

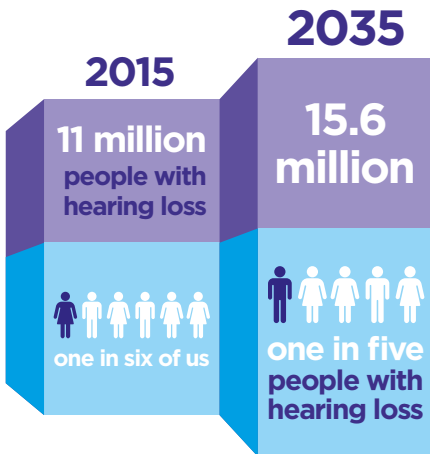
Annual Report and Financial Statements 2015-16

 **ACTION ON
HEARING
LOSS**

A national charity since 1911



Formerly
RNID •)))



One in six of us has hearing loss

That's over 11 million people in the UK. That number will increase as our population ages; we estimate that, by 2035, over 15.6 million will be affected by hearing loss.

Deafness, tinnitus and hearing loss can devastate lives

Deafness, tinnitus and hearing loss are serious health conditions. They can have a significant impact on health and wellbeing.

- People with hearing loss are too often unable to communicate with friends and family, colleagues and health professionals. This can result in them withdrawing from social situations and becoming isolated.
- Research shows that hearing loss doubles the risk of developing depression and increases the risk of anxiety and other mental health problems.
- For some people their tinnitus is so severe that it has a dramatic impact on their quality of life, leading to extreme anxiety and depression.
- There is also strong evidence that mild hearing loss doubles the risk of developing dementia, with moderate hearing loss leading to three times the risk, and severe hearing loss five times the risk.
- People who are severely or profoundly deaf are four times more likely to be unemployed than the general population. Someone who develops hearing loss can lose their job and struggle to get another one.

We are Action on Hearing Loss

Our purpose is to help people who are 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.

We provide people with **support and care**, develop **technology and treatments**, and campaign for **equality**.

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The Board of Trustees of Action on Hearing Loss presents its annual report and audited financial statements for the year ending 31 March 2016. These comply with the Companies Act 2006, Action on Hearing Loss's governing document and the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities (2015).

Details of our Trustees, professional advisers, and legal and administrative details are included on pages 44-51.

Welcome to our Annual Report for 2015-16

We're very proud of the substantial progress we've made this year in meeting our core objectives: providing support and care, developing technologies and treatments, and campaigning for equality for those confronting deafness, tinnitus and hearing loss.

A particularly significant achievement was **the headline-grabbing campaign we waged against the hearing aid cuts** proposed by several NHS clinical commissioning groups (CCGs) across England. We successfully persuaded eight to continue to provide hearing aids for all who need them. Unfortunately we didn't persuade North Staffordshire, so we expect this fight to continue. Staff and volunteers are ready to take action.

We provided high-quality, person-centred, culturally appropriate care and support services to more people who are deaf with additional needs, than ever before. The *Community Care Market News* ranked us in the top 20 of younger adult residential care providers, as we were 100% compliant with Care Quality Commission (CQC) standards.

We extended our hearing aid support services so that we could provide practical support to more people in more parts of the UK. In other areas we had to fight to protect existing, invaluable services. Our local services provided information, advice and life-changing, face-to-face support to thousands of people, on over 150,000 occasions.

We established new employment services in Scotland, Wales and Northern Ireland so that people who are deaf or have hearing loss can benefit from targeted, specialist employment support – and have a better chance of getting a job. It is a national disgrace that those who suffer from hearing loss in all its forms are far more likely to be unemployed. We're working hard to tackle this problem.

We invested £1.6 million in biomedical research. Although scientific progress can be slow, our research has, over the last few years, resulted in groundbreaking discoveries and advancing promising new treatments. We launched a new Partners in Action scheme, in which we work with manufacturers to develop technology that could be used – or improved – to support people confronting deafness, tinnitus and hearing loss.

We successfully launched a major report, *Hearing Matters*, in all four parliaments and assemblies; politicians across the spectrum endorsed our findings and recommendations. We worked hard to influence national governments and local commissioners to take hearing loss seriously.

We refreshed our brand: we now have a more consistent look, feel and message, so more people can connect with our cause and understand how we can help.

But there's no denying that the environment is getting more difficult. We, along with many other charities, face big challenges including cuts to vital social care and community services.

Nonetheless, we'll continue to help more people in more communities – and do it in a flexible way that meets local needs.

We'll continue to fund biomedical research that will make discoveries, leading to effective treatments. We'll push for the development of technology, raise public awareness of hearing research, and support fundraising initiatives to give people the opportunity to show their generosity and support our vital work.

