

Annual Report

and Financial Statements

2018 - 2019



**ACTION ON
HEARING
LOSS**

A national charity since 1911

Formerly
RNID •)))

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Foreword

A message from our Chairman and Chief Executive

The past year has been one of significant change for Action on Hearing Loss. We recognise that our charity must continue to adapt in order to remain relevant to the lives of the 11 million people across the UK who are deaf, having hearing loss or tinnitus.

We want to deliver a world where deafness and hearing loss don't limit or label people, where tinnitus is silenced and where people value their hearing. Throughout this annual report we share examples of our work and the impact we have each and every day. We are very proud of Action on Hearing Loss and the achievements of the past year.

Our care and support services have continued to deliver high-quality, person-centred support with over 96% of our services being rated 'good' by the Care Quality Commission and 100% compliance with regulators in Northern Ireland and Wales. We also saw the number of support hours we provided rise by over 200,000 to a total of 2.1 million hours.

We continued to cement our place as a world-leading investor in hearing loss research with the ambition of developing the next generation of research leaders and treatments. This year our research has made significant scientific discoveries, including the discovery of a key gene that could lead to ways of repairing or regenerating certain hair cells to treat hearing loss.

Alongside partners, we have campaigned and influenced in order to see changes to attitudes to hearing and to increase understanding of deafness and hearing loss amongst healthcare professionals. We saw a major breakthrough in our work with the Dementia and Hearing Loss Interest Group which helped secure the inclusion of hearing loss in a new dementia NICE quality standard.

Our work is only possible thanks to the generosity and commitment of our supporters. Thousands of individuals who believe in our purpose and vision and who kindly donate their time, expertise and money – without them we would be unable to deliver our work across the UK.

However, no organisation – charity or otherwise – has a right to exist. Doing good and

important work simply isn't enough and we must ensure our organisation is fit for its purpose and able to deliver in the long term. In many ways the past year has also been a difficult one. We continue to uncover historic financial issues and governance weaknesses. This has led to our reporting a significant financial deficit for the year, which has further depleted our free reserves and is unsustainable without the corrective action that we are taking. This deficit includes a considerable provision for bad debts going back at least five years, and isn't just the result of our in-year expenditure.

Although we have made good progress in resolving many underlying issues, the process has revealed further weaknesses that are continuing to be addressed. Nonetheless, it is a measure of the success of our response to these issues that these accounts do not have an emphasis of matter around going concern as was the case in 2017-18.

In response to this challenge, the Board has taken significant and decisive action. We appointed a new Chief Executive, Mark Atkinson, who brings with him expertise in organisational change and strategy development. Alongside Mark, a new management team are delivering our multi-year Financial Recovery Plan and redesigning our strategy to ensure it is affordable and fit-for-purpose.

The Board of Trustees also commissioned a comprehensive review of corporate governance in March 2019 with the aim of ensuring we have the right leadership arrangements in place to drive and oversee a challenging change programme.

Over the early part of 2019/20 we have accelerated our work to create a stronger charity. We are on track to report in our next annual report a significantly improved set of financial results, strengthened corporate governance, a new strategy and brand. All of this is critical if we are to deliver our purpose and make a lasting difference to those who are deaf, have hearing loss or tinnitus.

Yours,



John Morgan, Chair



Mark Atkinson, Chief Executive

Administrative details of the Charity

Action on Hearing Loss is the trading name of the charitable company limited by guarantee, the Royal National Institute for Deaf People (RNID), registered in England and Wales No. 454169. It is registered as a Charity (No. 207720 England and Wales and SC038926 Scotland). Action on Hearing Loss is governed by its Articles of Association, adopted on 14 May 1948, and last amended on 7 November 2008.

The registered office address is 1-3 Highbury Station Road, London N1 1SE.

Trustees

The following provides details of all Trustees who were in place during the financial year until the point at which these accounts were signed in December 2019:

- John Morgan, Chair
- Caroline Ashley (stood down 06 June 2019)
- Claire Bailey, Treasurer (appointed 07 August 2018)
- Dr Brian Caul
- Carol Cole (stood down on 2 September 2019)
- Louise Craddock (stood down on 23 August 2018)
- Lindsay Foster, Vice Chair (appointed on 23 August 2018)
- Ingrid Gallen
- Maggie Hampton
- Gideon Hoffman (appointed on 12 December 2018)
- Richard Jones
- Dr Gerhard May (stood down on 3 October 2018)
- Thomas McCarthy (appointed on 12 December 2018)
- Prof. Brian Moore
- Jacqueline Press
- Eric Roux, Treasurer (stood down on 17 July 2018)
- Prof. Quentin Summerfield

Key management personnel

The Trustees delegate the implementation of policies and the day-to-day management of the Charity to the Chief Executive who is assisted by the Executive Group. Those on the Executive Group are the Charity's key management personnel.

Key management personnel who were in post at the point at which these accounts were signed in November 2019 are detailed below:

- Mark Atkinson, Chief Executive (appointed October 2018)
- James Abbott, Executive Director of Corporate Services (appointed March 2019)
- Noelia Fernandez, Director of People
- Ralph Holme, Executive Director, Research
- Steven Maiden, Director of Governance, Risk and Assurance (appointed February 2019)
- Louise Pritchard, Executive Director, Services
- Tim Willett, interim Executive Director of Fundraising, Marketing and Communications (appointed April 2019)

Principal Professional Advisers

Solicitors	Wilsons, Alexandra House, St John's Street, Salisbury SP1 2SB
	Bates Wells Braithwaite, 10 Queens Street Place, London, EC4R 1BE
Independent auditors	Crowe U.K. LLP, St Bride's House, 10 Salisbury Square, London EC4Y 8EH
Bankers	Lloyds Banking Group, 10 Gresham St, London, EC2V 7JD

Trustees' report incorporating the strategic report

The Trustees' Report includes a Strategic Report (page 7-46). These two reports together meet the requirements for a Directors' Report as required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. In approving the Trustees' Report, the Board of Trustees have also approved the Strategic Report.

Public benefit

Trustees use Charity Commission guidance on public benefit. With regard to the Charity Commission's guidance, the Trustees consider the Charity has a wide impact both on those we exist to support and on the wider public.

The activities detailed throughout this report demonstrate the impact that the Charity has had on the lives of those with deafness, hearing loss and tinnitus across the United Kingdom. Throughout England, Scotland, Northern Ireland and Wales we have provided face-to-face care, support and guidance to those with all forms of hearing loss. Our approach to service delivery ensures that our services accommodate and maximise local contexts whilst responding to individuals' needs. We have strong regulatory compliance and positive feedback that provides assurance that our activities are having a positive impact on people's lives. Our approach to person-centred care and local services is detailed on pages 13-16 of this report.

We also offer free, high-quality information and advice to those with all forms of hearing loss and to healthcare professionals. This information supports people to manage existing hearing conditions, provides practical guidance about how to protect hearing and helps to ensure that professionals fully understand deafness and hearing loss. Trustees believe that this supplements and adds value to other information available and provides a clear public benefit.

Our support of world-class biomedical research (pages 19-20) and our work to influence and campaign about perceptions of deafness and hearing loss also have a broad public benefit. There are not always immediate beneficiaries of these activities but Trustees believe that, overtime, there will be research breakthroughs and societal changes to which our work will have directly contributed.

Objectives and Activities

Our Vision

Action on Hearing Loss exists to help people confronting deafness, tinnitus and hearing loss to live the life they choose. We enable them to take control of their lives and remove the barriers in their way.

Our vision is a world where hearing loss doesn't limit or label people, where tinnitus is silenced and where people value their hearing.

Our aims in pursuit of this vision are:

- To provide support and care to help people confronting deafness, tinnitus and hearing loss take control of their lives and live the life they choose.
- To fund research into technology and treatments to help people confronting deafness, tinnitus and hearing loss to take control of their lives and live the life they choose.
- To campaign to remove barriers faced by people confronting deafness, tinnitus and hearing loss so they can live the life they choose.

In setting these aims and objectives, the Trustees have had regard to the guidance issued by the Charity Commission.

Our Strategy

We have achieved a great deal during 2018-19 against the five programmes of work set out in our current strategy, Transforming Lives. Detail on each of these is provided below. However, we are committed to adapting to deliver our vision as efficiently and effectively as possible. This year we have initiated a review of the strategy that will build on the foundations of Transforming Lives and consolidate our work to ensure the long-term strength and sustainability of the Charity.

Changing attitudes

Ensure the lives of people with deafness, tinnitus and hearing loss are less limited by society. People's lives are limited by a myriad of individual actions taken by people, organisations and governments across the UK. We are tackling this by

changing the way many people think, feel and act in relation to deafness, tinnitus and hearing loss, and by intervening where we can do the most to improve people's quality of life.

Better technology

Make technology more available and accessible to everyone. While the search for treatments continues, technology plays an essential role in enabling people with hearing loss to live better lives. We are working to speed up the development of new technology, and to make sure people with deafness, tinnitus and hearing loss can use it to improve their lives.

Independent lives

Ensure more people have the right information and support to live fulfilling, independent lives. We are continuing to do more to help the more than 11 million people confronting deafness, tinnitus and hearing loss to live the life they choose – but we cannot support them alone. So are engaging more people digitally, and working with others to improve services, including policymakers and health and social care professionals.

Towards a cure

Find treatments for all types of hearing loss and tinnitus. For some people, their deafness is no barrier to how they live their lives, and we respect and value this. For all the people who want a cure, we are working hard to find treatments for all types of hearing loss and tinnitus.

A stronger Charity

Ensure maximum impact and effectiveness in all our work. To achieve our ambitious goals we need to be as efficient and effective as possible, and to use our resources to maximum impact. We also need to find a range of ways to increase our income, ensuring our long-term sustainability.

Our Values

People

We treat people as people – with warmth, dignity and respect. We see people as whole people, not just as an issue or problem to be solved. We show kindness, care and understanding and approach people how we would like to be approached.

Passion

We are passionate about our work and we want to make a difference in people's lives. If things can be improved, we won't just settle for how they are. We're prepared to challenge the status quo. We strive for high standards, to do our very best. We take positive risks and innovate, trying new things.

Partnership

We work alongside others to achieve the best results. We listen carefully and try hard to understand. We share insights, ideas, learning and resources. We respect and value differences and we enable others to participate. We act with integrity and build trust.

Achievements and Performance

Action on Hearing Loss exists to deliver a world where deafness and hearing loss don't limit or label people, where tinnitus is silenced and where people value their hearing. Everything we do is designed to deliver against this aim; be that our campaigning, the expert information we provide, the high-quality services we deliver or the world-leading research we support and fund. We set out in this report our significant achievements against this objective as well as our work to strengthen the charity and respond to operational challenges.

Stronger charity

The Board of Trustees recognises that this has been a difficult year for Action on Hearing Loss. During 2018-19, we identified and began to respond to weaknesses in the financial health and sustainability of the charity. These issues have grown and compounded over a number of years and require decisive action. Although we are confident that the measures detailed below will significantly improve our future performance, we are under no illusions that there is more to do to restore long-term stability.

Financial Recovery Plan

A robust Financial Recovery Plan was developed as an immediate response to financial challenges. This included the renewal of our Revolving Credit Facility with Lloyds Bank to ensure our liquidity whilst longer-term actions are taken to address issues with the underlying operating model.

We have made good progress on some of the biggest aspects of the plan including the relocation of some support functions out of London in order to reduce our cost base and our requirements for office space in Central London. We have received good initial market engagement on the sale of our London office in Highbury and Islington and we are confident that the future capital receipt will address immediate financial challenges and begin to restore free reserves.

Alongside these major transactions we have made good progress in improving our financial control framework to ensure that similar issues are not repeated in the future. Our renewed Audit and Finance Committees have been closely overseeing the delivery of the Financial Recovery Plan and provide regular reports and assurance to the Board.

Fit for the Future Programme and Strategy Review

Alongside the Financial Recovery Plan, the Board of Trustees has put in place a wider transformation programme, Fit for the Future, which pulls together all areas of change going on across the organisation. The programme provides assurance that our recovery plan is not exclusively financial but also addresses the long-term sustainability of our operating model. This includes work to ensure the effectiveness of our support functions and a further strategy review. We do not see transformation as an end in itself. The programme ultimately aims to bring about focus and efficiency so that we can better achieve our charitable objectives and have greater impact on those we exist for.

Transforming Lives is an ambitious strategy and the Board of Trustees remains committed to the principles upon which it is founded. However, issues with financial sustainability have forced questions of resourcing and affordability into sharp relief. We recognise that we need to be more focused in what we do if we are to achieve our ambitious objectives whilst living within our means.

In response to this, the Board of Trustees commissioned a strategy review during late 2018. This was designed to ensure that our core charitable purpose is being delivered as effectively as possible within our financial means. The review has yet to complete but the ambition is that it will refine strategy to ensure that we are reaching more people and having the maximum impact on their lives. Ultimately, it will see the Charity become more focused, effective and efficient.

Leadership and governance

During 2018-19, the Board of Trustees has also recognised the need for transformation across the Charity. We took steps to address this in the first instance by appointing a permanent Chief Executive, Mark Atkinson, who has experience of organisational transformation and strategy development. Mark has, in turn, appointed a strong management team equipped to deliver an ambitious transformation programme.

The Board of Trustees also recognised that it needed to review its own decision-making arrangements and ensure that these are robust and fit-for-purpose. Towards the end of the year, we commissioned a major review of our corporate governance which confirmed our appetite for reform at all levels of the organisation. The review

was completed after year-end, late 2019, and we have begun to see improvements in our governance arrangements that we are confident will strengthen the Board of Trustees and our leadership of the organisation.

High-quality, person-centred care

Despite the challenges that the charity has faced, we have continued to deliver high-quality Care and Support services and achieved excellent levels of regulatory compliance in doing so. We have supported people to achieve their aspirations, maintain independence and live as part of their community just as we have consistently done since 1929.

We personalise our care and support services to every individual so that those who are deaf, deafblind or have a hearing loss and additional needs can live every day the way they want. We do this through:

- Residential services where we provide accommodation as part of the package of support
- Non-residential services including our community outreach and day services as well as services where the individual has their own tenancy with another organisation.

At the end of 2018/19, we supported a total of 568 people across all of our Care and Support services. Our staff provided a total of 2.1 million hours of support during the year; an increase of 200,000 hours from last year despite the number of people we support remaining static.

Care quality and compliance

We have achieved high levels of regulatory compliance during the year in Northern Ireland, England and Wales including successful re-registration with Care Inspectorate Wales (CIW). The Charity does not run any regulated services in Scotland.

96.6% of our CQC-registered services were rated 'good' with the remaining 3.4% being rated 'requires improvement'. We are working hard to ensure that all of our English services are progressing towards 'good' and to move some of our 'good' to 'outstanding'. We achieved full compliance with Care Inspectorate Wales and the Regulation and Quality Improvement Authority for registered services in Wales and Northern Ireland respectively.

Whilst external assurance is important, we have also developed a new quality and compliance self-assessment process to ensure that service quality is continuously improving. The process was rolled out for all managers during the course of the year and was accompanied by a schedule of internal quarterly quality monitoring visits led by our Heads of Service. These tools are an important part of ensuring that our services are of a high quality and are continually improving.

