which we are immensely grateful.

xviii). Other Charitable Trusts. We count ourselves as extremely fortunate to benefit from the generosity of a whole host of charitable trusts and foundations, without whom our work would not be possible. These have supported our work in many ways in 2016, including the sponsorship of many of our dogs, as well as contributions towards our capital appeal, for the development of our Leicestershire facilities (see iii above) and certain specific contributions towards defined projects. In particular we note the generosity of the G. K. Iggleden Trust in 2016, whose donation will enable us to buy a much-needed wheelchair accessible minibus as well as making certain adjustments to our Southern centre facilities to make visits even more comfortable for our guests. We also make special mention of the Ostacchini Charitable Trust and the Leicestershire and Rutland Community Foundation.

xix). Legacies. We are indebted to many people for their generosity in leaving us gifts in their wills in 2016. We not only thank them for their generosity but we also thank all members of the Canine Partners family for spreading the word about our work in such a way as to encourage this increasing legacy support. We make special mention of Colonel

Canine Partners for Independence

Alan Jukes OBE, president of our Legacy Club, not only for hosting our Legacy Club events but also for providing such tremendous ongoing support of our work, along with his wife Caroline. Thank you!

xx). Education. We spread the word throughout 2016, not only about Canine Partners but also about disability issues in general, by speaking at a whole range of schools, universities, clubs, societies and associations. We delivered this education programme with the help of a whole network of volunteer speakers across the UK, and with our National Speaker who also delivered presentations at a variety of conferences throughout the year, focusing specifically on groups such as Rotary, Inner Wheel, Lions, WI, Probus, Young Farmers, Masons, U3A and others too many to mention. The creation of a brand new post of Head of Education helped us to further develop the educational side of our work, reaching out more proactively to schools, colleges and universities.

xxi). Increasing awareness of our work. We achieved further media coverage regarding our work in 2016. Our appearances in national and local media, both in print, broadcast media and online, were simply too many to mention. Although not an end in itself, increased publicity does serve to bring wider attention to the benefits that Canine Partners can offer to disabled people and certainly assists in our ability to raise funds. The Communications team was reorganised this year, with increased development of our presence on social media and online platforms.

xxii). Celebrity support. We were delighted to have been supported by a number of celebrities throughout 2016, whether at the annual carol service organized by Draycott Nursing & Care, where readings were given by Valerie Singleton of Blue Peter fame, actors Rula Lenska, Tim McMullan and Jack Fox as well as writer and entertainer Pam Ayres.

xxiii). Chris Robshaw. Our very special thanks go to Chris Robshaw, England and Harlequins Rugby Union star, who nominated Canine Partners as a benefitting charity from the proceeds of his testimonial year, along with Walking With The Wounded and the Teenage Cancer Trust. We joined Chris on several occasions in 2016 in his busy year of fundraising, culminating in a Gala Dinner just before Christmas. We look forward to learning of Chris' final tally in 2017.

xxiv). Exercising financial prudence. This was again an important priority in 2016, against the backdrop of a world that has still not fully emerged from an economic downturn and has been further unsettled in the wake of the Brexit referendum. Despite a successful financial year for the Charity in 2016 we are by no means complacent, and continue to ensure that robust financial monitoring remains a high priority. The finance sub-committee met regularly throughout 2016 and provided advice to the main Trustee Council on financial matters. This level of monitoring will be maintained throughout 2017 and beyond.

xxv). Staff. The Trustees pay tribute to the hard-working staff who are so dedicated to furthering the Charity's mission, embracing the values which permeate every aspect of the work of Canine Partners. We are also indebted to our networks of aftercare assistants and occupational therapists who are vital in assisting our partnerships across the UK. 2016 saw several staff throw themselves into fundraising efforts. Special mention of our Director

Canine Partners for Independence

of Fundraising & Communications, who ran the New York marathon in aid of Canine Partners and in memory of her son, who tragically passed away in 2016. The Canine Partners family suffered other losses in 2016, with our very own Julia Chase, member of the Southern advanced training team, losing her battle with cancer at a tragically young age. We also bade our farewells to Bruce Jenkins, former Director of Finance & HR, who sadly passed away all too soon following his retirement. These people have played significant roles in the history of Canine Partners, transforming people's lives, and we salute them.