We'll empower people to access their rights, with a focus on three sectors: health and social care; education, training and the workplace; and goods, services and entertainment. We'll step up our efforts to persuade policymakers across the UK to act on the recommendations in *Hearing Matters*.

Of course, all this takes money. That's why we're committed to increasing our fundraising efforts, to generate more income – helped by a stronger public profile. Our Commercial Services team will focus on increasing sales to support the Charity's work, while continuing to innovate and improve the quality of life for people confronting deafness, tinnitus or hearing loss.

We'll use our resources wisely. We'll make sure our operations are lean and effective – while ensuring our staff and volunteers feel supported and valued. They are the heart of our organisation – along with our amazing members and supporters. We're incredibly grateful for everything they do.

We, together with the Board of Trustees, hope you continue to be inspired by the work we do to take action and will actively support our cause.



A handwritten signature in black ink, appearing to read 'Paul Breckell'.

Paul Breckell
Chief Executive



A handwritten signature in black ink, appearing to read 'Stephen Hill'.

Stephen Hill
Chairman

Trustees' Report

Strategic Report

Our strategy

Our vision: A world where hearing loss doesn't limit or label people, where tinnitus is silenced – and where people value and look after their hearing.

Our purpose: We 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 aims



Support and Care: To help people confronting deafness, tinnitus and hearing loss to take control of their lives, so they can live the life they choose.

- We provide high-quality services, and influence others to improve their services to meet people's needs.
- We seek to ensure that everyone confronting deafness, tinnitus and hearing loss gets the diagnosis and information they need to manage their condition, and any high-quality support and care they may need to live the life they choose.



Technology and Treatments: To enable people confronting deafness, tinnitus and hearing loss to take control of their lives, so they can live the life they choose.

- We fund biomedical research, encourage other funders to invest in hearing research, and drive the development and take-up of new technology.
- We seek to ensure that new technology and medical treatments are developed quickly to benefit people confronting deafness, tinnitus and hearing loss.



Equality: To campaign to remove barriers faced by people confronting deafness, tinnitus and hearing loss, so they can live the life they choose.

- We influence governments and organisations, empower people and change public attitudes.
- We seek to ensure that everyone confronting deafness, tinnitus and hearing loss has the same access – and can make the same life choices as everyone else.

Our values

Our values, **People**, **Passion** and **Partnership**, enable us to deliver our strategy.



People

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



Passion

We are passionate about our work and we want to make a real 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.

2015-16 key achievements

We supported over
100,000 people!



We gave **1.8m hours** of high-quality, person-centred **care and support** to people who are deaf with additional support needs



1.6 million people
visited our website

That's **50% more** than last year

110,495 people

used our telephone and online Hearing Check

Through our free Information Line, we answered **16,917 calls** and **8,624 emails**

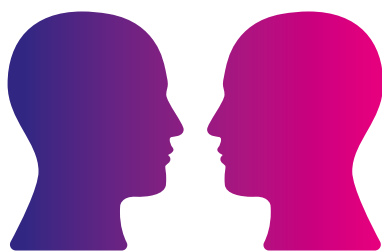


Our befriending services helped over 1,300 people. 94% of people using our Hear to Meet service say it's improved their lives:

"It's nice not to feel the only one in a group who has a hearing problem."

We helped more than **33,000 people** with hearing aids to get the most from them

We gave face-to-face support to



3,309 people with multiple sensory needs

89% of people who use our Hear to Help service say they're now really benefiting from their hearing aids:

"Until I used the tube replacement service I thought my hearing was deteriorating. You provide a marvellous service."



Whatever we watch
However we watch it

5,104 people

helped us campaign.

Major video-on-demand providers are now committed to improving accessibility for viewers with hearing loss

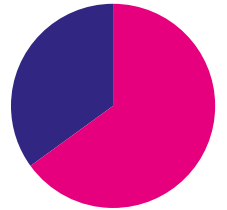


Our major report, ***Hearing Matters***, launched at all four parliaments and assemblies, put forward radical recommendations for urgent government action



We supported 88 projects to **increase hearing research capacity, make scientific discoveries and develop new treatments**

65% of the students we funded continue to carry out hearing research. The sector average is 47%



£1.6 million

was invested in biomedical treatments to prevent hearing loss, restore hearing and silence tinnitus



Faced with unprecedented threats to free hearing aids, **we helped persuade eight Clinical Commissioning Groups** in England to scale back or cease plans

90% of our volunteers would recommend us to others:

“A good charity to volunteer with. You’re kept well-informed and feel part of the organisation.”

“Thomas, thank you for letting us get to know you”

“Thomas came to live with us in 2013,” writes Sandra Whittington, Service Manager at Wilbury Gardens, Hove. He’d be found wandering around London. Thomas often went ‘missing’ like this: he’d walk for miles and be unable to find his way home. And when he was home, people in his area took advantage of his vulnerability and exploited him financially. His local authority became increasingly worried about his safety and wellbeing.



