

ANNUAL REPORT

and financial statements for the year end 31 March 2012



ACTION ON
HEARING
~~LOSS~~

WELCOME

to our annual report for 2011/12

This year we celebrated 100 years of taking action on hearing loss and changed our name, to make it clearer who we are and what we do. However, our overall goal remains the same: 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.

Like many charities, we faced – and overcame – some tough challenges, but our achievements have been momentous, including securing breakthroughs in the field of biomedical research and launching a new website.

Supporting people

We continue to support people who are deaf and have additional needs through our range of services, including specialist care and support. We have also made substantial progress in personalising our services; ensuring people who use our services have more choice and achieve greater independence and control in their lives.

We have made real headway with one of our main aims: raising awareness of how we can help the four million people who have not yet taken action on their hearing loss. We launched new versions of our Hearing Check and entered into an important partnership with Specsavers. The nationwide chain of opticians has been promoting our Hearing Check at 440 of its UK stores, reaching up to an estimated one million people.

Campaigning for change

Lobbying, campaigning and research are still at the heart of our work. We launched a major piece of research – *Hearing Matters* – to mark our centenary. This found that hearing loss now affects more than 10 million people across the UK, an increase of one million since our last estimate and a figure that's growing fast. We had a great response to this research and succeeded in getting hearing loss recognised as a long-term condition and included in the government's Long Term Conditions Outcomes Strategy. We also influenced the current development of two National Institute for Health and Clinical Excellence (NICE) quality standards on hearing loss and tinnitus. Our alliance of organisations in the voluntary, public and private sectors continued to play a critical role in influencing decision-making.

Searching for cures

Great strides have been made with the biomedical research we fund. Our initiative to speed up the development of translational research – which helps to advance discoveries to a point where they can be clinically tested – is well established after its first year. Research that we helped to fund generated discoveries that have the potential to improve today's technology and lead to new medical treatments to protect and restore hearing, and silence tinnitus in the future.

Sustaining our work and services

We are not unique in being affected by a very challenging economic environment – conditions that are much more difficult than anyone could have predicted when we set out our strategy nearly four years ago. We decided to reduce costs while at the same time protecting all of our services, to make our finances more sustainable and ensure the future of our work at a time when hearing loss is becoming increasingly common. But our message remains as important as ever: **we must act now!**

New Chief Executive

Jackie Ballard was our Chief Executive during the reporting period that this annual report relates to. However, after five years of remarkable service, Jackie left Action on Hearing Loss in August 2012 and has been succeeded by Paul Breckell.

We mourn the loss of Lord Jack Ashley, our President since 1987, who died in April 2012. He was a tireless campaigner for our cause who fought throughout his long career for fairer laws to improve the lives of people who are deaf or disabled. There are many people in this country who have a lot to thank him for, and it's a great tribute to him that his considerable legacy will live on.

In this report we sum up 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 you enjoy the rest of our report. 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



Gerald Corbett

Chairman of the Board
of the Trustees

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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 2012. 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 for 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 the back cover 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 pages 26–27.

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.

Action on Hearing Loss works to create a world where deafness or hearing loss do not limit or determine opportunity, and where people value their hearing. We work 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 have had regard to Charity Commission guidance on public benefit in 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 can't do what we do without donations and dedicated volunteers.

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

www.actionhearingloss.org.uk

To support us, please go to

www.actiononhearingloss.org.uk/impact

People acknowledge their hearing loss and take action

Our aim:

Promote early action on hearing loss to the 'four million'

Hearing loss is 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 has 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:

- Our partnership with Specsavers meant our campaign messages were displayed in 440 of its UK stores and in a £1.2m national press advertising campaign.
- Our Hearing Check was taken by 181,600 people during the year. People have told us that this made them seek further help and get hearing aids. Almost one million people have now taken the Hearing Check since its launch in 2005.
- We lobbied governments to introduce hearing screening pilots, so people can find out about their hearing loss and do something about it. Our research shows that a country-wide hearing screening programme would save £2bn and significantly reduce the impact of unmanaged hearing loss.
- We worked with pharmacists in Scotland, organising training sessions to raise awareness of deafness and hearing loss.
- We secured 24 Hearing Loss Ambassadors across Orchard Care Homes, a care home provider for elderly people in the UK, to support residents to take action on their hearing loss.
- We secured agreement in Wales for pharmacies across three regions to distribute 200,000 cards to promote our Hearing Check in May 2012.
- In Northern Ireland, the First and Deputy First Ministers revealed that they have hearing loss at the opening of our new offices and encouraged all NI Citizens to take the Action on Hearing Loss Hearing Check.

We believe that a key solution to the problem of unaddressed hearing loss (the 'four million') is the establishment of a national adult hearing screening programme. Understandably the body responsible for this requires a level of evidence to substantiate the case, including a trial or pilot. During the year Action on Hearing Loss, together with a number of other stakeholders from the audiology profession, submitted a bid for funding a pilot. Whilst the bid was unsuccessful in achieving the funding, the proposal was favourably reviewed. In response, we reviewed our approach and are now seeking opportunities for local pilots and including hearing on existing health screens as well as continuing to argue for a national adult hearing screening programme.

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 service models that improve access and choice.

Our impact:

- We released a report – *Hearing Matters* – into the state of hearing loss in the UK and called on the government to make it easier for people to access the support provided by GPs and audiology services. This unique research received a response from the then Health Minister Paul Burstow MP and has led to the re-establishment of the Department of Health's Audiology Advisory Group. We play a key role in this group that will work on improving access.
- Our report also prompted the inclusion of hearing loss in the cross-government long-term conditions outcomes strategy. When published later this year, this will include a companion document setting out what the strategy means for people with hearing loss. It also means that hearing loss is at last officially recognised as a long-term condition.
- We influenced the current development of two National Institute for Health and Clinical Excellence (NICE) quality standards on hearing loss and tinnitus. This means that in the future there will be agreed national standards that set out how hearing loss and tinnitus support is provided, so people receive the highest quality of care.
- We set up an Alliance on Deafness and Hearing Loss – a group of organisations in the voluntary, public and private sectors – to influence government and health services commissioners to take hearing loss seriously as a public health issue. The Alliance, which now has 27 members, developed a declaration and a quality statement for hearing services. We used this to influence the development of the NHS Any Qualified Provider service specification, which sets the criteria that NHS-approved providers have to meet. It will now mean that people with hearing loss will have a greater choice of service providers.
- We established relationships with NHS audiologists and dispensers in order to deliver aftercare services within the new Any Qualified Provider framework in England. This will be implemented next year and extend our reach and impact.
- In Northern Ireland, we organised a best practice conference in partnership with the British Academy of Audiology (BAA), drawing on UK experiences of audiology standards. At this conference, Northern Ireland's Minister for Health, Edwin Poots, announced a review of standards due to be completed in June 2012.



"The government wants health outcomes in this country to be amongst the best in the world. For us to achieve this ambition for people with hearing loss, we need to give them more choice and access to treatment and support."

Health Minister Paul Burstow, at the launch of our *Hearing Matters* report in June 2011.