xxvi). Training and development. As we expanded our operational activities and recruited a growing team of staff and volunteers, greater emphasis was placed on training and development in 2016. We are delighted that several members of staff gained in-house and external qualifications in 2016. Our staff are a vital asset for the successful delivery of our work, and with a growing workforce comes a growing commitment to support their needs. To better enable this, we created the brand new post of HR Manager in 2016, again filled by internal promotion of an existing staff member who developed into the role, achieving a distinction in the CIPD HR Management Postgraduate Diploma. 2016 saw various HR initiatives, not least a succession of staff engagement workshops and various working parties to brainstorm various innovative ways of working. Our very own staff survey took place again in December 2016, which is becoming an annual feature in our calendar, ensuring that we maximize the effectiveness of our team, with every member of staff being an expert within their own specific remit.

xxvii). Volunteers. We recognise that the mission of Canine Partners is only achieved through the hard work and dedication of an ever-growing host of volunteers across the UK. Volunteers are at the heart of every aspect of our work, from our trustees, patrons and vice patrons to our volunteer fundraisers, volunteer puppy parents and foster homers – training puppies for the first year of their lives - volunteer drivers, volunteer speakers, volunteer kennel-cleaners, volunteer gardeners, maintenance men and administrators, as well as a myriad of volunteer advisers and other supporters who think of ever more imaginative ways of helping us. We are indebted to you all, not only for your hard work but also for your help in keeping our costs to a minimum.

xxviii). Donors. We are greatly indebted to a number of charitable trusts, organisations and individuals, whose generosity enabled us to fulfil our mission in 2016. Thank you to all our donors for every single contribution you have made, large or small.

xxix). Patron and vice patrons. We are honoured to be supported by our patron, His Royal Highness The Duke of Gloucester. We are immensely grateful to vice patrons Roger Jefcoate CBE DL, The Dowager Countess of Clarendon DL, and Tita Lady Kindersley, who open numerous doors for us and so frequently assist us in hosting events.

xxx). Partners. Last but by no means least, we thank our partners for all their involvement in the Charity, from the Trustee Board downwards, playing such a key role in deciding the way forward for Canine Partners, keeping our mission so clearly within our sights. Above all, thank you for showing such appreciation for our dogs and for providing them with such loving homes and interesting, worthwhile lives.

Canine Partners for Independence

Financial Review

23. Charity Accounts – Financial Year 2016

- i) The Charity enjoyed another excellent financial year in 2016, thanks to the continued support of its many and varied funders. Total incoming resources were £3,668,060. Of this amount £289,788 resulted from our Capital Appeal which is restricted for the development of the Midlands Centre. Incoming resources excluding these restricted funds amounted to £3,378,272, a decrease of 4% on 2015, which reflects the exceptional calendar of events held in 2015, our 25th anniversary year. Incoming resources excluding events amounted to £3,340,414, an increase of 4% on 2015.

Running costs for this year amounted to £3,216,142, an increase of 3% on 2015, which reflects further investment during the year, in line with the Charity's aim to increase operational output year on year over the coming years. The surplus income excluding Capital Appeal income was £162,130 which has been retained in general reserves.

- ii) The Balance Sheet value of the Charity's net assets as at the year-end was £5.7 million.
- iii) A significant cost to the Charity is its staff, comprising 58% of expenditure (2015: 53%). The field in which the Charity operates, providing assistance dogs to disabled people, is undoubtedly labour intensive and service-orientated. This cost is kept under constant review. Manpower needed for growth is generally recruited twelve months ahead of requirement to allow for the requisite training period in this complex field of work.
- iv) The Charity's Trustees exercise constant supervision of the financial affairs of the organisation through its finance sub-committee, which monitors performance against monthly income targets and cost budgets.

24. Risk Management.

The Trustees constantly review the forward strategy for the Charity and have done so formally this year, updating the Charity's business plan. As part of these overall procedures, the Trustees also conduct regular reviews of the possible risks to the Charity and the management strategy to cope with these. This process includes:

- An annual review of the risks which the Charity may face;
- A quarterly review of the Charity's detailed solvency, prepared by the finance staff, with a quarterly & annual minimum operating margin identified;
- Establishment of systems and procedures to mitigate any risks identified in the forward plans;
- Procedures designed to minimise any potential impact on the Charity, should such risks materialise.

A full Risk Management Plan is reviewed annually.

Canine Partners for Independence

Plans for the Future – The Way Ahead

25. We are determined to build upon the progress that was made in 2016 and have set ourselves the following ambitious goals for 2017, which will provide us with a significant degree of challenge given the uncertain financial forecasts that currently exist in the world at large.