Thomas found communal living very hard at first. Thomas is profoundly deaf and could only communicate through aggressive swearing gestures and sounds. He certainly didn’t trust the staff; understandably, he was suspicious of why people were taking an interest in him.

Things began to improve as our team skilfully and consistently provided one-to-one support, putting Thomas at the centre of his care. Gradually, we built up a trusting, positive relationship as Thomas began to realise we really did have his best intentions at heart and that life was getting better.

“I’ve witnessed a transformation. Once withdrawn, with little confidence and no communication skills, Thomas is now a larger-than-life character – with a wicked sense of humour. We’re immensely proud of his progress. We want to thank him for letting us get to know him, and provide the support that’s allowed him to flourish.”

[Sandra Whittington, Service Manager at Wilbury Gardens](#)

As time went on, Thomas felt more ‘at home’: he started to explore the local community; first with staff, then on his own. We had to make sure that he was safe – and maintain his rights and dignity. Thomas worked with us to find a practical solution: a discreet GPS alerting device which allows us to assist ‘remotely’ if he gets lost or has any difficulties. Soon, Thomas was venturing out every day.

He began to develop his signing skills and, generally, express himself. He built a rapport with others we support. He took on jobs and got involved in activities.

Three years on and Thomas is at the centre of everything we do. And he has a really brilliant relationship with his linkworker, Ste. They had a great time in Butlins last year. Isle of Wight, here they come!



Achievements and performance



Support and Care

In 2015–16 we spent **£25.3m** supporting people with deafness, tinnitus and hearing loss.

Information and local services

More than 11 million people in the UK have hearing loss. Our knowledge, skills and experience means we can provide the right support, from providing up-to-date information to face-to-face help and advice, when and where it is needed.

Our impact:

- We supported more than **14,700 people** across the UK through our Information Line. We answered **16,917 calls** and responded to **8,624 emails**.

“I can’t say enough how great it was to find you. It makes me feel we’re not facing this alone.”

- Our **Hear to Help** hearing aid services gave life-changing help to over **33,000 people** at drop-in clinics – or in their own homes. Staff and committed volunteers change batteries, perform repairs or simply spend time with people. It’s a truly local service, enabling so many to manage their hearing loss more effectively.

“It is more convenient to use the service at the local library. Being 90 years old, with arthritis, they help with the things my hands can’t do; including changing batteries and tubes and giving advice. This means I can wear my hearing aids all the time. Thank you for your help.”

- When several of these services in Wales and Scotland were under threat, volunteers and the people who use them mounted concerted campaigns to save them. We’ve made a video of Andrew, who tells us why saving his Hear to Help service in Powys, Wales, means so much. He can continue to get the best from his hearing aids – above all, he can hear his children.



▶ actiononhearingloss.org.uk/about-us/annual-report/videos.aspx

- Our befriending services, **Hear to Meet** and **In Touch**, help those isolated by their hearing loss. We supported over **1,300 people** across England, Wales and Northern Ireland. Ninety-four per cent of them say we made “a big difference”.
“It’s given me more confidence. I feel more in control of my hearing loss.”
- Healthcare Inspectorate Wales asked us to help them inspect care homes – and support them to improve the quality of care for older people with hearing loss. We’ve made a great start: **training 76 staff in 12 care homes**.
- We provided information to over **45,000 people** in local communities across the UK through giving talks, distributing leaflets and factsheets, and appearing at events. We were able to reach people who are isolated and have little access to information on deaf awareness issues, equipment, services and benefits.
- Our joint sensory services in England helped **3,309 people**. We worked with local authorities to assess needs, and provided practical solutions such as rehabilitation support with everyday skills for people who are deaf, deafened, deafblind or have a hearing loss.
- Tinnitus affects around one in 10 people in Northern Ireland. Our dedicated tinnitus support service gave one-to-one support to **88 new clients**. In the English seaside town of Margate, our tinnitus support group is doing similar, sterling work: it helped people on **152 different occasions** this year.
- We also support people to return to, or enter, the world of work through specialist employment programmes in Wales, Scotland and Northern Ireland. ‘Moving On’ supports 16-to-25-year-olds in Scotland and is funded by The Big Lottery Fund; it helped **70 young people** who are deaf or have a hearing loss to get work experience and move into full-time employment, training or education.

Care and Support Services

We work with **people who are deaf, deafblind or have a hearing loss and additional needs** to achieve *their* goals. The support has to be right for them as individuals, so it ranges from giving personal care in long-term residential settings, to helping people adjust to living independently in the community.

- In 2015–16 this added up to giving **508 people 1.8 million hours of support**. In **47 care and support services** we helped people to achieve personal goals, maintain independence and live as part of their community – and express their individuality.
- Our **‘I can expect’** involvement standards approach is tailored to individual needs. And we know it’s working: **96% of people tell us they’re happy with the support they receive**.

