

ANNUAL REPORT



AND FINANCIAL STATEMENTS FOR THE YEAR END 31 MARCH 2013

ACTION ON
HEARING
LOSS

WELCOME

to our annual report for 2012/13

We're pleased to report that we had another highly successful year of working towards a world where hearing loss doesn't limit or label people, where tinnitus is silenced and where people value their hearing enough to look after it.

To make this vision a reality, given the tough financial times we're all living in, we embarked on a series of organisational changes to secure our future, while never compromising on the quality, or lessening the impact of our work.

Supporting people

We continued to support people who are deaf and have additional needs through our growing range of high-quality services. We've progressed even further in 'personalising' this work, so that individuals retain more control of their lives by getting the help *they* need and want. Reflecting our wider commitment to providing people with the support that's right for them, we revised, updated and improved the information and advice we give on all aspects of hearing loss. We want people to continue to live full and independent lives.

Finding a cure

10 million people in the UK have hearing loss. Six million people live with debilitating tinnitus. Effective treatments and cures cannot come soon enough. So, we're delighted that, this year, we merged with Deafness Research UK. We're both renowned for our groundbreaking work in biomedical research and made the headlines this year with news from our funded research, which demonstrated that human stem cells can repair the auditory nerve. As one organisation we will be stronger, we can spend more on research and we'll influence others to increase their investment.

Campaigning for change

Seeking to influence decision-makers remains at the heart of our work. This year we continued to lobby and campaign on the basis of the findings and recommendations of our seminal research piece — *Hearing Matters*. We worked with governments across the UK to improve audiology standards; and convinced the NHS in England to improve their Any Qualified Provider policy — by which any healthcare provider can deliver NHS services, providing they meet NHS quality requirements, prices and contracts — so that people will benefit from more accessible and community-based services. We also published research putting the case for earlier and better diagnosis and management of hearing loss in care homes.

Planning for the future

Change and development was also an urgent priority for us this last 12 months, as 2012/13 was the final year of our five-year strategy. We seized this opportunity to develop our new, ambitious organisational strategy — and a financial plan to support it — for the next five years. Our new strategy, or plan of action, '**Taking Action. Hearing Loss: a national and local response**', sets out a new way of working to make sure that, at a local level, people will get the high-quality information, support, services and products they need, how and when they're needed. In return, at the national level, we'll be able to change the big things that affect everyone with a hearing loss.

Voluntary efforts

But there's one thing that hasn't changed, and for which we're incredibly grateful: volunteering continues to be central to our work. Last year, we were delighted to win one of only **60 Queen's Jubilee Volunteer Awards** for our pioneering **Hear to Help** hearing aid support services across the UK.

In this report we summarise our achievements and performance this year, measured against our four overarching objectives:

- People acknowledge their hearing loss and take action.
- People with hearing loss are supported.
- No one is isolated through hearing loss.
- People protect themselves against hearing loss.

We hope, as a Board of Trustees, that you will be as inspired by our work as we are. To see the human face of the impact we have on people's lives, please view our online video clips at **www.actiononhearingloss.org.uk/impact**



Stephen Hill
Chairman



Paul Breckell
Chief Executive

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TRUSTEES' REPORT

The Board of Trustees of Action on Hearing Loss presents its annual report and audited accounts for the year ending 31 March 2013. 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 as shown on page 27 of this report and accounts. Details of Trustees, senior executive staff, the Patron, the Vice-Patron, President, Vice-Presidents and principal external advisers are given on page 27.

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). The main benefits which have arisen during the year from the organisation's aims are detailed in the following sections.

Achievements and performance

The following section summarises the year's achievements and performance, measured against our four overarching objectives:

- People acknowledge their hearing loss and take action
- People with hearing loss are supported
- No one is isolated through hearing loss
- People protect themselves against hearing loss

We also highlight how much we spent in the year on each of these objectives.

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/impact

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

To volunteer, please go to:
www.actiononhearingloss.org.uk/get-involved/volunteer

People acknowledge their hearing loss and take action

In 2012/13 we spent £5.4m on this. Income directly relating to this objective was £2.2m, and the remaining amount was funded by a combination of our voluntary income and our reserves.

Our aim: Promote early action on hearing loss to the 'four million'

Hearing loss continues to be a major public health issue, affecting more than 10 million people in the UK — one in six of the population. This includes over six million people who could benefit from hearing aids, but only one in three of those people actually have them. This means that four million people have unmet needs and we continue to encourage these four million to take action on their hearing loss.

Our impact:

- We lobbied the English, Scottish and Welsh governments to introduce hearing screening, so that people can find out about their hearing loss and do something about it! Our research shows that a national programme would save £2bn and significantly reduce the impact of unmanaged hearing loss. Our influencing work includes promoting short- and longer- term ways of tackling screening, considering universal, opportunistic and targeted approaches. We are giving clear direction on how we make sure there is early diagnosis of hearing loss.
- The Ministry of Defence issued incredibly durable (ruggedized) laptops, incorporating our Hearing Check, to service men and women on active duty in Afghanistan.
- Our **Hearing Check** was taken by 113,612 people during the year — a small decrease

on the number taken in 2011/12 (in part due to sharing the Hearing Check with Specsavers). We're delighted that more than one million people have taken our Hearing Check since its launch in 2005.

- In Scotland, our posters were displayed in every pharmacy in Scotland as part of an NHS Scotland public health campaign to encourage people to take action on their hearing loss.
- In Wales, we also developed a pharmacy-based public health campaign. 206 pharmacies distributed over 200,000 'Act Now' postcards, calling on people to address their hearing loss. The vast majority of the pharmacists we worked with say they're now better informed about hearing loss, with more than half of them keen to get more information.
- We continued our work to get hearing loss in care homes recognised — and, importantly, addressed. We launched our report **[A World of Silence](#)**, examining residents' and care home staff's attitudes to hearing loss, at the House of Commons. The resulting debate in the House of Lords forced peers and politicians to take note of the real need for supporting people with hearing loss in care homes — and why early intervention is crucial. Health Minister, Earl Howe, committed to a cross-government hearing loss strategy, and our influencing work with the Department of Health on the issue has strengthened substantially.

- In Bristol and Northern Ireland we piloted an advertising campaign stressing the importance of addressing hearing loss. In Northern Ireland, of the people we asked, over 85% of those who saw the campaign said they were now more likely to check their hearing, or seek advice. Over 95% of the people we asked, who'd been exposed to the advertising in Northern Ireland and Bristol, said they now recognised the importance of getting your hearing checked.

Our aim: Campaign for high-quality and accessible audiology services

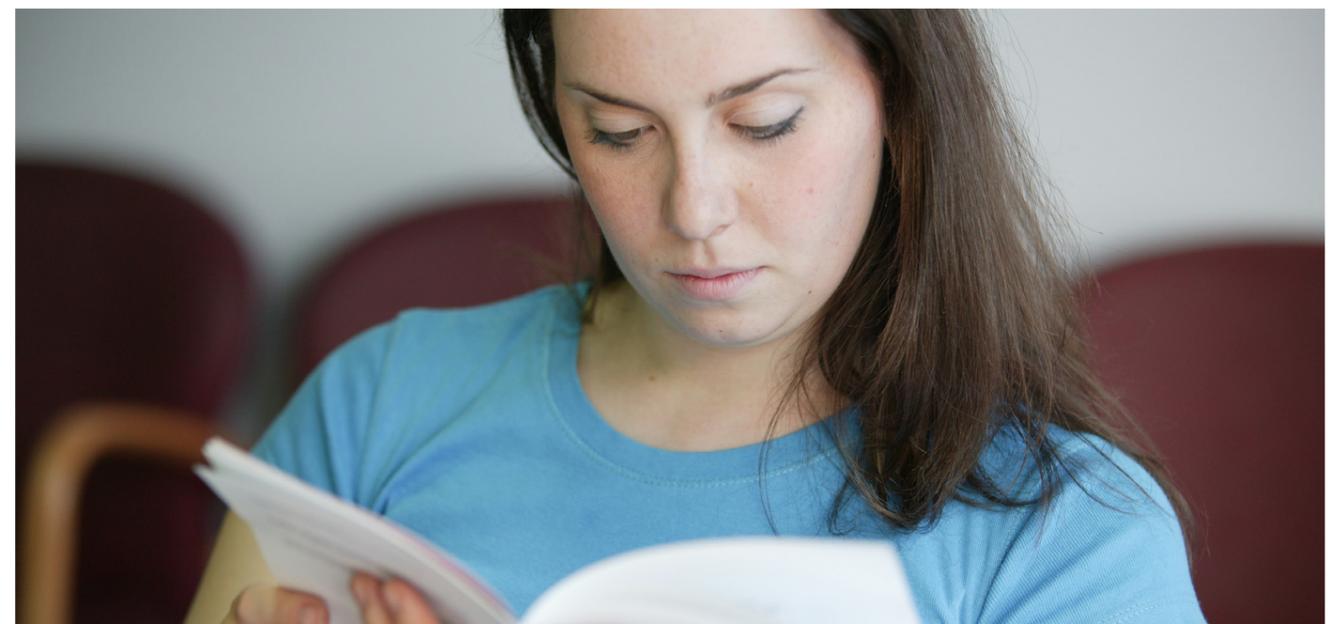
Our research shows that people don't have access to local, high-quality audiology services. So we are campaigning for an alternative to the hospital-care model that no longer meets the needs of an ageing population. We have also researched new hearing services models that improve access and choice.

Our impact:

- We campaigned hard for high-quality and accessible audiology services. We continued to develop the government hearing loss strategy, so that we could promote our

objectives around improving public health and hearing services; and ensure the inclusion and participation of people with hearing loss.

- In Scotland we played a big part in the development of the Joint Sensory Strategy, which will now include a commitment to improving access to NHS audiology services in line with quality standards.
- In Northern Ireland, largely thanks to us, the new Physical and Sensory Disability Strategy contains targets around public health campaigns on hearing.
- Because of our ongoing work to influence the Any Qualified Provider policy in England, the NHS has prioritised adult hearing services for early implementation. And, since October 2012, in areas selected to deliver these services, patients being referred on to audiology have been able to choose from a range of providers that meet these service standards.
- We produced a framework for evaluating hearing services under the NHS Any Qualified Provider policy in England. Next, we'll promote and use this tool to identify innovation and best practice.