- i) To create 70+ new partnerships. We aim to transform the lives of more than 70 disabled people in 2017, with our specially trained assistance dogs. At the same time, work will continue behind the scenes to gear up for further operational expansion in 2018.
- ii) To further increase numbers of established working partnerships across the UK. We aim to increase the number of established working partnerships across the UK to over 400. This ambition would mean that over 400 disabled people would live with a specially trained canine partner by their side by Christmas 2017, which would be an operational record for the Charity. Exact numbers will also depend on how many existing canine partnerships will retire during 2017, due to the health of dog or person. This is not an exact science and depends on individual circumstances, although our guideline is to retire canine partners on, or by, their 12th birthday.
- iii) To commence the final Phase of development of our Midlands centre. The final piece of the jigsaw for our Midlands site development is to build kennels for our dogs as we cease to use external commercial kennels, and to tidy the site for the comfort and enjoyment of all our visitors, both human and canine. During 2017 we hope to make progress in raising funds for this last Phase, such that work can commence in this calendar year.
- iv) To recruit increased numbers of volunteer puppy parents. In readiness for the completion of our Midlands facilities, we aim to increase numbers of volunteer puppy parents in 2017, such that increased numbers of dogs can be trained. Our ambition is to be transforming the lives of 100 disabled people per year by 2020, and this will only be possible if sufficient numbers of dogs progress through the two-year training system, the first 12 to 18 months of which take place in a volunteer's home.
- v) To raise sufficient funds to cover the costs of all the above goals. Key to our ability to achieve our operational targets is our success in securing sufficient funding. We enter 2017 with confidence, with a strong team in place, comprising staff, volunteers and a whole 'purple army' of Canine Partners supporters.
- vi) Financial prudence. The Trustees recognise that robust financial monitoring of income and expenditure will continue to be a high priority for 2017 and the coming years as the country's economic recovery remains uncertain, exacerbated by the aftermath of the Brexit referendum. The trustees recognise that the rate of growth must be adjusted accordingly. The finance sub-committee will continue to meet regularly.

Canine Partners for Independence

26. Reserves Policy

The Trustees have established the level of reserve (i.e. those funds that are freely available) that the Charity ought to have. Reserves are needed to cover the costs of continuing operations of the Charity and maintaining aftercare of partnerships during any period of shortfall of incoming funds. The Trustees assess that on the current number of partnerships and the planned output over the next few years the reserves policy should be to maintain at least six months of operating costs against such contingencies. Based on budgeted costs for 2017 the general reserve should be £1.6 million. The general operating reserve at Balance Sheet date stands at £2.5 million, of which £1.1 million is freely available.

27. Trustees' responsibilities in relation to the Financial Statements.

The Trustees (who are also directors of Canine Partners for Independence for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

29. Auditors. Moore Stephens (South) LLP remains Auditor to the Charity.

Statement of Disclosure to Auditors

So far as the Trustees are aware there is no relevant audit information of which the Charity's auditors are unaware. Additionally, the Trustees have taken all the necessary steps that they ought to have taken as Trustees in order to make them aware of all relevant audit information and to establish that the Charity's auditors are aware of that information.

Trustees Annual Report and Strategic Report approved by order of the Trustees

Clive Murray, Company Secretary

Independent Auditors' Report to the Trustees and Members of Canine Partners for Independence

We have audited the financial statements of Canine Partners for Independence for the year ended 31 December 2016 which are set out on pages 21 to 34. 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), including Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of the Trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 18, 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 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 Auditing Practices Board's (APB'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 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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 charitable company's affairs as at 31 December 2016 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' annual report.

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 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; 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.

A S Wulff (Senior Statutory Auditor)
For and on behalf of MOORE STEPHENS (SOUTH) LLP
Chartered Accountants
Statutory Auditor

.....
City Gates
2-4 Southgate
Chichester
West Sussex
PO19 8DJ

Moore Stephens (South) LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Canine Partners for Independence

Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31 December 2016

| | | Unrestricted Funds | Restricted Funds | Total Funds 2016 | Unrestricted Funds | Restricted Funds | Total Funds 2015 |
|--------------------------------------|--------------|-----------------------|---------------------|------------------------|-----------------------|---------------------|------------------------|
| | Notes | £ | £ | £ | £ | £ | £ |
| Income & endowments from: | | | | | | | |
| Donations and legacies | | 3,199,950 | 355,813 | 3,555,763 | 3,121,710 | 249,164 | 3,370,874 |
| Other Trading Activities | | 109,235 | - | 109,235 | 398,716 | | 398,716 |
| Investments | | 3,062 | - | 3,062 | 3,172 | | 3,172 |
| Total income & endowments | 2 | 3,312,247 | 355,813 | 3,668,060 | 3,523,598 | 249,164 | 3,772,762 |
| Expenditure on: | | | | | | | |
| Raising funds | | 622,215 | 1,091 | 623,306 | 678,943 | 5,200 | 684,143 |
| Charitable activities | | 2,472,263 | 120,573 | 2,592,836 | 2,298,988 | 138,936 | 2,437,924 |
| Total expenditure | 3 | 3,094,478 | 121,664 | 3,216,142 | 2,977,931 | 144,384 | 3,122,067 |
| Net income/(expenditure) | 4 | 217,769 | 234,149 | 451,918 | 545,667 | 105,028 | 650,695 |
| Transfer between funds | | - | - | - | - | - | - |
| Net movement in funds | | 217,769 | 234,149 | 451,918 | 545,667 | 105,028 | 650,695 |
| Total funds brought forward | | 2,254,341 | 2,990,467 | 5,244,808 | 1,708,674 | 2,885,439 | 4,594,113 |
| Total funds carried forward | 14/15 | 2,472,110 | 3,224,616 | 5,696,726 | 2,254,341 | 2,990,467 | 5,244,808 |