Our approach is working.
96% of people tell us they’re happy with the support they receive.

When Barney arrived two years ago at Barron Winnicott in Bath, he was reluctant to leave his own room or get involved in any activities. Since then, our team has offered him opportunities and reassurance, and he's gradually built up his confidence. Now he goes up to staff, to get help to arrange a haircut, or to go out.

Barney's made huge strides in becoming more independent: he now understands how to keep himself safe and goes shopping on his own. He's excited at taking part in the art and craft workshops our Educational Day service runs.

His social worker, Barbara, says:

“Since Barney has been living at Action on Hearing Loss, he's achieved many goals and learned numerous new skills. The way he engages now is a clear indication of, not only his enjoyment and happiness, but also how settled he is. The staff have helped Barney to find his feet, to become a more independent person, and to make choices; they've listened and respected his choices. They've built a relationship based on trust.”

“The staff have listened to Barney and respected *his* choices. They've built a relationship based on trust.”

In August 2015, we supported Barney on a trip to London. He was quite nervous but, once on the train, he relaxed and enjoyed the journey. He explored London, including riding on the London Eye. He also went to see *STOMP* in the West End. Barney has a small amount of hearing, so he could hear the loud clanging and banging. When he got back to Barron Winnicott, he couldn't stop telling everyone how much he enjoyed himself. So what started with trepidation ended as a great success!



- The regulators also say our services hit the mark: all three, national, regulating bodies declared them 100% 'compliant'. And we've been recognised by *Community Care Market News* as one of the **'Top 20 younger adults' residential-care providers'**, fully compliant with CQC standards.
- In May 2015, we were awarded the **ISO9001 accreditation**; this confirms that we meet the expectations and needs of our users, through an effective quality-management system. We strive to continuously improve what we do by regularly assessing our services and identifying actions for improvement or to stop problems occurring.
- **'Making it Real'** is the care sector-wide commitment to transform adult social care through person-centred working and community-based support. We contributed to the *Making it Real for people with sensory impairment* report, setting out what personalisation should look like from the perspective of people with sensory loss. We're proud that **25 of our services** can now display the Making it Real kitemark. In our film, you can see for yourself how Pippin House, in Devon, approaches personalisation.



After years of frustration, Josie is using personalised cards to communicate clearly with her colleagues at a local charity shop.

▶ actiononhearingloss.org.uk/about-us/annual-report/videos.aspx

Diagnosis, information and support

Our research shows that there are still significant barriers to people getting the right diagnosis and to accessing the services they need – and that the hospital-care model alone is no longer appropriate for our ageing population. This needs to change.

Our impact

Stopping the cuts

We successfully responded to unprecedented threats to stop the provision of free hearing aids on the NHS, by influencing **eight Clinical Commissioning Groups (CCGs)**, out of nine in England, to scale back or cease these plans.

Following the CCG's decision to cut hearing aid provision in North Staffordshire, **6,116 people** signed our petition calling on Staffordshire County Council to do everything in its power to stop further cuts to NHS hearing services across the county. This triggered a full County Council debate at which the council voted decisively to support the petition.

Increasing referrals

We've been working to increase referrals to audiology services for people with hearing loss by:

- **Stepping up our campaign for the introduction of a hearing-screening programme for people aged 65.** Over 450 people agreed with our argument that a hearing-screening programme would raise awareness amongst the general public and GPs, normalise having a hearing test and wearing hearing aids – and start people on the road to getting help earlier. We also worked with our corporate partner, Boots Hearingcare, to promote the Great Big Hearing Check: **40,000 people** got their hearing checked for free.
- **Developing a GP awareness and referral pilot project.** This is a very targeted way of improving GPs' awareness – and increasing referrals. We've been doing a lot of research to work out which activities are most effective, so we can pilot the best approaches in 2016-17.

More people should benefit from cochlear implants. We worked with the Ear Foundation on a policy statement, which had clear recommendations for government – and for NHS guidelines. Golf club manager, Steve Rumball, told us.

“My cochlear implant has transformed my life – and my family's life – in ways I never thought possible.”





North Staffordshire CCG decommissioned hearing aids for people with mild to moderate, adult-onset hearing loss and, despite the national and local outcry against their proposals since June 2015 – and their receipt of clear and robust evidence about the effectiveness of hearing aids – they still don't seem to be getting the message about how vital hearing aids are.

I'm horrified that other people may not benefit as I have done – and that I may have to do without hearing aids in the future when mine come to the end of their useful life.

I still listen in wonder at the world every morning when I put in my hearing aids. It's one of, if not *the* most, invaluable interventions I have had from the NHS in 67 years – and the one that has had the greatest impact on my quality of life. I hope the North Staffs CCG thinks again because I am devastated to think that others may not benefit as I have.

