

ANNUAL REPORT

ACTION ON
HEARING
LOSS

and financial statements for
the year end 31 March 2014



WELCOME

to our annual report for 2013-14

Last year we began to bring to life the plans outlined in our new strategy, *Taking Action. Hearing loss: a national and local response*. This meant that all of us – staff and volunteers – worked to make sure that:

- people who are deaf, or have a hearing loss or tinnitus have access to the right **information, advice, care and support**
- **there is a range of equipment, treatments and cures available**
- **equality and life choices are not limited** – so that people who are deaf, or have a hearing loss or tinnitus have equal access to education, employment, healthcare and a social life – and are able to make the same life choices as everyone else.

It's been a year of significant achievements. We increased the 'reach' of our community services across the UK; in particular, we were able to start providing services across all of Wales and Northern Ireland.

Our services for people who are deaf and have additional support needs went from strength to strength. We continued to offer and develop high-quality, personalised services, to more people in more areas, underpinned by sustainable funding.

We worked hard to influence national governments to treat hearing loss as a serious, long-term condition. In England, we gained the government's agreement that a Hearing Loss Action Plan should be published as a priority, and secured their commitment to a public consultation on adult-hearing screening.

In Northern Ireland, the politicians have committed to take up the recommendations of the Physical and Sensory Disability Strategy; we were key contributors. In Wales, as a result of our lobbying, all over-50s will benefit from a pilot health check, incorporating hearing-screening questions. In Scotland, too, we helped draft the new, national sensory-disability strategy.

Our biomedical researchers made exciting discoveries as we edged closer to a cure – and towards developing new treatments for hearing loss and tinnitus. We cemented our merger with Deafness Research UK: we now have an excellent platform to expand our research.

As well as driving forward these charitable objectives, we've also succeeded – in a tough funding environment – to diversify and grow our income streams. This will help us make sure that we can keep delivering our vital work, whatever the future holds.

We're determined to go still further to extend our reach to the people who need our help – and to do it in a flexible way that meets local needs, and reaches even more people. This is why we've incorporated a strategic report, which outlines our plans for future years.

As well as striving to secure what's best for people with hearing loss, through clear strategies in place at the heart of government, we'll also focus on key campaigns around access to healthcare, television access, securing a national hearing-screening programme, and improving and increasing lipreading provision.

We must sustain the momentum and generate even more excitement about the very real possibility of treatments and cures – if we are to secure the necessary funding for our vital biomedical research programme.

So, our plans are ambitious. They have to be, as we believe passionately that hearing matters. This is why we're taking action on hearing loss. But we're pragmatic too: we are investing wisely for the future and are realistic about our resource constraints. We're excited by the opportunities ahead and look forward to a year of making changes that improve people's lives.

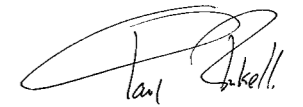
In this report we summarise our achievements and plans. We will take forward our central objectives to ensure that:

- **everyone has the right information, advice, care and support**
- **there is a range of equipment, treatments and cures available**
- **equality and life choices are not limited.**

We, along with our colleagues on the Board of Trustees, trust that you'll be as inspired by our work as we are.



Stephen Hill
Chairman



Paul Breckell
Chief Executive

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Trustees' report

1.1 Objectives and public benefit

The Board of Trustees of Action on Hearing Loss presents its annual report and financial statements for the year ending 31 March 2014. These comply with the Companies Act 2006, Action on Hearing Loss's governing document and the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities, as revised in March 2005.

Reference and administrative details

Action on Hearing Loss is the trading name of the charitable company limited by guarantee, The Royal National Institute of Deaf People (RNID). It is registered as a charity (No. 207720 England and Wales and SC038926 Scotland), and as a company (No. 454169). The address of its registered office is shown on page 29. Details of Trustees, senior executive staff, the Patron, Vice-Presidents and principal external advisers are given on pages 28-29.

Objectives and activities

Action on Hearing Loss's objects are to promote and encourage the prevention and mitigation of deafness and the better treatment, education, training, employment and welfare of people who are deaf or hard of hearing, and generally to promote, safeguard and protect the welfare of such people.

We work to create a world where deafness, hearing loss and tinnitus do not limit or

label people, and where people value their hearing. We do this by campaigning and lobbying, raising awareness of hearing loss, promoting hearing health, providing services, and through social, medical and technical research.

Public benefit

All of our activities are undertaken to further our charitable purposes for the benefit of the public. The Trustees use Charity Commission guidance on public benefit (section four of the Charities Act 2006).

Achievements and plans for the future

The Strategic Report summarises the year's achievements and performance, measured against our three overarching objectives:

- Everyone has the right information, advice, care and support
- There is a range of equipment, treatments and cures available
- Equality and life choices are not limited.

We've also included our plans for future years.

We can't do what we do without donations and dedicated volunteers.

To see more of our work, including video clips that demonstrate the impact of what we do, go to

www.actiononhearingloss.org.uk

To support us, please go to www.actiononhearingloss.org.uk/getinvolved

1.2 Strategic report

1.2.1 Achievements and performance

Everyone has the right information, advice, care and support

This is where most of our funding is invested. In 2013/14 we spent £25.7m on a wide range of services to support individuals. Income directly relating to this objective was £20.6m. The remaining £5.1m was funded by voluntary income and reserves.

OUR AIM

Make sure that people with hearing loss or tinnitus have access to information, advice, and peer support

There are 10 million people in the UK with different levels of hearing loss and different information needs. We have the expertise to provide tailored information, advice and peer support to them and their families, where they need it.

OUR IMPACT

- We gave valuable support to people from across the UK through our Information Line. We answered 18,628 calls and responded to 6,681 emails.
- We provided face-to-face advice to 41,625 people in the UK with hearing loss – 26,827 in England, 4,798 in Scotland, 8,663 in Wales, and around 1,337 in Northern Ireland.
- Our information is high quality and highly rated – we’re now certified by the [Information Standard](#). The scheme, run by NHS England, helps people find health information they can trust.
- Our Hear to Help services helped people in the community and at home to get the most out of their hearing aids – and

manage their hearing loss. This year we secured Hear to Help coverage across Northern Ireland and Wales for the first time. Across the UK, we helped people on 42,662 occasions.

- Staff and volunteers at our Hear to Meet befriending services reduce the isolation faced by people with hearing loss. Last year they helped people across England, Wales, Northern Ireland and Scotland.
- Our sensory services in England helped people 2,782 times, working with local authorities to assess needs and provide solutions for people who are deaf, deafened, deafblind or have a hearing loss.

Across the UK, we helped people on **42,662** occasions



People who used our services told us how those services changed their lives

“I feel in control of my life.”

“They help me to make my own decisions.”

“The staff are lovely. I go to the shops to buy my papers. Staff have helped me to be more independent.”

“I have choices. I’m happy here.”



Their relatives said

“In the past, my daughter’s life has been characterised by being inactive, inward looking, unhappy and over-medicated. Although life can still be challenging, Action on Hearing Loss has supported her to be active and outward-looking, experiencing positive interaction, having things to look forward to, being happy and enjoying life.”



**OUR AIM**

Give people, who are deaf and have additional support needs, greater choice, control and independence

We continue to enable the people using our care and support services to achieve their goals. The support we offer ranges from long-term residential care to community services.

OUR IMPACT:

- We supported 400 people through our 45 care and support services – that's more than last year. This means we helped them to maximise their independence, and exercise personal choice, control and self-determination – and express their individuality.

- Our care and support services were judged to be of a high quality: with the three national regulating bodies declaring them fully compliant.
- We continued to offer person-centred services, which means putting each individual – and *their* goals – at the heart of the support they receive.
- 'Making it Real' is the sector-wide commitment to transform adult social care through personalisation and community-based support. We're proud to say that 18 of our services now display the [Making it Real](#) kitemark; that's six more than last year.

OUR AIM

Transform hearing services, so hearing service provision is high quality, accessible and joined up

Our research shows that there are significant barriers to people accessing the services they need; inadequate integration between health and social care and vital rehabilitative services such as lipreading classes; and that the hospital care model alone is no longer appropriate for our ageing population. This has to change.

OUR IMPACT:

- Our [Joining Up](#) research report examined the issues around providing health and social care services to people who have hearing loss or who are deaf and also have other long-term conditions, including dementia, cardiovascular disease, stroke, diabetes, Parkinson's and sight loss. We made clear recommendations on how the country could make big cost savings – and improve people's quality of life – by providing better, joined-up services.
- Following the publication of our research, in its Future Hospital Commission report, the Royal College of Physicians urged hospitals to meet the needs of patients with hearing loss, to make sure that they're getting the maximum benefit from treatment for other conditions.
- With the British Academy of Audiology and NHS England, we pushed for more joined-up working between health professionals to ensure timelier referral and diagnosis.

During the year,
106,164
people took our
Hearing Check

- People made 28,000 'visits' to our innovative, online customer feedback tool ['Locate and Rate'](#). The tool helps drive up standards, by allowing people to search and rate the NHS and private hearing services in their area.
- In Northern Ireland, we worked hard to bring about better services for people with tinnitus. We secured government funding to develop service pilots, and launched a [Tinnitus Strategy](#), supported by the Department of Health, Social Services and Public Safety.
- In 2013, the Government announced that its UK-wide [National Screening Committee](#) will hold a public consultation in 2014 on whether to provide hearing screening to everyone when they reach 65. This would improve the lives of people with unaddressed hearing loss – and, for around £255 million, save the country £2 billion over 10 years. This is a significant step forwards for the Hearing Screening for Life campaign we're part of.
- During the year, 106,164 people took our [Hearing Check](#).

There is a range of equipment, treatments and cures available

In 2013-14 we spent almost £3.0m in this area. Income directly relating to this objective was £0.9m and the remainder came from voluntary income and reserves.

OUR AIM

Find ways to protect and restore hearing, and silence tinnitus

Right now, there are no treatments or cures that can undo or halt the progression of hearing loss, or silence tinnitus. The main reason is simple: not enough money is put into research and 'translating' scientific discoveries into commercially viable treatments. More must be done. That's why we target funding to the most promising areas of research through grants; break down barriers for translational research, and act as a catalyst for private investment. We're playing a vital role in accelerating the discovery and development of effective new treatments for hearing loss and tinnitus.

OUR IMPACT:

- We invested £1.6m in research projects to improve hearing aids and cochlear implants, and advance new treatments to protect and restore hearing and silence tinnitus.
- This was an increase of more than 50% on last year's spending, following our merger with Deafness Research UK. By amalgamating both charities' groundbreaking work, we can work more efficiently, raise the profile of our biomedical research – and boost that all-important funding.

We invested
£1.6m
in research
projects

- We awarded funding to six, major, international research projects that will lead to people benefiting more from their hearing aids and cochlear implants, and will improve our understanding and treatment of progressive deafness and noise-induced hearing loss.
- Researchers we funded made significant advances. One team proved that a protein called Kv2.2 plays an important role in protecting hearing from noise damage – a discovery that may help in developing drugs to prevent noise-induced hearing loss.
- As a result of another research project we funded, we now know so much more about how the brain differentiates the sounds we want to hear from background noise, something that people with hearing problems often find difficult. A better understanding of how the brain performs this complex task will ultimately lead to ways to help people overcome these problems.