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities. The notes on pages 24 to 34 form part of these accounts.

Canine Partners for Independence

Balance Sheet as at 31 December 2016

| | Notes | £ | December 2016 £ | December 2015 £ |
|---|-------|------------------|--------------------|--------------------|
| Fixed Assets | | | | |
| Tangible Fixed Assets | 9 | | 5,817,619 | 4,923,301 |
| Current Assets | | | | |
| Sundry Stocks | 10 | 79,088 | | 81,632 |
| Sundry Debtors | 11 | 98,911 | | 123,998 |
| Short Term Deposits | | 10,000 | | 260,000 |
| Cash at Bank and in Hand | | <u>882,412</u> | | <u>669,141</u> |
| | | 1,070,411 | | 1,134,771 |
| Creditors Amounts falling due within 1 year | 12 | <u>327,020</u> | | <u>298,588</u> |
| Net Current Assets | | | <u>743,391</u> | <u>836,183</u> |
| Total Assets less Current Liabilities | | | 6,561,010 | 5,759,484 |
| Liabilities Amounts falling due after more than one year | 13 | | <u>864,284</u> | <u>514,676</u> |
| Net Assets | | | <u>5,696,726</u> | <u>5,244,808</u> |
| Funds | | | | |
| Unrestricted Funds | | | | |
| General Operating | 14 | 2,472,110 | | 2,004,341 |
| Designated Building Fund | 14 | - | | <u>250,000</u> |
| | | | 2,472,110 | 2,254,341 |
| Restricted Funds | | | | |
| General Operating | 15 | 59,333 | | 23,416 |
| Buildings | 15 | <u>3,165,283</u> | | <u>2,967,051</u> |
| | | | <u>3,224,616</u> | <u>2,990,467</u> |
| | | | <u>5,696,726</u> | <u>5,244,808</u> |

Approved by the Board of Directors onand signed on its behalf by

SignedName..... Trustee

SignedName..... Trustee

Company Registration No. 02516146

The notes on pages 24 to 34 form part of these accounts.

**Statement of Cash Flows
for the year ended 31 December 2016**

| | Note | £ | 2016 £ | £ | 2015 £ |
|---|----------|------------------|-----------------------|------------------|-----------------------|
| Cash Flow from Operating Activities | 5 | | 616,560 | | 617,182 |
| Cash Flow from Investing Activities | | | | | |
| Interest received | | 3,062 | | 3,172 | |
| Payments to acquire tangible assets | | <u>(998,318)</u> | | <u>(111,753)</u> | |
| | | | (995,256) | | (108,581) |
| Cash Flow from Financing Activities | | | | | |
| Bank Loan | | 400,000 | | | |
| Interest paid | | (15,684) | | (14,499) | |
| Repayment of long term bank loan | | <u>(42,350)</u> | | <u>(41,326)</u> | |
| | | | <u>341,966</u> | | <u>(55,825)</u> |
| Net Increase/(Decrease) in cash and cash equivalents | | | (36,730) | | 452,776 |
| Cash and Cash Equivalents at 1 January 2016 | | | <u>929,142</u> | | <u>476,365</u> |
| Cash and Cash Equivalents at 31 December 2016 | | | <u><u>892,412</u></u> | | <u><u>929,142</u></u> |
| Cash and Cash Equivalents consist of: | | | | | |
| Cash at Bank and In Hand | | | 882,412 | | 669,141 |
| Short Term Deposits | | | <u>10,000</u> | | <u>260,000</u> |
| | | | <u><u>892,412</u></u> | | <u><u>929,141</u></u> |

Canine Partners for Independence

Notes forming part of the financial statements for the year ended 31 December 2016

1. Accounting Policies

The Charity's registered office is Mill Lane, Heyshott, Midhurst, West Sussex, GU29 0ED.