People with hearing loss are supported

We've chosen to invest a large amount of our financial resources into this area of our work as in previous years, with expenditure of £21.0m and income of £16.9m. The remaining £4.1m was funded by our voluntary income and our reserves.

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 398 people using our care and support services. Whilst this represents a reduction of 4% from last year (we discontinued our Harrow Road service) we are delivering higher-level support packages to a number of people who are more vulnerable.

We achieved high-quality care and support services, with the Care Quality Commission, the Care and Social Services Inspectorate Wales and the Regulation and Quality Improvement Authority in Northern Ireland declaring our services fully compliant.

People like what we do! In our annual satisfaction survey, 93% of people who responded said they were happy with the care and support they receive from us.

"I am very happy now, I used to be sad"

We continued our work with [Helen Sanderson Associates](#), which specialises in promoting person-centred thinking, to ensure we are offering personalised services. They said we are: "making very good progress in using person-centred practices throughout the organisation, and have made a significant contribution to sharing information about person-centred thinking tools with the deaf community."

100% of the people we support are now registered onto our new outcomes tool, which is measuring the change we are achieving in the lives of people using our care and support services, enabling us to support them better in achieving their goals.

Our work with the government's '[Making it Real](#)' programme continued. Making it Real sets out what people who use support services can expect to see and experience if those services are truly personalised. Following the pilot in 2011/12, we're proud to say that 12 of our services now display the [Making it Real](#) kitemark.

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

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



Our impact:

- Our Information Line team gave invaluable support to people across the UK, via freephone and email helplines, answering 18,698 calls and 6,004 emails. We covered a huge range of subjects, from pensions and benefits to looking after your hearing aids and choosing the right phone. Whilst the number of enquiries marginally decreased in comparison to 2011/12, this is partly due to increased traffic to our online forums where there were almost 500,000 page views. Our forums provide valuable support to people across the UK.
- We gave face-to-face information, advice and guidance to 42,802 people in the UK with hearing loss — 30,260 in England, 1,038 in Northern Ireland, 7,968 in Scotland and 3,536 in Wales.
- This year we expanded to 31 the number of [Hear to Help services](#) we run across the UK, an increase of 15% on the previous year! Through the efforts of our 474 volunteers, 45,512 people were helped, in the community and at home, to manage their hearing loss and get the most out of their hearing aids.
- We have continued to expand our 'Hear to Meet' befriending services across the UK with each group self-directing activities supported by volunteers.
- Our Sensory Services in England helped 2,818 people by working with local authorities to assess needs and provide solutions for people who are deaf, deafened, deafblind or have hearing loss. Although the number of interventions decreased by 8% in comparison to last year, we believe that this is as a result of the increased support provided by Hear to Help at an earlier stage.
- We've made big improvements to our innovative online, consumer feedback tool 'Locate and Rate' at www.actiononhearingloss.org.uk/locateandrate, which has been developed to empower patients and drive up standards by allowing people to search and rate NHS and private hearing services in their area.
- This was endorsed this year by former Health Minister, Paul Burstow, and was cited as a good initiative in using patient comments on health services in the Department of Health's Information Strategy.

No one is isolated through hearing loss

We spent £7.9m on our work to ensure that no one is isolated through hearing loss, and we received £5.0m income relating to this. £2.9m of this work was funded through our voluntary income and reserves.

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

Communication support is the main challenge for people with hearing loss. We believe that improving access to communication support and technology can help avoid isolation.

Our impact:

- We concentrated our efforts on training communication professionals in areas — and disciplines — where no other provision was available. This included Northern Ireland and two inner London boroughs where we supported 40 people to become fully trained Speech-to-Text Reporters, trainee sign language interpreters, registered interpreters, BSL Level 6 teachers and Registered Translators.
- Our products customer services team dealt with 69,750 calls, emails and letters — a 2% increase on the previous year. This reflects our growing support and the quality of the advice we offer people so that they get the best from our life-changing products.
- We delivered 15,797 sign language assignments to people who needed communication support, and 1,256 assignments to people needing non-BSL or electronic support to communicate. This was an increase on last year and meant we were able to support more people with communication support by working with larger national projects. This is an increase of 6% from last year for sign language

assignments and a decrease of 21% for non-BSL or electronic support.

- We sold 79,210 products, which is an increase of 7% from 2011/12, and achieved a 99% customer satisfaction rate where customers rated our products at least three out of five.

“ This product has made such a difference to my husband’s life. He can enjoy the TV and join in discussions relating to programmes and news. Thank you very much. ”

“ A life-saver. I hadn’t slept for 10 months since tinnitus started. Now I sleep like a baby. Thank you. ”

“ I am so grateful to you, this phone has made communication so much better. Wish I had heard of your charity a long time ago. ”

Read more reviews of our products at: www.hearingloss.org.uk/review

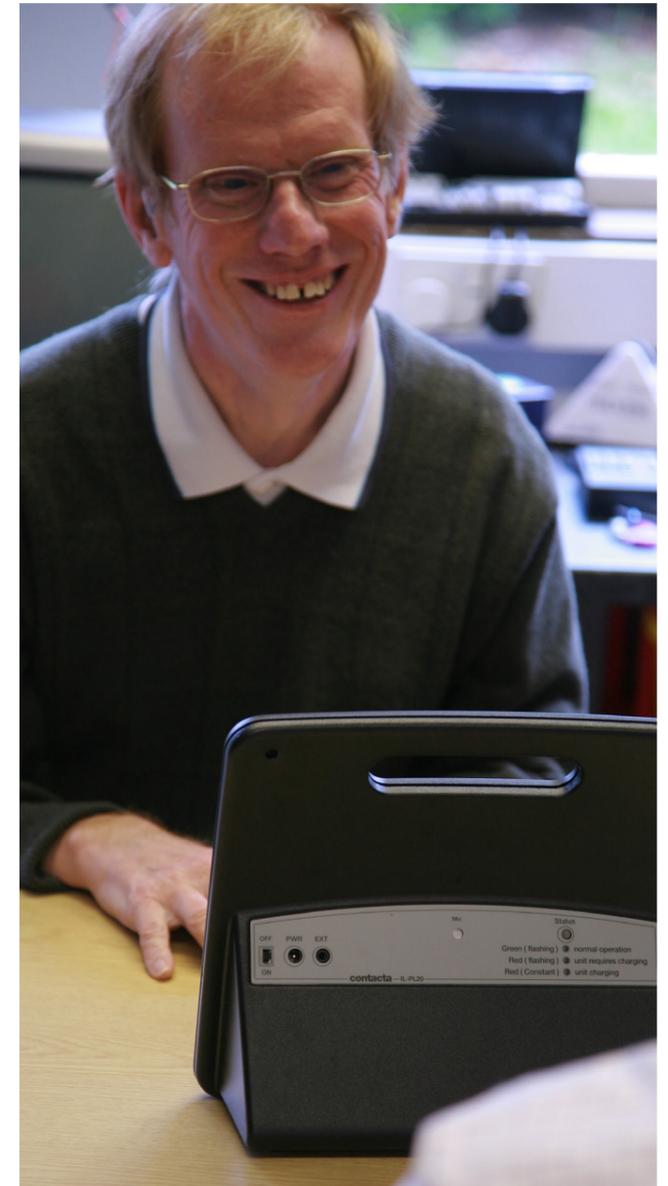
Our aim: Target organisations to encourage them to be more accessible to people with hearing loss

We live in a world where people with a hearing loss are still disadvantaged and discriminated against. Deaf awareness is a key issue; people are often not aware of the simple actions they can take to improve communication with someone who has a hearing loss.

Our impact:

- We provided Deaf Awareness and Start to Sign training for 4,776 people across voluntary, private and public sector organisations — a 31% rise in the numbers benefiting from our training in 2011-12.
- We signed up 14 organisations to our Louder than Words charter — including the Identity and Passport Service — which means they are now accessible for staff and people with hearing loss. Seventeen organisations demonstrated their ongoing commitment to accessibility by reaccrediting with us.
- We carried out 343 work-based assessments to advise employers on how they can make the workplace a much friendlier place for members of staff with a hearing loss. This is a 16% decrease on last year due to the unprecedented changes in the way government opened up the tendering process to private businesses.
- In Olympics year, we campaigned successfully to persuade key tourist attractions and hotels in London to improve accessibility before the Olympic and Paralympic Games. Many of them installed loop systems and gave their staff deaf awareness training, and Visit England began to routinely test loop systems as part of their accessible accreditation scheme.

Consumer Focus published a report called **Talking Sense**, which looked into the accessibility of Post Offices in Wales for people with sensory impairments. It reported the findings of a network of volunteers from Action on Hearing Loss and RNIB, who all had differing degrees of hearing or sight loss. They



visited 150 post offices across Wales.

In Wales, our work to ensure healthcare is accessible to people with hearing loss continued, resulting in people with hearing loss being recruited by the Healthcare Inspectorate to review healthcare sites across Wales.

- We worked with Ofcom, the communications regulator, to emphasise the importance of people with hearing loss having equal access to television. With our help, they produced a report which reviewed the quality of subtitles on television.

Our aim: Find ways to protect and restore hearing, and silence tinnitus

There are currently no treatments or cures that can undo or halt the progression of hearing loss and silence tinnitus. The main reason for this is simple: not enough money is put into research and translating scientific discoveries into commercially viable treatments. More must be done. By targeting funding to the most promising areas of research through our grant programmes, breaking down barriers for translational research, and being a catalyst for private investment, we're playing a vital role in accelerating the discovery and development of new treatments for hearing loss and tinnitus.