- We've also worked in close partnership with the [Biotechnology and Biological Sciences Research Council \(BBSRC\)](#) and issued a joint 'Highlight Notice' to prioritise research into the lifecourse of the auditory system.
- Our [Translational Research Initiative for Hearing \(TRIH\)](#) – the phase where a promising discovery is moved from the laboratory into clinical trials – made substantial progress. We now have 16 TRIH partners – all bodies which want to support the development of treatments for hearing loss and tinnitus. Through this TRIH partnering scheme AstraZeneca is now collaborating with MRC Harwell to identify new treatments for otitis media (commonly referred to as glue ear).
- We awarded two new TRIH grants to support translational research that will:
 - develop a new, magnetic approach to deliver steroids to the cochlea. This could lead to better treatments for sudden sensorineural hearing loss
 - isolate new aminoglycoside antibiotics, which lack the harmful side effects that can cause hearing loss.
- We continued to encourage pharmaceutical and biotech companies to invest in developing new treatments for hearing loss and tinnitus by providing access to market intelligence (71 market reports this year), links to key academic and clinical experts, and by helping to recruit people into clinical trials.

- We launched the Pauline Ashley New Investigator scheme to help talented new investigators establish careers in hearing research. We made eight awards, helping to develop the hearing-research leaders of tomorrow.
- We funded six new PhD studentships this year, working in partnership with Cochlear Ltd to co-fund one of these awards and to increase the number of scientists working in the field.
- We awarded 13 summer studentships to science undergraduates who are taking the opportunity to gain research experience in a top hearing-research lab.
- We visited 121 schools to talk about the benefits of protecting hearing, with 27,196 pupils seeing our lively, interactive show.



Equality and life choices are not limited

In 2013-14 we spent £5.2m progressing this objective. Income directly relating to this objective was £3.1m and the remainder was from voluntary income and reserves.

OUR AIM

Ensure people who are deaf have access to communication support and technology

Getting the right communication support is the main challenge for people with hearing loss. We believe that, with improved access to communication support and technology, people can avoid isolation.

OUR IMPACT:

- We delivered 17,257 sign language assignments to people who needed communication support, and 1,514 assignments to people needing non-BSL (British Sign Language) or electronic support to communicate. This was an increase of 10% compared to last year and meant we were able to support more people, especially in the area of health.
- We're passionately committed to helping more people benefit from lipreading classes - lipreading enables people to live fuller and more independent lives. We backed this up with hard, new evidence, then secured funding from the Department for Business, Innovation and Skills to investigate, specifically, the value of lipreading in helping people move into or stay in work.

- We designed and piloted [Our Health in Your Hands](#) workshops, with six other deaf organisations. The sessions were designed to make patients who are deaf aware of their rights to communication support in healthcare settings.
- We sold 81,079 products to help people with deafness, hearing loss or tinnitus maintain their independence. This is an increase of 2% from 2012-13, and we maintained a 99% customer satisfaction rate.
- We offered advice so people can get the best out of their life-changing products. This year our products customer services team dealt with 47,168 calls, 18,966 emails and 208 letters.

99%
customer
satisfaction rate
where customers
rated our products

Our products have a real impact on our customers' lives:

"It has opened a new world for me. I can walk about the house and still hear the TV."



"Amazing. 90% hearing loss and I can now hear my family so much better and hear at meetings, exercise class, in the car - wonderful."



"For the first time in years I'm able to converse without any trouble. A new lease of life, believe me. Thank you."



"It's wonderful. So easy to use and, more especially, to be able to hear. I have always used text, now I can speak. I'm thrilled! I'm going on 93 and thanks to your new catalogue for giving another extension to my life!"

"I was so relieved to receive it as it helps me deal with my loud tinnitus. I'm now able to get off to sleep."



www.actiononhearingloss.org.uk/shop



- We awarded 12 organisations our Louder Than Words charter mark, which means they've reached our standards of accessibility for staff and customers with hearing loss.
- We carried out 252 work-based assessments to advise employers on how they can support their staff with hearing loss. This is a 27% decrease on last year, again because we had less capacity to deliver in this area.
- As a result of the evidence gleaned from our research, which highlighted the problems people experience with television subtitles, the communications regulator, Ofcom, has begun monitoring and reporting on the quality of live subtitles. We believe this will help to drive up the quality and accuracy of subtitles.
- We persuaded John Lewis to use subtitles in their Christmas advertisement.

OUR AIM

Target organisations to encourage them to be more accessible to people with hearing loss

We live in a world where people with a hearing loss are still disadvantaged and discriminated against. Often it is purely because many people are unaware of the simple actions they can take to improve communication with someone who has a hearing loss. We are determined to make people more deaf aware.

OUR IMPACT:

- We provided Deaf Awareness and Start to Sign training for 3,923 people across voluntary, private and public sector organisations. This was an 18% decrease on the numbers trained in 2012-13, reflecting reduced capacity in the organisation to deliver in this area.

We provided Deaf Awareness and Start to Sign training for **3,923** people

OUR AIM

Influence governments to treat hearing loss as a long-term condition

We know that, currently, people with hearing loss don't always have the same access to services or the ability to make the same life choices as everyone else. We called on the UK governments to take firmer action to improve accessibility.

OUR IMPACT:

- In England, we secured agreement with the UK government that a Hearing Loss Action Plan should be published as a priority. A public consultation on adult hearing screening has also been agreed to.

- In Northern Ireland we have secured significant commitments that key demands in the Physical and Sensory Disability Strategy will be delivered. We were key contributors to this strategy.
- Our work in Wales has prompted the pilot of a new health check for over-50s, which includes hearing screening questions.
- In Scotland we contributed towards a draft sensory disability strategy, which is now in place.



1.2.2 Our future plans

Our strategy, *Taking Action Hearing loss a national and local response* sets out clearly how we intend to work in the years up to 2018, to come closer to our vision of a world where deafness, hearing loss and tinnitus do not limit or label people and where people value their hearing.

2013-14 was the first year of our five-year strategy and below are our plans for 2014/15 to continue to deliver that strategy.

The three aims at the heart of our strategy remain our focus:

Everyone has the right information, advice, care and support

We will continue to provide tailored services for people with hearing loss in their communities including hearing aid support, hearing screening, befriending and information services. We intend to extend these services to benefit more people. We'll continue to support people who are deaf, with additional support needs, to have more choice, control and independence and continue to put personalisation and outcomes at the centre of this work. We will influence government, commissioners, health professionals and providers to ensure that people with hearing loss have easy access to a diagnosis, are quickly and effectively provided with the most appropriate devices and support, and receive high-quality aftercare to help them manage the condition. We will build public and political support for the introduction of hearing screening for people aged 65.

There is a range of equipment, treatments and cures available

We will continue to invest in building research capacity, fund world-class research and strengthen translational research to accelerate the development of new treatments and cures for hearing loss and tinnitus. We will generate excitement about the possibility of better treatments and cures.

Equality and life choices are not limited

We will continue to ensure that people with hearing loss have the same access to services, and the ability to make the same life choices as everyone else, by improving access to key areas and calling on UK governments to bring about wider transformational change.

In order to achieve these aims:

- We will increase our income and sustainability through fundraising, and maximise our brand value through marketing.
- Our commercial services will ensure people have access to organisations and products.
- We will make sure our internal support functions provide services that are effective and enable the organisation to achieve its goals. We will make sure our organisational culture is one that inspires employees and volunteers to achieve their goals.
- We will make sure the organisation is financially healthy and sustainable to deliver our strategy.

1.2.3 Financial review

Overview

We delivered an operating deficit of £2.4m. This was slightly behind our plan for an in-year operating deficit of £2.2m. This was despite a significant reduction in income from fundraising, in particular, legacies. We achieved this by reducing costs in the year in many areas of activity.

Our headquarters building in London was sold in March 2014 for £11.8m; and a further £1m was received in respect of the release of rights for light due to the significant property developments taking place nearby. Trustees have designated £8m of funds from the proceeds to purchase new accommodation in London.

Taking into account the sale of the headquarters building, the overall position was a surplus of £6.8m in 2013/14. The overall position is healthy, and although challenges remain, we are in a stronger position to respond to changes in the

external environment and to take forward our strategy next year.

The table below (Table 1) shows the net position for the last two years.

Income

Our total income was £47.0m. This included £9.2m that was the net gain from the sale of our headquarters building. Excluding the sale, the income was £37.8m: an increase of £0.4m from 2012/13. The incoming resources of £37.8m are made up of income generated from charitable activities, which is mainly fees, and from voluntary income such as donations and legacies.

Income from legacies was also down on previous years and reflects the prevailing economic challenges.

Table 1

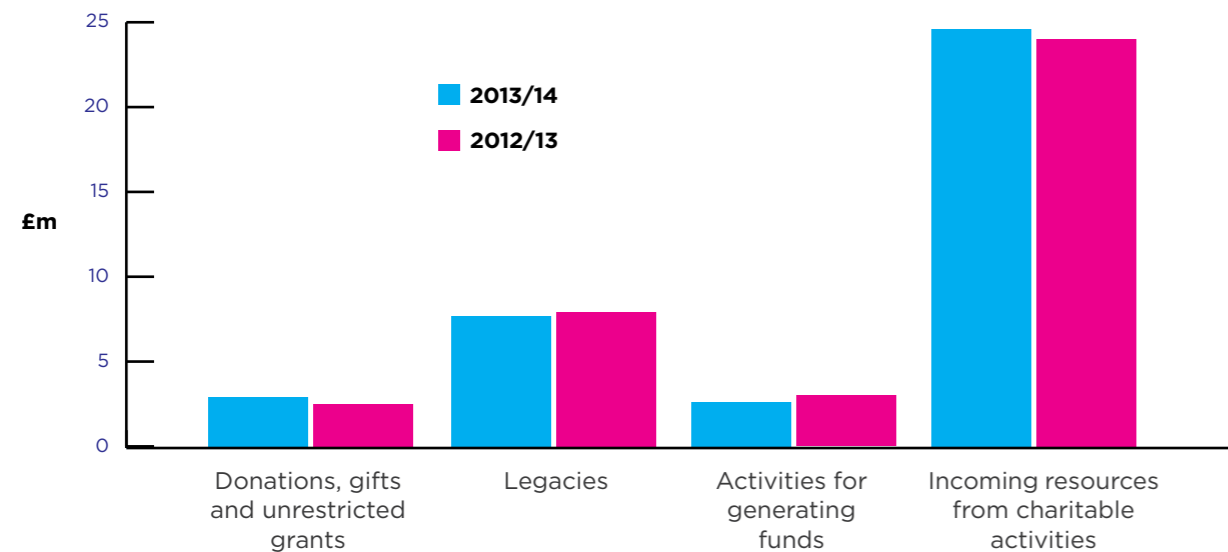
	2013/14	2012/13	Change	
	£m	£m	£m	%
Total income	47.0	37.4	9.6	26
Total expenditure	(38.8)	(38.3)	(0.5)	(1)
Net surplus/(deficit)	8.2	(0.9)	9.1	
Gains/ (losses) on investments and the defined benefit pension scheme	(1.4)	(1.2)	(0.2)	(17)
Net movements in funds	6.8	(2.1)	8.9	
Fund balance carried forward	12.0	5.2	6.8	131

The individual-giving programme, which began in 2013/14, generated income during the year of £0.2m. Income will increase over the coming years from this investment.