(a) Basis of Accounting

The Charity constitutes a public benefit entity as defined by Financial Reporting Standard (FRS)102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with FRS102, the Charities Act 2011, the Companies Act 2006, and UK Generally Accepted Practice.

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

The principle accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

The financial statements have been prepared on a going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005.

(b) Fund Accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds are unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors, or through the terms of an appeal.

(c) Income recognition

All incoming resources are included in the statement of financial activities when the Charity is entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

The following specific policies are applied to particular categories of income:

For donations to be recognised the Charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained, the income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the Charity and it is probable that they will be fulfilled.

Donated facilities and donated professional services are recognised as income at their fair value when their economic benefit is probable, it can be measured reliably and the Charity has control over the item. Fair value is determined on the basis of the value of the gift to the Charity. For example, the amount the Charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

Canine Partners for Independence

Notes forming part of the financial statements for the year ended 31 December 2016

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report.

Where practicable, gifts in kind donated for distribution to the beneficiaries of the Charity are included in stock and donations in the financial statements upon receipt. If it is impracticable to assess the fair value at receipt or if the costs to undertake such a valuation outweigh any benefits, then the fair value is recognised as a component of donations when it is distributed and an equivalent amount recognised as charitable expenditure.

Gifts in kind donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. Where estimating the fair value is practicable upon receipt it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impracticable to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Fixed asset gifts in kind are recognised when receivable and are included at fair value. They are not deferred over the life of the asset.

For legacies, entitlement is the earlier of the Charity being notified of an impending distribution or the legacy being received. At this point income is recognised.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the Charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Interest income is recognised using the effective interest method and dividend and rent income is recognised as the Charity's right to receive payment is established.

(d) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes the cost of fundraising events;
- Expenditure on charitable activities includes the provision of services to the charity's beneficiaries.

Irrecoverable VAT is charged as an expense against the activity for which the expenditure arose.

(e) Support costs

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, financial administration, IT support and payroll costs. They are incurred directly in support of expenditure on the objects of the charity.

Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Canine Partners for Independence

Notes forming part of the financial statements for the year ended 31 December 2016

(f) Tangible Fixed Assets

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

The training centres are included in the financial statements on a "value in use" basis. The Trustees are of the opinion that the training centres' value in use is best reflected by their construction costs depreciated over their estimated useful lives. This is rather than the amount that the training centres could be sold for in the market, which does not reflect the specialist nature of the construction of these assets or their service potential to the charity.

Depreciation is provided to write down the cost of each asset over its estimated useful life as follows:

| | |
|--------------------|---------------------------------|
| Motor Vehicles | 20% straight line basis on cost |
| Equipment | 20% straight line basis on cost |
| IT Equipment | 33% straight line basis on cost |
| Freehold Buildings | 2% straight line basis on cost |
| Freehold Land | not depreciated |

(g) Leases

Assets held under finance leases are capitalised at value on date of inception of each lease contract and depreciated over their estimated useful lives. Finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

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

(h) Stock

Stock is included at the lower of cost or net realisable value.

(i) Pensions

The Charity has arranged a defined contribution pension scheme for all eligible employees. The assets of this scheme are held separately from those of the Charity. Pension costs charged in the Statement of Financial Activities represent the contributions payable by the Charity in the year.

Canine Partners for Independence

Notes forming part of the financial statements for the year ended 31 December 2016

2 Total Income and Endowments

| | Unrestricted Funds General £ | Restricted Funds General £ | Restricted Building Fund £ | Total 2016 £ | Total 2015 £ |
|-------------------------------|---------------------------------------|-------------------------------------|-------------------------------------|--------------------|--------------------|
| Donations and legacies: | | | | | |
| Donations & Gifts | 1,112,324 | 14,000 | 38,876 | 1,165,200 | 1,259,080 |
| Clubs & Associations | 48,254 | - | 412 | 48,666 | 77,744 |
| Trusts & Corporates | 619,050 | 52,025 | 250,500 | 921,575 | 814,670 |
| Legacies | 1,420,322 | - | - | 1,420,322 | 1,219,380 |
| | <u>3,199,950</u> | <u>66,025</u> | <u>289,788</u> | <u>3,555,763</u> | <u>3,370,874</u> |
| Other trading activities: | | | | | |
| Functions held | 37,858 | - | - | 37,858 | 321,474 |
| Charity products sold | 71,377 | - | - | 71,377 | 77,242 |
| | <u>109,235</u> | <u>-</u> | <u>-</u> | <u>109,235</u> | <u>398,716</u> |
| Investments: | | | | | |
| Interest on deposited funds | 3,062 | - | - | 3,062 | 3,172 |
| Surplus on disposal of assets | - | - | - | - | - |
| | <u>3,062</u> | <u>-</u> | <u>-</u> | <u>3,062</u> | <u>3,172</u> |
| Total income and endowments | <u>3,312,247</u> | <u>66,025</u> | <u>289,788</u> | <u>3,668,060</u> | <u>3,772,762</u> |