Our impact:

- We spent £1,027,867 on research projects that will help protect and restore hearing, and silence tinnitus.
- Our exciting merger with Deafness Research UK, in March, will allow us to raise the profile of — and boost the funding for — hearing research. We'll also be launching the Pauline Ashley grant — to provide vital support to talented new researchers or researchers wishing to embark on a new line of research in the UK.
- We launched another five, major international research projects that will improve our understanding and treatment of tinnitus, and increase the benefit people get from cochlear implants.
- Researchers we funded made significant, often newsworthy advances, for example demonstrating that human stem cells can repair the auditory nerve to restore hearing. Effort is now focused on developing and refining this treatment so that it can be clinically tested.
- Our researchers also developed a new approach to discovering drugs that influence hair cell regeneration, which could lead to the discovery of drugs to restore hearing. As a result of their success, the research group has been awarded \$1.6m by the National Institutes for Health in the USA.

- A new genetic test, developed by researchers we fund at the University of Antwerp and Great Ormond Street Hospital, allows for rapid and cheap diagnosis of inherited deafness.
- Our Translational Research Initiative for Hearing (TRIH) made good progress. We increased the number of TRIH partners to 15. These organisations have all agreed to consider supporting translational hearing research projects submitted to TRIH. Through this TRIH partnering scheme, AstraZeneca is now collaborating with MRC Harwell to identify new treatments for otitis media (infections of the middle ear).
- We provided up-to-date, targeted information to 78 organisations to encourage them to invest in developing treatments for hearing loss.



People protect themselves against hearing loss

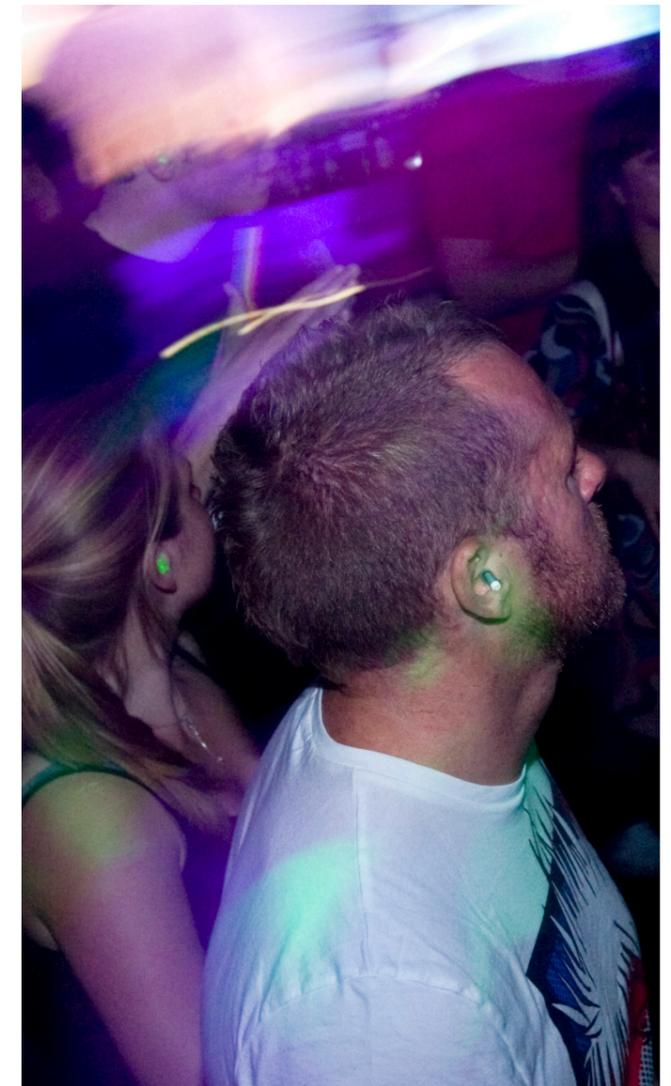
In 2012/13 we spent £0.3m on this objective. This was funded by our voluntary income and reserves.

Our aim: Promote the benefits of valuing and protecting hearing

The Medical Research Council estimates that four million young Britons are at risk from hearing damage from amplified music. Over the year, we worked with and on behalf of young people who listen to music on MP3 players, as well as in clubs and bars, and at gigs and festivals.

Our impact:

- During February's Tinnitus Awareness Week we called on the government to protect tinnitus services at a parliamentary drop-in, and ran 10 Noise Squads across the UK. The squads raised people's awareness of the damage they could do to their hearing by listening to music that's too loud, for too long.
- We launched two pilot public health campaigns to raise awareness of hearing loss — 'Loud Music' and 'Isolation'. Of the people we sampled, who saw our 'Loud Music' campaign in Camden, in north London, nearly 80% stated that it 'made them think again about protecting their hearing', while nearly two thirds said the adverts made them more likely to check/protect their hearing in the future.



Financial review and governance

| | 2012/13 | 2011/12 | Change |
|--|--------------|--------------|--------------|
| | (£m) | (£m) | (%) |
| Total income | 37.4 | 37.5 | 0% |
| Total expenditure | (38.3) | (39.6) | 3% |
| Net expenditure | (0.9) | (2.1) | |
| Gains / (losses) on investments and the defined benefit pension scheme | (1.2) | (6.1) | 79% |
| Net movement in funds | (2.1) | (8.2) | |
| Fund balance carried forward | 5.2 | 7.3 | (29%) |

The economic environment remains challenging and, as ever, we are incredibly grateful to the continued generosity and support of our members, donors and partners that has allowed us to continue delivering and promoting our services as well as advancing our campaigning and biomedical research. We delivered on our aims with an operating deficit of £0.9m in 2012/13. This includes the £1.3m income as a result of the merger with Deafness Research UK and, without this, we would have delivered an operating deficit of £2.2m. This compares with a budgeted deficit for the year of £1.7m and an operating deficit of £2.1m in 2011/12. The Board set a £1.7m deficit operating budget for 2012/13 with the intention of managing reserves back to within our acceptable reserve target range, while still having due regard to the risk profile related to our sources of income.

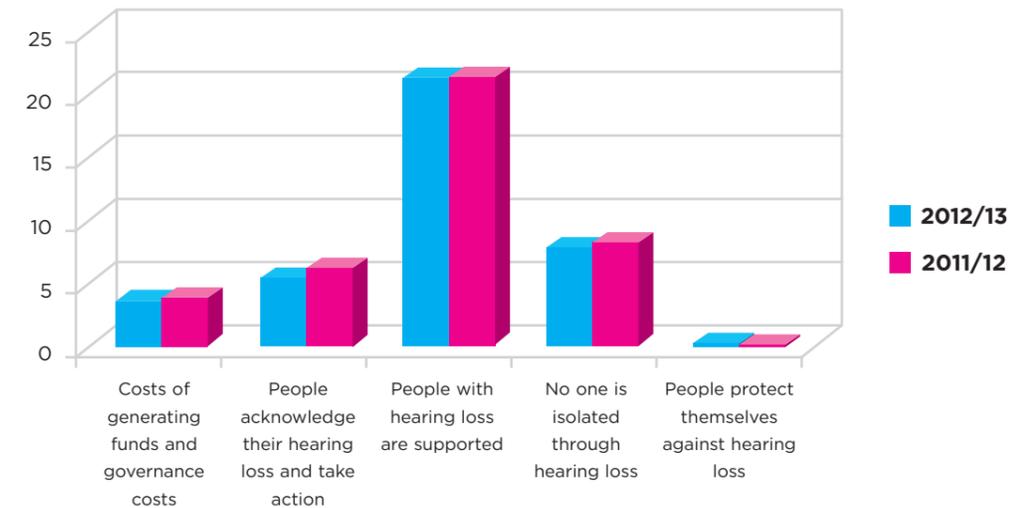
Income

Our incoming resources of £37.4m are £0.1m lower than in 2011/12. £1.3m of this income is due to the Deafness Research UK merger and, without this, our total incoming resources would have been £1.4m less than in 2011/12, mainly because of reduced income from our voluntary fundraising income streams. This year, our legacy income was down on both budget and the previous year, which, again, is a sign of the prevailing challenges within the economy.



Expenditure

Our overall expenditure decreased from £39.6m in 2011/12 to £38.3m in 2012/13. This is principally a result of us cutting costs across many departments to meet the significant challenges of the economic downturn.



During the year we accounted for unrealised gains on investments of £0.3m (2011/12 £0.1m loss) and actuarial losses on our pension scheme of £1.5m (2011/12 £6.0m loss). These factors, together with an operating deficit of £0.9m, resulted in our total fund balances decreasing by £2.1m to £5.2m.

Balance sheet

Fixed assets totalled £13.4m as at both 31 March 2012 and 31 March 2013. The decrease in tangible fixed assets, primarily as a result of the disposal of Wilton House, in Northern Ireland, has been offset by the unrealised gains within our investment portfolio.

Current assets as at 31 March 2013 were £7.3m and, without the DRUK merger, they would have been £6.0m in comparison with £8.0m as at 31 March 2012. This decrease is due to a planned reduction in cash and short-term deposits used to fund the budgeted deficit. Current liabilities were £3.3m as at 31 March 2013 which would have been £2.8m without the DRUK merger. This compares to current liabilities of £3.0m as at 31 March 2012.

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 at 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 at 31 March 2013 using the methodology recommended by Financial Reporting Standard 17. This valuation shows the market value of the scheme's assets to be £54.0m and the current value of the liabilities to be £66.2m. The net deficit on the scheme as at 31 March 2013 was £12.2m, compared with a net deficit of £11.2m as at 31 March 2012, in response to volatile market factors at the valuation date and the actuarial assumptions made. Further details are included in note 19.

Reserves policy

Free reserves available for use exclude restricted 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; a commercial activities income 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.

During the year, in light of our strategy and the prevailing economic circumstances, the Trustees reviewed the reserves policy and agreed to maintain the free reserve ranges of between £5.0m and £7.0m with a target of £6.0m.