Income from statutory funders for service provision remains largely constant, and in line with our plans.

The sale of the London headquarters resulted in a gain of £9.2m and the majority of this income will be used to purchase another property and to support reserves.

Figure 1. Income 2012/13 and 2013/14



Cost of generating funds

The total cost of generating funds, including investment management costs, was £4.9m: an increase of £1.3m from last year. This was largely due to our planned investment programme in individual giving, which we commenced this year, enabling us to increase and diversify our voluntary income in the years ahead.

Expenditure

Our overall expenditure increased from £38.3m in 2012/13 to £38.8m in 2013/14. Expenditure on charitable activities was

marginally lower in 2013/14 – a decrease of £0.6m, from £34.5m in 2012/13 to £33.9m in 2014/15.

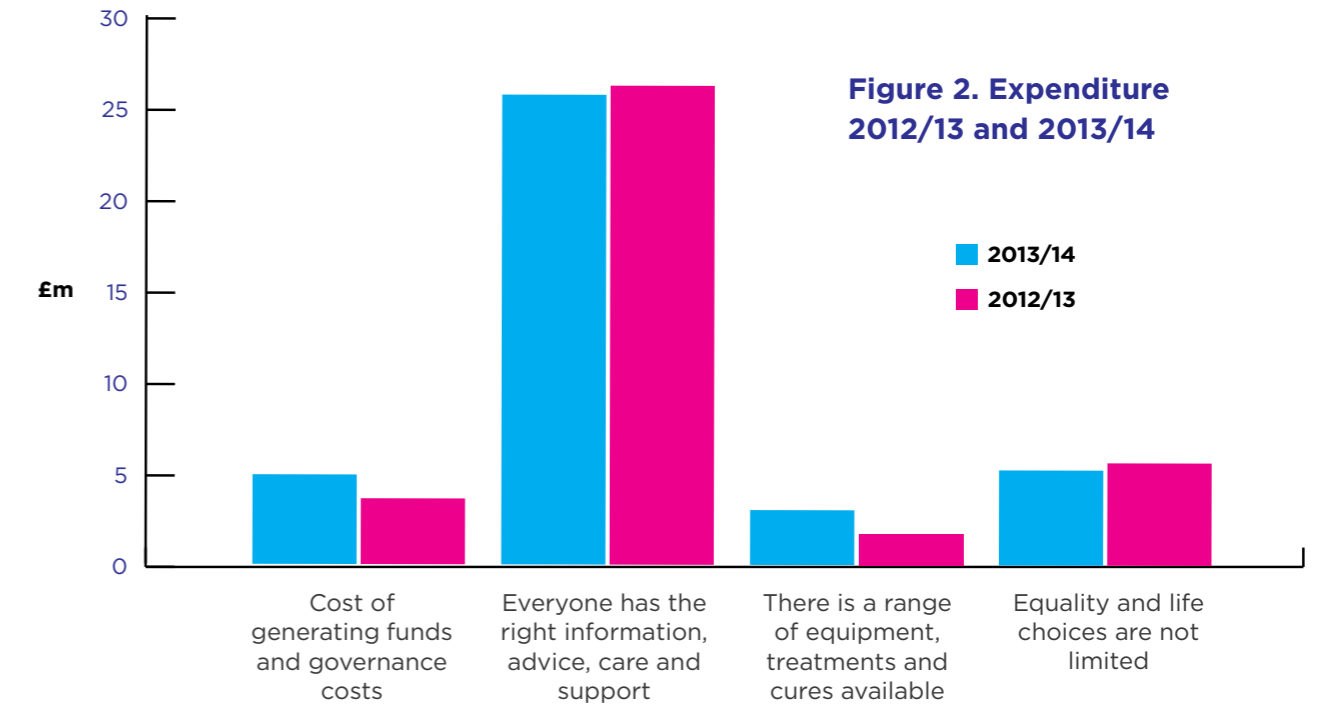


Figure 2. Expenditure 2012/13 and 2013/14

Balance Sheet

Fixed assets have decreased from £13.4m as at 31 March 2013, to £9.2m as at 31 March 2014. The decrease in tangible fixed assets is largely due to the sale of the headquarters building.

Current assets have increased from £7.2m as at 31 March 2013, to £19.6m as at 31 March 2014. The increase is in short-term deposits that represent the proceeds of the sale of the headquarters building.

Current liabilities have increased from £3.3m as at 31 March 2013, to £3.6m as at 31 March 2014.

Pensions

We operate a funded pension scheme that has both defined benefit and defined contribution sections. We closed the

defined benefit section to new entrants on 1 October 2001 and closed it to new accruals on 31 March 2010. The annually calculated notional surplus or deficit on the funding of the scheme is shown in the financial statements as the ‘pension reserve’ and is deducted from unrestricted funds in the balance sheet.

A detailed, actuarial triennial valuation was carried out on 31 March 2012. Following this, a revised funding plan was agreed with the members and the pension-scheme trustees. The funding plan is a schedule of deficit-reduction payments designed to eliminate the deficit by 2031.

As part of the annual report and accounts preparation process, an actuarial valuation was carried out on 31 March 2014 using the

methodology recommended by Financial Reporting Standard 17. This valuation shows the market value of the scheme's assets to be £53.9m and the current value of the liabilities to be £67.0m. The net deficit on the scheme as at 31 March 2014 was £13.1m, compared with a net deficit of £12.2m as at 31 March 2013, in response to volatile market factors at the valuation date and the actuarial assumptions made. Further details are included in note 18 on page 51.

Reserves policy

Free reserves available for use exclude restricted and designated funds and the tangible fixed assets held as unrestricted funds. Free reserves also exclude any deficit reported on the pension scheme.

As a matter of policy, each year the Trustees review the value of the reserves required to be held in investments, cash and cash equivalents that are not restricted to any particular purpose. We also consider our exposure to the risk of any significant loss of income or unforeseen cost. A drop in income is the major risk that these reserves are held to mitigate against. We recognise that there is voluntary income risk in relation to the current economic climate; an income-from-sales risk given

current market conditions and the changes experienced within public sector funding; and the volatility of the stock markets or other factors, leading to declining legacy values and reduced donations.

The Trustees agreed that free reserves should be in the range of between £5.0m and £7.0m with a target of £6.0m. Free reserves as at 31 March 2014 are above the policy range as a consequence of the sale of our headquarters building at the end of the year. The Trustees plan to spend reserves over the next three years and bring free reserve levels back to within the policy range. In addition to the free reserves, we have a designated fund of £8m for the purchase of a new headquarters building.

The Trustees will monitor the free reserves closely during 2014/15 and will be mindful of the ongoing uncertainty in the wider economic environment and the impact of this on our income levels. In light of the above, our reserves level and our future plans, the Trustees consider it appropriate to prepare the financial statements on a going-concern basis.

The table below (Table 2) shows the change in free reserves from 31 March 2013 to 31 March 2014

Table 2: Free reserves excluding the pension reserve and the designated funds

	2013/14	2012/13
	£m	£m
Total unrestricted funds	13.7	12.5
Less: Unrestricted tangible fixed assets	(4.2)	(6.7)
	9.5	5.8
Represented by		
- investments	3.2	4.9
- current assets	9.7	4.0
- current liabilities	(3.4)	(3.1)
	9.5	5.8

Investment policy and performance

During 2013/14 we tendered the services of the fund manager. Following a full assessment of proposals the Board of Trustees awarded the contract to Smith & Williamson in December 2013. The Investment Committee reviewed the investment policy and a new policy was agreed in March 2014. Our investment objective for the charity's financial assets is to maximise long-term, total return with appropriate attention to risk management and our likely liquidity requirements.

The asset-allocation targets that have been set by the Board are:

Equities	45-65%
Fixed income	15-30%
Property	5-10%
Alternatives	5-15%
Cash	0-10%

The actual allocations are shown in note 11 on page 48. The Board of Trustees has set the fund managers a series of additional limitations on the way the portfolio is managed, as follows:

- Fixed income assets should have a minimum rating of BBB with assets rated BBB not representing more than 10% for the fixed interest portfolio
- Fixed income assets should have a maturity of seven years or less with a weighted average of no more than five years.

We do not restrict the fund managers to any particular category of investment. But we expect and encourage them to

take social, environmental and ethical considerations into account when assessing the suitability of investments, and when exercising the rights attached to our investments. This delegation is exercised within the framework provided by the Board's ethical policy. The Board has an Investment Committee that reviews fund manager and investment performance on a regular basis.

Fund managers are assessed against a performance benchmark set by the Board of Trustees.

The performance benchmarks are:

FTSE All-Share Index	40%
FTSE World (ex-UK) Index	20%
FTSE Gilts 0-5 year	20%
IPD UK all Property	10%
LIBOR +3%	10%

Overall, the year to 31 March 2014 has been a positive year for investments with a +9.44% total return for the year, compared with a benchmark return of +8.71%. The external conditions remain extremely volatile, however, and the Trustees intend to keep the investment approach under particular scrutiny during the year to 31 March 2015.

1.2.4 Risks and uncertainties

The Trustees continue to support a formal risk management process to assess business risks and implement risk management strategies. This has involved identifying the types of risk faced by Action on Hearing Loss, prioritising them in terms of potential impact and likelihood of occurrence, and then identifying and implementing ways of mitigating them. While there were fewer internal, staff risk-committee meetings in the year, we have maintained our effective risk monitoring and reporting with regular reviews and oversight by the Audit Committee. This year, they've given specific consideration to the impact of the current economic climate, changes to the funding and commissioning of services, and to the risks and opportunities resulting from our new five-year strategy.

The following risks have been identified as the most significant the organisation faces:

- **Financial sustainability** – We recognise that maintaining income levels is essential to Action on Hearing Loss's financial sustainability. To manage this risk we pursue and invest in diverse income-generating strategies, and have considered the level of risk associated with our various income streams and steps that we need to take to maintain and grow income levels. We have taken note of the current economic climate and have continued to take a cautious approach to our budgeting and forecasting and have incorporated a number of cost-reduction measures. We have taken particular care to understand the current and potential future impact of changes to public sector funding and

commissioning. We have reviewed our charitable services and have re-organised these to deliver our new strategy.

- **Recruitment and retention of staff** – We recognise that we need to have an appropriate staff base to meet our service delivery needs. To manage this risk we aim to be an organisation where employees enjoy a sense of fulfilment and where they feel supported and developed. We support equal opportunities, holding the Investor in People standard and the Disability symbol. We continue to be committed to the training, career development and promotion of all employees, including management development programmes for staff. This year we have completed our review of our organisation culture and values, which will underpin the successful delivery of our strategic programmes.
- **Investment in infrastructure** – We recognise that we need to maintain an infrastructure and support systems that are fit for purpose. To manage this risk we have stabilised our core internal-support services following restructure.
- **Our reputation and brand** – We recognise that reputation and brand are essential to maximise our support and organisational impact. We work in a collaborative way with other organisations working with people who are deaf, hard of hearing and deafened. We have made sure we continue to invest in our electronic media outlets to maximise the opportunities these present to us. We have maintained a clear communication strategy to make sure our campaigns are understood and are effective.