Person-centred working at all levels

We undertook a review of our 'Making it Real' Involvement Priorities during the year. 'Making it Real' is part of the sector-wide 'Think Local, Act Personal' initiative which provides a framework that describes what good, citizen-focused, personalised care and support looks like from the point of view of people themselves. Under the framework we have drafted new and improved 'we' statements to express, inspire and motivate the organisation to ensure excellent person-centred care.

In 2018, we circulated our Involving People Survey to people we support and their loved ones. One of the key messages was that people we support feel well supported, safe and happy with the care provided. 96% replied 'yes' when asked if they feel safe. 86% were happy with the system for changing their support time and 90% people were happy with changes to staff team.

The survey shows a marked improvement on the previous year's results and we are extremely proud of the services that have made changes and improvements to better support people. The issues identified in the survey have been captured in the survey report and action plan so that we can continue to grow and improve.

Information Support and Local Community services

Despite changes to some of our information and community services in 2018-19, we have continued to support thousands of people locally. We have a wide range of such services that have a profound impact on people's lives. Just a small number of examples are included below:

- Our Employment Support Services provide person-centred support for jobseekers and employees who are Deaf or have hearing loss. We work with employers and training providers to ensure their recruitment

processes are accessible for deaf or hard of hearing people. We have supported people on more than 1,430 occasions this year.

- Our hearing aid support services, Hear to Help support people to make the most of their hearing aids and manage their hearing loss effectively by providing basic maintenance and support. 98% of those asked rated the service as 'excellent' or 'good' and, overall, 59% told us the service made a big improvement to their daily lives. We made 45,882 face-to-face hearing aid support interventions.
- Hear to Inform and Connect Project is a lottery-funded project which provides face-to-face information support to people over 50 across Scotland, Northern Ireland and London and the South East. Through the project we provide hearing checks and support local organisations to become more accessible. This has been a successful second year for the project which has reached 19,575 people, carried out 3,631 hearing checks and worked with 739 organisations.
- Our social groups, Hear to Meet, give people who are deaf or have hearing loss the opportunity to meet up, share experiences and information and make new friends.
98% of respondents rated our services as 'excellent' or 'good'. Given the nature of these services, they have had a real, personal impact:-
 - 59% told us they felt more involved in their community
 - 61% said they got out and enjoyed life more
 - 62% said they felt more independent
 - 67% felt more confident
 - 79% said they felt happier.
- Our Hear to Inform and Support Project has established information hubs in local communities across Cornwall and Devon, where people can drop in to get support and guidance about any aspect of their hearing loss. The service has seen more than 2,380 people supported in its second year and has greatly exceeded its targets of helping educate care home staff in our project area. We now have 24 full-time volunteers spread across 8 information hubs.
- We completed the second year of our Aged Veterans Service funded by

the Royal British Legion in England, Wales and Northern Ireland which supported more than 2,660 aged veterans and 740 families. Our Hearing Forces project in Scotland funded by Poppy Scotland supported over 630 people and won the 'Working Together' category at the 'UK Soldiering On' awards run by the Unforgotten Forces Consortium.

- Our Welfare Rights service in Scotland supported 166 people on more than 430 occasions to access benefits they were entitled to, such as Job Seekers Allowance (JSA), Disability Living Allowance (DLA), Housing Benefit and Universal Credit. This is the last year of funding for the service which will have ensured people accessed over £1m of benefits they are entitled to.

Influencing and changing attitudes

Action on Hearing Loss is committed to changing the attitudes of millions of people towards deafness, tinnitus and hearing loss. We aim to have an impact on the most important issues affecting them and ensure they are less limited by society. We achieve this through many of our services and activities but some of our more direct interventions are detailed below.

Identifying major societal barriers to tackle through our campaigning

In 2018-19 we conducted a prioritisation exercise of all our public policy and influencing work. This was designed to ensure that our decisions on who and how to influence are based on evidence of need and which activities will bring the greatest impact on the lives of those we support. The outcome was that our focus should be on the 'hearing loss pathway' (including early identification and audiology), 'access to health & social care' and 'employment'.

In response to this work, our Working for Change campaign focused on employer attitudes. We estimate we reached over 900,000 people with key material, including the Employer Guide and Quiz, between October 2018 and April 2019. A number of high-profile events took place and related networking took place, including:

- Presenting to the Wharfability Network, which included Meryl Lynch, Barclays, Citi, Deutsche Bank, KPMG and Morgan Stanley;
- An interactive lunch and learn session at global law firm Shearman and Sterling;

- Presenting at the Inter-law disability forum; and
- The dissemination of our material by the Department of Work and Pensions to its employer networks.

In accordance with the ‘theory of change’ developed for this project, we began to focus on employees so that people with deafness or hearing loss feel empowered to be open about their hearing loss and get the support they need. In 2019/20, we will carry out research to identify the most effective interventions that we or other parties can offer to people with hearing loss, so they are empowered at work to be open about their hearing loss and get the support they need.

Access to high-quality health and social care services

In 2018-19 we conducted the research that formed the report Valuing Audiology: NHS Hearing Aid Services in England which was published in June 2019. We examined audiology services in each Clinical Commissioning Group area in England to see where they were performing well, where they needed to improve, and whether their commissioning arrangements were fit for purpose.

We now have vital – and worrying – new evidence on lengthening waiting times, under-provision of bilateral hearing aids and the extent to which Clinical Commissioning Groups lack some of the most basic information necessary to make good decisions. This includes the numbers of people locally with hearing loss. We have plans in 2019/20 to use this insight to bring change, including engaging directly with Clinical Commissioning Group Boards, hosting a parliamentary event and mobilising supporters and stakeholders.

We also secured funding for a ‘Spotlight’ project with the Royal College of General Practitioners with the generous support of the British-Irish Hearing Instrument Manufacturers Association (BIHIMA). Working with Royal College to produce videos, podcasts and training sessions, the aim is to educate GPs about how to correctly identify hearing loss and make appropriate referrals, as well as more generally improving the ways GP surgeries cater to people with hearing loss. This should help ensure that more people obtain appropriate help for their hearing loss.

Awareness for health and social care professionals

The Dementia and Hearing Loss Interest Group, which we set up and whose members include the Alzheimer's Society, helped secure the inclusion of hearing loss in a new dementia NICE quality standard.

Our Wales team, in partnership with our Policy and Campaigns Team and the National Deaf Children's Society, has received funding from the Welsh Government to produce guidance for Local Authorities in Wales. The guidance will focus on the planning and delivery of social care and support services for children, young people and adults who are deaf or hard of hearing, and their families and carers. We are designing the guidance to be either used or replicated across the UK and will provide clear information for local authorities on the different forms of support that people who are deaf or hard of hearing may need to stay healthy and live well.

Mental Health

The percentage of people within the British Sign Language (BSL) community who take their own lives is rising and of significant concern for all of the Deaf community. We are committed to responding to this trend and so we are working increasingly closely with partners such as Deaf 4 Deaf and the British Society for Mental Health and Deafness (BSMHD).

Our current partnership with BSMHD, Centre of Sign-Sight-Sound (COS) and British Deaf Association to deliver free Mental Health First Aid (MHFA) in Wales is going very well. We have now delivered MHFA training to more than 100 Deaf people in Wales and recruited 6 peer Deaf Mental Health Advocates. We are doing all of this to try to help ensure that people know about, and are able to seek appropriate support, when they need it.

We have been working with Professor Neil Frude and Dr Sara Rhys Jones to adapt the current version of the ACTivate Your Life course so that it is accessible for first-language BSL users. The course aims to teach people about stress and suffering caused by emotional issues, like worry or chronic pain. We believe this is an important tool that will benefit Deaf people in Wales.

We continue to represent the Charity on the national Mental Health and Deafness Working Group convened by the NHS. We have been actively involved in ensuring the needs of Deaf people with additional needs are considered and addressed.

Biomedical research

We continued to support world-class research to accelerate the discovery and development of treatments to protect and restore hearing, silence tinnitus, and improve hearing aids and cochlear implants. We spent a total of £1.5m (2017/18: 1.8m). These treatments will transform the lives of those seeking better hearing.

Making scientific discoveries that could lead to new treatments

We spent £567K on discovery research generating knowledge and ideas that will lead to new treatments.

During the year:

- We awarded four new International Project grants to improve our understanding of the biological processes involved in age-related hearing loss and Usher syndrome type 1, a common type of deaf-blindness, and in partnership with Alzheimer's Research UK funded projects to improve our understanding of the links between hearing loss and dementia.
- We awarded three small Flexi grants to kick-start new lines of research into ways of detecting the biological cause of a given type of hearing loss, a gene therapy to rescue a form of inherited deafness and the design of future clinical trials of treatments to prevent hearing loss caused by cisplatin – a drug used to treat cancer.
- Our research made significant scientific discoveries, including the discovery of a key gene that controls the formation of outer hair cells. Damage and loss of these cells is a common cause of hearing loss, so this discovery is important as it could lead to ways of repairing or regenerating these cells to treat hearing loss. The research was published in Nature, one of the most prestigious scientific journals.
- Researchers have secured follow-on funding to continue lines of research started with our funding, including Dr Daudet at University College London who secured £632K from the Medical Research Council to continue research into developing new approaches to regenerating hearing.

Supporting the development of promising treatments

We spent £147K on Translational Research grants, connected companies, academics, clinicians and investors, and shared market insight to speed up the development of promising new treatment

During the year:

- We awarded a Translational Research Grant to King's College London to support the development of a potential new drug treatment for tinnitus.
- Our translational research identified two types of aminoglycoside antibiotics that retain anti-bacterial properties, but do not damage hearing. The finding could ultimately lead to safe aminoglycosides that do not cause hearing loss.
- We continued to provide advice, market insight and to make connections between researchers, companies, investors and clinicians helping 31 organisations in order to accelerate the development of treatments.
- We collaborated with University College London to publish a review of treatments for hearing loss and tinnitus being developed to prepare the clinical community and highlight to the sector the significant progress being made.

Developing future research leaders

We spent £465K on PhD and Fellowship grants helping to train and support the career development of future research leaders.

During the year:

- In partnership with Cochlear Ltd and the Jost Foundation we awarded four new PhD studentships to support the training of hearing research scientists. The student's projects will investigate how the brain adapts to asymmetric hearing loss, mechanisms involved in age-related hearing loss, how the shape of the cochlea affects the fitting of a cochlear implant electrode and a potential new diagnostic test for tinnitus.
- We awarded two Pauline Ashley Fellowship grants in partnership with the Dunhill Medical Trust to support the career development of two talented researchers in the area of age-related hearing loss.
- Two former Fellows secured longer-term funding demonstrating that our fellowship scheme is succeeding to helping to establish the careers of future research leaders.

Technology

We believe that technology is vital in giving control to people confronting deafness, tinnitus and hearing loss and allowing them to participate independently in everyday life. It enables them to use services, communicate in the workplace and socialise with friends and family. Action on Hearing Loss works in this area in a variety of ways.

Supporting innovation

We are working to raise public awareness of new technology that could help people confronting deafness, hearing loss and tinnitus. We are working with manufacturers and developers to help them understand how their technology could be used to help our beneficiaries and to encourage innovation of new technology to meet their needs. In 2018/19 we:

- Published monthly blogs, four tech articles in our members' magazine and supported Ability Net in developing a new information leaflet to get people with hearing loss online and using assistive technology
- Helped 27 organisations developing technology to benefit people with hearing loss. This included: alerting technology, automated sign language and speech to text systems, smart glasses, technology to improve the quality of audio and the use of virtual reality systems.
- Launched our Tech UX Lab and recruited 500 people for our Tech Panel to help test new and existing technology as well as support 4 organisations through the use of our panel.
- Launched our first Tech Challenge with the UK Cinema Association to find a technological solution to help people view subtitles, which found three promising solutions for final stages of funding.

Providing technology solutions

This year we have continued to deliver a range of communication services and solutions as well as to sell assistive technology products. This includes:

- Supporting over 1,500 different organisations, including many health and social care agencies, to provide 31,000 products to support people to live independently. We provided more than 20,000 items of assistive technology through our private sales channel (with an increase of 43% in website sales): products such as communication and listening devices, alerting devices and tinnitus management products.
- We completed 271 Work Place Assessments to enable people with hearing loss stay in employment and gain access to the best technology to help them carry out their day-to-day work.
- We delivered 125 Deaf Awareness Training sessions to raise awareness of hearing loss and provide advice on the most appropriate communication methods for hearing people to communicate with people with hearing loss and deafness.
- We fulfilled 107 loop installation contracts across multiple sites to ensure

venues and businesses are accessible.

- We co-ordinated over 20,000 bookings for British Sign Language (BSL) interpreters and other communication support last year. This vital service that ensures that Deaf people are able to gain and stay in employment and access vital services such as healthcare.

Structure, Governance and Management

Structure

Action on Hearing Loss is the trading name of the charitable company limited by guarantee, the Royal National Institute for Deaf People (RNID), registered in England and Wales No. 454169. It is registered as a Charity (No. 207720 England and Wales and SC038926 Scotland). Action on Hearing Loss is governed by its Articles of Association, adopted on 14 May 1948, and last amended on 7 November 2008.

The registered office address is 1-3 Highbury Station Road, London N1 1SE.

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 (which expression applies to all those whose hearing is significantly impaired) and generally to promote, safeguard and protect the welfare of such people.

Action on Hearing Loss has a wholly owned subsidiary, RNID Activities Ltd. In the past the company has carried out non-charitable trading activities to raise funds for Action on Hearing Loss. During the financial year, the subsidiary discontinued operations during the year but the company will remain dormant for future operational activities (2018: £8,152).

Governance

Board of Trustees

The Board of Trustees is responsible for the overall governance of Action on Hearing Loss. The Board has a maximum of 14 Trustees with up to eight elected by the Charity's membership and up to six co-opted by the Board itself. Of the eight elected Trustees, three positions are reserved for members resident in Wales, Northern Ireland and Scotland.

All Trustees are appointed for a term not exceeding three years, at the end of which they are eligible for reappointment for a second term. Trustees are only eligible for a further term in exceptional circumstances and only for a maximum of three years.

Trustees are required to meet at least three times a year. In the year up to 31 March 2019, they met six times.

Review of Governance arrangements

The Board of Trustees has driven forward improvements to the Charity's governance arrangements throughout the course of the year. The Audit Committee has been reconstituted and a Finance Committee has been established to oversee all financial matters on behalf of the Board of Trustees. New Trustees with financial, risk and assurance expertise have been appointed to lead these Committees and to provide additional skills on the Board itself.

The Board of Trustees also commissioned a root-and-branch governance review in March 2019 and recommendations were agreed after the year end in June 2019. The purpose of the review was to ensure that the Charity's governance arrangements are robust and fit-for-purpose. The review was structured around the Charity Governance Code which we believe is a helpful and important tool to drive forward improvements to our governance arrangements. Trustees have committed to continue to adopt the principles and recommended practice from the Code in the coming years and will be undertaking annual reviews to achieve this. Recommendations from the review will be adopted and embedded during 2019.