Free reserves excluding the pensions reserve:

| | 2013 | 2012 |
|------------------------------------|-------------|-------------|
| | (£m) | (£m) |
| Total unrestricted funds | 12.5 | 14.0 |
| Less: | | |
| Unrestricted tangible fixed assets | (6.7) | (7.0) |
| | 5.8 | 7.0 |
| Represented by: | | |
| - investments | 4.9 | 4.5 |
| - current assets | 4.0 | 5.4 |
| - current liabilities | (3.1) | (2.9) |
| | 5.8 | 7.0 |

At the end of the financial year, free reserves were broadly in line with the target level of reserves set by the Board of Trustees in its reserves policy. This is due to efficiency savings and reductions in activity during the year in response to the potential impact of the cuts in public sector funding and the economic environment, as well as the increased amount that we were able to release from our restricted reserves.

We recognise that the financial environment continues to be challenging and that our funding streams remain under pressure, as demonstrated by us reporting an operating deficit of £0.9m for 2012/13 and £2.1m for 2011/12. In response to this, we conducted a review during 2012/13 that resulted in us making cuts to our expenditure budgets that resulted in redundancies. This review was carried out in line with the direction of our new strategy with a focus on minimising any negative impact on our charitable activities. In light of this, the level of our reserves and our future plans, the Trustees consider it appropriate to prepare the financial statements on a going-concern basis.

Risk management and internal control

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 risks 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. This year, specific consideration has continued to be given to the impact of the current economic climate, the 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 diverse income-generating strategies, and have considered the level of risk associated with our various income streams and the steps 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 included 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 completed a review of our charitable services and have reorganised 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 — we hold 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 launched a review of our organisational culture — to include a review of our values and behaviours — as part of a wider organisation-development programme.

- **Investment in infrastructure**

We recognise that we need to maintain infrastructure and support systems that are fit for purpose. To manage this risk we have reviewed and restructured our support services to provide core, cost-effective, internal services.

- **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, have a hearing loss or who are 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 our 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.

Our 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.

Investment policy and performance

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% – 55% |
| Fixed income | 27.5% – 32.5% |
| Property | 7.5% – 12.5% |
| Cash | 7.5% – 12.5% |

The actual allocations are shown in note 12. 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 AA.
- Fixed income assets should have a maturity of three years or less.

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 which reviews fund manager and investment performance on a regular basis.

Fund managers are assessed against a performance benchmark set by the Board of Trustees. During the year it was based on the following proportions:

| | |
|--|-----|
| FTSE All-Share Index | 40% |
| FTSE World (ex-UK) Index | 10% |
| Bank of America Merrill Lynch UK Gilts 1-3 years | 30% |
| IPD All Balanced Funds Weighted Average | 10% |
| 7-Day LIBID | 10% |

During the year the decision was made for the management of the cash element of the investment portfolio to be brought in house, and the benchmark for our Fund Manager was updated to the following proportions:

| | |
|--|-----|
| FTSE All-Share Index | 45% |
| FTSE World (ex-UK) Index | 11% |
| Bank of America Merrill Lynch UK Gilts 1-3 years | 33% |
| IPD All Balanced Funds Weighted Average | 11% |

Due to operational reasons the benchmark change and disinvestment of cash did not take place in the year ending 31 March 2013.

Overall, the year to 31 March 2013 has been a positive year for investments with a +9.44% total return for the year, compared with a benchmark return of +8.71%. However, the external conditions remain extremely volatile and the Trustees intend to keep the investment approach under particular scrutiny during the year to 31 March 2014.

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. Employees regularly contributed during the year to the development of our new strategy. 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 which, for the first time, we consolidated with surveying volunteers.

We support equal opportunities, and hold both the Investor in People standard which was re-accredited in the year and the Disability symbol. 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% (2012: 19%) of our staff were disabled or had hearing loss.

We recognise the invaluable work which our members and volunteers do on our behalf and the part they play in contributing to the achievement of our shared objectives. There are nearly 1,500 dedicated volunteers actively involved in supporting our services throughout the UK and we thank all of them, including our members, campaigners and donors for contributing their time and energy to supporting ongoing campaigns and fundraising activities.

Future plans

We're launching our exciting new strategy, '[Taking Action. Hearing Loss: a national and local response](#)', in 2013/14. It sets out a new way of working to ensure that, at a local level, people will get the high-quality information, support, services and products they need, how and when they're needed. In return, at a national level, we're able to change the big things that affect people with hearing loss as a whole. We've built it round the changes that our beneficiaries have told us they want to see in their lives, and it has three main pillars:

- 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.

The strategy sets out, clearly, our long-term goals of:

- **Supporting people** locally and nationally
- **Raising awareness:** putting hearing loss on the national agenda
- **Influencing:** leading the sector in forming policy based on social research, and campaigning in a targeted and effective way
- **Funding cures:** funding world-class discoveries and translational research; supporting the training of a new generation of scientists; and working with others to ensure new treatments are developed quickly.

During 2013/14 we will plan our progress towards achieving these goals over the short and long term through defined programmes of work, as well as continuing to deliver on the calls for action in our seminal 2011 report, *Hearing Matters*.

Structure, governance and management

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.

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 2013, they met at four quarterly board meetings and reviewed strategy and performance, and set budgets. 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 them for effective and informed decision-making.

Trustees are encouraged to attend training sessions to develop their knowledge and skills. The Board delegates certain powers in connection with the charity's management and administration, as set out below. This delegation is controlled by requiring regular reporting back to the Board, ensuring that all decisions made under delegated powers can be ratified by the full Board in due course.

Audit Committee

The Audit Committee comprises the Honorary Treasurer, at least one other Trustee, and one member who is independent of both the Board of Trustees and Executive. 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 and the Executive Director Corporate Resources, and one member who is independent of both the Board of Trustees and Executive. 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.

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.

Group structure

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 £21,879 (2012: £145,914). The decrease in profit from 2012/13 was a result of our partnership with Specsavers coming to an end.

Merger with Deafness Research UK

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. We have a long-term commitment to funding hearing research as a part of our organisational strategy, and the merger will enable us to work together to invest more in hearing research. Notes 1 and 3 of the financial accounts show how the merger has impacted upon the financial statements.

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
 Stephen Hill, Vice Chairman, Honorary Treasurer
 Sheila Bailey (from 19 November 2012)
 Professor Norman Black
 Conor Boland (from 19 November 2012)
 Sir Rodney Brooke
 Win Griffiths
 Professor Matthew Holley
 Sir Peter Job
 Dr Judith Langfield (to 19 November 2012)
 Harry McQuillan
 Janine Roebuck
 Ashley de Safrin
 Diane Simpson
 Stephen Thomas (to 19 November 2012)
 Liz Tait

Post year end on 6 June 2013, Stephen Hill was appointed Chairman and Harry McQuillan Honorary Treasurer.

Patron

HRH The Duke of Edinburgh (to 31 March 2013)
 HRH The Duke of York (from 31 March 2013)

Vice Patron

HRH The Countess of Wessex (to 31 March 2013)

President

Rt Hon Lord Ashley of Stoke CH (Deceased 20 April 2012)

Vice Presidents

Rt Hon Malcom Bruce MP
 Keith Butler-Wheelhouse
 Sir Rocco Forte
 Peter Marks
 Steven Norris
 James Strachan
 Rt Hon Jack Straw MP
 Stephen Thomas (from 19 November 2012)

Audit Committee

Stephen Hill, Chairman
 Sir Rodney Brooke
 John Galbraith
 Ashley de Safrin
 Stephen East

Investment Committee

Stephen Hill, Chairman
 Sir Peter Job
 Jenine Langrish
 Peter Robson

Nominations Committee

Gerald Corbett, Chairman
 Stephen Hill
 Janine Roebuck
 Ashley de Safrin

Executive Officers (as at 31 March 2013)

Chief Executive, Paul Breckell
 Executive Director, Corporate Resources and Company Secretary, Peter Robson
 Executive Director, Commercial Services, Kate Bull
 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

BlackRock Investment Management (UK) Limited
 33 King William Street
 London EC4R 9AS

By order of the Board of Trustees



Stephen Hill

Chairman

Date: 9 September 2013

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

Independent auditor's report

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

We have audited the financial statements of the Royal National Institute for Deaf People (trading as Action on Hearing Loss) for the year ended 31 March 2013, which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement, and the related notes. 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).

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 25-26, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2013, 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.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 require us to report to you if, in our opinion:

- 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; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Kevin Lowe

Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, London
Date: 9 September 2013

Financial Statements

Consolidated statement of financial activities

Company number: 454169

For the year ended 31 March 2013

(incorporating an income and expenditure account)

| | Note | Unrestricted funds | Restricted funds | Total funds 2013 | Total funds 2012 |
|---|------|--------------------|------------------|------------------|------------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Incoming resources | | | | | |
| Incoming resources from generated funds | | | | | |
| Voluntary income | | | | | |
| Donations, gifts and unrestricted grants | | 2,474 | 22 | 2,496 | 2,865 |
| Legacies | | 7,700 | 207 | 7,907 | 9,260 |
| Activities for generating funds | | | | | |
| Weekly lottery | | 635 | - | 635 | 601 |
| RNID Activities Limited | 10 | 34 | - | 34 | 241 |
| Other incoming resources | | 796 | 10 | 806 | 709 |
| Fair value of acquired net assets DRUK | 3 | - | 1,281 | 1,281 | - |
| Investment income | 2 | 171 | 44 | 215 | 210 |
| Incoming resources from charitable activities | | | | | |
| People acknowledge their hearing loss and take action | | 1,775 | 405 | 2,180 | 2,048 |
| People with hearing loss are supported | | 16,203 | 660 | 16,863 | 16,742 |
| No one is isolated through hearing loss | | 4,106 | 894 | 5,000 | 4,838 |
| People protect themselves against hearing loss | | 7 | 2 | 9 | 19 |
| Total incoming resources | | 33,901 | 3,525 | 37,426 | 37,533 |
| Resources expended | | | | | |
| Cost of generating funds | | | | | |
| Fundraising costs | | 3,608 | 28 | 3,636 | 3,710 |
| RNID Activities Limited | | 12 | - | 12 | 95 |
| Investment management fees | | 17 | - | 17 | 16 |
| | | 3,637 | 28 | 3,665 | 3,821 |
| Net incoming resources available for charitable application | | 30,264 | 3,497 | 33,761 | 33,712 |