The Trustees have reviewed the adequacy of Action on Hearing Loss's current internal controls and the costs of operating particular controls relative to the benefits. Procedures have been established for reporting failings immediately to appropriate levels of management and to the Board of Trustees.

Internal controls relating to income, expenditure and commitments are effective. Processes are in place to ensure that performance is monitored and that appropriate management information is prepared and reviewed regularly by both the executive management and the Board of Trustees. A limited programme of internal audits is in place, derived from a comprehensive risk-assessment programme, with these audits being supported by independent online reviews and analysis.

The internal control systems are designed to provide reasonable but not absolute assurance against material misstatement or loss. They include:

- a strategic plan and annual budget approved by the Trustees
- regular consideration by the Trustees of financial results, variances from budgets and non-financial performance indicators
- regular consideration by the Audit Committee of strategic risk incidents and reports
- delegation of day-to-day management authority and segregation of duties
- the identification and management of specific key risks.

1.3 Structure, Governance and Management

Structure

Action on Hearing Loss is the trading name of the Royal National Institute for Deaf People, which is governed by its Articles of Association adopted on 14 May 1948 and last amended on 7 November 2008.

Action on Hearing Loss's objects are to promote and encourage the prevention and mitigation of deafness and the better treatment, education, training, employment and welfare of people who are deaf or hard of hearing, and generally to promote, safeguard and protect the welfare of such people.

Action on Hearing Loss has a wholly owned subsidiary, RNID Activities Limited, which carries out non-charitable trading activities to raise funds for Action on Hearing Loss. During the financial year, it made an operating profit of £49,569 (2013: £21,879).

On 31 March 2013 Action on Hearing Loss merged with the Hearing Research Trust (known as Deafness Research UK), a charity whose core purpose was the encouragement and support of hearing research, achieving this through the provision of grants for high-quality, UK-based hearing research. A year on, we still have a long-term commitment to funding hearing research as a part of our organisational strategy, and the merger has and will continue to enable us to work together to invest more in hearing research.

Governance

Board of Trustees

The Board of Trustees is responsible for the overall governance of Action on Hearing Loss. Trustees are either elected or co-opted. The total number of Trustees may not exceed 14. Eight Trustees are elected directly by members and, of these eight, three seats are reserved for Trustees elected respectively by members resident in Wales, Northern Ireland and Scotland. Six seats are allocated to co-opted Trustees who are not elected but appointed by the Board of Trustees. All Trustees are appointed for a term not exceeding three years, at the end of which they must retire but are then eligible for reappointment (either by election or by being co-opted). Trustees are not normally eligible to serve for more than two terms in total.

Effective partnership between Trustees and staff continues to contribute significantly to our success. To ensure that Trustees' roles and responsibilities are carried out effectively, each has portfolio interests which require an understanding of and a responsibility for specific aspects of our work. Trustees are required to meet at least three times a year. In the year up to 31 March 2014, they met at four quarterly board meetings and reviewed strategy and performance, and set budgets.

Gerald Corbett, who had been the Chairman until June 2013, left after six years and Stephen Hill became Chairman. We are grateful to Gerald Corbett and to the other Trustees who left during the year – Sheila Bailey, Professor Matthew Holley and Diane Simpson – for their contribution to Action on Hearing Loss.

Board Induction

Four new Trustees joined us during the year – Caroline Ashley, Peter Clark, Carol Cole and Quentin Summerfield. We are delighted that they have joined us at this exciting time. New Trustees receive an induction pack containing detailed information about us, how we are organised, and our work. They are invited to spend time with the Executive Directors and to familiarise themselves with our activities, so as to prepare themselves for effective and informed decision-making.

Trustees are encouraged to attend training sessions to develop their knowledge and skills.

Committees of the Board

The Board delegates certain powers in connection with the charity's management and administration, as set out below. This delegation is controlled by requiring the committees to report back regularly to the Board, ensuring that all decisions made under delegated powers can be ratified by the full Board in due course.

All committees provide an annual report to the Board, outlining key areas of work undertaken and plans for future years.

Audit Committee

The Audit Committee comprises the Honorary Treasurer, at least one other Trustee, and two independent advisers. All committee members are independent of management and free of any relationship that, in the opinion of the Board of Trustees, would interfere with their exercise of independent judgment. The Audit Committee meets quarterly and is responsible for reviewing the charity's risk assessment, risk management and internal control systems and processes.

Investment Committee

The Investment Committee comprises the Honorary Treasurer, one other Trustee, the Executive Director, Corporate Resources, and an independent adviser. It meets at least twice a year and is responsible for maintaining the charity's investment funds, appointing and regularly reviewing the performance of appropriate fund managers, and ensuring investment matters are conducted in line with the Investment Policy determined by the Board of Trustees.

Nominations Committee

The Nominations Committee comprises at least three Trustees and takes delegated responsibility on behalf of the Board of Trustees for identifying, proposing and encouraging new members of the Board, and for ensuring they receive induction, support and development.

Advisory groups

We have established advisory groups in Wales, Scotland and Northern Ireland. Each group comprises a nominated Trustee who is the elected Trustee for the relevant country, representatives elected by members who are resident in the relevant country, and a number of co-opted members. Each advisory group is tasked

with long-term planning for their country and advises the Country Directors on local priorities and issues. A Commercial Advisory Group was established in April 2013.

Chief Executive

The Chief Executive is responsible for the day-to-day management of Action on Hearing Loss and for implementing policies agreed by the Board of Trustees. The Chief Executive is assisted by five Executive Directors and nine Directors.

Management

Grant-making policy

We award biomedical research grants to fund world-class research projects that will accelerate the development of medical treatments to prevent hearing loss, restore hearing and alleviate tinnitus. We also make grants to increase the numbers of trained research staff, build future research capacity and support small-scale activities that will strengthen the hearing research community.

Universities, non-profit research institutes and technology-led small businesses from any country are eligible for funding, except where geographical and organisational-type restrictions are stated for specific funding schemes.

We widely publicise our calls for grant proposals. The proposals we receive are subjected to an appropriate level of expert peer review, typically involving independent external reviewers and an independent grant review panel. We make the final decision about each award on the basis of this expert advice, the relevance of the research to our Biomedical Research Strategy and our available budget. We

usually make payments every six months and review progress regularly. Everyone involved in the grant application process is asked to abide by our Biomedical Research Programme's Code of Conduct and Conflict of Interest Policy.

We occasionally award a small number of grants for social and technical research to help provide the evidence basis for campaigning and policy development. We also award grants to develop our library collection, currently housed and managed by University College London. Other details of grants payable are shown in Note 7 to the financial statements.

Employees, volunteers and members

We aim to be an organisation where employees feel fulfilled, supported and developed. Employees are kept fully informed about our strategy and objectives, as well as day-to-day news and events. Regular information about the organisation is available through meetings, briefings and our intranet site – The Loop. All employees are encouraged to give their suggestions and views on performance and strategy. We create a variety of opportunities for staff to feed back, including an annual survey.

We support equal opportunities, and hold both the Investor in People standard and the Disability symbol update. We follow a policy of recruitment and promotion on the basis of aptitude and ability without discrimination. We pursue the employment of disabled people and the continued employment and retraining of employees who become disabled during employment with us.

We are committed to the training, career development and promotion

of all employees. We assess an individual's career development with an annual appraisal and regular one-to-one meetings. We provide training programmes to meet any ongoing needs, with the aim of developing employees for both their current and potential future roles. We particularly seek to encourage employees with hearing loss to play an active role in developing both the organisation and themselves, with specific training courses to meet this need. At the end of the financial year, 19.5% (2013: 19%) of our staff were disabled or had hearing loss.

We recognise the invaluable work that our members and volunteers do on our behalf and the part they play in contributing to the achievement of our shared objectives. There are 1,400 dedicated volunteers actively involved in supporting our services throughout the UK and we thank all our members, campaigners and donors for contributing their time and energy to supporting ongoing campaigns and fundraising activities.

1.4 Statement of Trustees' responsibilities

The Trustees (who are also Directors of the Royal National Institute for Deaf People for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, 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 charitable company will continue in business.

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 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 the group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Board of Trustees

Gerald Corbett, Chairman (to 6 June 2013)
 Stephen Hill, Chairman (from 6 June 2013 and Honorary Treasurer to 6 June 2013)
 Harry McQuillan, Honorary Treasurer (from 6 June 2013)
 Caroline Ashley (from 6 June 2013)
 Sheila Bailey (to 5 December 2013)
 Professor Norman Black
 Conor Boland
 Sir Rodney Brooke
 Peter Clarke (from 8 November 2013)
 Carol Cole (from 5 December 2013)
 Win Griffiths
 Professor Matthew Holley (to 8 November 2013)
 Sir Peter Job
 Janine Roebuck
 Ashley de Safrin
 Diane Simpson (to 8 November 2013)
 Quentin Summerfield (from 8 November 2013)
 Liz Tait

Patron

HRH The Duke of York

Vice Presidents

Rt Hon Malcom Bruce MP
 Gerald Corbett (from 5 December 2013)
 Keith Butler-Wheelhouse
 Sir Rocco Forte
 Dame Evelyn Glennie (from 6 June 2013)
 The Baroness Howe of Idlicote (from 6 June 2013)
 Peter Marks
 Sir John McTaggart (from 6 June 2013)
 Steven Norris
 Esther Rantzen CBE
 James Strachan
 The Rt Hon Jack Straw MP
 Stephen Thomas

Audit Committee

Harry McQuillan, Chairman
 Sir Rodney Brooke
 Ashley de Safrin
 John Galbraith (independent adviser)
 Stephen East (independent adviser)

Investment Committee

Harry McQuillan, Chairman
 Sir Peter Job
 Peter Robson
 Jenine Langrish (independent adviser)

Nominations Committee

Stephen Hill, Chairman
 Janine Roebuck
 Paul Breckell
 Ashley de Safrin

Executive Officers (as at 31 March 2014)

Chief Executive, Paul Breckell
 Executive Director, Corporate Resources and Company Secretary, Peter Robson
 Executive Director, Commercial Services, Kate Bull
 Executive Director, Fundraising and Marketing, David Steadman
 Executive Director, Services, Louise Pritchard
 Executive Director, Biomedical Research, Dr Sohaila Rastan

Principal professional advisers

Solicitors

Bates Wells and Braithwaite
 2-6 Cannon Street
 London EC4M 6YH

Bankers

Lloyds Bank
 25 Gresham Street
 London EC2V 7HN

External auditor

PricewaterhouseCoopers LLP
 7 More London Riverside
 London SE1 2RT

Investment managers

Smith & Williamson
 25 Moorgate
 London
 EC2R 6AY

By order of the Board of Trustees – the Annual Report (incorporating – the Strategic Report) has been approved by the Board of Trustees and signed on its behalf by:



Stephen Hill

Chairman

Action on Hearing Loss is the trading name of the Royal National Institute for Deaf People.

Principal and Registered office: 19-23 Featherstone Street, London EC1Y 8SL

11 September 2014

2. Independent auditors' report

to the members and trustees of the Royal National Institute for Deaf People

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2014 and of the group's incoming resources and application of resources, including its income and expenditure and the group's cash flows 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 (as amended).