Board induction and training

New Trustees receive an induction pack containing detailed information about the Charity, how we are organised and our work. They are invited to spend time with the Chief Executive and the Executive Directors, and to familiarise themselves with our activities, to prepare themselves for effective and informed decision-making.

The 2019 Governance Review proposed improvements to the induction process which will be effected later in the year and for all future appointments.

Committee Structure

The Board delegates certain powers in connection with the Charity's management and administration. Committees provide meeting minutes and report back regularly to the Board. Details of each Committee are included below.

Audit Committee

The Board revised the terms of reference for the Audit Committee in August 2018 in order to strengthen its oversight function. Following the resignation of the former Chair in July 2018, a new Trustee with risk and assurance expertise was appointed to the Board of Trustees with the intention of taking on the position. She was appointed as Audit Committee Chair in August 2018 at the same time that the Committee took on a revised remit. The two existing Trustee members and two Independent Members of the Committee have remained in place. All members are independent of management.

The Committee met three times during the year to provide oversight of the Charity's risk management, system of internal control, the new (June 2018) outsourced internal audit function and external audit process for the Board. The Audit Committee appointed new external auditors for the year ended 31 March 2019 following the resignation of the previous external auditors. The Committee reports to the Board after each meeting.

Finance Committee

The Finance Committee was established in August 2018 and is chaired by the newly-appointed Treasurer who is a qualified accountant. The Chairman and at least one other Trustee make up the full membership. The Committee is responsible for supporting and advising the Board of Trustees on all financial matters including budgeting, monitoring performance and forecasting. The Committee also has the important role of overseeing the delivery of the Financial Recovery Plan and the Transformation Programme on behalf of the Board.

Given the urgency of both the Financial Recovery Plan and the Transformation Programme, the Committee meets on a monthly basis. It receives regular reports on both projects and reports to the Board at each meeting.

Nominations Committee

The Nominations Committee comprises at least three Trustees and is responsible for undertaking skills audits and succession planning for the Board and its committees. It is also responsible for identifying and proposing new members of the Board and Committees and for ensuring they receive induction, support and development.

Trustee emoluments

The Trustees of the Charity, who comprise the Board, did not receive any

remuneration during the period. Action on Hearing Loss purchases indemnity insurance to protect it and its Trustees and officers from losses arising from a wrongful act by its Trustees or officers; and to indemnify them against their legal liability arising from any claim against them. The premium for the policy was £7,549 (2018: £6,418). We also take out further excess indemnity insurance for which the premium was £2,800 (2018: £2,128).

Patron and Vice Presidents

Patron: HRH The Duke of York KG

Vice Presidents:

- The Right Hon. The Lord Bruce of Bennachie
- Keith Butler-Wheelhouse
- Gerald Corbett
- Professor Adrian Davis OBE
- Sir Ranulph Fiennes
- Sir Rocco Forte
- Dame Evelyn Glennie
- Baroness Howe of Idlicote
- Steven Norris
- Dame Esther Rantzen
- Dr Miriam Stoppard OBE
- James Strachan
- Stephen Hill OB

Management

Employees and Volunteers

In this financial year we have invested significant effort in ensuring our staff are engaged, developed and informed of all organisational activities so that they can support the delivery of a financially sustainable and strong organisation for the future.

We started the financial year with a number of senior leadership changes and have ensured that we communicated clearly and openly with staff. We increased our internal communication channels to support this introducing a “managers’ digest” to support the cascade of information to all staff and introduced “huddles” at different locations with a view to sharing information about different team activities and bringing staff together to reduce silos. We also introduced breakfast sessions with the Chief Executive so that staff across the organisation could ask questions and share information in a small informal setting. We also run a Staff Satisfaction Survey and quarterly Pulse Surveys to find out to get real insight into our levels of staff

engagement and support the implementation of action plans to improve key focus areas.

Our staff council, made up of elected representatives from across the organisation, has also been instrumental in representing the views of our staff. We have actively consulted with the staff council on a number of significant changes at the organisation and developed them through formal training so that they are better equipped to support our staff. The staff council forums have also provided an opportunity to invite guest speakers from across the organisation and ask questions on significant issues and share alternative views on proposals.

We have invested in staff development and training against the backdrop of tighter learning and development budgets. We doubled the cohort of staff that were put through our internal management development programme and expanded the number of charities taking part in our successful cross-sector mentoring scheme. We also started to make use of our apprenticeship levy to upskill existing staff and now have staff doing Social Care Management Level 5 and Rehabilitation Work Level 5 all funded through the levy. Towards the end of 2018 we also were reaccredited by Investors in People which further demonstrates our commitment to developing our workforce.

This year we used the launch of our working for change campaign as an opportunity to review and improve on our practices as an inclusive employer. We achieved the Disability Leader accreditation which demonstrates our strong commitment to equality and diversity and now post our vacancies on a government portal in addition to other advertising methods to ensure that our vacancies are open to a larger pool of candidates. We also continue to ensure that all disabled applicants who meet the minimum criteria for a role are offered an interview and supported through reasonable adjustments where necessary. At the end of the financial year, 19.2% of our staff were disabled or had a hearing loss.

We have focused on our staff health and rolled out a number of initiatives around wellbeing this year. We have provided accredited Mental Health First Aid training to some of our staff, including some members of our Staff Council, and they are now taking on the role of Mental Health First Aiders. We have begun running a series of wellbeing-focused training sessions including Wellbeing at Work. We will continue to implement additional training sessions facilitated by our newly formed Staff Wellbeing Committee, an employee-led initiative sponsored by the Executive Group, and whose

aim is to destigmatise mental health and improve wellbeing in the workplace. We have extended our offering through our Employee Assistance programme so that all our staff are now eligible for face-to-face counselling sessions in addition to our previous offering. This includes access to counselling sessions in British Sign Language for our Deaf members of staff.

We could not have achieved all we did this year without the commitment of our fantastic, energetic volunteers. Over 1400 volunteers gave up their time to support our charitable activities, supporting us with front line activities like running hearing aid drop-ins to supporting our fundraising campaigns. We value our volunteers just as much as staff and run annual volunteer surveys to find out how they feel about the organisation and their role with us.

This year, following feedback from the survey, we have focused on upskilling our volunteers in appreciation of their commitment and we have developed an online volunteer training zone. This gives all our volunteers, including the most remote, an opportunity to improve their skills by accessing training and resources. We also introduced accredited training units for volunteers including training on Providing Information and Events Planning so that they gain career development skills as they volunteer for us.

We also held our Annual Volunteering Awards which brought together volunteers from across the country to recognise and celebrate their success and increased our internal communications around volunteering so that we share information at both a national and more local level. We have also worked closely with our volunteers on the Board of Trustees this year as we embedded a new Chief Executive and made changes to the Executive Group.

Remuneration Policy

We are a complex organisation with more than 800 employees across the UK. It is important that we are able to attract, retain and reward people with the right skills, talents and knowledge, so we can meet our charitable objectives.

In order to ensure that we maintain fairness and equality in our pay and reward we have an internal job evaluation system which places job roles into bands and hierarchies against set pay bands. All our pay bands are published on our intranet and staff have full visibility of this. We also adhere to the UK Governments' National Living Wage and strive to pay above this where we have sufficient funding.

We also published our Gender Pay Gap results for 2018 which highlighted a mean gender pay gap of 6.6% and median 3.6% against a sector average of 11.3% and 8.1% demonstrating that although we still have some work to do in this regard we are performing better than our sector.

Senior management and setting senior pay

The Trustees delegate the implementation of policies and the day-to-day management of the Charity to the Chief Executive who is assisted by the Executive Group. Those on the Executive Group – which includes all Executive Directors and the Director of Governance, Risk and Assurance and Director of People – are the Charity’s key management personnel.

The Chief Executive’s remuneration is agreed by the Board of Trustees on the recommendation of the Nominations Committee. In turn, the setting of remuneration for key management personnel has been delegated to the Chief Executive with the support of the Director of People. Decisions on senior pay are governed by our Reward Policy and external benchmarking.

Fundraising

Fundraising: Our achievements and practice

Our supporters, quite simply, make it possible for us to do as much as we do to transform the lives of people with deafness, tinnitus and hearing loss. We're enormously grateful to every one of our supporters - they fund the research, power the campaigns and support the services to transform the lives of so many people across the UK.

This has been a year of great change in the fundraising world, as we prepared for the May 2018 launch of the new General Data Protection Regulations GDPR. We have taken the opportunity to review many of our processes, to make sure that all our work meets the new legal and regulatory requirements, so we can maintain the vital trust that supporters have in us. More information on how we raise funds, and on our control and regulation, is below.

Fundraising highlights

Our income from donations and legacies was £12.4m in 2018/19 (2017/18: £12.4m). While in line with the previous year, in light of the challenging environment and the changes in our operating methodology due to legislation, we consider this stable performance a significant success.

We were notified of two generous legacies which we were expecting to receive in 18/19, however this income was delayed so we are now expecting this income in 19/20. As a result our legacy income for 18/19 was down slightly against the prior year but means we have a strong pipeline for future income.

Our other donor led fundraising activities performed in line with the previous year and, considering the reduced ability of the teams to engage supporters due to legislative changes, is a remarkable result.

We were delighted to work in partnership with a number of companies including EE, Smart Energy as well as Boots Hearingcare. The warmth and inspirational support given by the Foresters Friendly Society during the year and into the next culminated into a total of more than £60,000. We were delighted to welcome old and new friends to our annual Christmas Concert including celebrity readings from Action on

Hearing Loss Ambassador, Scarlett Douglas, as well as Julian Rhind Tutt, Mary Loudon and Ken Loach

We were able to raise £2.9m through Public Fundraising and, once again, we are extremely grateful to our generous donors for giving to our Charity. We have continued to promote our Tinnitus guide using TV advertising and sent out 9,100 information booklets. We are pleased to report that more than 1,000 people who requested information in 2018/19 have gone on to become regular donors.

Generating greater awareness and understanding of hearing loss, deafness and tinnitus is important to support fundraising and engagement with our cause. This year we reached even more people and connected with new celebrities and influencers with effective brand campaigns through our digital channels.

We have appointed three new Celebrity Ambassadors including Scarlett Douglas, Samantha Baines and Eshaan Akbar in the last year - both Samantha and Eshaan have a form of hearing loss. We have also developed relationships with social media influencers who regularly share our content with their followers.

Other highlights include Tinnitus Week campaign - Don't Lose the Music which was supported by musician KT Tunstall and gift-in-kind advertising in the Financial Times.

Fundraising control and regulation

We are organisational members of the Institute of Fundraising and of the Fundraising Regulator and follow their standards and guidelines (including the Code of Fundraising Practice) as we strive to achieve best practice in all we do. We are also regulated, and are regularly audited, by the Gambling Commission.

We regularly review our processes and procedures to ensure we, and everyone we work with, provide our supporters with the best possible experience and consistently uphold the highest ethical standards.

Use of agencies and third parties

We work with carefully-selected professional fundraising agencies for telephone fundraising and fundraising in privately owned areas. We do not use agencies for street fundraising. We also work with agencies to help us process responses to

appeals and donations received, to print and mail on our behalf, maintain our supporter database and help us monitor the effectiveness of our fundraising activities.

We work with any newly-appointed agencies to ensure that contracts are set up to comply with current regulations. Existing contracts are also regularly reviewed to ensure they continue to meet our high standards. We have clear controls in place to monitor their, and our own, performance. This includes mystery shopping, random call monitoring, and close monitoring of feedback to identify and resolve causes of any issues that people may experience and to make sure that everyone who works with us to raise funds complies with our high standards.

Managing communications

Most of our supporters want to know what their donations are going to support and how they will make a difference. So, in line with the GDPR requirements, we offer people the choice of whether they would like us to stay in touch, keeping them up to date with our work and telling them how they have helped. We offer new supporters the opportunity to choose how we communicate with them and for what purpose - and we honour those wishes. We also offer everyone we contact simple ways to opt out of any further communication.

As a result of the work we undertook in 2017/18 to ensure that our fundraising practices were in line with GDPR, it has meant that in 2018/19 we continue to communicate with our supporters in exactly the way they wish, ensuring we are always updating their consent where required as well as being open and honest in how we use their data. We continue to ensure that our processes are in line with the Fundraising Regulators code of practice and where required, we update our processes so that they continue to be compliant. We continue to not sell or exchange lists of data with any other charities or companies for marketing or fundraising purposes.

People in vulnerable circumstances

We take our responsibility towards supporter care and, in particular, to vulnerable people very seriously. Members of our in-house Supporter Care Team are all trained to respond sensitively and appropriately to any individual showing signs of distress, confusion or vulnerability. We also have contracts and controls in place, as described above, to ensure all agencies that may come into contact with

vulnerable people treat them in line with our policies and values.

Complaints

We take every complaint we receive seriously and make sure that we investigate fully and respond promptly, where required. For the 12 months to 31 March 2019, we received 27 fundraising-related complaints. We received no official complaints via the Fundraising Regulator. In order to ensure that we provide the best level of service to the people who support our work, we regularly monitor the level and nature of feedback that we receive.

Our commitment

We will continue to monitor closely all of our fundraising activities to ensure they remain at the highest standards and reflect the wishes and preferences of all our generous supporters. We welcome any feedback or comments you may have. To get in touch by post or email, see the last page of this report for contact details.

Financial Review

Income and Expenditure in the year to 31 March 2019

In the year to 31 March 2019, Action on Hearing Loss received income of £39.6m (2017/18: £39.7m) and had total operating expenditure of £43.9m (2017/18: £42.3m).

Voluntary income remained similar to 2018 and income from our charitable activities was also static in the year. There was a slight fall in Care & Support income due to lower levels of service users in the early part of the year and there was a better result from the Tech & Enterprise division as product sales growth recovered following the website problems experienced in the previous year.

Total costs rose from £42.3m to £43.9m. This increase is largely due to a one-off rise in support costs as trustees allocated additional funds to implementing the financial recovery plan and to increasing the provision for doubtful debts due to historical invoicing problems uncovered during the year. These costs are not expected to be repeated and as with other areas of support costs the corporate and finance costs are expected to reduce in the current financial year.

Net expenditure was £4.3m (2017/18: £2.6m). Due to using the latest actuarial assumptions, the pension fund provision reduced and this saw a £0.5m gain (2017/18: £1.9m gain). This reduced the Charity's deficit to £3.8m (2017/18: £0.7m). The deficit was consequently £3.1m larger than the previous year, as a result of both the lower pension gain and the costs of financial recovery (including the significant rise in the doubtful debts provision).

Trustees are confident that the charity is now firmly on the path to financial recovery. Current year (2019/20) operating results are showing a surplus and detailed forecasting suggests that the result for the full financial year will remain in surplus.

Future Trading

2018/19 was a difficult financial year. During the year, following changes to the Charity's governance and a review of trading performance, a revised forecast showed that the Charity was likely to incur a significant operating loss.

As a result, over the summer of 2018, the Interim Chief Executive worked with Trustees on developing strategic options for the future and a robust recovery plan was agreed at the October 2018 Trustee meeting. We are in the process of implementing this plan, and have made strong progress with restoring our financial sustainability.