People with hearing loss are supported

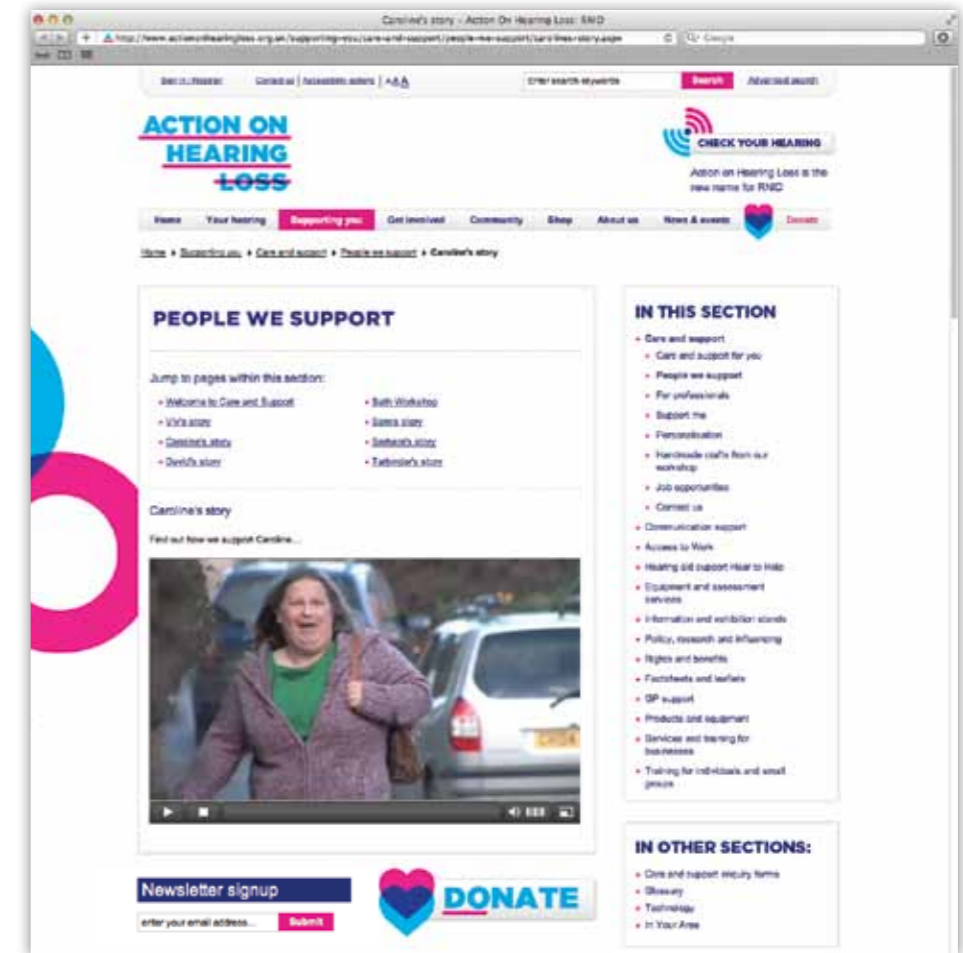
Our aim:

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

We continue to enable the 414 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 used a person-centred approach across all of our 54 services to ensure people who use our services have more choice and achieve greater independence and control in their lives. All people using our care and support services who want person-centred plans now have them. This is 82% of the people who use our services. This approach means people can say what they want to achieve, who they want to work with them and what their support plan looks like.
- We achieved high-quality care and support services, as one of only a handful of providers in the sector who have fully compliant services regulated by the Care Quality Commission, the Care and Social Services Inspectorate Wales and the Regulation and Quality Improvement Authority in Northern Ireland.
- We worked with Helen Sanderson Associates, which specialises in promoting person-centred thinking, to ensure we are offering the most personalised services we can. Together we developed tools to improve how we support people. For example, we jointly produced a British Sign Language (BSL) mini-book for deaf service users – small books of person-centred tools for the people using our services and our staff supporting them. These will ensure that our staff have the tools they need to give the deaf people they support greater choice, control and independence in their day-to-day lives.
- We became one of the first three providers in the sector chosen by the government's 'Making it Real' pilot. Making it Real sets out what people who use services and carers expect to see and experience if support services are truly personalised. By participating in this pilot we demonstrate our commitment to people having more choice and control so they can live full and independent lives. It also means we are part of 'Think Local, Act Personal', the sector-wide partnership for transforming adult social care.
- We made great progress in developing an outcomes tool to measure 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.
- In Scotland, we supported young people in their transition to adulthood, helping them to be confident and successful in life. We developed a strategy to explore how we can do this across the rest of the UK.



Caroline lives at Derwen Road, a supported house for deaf adults in Carmarthen. Every day we take Caroline to catch a bus to her job in a nursing home. We make sure she gets the bus OK, but after that she's independent. This gives her control over her journey to work. Having a job is important to Caroline. She has her independence, but we're only at the end of her mobile phone if there's a problem. If she doesn't want help with something that's fine - it's her choice.

You can see Caroline's film at www.actiononhearingloss.org.uk/caroline

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 to them and their families, how and where they need it.

Our impact:

- Our Information Line provided valuable support to tens of thousands of people across the UK via email and freephone helplines. We advised on a huge range of subjects, from benefits and rights to cochlear implants and earplugs. We handled 25,015 enquiries, an increase of more than 25% on the previous year.
- We expanded our face-to-face information service to reach more people with hearing loss across the UK. We gave information, advice and guidance to more than 45,000 people – including 30,000 in England, 875 in Northern Ireland, 8,220 in Scotland and 6,948 in Wales.
- We developed and extended our Hear to Help service across 27 locations in the UK. These are provided in community settings and through home visits. They help people to manage their hearing loss and get the most out of their hearing aids. We assisted 31,476 people, something that would not have been possible without the help of more than 450 dedicated volunteers.
- Our Sensory Services in England helped 3,095 people by working with local authorities to assess and provide community equipment for people who are deaf, deafened, deafblind or have hearing loss.
- We identified new ways of reducing the social isolation of people in Wales with hearing loss. We expanded our Hear to Meet befriending service, which sets up volunteer social groups for people aged over 50 with a hearing loss.
- We launched a 'Locate and Rate' area on our website at www.actiononhearingloss.org.uk/locateandrate This allows people to search for and rate NHS and private hearing services in their area. It gives them a greater choice of where to access hearing services and buy hearing aids.



Film enthusiast Liz Orna complained to her cinema that it had no working audio loop or infrared system. Liz ordered our free factsheet *Loop and infrared systems for people managing public services* to take to a meeting with cinema manager Jack Thompson, who then ordered the receivers required, and trained the staff to advise and support customers.

Liz says, "It has been an empowering and valuable learning experience."
Jack says, "I'm so grateful to Liz for giving us the information we needed. Now we know about the personal loop system – everyone's happy."

No-one is isolated through hearing loss

Our aim:

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

Communication 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 increased the number of communication professionals in the UK and improved the quality of their training. This helped us to expand support for the many thousands of BSL users and people with hearing loss who use English to communicate. We supported 55 people to complete training as communication professionals. The number of registered communication professionals in the UK leapt from 987 to 1,080.
- We produced a Guide to BSL Translation for the Web and delivered the first formal translation qualification in the UK.
- We campaigned to make lipreading classes widely available at little or no cost to learners. As a result, Bolton, Rotherham and Bexley councils introduced or reinstated classes. These will enable people with hearing loss to improve their communication skills and increase their independence.
- In Scotland, we won £200,000 in government funding over the next two years for a lipreading project.

- In Wales, the Welsh Government announced £201,000 in funding over three years to train more lipreading teachers.
- In Northern Ireland, we completed and launched our lipreading research report *Read My Lips* with both Ministers for Health and Employment in attendance at Stormont.
- In Northern Ireland, we successfully lobbied for a £700,000 investment in interpreter training and interpreting teacher training from the Department for Employment and Learning.
- We ensured that people with hearing loss had access to the products they needed to take part fully in society. We sold 74,124 communication support products over the year with 90% of our customers giving their product a rating of at least four out of five. Their comments included:

"It has made a world of difference to me. I am very hard of hearing but now I can hear clearly and don't need to pick up the phone. Marvellous."

"So easy to set up and now I can hear folk who call me. It has opened up a new life for me and my family. Your help when ordering was superb - the lady was so helpful."

"It works very well. It has helped tremendously by my dad being able to hear the news and not feel so cut off from the world."

- We dealt with 68,403 calls, emails and letters to our customer service line for products, providing the support and advice people needed to ensure they were able to get the best from their products.
- We delivered 14,892 sign language assignments to people who needed BSL communication support, and 1,588 assignments to people needing non-BSL or electronic support to communicate.
- Bi-monthly consumer reviews were published in our magazine, and on our website, enabling people to see how different types of products can help them. These reviews contain detailed analysis of a range of items and types of product and allow consumers to see the capabilities of each, and assess which would best meet their needs.

"To be able to hear your own doorbell for the first time in 30 years defies description. I bought an amplified doorbell from the Action on Hearing Loss shop. I also bought the world's loudest mobile telephone. So now, thanks entirely to Action on Hearing Loss, I can use a telephone, a mobile phone, hear my doorbell and lie in bed without the worry of what happens if I take ill during the night. It would not in any way be an exaggeration to say that Action on Hearing Loss has totally transformed my lifestyle and to them I remain very grateful."

Ian Crimond

You can read more product reviews 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 hearing loss.