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and parent company financial statements (the 'financial statements'), which are prepared by the Royal National Institute for Deaf People, comprise:

- the group and parent charitable company balance sheets as at 31 March 2014;
- the consolidated statement of financial activities (incorporating an Income and Expenditure Account) for the year then ended;
- the consolidated cash flow statements for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the Trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the 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 other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 27, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the company's members and trustees as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and Chapter 3 of Part 16 of the Companies Act 2006) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Kevin Lowe (Senior Statutory Auditor)

for and on behalf of
PricewaterhouseCoopers LLP

Chartered Accountants and
Statutory Auditors

London

11 September 2014



3. Financial statements

Consolidated statement of financial activities

Company number: 454169

For the year ended 31 March 2014

(incorporating an income and expenditure account)

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2014 £'000	Total Funds 2013 £'000
Incoming resources from generated funds					
Voluntary income					
Donations, gifts and unrestricted grants		2,862	101	2,963	2,496
Legacies		7,378	351	7,729	7,907
Activities for generating funds					
Weekly lottery		600	-	600	635
RNID Activities Limited	9	58	-	58	34
Other incoming resources		1,823	-	1,823	806
Fair value of acquired net assets (Deafness Research UK)		-	-	-	1,281
Surplus from sale of fixed assets	10	9,198	-	9,198	-
Investment income	2	135	10	145	215
Incoming resources from charitable activities					
Everyone has the right information, advice, care and support		19,224	1,348	20,572	19,873
There is a range of equipment, treatments and cures available		379	500	879	895
Equality and life choices are not limited		2,791	332	3,123	3,284
Total incoming resources		44,448	2,642	47,090	37,426
Resources expended					
Cost of generating funds					
Fundraising costs		4,767	82	4,849	3,636
RNID Activities Limited		8	-	8	12
Investment management costs		9	-	9	17
		4,784	82	4,866	3,665
Net incoming resources available for charitable application		39,664	2,560	42,224	33,761

(carried forward to page 35)

The notes on pages 39 to 59 form part of these financial statements. All amounts reflected above relate to continuing activities. There are no other gains or losses in the current or preceding year.

Consolidated statement of financial activities

For the year ended 31 March 2014

(incorporating an income and expenditure account)

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2014 £'000	Total Funds 2013 £'000
Net incoming resources available for charitable application		39,664	2,560	42,224	33,761
Charitable activities					
Everyone has the right information, advice, care and support		23,821	1,889	25,710	26,442
There is a range of equipment, treatments and cures available		1,305	1,688	2,993	2,460
Equality and life choices are not limited		4,740	435	5,175	5,633
Total cost of charitable activities		29,866	4,012	33,878	34,535
Governance costs		81	-	81	79
Total resources expended	4	34,731	4,094	38,825	38,279
Net incoming/(outgoing) resources before other recognised gains and losses	3	9,717	(1,452)	8,265	(853)
Other recognised gains and losses					
Unrealised gains on investments		31	-	31	263
Actuarial loss on defined benefit pension schemes	18	(1,528)	-	(1,528)	(1,524)
Realised gain/(loss) on investments		88	-	88	(3)
Net incoming/(outgoing) resources		8,308	(1,452)	6,856	(2,117)
Net movement in funds		8,308	(1,452)	6,856	(2,117)
Fund balances brought forward at 1 April		326	4,838	5,164	7,281
Fund balances carried forward at 31 March		8,634	3,386	12,020	5,164

The notes on pages 39 to 59 form part of these financial statements. All amounts reflected above relate to continuing activities. There are no other gains or losses in the current or preceding year. A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities. There is no material difference between the (deficit) on ordinary activities before taxation and the (deficit) for the financial year stated above and their historical cost equivalents.

Balance sheet

As at 31 March 2014

Company number: 454169

	Note	Group		Charity	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
Fixed assets					
Tangible assets	10	5,952	8,455	5,952	8,455
Investments	11	3,234	4,993	3,234	4,993
Total Fixed Assets		9,186	13,448	9,186	13,448
Current assets					
Stocks and work in progress	12	515	363	515	363
Debtors	13	4,547	4,599	4,608	4,626
Short-term deposits		11,608	1,246	11,608	1,246
Cash at bank and in hand		2,888	1,044	2,821	1,012
Total Current Assets		19,558	7,252	19,552	7,247
Creditors					
Amounts falling due within one year	14	3,625	3,339	3,619	3,334
Net current assets		15,933	3,913	15,933	3,913
Total assets less current liabilities (excluding pension liability)		25,119	17,361	25,119	17,361
Defined benefit pension scheme liability	18	13,099	12,197	13,099	12,197
Net assets including pension liability	17	12,020	5,164	12,020	5,164

(The balance sheets are continued on page 37)

Balance sheet

As at 31 March 2014

Company number: 454169

(The balance sheets are brought forward from page 36)

	Note	Group		Charity	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
The funds of the charity					
Endowment funds	19	68	68	68	68
Restricted income funds	19	3,318	4,770	3,318	4,770
		3,386	4,838	3,386	4,838
Unrestricted income funds					
Unrestricted income funds excluding pension liability		13,758	11,905	13,758	11,905
Designated Fund	19	8,000	-	8,000	-
Revaluation Reserve		(25)	618	(25)	618
Pension reserve		(13,099)	(12,197)	(13,099)	(12,197)
Total unrestricted income funds		8,634	326	8,634	326
Total charity funds		12,020	5,164	12,020	5,164

These financial statements were approved by the Board of Trustees and authorised for issue on 11 September 2014 and signed on its behalf by:



Stephen Hill
Chairman



Harry McQuillan
Honorary
Treasurer

The notes on pages 39 to 59 form part of these financial statements.

Consolidated cash flow statement

For the year ended 31 March 2014

Company number: 454169

	Note	2014 £'000	2013 £'000
Net cash outflow from operating activities	21	(843)	(981)
Returns on investments and servicing of finance			
Interest paid		(19)	(8)
Interest received		59	96
Dividends received		86	118
Net cash inflow from returns on investments and servicing of finance		126	206
Capital expenditure and financial investment			
Purchase of property		(366)	(351)
Purchase of other tangible fixed assets		(232)	(272)
Proceeds from sale of tangible fixed assets		11,643	-
Purchase of fixed asset investments		(3,761)	(319)
Sale of fixed asset investments		5,639	408
Cash acquired on merger		-	(1,530)
Cash inflow/(outflow) from capital expenditure and financial investment		12,923	(2,064)
Net cash inflow/(outflow) before management of liquid resources and financing		12,206	(2,839)
Management of liquid resources			
(Increase)/Decrease in short-term deposits		(10,362)	1,442
Net cash (outflow)/inflow from the management of liquid resources		(10,362)	1,442
Increase/(Decrease) in cash	23	1,844	(1,397)
Cash at 1 April		1,044	911
Increase/(Decrease) in cash		1,844	(1,397)
Cash acquired on merger		-	1,530
Cash at 31 March		2,888	1,044

The notes on pages 39 to 59 form part of these financial statements.

Notes to the financial statements for the year ending 31 March 2014

1. Accounting policies

Accounting Convention

The financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at market value and in accordance with applicable accounting standards in the United Kingdom.

In preparing the financial statements Action on Hearing Loss complies with the "Accounting and Reporting by Charities' Statement of Recommended Practice (SORP) 2005, Charities Act 2011, the Companies Act 2006 and to Charities Accounts (Scotland regulations 2006) and Charities and Trustee Investment (Scotland) Act 2005 and consistently applied accounting policies.

After making enquiries, the Trustees have a reasonable expectation that Action on Hearing Loss has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined, in the Statement of Trustees' Responsibilities on page 27 to 29.

Basis of Consolidation

The consolidated financial statements incorporate the results of Action on Hearing Loss ('the Charity') and its subsidiary undertaking on a line by line basis. The consolidated entity is referred to as 'the Group'. No separate company Statement of Financial Activities (SoFA) has been prepared for the Charity as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP. The Charity's profit for the financial year of £8,353,000 (2013 Loss of £856,000) is the same as the group result as the subsidiary's profits are remitted to the Charity under Gift Aid regulations.

Incoming resources

Donations and gifts are accounted for on a received basis. Legacies are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income and the amount can be quantified with reasonable certainty. Pecuniary legacies are recognised as receivable once probate has been granted and notification has been received. For residuary and reversionary legacies, entitlement is established once the charity has been notified of an impending distribution, including notification of legacy payments after year end where the distribution was agreed by the personal representative prior to the year end.

Grant income

Revenue grants are credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless they relate to a specific future period, in which case they are deferred.

All other income is accounted for on an accruals basis.

Donated services and gifts in kind over £20,000 are included as both income and expenditure in the relevant category.

Resources expended

All resources expended are accounted for on an accruals basis. 'Charitable activities' includes the direct costs of the activities and depreciation on related assets. Where such costs relate to more than one functional cost category, they have been apportioned as a percentage of staff employed on the relevant service. Governance costs are those associated with constitutional and statutory requirements. Support costs include the central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

Grant commitments**Action on Hearing Loss policy:**

Grants are generally made to organisations to facilitate research into hearing loss and tinnitus. Grants payable are charged to the SoFA when a constructive obligation exists, that is when the recipient has been informed they will receive payment. The full value of the charitable grant is not recognised as a creditor but is disclosed as a future commitment.

Deafness Research UK policy:

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classed under headings that aggregate all costs related to the category. Grants payable are payments made to third parties in the furtherance of the charitable objectives of the trust. The grants are accounted for where either the trustees have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive a grant, or any condition attaching to the grant is outside the control of the trust.

Both accounting policies are largely consistent and the only reason for the difference is due to the terms of the contract with Action on Hearing Loss's generally stating a six-month review period rather than a 12-month review period with Deafness Research UK contracts. Therefore, the suggested accounting policy to cover both entities has been noted below:

Joint accounting policy:

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the charity. The grants are accounted for where either the trustees have agreed to pay the grant without condition or any condition attaching to the grant is outside the control of the charity. The full value of the

charitable grant is not recognised as a creditor but is disclosed as a future commitment.

Tangible fixed assets

All assets costing more than £5,000 are capitalised.

All purchased assets are recorded at cost.

All gifted assets are valued at date of receipt.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets on a straight line basis over their expected useful lives at the following annual rates:

Freehold and long leasehold properties	at least 2%
Improvements to freehold and long leasehold properties	4%
Short leasehold properties	over lease term
Fixtures, fittings and furniture	20%
Computer equipment	20%
Other equipment	20%
Motor vehicles	20%

No depreciation is provided on freehold land.

Investments

Investments are recorded in the balance sheet at their market value at the balance sheet date.

Gains and losses are recognised in the SoFA. Realised gains and losses are calculated as the difference between disposal proceeds and the opening market value of the investment, or cost if purchased during the year. Unrealised gains and losses represent the movement in market value during the year.

Stocks

Stocks are valued at cost and this is reviewed on an annual basis. Items are written down completely or partially after this review if it is felt that they are not saleable or only saleable at a discount.

Operating leases

Rentals paid under operating leases are charged to the SoFA on a straight line basis over the lease term.

Pension costs

Action on Hearing Loss operates three funded pension schemes in the UK. One scheme has both defined benefit and defined contribution sections and the others have just defined contribution sections. The first scheme is accounted for under FRS 17 'Retirement Benefits'.

The defined benefit pension scheme current service costs, together with the scheme interest cost, less the expected return on the scheme assets for the year are charged to the SoFA within staff costs. The scheme actuarial gains and losses are recognised immediately after net incoming/(outgoing) resources for the year within other recognised gains and losses.