(carried forward to page 31)

The notes on pages 35 to 57 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 2013

(incorporating an income and expenditure account)

(brought forward from page 30)

| | Note | Unrestricted funds | Restricted funds | Total funds 2013 | Total funds 2012 |
|--|------|--------------------|------------------|------------------|------------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Net incoming resources available for charitable application | | 30,264 | 3,497 | 33,761 | 33,712 |
| Charitable activities | | | | | |
| People acknowledge their hearing loss and take action | | 5,017 | 385 | 5,402 | 6,249 |
| People with hearing loss are supported | | 19,420 | 1,532 | 20,952 | 20,998 |
| No one is isolated through hearing loss | | 6,760 | 1,166 | 7,926 | 8,331 |
| People protect themselves against hearing loss | | 255 | - | 255 | 137 |
| Total cost of charitable activities | | 31,452 | 3,083 | 34,535 | 35,715 |
| Governance costs | | 79 | - | 79 | 70 |
| Total resources expended | 5 | 35,168 | 3,111 | 38,279 | 39,606 |
| Net outgoing resources before other recognised gains and losses | | | | | |
| Realised loss on investments | 4 | (1,267) | 414 | (853) | (2,073) |
| Net outgoing resources before transfers | | (1,270) | 414 | (856) | (2,097) |
| Gross transfers between funds | 21 | 36 | (36) | - | - |
| | | (1,234) | 378 | (856) | (2,097) |
| Other recognised gains and losses | | | | | |
| Unrealised gain/(loss) on investments | | 263 | - | 263 | (98) |
| Actuarial loss defined benefit pension scheme | 19 | (1,524) | - | (1,524) | (6,005) |
| Net movement in funds | | (2,495) | 378 | (2,117) | (8,200) |
| Fund balances brought forward at 1 April | | 2,821 | 4,460 | 7,281 | 15,481 |
| Fund balances carried forward at 31 March | | 326 | 4,838 | 5,164 | 7,281 |

The notes on pages 35 to 57 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

(Company number: 454169)

As at 31 March 2013

| | Note | Group | | Charity | |
|---|------|---------------|---------------|---------------|---------------|
| | | 2013 £'000 | 2012 £'000 | 2013 £'000 | 2012 £'000 |
| Fixed assets | | | | | |
| Tangible assets | 11 | 8,455 | 8,769 | 8,455 | 8,769 |
| Investments | 12 | 4,993 | 4,615 | 4,993 | 4,615 |
| Total fixed assets | | 13,448 | 13,384 | 13,448 | 13,384 |
| Current assets | | | | | |
| Stocks | 13 | 363 | 704 | 363 | 704 |
| Debtors | 14 | 4,599 | 3,769 | 4,626 | 3,875 |
| Short-term deposits | | 1,246 | 2,688 | 1,246 | 2,688 |
| Cash at bank and in hand | | 1,044 | 911 | 1,012 | 780 |
| Total current assets | | 7,252 | 8,072 | 7,247 | 8,047 |
| Creditors | | | | | |
| Amounts falling due within one year | 15 | 3,339 | 2,999 | 3,334 | 2,974 |
| Net current assets | | 3,913 | 5,073 | 3,913 | 5,073 |
| Total assets less current liabilities being net assets excluding pension liability | | 17,361 | 18,457 | 17,361 | 18,457 |
| Defined benefit pension scheme liability | 19 | 12,197 | 11,176 | 12,197 | 11,176 |
| Net assets including pension liability | 18 | 5,164 | 7,281 | 5,164 | 7,281 |

(The balance sheet is continued on page 33)

The notes on pages 35 to 57 form part of these financial statements.

Balance sheet

(Company number: 454169)

As at 31 March 2013

(The balance sheet is brought forward from page 32)

| | Note | Group | | Charity | |
|--|------|---------------|---------------|---------------|---------------|
| | | 2013 £'000 | 2012 £'000 | 2013 £'000 | 2012 £'000 |
| The funds of the charity | | | | | |
| Endowment funds | 20 | 68 | 68 | 68 | 68 |
| Restricted income funds | 20 | 4,770 | 4,392 | 4,770 | 4,392 |
| | | 4,838 | 4,460 | 4,838 | 4,460 |
| Unrestricted income funds excluding pension liability | | 11,905 | 13,582 | 11,905 | 13,582 |
| Revaluation reserve | | 618 | 415 | 618 | 415 |
| Pension reserve | | (12,197) | (11,176) | (12,197) | (11,176) |
| Total unrestricted income funds | | 326 | 2,821 | 326 | 2,821 |
| Total charity funds | | 5,164 | 7,281 | 5,164 | 7,281 |

These financial statements were approved by the Board of Trustees and authorised for issue on 9 September 2013 and signed on its behalf by:



Stephen Hill
Chairman



Harry McQuillan
Honorary Treasurer

The notes on pages 35 to 57 form part of these financial statements.

Consolidated cash flow statement

(Company number: 454169)

For the year ended 31 March 2013

| | Note | 2013 £'000 | 2012 £'000 |
|--|------|----------------|---------------|
| Net cash outflow from operating activities | 23 | (981) | (2,293) |
| Returns on investments and servicing of finance | | | |
| Interest paid | | (8) | (12) |
| Interest received | | 96 | 100 |
| Dividends received | | 118 | 110 |
| Net cash inflow from returns on investments and servicing of finance | | 206 | 198 |
| Capital expenditure and financial investment | | | |
| Purchase of property | | (351) | (314) |
| Purchase of other tangible fixed assets | | (272) | (762) |
| Purchase of fixed asset investments | | (319) | (1,494) |
| Sale of fixed asset investments | | 408 | 1,445 |
| Cash acquired on merger | | (1,530) | - |
| Cash (outflow) from capital expenditure and financial investment | | (2,064) | (1,125) |
| Net cash outflow before management of liquid resources and financing management of liquid resources | | (2,839) | (3,220) |
| Decrease in short-term deposits | | 1,442 | 2,001 |
| Net cash inflow from the management of liquid resources | | 1,442 | 2,001 |
| Decrease in cash | 25 | (1,397) | (1,219) |
| Cash at 1 April | | 911 | 2,130 |
| Decrease in cash | | (1,397) | (1,219) |
| Cash acquired on merger | | 1,530 | - |
| Cash at 31 March | | 1,044 | 911 |

The notes on pages 35 to 57 form part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2013

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 "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 25 and 26.

Basis of Consolidation

The consolidated accounts 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 loss for the financial year of £856,000 (2012 Loss of £2,097,000) 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.

Notes to the financial statements

For the year ended 31 March 2013

Deafness Research UK (DRUK) 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 6-month review period rather than a 12-month review period with DRUK 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 & furniture | 20% |
| Computer equipment | 20% |
| Other equipment | 20% |
| Motor vehicles | 20% |

No depreciation is provided on freehold land.

In the year ended 31 March 2012, the depreciation policy for computer equipment fixed assets was changed from three to five years to more accurately reflect the useful life of this asset class. No historical adjustments to the computer equipment depreciation were made.

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.

Notes to the financial statements

For the year ended 31 March 2013

Pension costs

Action on Hearing Loss operates two funded pension schemes in the UK. One scheme has both defined benefit and defined contribution sections and the other has 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 7 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.

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.

Notes to the financial statements

For the year ended 31 March 2013

2. Investment income

| | 2013 £'000 | 2012 £'000 |
|-------------------------------------|---------------|---------------|
| Income from listed investments - UK | 118 | 110 |
| Interest received - bank | 46 | 58 |
| Interest received - investments | 51 | 42 |
| | 215 | 210 |

3. Net assets acquired on merger

On 31 March 2013 Action on Hearing Loss merged with Deafness Research UK (The Hearing Research Trust). Under the terms of the merger, the assets and operations of the charity were transferred to Action on Hearing Loss. The legal agreement between the charities ensures that Deafness Research UK's existing research projects and the charity's commitment to research funding will be continued by Action on Hearing Loss. For the foreseeable future Deafness Research UK will continue to exist as a dormant company and it will be retained on the Charity Commission's Register of Charities for at least three years.

A summary follows of the fair values of the net assets transferred.

| | DRUK £'000 |
|---|---------------|
| Fixed assets | 4 |
| Investments | 207 |
| Current assets | 1,618 |
| Creditors - amounts falling due within one year | 548 |
| Net assets | 1,281 |

There were no purchase costs incurred in acquiring these net assets.