Linda Parton, North Staffordshire

How we made a difference to...

People with hearing aids

“Finding out how to work my hearing aids means I can socialise more easily and hear more of what’s being said.”

“An excellent service. I know that my hearing aid will be serviced on a regular basis – without the journey and wait at Audiology.”

“It’s great to know I can have my hearing aid looked at locally.”

“Just so nice to have someone to talk to about my hearing aid. I feel comfortable with it now, rather than it being a bit of a struggle.”

“This is the first time I’ve attended your hearing aid services. I was amazed at how kind and helpful the staff were. It’s much easier to go somewhere local as I’m disabled.”

People with tinnitus

“I suffered from lack of control, lack of sleep and anxiety issues... I got no support elsewhere – this service was a lifesaver.”

“I was at the end of what I could cope with. I couldn’t have faced another night. Then two calls and a couple of hours later, a Support Officer came out and gave me lots of information, explanations, equipment – lifesaver!”

“I’m more confident that I’m not on my own. GPs should refer to this service.”

“I’m in a much better place now and coping better – less isolated.”

“Fantastic distraction techniques... I’m improving by the week.”

How our volunteers feel about us

“Since becoming a volunteer with Action on Hearing Loss I have been given a new purpose in life. I do believe I am valued for my contributions and that I have been able to reach out and help others who also have a hearing loss.”

“It’s the most rewarding thing I’ve ever done. I’m so glad I’ve had the chance to help other people with hearing loss.”

“Thanks to volunteering with you, I’m now in a position to make a positive difference in the lives of people who have hearing loss. It’s very uplifting to see people with hearing loss leave more confident and happier than when they arrived.”



Technology and Treatments

In 2015-16 we spent **£3.5m** developing new technologies and treatments.

Biomedical research

There are currently no cures for hearing loss or tinnitus – treatment today is largely limited to hearing aids and cochlear implants. There are no treatments for tinnitus, only ways to help people cope with it. For so many people, there is a huge need for new treatments and cures. For that, we need research.

We work with universities, companies and investors to support the development of new treatments by: increasing hearing research capacity within the UK; making scientific discoveries; turning discoveries into treatments; and raising public awareness of hearing research.



“The work Action on Hearing Loss does to support PhD studentships and early-career researchers is critical. It’s not easy getting research funding and, so, the more opportunities there are, the better – particularly when the research is focused on a specific area.

Just look at what focusing research funding has done for the treatment of cancer. Now we just need to do something similar for the funding of research into hearing loss.”

Dr Jonathan Gale
Reader in Auditory Cell Biology, UCL Ear Institute

Our impact

We increased the number of researchers by:

- funding five new PhD Studentships, one of which is co-funded with Cochlear Ltd.
- awarding four Pauline Ashley New Investigator awards to support promising researchers at the start of their careers.
- funding 11 undergraduates in summer placements within hearing research laboratories, sparking their interest in research into deafness, tinnitus and hearing loss.
- awarding nine conference bursaries, worth £8,240 in total, to junior researchers, so that they could present their research at the prestigious Association for Research in Otolaryngology Conference in the USA.



“I’ve always been surrounded by music. Hearing to me is the most important sense; it really does keep us connected. Unfortunately, just as far back, I can remember my loved ones developing hearing loss and tinnitus, slowly detaching themselves from conversations and from music.

I hope my research will eventually provide a tool to help us understand noise-induced hearing loss and, one day, may help reverse the effects of noise trauma on hearing.”

Camille Tardieu
PhD student, UCL Ear Institute

We helped make scientific discoveries

- We awarded five International Research Project grants. They will advance treatments to regenerate cochlear hair cells, improve our understanding of auditory processing disorder, advance the development of stem cell treatments for deafness, and improve our understanding of how ‘hidden hearing loss’ develops and can be diagnosed.
- Our research identified a gene, *A2ML1*, which increases the risk of developing glue ear. These findings could lead to new treatments for glue ear, avoiding the need for children to undergo surgery.
- Our research also identified the first gene, *SERPINF1*, to cause otosclerosis (a condition where the stirrup bone becomes fixed in place due to increased bone growth, stopping the bone moving or conducting sound in the inner ear). This brings treatments for this common cause of deafness in young adults a step closer.
- Six small pilot studies, funded through our flexi-grant scheme, will enable us to consider new paths of research.



“We have known for some time that otosclerosis can be inherited, but until now the actual identity of the genes involved has eluded us. Our discovery of the first otosclerosis-causing gene is very significant as it tells us about the biological processes involved in the development of the condition.

With support from Action on Hearing Loss we are continuing to search for more genes that cause this common form of deafness.”