The defined benefit scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

Contributions to the defined contribution scheme are charged to the SoFA in the period to which they relate.

Accrual of benefits under the defined benefit section of the Scheme ceased with effect from 31 March 2010.

Liabilities

Liabilities are recognised when Action on Hearing Loss has an obligation to make payment to a third party.

Grants payable are included in the period when the conditions are met by the receiving entity and a constructive obligation exists. The grants usually require satisfactory progress reports from the project. Grants authorised but unpaid at the balance sheet date are disclosed as commitments in Note 6 where conditions remain unfulfilled by the intended recipient.

Funds

Unrestricted funds are those funds which are expendable at the discretion of the Trustees in furtherance of the charity's objects.

Designated funds are unrestricted funds that the Trustees of the Charity have set aside, out of general funds, and comprise sums set aside to buy a new property.

Restricted and endowment funds are subject to specific restrictions imposed by the donor or by the nature of the appeal.

Transfers between funds - these may arise when there is a charge from unrestricted funds to other funds or there is a release of restricted funds to unrestricted funds.

Foreign exchange

Transactions in foreign currencies are translated at the rate of exchange prevailing at the time of transaction.

Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date.

Foreign exchange gains and losses incurred are included in the SOFA within charitable activity expenditure for the period in which they are incurred.

Taxation

The activities of the Charity and its charitable subsidiary are exempt from corporation taxation under section 505 of the Income and Corporation Taxes Act 1988 to the extent that they are applied to the organisation's charitable objects. The trading subsidiary does not generally pay UK corporation tax because their policy is to pay taxable profits as Gift Aid to the Charity. Irrecoverable VAT is included in the cost of those items to which it relates.

2. Investment income

	2014 £'000	2013 £'000
Income from listed investments - UK	86	118
Interest received - bank	34	46
Interest received - investments	25	51
	145	215

3. Net incoming/(outgoing) resources before other recognised gains and losses

This is stated after charging/(crediting):

	2014 £'000	2013 £'000
Interest payable :		
bank loans and overdrafts wholly repayable within five years	19	8
Depreciation	656	684
(Profit)/Loss on disposal of fixed assets	(9,195)	257
Payments under operating leases:		
land and buildings	1,055	932
other	299	220
Auditors' remuneration :		
audit	53	55
audit other	2	3
Tax advisory services	3	2

4. Analysis of total resources expended

	Direct costs		Support costs		Total 2014	Total 2013
	Staff £'000	Other £'000	Staff £'000	Other £'000	£'000	£'000
Cost of generating funds						
Fundraising costs	1,421	3,092	178	158	4,849	3,636
RNID Activities Limited	-	8	-	-	8	12
Investment management fees	-	9	-	-	9	17
	1,421	3,109	178	158	4,866	3,665
Charitable activities						
Everyone has the right information, advice, care and support	13,387	7,074	2,786	2,463	25,710	26,442
There is a range of equipment, treatments and cures available	715	2,091	100	87	2,993	2,460
Equality and life choices are not limited	2,067	2,547	298	263	5,175	5,633
	16,169	11,712	3,184	2,813	33,878	34,535
Governance costs						
	-	81	-	-	81	79
Total resources expended	17,590	14,902	3,362	2,971	38,825	38,279

5. Support Costs

Basis of allocation: by staff number

	Corporate & Management	Finance & Strategy directorate	Information systems	People, Learning & Development	Risk, Legal & Property	Total 2014	Total 2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fundraising	59	60	51	70	97	337	350
Everyone has the right information, advice, care and support	918	940	790	1,094	1,508	5,250	5,758
There is a range of equipment, treatments and cures available	33	33	28	39	53	186	178
Equality and life choices are not limited	98	100	84	117	161	560	674
Total	1,108	1,133	953	1,320	1,819	6,333	6,960

6. Grants payable

The aggregate amount of grants made during the year ended 31 March 2014, analysed by recipient was:

Analysis	Institution	Number of grants 2014	2014 £'000	2013 £'000
Medical research into hearing loss	University College London	23	513	236
	Medical Research Council	5	146	66
	Kings College London	7	82	54
	Oxford University	3	80	24
	University of Manchester	2	74	-
	University of Leicester	2	70	47
	Washington University	2	69	43
	University of California	1	68	71
	Cincinnati Children's Hospital Medical Center	1	49	50
	Otomagnetics	1	48	-
	Acies Bio	1	47	-
	Harvard Medical School	1	43	44
	John S Hopkins University Central Lockbox	2	41	19
	University of Sussex	4	37	47
	University of Sheffield	2	34	-
	University of Melbourne	1	25	-
	Cardiff University	1	24	24
	University of Indiana	1	24	-
	University Medical Centre Groningen	1	22	22
	Nottingham University	3	21	4
	University of Southampton	2	15	22
	Grants paid to individuals	14	10	-
	Newcastle University	2	7	-
	Southern Illinois University School of Medicine	1	5	-
	University of Illinois	1	5	-
	Louisiana State University & A & M College	1	5	-
	MRC Institute of Hearing Research	3	5	-
	Boston University	1	5	-
	University of Buenos Aires	1	5	-
	University of Glasgow	1	5	-
	Keele University	2	5	-
	Tel Aviv University	1	5	-
	Western University Toronto	1	5	-
	British Society of Audiology	1	2	-
University of Cambridge	1	1	12	
University of Western Australia	-	-	75	
Imperial College London	-	-	50	
University of Tübingen	-	-	48	
University of Antwerp	-	-	25	
University of Kansas Medical Center Research Institute	-	-	19	
State University of Iowa	-	-	16	
University of Maryland	-	-	5	
Santos-Cortez, Baylor College	-	-	5	
		97	1,602	1,028
Welfare, education and training for deaf and hard of hearing people	University College London	1	31	31
	Midland Regional Association for the Deaf	1	3	5
		2	34	36
	Total	99	1,636	1,064

Notes from prior page: Of the total grant funding made during the year, £1,600,541 related to biomedical research projects. In addition to the above, the Charity expects to fund future grants totalling £2,475,248, which have been awarded subject to satisfactory reviews during the course of the project being funded. These have not been provided for in Action on Hearing Loss's financial statements.

The expenditure for grants sits mainly within 'There is a range of equipment, treatments and cures available' line for charitable expenditure within the SoFA.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Charity. The grants are accounted for where either the trustees have agreed to pay the grant without condition or up to the point at which the conditions have been fulfilled. The key condition is a regular review by the Charity, and this can be on a six-month or 12-month basis, as specified in the grant award letter.

7. Employees

Staff costs consist of:

	2014 £'000	2013 £'000
Wages and salaries	18,435	18,967
Social security costs	1,448	1,589
Other pension costs	1,378	1,367
	21,261	21,923

The above figures include temporary and agency staff employed by Action on Hearing Loss at a cost of £566,022 (2013: £543,973)

The average monthly number of employees during the year was made up as follows:

	2014	2013
Everyone has the right information, advice, care and support	607	665
There is a range of equipment, treatments and cures available	22	22
Equality and life choices are not limited	65	76
Fundraising	39	43
Finance, human resources, information technology and administration	69	84
	802	890

The average monthly number of employees on full-time equivalent basis during the year was:

No. of employees receiving gross salaries over £60,000

Salary Band	2014	2013
£60,001 to £70,000	2	1
£70,001 to £80,000	-	1
£80,001 to £90,000	3	2
£90,001 to £100,000	-	-
£100,001 to £110,000	1	1

None of these employees (2013: 0) is in the defined benefit pension scheme, and six (2013: 3) are in the defined contribution pension scheme. Contributions in the pension year to the defined contribution scheme were £23,350, in respect of six employees (2013: 3 with contributions of £20,100).

As at 31 March 2014 the Chief Executive of Action on Hearing Loss was the highest paid member of staff. In the year to 31 March 2014 he received remuneration of £108,308 (2013: £101,353) and was a member of the defined contribution pension scheme. There is a remuneration pay strategy in place that governs the level of pay for all members of staff. There was no change to the Chief Executive's pay and benefits during the year. There was an increase in total salary as a result of the Chief Executive having come into post during 2012/13. The Board of Trustees directly sets the pay of the Chief Executive. It also agrees the pay policy and process for the organisation. The policy defines a pay structure that sets pay levels, these being benchmarked at regular intervals. The Board of Trustees has a Nominations Committee that oversees the executive pay levels.

8. Trustees' remuneration

None of the members of the Board of Trustees received any remuneration during this year or last year.

During the year, eight Trustees (2013 - five) received reimbursements of non-private travel and subsistence expenditure amounting to £3,614 (2013: £3,572).

There were no related party transactions during the year.

9. Subsidiary company

Action on Hearing Loss owns 100% of the issued share capital of trading company RNID Activities Limited. The charity's investment in RNID Activities Limited is £2.

The year end of RNID Activities Limited is 31 March 2014.

RNID Activities Limited is a trading subsidiary of the charity handling fundraising events, commercial mailing list brokering agreements, and commercial sponsorship partnerships.

As it is a wholly owned subsidiary, related party transactions between RNID Activities Limited and Action on Hearing Loss are exempt from disclosure under FRS 8.

RNID Activities Limited turnover for the year ended 31 March 2014 was £57,579 (2013: £33,869), cost of sales were £428 (2013: £463), administration expenses were £7,582 (2013: £11,527), which left an operating profit of £49,569 in 2014 (2013: £21,879).

10. Tangible assets

Group and Charity

	Freehold £'000	Long leasehold £'000	Short leasehold £'000	Total property £'000	Fixtures, fittings & furniture £'000	Computer equipment £'000	Other equipment £'000	Total other £'000	Grand total £'000
Cost									
At 1 April 2013	9,661	236	184	10,081	3,151	3,501	804	7,456	17,537
Additions	339	7	20	366	13	219	-	232	598
Disposals	(2,873)	-	-	(2,873)	(250)	(28)	-	(278)	(3,151)
At 31 March 2014	<u>7,127</u>	<u>243</u>	<u>204</u>	7,574	<u>2,914</u>	<u>3,692</u>	<u>804</u>	7,410	14,984
Accumulated Depreciation									
At 1 April 2013	2,717	41	135	2,893	2,659	2,734	796	6,189	9,082
Charge for year	197	7	10	214	176	262	4	442	656
Disposals	(459)	-	-	(459)	(227)	(20)	-	(247)	(706)
At 31 March 2014	<u>2,455</u>	<u>48</u>	<u>145</u>	2,648	<u>2,608</u>	<u>2,976</u>	<u>800</u>	6,384	9,032
Net Book Value									
At 31 March 2014	<u>4,672</u>	<u>195</u>	<u>59</u>	4,926	<u>306</u>	<u>716</u>	<u>4</u>	1,026	5,952
At 31 March 2013	<u>6,944</u>	<u>195</u>	<u>49</u>	7,188	<u>492</u>	<u>767</u>	<u>8</u>	1,267	8,455

Action on Hearing Loss commissions valuations of its major freehold and leasehold properties at regular intervals. The charity's major properties were last valued at 31 March 2010 by an external, professional valuer. This valuation indicated that the market value of the properties on an existing-use basis was higher than their net book value. The Trustees consider that there have been no material changes since this valuation, therefore no provision for impairment is deemed necessary.