This plan involved a review of all aspects of the Charity's operations. We have reviewed our commissioned and trading income to ensure that, in future, we cover our central support costs and make best use of charitable funds. Central costs are being made more efficient by reducing temporary staff and moving some transactional activities out of London.

The recovery plan includes a stronger focus on working capital management and cost reduction.

The £3m revolving credit facility from Lloyds Bank has been renewed through to 2020, and the Trustees have approved a programme of asset sales in order to remove our dependence on this facility and to pay down our other bank loans.

The new permanent Chief Executive started with the Charity in October 2018 and has led the delivery of the financial recovery plan.

Trustees are confident that the financial recovery plan, with its key elements of restructuring, cost reduction and asset sales, will produce a sustainable organisation able to deliver our vital services and strategic priorities on behalf of people confronting deafness, tinnitus and hearing loss for the foreseeable future.

Risks and Uncertainties

The Board of Trustees has overall responsibility for risk management and for defining the level of risk the Charity is prepared to accept for specific and combined risks. The Board has set this level – i.e. the Charity’s risk appetite – as cautious with regards to financial management and governance while having a greater appetite for risk in the areas of biomedical research and exploring income generation and growth opportunities.

While the Board retains ultimate responsibility for the Charity’s risk management it has delegated authority to the Audit Committee (‘the Committee’) in this area. During the reporting period, the Committee increased and improved its oversight of the Charity’s strategic risks, reviewing the Charity’s strategic risks at each of its meetings. The Audit Committee is also responsible for overseeing the internal audit programme which is reviewed on an annual basis to ensure that it responds to the Charity’s key risk areas.

The Executive Group has responsibility for managing strategic risks including the identification, scoring, mitigation and reporting of these risks. During the reporting period the Executive Group increased its scrutiny of the Charity’s existing and emerging risks, in particular the Charity’s governance and financial risks and their cumulative impact on the Charity’s strategic plans. The Charity’s Risk Committee – which reports to the Executive Group – met during the reporting period to consider operational and directorate risks.

In 2018-19, the Charity improved its risk management framework. A new risk management policy was introduced and a risk appetite was formally agreed. The revitalisation of the Risk Committee, an improved strategic risk register and the improved flow of risk information to the Board of Trustees also constituted steps forward. Further improvements are planned as part of a Committee-approved risk management delivery plan which aims to improve and embed risk management across the organisation to support the development and implementation of the Charity’s strategy.

The Charity’s principal risks are set out below. The residual risk ratings of these principal risks have been prudently assessed as ranging from medium to high.

Financial

During 2018-19, there has been a further significant rise in the level of known financial risk to the Charity. This is due to the identification of significant shortcomings in financial management and oversight that were previously unknown and unaddressed. Many of these issues have been present for over five years and these accounts demonstrate the consequent scale of the issues that have been growing over this period. As detailed elsewhere within this report, the most pressing issues relate to improving the aged debt and cash positions, and introducing a much more robust financial control and reporting framework.

Considerable remedial action is being taken to manage these risks with the delivery of our Financial Recovery Plan well underway. Action taken to manage cash and aged debt and to reduce costs has ensured that our ongoing liquidity is not dependent on the disposal of key assets such as our head office in Highbury and Islington. This provides assurance that our operating model is more sustainable and that the proceeds of asset disposals can be invested into restoring our financial reserves and growing our charitable offer. There is more to do to deliver the plan but we will be building from a much stronger position in future years.

The Executive Group and Fundraising Team have also begun a review of income streams. This aims to ensure our existing income is maintained along with the growth and diversification of our fundraising portfolio in a challenging and competitive environment. Work on the Charity's brand and how to best leverage this was agreed during the financial year with work beginning later in 2019. This is another critical aspect of getting back to a position of financial sustainability as well as ensuring we achieve the maximum reach and impact.

This year we have also seen a major strengthening of the financial control framework as well as to Board-level reporting on financial performance. New processes and procedures have been introduced by the finance team so that poor historic practices are no longer used. This has prevented the further growth of problems and has begun to work through the backlog of issues that have developed in past years. Our Internal Audit programme has also been used to identify these risks and propose improvements.

The Board of Trustees monitors financial risks through the newly-established Finance Committee. The Committee meets on a monthly basis and considers standing items on the delivery of the Financial Recovery Plan, the debtor and cash positions and the

delivery of the wider change programme. The Committee reports directly to the Board and helps to ensure Trustees have a good understanding of the financial position and, in turn, that informs all decision-making.

People

During this period of change and transformation, the Board of Trustees is aware of the heightened risk to the retention of key staff and to attracting new talent to the Charity. The Board of Trustees recognises that our people are critical to what we do and that action is required to maintain and improve staff morale and retention. We closely monitor people metrics via our staff survey and put in place action plans so that themes arising from the surveys are addressed.

In 2018-19, it was agreed that a new People Strategy would be developed and that this would give particular attention to securing and retaining talent and developing a new organisational culture. This will be developed and delivered over 2019 and 2020. This will be overseen by a new People Committee which has been established so that Trustees can shape and direct our strategic approach to people and ensure this is aligned with our wider strategy and values.

Systems and processes

Many of the Charity's principal risks are underpinned by the need for new and improved systems and processes. A comprehensive transformation programme is being undertaken to look at how we work which includes improving our internal systems.

There is a focus on our operating model which includes ensuring we have a strong policy framework and that our processes are robust and compliant. These activities contribute to the management of a number of risk areas and will particularly strengthen the suite of business processes.

Governance

The Board of Trustees recognises that, whilst operational risks are being managed, there is also a need to improve our own leadership and decision-making processes. An approach to governance must be put in place that ensures major risks – financial or otherwise – are reported appropriately and that Trustees have the right skills and experience to scrutinise, challenge and lead.

To manage this risk, the Board of Trustees commissioned a root-and-branch governance review during the year. Recommendations from the governance review will be implemented during 2019. This will include the implementation of robust skills analysis and succession planning at the Board and Committee level to ensure the right skills are in place for the long-term. Further details on governance are included in the preceding section on pages 23-26.

These principal risks and ongoing work to manage them is kept under review by the Audit Committee and are reported to the Board of Trustees at each meeting. We are aware in managing all of these risks that Brexit could have an impact on areas such as legacy income, property values, movement of scientists from the UK and changing regulations. The Executive group monitors possible impacts until there is a clearer picture of the outcome.

Going concern

Our financial recovery plan was approved in October 2018. By the year end, we had started to deliver against this – relocating our Finance Operations team to Peterborough, completing a consultation on our Local Engagement services to ensure that they are financially sustainable, and delivering efficiency savings within our commercial team.

Since the year end, progress against our financial recovery plan has continued to be strong, and we have budgeted for a small operating surplus within the 2019/20 financial year in order to begin restoring our free reserves. Initiatives have been introduced to ensure the in-year financial risk is proactively managed, with additional controls to ensure that expenditure remains in line with our income, and with more frequent monitoring of key risk areas. We have made a significant effort to improve our debtor management, and have seen cashflow improve as a result. Our dependence on our £3m Revolving Credit Facility with Lloyds Bank continues to reduce, in line with the plan agreed with the bank.

We have also begun our efforts to sell our Head Office at Highbury and Islington, and have received a good level of initial market interest and engagement. This means that we are confident that we will receive the cash receipt from this, enabling us to pay off all of our bank and other borrowing, and to restore our liquidity to a prudent level.

The trustees acknowledge that there is a need beyond this disposal to continue the focus on financial recovery, ensuring that the charity is financially sustainable with a healthy operating cashflow on an ongoing basis. This continues to be one of our key strategic priorities in the year ahead. There continues to be a day to day focus on working capital management and cashflow forecasts are reviewed on a regular basis by the trustees.

As a result of these factors, the trustees consider that it is appropriate for the financial statements to be prepared using a going concern basis.

Pensions

We have operated two trust-based pension schemes since July 2018 when the defined contribution section of the RNID Pension Scheme was transferred to a master Trust run by AON. The RNID scheme now only consists of the defined-benefit assets and liabilities. We closed the defined-benefit section to new entrants on 1 October 2001 and 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.

The last detailed actuarial triennial valuation was carried out as at 31 March 2018. Following this, a revised funding plan was agreed with members and the pension scheme Trustees. The outcome of this agreement is that pension deficit contributions remain the same but the recovery period has been extended from 2030 to 2034. In addition, the scheme will share some of the proceeds from planned asset disposals as they arise.

As part of the Trustee Report and Accounts preparation process, an actuarial valuation was carried out on 31 March 2019 using methodology recommended by Financial Reporting Standard 102. This valuation showed market value of assets to be £71.3m (2018: £69.0m) and the current value of liabilities of £77.3m (2018: £75.6m). The net deficit of £6.0m, compared to a net deficit of £6.6m as at 31 March 2018. Note that the 2018 valuation prepared for the pension trustees on a technical provisions basis shows a larger deficit than this accounting estimate. The funding plan is a schedule of deficit-reducing payments designed to eliminate the deficit by 2034 and the contribution by the Charity this year was £1.0m. Further details are included in Note 21.

Reserves policy

Trustees aim to maintain reserves at a level that enables the Charity to manage financial risk and short-term income volatility. Free reserves available for use include unrestricted funds less the net book value of the tangible fixed assets that were not on the open market as at the year-end. Free reserves also exclude any long-term liabilities, including long-term loans and 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 calculate the amount that is required to be held based on the assessment of the risks affecting the income and expenditure of the Charity. We consider the exposure of the Charity to the risk of any significant loss of income or unforeseen increase in costs. A drop in income is the major risk that these risks are held to mitigate against.

The calculation of the reserves required to be held takes into account the risk-weighted income and expenditure. The Trustees recognise there is a voluntary income risk in relation to the current economic and political climate; a social enterprise income risk given current market conditions and continued pressures in public sector funding. It is also recognised that the volatility of the stock market and other factors can lead to declining legacy values and reduced donations.

The Trustees have agreed that the free reserves should be between £5.0m and £7.0m with a target of £6.0m. Free reserves as at 31 March 2019 were £5.6m (2018: £1.3m). This increase is as a result of our planned programme of fixed asset disposals, particularly our Head Office in Highbury and Islington and two properties in Kent, all of which are included in our free reserves calculation at net book value. Trustees are confident that the steps being taken under our financial recovery plan will enable us to maintain our free reserves in line with our policy in future years.

Free reserves	2019 (£m)	2018 (£m)
Total unrestricted funds	12.3	17.0
Less: Unrestricted fixed assets	(6.7)	(15.7)
Total free reserves	5.6	1.3
Represented by:		
Investments	8.5	0.0
Current assets	4.0	7.4
Current liabilities	(6.9)	(6.1)
Total free reserves	5.6	1.3

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. We advertise our grant schemes on our website and through emails sent out to the research community. The proposals we receive are subjected to an appropriate level of expert peer review, typically involving independent, external reviewers and a voluntary independent grant-review panel. Each panel is made up of experts who serve for a three to five-year term and the panel members are listed on our website. 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 10 of the Financial Statements.

Statement of Trustees' responsibilities

The Trustees (who are also directors of Action on Hearing Loss for the purposes of company law) are responsible for preparing the Trustees' Report and Accounts (including the 'Strategic Report') and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare Financial Statements for each financial year. Under that law, the Trustees have prepared the Financial Statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law, the Trustees must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of the 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 Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards, comprising FRS 102, 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the Group, and enable them to ensure that the Financial Statements comply with the Companies Act 2006, 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 company's auditors are unaware.
- They have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Trustees are responsible for the maintenance and integrity of 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.

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



John Morgan

Chairman

14 November 2019

Independent auditor's report to the members and trustees of The Royal National Institute for Deaf People

Opinion

We have audited the financial statements of The Royal National Institute for Deaf People for the year ended 31 March 2019 which comprise the Consolidated Statement of Financial Activities, Consolidated group and parent Balance Sheet, Consolidated Statement of consolidated cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK,

including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the [strategic report or the] directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 45-46, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

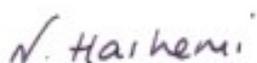
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

Use of our report

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



Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London 15 November 2019

Consolidated statement of financial activities for the year ended 31 March 2019 (incorporating an income and expenditure account)

The Royal National Institute for Deaf People
Company number: 454169

		Unrestricted Funds	Restricted Funds	Total Funds 2019	Total Funds 2018 (Restated)
	Note	£'000	£'000	£'000	£'000
Income from:					
Donations and legacies	5	10,780	1,663	12,443	12,404
Income from charitable activities:					
Care and Support	5	17,547	0	17,547	17,867
Local Engagement	5	2,199	1,157	3,356	3,473
Technology and Enterprise	5	5,559	0	5,559	5,148
Research	5	51	0	51	38
Policy and Campaigning	5	10	0	10	28
Other Trading Activities	5	578	0	578	682
Investments	5	6	0	6	35
Total income		36,730	2,820	39,550	39,675
Expenditure on raising funds					
	7	5,840	17	5,857	5,297
Expenditure on charitable activities:					
Care and Support	7	21,207	44	21,251	20,142
Local Engagement	7	5,656	1,866	7,522	7,597
Technology and Enterprise	7	7,158	5	7,163	6,834
Research	7	820	653	1,473	1,762
Policy and Campaigning	7	612	5	617	698
Total cost of charitable activities		35,453	2,573	38,026	37,033
Total expenditure		41,293	2,590	43,883	42,330

Consolidated statement of financial activities for the year ended 31 March 2019 (continued)

The Royal National Institute for Deaf People
Company number: 454169

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2019 £'000	Total Funds 2018 (Restated) £'000
Net gains / (losses) on investments		-	-	-	37
Net income / (expenditure)		(4,563)	230	(4,333)	(2,618)
Actuarial gains / (losses) on defined benefit pension schemes	21	497	-	497	1,902
Net movement in funds		(4,066)	230	(3,836)	(716)
Reconciliation of funds:					
Funds brought forward at 1 April 2018	22	7,459	2,609	10,068	10,784
Funds carried forward at 31 March 2019		3,393	2,839	6,232	10,068

Results for the year ended 31 March 2018 are shown in corresponding Notes to the Financial Statements.

Consolidated and Charity balance sheets (as at 31 March 2019)

The Royal National Institute for Deaf People
Company number: 454169

	Note	Group		Charity	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed assets					
Intangible fixed assets	12	795	1,076	795	1,076
Tangible fixed assets	13	15,912	16,124	15,912	16,124
Investments	14	-	4	-	4
		16,707	17,204	16,707	17,204
Current assets					
Stocks	15	164	303	164	303
Debtors	16	4,827	6,964	4,827	6,975
Short-term deposits		-	12	-	12
Cash at bank and in hand		644	1,298	644	1,275
		5,635	8,577	5,635	8,565
Current liabilities					
Creditors falling due within one year	17a	6,950	6,168	6,950	6,156
		(1,315)	2,409	(1,315)	2,409
Net current assets					
Liabilities					
Amounts falling due after more than one year	17b	2,856	2,937	2,856	2,937
Provision for liabilities	20	291	-	291	-
		12,245	16,676	12,245	16,676
Total assets less total liabilities (excluding pension liability)					
Defined benefit pension scheme liability	21	6,013	6,608	6,013	6,608
Total net assets		6,232	10,068	6,232	10,068

Consolidated and Charity balance sheets (as at 31 March 2019) (continued)

The Royal National Institute for Deaf People
Company number: 454169

	Note	Group		Charity	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
The funds of the Charity					
Endowment funds	22	68	68	68	68
Restricted funds	22	2,771	2,541	2,771	2,541
		2,839	2,609	2,839	2,609
Unrestricted funds					
Unrestricted funds excluding pension liability		12,260	17,002	12,260	17,002
Revaluation reserve		2	2	2	2
Pension reserve		(6,013)	(6,608)	(6,013)	(6,608)
Loan		(2,856)	(2,937)	(2,856)	(2,937)
		3,393	7,459	3,393	7,459
		6,232	10,068	6,232	10,068

The notes on pages 56-90 form part of these Financial Statements.