Our impact:

- Our research report, *Unlimited Potential*, was a real success in raising awareness of the barriers people with a hearing loss face in the workplace. Shadow Equalities Minister Katie Green MP acknowledged its importance by quoting it in parliament.
- We provided Deaf Awareness and Start to Sign training for 3,644 people across third sector, private and public sector organisations.
- We signed up 11 organisations to our Louder than Words charter, which means they are now accessible for staff and people with hearing loss.
- We carried out 407 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.
- We campaigned for organisations to improve loop provision and worked to make them more deaf aware in the run-up to the Olympics. As a result, three major hotel chains committed to improving accessibility as did 12 of the major tourist attractions we visited as part of a mystery shopping exercise. Of these, Madame Tussauds, the British Library and the London Eye have already taken action to be more accessible to people who are deaf or hard of hearing.
- We also used the results of our mystery shopping at London's top tourist attractions to influence the work of English Heritage, Tourism for All, Visit England and the Department for Culture, Media and Sport's accessibility forum.
- We have worked with RNIB in Wales to assess the accessibility of 150 Post Offices across the whole of Wales. This work was funded by Consumer Focus Wales.
- The Welsh Health Minister supported our work with RNIB in Wales in improving accessibility of the health service and issued recommendations to health boards, including that induction training should incorporate sensory awareness and that all health boards should have Accessible Information Policies. This work has resulted in people with a hearing loss joining Healthcare Inspectorate Wales as lay auditors to review future services.
- In Northern Ireland, we are working in partnership with RNIB to deliver a cross-border Sensory Engagement Programme with a focus on confidence building and designing a model of best practice for access to libraries, banks and colleges.

“I visited Westminster Abbey and was pleased that the loop system covering the main floor is excellent. However, I missed out on the guided tour because there was no audio aid or written commentary.”

Carlos Lamela, one of our action squad volunteers, at one of London's more accessible tourist attractions.



People protect themselves against hearing loss

Our aim:

Find ways to protect and restore hearing, and silence tinnitus

In 2007 the UK spent just £1.34 on research into hearing loss for every person affected. This compares with £14.21 for sight loss, £21.31 for diabetes and £49.71 for cardiovascular disease. We believe more needs to be done. By targeting funding to the most promising areas of research through our grant programmes, breaking down barriers to translational research and being a catalyst for private investment, we are playing a vital role in accelerating the discovery and development of new treatments for hearing loss and tinnitus.

Our impact:

- We spent £1.06m on increasing the number of scientists working on hearing loss and on research projects that will help protect and restore hearing, and silence tinnitus.
- We started four new major international research projects which will enable us to find out more about the genetic causes of hearing loss, the causes of auditory neuropathy and how to regenerate damaged auditory cells.
- Researchers funded by us made significant progress towards protecting and restoring hearing and easing tinnitus. They have improved our understanding of the processes involved in the degeneration of sensory hair cells and how damage in the ear can lead to tinnitus. They have also shown a link between inflammation and age-related hearing loss, discovered drugs

able to influence hair cell regeneration in zebrafish, and developed a new genetic test to improve hearing loss diagnosis.

- Through our Translational Research Initiative for Hearing (TRIH), we funded a project that will optimise a newly discovered approach to carrying medication across the eardrum and into the middle ear. If successful, it could revolutionise the treatment of middle-ear conditions.
- We held a TRIH summit after the first year of the major new drug discovery project to reduce acquired hearing loss. This brought together scientists, clinicians, industry, and investors to explore how to speed up the development of new medicines to protect and restore hearing.
- We built partnerships with 16 organisations interested in funding translational hearing research.
- We increased private investment into hearing loss and tinnitus, by providing information that is not available anywhere else to 51 organisations to encourage them to invest in developing treatments for hearing loss. This included helping Autifony, a new company spun out of GlaxoSmithKline to develop drugs for hearing loss, to secure a £10m investment from Imperial Innovations and SV Life Sciences.
- In Northern Ireland we received a grant from Big Lottery Healthy Minds to provide tinnitus information and support events throughout four Health and Social Care Trust areas.

Our aim:

Promote the benefits of valuing and protecting hearing

A key group at risk of noise-induced hearing loss is young people who listen to loud music on MP3 players as well as in clubs, gigs, bars and at festivals. The Medical Research Council estimates that four million UK adolescents are at risk from hearing damage from amplified music.

Our impact:

- We campaigned for people to protect their hearing, attending 13 festivals and events in the summer alone, including WOMAD, The Music Producers Guild awards and DJ exhibition BPM. We sold earplugs and ear defenders, and talked to people about the importance of protecting their hearing now so that they can enjoy music forever.
- We continued to work with leading organisations including the Musicians' Union, Music Producers Guild, National Union of Students, DJ Mag and BPM, as well as musicians such as Judge Jules, Boy George and Plan B, to promote our hearing safely message. They are helping us to raise awareness among young people of the damage to their hearing that even short-term exposure to loud music can do.



"Volunteering with Action on Hearing Loss is always enjoyable and it's tremendously rewarding being able to help improve the lives of deaf and hard of hearing people. I've attended festivals across the UK to educate music lovers about the risks associated with listening to loud music and the very simple measures that can be taken to mitigate these risks."

Marc Nicholson, who has tinnitus and high-frequency damage in his right ear after 15 years of DJing and listening to loud music.

Financial review and governance

Despite the difficult economic climate, the continued generosity and support of our members, donors and partners has enabled 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 £2.1m. This compares with a budgeted deficit for the year of £1.5m and an operating surplus of £0.6m in 2010/11. The Board set a £1.5m deficit operating budget for 2011/12 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.

Our incoming resources of £37.5m are £3.5m less than in 2010/11, mainly because of reduced income from our trading activities for charitable impact and some voluntary fundraising income streams. Again as in previous years, our income in 2011/12 has benefited from high levels of legacy income of £9.3m, a slight increase on £9.1m we received in 2010/11.

Our overall expenditure decreased from £40.4m in 2010/11 to £39.6m in 2011/12. This is partly because of the reduction in our trading activities for charitable impact, but 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 losses** on investments of £0.1m (2010/11 £0.1m gain) and significant actuarial losses on our pension scheme of £6.0m (2010/11 £0.6m gain). These factors, together with an operating deficit of £2.1m, resulted in our total fund balances decreasing by £8.2m to £7.3m.

Fixed assets as at 31 March 2012 totalled £13.4m compared with £13.1m as at 31 March 2011. This increase is due primarily to property improvements and investments in computer systems.

Current assets as at 31 March 2012 were £8.0m in comparison with £11.7m as at 31 March 2011, due to a planned reduction in cash and short-term deposits used to fund the planned deficit. Current liabilities were £3.0m as at 31 March 2012, compared with £3.4m as at 31 March 2011, as a result of our reduction in trading activities.

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 2009. 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 2028.

As part of the annual report and accounts preparation process, an actuarial valuation was carried out at 31 March 2012 using the methodology recommended by Financial Reporting Standard 17. This valuation shows the market value of the scheme's assets to be £49.0m and the current value of the liabilities to be £60.2m. The net deficit on the scheme as at 31 March 2012 was £11.2m, compared with a net deficit of £6.0m as at 31 March 2011, in response to volatile market factors at the valuation date and the actuarial assumptions made. Further details are included in note 20.

A detailed actuarial calculation, which is required by the pension scheme trustees on a triennial basis, is currently being carried out based on information as at 31 March 2012. This valuation will include the review and potential revision of contribution rates for scheme members and Action on Hearing Loss, as well as the review and potential revision of the required annual deficit-reduction payments that Action on Hearing Loss is required to pay to the scheme. These new contribution rates and schedules must be agreed within 12 months of the date of the actuarial valuation and details will be disclosed in the annual report and accounts next year, at which point the process will have been formally completed.

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 social enterprise 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 acceptable free reserve ranges of between £5.0m and £7.0m with a target of £6.0m, £0.5m less than the previous levels.

Free reserves excluding the pensions reserve:

	2012 £m	2011 £m
Total unrestricted funds	14.0	16.5
Less:		
Unrestricted tangible fixed assets	(7.0)	(6.6)
	<u>7.0</u>	<u>9.9</u>
Represented by:		
- investments	4.5	4.6
- current assets	5.4	8.5
- current liabilities	(2.9)	(3.2)
	<u>7.0</u>	<u>9.9</u>

At the end of the financial year, free reserves were exactly at the upper limit set by the Board of Trustees in its reserves policy. This is partly due to the success of our legacy fundraising during the year and reserve levels being further boosted by 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.