Canine Partners for Independence

Notes forming part of the financial statements for the year ended 31 December 2016

3 Total resources expended

Running Costs:

| | Charitable General £ | Activities Restricted £ | Generating General £ | Funds Restricted £ | Governance General £ | Building Restricted £ | Total 2016 £ | Total 2015 £ |
|--|----------------------------|-------------------------------|----------------------------|--------------------------|----------------------------|-----------------------------|--------------------|--------------------|
| Workforce Costs | 1,516,909 | 28,392 | 384,591 | 1,091 | 51,491 | - | 1,982,474 | 1,753,935 |
| Transport | 189,406 | - | 41,200 | - | 5,240 | - | 235,846 | 243,437 |
| Office & Site Facilities | 132,383 | - | 66,489 | - | 17,097 | - | 215,969 | 192,948 |
| Equipment Repairs Maintenance, Hire | 75,293 | - | 20,060 | - | 7,272 | - | 102,625 | 87,272 |
| Operations | 391,378 | 625 | - | - | - | - | 392,003 | 420,738 |
| Fundraising & Marketing | 26,760 | - | 35,425 | - | - | - | 62,185 | 60,032 |
| Communications | 19,886 | - | 8,208 | - | 293 | - | 28,387 | 92,287 |
| Finance Costs | - | - | - | - | 28,901 | - | 28,901 | 24,716 |
| Depreciation | 8,711 | 91,556 | 2,489 | - | 1,244 | - | 104,000 | 101,997 |
| | 2,360,726 | 120,573 | 558,462 | 1,091 | 111,538 | - | 3,152,390 | 2,977,362 |

Cost of activities for generating funds:

| | | | | | | | | |
|-------------------------------------|-----------|---------|---------|-------|---------|---|-----------|-----------|
| Function costs | - | - | 19,883 | - | - | - | 19,883 | 106,358 |
| Charity products costs | - | - | 43,869 | - | - | - | 43,869 | 38,347 |
| | - | - | 63,752 | - | - | - | 63,752 | 144,705 |
| Total resources expended | 2,360,726 | 120,573 | 622,214 | 1,091 | 111,538 | - | 3,216,142 | 3,122,067 |

4 Net Income/(Expenditure) for the Year

This is stated after charging:

| | 2016 £ | 2015 £ |
|--------------------------------------|-----------|-----------|
| Depreciation | 104,000 | 101,997 |
| Auditors Remuneration: Audit Fees | 5,600 | 4,800 |

Canine Partners for Independence

Notes forming part of the financial statements for the year ended 31 December 2016

5 Statement of Cash Flows for the year ended 31 December 2016

| Reconciliation of operating profit to net cash inflow from operating activities | 2016 | 2015 |
|--|----------------|----------------|
| | £ | £ |
| Net incoming resources | 464,539 | 662,022 |
| Depreciation of tangible assets | 104,000 | 101,997 |
| Decrease/(Increase) in stocks | 2,544 | 9,554 |
| Decrease/(Increase) in debtors | 25,087 | 99,642 |
| Increase/(decrease) in creditors | 20,390 | (256,033) |
| | | |
| Net cash inflow from operating activities | 616,560 | 617,182 |

6 Staff costs

| | 2016 | 2015 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Salaries | 1,695,517 | 1,489,862 |
| Social security costs | 140,081 | 122,368 |
| Pension costs | 44,954 | 41,622 |
| | | |
| | 1,880,552 | 1,653,852 |

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

| | 2016 | 2015 |
|-------------------|---------------|---------------|
| | Number | Number |
| £70,000 - £80,000 | 1 | 1 |

All employees earning more than £60,000 participated in the pension scheme and the Charity made pension contributions totalling £3,512 on behalf of this employee (2015 £3,526).