Notes to the financial statements

For the year ended 31 March 2013

4. Net incoming/(outgoing) resources and net income/(expenditure) for the year before other recognised gains and losses

| This is stated after charging: | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Interest payable: | | |
| - bank loans and overdrafts wholly repayable within five years | 8 | 12 |
| Depreciation | 684 | 716 |
| Loss on disposal of fixed assets | 257 | 31 |
| Payments under operating leases: | | |
| - land and buildings | 932 | 880 |
| - other | 220 | 297 |
| Auditors' remuneration: | | |
| - audit | 55 | 56 |
| - audit other | 3 | - |
| Tax advisory services | 2 | 9 |
| | 2 | 9 |

Notes to the financial statements

For the year ended 31 March 2013

5. Analysis of total resources expended

| | Direct costs | | Support costs | | Total 2013 £'000 | Total 2012 £'000 |
|---|----------------|----------------|----------------|----------------|------------------------|------------------------|
| | Staff £'000 | Other £'000 | Staff £'000 | Other £'000 | | |
| Cost of generating funds | | | | | | |
| Fundraising costs | 1,296 | 2,019 | 192 | 129 | 3,636 | 3,710 |
| RNID Activities Limited | - | 12 | - | - | 12 | 95 |
| Investment management fees | - | 17 | - | - | 17 | 16 |
| | <u>1,296</u> | <u>2,048</u> | <u>192</u> | <u>129</u> | <u>3,665</u> | <u>3,821</u> |
| Charitable activities | | | | | | |
| People acknowledge their hearing loss and take action | 2,792 | 1,765 | 506 | 339 | 5,402 | 6,249 |
| People with hearing loss are supported | 10,892 | 5,067 | 2,988 | 2,005 | 20,952 | 20,998 |
| No one is isolated through hearing loss | 2,549 | 4,592 | 470 | 315 | 7,926 | 8,331 |
| People protect themselves against hearing loss | 90 | 149 | 10 | 6 | 255 | 137 |
| | <u>16,323</u> | <u>11,573</u> | <u>3,974</u> | <u>2,665</u> | <u>34,535</u> | <u>35,715</u> |
| Governance costs | - | 79 | - | - | 79 | 70 |
| Total resources expended | <u>17,619</u> | <u>13,700</u> | <u>4,166</u> | <u>2,794</u> | <u>38,279</u> | <u>39,606</u> |

Notes to the financial statements

For the year ended 31 March 2013

6. Support costs

Basis of allocation: by staff number

| | Management £'000 | Finance & strategy directorates £'000 | Knowledge & information systems £'000 | People, development & governance £'000 | Total 2013 £'000 | Total 2012 £'000 |
|---|---------------------|---|---|---|------------------------|------------------------|
| Fundraising | 10 | 93 | 58 | 160 | 321 | 282 |
| People acknowledge their hearing loss and take action | 26 | 246 | 153 | 420 | 845 | 782 |
| People with hearing loss are supported | 155 | 1,454 | 902 | 2,482 | 4,993 | 3,992 |
| No one is isolated through hearing loss | 24 | 229 | 142 | 390 | 785 | 699 |
| People protect themselves against hearing loss | 0 | 5 | 3 | 8 | 16 | 18 |
| Total | <u>215</u> | <u>2,027</u> | <u>1,258</u> | <u>3,460</u> | <u>6,960</u> | <u>5,773</u> |

Notes to the financial statements

For the year ended 31 March 2013

7. Grants payable

The aggregate amount of grants made during the year ended 31 March 2013, analysed by recipient was:

| Analysis | Institution | Number of grants 2013 | 2013 £'000 | 2012 £'000 |
|---|--|-----------------------|---------------|---------------|
| Medical research into hearing loss | University College London | 12 | 236 | 278 |
| | University of Western Australia | 1 | 75 | 50 |
| | University of California | 1 | 71 | 38 |
| | Medical Research Council | 4 | 66 | 26 |
| | Kings College London | 3 | 54 | 36 |
| | Cincinnati Children's Hospital Medical Center | 1 | 50 | 25 |
| | Imperial College London | 1 | 50 | 49 |
| | University of Tübingen | 1 | 48 | 73 |
| | University of Sussex | 2 | 47 | 34 |
| | University of Leicester | 1 | 47 | 35 |
| | Harvard Medical School | 1 | 44 | 23 |
| | Washington University | 1 | 43 | 21 |
| | University of Antwerp | 1 | 25 | 49 |
| | Oxford University | 1 | 24 | 16 |
| | Cardiff University | 1 | 24 | 12 |
| | University of Southampton | 1 | 22 | 22 |
| | University Medical Centre Groningen | 1 | 22 | - |
| | University of Kansas Medical Center Research Institute | 1 | 19 | 48 |
| | John Hopkins University Central Lockbox | 1 | 19 | - |
| | State University of Iowa | 1 | 16 | 57 |
| | University of Cambridge | 1 | 12 | 25 |
| | University of Maryland | 1 | 5 | - |
| | Santos-Cortez Baylor College | 1 | 5 | - |
| | Nottingham University | 1 | 4 | 2 |
| | University of Sheffield | - | - | 96 |
| | Bionics Institute | - | - | 26 |
| | University of Essex | - | - | 12 |
| | University of Bristol | - | - | 4 |
| | University of Birmingham | - | - | 2 |
| | Keele University | - | - | 2 |
| | Great Ormond Street Hospital | - | - | 2 |
| | Newcastle University | - | - | 1 |
| Oregon Hearing Research Center | - | - | 1 | |
| Auckland University | - | - | 1 | |
| Southern Illinois University | - | - | 1 | |
| | | 41 | 1,028 | 1,067 |
| Welfare, education & training for deaf & hard of hearing people | University College London | 1 | 31 | 30 |
| | Midland Regional Association for the Deaf | 1 | 5 | 5 |
| | North Regional Association for Sensory Support | - | - | 2 |
| | | 2 | 36 | 37 |
| Total | | 43 | 1,064 | 1,104 |

Notes from prior page: Of the total grant funding made during the year, £1,027,877 related to biomedical research projects. In addition to the above, the charity expects to fund future grants totalling £1,876,220 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 the 'No one is isolated through hearing loss' 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.

Notes to the financial statements

For the year ended 31 March 2013

8. Employees

| | 2013 £'000 | 2012 £'000 |
|--------------------------------|---------------|---------------|
| Staff costs consist of: | | |
| Wages and salaries | 18,967 | 19,793 |
| Social security costs | 1,589 | 1,720 |
| Pension costs | 1,367 | 1,363 |
| | 21,923 | 22,876 |

The above figures include temporary and agency staff employed by Action on Hearing Loss at a cost of £543,973 (2012: £851,859)

| | 2013 | 2012 |
|--|------------|------|
| The average monthly number of employees during the year was made up as follows: | | |
| People acknowledge their hearing loss and take action | 98 | 106 |
| People with hearing loss are supported | 579 | 542 |
| No one is isolated through hearing loss | 91 | 95 |
| People protect themselves against hearing loss | 2 | 2 |
| Fundraising | 37 | 38 |
| Finance, human resources, information technology and administration | 83 | 79 |
| | 890 | 862 |

| | 2013 | 2012 |
|---|------------|------|
| The average monthly number of employees on a full-time equivalent basis during the year was: | 740 | 748 |

Number of employees receiving gross salaries over £60,000:

| Salary Band | 2013 | 2012 |
|----------------------|------|------|
| £60,001 to £70,000 | 1 | - |
| £70,001 to £80,000 | 1 | 1 |
| £80,001 to £90,000 | 2 | 3 |
| £90,001 to £100,000 | - | 1 |
| £100,001 to £110,000 | 1 | - |
| £120,001 to £130,000 | - | 1 |

None of these employees (2012: 0) is in the defined benefit pension scheme, and three (2012: 5) are in the defined contribution pension scheme.

Contributions in the pension year to the defined contribution scheme were £20,100, in respect of three employees (2012: 5 with contributions of £36,132).

Notes to the financial statements

For the year ended 31 March 2013

As at 31 March 2012 the Chief Executive of Action on Hearing Loss was the highest paid member of staff. In the year to 31 March 2013 he received remuneration of £101,353 (2012: £125,454) and was a member of the defined contribution pension scheme.

The current Chief Executive did not take up his post until September 2012.

9. Trustees' remuneration

None of the members of the Board of Trustees received any remuneration during this year or last year. During the year, five Trustees (2012: seven) received reimbursements of non-private travel and subsistence expenditure amounting to £3,572 (2012: £3,423).

There were no related party transactions during the year.

10. 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 2012.

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 2013 was £33,869 (2012 - £240,636), cost of sales were £463 (2012 - £83,905), administration expenses were £11,527 (2012 - £10,817), which left an operating profit of £21,879 in 2013 (2012 - £145,914).

Notes to the financial statements

For the year ended 31 March 2013

11. Tangible assets

Group and Charity

| | Freehold | Long leasehold | Short leasehold | Total Property | Fixtures, fittings & furniture | Computer equipment | Other equipment | Total other | Grand total |
|----------------------------------|--------------|----------------|-----------------|----------------|--------------------------------|--------------------|-----------------|--------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | | | | | |
| At 1 April 2012 | 9,615 | 236 | 150 | 10,001 | 3,233 | 3,232 | 806 | 7,271 | 17,272 |
| Additions | 317 | - | 34 | 351 | 10 | 262 | - | 272 | 623 |
| Disposals | (356) | - | - | (356) | (7) | (6) | (2) | (15) | (371) |
| Reclassification | 85 | - | - | 85 | (85) | - | - | (85) | - |
| Assets acquired from DRUK merger | - | - | - | - | - | 13 | - | 13 | 13 |
| At 31 March 2013 | 9,661 | 236 | 184 | 10,081 | 3,151 | 3,501 | 804 | 7,456 | 17,537 |
| Accumulated Depreciation | | | | | | | | | |
| At 1 April 2012 | 2,610 | 35 | 128 | 2,773 | 2,468 | 2,470 | 792 | 5,730 | 8,503 |
| Charge for year | 222 | 6 | 7 | 235 | 182 | 261 | 6 | 449 | 684 |
| Disposals | (100) | - | - | (100) | (6) | (6) | (2) | (14) | (114) |
| Reclassification | (15) | - | - | (15) | 15 | - | - | 15 | - |
| Depreciation from DRUK merger | - | - | - | - | - | 9 | - | 9 | 9 |
| At 31 March 2013 | 2,717 | 41 | 135 | 2,893 | 2,659 | 2,734 | 796 | 6,189 | 9,082 |
| Net Book Value | | | | | | | | | |
| At 31 March 2013 | 6,944 | 195 | 49 | 7,188 | 492 | 767 | 8 | 1,267 | 8,455 |
| At 31 March 2012 | 7,005 | 201 | 22 | 7,228 | 765 | 762 | 14 | 1,541 | 8,769 |

Action on Hearing Loss commissions valuations of its major freehold and leasehold properties every five years. 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 are brought into use. Within computer equipment are assets under construction with a cost of £31,326.