In light of the above, our reserves level and our future plans, the Trustees consider it appropriate to prepare the financial statements on a going-concern basis.

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 their potential impact and the likelihood that they will happen, and then identifying and implementing ways of mitigating them. This year we have continued to consider the impact of the economic climate, the changes to the funding and commissioning of our services, and the risks and opportunities resulting from our change of name and rebrand.

We have identified the following as the most significant risks we face:

- **Financial sustainability**

We recognise that maintaining income levels is essential to our financial sustainability. To manage this risk we pursue diverse income-generating strategies, have considered the level of risk associated with our various income streams and the steps that we need to take to maintain and grow income levels. We have taken note of the current economic climate and continued to take a cautious approach to our budgeting and forecasting and included a number of cost-reduction measures. We have taken particular care to

understand the current and potential future impact on us of changes to public sector funding and commissioning. We have an agreed contingency plan if our income does not meet our projections.

- **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 feel supported and developed. We support equal opportunities – we hold the Investor in People standard and the Disability symbol and have also been awarded the Louder than Words Charter Mark. We are committed to the training, career development and promotion of all employees. This year we have continued to deliver bespoke training throughout our management structure.

- **Investment in infrastructure**

We recognise that we need to maintain an infrastructure and support systems that are fit for purpose, providing the correct balance between cost effectiveness and quality of support. To manage this risk we aim to keep investing in our systems and infrastructure in the context of organisational priorities, sustainable cost base and financial constraints.

- **Our reputation and brand**

We recognise that reputation and brand are essential to maximise our support and organisational impact. We collaborate with other organisations working with deaf, hard of hearing and deafened people. We have made sure our campaigning strategy reflects this approach and have further invested in our electronic media outlets to maximise their potential. We have maintained a clear communication strategy to make sure our focus on hearing loss is understood.

The Trustees have reviewed the adequacy of the charity's current internal controls and the costs of operating particular controls

relative to the benefits. We have established procedures for reporting failings immediately to appropriate levels of management and to the Board of Trustees.

We have effective internal controls covering income, expenditure and commitments. We have processes to ensure that our performance is monitored and that appropriate management information is prepared and reviewed regularly by both the executive management and the Board of Trustees. We have a programme of internal audits, derived from a comprehensive risk assessment programme. Our Audit Committee, comprising three Trustees and two members who are independent of the executive, is responsible for the detailed review.

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.
- 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%
FTA British Government All Stocks Index	30%
IPD All Balanced Funds Weighted Average	10%
7-Day LIBID	10%

Overall, the year to 31 March 2012 has been disappointing for investments with a +0.86% total return for the year compared with a benchmark return of +6.05%. While the investments displayed positive last-quarter performance ahead of the benchmark return, the external conditions remain extremely volatile. The Trustees intend to keep the investment approach under particular scrutiny during the year to 31 March 2013.

Grant-making policy

We award biomedical research grants to fund world-class research projects that will

accelerate the development of medical treatments to prevent hearing loss, restore hearing and alleviate tinnitus. We also make grants to increase the numbers of trained research staff, build future research capacity and support small-scale activities that will strengthen the hearing research community. Universities, non-profit research institutes and technology-led small businesses from any country are eligible for funding, except where geographical and organisational-type restrictions are stated for specific funding schemes.

We widely publicise our calls for grant proposals. The proposals we receive are subjected to an appropriate level of expert peer review, typically involving independent external reviewers and an independent grant review panel. We make the final decision about each award on the basis of this expert advice, the relevance of the research to our Biomedical Research Strategy and our available budget. We usually make payments every six months and review progress regularly. Everyone involved in the grant application process is asked to abide by our Biomedical Research Programme's Code of Conduct and Conflict of Interest Policy.

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

Employees, volunteers and members

We aim to be an organisation where employees feel fulfilled, supported and developed. Employees are kept fully informed about our strategy and objectives, as well as day-to-day news and events. Regular information about the organisation is available through meetings, briefings and our intranet site. 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 staff survey.

We support equal opportunities, and hold both the Investor in People standard 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 on-going 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% (2011: 18%) of our staff were disabled or had hearing loss.

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

Future plans

During 2012/13 we will build on the progress made in 2011/12, in what is the last year of our five-year strategy. It is built around our four organisational aims, which are aligned to the hearing loss journey, delivered in the context of our operating principles and values:

1. People protect themselves against hearing loss

2. People acknowledge their hearing loss and take action
3. People with hearing loss are supported
4. No-one is isolated through hearing loss.

In 2012/13 we will continue to work towards improving the nation's hearing by reaching the four million people who have not taken action to address their hearing loss. The activities that underpin this aim include:

- delivering a high-impact campaign to encourage four million people to take action on hearing loss
- promoting our Hearing Check
- lobbying to establish a hearing screening pilot for over 65s
- developing a model for hearing services that ensures those who take action on their hearing loss have a high-quality, accessible and responsive service
- ensuring that the right information is available at the right time, by developing an information strategy and continuing the 'Locate and Rate' forum.

As well as achieving change for the four million, in 2012/13 we will be working on a number of other priorities. We will start to develop a new organisational strategy, based upon the calls made in our *Hearing Matters* report, and work to ensure our values and behaviours embody our new brand. With our name still relatively new, we will continue to embed the new brand and name through a variety of initiatives, and increase our focus as an organisation on integrated working.

All of this must be supported by a financial plan to support our strategic aims. We continue to invest in fundraising and our social enterprises to deliver growth that will enable us to sustain and ultimately grow our charitable activity. As in the past, our use of volunteers and our raising of voluntary income are key to unlocking potential. So our fundraising and supporter engagement teams will be working hard to increase our impact across the UK.

Introducing

ACTION ON HEARING LOSS

We celebrated our centenary during 2011/12 and what we've accomplished in the 100 years since Leo Bonn, inspired by his personal experience of deafness, founded the organisation. It was also our first year as Action on Hearing Loss, a new name to better reflect the scale of our work and our ambition to reach as many people as possible.

Staff and people who use our services across the UK came together to celebrate our century of achievements and to look forward to future successes. Highlights included a reception at Buckingham Palace, galas in Northern Ireland, Scotland and Wales, and the launch of our *Hearing Matters* research report, which presented dramatic evidence of why the UK needs to step up its response to hearing loss.

We celebrated our breadth of work which has continued to make progress towards our founder's original aims: supporting and caring for people with hearing loss and deafness, educating those at risk of damaging their hearing, and raising awareness of how isolating hearing loss can be. We also celebrated progress in working towards a cure for hearing loss, and in our lobbying and campaigning.

At the same time we looked forward to our plans for the future which will enable us to continue working towards our goal. This goal remains the same despite our name change: 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.

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 2012, they met at four quarterly board meetings and reviewed strategy and performance, and set

operating plans and 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 managing directors and to familiarise themselves with our activities so as to prepare themselves for effective and informed decision-making.

Trustees are encouraged to attend training sessions to develop their knowledge and skills. 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 Trustees and other advisers. All committee members are independent of management and free of any relationship that, in the opinion of the Board of Trustees, would interfere with their exercise of independent judgment. The Audit Committee meets quarterly and is responsible for reviewing the charity's risk assessment, risk management and internal control systems and processes.

Investment Committee

The Investment Committee comprises the Honorary Treasurer, one other Trustee, the Managing Director of Corporate Resources, and one member who is independent of 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 three managing directors, a Chief Scientific Adviser and 11 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 £145,914 (2011: £15,284). The increase in profit in 2011/12 was a result of a partnership with Specsavers.