The Financial Statements were approved by the Board of Trustees and authorised for issue on 14 November 2019 and signed on their behalf by:



John Morgan

Chairman

Consolidated Statement of cash flows for the year ended 31 March 2019

The Royal National Institute for Deaf People
Company number: 454169

	Note	2019 (£'000)	2018 (£'000)
Cash flows from operating activities:			
Net cash used in operating activities	25	(138)	(748)
Cash flows from investing activities:			
Interest received		6	6
Dividends received		-	29
Proceeds from sale of tangible fixed assets		-	6
Purchase of intangible fixed assets		(24)	(158)
Purchase of tangible fixed assets		(303)	(670)
Purchase of investments		-	(175)
Sale of investments		4	2,588
Net cash provided by / (used in) investing activities		(317)	1,626
Cash flows from financing activities:			
Interest paid		(211)	(152)
Net cash used in financing activities		(211)	(152)
Change in cash and cash equivalents in the reporting period	25	(666)	726
Cash and cash equivalents at the beginning of the reporting period		1,310	584
Cash and cash equivalents at the end of the reporting period		644	1,310
Cash and cash equivalents consists of:			
Cash at bank and in hand		644	1,298
Other deposits		-	12
Cash and cash equivalents	25	644	1,310

The charity has taken advantage of the exemptions in FRS 102 from the requirement to present a charity only cash flow statement.

Notes to the Financial Statements

Note 1. General Information

Action on Hearing Loss is the largest charity representing the 11 million people with hearing loss in the UK.

The Charity is a private company limited by guarantee without share capital and is incorporated and based in the UK, number 454169.

Action on Hearing Loss is a registered charity in England and Wales (207720), Scotland (SCO38926).

Action on Hearing Loss meets the definition of a public benefit entity under FRS102.

The address of its registered office is 1-3 Highbury Station Road, London, N1 1SE.

In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

Note 2. Statement of Compliance

The Financial Statements are prepared under the historical cost convention, modified to include the revaluation of investments to fair value, and in accordance with applicable accounting standards in the United Kingdom. These are the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities 2015' and Financial Reporting Standard (FRS) 102, together with the reporting requirements of the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment

(Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Charity has adapted the Companies Act formats to reflect the charities SORP FRS 102 and the special nature of the Charity's activities.

Note 3. Accounting policies

Going concern

Our financial recovery plan was approved in January 2019. By the year end, we had started to deliver against this - relocating our Finance Operations team to Peterborough, completing a consultation on our Local Engagement services to ensure that they are financially sustainable, and delivering efficiency savings within Technology and Enterprise department. Since the year end, progress against our financial recovery plan has continued to be strong, and we have budgeted for small operating surplus within the 2019/20 financial year in order to begin restoring our free reserves. Initiatives have been introduced to ensure the in-year financial risk is proactively managed, with additional controls to ensure that expenditure remains in line with our income, and with more frequent monitoring of key risk areas. We have made a significant effort to improve our debtor management, and have seen cashflow improve as a result. Our dependence on our £3m Revolving Credit Facility with Lloyds Bank continues to reduce, in line with the plan agreed with the bank.

Encouragingly we have seen good interest

from buyers on the sale of our Head Office at Highbury in London. This means that we are reasonably confident that we will receive the cash receipt from this disposal within the next 12 months, enabling us to pay off all of our bank and other borrowing, and to restore our liquidity to a prudent level.

The trustees acknowledge that there is a need beyond this disposal to continue the focus on financial recovery, ensuring that the charity is financially sustainable with a healthy operating cashflow on an ongoing basis. This continues to be one of our key strategic priorities in the year ahead. There continues to be a day to day focus on working capital management and cashflow forecasts are reviewed on a regular basis by the trustees.

As a result of these factors, the trustees consider that it is appropriate for the financial statements to be prepared using a going concern basis.

Basis of consolidation

The Financial Statements consolidate the results of the Charity and its wholly owned subsidiary R.N.I.D. Activities Limited on a line by line basis. A separate Statement of Financial Activities (SoFA) and Income and Expenditure Account for the Charity itself is not presented as allowed by section 408 of the Companies Act 2006.

The Charity's deficit for the financial year of £4.3m (2018: deficit of £2.6m) is the same as the Group result as the subsidiary's profits are remitted to the Charity under

Gift Aid regulations.

Income

Income is accrued and included in the SoFA when the Group is entitled to the income, receipt can be quantified and is probable. It is deferred when they relate to future accounting periods.

Donations

General donations, gifts, donations from fundraising events, trusts and corporate income and direct marketing income are accounted for on a received basis. Gift Aid receivable is included when claimable.

Legacies

Pecuniary legacies are recognised as receivable once probate has been granted or notification has been received.

For residuary legacies, the Charity only recognised legacy income on the earlier of the final legacy accounts being issued, or cash being received, to ensure income can be reliably measured.

When the criteria for income recognition have not been met, then the legacy is treated as a contingent asset (see Note 18).

Contracts

Where contracts contain the right to receive periodic payments, these receipts are recognised when they fall due and on completion of the Charity's contractual obligations for the period. Income is accrued if the Charity is entitled to the income.

Grant income

Income from grants is credited to the SoFA. It is recognised when the Charity has

entitlement to the funds, any performance conditions have been met, it is probable the income will be received and the amount can be measured reliably. If the grant relates to a specific future time period it will be deferred.

Action on Hearing Loss received government grants that were performance-related grants. Performance-related grants are recognised in income under "charitable activities".

Income from performance-related government grants is recognised when the Charity has entitlement to the funds, any performance conditions have been met, it is probable the income will be received and the amount can be measured reliably and is not deferred.

The nature of these grants is disclosed in Note 22. There were no unfulfilled conditions or special criteria.

Other forms of government assistance from which the Charity has directly benefited are Access to Work payments, local authority payments for local service agreements, and Care and Support contracts.

Trading activity

Income from trading activities is credited to the SoFA when received or receivable, whichever is earlier, unless it relates to a specific future period, in which case it is deferred. Income from lotteries is recognised when the draw is made. Income received in advance for future lotteries is deferred until the draw takes place. Trading income from the gift catalogue is

recognised when received, depending on the customer. All other income is accounted for on an accruals basis.

Donated services and facilities

On receipt, donated professional services and donated facilities are recognised on their commercial value when this can be quantified.

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

A valuation of volunteer time given to the Charity is not recorded in the Financial Statements.

Expenditure and irrecoverable VAT

Expenditure is accounted for on an accruals basis in the period in which they are incurred. Expenditure on raising funds includes the costs incurred in raising donation income, legacy income, grant income and income from trading activities, including apportioned support costs.

Expenditure on charitable activities comprises the costs incurred on charitable activities, including the apportioned support costs.

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

Termination benefits are recognised at the date communicated to the member of staff and measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Allocation of expenditure

Expenditure is allocated to the particular activity to which the cost relates. When expenditure relates to more than one area of activity, the costs are allocated to each of the activities based on estimated staff time.

Governance costs

Governance costs are the costs associated with constitutional and statutory requirements and with the strategic management of the Charity's activities.

Grant commitments

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

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 primary objectives, if these profits are applied solely

for charitable purposes. The trading subsidiary does not generally pay UK corporation tax because its policy is to pay taxable profits as Gift Aid to the Charity.

Intangible assets

Intangible assets are stated at cost, less accumulated amortisation. The Group only capitalises items costing more than £5,000, unless the asset cost is below this value but is part of a larger project where the value would be more than £5,000 in total, then it is capitalised.

Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful life as follows:

Intangible asset	Duration
Software (Costs associated with maintaining computer software are recognised as an expense as incurred.)	5 years

Intangible assets are subject to review for impairment when there is an indication of a reduction in their carrying value.

Tangible assets

Tangible assets are stated at cost, less accumulated depreciation. The Group only capitalises items costing more than £5,000, unless the asset cost is below this value but part of a larger project where the value would be more than £5,000 in total, then it is capitalised.

Depreciation is provided so as to write-off the cost of fixed assets on a straight-line basis over their expected useful lives, as follows:

Tangible asset	Duration
Freehold land and buildings	Not depreciated (land) or 50 years (buildings)
Improvements to freehold and long leasehold properties	25 years
Leasehold properties	50 years or lease period if shorter
Fixtures, fittings, furniture and other equipment	5 years
Computer equipment	5 years

Assets under construction are not depreciated and comprise expenditure on the purchase or creation of intangible and tangible assets not brought into use at the balance sheet date. Transfers are made from assets under construction to the relevant category of tangible and intangible asset when the asset is brought into use.

Tangible assets are subject to review for impairment when there is an indication of a reduction in their carrying value.

Leased assets

Payments under operating leases are charged to the SoFA on a straight-line basis over the period of the lease.

Investments

Listed investments are held at fair value which is their bid price basis. 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.

Investments in subsidiaries are recorded at

cost in the Charity's balance sheet.

Stocks

Stock is valued at the lower of cost and fair value less costs to sell using an average cost calculation.

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the Charity.

Restricted funds are funds that the donor has specified to be solely used for particular areas of the Charity's work.

Endowment funds are permanently endowed capital funds where the Charity has no power to convert the capital into income.

Pension costs

The Charity operates three funded pension schemes in the UK (the "Scheme"). One scheme has both defined benefit and defined contribution sections and the others just have defined contribution sections.

The current service cost of the Charity's defined benefit pension scheme is charged to the SoFA.

The Charity operates a defined benefit plan for certain employees. A defined benefit plan defines the benefit that the employees will receive on retirement, usually dependent on certain factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

A full actuarial valuation of the Scheme was carried out at 31 March 2019 by a qualified

independent actuary, based on membership data as at 31 March 2015, but amended to take account of material movements during the year. Actuarial gains and losses are recognised on the face of the SoFA as net actuarial gain or loss on pensions.

The defined benefit obligation is calculated using the independent actuary's valuation model, which forms a representation of the future benefit payments of the Scheme, which are then discounted to the valuation date. Annually, the Charity engages independent actuaries to calculate the obligation.

The present value is determined by discounting the estimated future payments using market yields on the Merrill Lynch UK AA corporate bond yield curve at a duration of 18 years as at 31 March 2019 and a discount rate of 2.6% per annum.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

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

The Group operates two defined contribution plans for its employees. A defined contribution plan is a pension plan under which the employees and the Group pay fixed contributions into a separate entity. Once the contributions have been

paid, the Group has no further payment obligations. The contributions are recognised as an expense on the SoFA when they are due.

Amounts not paid are shown as outstanding in the balance sheet.

The assets of the plan are held separately from the Group in independently administered funds.

Short-term employee benefits

Short-term benefits, including holiday pay and other non-monetary benefits, are recognised as an expense in the period in which the service is received.

Contingencies

Contingent assets are disclosed in the Financial Statements when an inflow of economic benefit is probable. The only contingent asset of the Group relates to legacies (Note 18).

Financial instruments

The Charity has taken advantage of the exemptions in FRS 102 from the requirement to present certain disclosures about the charity's financial instruments.

The Group has financial assets and financial liabilities of a kind that qualify as basic. These are initially recognised at transaction value and subsequently measured at their settlement value.

Financial assets that are measured at fair value include investments and investments in short term deposits. Financial assets that are

debt instruments measured at amortised cost include trade debtors and other debtors. Financial liabilities measured at amortised cost include trade creditors, other creditors, current and long-term loans. The total of financial assets were £4.8m (2018: £6.9m) and financial liabilities were £8.3m (2018: £8.0m).

Related party transactions

The Group discloses transactions between the Charity and related parties, including its subsidiary undertaking, R.N.I.D. Activities Limited. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Trustees, separate disclosure is necessary to understand the effect of the transactions on the Group Financial Statements (Note 26).

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next

financial year are addressed below.

1. Legacy income

The Charity has elected to continue recognising residual legacy income on receipt of final estate accounts, or when cash has been received, when entitlement conditions have been met, due to the nature of underlying assets and liabilities and the time that may elapse between probate and closure, and other contingencies that can contest the estate.

2. Defined benefit pension scheme

The Charity has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, asset valuations and the discount rate on corporate bonds.

Our pension actuaries estimate these factors in determining the net pension asset in the balance sheet. The assumptions reflect historical experience and current trends.

3. Short-term compensated absences

FRS 102 requires the cost of short-term compensated absences to be recognised when the employees render the service that increases their entitlement. At the end of the financial year, actual holiday to be carried into the following year was determined. This was reviewed together with salary costs per employee, to determine the value of any holiday pay accrual.