Notes to the financial statements

For the year ended 31 March 2013

12. Fixed asset investments

| Group and Charity | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Value of investment portfolio at 1 April | 4,615 | 4,688 |
| Additions | 319 | 1,494 |
| Investment acquired through DRUK merger | 207 | - |
| Disposals | (408) | (1,445) |
| Realised gains on investments | (3) | (24) |
| Unrealised gains on investments | 263 | (98) |
| Market value at 31 March | 4,993 | 4,615 |

Represented by:

Listed securities:

| | | |
|--------------------------|--------------|-------|
| UK equity funds | 2,351 | 1,992 |
| Overseas equity funds | 674 | 529 |
| UK corporate funds | 603 | 864 |
| Overseas corporate funds | 533 | 400 |
| UK property funds | 422 | 433 |
| Cash fund | 410 | 397 |
| | 4,993 | 4,615 |

| | | |
|------------------|--------------|-------|
| Cost at 31 March | 4,166 | 4,200 |
|------------------|--------------|-------|

Included in the portfolio are the following individual investments that represent more than 5% by value of the total fund:

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Charishare | 2,139 | 1,914 |
| BlackRock Overseas Fund | 598 | 529 |
| Skipton Building Society (UK fixed interest) | - | 240 |
| BPF - UK Property Fund | 422 | 433 |
| Kreditanstalt | 300 | 302 |
| UK Conv Gilt Bond 5% & 8% | 247 | 392 |
| Network Rail Infra | - | 231 |
| ICS INS GBP LIQ Agency Dis | 410 | 397 |

13. Stocks

| Group and Charity | 2013 £'000 | 2012 £'000 |
|----------------------------|---------------|---------------|
| Equipment and publications | 363 | 704 |

Notes to the financial statements

For the year ended 31 March 2013

14. Debtors

| | Group | | Charity | |
|--|---------------|---------------|---------------|---------------|
| | 2013 £'000 | 2012 £'000 | 2013 £'000 | 2012 £'000 |
| Trade debtors | 2,309 | 2,031 | 2,309 | 1,911 |
| Gift Aid donation due from RNID Activities Ltd | - | - | 23 | 146 |
| Other debtors | 79 | 138 | 83 | 218 |
| Prepayments and accrued income | 2,211 | 1,600 | 2,211 | 1,600 |
| | 4,599 | 3,769 | 4,626 | 3,875 |

15. Creditors: amounts falling due within one year

| | Group | | Charity | |
|------------------------------------|---------------|---------------|---------------|---------------|
| | 2013 £'000 | 2012 £'000 | 2013 £'000 | 2012 £'000 |
| Trade creditors | 619 | 511 | 619 | 511 |
| Taxation and social security costs | 421 | 451 | 421 | 451 |
| Other creditors | 305 | 283 | 304 | 262 |
| Accruals | 1,600 | 1,106 | 1,596 | 1,102 |
| Deferred income | 394 | 648 | 394 | 648 |
| | 3,339 | 2,999 | 3,334 | 2,974 |

| | |
|-------------------------------|------------|
| Deferred income 1 April 2012 | 648 |
| Deferred income raised | 169 |
| Deferred income released | (423) |
| Deferred income 31 March 2013 | 394 |

Notes to the financial statements

For the year ended 31 March 2013

16. 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 £3.3m (2012: £4.1m).

17. Capital commitments

Group and Charity

As at 31 March 2013, Action on Hearing Loss had capital expenditure authorised and contracted in respect of freehold property of £Nil (2012: £28,419).

18. Analysis of group net assets between funds

| | Unrestricted funds | Restricted funds | Endowment funds | Total funds 2013 | Total funds 2012 |
|---|--------------------|------------------|-----------------|------------------|------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fund balances at 31 March 2013 are represented by: | | | | | |
| Tangible fixed assets | 6,744 | 1,711 | - | 8,455 | 8,769 |
| Investments | 4,925 | - | 68 | 4,993 | 4,615 |
| Current assets | 3,998 | 3,254 | - | 7,252 | 8,072 |
| Current liabilities | (3,144) | (195) | - | (3,339) | (2,999) |
| Pension reserve | (12,197) | - | - | (12,197) | (11,176) |
| Group net assets | 326 | 4,770 | 68 | 5,164 | 7,281 |

Notes to the financial statements

For the year ended 31 March 2013

19. 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 FRS 17 for the year amounts to £443,000 (2012 pension cost: £500,000). This charge is equal to the contributions of £443,000 (2012: £500,000) 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 2013 are expected to be £886,000, 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.

A full actuarial valuation of the scheme was carried out at 31 March 2013 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: | 2013 | 2012 |
| | £'000 | £'000 |
| Present value of funded obligations | (66,219) | (60,206) |
| Fair value of plan assets | 54,022 | 49,030 |
| Deficit | (12,197) | (11,176) |
| Liabilities | (12,197) | (11,176) |
| Net liability | (12,197) | (11,176) |
| b) Changes in the present value of the Scheme liabilities: | 2013 | 2012 |
| | £'000 | £'000 |
| Opening liabilities | 60,206 | 50,808 |
| Interest cost | 2,533 | 2,499 |
| Actuarial losses | 3,730 | 7,456 |
| Benefits paid | (1,640) | (1,379) |
| Increase in defined contribution section liabilities | 1,390 | 822 |
| Liabilities at the year end | 66,219 | 60,206 |

Notes to the financial statements

For the year ended 31 March 2013

| c) Changes in the fair value of the Scheme assets: | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Opening fair value of Scheme assets | 49,030 | 44,839 |
| Expected return on defined benefit section assets | 2,175 | 2,460 |
| Actuarial gains | 2,206 | 1,451 |
| Contributions by employer | 861 | 837 |
| Benefits paid | (1,640) | (1,379) |
| Increase in defined contribution section assets | 1,390 | 822 |
| Fair value of Scheme assets at the year end | 54,022 | 49,030 |

| d) The amounts included within the Statement of Financial Activities are as follows: | 2013 £'000 | 2012 £'000 |
|--|----------------|----------------|
| Expected return on Scheme assets | 2,175 | 2,460 |
| Interest on pension liabilities | (2,533) | (2,499) |
| Total amount charged within net incoming/ (outgoing) resources | (358) | (39) |
| Actuarial losses | (1,524) | (6,005) |
| Total amount (charged)/credited to the Statement of Financial Activities | (1,882) | (6,044) |

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| The actual return on the Scheme assets in the year | 4,381 | 3,911 |

| e) The major categories of Scheme assets as a percentage of total scheme assets are as follows: | 2013 | 2012 |
|---|------|------|
| Equities and property | 27% | 35% |
| Fixed interest | 31% | 35% |
| Index-linked gilts | 10% | 10% |
| Insured annuities | 1% | 1% |
| Cash | 2% | 1% |
| Other | 16% | 7% |
| Defined contribution scheme | 13% | 11% |

Notes to the financial statements

For the year ended 31 March 2013

| f) Principal assumptions used by the actuary were (in absolute terms): | 2013 | 2012 |
|--|-------|-------|
| Discount rate at 31 March | 4.40% | 4.70% |
| Rate of increase in salaries | n/a | n/a |
| Rate of increase of pensions in payment | 3.30% | 3.20% |
| Rate of increase of pensions in deferment | 3.30% | 3.20% |
| Inflation assumption | 3.30% | 3.20% |
| Assumed life expectations on retirements at age 65: | | |
| Retiring today - males | 22.2 | 21.1 |
| Retiring today - females | 24.5 | 23.8 |
| Retiring in 20 years - males | 24.0 | 23.0 |
| Retiring in 20 years - females | 26.5 | 25.6 |

| g) The amounts for the current and previous periods are as follows: | 2013 £'000 | 2012 £'000 | 2011 £'000 | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|---------------|---------------|---------------|
| Present value of Scheme liabilities | (66,219) | (60,206) | (50,808) | (49,058) | (40,083) |
| Scheme assets | 54,022 | 49,030 | 44,839 | 41,734 | 33,149 |
| (Deficit) | (12,197) | (11,176) | (5,969) | (7,324) | (6,934) |
| Experience adjustments on Scheme liabilities | (3,730) | (7,456) | 140 | (6,878) | 1,981 |
| Experience adjustments on Scheme assets | 2,206 | 1,451 | 527 | 5,874 | (5,262) |
| Cumulative actuarial losses shown in the SoFA | (12,154) | (10,630) | (4,625) | (5,292) | (4,288) |

Notes to the financial statements

For the year ended 31 March 2013

h) Expected return on assets

The assumptions used in determining the overall expected return of the Scheme's 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 31/03/2013 p.a. | Fair value at 31/03/2013 £'000 | Long-term rate of return expected at 31/03/2012 p.a. | Fair value at 31/03/2012 £'000 |
|--|--|--------------------------------------|--|--------------------------------------|
| Equities and property | 6.00% | 14,395 | 6.30% | 17,007 |
| Fixed interest | 4.48% | 16,823 | 4.16% | 16,865 |
| Index-linked gilts | 3.00% | 5,528 | 3.30% | 4,975 |
| Insured annuities | 4.40% | 748 | 4.70% | 714 |
| Cash | 0.50% | 1,119 | 0.50% | 449 |
| Other | 6.00% | 8,514 | 6.30% | 3,515 |
| Overall expected return on defined benefit section assets | 4.95% | - | 5.04% | - |
| Defined contribution section assets | - | 6,895 | - | 5,505 |