The key management personnel of the Charity as defined under the Governance section on page 3 are the Senior Management Team. The employee costs of the Senior Management Team including pension costs amounted £281,816 (2015 £240,136)

7 Staff numbers

The average number of employees during the year, calculated on the basis of full time equivalents, was as follows:

| | 2016 | 2015 |
|-----------------------|---------------|---------------|
| | Number | Number |
| Charitable Activities | 46 | 43 |
| Generating Funds | 14 | 12 |
| Support & Governance | 8 | 5 |
| | | |
| | 68 | 60 |

Canine Partners for Independence

Notes forming part of the financial statements for the year ended 31 December 2016

8 Trustees

One Trustee was paid remuneration during the year (2015 £750). Remuneration and out of pocket expenses were reimbursed to Trustees as follows:

| | 2016 Number | 2015 Number | 2016 £ | 2015 £ |
|--|----------------|----------------|--------------|--------------|
| Remuneration | 3 | 1 | 450 | 750 |
| Travel | 3 | 8 | 1,890 | 783 |
| | | | <u>2,340</u> | <u>1,533</u> |
| Cost of Trustee indemnity insurance borne by the charity | | | <u>2,084</u> | <u>1,953</u> |

9 Tangible fixed assets

| | Freehold Land & Buildings | | Motor Vehicles | Computer Equipment | Other Equipment | Total |
|--------------------------|------------------------------|------------------|-------------------|-----------------------|--------------------|------------------|
| | Heyshott £ | Midlands £ | | | | |
| Cost or Valuation | | | | | | |
| As at 1 January 2016 | 2,637,161 | 2,765,281 | 71,227 | 36,112 | 137,522 | 5,647,303 |
| Additions in the Period | - | 973,026 | - | - | 25,292 | 998,318 |
| Disposals in the Period | | | | | | - |
| As at 31 December 2016 | <u>2,637,161</u> | <u>3,738,307</u> | <u>71,227</u> | <u>36,112</u> | <u>162,814</u> | <u>6,645,621</u> |
| Depreciation | | | | | | |
| As at 1 January 2016 | 439,512 | 73,899 | 71,227 | 36,111 | 103,253 | 724,002 |
| Charge for Period | 44,545 | 47,011 | - | - | 12,444 | 104,000 |
| Depn on Disposals | | | | | | |
| As at 31 December 2016 | <u>484,057</u> | <u>120,910</u> | <u>71,227</u> | <u>36,111</u> | <u>115,697</u> | <u>828,002</u> |
| Net Book Value | | | | | | |
| As at 31 December 2016 | <u>2,153,104</u> | <u>3,617,397</u> | <u>-</u> | <u>1</u> | <u>47,117</u> | <u>5,817,619</u> |
| As at 1 January 2016 | <u>2,197,649</u> | <u>2,691,382</u> | <u>-</u> | <u>1</u> | <u>34,269</u> | <u>4,923,301</u> |

Tangible assets with a net book value of £5,770,501 (2015 £4,889,031) have been pledged as security for liabilities of the Charity. These assets have restricted title.

The training centres are included in the financial statements on a "value in use" basis. The Trustees are of the opinion that the training centres' value in use is best reflected by their construction costs depreciated over their estimated useful lives. This is rather than the amount that the training centres could be sold for in the market, which does not reflect the specialist nature of the construction of these assets or their service potential to the charity.

Canine Partners for Independence

Notes forming part of the financial statements for the year ended 31 December 2016

10 Stock

| | December 2016 £ | December 2015 £ |
|----------------------------------|-----------------------|-----------------------|
| Dog food, medicine and equipment | 32,416 | 32,810 |
| Promotional material | 46,672 | 48,822 |
| | <u>79,088</u> | <u>81,632</u> |

11 Debtors

| | December 2016 £ | December 2015 £ |
|---------------------------------------|-----------------------|-----------------------|
| Inland Revenue - Gift Aid tax rebates | 28,908 | 18,775 |
| Other Debtors | 37,350 | 81,280 |
| Prepayments | 32,653 | 23,943 |
| | <u>98,911</u> | <u>123,998</u> |

12 Creditors - amounts falling due within one year

| | December 2016 £ | December 2015 £ |
|-------------------------------|-----------------------|-----------------------|
| Bank Loans | 49,368 | 41,326 |
| Inland revenue – PAYE & NIC | 41,678 | 73,133 |
| Accrued Expenses & Provisions | 34,996 | 34,407 |
| Trade Creditors | 200,978 | 149,722 |
| | <u>327,020</u> | <u>298,588</u> |

13 Liabilities - amounts falling due after more than one year

| | December 2016 £ | December 2015 £ |
|-------------------------------|-----------------------|-----------------------|
| Bank Loans: | | |
| Repayable within 1 year | 63,403 | 41,326 |
| Repayable within 2 to 5 years | 190,208 | 123,979 |
| Repayable after 5 years | 610,673 | 349,371 |
| | <u>864,284</u> | <u>514,676</u> |

There are six loans provided by Lloyds plc with interest charged on three of the loans at 1.5% above Base Rate and secured by a first charge on the Southern Centre in West Sussex. Interest is charged on the fourth loan at 2.45% above the Base Rate, on the fifth loan at 2.88% fixed rate and the sixth loan at 2.6% above the Base Rate, all 3 secured by a first charge on the Midlands Centre in Leicestershire and the Southern Centre.