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 Statement of Recommended Practice (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, 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
(re-appointed to 2014)

Professor Norman Black
(re-appointed to 2014)

Sir Rodney Brooke
(re-appointed to 2014)

Win Griffiths

Professor Mathew Holley

Sir Peter Job

Dr Judith Langfield

Harry McQuillan

Janine Roebuck

Ashley de Safrin
(re-appointed to 2014)

Stephen Thomas
(re-appointed to 2014)

HRH The Countess of Wessex
(to 13 March 2012)

Liz Tait
(from 13 March 2012)

Patron

HRH The Duke of Edinburgh KG, KT

Vice Patron

HRH The Countess of Wessex
(from 13 March 2012)

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

James Strachan

Rt Hon Jack Straw MP

Audit Committee

Stephen Hill, Chairman

Sir Rodney Brooke

John Galbraith

Ashley de Safrin

Stephen East
(from 7 March 2012)

Investment Committee

Stephen Hill, Chairman

Sir Peter Job

Jenine Langrish

Peter Robson

Nominations Committee

Gerald Corbett, Chairman

Janine Roebuck

Ashley de Safrin

Stephen Thomas

Executive Officers (as at 12 September 2012)

Chief Executive, Paul Breckell

Managing Director of Corporate Resources
and Company Secretary, Peter Robson

Managing Director of External Engagement,
Sherine Krause

Managing Director of Services,
Louise Pritchard

Chief Scientific Adviser, Dr Sohaila Rastan

Principal professional advisers

Solicitors

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

Bankers

The Royal Bank of Scotland plc
280 Bishopsgate
London EC2M 4RB

External auditor

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Investment managers

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

By order of the Board of Trustees



Gerald Corbett

Chairman

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

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

12 September 2012

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 2012 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 auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 25, 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 2012, and of the group's incoming resources and application of resources, including its income and expenditure and 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 requires 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: 12 September 2012

Financial Statements

Consolidated statement of financial activities

Company number: 454169

For the year ended 31 March 2012

(incorporating an income and expenditure account)

	Note	Unrestricted funds	Restricted funds	Total funds 2012	Total funds 2011
		£'000	£'000	£'000	£'000
Incoming resources					
Incoming resources from generated funds					
Voluntary income					
Donations, gifts and unrestricted grants		2,842	23	2,865	4,014
Legacies		8,635	625	9,260	9,118
Activities for generating funds					
Weekly lottery		601	-	601	924
RNID Activities Limited	10	241	-	241	79
Other incoming resources		700	9	709	465
Investment income	2	170	40	210	233
Incoming resources from charitable activities					
People acknowledge their hearing loss and take action		1,781	267	2,048	2,332
People with hearing loss are supported	6	16,220	522	16,742	18,176
No-one is isolated through hearing loss		4,038	800	4,838	5,665
People protect themselves against hearing loss		13	6	19	17
Total incoming resources		35,241	2,292	37,533	41,023
Resources expended					
Cost of generating funds					
Fundraising costs		3,701	9	3,710	3,517
RNID Activities Limited		95	-	95	64
Investment management fees		16	-	16	17
		3,812	9	3,821	3,598
Net incoming resources available for charitable application		31,429	2,283	33,712	37,425

(carried forward to page 31)

The notes on pages 35 to 54 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 2012

(incorporating an income and expenditure account)

(brought forward from page 30)

	Note	Unrestricted funds	Restricted funds	Total funds 2012	Total funds 2011
		£'000	£'000	£'000	£'000
Net incoming resources available for charitable application		31,429	2,283	33,712	37,425
Charitable activities					
People acknowledge their hearing loss and take action		5,791	458	6,249	6,003
People with hearing loss are supported	6	19,705	1,293	20,998	21,773
No-one is isolated through hearing loss		7,392	939	8,331	8,848
People protect themselves against hearing loss		136	1	137	129
Total cost of charitable activities		33,024	2,691	35,715	36,753
Governance costs		70	-	70	71
Total resources expended	4	36,906	2,700	39,606	40,422
Net (outgoing)/incoming resources before investment (losses)/gains					
Realised (loss)/gains on investments	3	(1,665)	(408)	(2,073)	601
		(24)	-	(24)	5
Net (outgoing)/incoming resources being net income/(expenditure) for the year before transfers		(1,689)	(408)	(2,097)	606
Gross transfers between funds	22	49	(49)	-	-
		(1,640)	(457)	(2,097)	606
Other recognised gains and losses					
Unrealised (loss)/gain on investments		(98)	-	(98)	125
Actuarial (loss)/gain on defined benefit pension scheme	20	(6,005)	-	(6,005)	667
Net movement in funds		(7,743)	(457)	(8,200)	1,398
Balances brought forward		10,564	4,917	15,481	14,083
Balances carried forward at end of year		2,821	4,460	7,281	15,481

The notes on pages 35 to 54 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.

Balance sheet

(Company number: 454169)

As at 31 March 2012

	Note	Group		Charity	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
Fixed assets					
Tangible assets	11	8,769	8,440	8,769	8,440
Investments	12	4,615	4,688	4,615	4,688
		13,384	13,128	13,384	13,128
Current assets					
Stocks	13	704	969	704	969
Debtors	14	3,769	3,893	3,875	3,901
Short-term deposits		2,688	4,689	2,688	4,689
Cash at bank and in hand		911	2,130	780	2,117
		8,072	11,681	8,047	11,676
Creditors					
Amounts falling due within one year	15	2,999	3,359	2,974	3,354
		5,073	8,322	5,073	8,322
Total assets less current liabilities being net assets excluding pension liability		18,457	21,450	18,457	21,450
Defined benefit pension scheme liability	20	11,176	5,969	11,176	5,969
Net assets including pension liability	19	7,281	15,481	7,281	15,481

(The balance sheet is continued on page 33)

The notes on pages 35 to 54 form part of these financial statements.

Balance sheet

(Company number: 454169)

As at 31 March 2012

(The balance sheet is brought forward from page 32)

	Note	Group		Charity	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
Funds					
Permanent endowment funds	21	68	68	68	68
Restricted income funds	21	4,392	4,849	4,392	4,849
		4,460	4,917	4,460	4,917
Unrestricted income funds		13,582	16,035	13,582	16,035
Pension reserve		(11,176)	(5,969)	(11,176)	(5,969)
Revaluation reserve		415	498	415	498
		2,821	10,564	2,821	10,564
Total unrestricted funds after pension and revaluation reserve		2,821	10,564	2,821	10,564
Total charity funds		7,281	15,481	7,281	15,481

These financial statements were approved by the Board of Trustees and authorised for issue on 12 September 2012 and signed on its behalf by:



Gerald Corbett
Chairman



Stephen Hill
Honorary Treasurer

The notes on pages 35 to 54 form part of these financial statements.

Consolidated cash flow statement

For the year ended 31 March 2012
(incorporating an income and expenditure account)

	Note	2012 £'000	2011 £'000
Net cash (outflow)/inflow from operating activities	24	(2,293)	1,692
Returns on investments and servicing of finance			
Interest paid		(12)	(15)
Interest received		100	122
Dividends received		110	111
Net cash inflow from returns on investments and servicing of finance		198	218
Capital expenditure and financial investment			
Purchase of property		(314)	(182)
Purchase of other tangible fixed assets		(762)	(789)
Purchase of fixed asset investments		(1,494)	(720)
Sale of fixed asset investments		1,445	755
Cash (outflow) from capital expenditure and financial investment		(1,125)	(936)
Net cash (outflow)/inflow before management of liquid resources and financing management of liquid resources		(3,220)	974
Decrease in short-term deposits		2,001	393
Net cash flow from the management of liquid resources		2,001	393
(Decrease)/Increase in cash	25	(1,219)	1,367

The notes on pages 35 to 54 form part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2012

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 and the Companies Act 2006.

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 pages 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 £2,097,000 (2011 surplus of £606,000) is the same as the group result as the subsidiary's profits are remitted to the Charity under Gift Aid regulations.

Incoming resources

Donations, gifts and 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

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.

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.

Notes to the financial statements

For the year ended 31 March 2012

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 has been 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 on 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 stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal.

Operating leases

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

Pension costs

Action on Hearing Loss operates one funded pension scheme in the UK. The Scheme has both defined benefit and defined contribution sections. The 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.

Notes to the financial statements

For the year ended 31 March 2012

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.