Notes to the financial statements

For the year ended 31 March 2013

20. Restricted and endowment funds

| Group and Charity | Note | Balance 1 April 2012 £'000 | Incoming resources and gains £'000 | Outgoing resources £'000 | Transfers (note 21) £'000 | Balance 31 March 2013 £'000 |
|--|------|-------------------------------------|---|--------------------------------|---------------------------------|--------------------------------------|
| Restricted | | | | | | |
| The Bath Charity | 21 | 1,784 | - | (36) | (36) | 1,712 |
| Restricted to the general objects of DRUK | | - | 1,049 | - | - | 1,049 |
| Richardson Trust | | 1,676 | 44 | (861) | - | 859 |
| Specific DRUK funds restricted by the donor | | - | 232 | - | - | 232 |
| Legacy to be used for the benefit of people in the Canterbury area | | - | 125 | - | - | 125 |
| Research into suppression of deafness | | 123 | - | (50) | - | 73 |
| Borders Local Integrated Sensory services | | 48 | 132 | (132) | - | 48 |
| On the Move | | 23 | 75 | (54) | - | 44 |
| Healthier Lives Northern Ireland | | 28 | 199 | (190) | - | 37 |
| North East Outreach Information Officer | | 36 | 11 | (11) | - | 36 |
| PhD Studentship | | 59 | - | (23) | - | 36 |
| Ayrshire and Arran Integrated Sensory Services | | - | 53 | (18) | - | 35 |
| PhD project into Tinnitus | | - | 100 | (71) | - | 29 |
| Biomedical research into Otitis Media | | - | 51 | (25) | - | 26 |
| Meet Hear | | - | 126 | (101) | - | 25 |
| In Touch | | - | 70 | (48) | - | 22 |
| Legacy restricted to be used for the benefit of people in the Cambridge area | | - | 45 | (27) | - | 18 |
| Influencing nursing practice for older people with a hearing loss in an acute environment | | - | 59 | (42) | - | 17 |
| Management Training for Deaf People | | 28 | - | (18) | - | 10 |
| Tayside Integrated Sensory Service | | 72 | - | (69) | - | 3 |
| Young Adult Transitions Wales | | 60 | - | (60) | - | - |
| Research into the cause of occupational and industrial deafness and hearing impairment | | 197 | - | (197) | - | - |
| Glasgow Integrated Sensory Services | | 22 | - | (22) | - | - |
| Biomedical research | | - | 250 | (250) | - | - |
| Employability Programmes for Deaf People Project | | - | 63 | (63) | - | - |
| Other restricted funds | | 236 | 841 | (743) | - | 334 |
| Restricted funds | | 4,392 | 3,525 | (3,111) | (36) | 4,770 |
| Endowed | | | | | | |
| The Wennington Charity | | 68 | - | - | - | 68 |
| Endowment funds | | 68 | - | - | - | 68 |
| Total Funds | | 4,460 | 3,525 | (3,111) | (36) | 4,838 |

Notes to the financial statements

For the year ended 31 March 2013

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.

The **research into suppression of deafness due to a dominant mother gene** is a trust grant that was received to fund research at the Cincinnati Children's Hospital Medical Center.

Borders Local Integrated Sensory Services is delivered in partnership with RNIB and supports people with sensory impairment living in the 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.

On the Move provides funding for improving the health, wellbeing and life skills, 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 in 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.

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.

The **North East Outreach Information Officer** fund provides funding for a full-time outreach information officer and volunteer co-ordinator in Northumberland to help deaf and hard of hearing people, their families and healthcare professionals in the community.

The **PhD Studentship** is to fund a student to carry out research on auditory brain stem responses.

Ayrshire and Arran Integrated Sensory Services is delivered in partnership with RNIB and supports 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 and profile of sensory impairment in the region.

The **PHD project into tinnitus** fund represents money received from CHK Charities Ltd which is sponsoring a three year project at Leicester University. The project is investigating the biological causes of tinnitus.

The **Tinnitus Research fund** is a legacy that is restricted to research into tinnitus.

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.

Notes to the financial statements

For the year ended 31 March 2013

The **Young Adult Transitions Wales** fund is a pilot project targeted at young deaf and hard of hearing adults aged 16 to 30. It will provide a new life skills service in South East Wales.

The **research into the cause of occupational and industrial deafness and hearing impairment** fund is a legacy that is restricted. It is to be used to look at the effect on young people particularly and how this can be prevented. The fund will also be used to research into the cause, treatment and cure of the sufferers of tinnitus.

Glasgow Integrated Sensory Services is delivered in partnership with RNIB and supports 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.

Biomedical research into Otitis Media represents money received from the Charles Woolfson Charitable Trust to fund research at Kings College London into the genetic components and underlying causes of Otitis Media.

Meet Hear will support 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.

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 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.

The **Biomedical Research fund** is restricted to the following projects: site specific gene transfer of neurotrophins in the cochlea for directing growth of regenerating neurons after deafness; RNA interference protects against hereditary hearing loss; and understanding suppression of deafness due to a dominant gene. This is a legacy restricted to be used for the benefit of people in the Canterbury area.

The **Employability Programmes for Deaf People Project** will support activities to reduce unemployment and economic inactivity, by helping those experiencing significant unemployment gaps and other disadvantaged groups within the labour market into sustained employment.

“Other restricted funds” comprises 37 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.

Notes to the financial statements

For the year ended 31 March 2013

21. Transfers from unrestricted to restricted funds

The Bath Charity

A transfer of £36,405 from general funds into the Bath Charity fund was made as the depreciation for this fund was not entered in 2011/12.

An adjustment has been included to reflect this movement.

22. Commitments under operating leases

Group and Charity

As at 31 March 2013, Action on Hearing Loss had annual commitments under non-cancellable operating leases as set out below:

| | 2013 | | 2012 | |
|--------------------------------|-----------------------------|----------------|-----------------------------|----------------|
| | Land and buildings £'000 | Other £'000 | Land and buildings £'000 | Other £'000 |
| Operating leases which expire: | | | | |
| Within 1 year | 627 | 14 | 494 | 102 |
| In 2-5 years | 141 | 206 | 300 | 195 |
| After 5 years | 164 | - | 86 | - |
| | 932 | 220 | 880 | 297 |

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

| | 2013 £'000 | 2012 £'000 |
|--|----------------|----------------|
| Net outgoing resources for the year | (853) | (2,073) |
| Interest paid | 8 | 12 |
| Interest received | (96) | (100) |
| Dividends received | (118) | (110) |
| | (1,059) | (2,271) |
| Depreciation charge for year | 684 | 716 |
| Non-monetary assets acquired on merger | (131) | - |
| Loss on sale of fixed assets | 257 | 31 |
| Decrease in stocks | 341 | 265 |
| (Increase)/Decrease in debtors | (362) | 124 |
| Decrease in creditors | (208) | (360) |
| Pensions reserve funding deficit movements | (503) | (798) |
| Net cash inflow from operating activities | (981) | (2,293) |

24. Reconciliation of net cash to movements in funds

| | 2013 £'000 | 2012 £'000 |
|--|----------------|----------------|
| (Decrease) in short-term deposits | (1,442) | (2,001) |
| (Decrease)/increase in cash | 133 | (1,219) |
| Change in net funds resulting from cashflow | (1,309) | (3,220) |
| Movement in net funds in the year | (1,309) | (3,220) |
| Cash and short-term deposits at 1 April 2012 | 3,599 | 6,819 |
| Net funds at 31 March 2013 | 2,290 | 3,599 |

25. Analysis of changes in net funds

| | At 1 April 2012 £'000 | Cash flows £'000 | Cash acquired on association 2013 £'000 | At 31 March 2013 £'000 |
|--------------------------|--------------------------|---------------------|---|------------------------------|
| Short-term deposits | 2,688 | (1,442) | - | 1,246 |
| Cash at bank and in hand | 911 | (1,397) | 1,530 | 1,044 |
| | 3,599 | (2,839) | 1,530 | 2,290 |

26. 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.

| | 2013 £ | | 2013 £ |
|---|-----------|--|-----------|
| Big Lottery Fund (this funding is restricted) | | European | |
| Healthier Lives - Northern Ireland | 198,694 | Special EU Programmes Body - Sensory Engagement Programme | 95,903 |
| Hear to Meet - Wales | 100,507 | NI ESF - Employability for Deaf People | 76,715 |
| On the Move - Scotland | 75,386 | European Fund - Hearcom | 5,725 |
| In Touch - Northern Ireland | 69,962 | | |
| Information Outreach - North East | 27,520 | Major Partnerships | |
| Outreach Volunteer - Northern Ireland | 23,586 | John and Lucille Van Geest Foundation - Biomedical Research | 150,000 |
| Hear to Help - Wales | 8,000 | CHK Charities Ltd - Biomedical Research | 100,000 |
| | | The Charles Wolfson Charitable Trust | 51,000 |
| | | Garfield Weston Foundation | 40,000 |
| | | The Rosetrees Trust | 20,000 |
| Statutory | | The Robertson Trust - Bliss Hear 2 Help Borders | 16,000 |
| Department of Health - Influencing nursing practice for older people with a hearing loss in an acute environment | 58,983 | TNS Research | 14,430 |
| Scottish Government - Ayrshire and Arran Integrated Sensory Service | 53,273 | JK & BM Harrison Charitable Trust | 11,607 |
| Royal National Institute for the Blind - Bliss Hear 2 Help Borders | 47,400 | WH Smith PLC Christmas card donations | 11,223 |
| Department of Health, Social Services & Public Safety (Northern Ireland) - Core costs | 29,444 | The Orr Mackintosh Foundation | 10,000 |
| Health & Social Care Board - Tinnitus Service | 20,000 | The Eveson Charitable Trust - Birmingham Hear to Help | 8,000 |
| Royal Free London NHS Foundation - Research and policy | 10,649 | Constance Travis Charitable Trust | 6,000 |
| Western Health and Social Care Trust - Therapist project | 6,756 | The Nora and Olive Brewer Memorial Trust | 5,449 |
| National Health Service - North Dorset Hear 2 Help | 5,000 | PH Media | 5,100 |
| | | Liz & Terry Bramall Foundation - Hear to Help Rotherham | 5,000 |
| | | The Albert Hunt Trust | 5,000 |
| | | The Philip and Marjorie Robinson's Charitable Trust | 5,000 |
| | | Edwards & Co. Solicitors | 5,000 |
| | | Wales and West Utilities | 5,000 |
| | | Legal and General | 3,000 |
| | | Western Power Distribution | 3,000 |
| Community | | | |
| London Borough of Camden - Camden Hear 2 Help | 9,236 | | |

We remember with deep gratitude the 440 donors who left gifts to us in their wills in 2012/13. 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:

Mrs Sylvia Jean Sutcliffe of Brighton
Mr Ronald Emerson Rainey of Belfast
Mrs Marjorie Sharples of Manchester
Mr George Hagger of Folkestone
Mr William James Greig of Helensburgh
Mrs Eileen Dorothy Slade of St Ives

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.





We're the charity taking action on hearing loss since 1911. 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

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