Assets under construction are accounted for at cost. They are not depreciated until they brought into use. Within computer equipment are assets under construction with a cost of £110,481 (2013: £31,326) and property improvement with a cost of £25,575 (2013: Nil).

The freehold disposal relates to the disposal of the headquarters building, which has been leased back for a period of up to three years, while a new headquarters is acquired.

11. Fixed asset investments

Group and Charity	2014 £'000	2013 £'000
Value of investment portfolio at 1 April	4,993	4,615
Additions	3,761	319
Investment acquired through DRUK merger	-	207
Disposals	(5,639)	(408)
Realised gains/(losses) on investments	88	(3)
Unrealised gains on investments	31	263
Market value at 31 March	3,234	4,993

Represented by:

Listed securities:

Direct UK Equities	830	2,351
Direct Overseas Equities	470	674
UK Corporate Bonds	565	
UK Government Bonds	65	
UK Equity Funds	204	
Overseas Equity Funds	393	
UK Corporate Funds	-	603
Overseas Corporate Funds	-	533
UK Property Funds	450	422
Infrastructure	151	
Multi Asset Funds	106	
Cash fund	-	410
	3,234	4,993

Cost at 31 March	3,259	4,166
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Included in the portfolio are the following individual investments which represent more than 5% by value of the total fund.

	2014 £'000	2013 £'000
Charishare	-	2,139
BlackRock Overseas Fund	-	598
Skipton Building Society (UK fixed interest)	-	-
BPF - UK Property Fund	-	422
Cash	415	-
BlackRock UK Property	329	-
Kreditanstalt	-	300
UK Conv Gilt Bond 5% & 8%	-	247
Network Rail Infra	-	-
ICS INS GBP LIQ Agency Dis	-	410

12. Stocks and work in progress

Group and Charity	2014 £'000	2013 £'000
Equipment and publications	515	363

13. Debtors

	Group		Charity	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade debtors	2,470	2,309	2,470	2,309
Gift Aid donation due from RNID Activities Limited	-	-	50	23
Other debtors	14	79	25	83
Prepayments and accrued income	2,063	2,211	2,063	2,211
	4,547	4,599	4,608	4,626

14. Creditors: amounts falling due within one year

	Group		Charity	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade creditors	753	619	753	619
Taxation and social security	352	421	352	421
Other creditors	413	305	413	304
Accruals	1,685	1,600	1,679	1,596
Deferred income	422	394	422	394
	3,625	3,339	3,619	3,334
Deferred income 1 April 2013	394			
Deferred income raised	325			
Deferred income released	(297)			
Deferred income 31 March 2014	422			

15. Legacies

The Trustees have been notified that the Charity is a beneficiary of a number of estates for which the amounts to be paid to the Charity have not yet been confirmed. In view of the uncertainty over the amounts that may be received, the Trustees have concluded that the conditions for recognition of these legacies have not yet been met and accordingly these legacies are not reflected in these financial statements. Provisional estimates indicate a potential value of these legacies of £4.7m (2013: £3.3m).

17. Analysis of group net assets between funds

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2014 £'000	Total Funds 2013 £'000
Fund balances at 31 March are represented by:					
Tangible fixed assets	4,276	1,676	-	5,952	8,455
Investments	3,166	-	68	3,234	4,993
Current assets	17,828	1,730	-	19,558	7,252
Current liabilities	(3,537)	(88)	-	(3,625)	(3,339)
Pension liability	(13,099)	-	-	(13,099)	(12,197)
Group net assets	8,634	3,318	68	12,020	5,164

16. Capital commitments

Group and charity

As at 31 March 2014, Action on Hearing Loss had capital expenditure authorised and contracted in respect of freehold property of £57,281 (2013: £Nil) and other assets of £131,814 (2013: £Nil). These figures are not provided for in the financial statements for the year ended 31 March 2014.

18. Pension scheme

Action on Hearing Loss operates a funded pension scheme in the UK (the 'Scheme'). The Scheme has both defined benefit and defined contribution sections, although the defined contribution section is relatively small. Pension benefits in the defined benefit section are related to the members' final salary at retirement (or earlier if they leave the Scheme before retirement) and their length of service. Accrual of benefits under the defined benefit section of the Scheme ceased with effect from 31 March 2010.

The pension cost that would have been charged to operating surplus under FRS17 for the year amounts to £370,000 (2013 pension cost: £443,000). This charge is equal to the

contributions of £370,000 (2013: £443,000) paid by Action on Hearing Loss in respect of the defined contribution section of the Scheme.

Contributions to the Scheme for the year beginning 1 April 2014 are expected to be £911,000, plus contributions to the defined contributions scheme. Except where stated otherwise, the remainder of the FRS 17 pensions note relates only to the defined benefit section of the Scheme.

A full actuarial valuation of the Scheme was carried out at 31 March 2014 by a qualified independent actuary. The funding plan is a schedule of 12 monthly deficit reduction payments, that started in 2009, designed to eliminate the deficit by 2028.

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

	2014 £'000	2013 £'000
Present value of funded obligations	(66,980)	(66,219)
Fair value of plan assets	53,881	54,022
Deficit	(13,099)	(12,197)
Liabilities	(13,099)	(12,197)
Net liability	(13,099)	(12,197)

b) Changes in the present value of the scheme liabilities:

	2014 £'000	2013 £'000
Opening liabilities	66,219	60,206
Interest cost	2,573	2,533
Actuarial (gains)/losses	(757)	3,730
Benefits paid	(1,706)	(1,640)
Increase in defined contribution section liabilities	651	1,390
Liabilities at end of year	66,980	66,219

18. Pension scheme (continued)**c) Changes in the fair value of the scheme assets:**

	2014	2013
	£'000	£'000
Opening fair value of scheme assets	54,022	49,030
Expected return on defined benefit section assets	2,313	2,175
Actuarial (losses)/gains	(2,285)	2,206
Contributions by employer	886	861
Benefits paid	(1,706)	(1,640)
Increase in defined contribution section assets	651	1,390
Fair value of scheme assets at the year end	53,881	54,022

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

	2014	2013
	£'000	£'000
Expected return on scheme assets	2,313	2,175
Interest on pension liabilities	(2,573)	(2,533)
Total amount charged within net incoming/(outgoing) resources	(260)	(358)
Actuarial losses	(1,528)	(1,524)
Total amount charged to the Statement of Financial Activities	(1,788)	(1,882)
	2014	2013
	£000	£000
The actual return on the scheme assets in the year	28	4,381

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

	2014	2013
Equities and property	27%	27%
Fixed interest	38%	31%
Index-linked gilts	10%	10%
Insured annuities	1%	1%
Cash	2%	2%
Other	8%	16%
Defined contribution scheme	14%	13%

18. Pension scheme (continued)**f) Principal assumptions used by the actuary were (in absolute terms):**

	2014	2013
Discount rate at 31 March	4.50%	4.40%
Rate of increase in salaries	n/a	n/a
Rate of increase of pensions in payment	3.40%	3.30%
Rate of increase of pensions in deferment	3.40%	3.30%
Inflation assumption	3.40%	3.30%
Assumed life expectations on retirements at age 65:		
Retiring today - males	22.3	22.2
Retiring today - females	24.6	24.5
Retiring in 20 years - males	24.1	24.0
Retiring in 20 years - females	26.6	26.5

g) The amounts for the current and previous years are as follows:

	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000
Present value of scheme liabilities	(66,980)	(66,219)	(60,206)	(50,808)	(49,058)
Scheme assets	53,881	54,022	49,030	44,839	41,734
Deficit	(13,099)	(12,197)	(11,176)	(5,969)	(7,324)
Experience adjustments on scheme liabilities	757	(3,730)	(7,456)	140	(6,878)
Experience adjustments on scheme assets	(2,285)	2,206	1,451	527	5,874
Cumulative actuarial losses shown in the SoFA	(13,682)	(12,154)	(10,630)	(4,625)	(5,292)

h) Expected return on assets

The assumptions used in determining the overall expected return of the scheme assets have been set with regard to yields available on government bonds, corporate bonds, bank base rates and incorporating appropriate risk margins. The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long-term rate of return expected at 31/3/2014	Fair Value at 31/3/2014	Long-term rate of return expected at 31/3/2013	Fair Value at 31/3/2013
	p.a.	£'000	p.a.	£'000
Equities and Property	6.60%	14,369	6.00%	14,395
Fixed Interest	5.10%	20,544	4.48%	16,823
Index-linked Gilts	3.60%	5,520	3.00%	5,528
Insured Annuities	4.50%	729	4.40%	748
Cash	0.50%	1,049	0.50%	1,119
Other	6.60%	4,124	6.00%	8,514
Overall expected return on defined benefit section assets	5.41%	-	4.95%	-
Defined contribution section assets	-	7,546	-	6,895

19. Group/Charity statement of funds**Designated**

	Note	Balance 1 April 2013 £'000	Incoming resources and gains £'000	Outgoing resources £'000	Balance 31 March 2014 £'000
Property purchase fund		-	8,000	-	8,000
Total designated - Group and Charity		-	8,000	-	8,000

Property purchase fund: The purpose of this fund is to purchase a new building as the headquarters of Action on Hearing Loss was sold on 24 March 2014.

19. Group/Charity statement of funds (continued)**RESTRICTED AND ENDOWMENT FUNDS**

	Balance 1 April 2013 £'000	Incoming resources and gains £'000	Outgoing resources £'000	Balance 31 March 2014 £'000
Restricted				
The Bath Charity	1,712	-	(36)	1,676
Richardson Trust	859	10	(436)	433
Restricted to the general objects of Deafness Research UK	1,049	-	(733)	316
Legacy to be used for the benefit of people in the Canterbury area	125	-	-	125
Healthier Lives Northern Ireland	37	203	(173)	67
Ayrshire and Arran Integrated Sensory Services	35	57	(41)	51
Kirklees Council	-	77	(27)	50
On the Move	44	89	(90)	43
Harlow Trust Fund	36	-	-	36
Isle of Wight Befriending	35	-	-	35
Biomedical - delivery of drugs through the tympanic membrane	-	100	(68)	32
Hear to Meet Wales	26	103	(97)	32
Lipreading Scotland	-	42	(12)	30
Glasgow Outreach	35	-	(6)	29
Northumberland Information Volunteering Project	17	56	(45)	28
Hear to Help Wales	4	153	(131)	26
Glasgow Integrated Sensory Services	-	26	-	26
Research into suppression of deafness	73	-	(49)	24
In Touch	22	88	(86)	24
Influencing Nursing Practice for Older People with a Hearing Loss in an Acute Environment	17	63	(62)	18
Tayside Development	30	-	(14)	16
Tayside Integrated Sensory Service	3	11	-	14
PHD Studentship	36	-	(24)	12
Management Training for Deaf People	10	-	-	10
Borders Local Integrated Sensory services	48	4	(43)	9
North East Outreach Information Officer	36	-	(36)	-
PhD project into tinnitus	29	-	(29)	-
Biomedical research into otitis media	26	-	(26)	-
Biomedical research	-	300	(300)	-
Sensory Engagement Project	-	104	(104)	-
Employability Programmes for Deaf People Project	-	77	(77)	-
Colt Foundation - biomedical	-	67	(67)	-
Specific Deafness Research UK funds restricted by the donor	232	-	(232)	-
Legacy restricted to be used for the benefit of people in the Cambridge area	18	-	(18)	-
Other Restricted Funds	176	1,012	(1,032)	156
Restricted Funds	4,770	2,642	(4,094)	3,318
Endowed				
The Wennington Charity	68	-	-	68
Endowed Funds	68	-	-	68
Total Funds	4,838	2,642	(4,094)	3,386

19. Group/Charity statement of funds (continued)

The **Bath Charity** is restricted to providing relief for the charitable needs of deaf and hard of hearing people by the provision of services.