4. Provision for doubtful debts

Trade debtors and other receivables are recognised at their transaction value, less any

provision for doubtful debt. The provision for doubtful debts is based on a review of aged items, by type of debt, which takes account of credit control activities to collect the amounts outstanding, including any indications that debt will not be fully recovered

Note 4. Consolidated statement of financial activities for the year ended 31 March 2018 (incorporating an income and expenditure account)

	Unrestricted funds 2018 (£'000)	Restricted funds 2018 (£'000)	Total funds 2018
Income from:			
Donations and legacies	10,854	1,550	12,404
Income from charitable activities:			
Care and support	17,867	-	17,867
Local engagement	2,395	1,078	3,473
Technology and enterprise	5,148	-	5,148
Research	38	-	38
Policy and campaigning	28	-	28
Other trading activities	682	-	682
Investments	35	-	35
Total income	37,047	2,628	39,675
Expenditure on raising funds	5,282	15	5,297
Expenditure on charitable activities:			
Care and support	20,102	40	20,142
Local engagement	5,906	1,691	7,597
Technology and enterprise	6,829	5	6,834
Research	1,170	592	1,762
Policy and campaigning	693	5	698
Total cost of charitable activities	34,701	2,332	37,033
Total expenditure	39,983	2,347	42,330
Total net investment gain	37	-	37
Net expenditure	(2,899)	281	(2,618)
Net actuarial gain on pensions	1,902	-	1,902
Net movement in funds	(997)	281	(716)
Reconciliation of funds:			
Funds brought forward	8,456	2,328	10,784
Funds carried forward	7,459	2,609	10,068

Note 5. Income

	Unrestricted funds 2019 (£'000)	Restricted funds 2019 (£'000)	Total funds 2019 (£'000)	Unrestricted funds 2018 (Restated) (£'000)	Restricted funds 2018 (Restated) (£'000)	Total funds 2018 (Restated) (£'000)
Donations and legacies						
Gifts	2,857	1,012	3,869	2,819	1,264	4,083
Legacies	7,923	229	8,152	8,035	286	8,321
Sussex Deaf Association	-	422	422	-	-	-
	10,780	1,663	12,443	10,854	1,550	12,404

	Unrestricted funds 2019 (£'000)	Restricted funds 2019 (£'000)	Total funds 2019 (£'000)	Unrestricted funds 2018 (Restated) (£'000)	Restricted funds 2018 (Restated) (£'000)	Total funds 2018 (Restated) (£'000)
Income from charitable activities						
Care and support	17,547	-	17,547	17,867	-	17,867
Local engagement	2,199	1,157	3,356	2,395	1,078	3,473
Technology and enterprise	5,559	-	5,559	5,148	-	5,148
Research	51	-	51	38	-	38
Policy and campaigning	10	-	10	28	-	28
	25,366	1,157	26,523	25,476	1,078	26,554

Some comparatives for 2018 have been restated to net out internal recharges for Access to Work fees which were previously shown gross (this also affects certain figures in Notes 7, 8 and 11)

	Unrestricted funds 2019 (£'000)	Unrestricted funds 2018 (£'000)
Income from trading activities		
Weekly lottery	356	378
R.N.I.D. Activities Limited	-	15
Other income	222	289
	578	682

	Unrestricted funds 2019 (£'000)	Unrestricted funds 2018 (£'000)
Investment income		
Dividend income from listed investments - UK	-	29
Bank interest received on current account and money on deposit	6	2
Bank interest received from investment company	-	4
	6	35

Note 6. Related undertakings

The summary financial performance of the subsidiary alone is:

	2019	2018
	(£'000)	(£'000)
RNID Activities Ltd		
Turnover	-	15
Cost of sales	-	-
Gross profit	-	15
Administrative expenses	-	(7)
Net profit	-	8
Amount Gift Aided to the Charity	-	(8)
Retained in subsidiary	-	-
The assets and liabilities of the subsidiary were:		
Current assets	-	23
Current liabilities	-	(23)
Total net assets	-	-
Aggregate share capital and reserves	-	-

The wholly-owned trading subsidiary, R.N.I.D. Activities Limited, is incorporated in the United Kingdom (company number 913439) and paid all of its profits by bank transfer to the Charity under the Gift Aid scheme through a deed of covenant.

Action on Hearing Loss owns 100% of the issued share capital of trading company R.N.I.D. Activities Limited. The Charity's investment in R.N.I.D. Activities Limited is £2.

The year end of R.N.I.D. Activities Limited is 31 March 2019. There were no related party transactions between Action on Hearing Loss and R.N.I.D. Activities Limited (2018: £2,503).

Sound Advantage Ltd (02437205), Action on Hearing Loss Ltd (07566245), The Hearing Research Trust Ltd (07146209) and R.N.I.D Services Ltd (11769135) are wholly-owned, dormant subsidiaries, and have therefore not been consolidated.

Note 7. Expenditure

	Direct costs (£'000)		Support costs (£'000)		Total (£'000)	
	Staff	Other	Staff	Other	2019	2018 (Restated)
Expenditure on raising funds from trading						
Fundraising costs	2,177	1,726	990	964	5,857	5,283
R.N.I.D Activities Limited	-	-	-	-	-	7
Investment management fees	-	-	-	-	-	7
	2,177	1,726	990	964	5,857	5,297
Charitable activities						
Care and support	13,028	3,281	2,818	2,124	21,251	20,142
Local engagement	4,628	1,084	853	957	7,522	7,597
Technology and enterprise	1,432	4,502	697	532	7,163	6,834
Research	227	1,108	85	53	1,473	1,762
Policy and campaigning	430	67	55	65	617	698
	19,745	10,042	4,508	3,731	38,026	37,033
Total expenditure	21,922	11,768	5,498	4,695	43,883	42,330

Expenditure on charitable activities was £38.0m (2018: £37.0m) of which £35.5m was from unrestricted funds (2018: £36.0m) and £2.6m was from restricted funds (2018: £1.0m).

Other costs consist mainly of travel and subsistence, rent, rates and legal fees.

Note 8. Support costs

	Corporate & Management (£'000)	Finance & Strategy directorate	Information syst (£'000)	People, Learning & Development (£'000)	Risk & Legal	Property (£'000)	Governance (£'000)	Total 2019 (£'000)
2019								
Fundraising	1,314	248	95	73	16	203	5	1,954
Care and support	1,855	1,037	318	1,128	205	333	66	4,942
Local engagement	354	362	301	201	52	523	17	1,810
Technology and enterprise	587	377	74	54	12	121	4	1,229
Research	5	85	7	5	1	35	-	138
Policy and campaigning	1	32	21	15	3	47	1	120
Total	4,116	2,141	816	1,476	289	1,262	93	10,193

Note 8. Support costs (continued)

	Corporate & Management (£'000)	Finance & Strategy directorate	Information systems (£'000)	People, Learning & Development (£'000)	Risk & Legal	Property (£'000)	Governance (£'000)	Total 2018 (Restated) (£'000)
2018								
Fundraising	740	158	125	77	22	194	1	1,317
Care and support	1,067	644	421	1,190	287	318	11	3,938
Local engagement	207	238	399	212	73	500	3	1,632
Technology and enterprise	307	239	98	57	16	116	1	834
Research	2	67	9	6	1	33	-	118
Policy and campaigning	2	23	28	16	5	44	-	118
Total	2,325	1,369	1,080	1,558	404	1,205	16	7,957

Support costs were apportioned to activities on the basis of turnover (for Corporate and Management), cost (for Finance and Strategy directorate), headcount (for Information Systems, People, Learning and Development, Risk and Legal, Property and Governance).

Note 9. Net expenditure for the year

	2019 (£'000)	2018 (£'000)
This is stated after charging/(crediting):		
Interest payable:		
Bank interest, bank loans and overdrafts wholly repayable within five years	211	152
Depreciation/Amortisation charge for the year	796	702
Loss/(Profit) on disposal of fixed assets	24	6
Payments under operating leases:		
Land and buildings	673	673
Vehicles and equipment	232	299
Loss on foreign exchange	9	-
Auditors' remuneration:		
Statutory audit fee	48	98
Other non-audit fee - grant return audit	30	2
Tax advisory services	5	9

Note 10. Grants payable

The aggregate amount of grants made during the year ended 31 March 2019, analysed by recipient was:

Medical research into hearing loss

Institution	Number of grants		
	2019	2019 (£'000)	2018 (£'000)
University College London	20	344	402
King's College London	11	198	172
University of Strathclyde	2	25	122
University of Sheffield	4	64	106
MRC Institute of Hearing Research	2	53	100
University of Sussex	2	99	98
University of Nottingham	3	38	89
John Hopkins University Central Lockbox	2	51	79
Washington State University	2	51	77
University of Newcastle upon Tyne	-	-	51
University of Southampton	3	37	26
Purdue University	-	-	25
National Centre of Biological Sciences (NCBS)	1	25	25
University of Manchester	-	-	14
Brunel University	2	26	13
Antwerp University	-	-	5
Cincinnati Children's Hospital and Medical Centre	-	-	5
Tel Aviv University	-	-	5
Stanford University	-	-	5
University of Keele	-	-	5
Otago University	-	-	4
Oxford University	1	12	2
Imperial College of Science	-	-	2
University of Cambridge	2	44	2
Leicester University	-	-	1
Cardiff University	1	12	-
Radboudumc	1	10	-
SAS Pragma Therapeutics	1	48	-
Bionics Institute of Australia	2	52	-
	62	1,189	1,435

Welfare, education and training for people who are deaf or have hearing loss

	Number of grants		
	2019	2019 (£'000)	2018 (£'000)
University College London	-	-	28
	-	-	28

Note 10. Grants payable (continued)

Medical research into hearing loss (individual grants)

	Number of grants 2019	2019 (£'000)	2018 (£'000)
Individual Grants			
University College London	-	-	3
University of Sheffield	-	-	1
Department of Neuroscience	-	-	1
Oxford Auditory Neuroscience	-	-	1
	-	-	6
Write backs of underused grants and other adjustments			
University College London	-	-	(9)
Medical Research Council	-	-	(27)
University of Newcastle upon Tyne	-	(77)	-
University of Sheffield	-	(5)	-
John Hopkins University Central Lockbox	-	(27)	-
Amendments to accounts	-	-	(91)
	-	(109)	(127)
Total grants	62	1,080	1,342

Of the total grant funding made during the year, £1.19m (2018: £1.44m) related to biomedical research projects.

In addition to the above, the Charity expects to fund future grants totaling £2.43m (2018: £1.56m), which have been awarded subject to satisfactory reviews during the course of the project being funded. These have not been provided for in Action on Hearing Loss's Financial Statements. The expenditure for grants sits mainly within the 'Research' line for charitable expenditure within the SoFA.

Note 11. Employees and Trustees

Employees

Staff costs consist of	2019 (£'000)	2018 (Restated) (£'000)
Wages and salaries	23,614	23,049
Social security costs	1,619	1,724
Pension costs	568	643
	25,801	25,416

Total redundancy costs in the year were £240,752 (2018: £99,788) of which £53,516 accrued costs at the year end (2018: £nil).

The average headcount of employees, analysed by function was:

	2019 (Number)	2018 (Number)
Care and Support	693	640
Local Engagement	158	183
Technology and Enterprise	29	46
Research	3	5
Policy and Campaigning	11	14
Fundraising and Marketing	38	54
Finance, Human Resources, Information Technology and Administration	53	73
	985	1,015

The number of employees whose remuneration was over £60,000 (excluding employer pension contributions) fell within the following bands:

	2019 (Number)	2018 (Number)
£60,001 to £70,000	5	2
£70,001 to £80,000	2	1
£80,001 to £90,000	1	-
£90,001 to £100,000	1	3
£100,001 to £110,000	-	1
£120,001 to £130,000	2	1

None of these employees (2018: nil) are in the defined benefit pension scheme, and all (2018: 8) are in the defined contribution pension scheme.

Contributions in the pension year to the defined contribution scheme were £37,604, in respect of all employees (2018: 8 with contributions of £47,509).

Note 11. Employees and Trustees (continued)

Remuneration and benefits for the Chief Executive Officer and other Key Management Personnel	Inc. pension contributions		Excl. pension contributions	
	2019 (£'000)	2018 (£'000)	2019 (£'000)	2018 (£'000)
Chief Executive Officer	199	130	193	120
Other Executive Officers	811	517	792	489
Key management personnel	1,010	647	985	609

Key Management Personnel is defined as members of the Executive Group. There has been significant change on the Executive Group during the financial year with a total of thirteen officers in the year (2018: 7). The total remuneration of members of the Executive Group including pension contributions was £1,009k (2018: £647k). The total remuneration excluding pension contributions was £985k (2018: £609k).

For clarity, the below sets out all members of the Executive Group who were in post at the signing of these accounts:

- Mark Atkinson, Chief Executive (appointed October 2018)
- James Abbott, Executive Director of Corporate Services (appointed March 2019)
- Noelia Fernandez, Director of People
- Ralph Holme, Executive Director, Research
- Steven Maiden, Director of Governance, Risk and Assurance (appointed February 2019)
- Louise Pritchard, Executive Director, Services
- Tim Willett, interim Executive Director of Fundraising, Marketing and Communications (appointed April 2019)

During the year, the following members of the Executive Group left the organization:

- Paul Breckell, Chief Executive (left July 2018)
- Michael O'Connor, Interim Chief Executive (appointed July 2018 and left October 2018)
- James Rowe, Executive Director of Technology and Enterprise (left March 2019)
- David Steadman, Executive Director of Engagement (left March 2019)
- Peter Robson, Executive Director of Corporate Resources (left April 2018)

Included within the totals above is a payment to Telos Consulting Ltd for Martin Clemmey, Interim Executive Director of Corporate Resources and Company Secretary.

Trustees

None of the members of the Board of Trustees received any remuneration during this year (2018: £nil). During the year, 8 Trustees (2018: 8) received reimbursements of non-private travel and subsistence expenditure amounting to £4,025 (2018: £2,207). The value of expenses waived was not material.

Total donations in the year from Trustees amounted to £125 (2018: £50,000).

Note 12. Intangible fixed assets – Group and Charity

	Computer	Assets under	Total
	(£'000)	construction	(£'000)
	(£'000)	(£'000)	(£'000)
Cost			
At the beginning of the year	2,927	18	2,945
Additions	16	8	24
Disposals	(781)	-	(781)
Transfer	6	(6)	-
At the end of the year	2,168	20	2,188
Accumulated amortisation			
At the beginning of the year	1,869	-	1,869
Charge for year	305	-	305
Disposals	(781)	-	(781)
At the end of the year	1,393	-	1,393
Net book value at 31 March 2019	775	20	795
Net book value at 31 March 2018	1,058	20	1,076

Assets under construction are not amortised and comprise expenditure on the purchase or creation of intangible assets not brought into use at the balance sheet date. Transfers are made from assets under construction to the relevant category of intangible asset when the asset is brought into use.

Within intangible assets are computer software under construction with a cost of £0.02m (2018: £0.02m).

Note 13. Tangible fixed assets - Group and Charity

	(£'000)	Freehold	Long leasehold	Short leasehold	Assets under construction	Total property	Fixtures, fittings furniture	Other equipment	Computer equipment	Motor vehicles	Assets under construction	Total other	Grand total
Cost													
At 1 April 2018	18,783	242	154	12	19,191	1,409	153	649	8	-	-	2,219	21,410
Additions	58	-	-	189	247	-	-	-	-	-	56	56	303
Disposals	(167)	-	-	-	(167)	(144)	(14)	(216)	(4)	-	-	(378)	(545)
Transfer	160	-	-	(160)	-	33	-	-	-	-	(33)	-	-
At 31 March 2019	18,834	242	154	41	19,271	1,298	139	433	4	23	1,897	21,168	
Accumulated													
At 1 April 2018	3,267	77	116	-	3,460	1,302	153	368	3	-	-	1,826	5,286
Charge for year	347	7	19	-	373	29	-	88	2	-	-	119	492
Disposals	(145)	-	-	-	(145)	(144)	(14)	(217)	(2)	-	-	(377)	(522)
At 31 March 2019	3,469	84	135	-	3,688	1,187	139	239	3	-	1,568	5,256	
Net book value at 31 March 2019													
	15,365	158	19	41	15,583	111	-	194	1	23	329	15,912	
Net book value at 31 March 2018													
	15,516	165	38	12	15,731	107	-	281	5	-	393	16,124	

Assets under construction are not depreciated and comprise expenditure on the purchase or creation of tangible assets not brought into use at the balance sheet date. Transfers are made from assets under construction to the relevant category of tangible asset when the asset is brought into use.

Within tangible assets are computer equipment under construction with a cost of £0.02m (2018: £nil) and property with a cost of £0.04m (2018: £0.01m).

The property under construction relates mainly to the relocation of the head office to Peterborough during the year.

Other equipment includes home appliances such as washers and dryers, television stands, projectors, chairs and cookers.