2. Investment income

	2012 £'000	2011 £'000
Income from listed investments - UK	110	111
Interest received - bank	58	79
Interest received - investments	42	43
	210	233

3. Net (outgoing)/incoming resources for the year

This is stated after charging:	2012 £'000	2011 £'000
Interest payable:		
- bank loans and overdrafts wholly repayable within five years	12	15
Depreciation	716	890
Loss on disposal of fixed assets	31	3
Payments under operating leases:		
- land and buildings	880	925
- other	297	300
Auditors' remuneration:		
- audit	56	65
- other services	9	44

Notes to the financial statements

For the year ended 31 March 2012

4. Analysis of total resources expended

	Direct costs		Support costs		Total 2012 £'000	Total 2011 £'000
	Staff £'000	Other £'000	Staff £'000	Other £'000		
Cost of generating funds						
Fundraising costs	1287	2,142	197	84	3,710	3,517
RNID Activities Limited	-	95	-	-	95	64
Investment management fees	-	16	-	-	16	17
	1,287	2,253	197	84	3,821	3,598
Charitable activities						
People acknowledge their hearing loss and take action	3,187	2,280	549	233	6,249	6,003
People with hearing loss are supported	11,467	5,538	2,805	1,188	20,998	21,773
No-one is isolated through hearing loss	2,792	4,839	492	208	8,331	8,848
People protect themselves against hearing loss	97	23	12	5	137	129
	17,543	12,680	3,858	1,634	35,715	36,753
Governance costs	-	70	-	-	70	71
Total resources expended	18,830	15,003	4,055	1,718	39,606	40,422

Notes to the financial statements

For the year ended 31 March 2012

5. Support costs

Basis of allocation: by staff number

	Management £'000	Finance & strategy directorates £'000	Knowledge & information systems £'000	People, development & governance £'000	Total 2012 £'000	Total 2011 £'000
Fundraising	12	81	76	113	282	287
People acknowledge their hearing loss and take action	34	223	212	313	782	787
People with hearing loss are supported	175	1,136	1,081	1,600	3,992	4,437
No-one is isolated through hearing loss	31	199	189	280	699	677
People protect themselves against hearing loss	1	5	5	7	18	16
Total	253	1,644	1,563	2,313	5,773	6,204

6. Analysis of the main constituents of 'supporting people'

	Income 2012 £'000	Expenditure 2012 £'000	Net 2012 £'000	Income 2011 £'000	Expenditure 2011 £'000	Net 2011 £'000
Care and Support Services	14,044	16,182	(2,138)	14,806	16,732	(1,926)
Supply of assistive technology	984	1,075	(91)	1,196	1,214	(18)
Devolved Countries	511	1,052	(541)	809	1,060	(251)
Communication Services	824	996	(172)	899	1,062	(163)
Local Engagement England	265	697	(432)	304	667	(363)
Public Engagement	20	555	(535)	18	600	(582)
Communications and Technology	18	108	(90)	28	92	(64)
Training & Consultancy	67	107	(40)	68	96	(28)
Biomedical Research	8	26	(18)	6	23	(17)
Other	1	200	(199)	42	227	(185)
Total	16,742	20,998	(4,256)	18,176	21,773	(3,597)

Notes to the financial statements

For the year ended 31 March 2012

7. Grants payable

The aggregate amount of grants made during the year ended 31 March 2012, analysed by recipient was:

Analysis	Institution	Number of grants 2012	2012 £'000	2011 £'000
Medical research into hearing loss	University College London	10	278	150
	University of Sheffield	2	96	112
	University of Tubingen	1	73	24
	State University of Iowa	2	57	82
	University of Western Australia	1	50	50
	Imperial College London	1	49	23
	University of Antwerp	1	49	49
	University of Kansas Medical Center Research Institute	1	48	50
	University of California	1	38	-
	Kings College London	2	36	11
	University of Leicester	2	35	24
	University of Sussex	2	34	24
	Medical Research Council	3	26	28
	Bionics Institute	2	26	49
	University of Cambridge	2	25	23
	Cincinnati Children's Hospital Medical Center	1	25	-
	Harvard Medical School	1	23	-
	University of Southampton	1	22	11
	Washington University	1	21	-
	Oxford University	1	16	16
	University of Essex	2	12	24
	Cardiff University	1	12	-
	University of Bristol	2	4	-
	Great Ormond Street Hospital	1	2	-
	Nottingham University Hospital NHS Trust	1	2	-
	University of Birmingham	1	2	-
	Keele University	1	2	2
	Newcastle University	1	1	14
	Oregon Hearing Research Center	1	1	-
	Auckland University	1	1	-
	Southern Illinois University	1	1	-
	Research Foundation of SUNY at Buffalo	-	-	6
	Wayne State University	-	-	2
Imperial College of Science Technology and Medicine	-	-	23	
University of Manchester	-	-	7	
University of Michigan	-	-	5	
University of York	-	-	3	
Genome Research Limited	-	-	3	
Case Western Reserve University	-	-	1	
		51	1,067	900
Welfare, education & training for deaf & hard of hearing people	University College London	1	30	30
	Midland Regional Association for the Deaf	1	5	5
	North Regional Association for Sensory Support	1	2	-
		3	37	35
Total		54	1,104	935

Notes from opposite page: Of the total grant funding made during the year, £1,096,207 related to biomedical research projects. In addition to the above, the charity expects to fund future grants totalling over £1.6m 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 accounts. The expenditure for grants sits mainly within the no-one is isolated through hearing loss line for charitable expenditure within the SoFA.

Notes to the financial statements

For the year ended 31 March 2012

8. Employees

Staff costs consist of:

	2012 £'000	2011 £'000
Wages and salaries	19,793	19,674
Social security costs	1,720	1,680
Pension costs	1,363	1,276
	22,876	22,630

The above figures include temporary and agency staff employed by Action on Hearing Loss at a cost of £851,859 (2011: £953,085)

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

	2012	2011
People acknowledge their hearing loss and take action	106	102
People with hearing loss are supported	542	574
No-one is isolated through hearing loss	95	87
People protect themselves against hearing loss	2	2
Fundraising	38	37
Finance, human resources, information technology and administration	79	79
	862	881

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

	2012	2011
Number of employees receiving gross salaries over £60,000:	748	760
£70,001 to £80,000	1	-
£80,001 to £90,000	3	3
£90,001 to £100,000	1	-
£120,001 to £130,000	1	1

None of these employees (2011: 0) is in the defined benefit pension scheme, and 5 (2011: 3) are in the defined contribution pension scheme. Contributions in the pension year to the defined contribution scheme were £36,132, in respect of 5 employees (2011: 3 with contributions of £21,535).

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 2012 she received remuneration of £125,454 (2011: £127,454) and was a member of the defined contribution pension scheme.

Notes to the financial statements

For the year ended 31 March 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, seven Trustees (2011: five) received reimbursements of non-private travel and subsistence expenditure amounting to £3,423 (2011: £1,666).

There were no related party transactions during the period.

10. Subsidiary company

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

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' turnover for the year ended 31 March 2012 was £240,636 (2011: £78,834), cost of sales were £83,905 (2011: £52,395), administration expenses were £10,817 (2011: £11,155), which left an operating profit of £145,914 in 2012 (2011: £15,284).

Notes to the financial statements

For the year ended 31 March 2012

11. Tangible assets

Group and Charity

	Freehold £'000	Long leasehold £'000	Short leasehold £'000	Total Property £'000	Fixtures, fittings & furniture £'000	Computer equipment £'000	Other equipment £'000	Total other £'000	Grand total £'000
Cost									
At 1 April 2011	9,472	122	173	9,767	3,578	4,668	1,855	10,101	19,868
Additions	300	2	12	314	450	312	-	762	1,076
Disposals	(47)	-	(33)	(80)	(795)	(1,750)	(1,050)	(3,595)	(3,675)
Reclassifications/write offs	(110)	112	(2)	-	-	2	1	3	3
At 31 March 2012	9,615	236	150	10,001	3,233	3,232	806	7,271	17,272
Depreciation									
At 1 April 2011	2,498	13	160	2,671	3,064	3,872	1,821	8,757	11,428
Charge for year	183	4	9	196	201	309	10	520	716
Disposals	(47)	-	(33)	(80)	(786)	(1,741)	(1,042)	(3,569)	(3,649)
Reclassifications/write offs	(24)	18	(8)	(14)	(11)	30	3	22	8
At 31 March 2012	2,610	35	128	2,773	2,468	2,470	792	5,730	8,503
Net Book Value									
At 31 March 2012	7,005	201	22	7,228	765	762	14	1,541	8,769
At 31 March 2011	6,974	109	13	7,096	514	796	34	1,344	8,440

Action on Hearing Loss commissions valuations of its major freehold and leasehold properties every three 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.

In the year ended 31 March 2012, the depreciation policy for computer equipment fixed assets has been 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.