The **Richardson Trust** is restricted to providing accommodation and services for deaf and hard of hearing people in the north of England.

This fund is restricted to general expenditure relating to **Deafness Research UK**.

The legacy is to be used **for the benefit of people in the Canterbury area**.

Healthier Lives Northern Ireland is run in partnership with the Education and Guidance Service for Adults and the Employers Forum on Disability Northern Ireland to ensure more than 725 deaf and hard of hearing people in Northern Ireland achieve their full potential.

Ayrshire and Arran Integrated Sensory Services are delivered in partnership with RNIB and support people with sensory impairment living in the Ayrshire and Arran area by strengthening existing structures, introducing additional support services such as Hear to Help, and by raising awareness the and profile of sensory impairment in the region.

Hear to Meet in Kirklees is funded by Kirklees Council and supports older people with hearing loss, and those at risk of isolation and experiencing loneliness, to overcome the barriers of social exclusion. We are doing this through delivering befriending and information activities such as drop-in sessions to build confidence and aid accessibility to community services. We are working with other agencies and charities in order to extend our reach.

On the Move provides funding for improving the health, wellbeing and life skills of, and increasing access to information and services for deaf and hard of hearing people. The project works with other agencies to provide information and advice about the provision of healthcare, social care, education, training, employment and leisure. It will also fund delivery of a programme of accredited training courses, develop a user forum, support work placements and encourage peer support within central Scotland.

The **Harlow Trust** provides funding for deaf and hard of hearing people to participate in financial qualification courses.

Isle of Wight Befriending Service supports those made isolated through hearing loss and other long-term conditions, using staff and volunteers, by providing practical support and advice, building mutually supportive relationships to build confidence and develop existing services.

This Biomedical funding provides funding to support a research project to develop a new way of delivering drugs through the eardrum to treat middle ear infections.

Hear to Meet Wales supports older people with hearing loss and those at risk of experiencing loneliness to overcome the barriers of social exclusion by providing a mutually supportive relationship to build confidence and aid accessibility to community services.

Lipreading research, under the direction of the **Scottish Lipreading Strategy Group**, aims to understand existing evidence, triggers and best timing to access lipreading classes and develop a multi-agency pathway to lipreading classes.

Glasgow Outreach In partnership with RNIB, Glasgow City Council and NHS Glasgow, this funding is used to develop the existing integrated access to sensory equipment through a community outreach and training scheme.

Hear to Help Wales is a volunteer-led service which provides hearing aid support on a one-to-one basis and in drop-in settings in communities across Wales.

Northumberland Information Volunteering Project is led by a Regional Volunteer Manager and team of volunteers to provide information to help deaf and hard of hearing people, their families and professionals working with them in the community.

Glasgow Integrated Sensory Services support people with sensory impairment living in the Greater Glasgow and Clyde area by strengthening existing structures, introducing additional support services such as Hear to Help, and by raising awareness and profile of sensory impairment in the region.

The research into the suppression of deafness supports a research project at the **Cincinnati Children's Hospital Medical Center** to understand how a 'modifier' gene prevents a particular type of inherited deafness.

The **In Touch** project aims to help deaf and hard of hearing people across Northern Ireland and will specifically target those people living in the community and in residential accommodation.

Influencing Nursing Practice for Older People with a Hearing Loss in an Acute Environment project is funded by the Department for Health to identify key points of influence in a hospital setting where process changes or improvements in nursing practice could be made to make a positive impact on the care of older people with hearing loss in hospital.

Tayside Development in collaboration with RNIB and Deaf Links, extend, the range and scope of activities and support that can be accessed by people living with a sensory impairment in Tayside, by developing activities and groups, extending the range of available services, and raising awareness of sensory impairment issues among service users and service providers.

Tayside Integrated Sensory Services is delivered in partnership with RNIB and supports people with sensory impairment living in Tayside by strengthening existing structures, introducing additional support services such as Hear to Help; and by raising awareness and the profile of sensory impairment in the region.

This fund supports a PhD Studentship at **University College London** investigating how the brain's ability to process speech sounds changes with age.

Borders Local Integrated Sensory Services are delivered in partnership with RNIB and support people with sensory impairment living in Scottish Borders by strengthening existing structures, introducing additional support services such as Hear to Help, and by raising awareness and the profile of sensory impairment in the region.

This **Management Training for Deaf People** fund is to provide funds for deaf and hard of hearing staff to participate in courses for management.

Other restricted funds comprises 26 restricted funds providing income in support of Action on Hearing Loss activities.

The Wennington Charity is an endowment fund that is restricted to relieving the charitable needs of deaf and hard of hearing people who may suffer from any other illness or permanent conditions, with a preference for elderly people.

20. Commitments under operating leases

Group and Charity

As at 31 March 2014, Action on Hearing Loss had annual commitments under non-cancellable operating leases as set out below:

	2014		2013	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within 1 year	848	59	627	14
In 2-5 years	119	240	141	206
After 5 years	88	-	164	-
	1,055	299	932	220

21. Reconciliation of net outgoing resources to net cash outflow from operating activities

	2014 £'000	2013 £'000
Net incoming/(outgoing) resources for the year	8,265	(853)
Interest paid	19	8
Interest received	(59)	(96)
Dividends received	(86)	(118)
	8,139	(1,059)
Depreciation charge for year	656	684
Non-monetary assets acquired on merger	-	(131)
(Proceeds)/loss from sale of fixed assets	(9,198)	257
(Increase)/decrease in stocks	(152)	341
Decrease/(increase) in debtors	52	(362)
Increase/(decrease) in creditors	286	(208)
Pensions reserve funding deficit movements	(626)	(503)
Net cash outflow from operating activities	(843)	(981)

22. Reconciliation of net cash to movement in funds

	2014 £'000	2013 £'000
Increase/(decrease) in short-term deposits	10,362	(1,442)
Increase in cash	1,844	133
Change in net funds resulting from cash flow	12,206	(1,309)
Movement in net funds in the year	12,206	(1,309)
Cash and short-term deposits at 1 April 2013	2,290	3,599
Net funds at 31 March 2014	14,496	2,290

23. Analysis of changes in net funds

	At 1 April 2013	Cash flows	At 31 March 2014
	£'000	£'000	£'000
Short-term deposits	1,246	10,362	11,608
Cash at bank and in hand	1,044	1,844	2,888
	2,290	12,206	14,496

24. Corporation Tax

As a charity, Action on Hearing Loss is exempt from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

Acknowledgements

We are grateful to the following funders who have given generously the following grants, donations, sponsorship and gifts in wills during the financial year.

	2014 £
Big Lottery Fund (this funding is restricted)	
Healthier Lives for Deaf and Hard of Hearing People - Northern Ireland	202,964
Hear to Help - Wales	114,624
Hear to Meet - Wales	102,531
In Touch Project - Northern Ireland	88,170
On the Move - Scotland	77,649
Northumberland Information Volunteering Project - England	55,840
Hear to Help (Outreach Volunteer Project) - Northern Ireland	39,779
Statutory	
Kirklees Council - Hear to Meet Kirklees	76,606
Department of Health - Nursing Practice	63,000
Scottish Government - Ayrshire and Arran ISS	53,273
Disability Employment Services (DES) - Employability for Deaf People	43,821
David Ormerod Hearing Centres - Provision of Hearing Aid Support Services	42,500
Scottish Government - Pathway to Lipreading	42,000
Scottish Government - Sensory Impairment Awareness Scotland	38,714
Western Health & Social Care Trust (WHSCT) - Therapist Project	37,368
Department of Health, Social Services & Public Safety (DHSSPS)	29,443
Voluntary Action Fund - Glasgow Integrated Sensory Services	25,452
Health & Social Care Board (HSCB) - Tinnitus Service	21,099
Heart of England NHS Foundation Birmingham - Hear to Help Birmingham	15,000
Health & Social Care Board (HSCB) - Hear to Help Northern Ireland	13,534
South East Health & Social Care Trust (SEHSCT) - Community Services	13,194
Department of Culture, Arts & Leisure (DCAL) - Breaking Down the Barriers Project	10,000
National Health Service - North Dorset Hear to Help	5,000
Healthier Hull Community Fund - Hear to Help Hull	5,000

European Fund

Special EU Programmes Body - Sensory Engagement Programme	166,304
European Social Fund (ESF) & Department of Employment & Learning (DEL) - Employability for Deaf People	65,405

Trusts

The Colt Foundation - Biomedical Research	67,416
The H.B. Allen Charitable Trust - Biomedical Research	50,000
Rosetrees Trust - Biomedical Research	35,000
The Galanthus Trust - Biomedical Research	25,000
Ted and Dorothy Banfield Trust	20,000
Big Lottery Fund - Biomedical Research	16,133
Wales Council for Volunteering Action - Volunteering in Wales	12,112
The Robertson Trust - Bliss Hear to Help Borders	12,000
Wales Council for Volunteering Action - Youth Volunteering in Wales	9,960
The Eveson Charitable Trust - Hear to Help Birmingham	6,000
The Constance Travis Charitable Trust - Biomedical Research	6,000
The Nora and Oliver Brewer Memorial Trust	5,966
Big Lottery Fund Awards for All - Information North Wales	5,000
Santander Foundation - Local Engagement England	5,000
The Marjorie and Edgar Knight Charitable Trust	5,000
Donald Forrester Trust	5,000
Santander Foundation - Information Service Northern Ireland	5,000
Lord & Lady Lurgan Trust - Information Service Northern Ireland	2,000

Corporate

Bombardier Aerospace (NI) - Deaf Awareness for Young People D.A.Y. Project	3,200
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We remember with deep gratitude the 420 donors who left gifts to us in their wills in 2013/14. Every legacy gift is truly appreciated. Sadly, we cannot list all of them so we would like to acknowledge a few as an indication of our gratitude to all of them:

Miss Doreen Kirby, Mr John Joseph Prentis and Mrs Sylvia Jean Sutcliffe

Many other organisations, trusts and individuals have given generously during the year and we are very grateful to all our supporters. This funding enables us to continue our vital work for people who are deaf and hard of hearing:

- **Julia Alexander**
- **Ladies Golf Section of St. Pierre Marriott Hotel & Country Club in Chepstow**
- **MariaMarina Foundation**
- **Professor Elizabeth Russell**
- **The AIFayed Charitable Foundation**



We're Action on Hearing Loss, the charity working for a world where hearing loss doesn't limit or label people, where tinnitus is silenced – and where people value and look after their hearing. We can't do this without your help.

To find out more about what we do and how you can support us, go to www.actiononhearingloss.org.uk

Action on Hearing Loss Information Line

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Textphone **0808 808 9000**

SMS **0780 000 0360**

(standard text message rates apply)

Email information@hearingloss.org.uk