Note 14. Investments – Group and Charity

	2019 (£'000)	2018 (£'000)
Fair value of investment portfolio at 1 April	4	2,380
Additions	-	175
Disposals	(4)	(2,588)
Realised gain on investments	-	20
Unrealised gain on investments	-	17
	-	4
Represented by:		
Listed securities:		
UK equity funds	-	2
Overseas equity funds	-	2
Total	-	4
Cost at 31 March	-	2

Note 15. Stocks – Group and Charity

	2019 (£'000)	2018 (£'000)
Equipment and publications	164	303

Note 16. Debtors

	Group		Charity	
	2019	2018	2019	2018
	(£'000)	(£'000)	(£'000)	(£'000)
Trade debtors	3,520	3,729	3,520	3,729
Amounts owed by subsidiary undertaking	-	-	-	11
Other debtors	21	35	21	35
Prepayments and accrued income	1,286	3,200	1,286	3,200
	4,827	6,964	4,827	6,975

Note 17. Creditors

(a) Amounts falling due within one year

	Group		Charity	
	2019 (£'000)	2018 (£'000)	2019 (£'000)	2018 (£'000)
Trade creditors	1,221	355	1,221	355
Accruals for grants payable	758	595	758	595
Taxation and social security	427	457	427	457
Loan	1,683	2,182	1,683	2,182
Other creditors	169	205	169	206
Accruals	1,919	1,858	1,919	1,850
Deferred income	773	516	773	511
	6,950	6,168	6,950	6,156
Deferred income at the beginning of the year	516	312	511	312
Amount released to income earned from charitable activities	(516)	(288)	(511)	(288)
Amount deferred in year	773	492	773	487
Deferred income at the end of the year	773	516	773	511

(b) Amounts falling due after one year

Net obligations under bank loan is as follows:

	Group		Charity	
	2019 (£'000)	2018 (£'000)	2019 (£'000)	2018 (£'000)
between one and two years	86	85	86	85
between two to five years	282	377	282	377
over five years	2,488	2,475	2,488	2,475
	2,856	2,937	2,856	2,937

At 31 March 2019, the Charity had drawn down £1.6m (2018: £2.1m) from its revolving credit facility of £3m. The amount owing from this facility is shown within the loan amounts falling due within one year.

Amounts falling due after one year relates to a mortgage of £3.2m payable over 25 years, commencing 4 May 2016, to purchase five properties and to enable the transfer of adult services in Westgate on Sea. The mortgage is secured over the five properties and two other properties.

At 31 March 2019, the total amount owing on the loan is £2.9m (2018: £3.0m). Interest is charged at base rate plus 3.25%. The base rate was 0.75% (2018: 0.25%).

Note 18. Contingent assets – 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 £6.3m (2018: £4.1m).

Note 19. Analysis of Group net assets between funds

Fund balances at 31 March 2019 are represented by:	Unrestricted funds (£'000)	Restricted funds (£'000)	Endowment funds (£'000)	Total funds 2019 (£'000)
Intangible fixed assets	795	-	-	795
Tangible fixed assets	14,419	1,493	-	15,912
Investments	-	-	-	-
Current assets	4,004	1,563	68	5,635
Current liabilities	(6,665)	(285)	-	(6,950)
Long-term liabilities	(2,856)	-	-	(2,856)
Provision for dilapidations	(291)	-	-	(291)
Pension liability	(6,013)	-	-	(6,013)
Group net assets	3,393	2,771	68	6,232

Fund balances at 31 March 2018 are represented by:	Unrestricted funds (£'000)	Restricted funds (£'000)	Endowment funds (£'000)	Total funds 2018 (£'000)
Intangible fixed assets	1,076	-	-	1,076
Tangible fixed assets	14,594	1,530	-	16,124
Investments	4	-	-	4
Current assets	7,441	1,068	68	8,577
Current liabilities	(6,113)	(55)	-	(6,168)
Long-term liabilities	(2,937)	-	-	(2,937)
Pension liability	(6,608)	-	-	(6,608)
Group net assets	7,458	2,542	68	10,068

Note 20. Provision for liabilities - Group and Charity

	Balance 31 March 2018 (£'000)	Charged to income and expenditure (£'000) (£'000)	Spent	Balance 31 March 2019 (£'000)
Provision for dilapidations	-	291	-	291

As part of the Group's property leasing arrangements there is an obligation to repair damages, on certain properties, incurred during the life of the lease, such as wear and tear. The cost is charged to the statement of financial activities as the obligation arises. The provision is expected to be utilised as the leases terminate.

Note 21. Pensions - Group and Charity

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.

There is also another defined contribution scheme administered by Legal & General.

The amount recognised in SoFA is as follows:

Note	2019 (£'000)	2018 (£'000)
Defined benefit scheme		
Current service cost	765	-
Defined contribution schemes	568	643
Total charge in operating profit	1,333	643
Defined benefit scheme		
Net interest expense	159	238
Total charge	1,492	881

Note 21. Pensions – Group and Charity (continued)

1. Defined benefit scheme

The pension cost that would have been charged to operating surplus under FRS 102 in respect of the Scheme for the year is equal to the contributions paid by Action on Hearing Loss in respect of the Defined Contribution Section of the Scheme up to during the year before transferred to the MasterTrust arrangement for new contributions (2018 pension cost: £218,000).

Contributions to the Scheme for the year beginning 1 April 2019 are expected to be £1,122,000, plus contributions to the Defined Contribution Section. Except where stated otherwise, the remainder of this FRS 102 pensions note relates only to the Defined Benefit Section of the Scheme.

A full actuarial valuation of the Scheme was carried out at 31 March 2019 by a qualified independent actuary, based on membership data as at 31 March 2015 but amended to take account of material movements during the period.

The plan is administered by independent Trustees, who are responsible for ensuring that the plan is sufficiently funded to meet current and future obligations. The Charity has agreed with the Trustees to make additional contributions to reduce the funding deficit where necessary.

The additional deficit funding contributions, agreed in the 2015 triennial valuation plan, amounted to £1,021,920 in the year to 31 March 2019 (2018: £993,120). The triennial valuation as at 31 March 2018 was agreed after the end of the financial year and aims to eliminate the deficit by 2034 with payments kept at 2018/19 levels.

The major assumptions used by the actuary were (In nominal terms) as follows:

	2019	2018
Discount rate at 31 March	2.4%	2.6%
Inflation assumption	3.4%	3.3%
Future LPI pension increases	3.3%	3.2%
Revaluation in deferment	3.4%	3.3%

Note 21. Pensions – Group and Charity (continued)

Assumed life expectations on retirements at age 65:

	2019	2018
Retiring today – males	21.1	21.6
Retiring today – females	23.4	23.9
Retiring in 20 years – males	22.5	23.0
Retiring in 20 years – females	25.0	25.4

Reconciliation of scheme assets and liabilities

	Assets (£'000)	Liabilities (£'000)	Total (£'000)
As at 1 April 2018	69,035	(75,643)	(6,608)
Benefits paid	(2,465)	2,465	-
Employer contributions	1,022	-	1,022
Interest income/(expense)	1,776	(1,935)	(159)
Remeasurement gains	-	(1,435)	(1,435)
Past service cost	-	(765)	(765)
Return on plan assets	1,932	-	1,932
Total credit/charge	71,300	(77,313)	(6,013)

Total cost recognised as an expense

	2019 (£'000)	2018 (£'000)
Net interest expense	159	238
Total charge	159	238

No amounts (2018: nil) were included in the cost of assets.

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 delivered for cash flow projections over long periods and thus inherently uncertain, were:

Note 21. Pensions – Group and Charity (continued)

Reconciliation of scheme assets and liabilities	Value at 2019 (£'000)	Value at 2018 (£'000)
Equity	16,898	15,169
Fixed Interest	23,900	22,396
Index Linked Gifts	12,312	11,737
Liability Hedging	2,593	730
Currency Hedging	49	(34)
Insured Annuities	567	643
Property	2,157	1,593
Cash	3,736	6,966
Other	9,088	9,835
Fair value of scheme assets	71,300	69,035

The plan assets do not include any of the Charity's financial instruments, nor is any property occupied by any Group entity.

The net return on the plans assets was:	2019 (£'000)	2018 (£'000)
Interest income	1,776	1,853
Return on plan assets excluding interest income	1,932	920
Total return on plan assets	3,708	2,773

Amount recognised in Statement of Financial (SoFA):	2019 (£'000)	2018 (£'000)
Actuarial (gains)/losses on the liabilities	1,435	(2,826)
Return on plan assets excluding interest income	(1,932)	920
Changes in the effect of the asset ceiling excluding interest income	-	-
Total actuarial (gain)/loss to be shown in SoFA	(497)	(1,906)

2. Defined contribution scheme

The Charity provides two defined contribution schemes for its employees, although one is now closed to new entrants.

The amount recognised as an expense for the defined contribution schemes was:	2019 (£'000)	2018 (£'000)
Current year contributions	568	643

Note 22. Group/Charity statement of funds – restricted and endowment funds

Restricted funds

The purposes of these funds are explained on pages 84-88.

Restricted	Balance 1 April 2018 (£'000)	Income (£'000)	Expenditure (£'000)	Balance 31 March 2019 (£'000)
The Bath Charity	1,530	-	(37)	1,493
Hear to Inform and Connect	97	340	(386)	51
Moving On*	86	-	(83)	3
Legacy restricted to Wolverhampton	67	-	(17)	50
In Touch*	57	25	(70)	12
Legacy restricted to South Wales	48	-	(24)	24
Managing hearing loss in Devon & Cornwall	46	87	(73)	60
Genetics of hearing loss research	36	-	(36)	-
Grants restricted to use in Scotland	36	2	(22)	16
Harlow Trust Fund	33	-	-	33
Legacy restricted to the Cardiff area	33	-	(17)	16
Legacy restricted to research	32	-	-	32
Legacy restricted to the Isle of Wight	30	-	-	30
Isle of Wight Befriending service	30	-	(30)	-
Legacy restricted to the South West region	28	-	-	28
Legacy restricted to research	26	-	(26)	-
Sensory services in Ayrshire	25	-	(2)	23
Employment programme for people who are deaf or have hearing loss in Glasgow	25	19	(3)	41
Manchester Hear to Help	24	1	(7)	18
PoppyScotland Aged Veterans	19	163	(136)	46
Glasgow Integrated Sensory Services*	17	-	(17)	-
Fundraising restricted to Roper House	17	-	(17)	-
Restricted to the North East	15	-	(15)	-
Welfare rights and Employment projects in Scotland	15	-	(15)	-
Hear to Help Lewisham	14	-	(8)	6
Research into improving the understanding and diagnosis of auditory processing disorder (APD)	13	27	(26)	14
Volunteering in Wales*	13	3	(16)	-
Salford CCG Innovation Fund*	13	11	(15)	9
Restricted legacy (purpose under discussion)	12	7	-	19
Tayside integrated sensory services*	11	-	(11)	-
Information Line	10	1	(11)	-

	Balance 1 April 2018 (£'000)	Income (£'000)	Expenditure (£'000)	Balance 31 March 2019 (£'000)
Restricted				
Leicester Ageing Together*	9	22	(26)	5
NI Employability Programme*	9	-	(9)	-
Aged Veterans Healthy Living Adint Charitable Trust Devon & Cornwall	7	240	(157)	90
Hear 2 Inform & Connect	5	-	-	5
Brighton H2H	5	5	-	10
Tinnitus Research	5	-	-	5
Tinnitus Research	5	-	(5)	-
Work for change	5	-	(5)	-
RNIB Online Today Project	4	49	(53)	-
Sussex Deaf Association - LE	-	422	(6)	416
Legacy Leeds	-	61	-	61
Employment in Hampshire	-	55	(30)	25
VAF Wellbeing for Longer Fund	-	35	(17)	18
Professor Walter Marcotti's project	-	15	-	15
Access to Health Salford	-	25	(5)	20
Hear For Welfare*	-	38	(27)	11
Sylvia Prades' research UCL	-	8	-	8
Specialist Employment Project	-	133	(126)	7
GCC Hearing Imp Training	-	5	-	5
Roper House - Staff and Art Room	-	5	-	5
Stockport	-	5	-	5
Community Navigator Project	-	50	(46)	4
Specialist Employment Project	-	72	(68)	4
Benefit of Deaf children	-	3	-	3
Scarborough area	-	1	-	1
Other restricted funds	29	885	(890)	24
Restricted Funds	2,541	2,820	(2,590)	2,771
Endowed				
The Wennington Charity	68	-	-	68
Endowed Funds	68	-	-	68
Total Restricted and Endowed Funds	2,609	2,820	(2,590)	2,839

Comparatives for Restricted and Endowed funds for 2018 are below:

	Balance 1 April 2017 (£'000)	Income (£'000)	Expenditure (£'000)	Balance, 31 March 2018 (£'000)
Restricted				
The Bath Charity	1,566	-	(36)	1,530
Legacy restricted to Wolverhampton	67	-	-	67
Moving On/On the Move*	65	154	(133)	86
In Touch*	51	103	(97)	57
Royal British Legion Hear to Help England	50	-	(50)	-
Glasgow Integrated Sensory Services*	49	30	(62)	17
Legacy restricted to South Wales	48	-	-	48
Restricted to investigation into genetic causes of deafness	37	25	(26)	36
Harlow Trust Fund	33	-	-	33
Legacy restricted to the Isle of Wight	30	-	-	30
Manchester Hear to Help*	27	20	(23)	24
Managing hearing loss in Devon and Cornwall	24	89	(67)	46
Sensory services in Ayrshire*	23	38	(36)	25

Grants restricted to use in Scotland	22	14	-	36
Hear to Meet in Kirklees*	18	3	(21)	-
Employment programme for people who are deaf or have hearing loss in Glasgow	18	7	-	25
Fundraising restricted to Roper House	17	-	-	17
Tayside integrated sensory services*	16	12	(17)	11
Research into Improving the understanding and diagnosis of auditory processing disorder (APD)	13	26	(26)	13
Hear to Help Lewisham	13	12	(11)	14
Northumberland Volunteers*	11	35	(46)	-
Ageing Better	10	16	(26)	-
Hear to Care*	8	51	(59)	-
NI Employability Programme*	2	103	(96)	9
Isle of Wight Befriending service	1	59	(30)	30
Hear to Inform and Connect	-	354	(257)	97
Legacy restricted to the Cardiff area	-	33	-	33
Legacy restricted to research	-	32	-	32
Legacy restricted to the South West region	-	28	-	28
Legacy restricted to research	-	26	-	26
PoppyScotland Aged Veterans	-	82	(63)	19
Restricted to the North East	-	30	(15)	15
Welfare rights and Employment projects in Scotland	-	20	(5)	15
Volunteering in Wales*	-	34	(21)	13
Salford CCG Innovation Fund*	-	30	(17)	13
Restricted legacy (purpose under discussion)	-	12	-	12
Information line	-	10	-	10
Leicester Ageing Together*	-	54	(45)	9
Aged Veterans Healthy Living*	-	96	(89)	7
Hear to Inform and Support	-	5	-	5
Hear to Inform and Connect	-	5	-	5
Brighton H2H	-	5	-	5
Tinnitus Research	-	5	-	5
Work for Change	-	5	-	5
RNIB Online Today Project*	-	152	(148)	4
Other restricted funds	41	813	(825)	29
Restricted Funds	2,260	2,628	(2,347)	2,541
Endowed				
The Wennington Charity	68	-	-	68
Endowed Funds	68	-	-	68
Total Restricted and Endowed Funds	2,328	2,628	(2,347)	2,609

- The Bath Charity is restricted to providing relief for the charitable needs of people who are deaf or have hearing loss by the provision of services.
- Hear to Inform and Connect is enabling us to proactively expand our face-to-face information provision for older people (aged 50+) with hearing loss, particularly those who we have found are harder to reach. This includes older people from black, Asian and minority ethnic communities, older people living in care homes and older people living in rural or remote areas.
- Moving on provides support for young deaf and hard of hearing people to make the transition from school into further education, training and employment, and to build internal and external resources for independent living.