Canine Partners for Independence

Notes forming part of the financial statements for the year ended 31 December 2016

The six loans are repayable by monthly instalment, with the first loan repayable over 20 years, the second repayable over 18 ¼ years, the third over 18 years, the fourth repayable over 20 years, the fifth over 18 years and the sixth over 19 years.

14 Unrestricted funds of the Charity

| | Balance 1 Jan 2016 £ | Movement Incoming £ | in Resources Outgoing £ | Transfers between Funds £ | Balance 31 Dec 2016 £ |
|-----------------------------|-------------------------------|---------------------------|-------------------------------|------------------------------------|--------------------------------|
| General Fund | 2,004,341 | 3,312,247 | 3,094,478 | 250,000 | 2,472,110 |
| Designated Building Fund | 250,000 | - | - | (250,000) | - |
| | 2,254,341 | 3,312,247 | 3,094,478 | 0 | 2,472,110 |

The Designated Building Fund was designated for the development of the Midlands Training Centre accommodation block. This has now been completed.

15 Restricted funds of the Charity

| | Balance 1 Jan 2016 £ | Movement Incoming £ | in Resources Outgoing £ | Transfers between Funds £ | Balance 31 Dec 2016 £ |
|-------------------|-------------------------------|---------------------------|-------------------------------|------------------------------------|--------------------------------|
| General Fund: | | | | | |
| Equipment | 625 | - | 625 | - | - |
| Operational Costs | 22,791 | 66,025 | 29,483 | - | 59,333 |
| | 23,416 | 66,025 | 30,108 | - | 59,333 |
| Building Fund: | | | | | |
| Southern | 1,654,173 | - | 44,545 | - | 1,609,628 |
| Midlands | 1,312,878 | 289,788 | 47,011 | - | 1,555,655 |
| | 2,967,051 | 289,788 | 91,556 | - | 3,165,283 |
| | 2,990,467 | 355,813 | 121,664 | - | 3,224,616 |

The Restricted General Fund comprises donations given to purchase specific equipment, vehicles or cover running costs of defined operational areas. Depreciation of equipment and vehicles purchased is written off to the fund over their life. Operational costs are charged to the fund as expended.

In 2004, the Charity was awarded a grant from The Lottery Fund of £370,000 towards building costs of the Southern Centre in West Sussex for which it gave a second charge on the site for 80 years. The grant will become repayable should the Charity fail to meet agreed covenants or cease to operate.

Canine Partners for Independence

Notes forming part of the financial statements for the year ended 31 December 2016

16 Analysis of Net Assets between Funds

| | Tangible Fixed Assets | Cash at Banks and In Hand | Other Net Current Liabilities | Long Term Liabilities | Total Funds December 2016 |
|--------------------------|--------------------------------------|--|--|--------------------------------------|--|
| | £ | £ | £ | £ | £ |
| General Fund | 2,652,336 | 833,079 | (149,021) | (864,284) | 2,472,110 |
| Designated Building Fund | - | - | - | - | - |
| Restricted General Fund | | 59,333 | - | - | 59,333 |
| Restricted Building Fund | 3,165,283 | - | - | - | 3,165,283 |
| | <u>5,817,619</u> | <u>892,412</u> | <u>(149,021)</u> | <u>(864,284)</u> | <u>5,696,726</u> |

17 Financial Commitments

At 31 December 2016 the Charity was committed to making the following payments under non-cancellable operating leases:

| | 2016 £ | 2015 £ |
|------------------------------|-------------------|-------------------|
| Payable within 1 year: | | |
| Land and Buildings | 3,083 | 11,500 |
| Other Leases | 59,558 | 64,033 |
| Payable within 2 to 5 years: | | |
| Land and Buildings | - | 630 |
| Other Leases | 96,556 | 121,711 |
| | <u>159,197</u> | <u>197,874</u> |

18 Capital Commitments

The Charity entered into a contract for the next phase of construction of its new Midlands Centre, with a total contract value of £963k. As at 31 December 2016 works to the value of £932k had been completed and included in fixed asset additions.

19 Pension and Other Post-Retirement Benefit Commitments

The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund.

| | December 2016 £ | December 2015 £ |
|---|--------------------------------|--------------------------------|
| Contributions payable by the Charity for the year | <u>44,954</u> | <u>41,622</u> |

Canine Partners for Independence

Notes forming part of the financial statements for the year ended 31 December 2016

20 Legal status of the Charity

The Charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.