Dr Sally Dawson
Lecturer in Molecular Audiology, UCL Ear Institute

We worked to turn discoveries into treatments


- We funded a multi-disciplinary project to develop a new drug treatment for age-related and noise-induced hearing loss, which brings together the drug-discovery expertise of Pragma Therapeutics, and the hearing research expertise of the Global Center for Hearing and Speech at the University of South Florida.
- Three companies that we've helped are now carrying out clinical trials for new drug therapies for tinnitus (Auris Medical), age-related hearing loss (Autifony Therapeutics) and Ménière's disease (Otonomy).



“Your reports have been a great help to us, in understanding the market for drugs to treat hearing disorders, right from the early days of Autofony. They continue to be very useful in providing information to other pharma companies about the exciting potential for treatments.

Your support for Autofony's clinical trials – and introductions to experts in the field – has been extremely valuable.”

Dr Barbara Domayne-Hayman
Chief Business Officer, Autofony Therapeutics Ltd



Action on Hearing Loss funding has helped us to identify changes in the DNA of a gene that make people prone to middle ear infection. Eventually, this should lead to the development of effective drug treatments.

Dr Regie Santos-Cortez
Baylor College of Medicine

Technology

Technology enables people with deafness, tinnitus and hearing loss to take control of their lives, and live the life they choose. We work in partnership with manufacturers of assistive technology to bring new products to market through our online shop, and we influence policy to make sure that new technology is accessible and inclusive.

Our impact

- This year we worked with manufacturers and developers of assistive technology on groundbreaking innovations, including speech-to-text and 'digital touch' technologies that have the potential to provide real benefits for people with deafness, tinnitus and hearing loss. With Bellman and Symfon, we developed five new, assistive technologies.
- Over 800 people responded to our survey on the use of technology to aid communication in noisy places. The results will inform how we work to improve existing technology – and what new technology needs to be developed.
- Our new website forum carries reviews of useful mobile technology apps. People with deafness, tinnitus and hearing loss can share their personal experiences, give honest feedback and raise awareness of new technologies.
- We helped the Engineering and Physical Sciences Research Council (EPSRC) to invest £4.4 million into research to improve hearing aid technology.
- Technology plays a vital role in the lives of people who are deaf, have tinnitus or hearing loss. This year we sold **75,303 products** – from amplified phones to smoke-alarm systems – to help people maintain their independence. We partner with more than 70 manufacturers who supply us with over 400 products.



Our products and services make a real difference to people's lives:



Vibrating watch

"I need to take medication during the evening. Having my phone alarm going off is not ideal, so the gentle vibration on my wrist always reminds me without everyone knowing. Miraculously, it also wakes me up in the morning. I'm now training it to actually push me out of bed!"

Hilary



Cordless headphones

"Prior to using the CL7400 I couldn't hear most speech from our new TV. I now hear everything, thank you."

Siobhan



Corded amplified telephone

"This phone has given me a new lease of life; I can hear what people are saying so much better now."

Jess



Equality

In 2015–16 we spent **£5.9m** on influencing governments and organisations, empowering people, and changing attitudes.

Access to entertainment and restaurants

Despite improvements in legal protection, people with deafness or hearing loss are still disadvantaged and discriminated against. Often, it is simply a lack of awareness of how to go about improving communication. We're determined to make everyone more deaf aware, by empowering individuals – and influencing governments and organisations.

Our impact

- Our **Subtitle it!** campaign inspired **5,104 people** to take action. They wrote to Culture Minister, Ed Vaizey, completed the comprehensive survey that led to our *Progress on Pause* report, and/or lobbied their MP to back progressive legislation.
- Our campaign led to five major broadcasters or platforms, including Sky and BT, making significant steps towards increasing the level of subtitles on their video on demand content. Young campaigner, Jamie, describes below how he's missed out.

Watching TV programmes and films is important to me – most of all because I'm happy and relaxed whilst watching them. It's fantastic when subtitles are provided – I can understand the content and enjoy it. But that isn't often, especially now that more content is 'on demand' on smart TVs, tablets and mobile phones.

When the rest of my family watches a movie, I just play on my iPad. I'm missing out on having fun with my two little brothers – it's quite upsetting.

Jamie Danjoux
Newcastle upon Tyne





Restaurants, cafés and pubs have become so noisy in recent years, making it increasingly difficult for people with hearing loss to socialise.

It's not just that the background music is too loud, that the hard surfaces bounce noise around the room, or that the coffee machine bubbles so that everyone shouts to be heard. It's that all of these things combine while I'm trying to hear my friends or family talk or catch the punchline of a joke.