Notes to the financial statements

For the year ended 31 March 2012

12. Fixed asset investments

Group and Charity	2012 £'000	2011 £'000
Value of investment portfolio at 1 April	4,688	4,593
Additions	1,494	720
Disposals	(1,445)	(755)
Realised gains on investments	(24)	5
Unrealised gains on investments	(98)	125
Market value at 31 March	4,615	4,688
Represented by:		
Listed securities:		
UK equity funds	1,992	2,017
Overseas equity funds	529	594
UK corporate funds	864	1,090
Overseas corporate funds	400	244
UK property funds	433	431
Cash fund	397	312
	4,615	4,688
Cost at 31 March	4,200	4,190

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

	2012 £'000	2011 £'000
Charishare	1,914	1,944
MLIM Institutional Liquidity Fund	-	312
BlackRock Overseas Fund	529	594
Barclays Bank plc (UK fixed interest)	-	243
Skipton Building Society (UK fixed interest)	240	252
BPF - UK Property Fund	433	431
Kreditanstalt	302	-
UK Conv Gilt Bond 5% & 8%	392	-
Network Rail Infra	231	-
ICS INS GBP LIQ Agency Dis	397	-

13. Stocks

Group and Charity	2012 £'000	2011 £'000
Equipment and publications	704	969

Notes to the financial statements

For the year ended 31 March 2012

14. Debtors

	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade debtors	2,031	2,327	1,911	2,327
Gift Aid donation due from RNID Activities Ltd	-	-	146	15
Other debtors	138	245	218	238
Prepayments and accrued income	1,600	1,321	1,600	1,321
	3,769	3,893	3,875	3,901

15. Creditors: amounts falling due within one year

	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade creditors	511	758	511	758
Other taxes and social security costs	451	461	451	461
Other creditors	283	313	262	313
Accruals	1,106	1,198	1,102	1,193
Deferred income	648	629	648	629
	2,999	3,359	2,974	3,354

Deferred income 1 April 2011	629
Deferred income raised	364
Deferred income released	(345)
Deferred income 31 March 2012	648

16. Contingent liabilities

Action on Hearing Loss has given indemnities of approximately £218,000 in respect of legacies that have been received, but there is the possibility of future claims against these estates. It is not expected that any material liabilities will arise and no provisions have been made.

Notes to the financial statements

For the year ended 31 March 2012

17. Legacies

The Trustees have been notified that the charity is a beneficiary of a number of estates for which the amounts to be paid to the charity have not yet been confirmed. In view of the uncertainty over the amounts that may be received, the Trustees have concluded that the conditions for recognition of these legacies have not yet been met and accordingly these legacies are not reflected in these financial statements. Provisional estimates indicate a potential value of these legacies of £4.1m (2010: £5.5m).

18. Capital commitments

Group and Charity

As at 31 March 2012, Action on Hearing Loss had capital expenditure authorised and contracted in respect of freehold property of £28,419 (2011: £109,141).

These figures are not provided for in the financial statements for the year ended 31 March 2012.

19. Analysis of group net assets between funds

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total funds 2012	Total funds 2011
	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 March 2012 are represented by:					
Tangible fixed assets	6,985	1,784	-	8,769	8,440
Investments	4,547	-	68	4,615	4,688
Current assets	5,369	2,703	-	8,072	11,681
Current liabilities	(2,904)	(95)	-	(2,999)	(3,359)
Pension reserve	(11,176)	-	-	(11,176)	(5,969)
Group net assets	2,821	4,392	68	7,281	15,481

Notes to the financial statements

For the year ended 31 March 2012

20. 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 £500,000 (2011 pension cost: £463,000). This charge is equal to the contributions of £500,000 (2011: £463,000) 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 2012 are expected to be £861,000, 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 2012 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:	2012	2011
	£'000	£'000
Present value of funded obligations	(60,206)	(50,808)
Fair value of plan assets	49,030	44,839
Deficit	(11,176)	(5,969)
Liabilities	(11,176)	(5,969)
Net liability	(11,176)	(5,969)
b) Changes in the present value of the Scheme liabilities:	2012	2011
	£'000	£'000
Opening liabilities	50,808	49,058
Interest cost	2,499	2,493
Actuarial (gains)/losses	7,456	(140)
Benefits paid	(1,379)	(1,461)
Increase in defined contribution section liabilities	822	858
Liabilities at the year end	60,206	50,808

Notes to the financial statements

For the year ended 31 March 2012

c) Changes in the fair value of the Scheme assets:	2012 £'000	2011 £'000
Opening fair value of Scheme assets	44,839	41,734
Expected return on defined benefit section assets	2,460	2,368
Actuarial gains	1,451	527
Contributions by employer	837	813
Contributions by employees	-	-
Benefits paid	(1,379)	(1,461)
Increase in defined contribution section assets	822	858
Fair value of Scheme assets at the year end	49,030	44,839
d) The amounts included within the Statement of Financial Activities are as follows:		
	2012 £'000	2011 £'000
Current service cost	-	-
Expected return on Scheme assets	2,460	2,368
Gains on curtailments and settlements	-	-
Interest on pension liabilities	(2,499)	(2,493)
Total amount charged within net incoming/ (outgoing) resources	(39)	(125)
Actuarial (losses)/gains	(6,005)	667
Total amount (charged)/credited to the Statement of Financial Activities	(6,044)	542
	2012 £'000	2011 £'000
The actual return on the Scheme assets in the year	3,911	2,895
e) The major categories of Scheme assets as a percentage of total scheme assets are as follows:		
	2012	2011
Equities and property	35%	46%
Fixed interest	35%	42%
Index-linked gilts	10%	-
Insured annuities	1%	2%
Cash	1%	-
Other	7%	-
Defined contribution scheme	11%	10%

Notes to the financial statements

For the year ended 31 March 2012

f) Principal assumptions used by the actuary were (in absolute terms):	2012	2011
Discount rate at 31 March	4.70%	5.50%
Rate of increase in salaries	n/a	n/a
Rate of increase of pensions in payment	3.20%	3.50%
Rate of increase of pensions in deferment	3.20%	3.50%
Inflation assumption	3.20%	3.50%
Assumed life expectations on retirements at age 65:		
Retiring today - males	21.1	21.0
Retiring today - females	23.8	23.7
Retiring in 20 years - males	23.0	22.9
Retiring in 20 years - females	25.6	25.5

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

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Present value of Scheme liabilities	(60,206)	(50,808)	(49,058)	(40,083)	(39,782)
Scheme assets	49,030	44,839	41,734	33,149	36,034
(Deficit)	(11,176)	(5,969)	(7,324)	(6,934)	(3,748)
Experience adjustments on Scheme liabilities	(7,456)	140	(6,878)	1,981	4,171
Experience adjustments on Scheme assets	1,451	527	5,874	(5,262)	(3,417)
Cumulative actuarial losses shown in the SoFA	(10,630)	(4,625)	(5,292)	(4,288)	(1,007)

Notes to the financial statements

For the year ended 31 March 2012

h) Expected return on assets

The assumptions used in determining the overall expected return of the Scheme assets have been set with regards 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 31/03/2012 p.a.	Fair value at 31/03/2012 £'000	Long-term rate of return expected at 31/03/2011 p.a.	Fair value at 31/03/2011 £'000
Equities and property	6.30%	17,007	7.40%	20,467
Fixed interest	4.16%	16,865	4.90%	18,855
Index-linked gilts	3.30%	4,975	-	-
Insured annuities	4.70%	714	5.50%	673
Cash	0.50%	449	0.50%	161
Other	6.30%	3,515	-	-
Overall expected return on defined benefit section assets	5.04%	-	6.17%	-
Defined contribution section assets	-	5,505	-	4,683

Notes to the financial statements

For the year ended 31 March 2012

21. Restricted and endowment funds

Group and Charity

	Note	Balance 1 April 2011 £'000	Incoming resources and gains £'000	Outgoing resources £'000	Transfers (note 22) £'000	Balance 31 March 2012 £'000
Restricted						
Richardson Trust		2,242	40	(606)	-	1,676
The Bath Charity		1,784	-	-	-	1,784
Research into the cause of occupational and industrial deafness and hearing impairment		-	272	(75)	-	197
Research into suppression of deafness		-	148	(25)	-	123
Tayside Integrated Sensory Service		71	1	-	-	72
Young Adult Transitions Wales		-	60	-	-	60
Borders Local Integrated Sensory Services		98	-	(50)	-	48
North East Outreach Information Officer		54	23	(41)	-	36
Healthier Lives Northern Ireland		5	256	(233)	-	28
Tinnitus Research		148	5	(125)	-	28
Glasgow Integrated Sensory Services		62	-	(40)	-	22
On the Move - Central Scotland		-	73	(50)	-	23
PhD Research Studentship		82	-	(23)	-	59
PhD Project into Tinnitus	22	59	-	(12)	(47)	-
Biomedical Research		-	231	(231)	-	-
Provision of services in Birmingham		-	154	(154)	-	-
Other restricted funds	22	244	1,029	(1,035)	(2)	236
Restricted funds		4,849	2,292	(2,700)	(49)	4,392
Endowed						
The Wennington Charity		68	-	-	-	68
Endowment funds		68	-	-	-	68
Total Funds		4,917	2,292	(2,700)	(49)	4,460

Notes to the financial statements

For the year ended 31 March 2012

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

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 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.