- A legacy restricted to the Wolverhampton area.
- The In Touch project aims to help people who are deaf or have hearing loss across Northern Ireland and will specifically target those people living in the community and in residential accommodation.
- A legacy restricted to funding in South Wales.
- Funding for Devon and Cornwall to help people with hearing loss improve their confidence and knowledge on how to better manage their hearing loss.
- The Genetics of Hearing Loss Research aims to find which genes are involved in hearing loss, then we can better diagnose individuals with genetic hearing loss and develop new treatments targeting the pathways that are not working properly.
- General donations restricted to use in Scotland.
- The Harlow Trust provides funding for people who are deaf or have hearing loss to participate in financial qualification courses.
- A legacy restricted to funding in the Cardiff area.
- A legacy restricted to research.
- A legacy restricted to the Isle of Wight.
- Isle of Wight Befriending Service supports those made isolated through hearing loss and other long-term conditions, using staff and volunteers, by providing practical support and advice, building a mutually supportive relationship to build confidence and develop existing services.
- A legacy restricted to funding in the South West region.
- A legacy restricted to research.
- Ayrshire and Arran Integrated Sensory Services are delivered in partnership with RNIB and support people with sensory impairment living in the Ayrshire and Arran area, by strengthening existing structures, introducing additional support services such as Hear to Help, and raising awareness and the profile of sensory impairment in the region.
- To provide funding in Glasgow for improving the health, wellbeing and life skills of, and increasing access to information and services, for people who are deaf or have hearing loss. 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.
- Manchester Hear to Help is a volunteer-led service that provides hearing aid support on a one-to-one basis and in drop-in settings in communities across Manchester.
- PoppyScotland will provide support for veterans aged 65 and over, their families and carers in Lothian. We'll be helping people by providing vital information and supporting to help them to cope with their hearing loss or tinnitus at regular drop-ins, information events or home visits.
- Glasgow Integrated Sensory Services support people with sensory impairment living in the

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

- General donations restricted to Roper House in Canterbury.
- General funding restricted to the North East.
- Funding for Welfare rights and Employment projects in Scotland.
- Hear to Help Lewisham is a volunteer-led service that provides hearing aid support on a one-to-one basis and in drop-in settings in the Lewisham area. It also provides information on hearing equipment and other services available for local people with hearing loss.
- Funding to be used towards research into Improving the understanding and diagnosis of auditory processing disorder (APD).
- Volunteering in Wales funding is for recruitment and development of volunteers in Wales.
- Salford CCG Innovation fund is a grant provided to recruit a project co-ordinator to deliver support on hearing loss, including hearing screening and training for staff and volunteers across Sheltered Housing Schemes in Salford as response to our Hearing Matters report.
- A restricted legacy (purpose is under discussion).
- Tayside integrated sensory services support people with sensory impairment living in the Tayside area by strengthening existing structures, introducing support services such as Hear to Help, and by raising awareness and the profile of sensory impairment in the area.
- The information line funding is to support the information line team in providing information on hearing loss and tinnitus to the general public.
- Leicester Aging Together is a peer-to-peer information and support project for older people who are deaf or have hearing loss in the Leicester area. Volunteers will support older people with information, advise, and the long term management of their hearing aids and hearing loss, and provide opportunities for people to come together and share information and experiences.
- NI Employability Programme supports people with hearing loss across Northern Ireland to enter employment.
- Aged Veterans Healthy Living is a project to provide information to older veterans with hearing loss.
- Adint Charitable Trust wishes to support people with hearing loss in Devon and Cornwall.
- Hear 2 Inform & Connect project aim to reduce the barriers often faced by people with hearing loss, supporting them to remain connected with their families, friends and the world around them, ultimately reducing feelings of isolation.
- Brighton Hear to Help provides hearing aid support on a one-to-one basis and in drop-in settings in Brighton.
- A grant towards the funding of tinnitus research.
- Work for change is funding to develop a short animated video to demonstrate the need,

then benefits and the solutions for supporting people with hearing loss in the workplace.

- The Online Today project enables people with sensory loss to gain the basic skills and confidence to use technology and get online.
- Action on Hearing Loss merged with Sussex Deaf Association on 1 July 2018. Sussex Deaf Association is incorporated in the United Kingdom (company number 9740664). Action on Hearing Loss wholly owns Sussex Deaf Association, which is a Company Limited by Guarantee. Sussex Deaf Association donation is restricted to the relief of persons residing in the counties of East and West Sussex and the City of Brighton and Hove who are deaf or hard of hearing.
- For the use and benefit of the Leeds branch.
- General restriction to Employment services in Hampshire.
- The Wellbeing for Longer in Glasgow Fund is funded by Glasgow Health and Social Care Partnership with the aim to support community and third sector organisations to design and deliver programmes enabling Glasgow residents most likely to experience isolation (by barriers such as age, disability, poverty and language), to sustain their wellbeing and reduce isolation.
- Professor Walter Marcotti's project investigating the processes that are involved in the development of Usher syndrome – a condition that affects both hearing and sight.
- Access to Health Salford was set up and deliver a pilot project to improve awareness amongst GPs, healthcare professional; and staff working in GP Practices and health centres of the barriers encountered by residents of Salford who are deaf or experience hearing loss.
- The grant Hear For Welfare aims to reduce discrimination against people who share protected characteristics; reduce levels of hate crime; increase community participation, engagement and community cohesion; address imbalances in representation in all aspects and levels of public life.
- Sylvia Prades' research from UCL into glia cells and auditory nerve damage.
- The Specialist Employment Programme is aimed at enhancing the employability of people who are deaf, have a hearing loss and/or tinnitus through the provision of specialist support. The Service is funded by the European Social Fund with Match Funding from the Disability Employment Service.
- GCC Hearing Imp Training provides sensory impairment awareness training course to third sector orgs within Glasgow City.
- Restricted to Roper House - Staff and Art Room.
- Stockport is the restricted for the purposes of the branch nearest to Stockport.
- Community Navigator Project aims to develop creative approaches to reducing social isolation for older people in Greater Manchester.
- The Specialist Employment Programme is aimed at enhancing the employability of people who are deaf, have a hearing loss and/or tinnitus through the provision of specialist

support. The Service is funded by the European Social Fund with Match Funding from the Disability Employment Service.

- A legacy restricted to the benefit of deaf children.
- A legacy restricted to the Scarborough area.
- Other restricted funds comprises 42 restricted funds providing income in support of Action on Hearing Loss activities.
- The Wennington Charity endowment is to relieve the charitable needs of people who are deaf or have hearing loss, who may suffer from any other illness or permanent conditions, with a preference for older people.

Note 23. Capital commitments – Group and Charity

	2019 (£'000)	2018 (£'000)
Contracts for future capital expenditure not provided in the Financial Statements - property, plant and equipment	11	12

Note 24. Operating Leases

As of 31 March 2019, Action on Hearing Loss had a total value of minimum future lease payments set out below:

Payments due	2019 (£'000)	2018 (£'000)
Within one year	777	784
Between one and five years	529	729
	1,306	1,513

Note 25. Notes to the cash flow statement

	2019 (£'000)	2018 (£'000)
Net expenditure for the reporting year (as per the statement of financial activities)	(4,333)	(2,622)
Adjustments for:		
Depreciation charge for the year on tangible assets	492	482
Amortisation charge for intangible assets	305	220
Gains on investments	-	(37)
Interest paid	211	152
Interest/dividend received	(6)	(35)
Loss on disposal of intangible/tangible assets	23	6
Decrease in stock	139	100
Decrease in debtors	2,137	798
Increase in creditors	782	1,024
Decrease in non-current long-term loan	(81)	(81)
Increase in provision for liabilities	291	-
Pensions reserve funding deficit movements	(98)	(755)
Net cash used in/(generated from) operating activities	(138)	(748)

Analysis of cash and cash equivalents

	At 1 April 2018 (£'000)	Cash flows	At 31 March 2019 (£'000)
Cash at bank and in hand	1,298	(654)	644
Short-term deposits	12	(12)	-
Total cash and cash equivalents	1,310	(666)	644

Note 26. Related party transactions

John Morgan is Chief Executive of Morgan Sindall Group PLC, and was appointed as Chairman of the Board of Trustees on 1 January 2017. The Charity engaged Morgan Lovell, a subsidiary of Morgan Sindall Group PLC, to complete the refurbishment of the new head office on 15 February 2016. This engagement was in place before John Morgan was involved with Action on Hearing Loss and he had no influence over the contract, which was on commercial terms. For full disclosure, £nil was paid to Morgan Lovell in the 2019 financial year (2018: £867,857).

Paul Breckell was Chief Executive of the Charity till July 2018 and is also a Trustee of Roffey Park Institute Limited and NCVO. The Charity used the services of the Roffey Park Institute Limited, totalling £2,249 (2018: £5,543) and invoiced NCVO for £1,502 (2018: £183).

Lindsay Foster is a Charity Trustee (appointed in August 2018) and is also the Executive Director of Signature (trading arm of CACPD). There was £5,869 for agency fees, training and attendance at conferences (2018: £11,977).

The only related party transactions between Action on Hearing Loss and R.N.I.D. Activities Limited is the management recharge of £nil (2018: £2,503).

Note 27. Contingent Liabilities

National living wage and sleep-ins

Sleep-ins occur when staff spend the night in an assigned bedroom within a care home or supported living accommodation in order to be available should service users require assistance in the night. At Action on Hearing Loss the sleeping staff member is paid a sleep-in allowance and is paid their normal hourly rate if woken to perform tasks.

In July 2018 the Court of Appeal ruled that care workers are not entitled to the minimum wage while they are sleeping, overturning a previous EAT decision in the case of Royal Mencap Society v Tomlinson-Blake. However, in February 2019 the Supreme Court granted permission for it to hear a further appeal and to provide a final legal ruling. This revives the issue of whether there could be a requirement for employers to provide back pay to staff for non-contractual

sleep-in hours for past years. For Action on Hearing Loss this could involve calculating top-up

payments to over 1,000 members and past members of staff over a six year period.

The outcome of the Supreme Court appeal will not be known until an uncertain date in 2020. If the ruling overturns the Appeal Court decision then government legislation may be needed to clarify employers' liabilities. Due to the ongoing lack of legal certainty and the difficulty of measuring the potential liability the trustees do not consider that the accounting standards requirement to make a provision has been met. Our best estimate for the size of this contingent liability is that it is unlikely to exceed £1.0m.

Note 28. Events after the reporting period

Bank covenants with Charity Bank were not met on 31st March 2019. A waiver letter has been received and their loan reconfirmed. Following the good progress made against our financial recovery plan the Lloyds Bank Revolving Credit Facility (RCF) was renewed. Further information has been provided in the Trustees' Report and in Note 3 to the financial statements.

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.

The National Lottery Community Fund

Accelerating Ideas' Hear to Inform and Connect' - National
Reaching Communities 'Hear to Inform and Support' - Devon and Cornwall
Connecting Older People --- In Touch Project

Statutory

Perth and Kinross Council - Provision of sensory services
South Ayrshire Council - Ayrshire & Arran Hear to Help
Department of Communities, Northern Ireland
Welsh Government - Live Well With Hearing Loss
DHSSPS
Scottish Government Equality Fund
Scottish Government
Voluntary Action Fund, Wellbeing for Longer Fund
Northern Ireland ESF project

European Fund

European Social Fund (ESF) –Specialist Employment Programme

Trusts

The City Bridge Trust
Donald Forrester Trust
The Eveson Charitable Trust - Birmingham Hear to Help
The Exilarch's Foundation
The Frederick Arthur Alford Charitable Trust - Biomedical Research
The Hospital Saturday Fund
Inman Charity
Jost Foundation

Masonic Charitable Foundation - Biomedical Research
Monday Charitable Trust
The Nora and Olive Brewer Memorial Trust
The Waterloo Foundation

Corporate

Boots Hearingcare
British Telecom plc
Waitrose
The Financial Times

Major Gifts

Mrs Julia Alexander
Dr Roger Allport
Mr Keith O Butler-Wheelhouse
Mr Oisin Crawley
Mr Jeff Horne
Sir Peter J Job
Ms Rosemary A Lager
Mr and Mrs Patrick and Dee Murphy
Mr and Mrs Ian Rendall
Professor Elizabeth Russell
Mr and Mrs John Walton
Dr Susan Wilson

We remember with deep gratitude the 390 people who left gifts to us in their Wills in 2018-19. Every gift left to Action on Hearing Loss in someone's Will is truly appreciated. Sadly, we cannot list all of them here, but we would like to acknowledge a few as an indication of our gratitude to all:

Mr John Raymond Abram
Mrs Joan Frances Stella Ash
Mrs Audrey Athersmith
Mr Leonard Bailey

Mrs Jean Irene Bate	Mr Bernard Kent
Mrs Joan Mary Beck	Mr Leslie Albert Lee
Mr Alfred Walter Booth	Mr George Cecil Leyland
Miss Doris Florence Bridge	Mrs Mary Elizabeth Miller
Ms Jean Elizabeth Buckle	Mr James Hammond Morphet
Miss Margaret Mary Clark	Miss Henryka Parker
Mrs Maisie Elizabeth Cleverdon	Mrs Joan Pearson
Mrs Jean Collen	Dr David Pearson
Mrs Madge Cownie	Mrs Charlotte Alison Rowsell
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Mr Arthur Maurice Facy	Mr Peter George Smith
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Mr David Angrave Harding	Mr Hayden Jones Watkins
Miss Joyce Holdsworth	Dr Elma Priscilla Wyatt
Ms Betty Patricia James	
Mrs Marjorie Louisa Keen	

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



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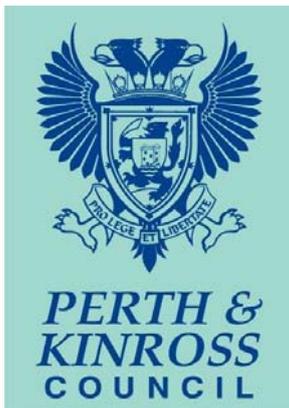
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Action on Hearing Loss (formerly RNID) is the largest UK charity helping people who are confronting deafness, tinnitus and hearing loss.

We give support and care, develop technology and treatments, and campaign for equality.

We rely on donations to continue our vital work.

To find out more, visit actiononhearingloss.org.uk

Contact our free, confidential Information Line:

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e 0808 808 9000

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