Jean Straus
London

- We believe that people *must* be able to exercise their rights. This year we've created resources to help people confronting deafness, tinnitus and hearing loss understand what their rights are – and explain clearly to service providers and employers what they're legally obliged to do. **2,019 people** have viewed our resources on visiting the cinema; **1,783** on visiting a GP; and **2,619** on telling an employer about a hearing loss.
- With ministerial support, we successfully launched a major new report, *Hearing Matters*, incorporating startling findings and specific recommendations for government – at four parliamentary and assembly receptions across the UK. **More than a thousand people** told us which of the issues covered in *Hearing Matters* they find most pressing, helping us to refine our priorities and messaging. The report was covered in the *Daily Telegraph*, *The Times* and the *Daily Mirror*, and we had prominent TV coverage in Wales.
- Almost **1,500 people** told us about the challenges they face in cafés, pubs or restaurants – and what needs to change if they're to have a fully accessible experience. These invaluable insights will shape our **Speak Easy** campaign in 2016-17.

Deaf awareness

- We believe that people’s communication needs are key, so we provide practical help. We provided **161 deaf awareness training sessions** to voluntary, private and public-sector organisations. We also carried out **195 work-based assessments**, where we advised employers on how best to support staff with hearing loss.
- We re-awarded our **Louder Than Words** charter mark to **25 organisations**, including HM Passport Office, London Borough of Redbridge, Northampton Borough Council and Victim Support. We also awarded it for the first time to Wessex Water Operations, B3 Living, Circle Housing Mercian and the Scottish Parliament.



“The course was very informative and very well presented by our trainer. It made you sit back and think about how deaf people should not be treated any differently to people who aren’t deaf”

Elim Housing participant on deaf awareness training course

Access to healthcare, employment and technology

People with hearing loss are often excluded or face barriers when accessing services. There’s still a real lack of awareness, and only limited knowledge about how best to communicate with someone with hearing loss. That’s why we’re calling on the UK governments to take stronger action to improve the situation.

Our impact

- In June, following our extensive support and inputs, NHS England published an **Accessible Information Standard**, making it mandatory for NHS and adult social-care services in England to identify, record, share and meet the communication needs of people with hearing loss from 31 July 2016. Together with other charities, we’ve worked closely with NHS England, as part of its Accessible Information Advisory Group, to decide how the standard will be met. We’ve also worked on the equivalent standards across Scotland, Wales and Northern Ireland.



“When I had my kidney transplant six years ago I remember very well the total desperation to have my hearing aids returned to me after surgery. For 12 hours, all I could see were people’s mouths moving – but no sound. They had lost both my hearing aids. It was the most frightening and daunting experience in my life.”

Melissa Walters, Essex

- We've been working to improve access to health care for people with deafness, hearing loss and tinnitus. We collaborated with NHS Choices on improving its website content: now 10 of its most-viewed pages are accessible to deaf people, as they now incorporate BSL translations.
- We've developed an employer-attitude campaign, to raise employers' awareness of what it means to – and why they should – employ staff with hearing loss. In parallel, we've been sharing our expertise with the government's Disability Confident campaign, which works with employers to remove barriers, increase understanding and ensure that disabled people have the opportunity to fulfil their potential.
- We launched **Online Today**, in partnership with RNIB, Sense, Guide Dogs, and Action for Blind People. It's a project that aims to help people with sensory loss gain and develop the skills to use technology and the internet with confidence. We've helped over 550 people, including Bill, from Gwent in Wales, who features in a video you can access via our website. He can now use the telephone for the first time in quite a while, through a text relay app, to speak to his daughter who lives in England.
- We delivered over **16,000 sign language assignments** to people who needed communication support, and over **1,400 assignments** to people needing non-BSL or electronic support to communicate, such as speech-to-text reporters (STTRs) who provide a word-for-word account on a screen, in real time, for deaf users to read.

We worked with NHS Choices to improve its website: **now 10 of its most-viewed pages incorporate BSL translations**



▶ actiononhearingloss.org.uk/about-us/annual-report/videos.aspx

Fundraising performance

We couldn't support, campaign and fund research for people confronting deafness, tinnitus and hearing loss without the generosity of our supporters. We are hugely grateful to them for their commitment and support.

- Our supporters helped us to raise **£1.5m more than in 2014-15**, despite an external environment that saw negative media coverage of some charity fundraising and changes in fundraising regulation.
- We saw growth and success across fundraising. We raised more income from events than ever before, following improvements in the way we support people doing challenges for us, and by launching new fundraising events, including a Christmas carol concert featuring actor, Richard Wilson, and the Military Wives Choir.
- The challenging regulatory and media climate led us to scale back some planned activity, allowing us to complete a review of our fundraising to ensure it remained in line with best practice.
- We continued our fundraising investment this year, although we invested less than intended in door-to-door fundraising while we resolved operational issues with our third party agencies. Despite this, we have been able to achieve our planned growth targets for 2015-16 and we aim to continue investing in fundraising to maintain income growth in future years.
- Legacy income, from people leaving us a gift in their will, was significantly higher than in recent years, and once again supported much of our Charity's work.