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.

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 profile of sensory impairment in the region.

The Young Adult Transitions project 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

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 profile of sensory impairment in the region.

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

On the Move provides funding for improving 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.

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

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 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.

The provision of services in Birmingham fund is a legacy that is restricted to services in Birmingham.

"Other restricted funds" comprises 23 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 2012

22. Transfers from unrestricted to restricted funds

PhD Project into Tinnitus

A transfer of £46,977 from general funds into the PhD Project into Tinnitus fund was made as the grant which was received in 2008 was expended in earlier years but had not been reflected in the analysis. An adjustment has been included to reflect this movement.

23. Commitments under operating leases

Group and Charity

As at 31 March 2012, Action on Hearing Loss had annual commitments under non-cancellable operating leases as set out below:

	2012		2011	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within 1 year	494	102	509	115
In 2-5 years	300	195	322	185
After 5 years	86	-	94	-
	880	297	925	300

24. Reconciliation of net incoming/(outgoing) resources to net cash inflow/(outflow) from operating activities

	2012	2011
	£'000	£'000
Net (outgoing)/incoming resources for the year	(2,073)	601
Interest paid	12	15
Interest received	(100)	(122)
Dividends received	(110)	(111)
	(2,271)	383
Depreciation charge for year	716	890
Loss on sale of fixed assets	31	3
Decrease/(increase) in stocks	265	(240)
Decrease in debtors	124	1,394
Decrease in creditors	(360)	(50)
Pensions reserve funding deficit movements	(798)	(688)
Net cash inflow from operating activities	(2,293)	1,692

Notes to the financial statements

For the year ended 31 March 2012

25. Reconciliation of net cash to movements in funds

	2012 £'000	2011 £'000
(Decrease)/increase in short-term deposits	(2,001)	(393)
(Decrease)/increase in cash	(1,219)	1,367
Change in net funds resulting from cashflow	(3,220)	974
Movement in net funds in the year	(3,220)	974
Cash and short-term deposits at 1 April 2011	6,819	5,845
Net funds at 31 March	3,599	6,819

26. Analysis of changes in net funds

	At 1 April 2011 £'000	Cash flows £'000	At 31 March 2012 £'000
Short-term deposits	4,689	(2,001)	2,688
Cash at bank and in hand	2,130	(1,219)	911
	6,819	(3,220)	3,599

27. 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.

	2012 £	2012 £
Big Lottery Fund (this funding is restricted)		
Healthier Lives - Northern Ireland	193,477	
Outreach Volunteer - Northern Ireland	116,413	
Scotland - On the Move	73,129	
North East Rural Volunteer Outreach - Information Project	69,513	
AdvantAGE - Hear to Meet	53,344	
Young Adult Transitions - Wales - Stepping Stones	6,818	
Awards for All - Induction Loop Project	4,719	
Statutory		
Welsh Assembly Government - Section 64 - Information South Wales	69,351	
Western Health and Social Care Trust - Outreach Project	40,361	
Department of Health, Social Services & Public Safety	29,444	
Disablement Advisory Service - Sustainable Work and Wellbeing for Deaf People	27,120	
Southern Health & Social Care Trust - Peer Support Worker	15,000	
South Eastern Health & Social Care Trust - Peer Support Worker - Northern Ireland	13,194	
Sight Service - South Tyneside Hearing Point	6,750	
WCVA - Volunteering & Participation	5,000	
Southern Health & Social Care Trust - Tinnitus Support	5,000	
London South Bank University - Knowledge Transfer project	2,278	
Disablement Advisory Service - Employability for Deaf People	1,617	
European		
Special EU Programmes Body - Sensory Engagement Programme		48,661
NI ESF - Sustainable Work and Wellbeing		27,717
NI ESF - Employability for Deaf People		24,213
Trusts		
John and Lucille Van Geest Foundation - Biomedical Research		230,500
Nominet Trust		95,081
The Charles Wolfson Charitable Trust		47,338
Masonic Samaritans Fund		25,429
The H B Allen Charitable Trust		25,000
The BOS Foundation - Information Outreach		10,695
The Big Lottery Fund - Awards for All - Deaf Awareness Training for Community Groups		10,000
The Big Lottery Fund - Healthy Minds - Living with Tinnitus		8,020
Frank Litchfield General Charitable Trust		7,500
The Adint Charitable Trust		5,000
Albert Hunt Trust		5,000
Corporate		
BT		20,000
TNS Research International		11,599
Royal Bank of Scotland		10,000
Siemens Hearing Instruments		10,000
Individual		
MariaMarina Foundation		20,000
Mr G. Corbett		20,000
Anonymous		12,500
Anonymous		10,000

We remember with deep gratitude the 431 donors who left gifts to us in their wills in 2011/12. Every legacy gift is truly appreciated.

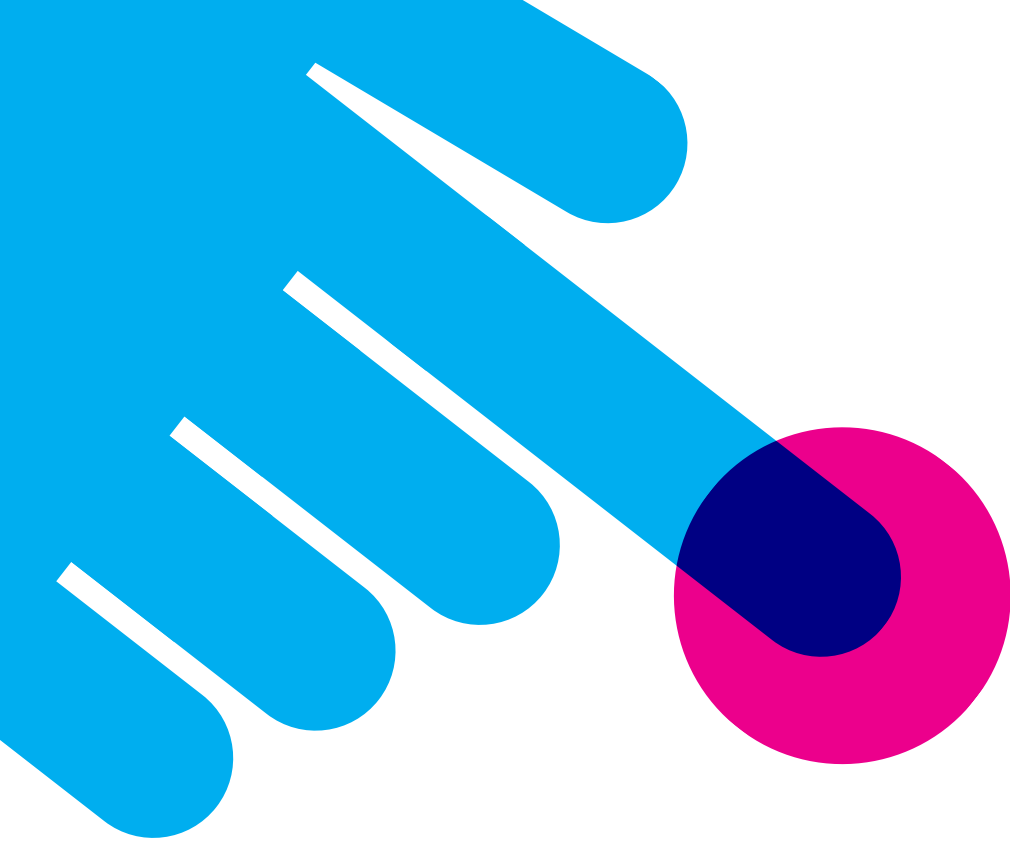
Thank you also to Specsavers for their support during the year.

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.

Backing from
nominettrust
www.nominettrust.org.uk





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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