This year I've signed up to tackle a mammoth 3,200 miles on the bike across America. I'm really glad that I'm supporting people - like myself - whose lives are made harder by being deaf, via Action on Hearing Loss. I hope that I prove deafness is no barrier to life, and doesn't prevent people from embracing their passions.

Shane Prendergast, cyclist

Our future plans

Taking action: our strategy 2013-18

Our national and local strategy sets out clearly how, by 2018, we'll get closer to our vision of a world where deafness, hearing loss and tinnitus do not limit or label people – and where people value their hearing.

2015-16 was the third year in which we delivered this strategy. Here's how we'll move closer to achieving our vision in 2016-17 – by continuing to focus on three core aims.



Support and Care

We'll continue to fight proposed cuts in NHS hearing aid provision in England. In 2015-16 eight health-commissioning groups announced consultations on plans to cut their availability: we've persuaded each and every one to cancel or significantly scale back these damaging plans. But these pressures won't be going away, so our fight to sustain these vital services continues.

Alongside this, we intend to continue to expand our local community services significantly. This will mean recruiting and working with more volunteers, more effectively – and finding new ways to fund and sustain our work for the people confronting deafness, tinnitus and hearing loss who need us.

We also intend to improve the support we offer to people who are deaf with multiple needs, both through continuing and expanding our high-quality Care and Support services.



Technology and Treatments

We'll continue to invest in biomedical research to accelerate the discovery and development of treatments to prevent hearing loss, restore hearing and silence tinnitus.

We'll build on the intensive work we started last year to understand how technology can be improved to better meet the needs of people confronting deafness, tinnitus and hearing loss; catalyse technological innovation; and support the development of new products to improve the lives of people we support.



Finally, we'll do more to increase people's awareness of our biomedical research. We'll capitalise on people's interest to support our fundraising efforts. We expect to launch a major fundraising appeal and publish more-engaging content on our website.

Equality

A key highlight this year will be implementing the Accessible Information Standard that, since late summer, has committed the NHS, across the UK, to learn about and accommodate the communication needs of patients. We'll be working to make sure that people confronting deafness and hearing loss take full advantage of this welcome development.

In parallel, we'll continue our work to empower people, so that they have better access to key areas of life, including employment. We'll make them aware of their rights - and help them access these rights - and help providers make the changes needed.

We'll also publish groundbreaking academic research into what really works, when you're encouraging people to take action on their hearing loss. We'll then design and pilot practical interventions.

To achieve these aims, we'll:

- Continue to grow our fundraising, inspire more people to care about hearing loss - and do something about it - and use our new database to improve our relationships with, and service to, supporters.
- Provide the highly effective products and services that directly and indirectly improve the lives of people confronting deafness, tinnitus and hearing loss.
- Build on improvements to our systems and processes, particularly in Finance and Human Resources, and continue to operate the safe and secure legal, operational and financial infrastructure that's so essential.
- Make sure the organisation is financially healthy and sustainable so that we can deliver what we promise.

Financial Review

Financial highlights 2015-2016

A positive year, financially, with our year-end finances being better than budget.



Fundraising
income:

£13.2m



For every
pound we spent,
**10 pence was spent
on fundraising**

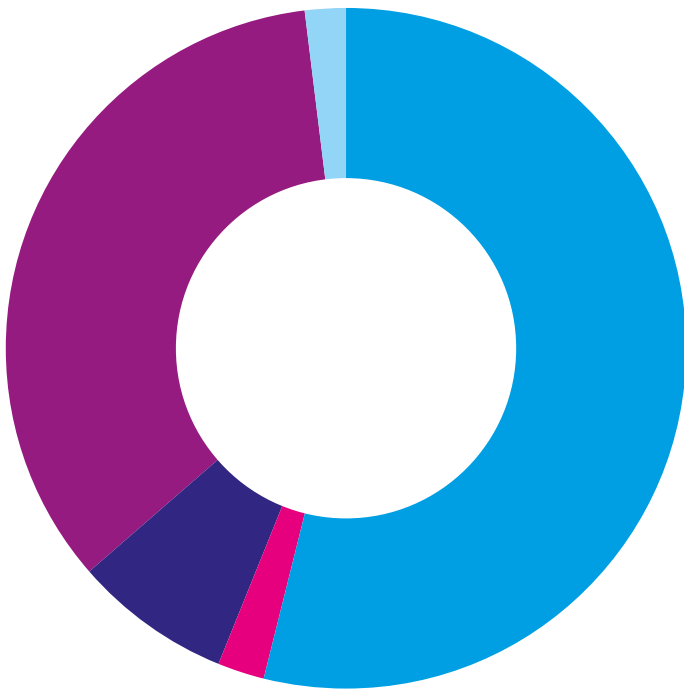
**We effectively
managed our
expenditure**
to ensure we
achieved our
net budget

**Commercial income continued
to prove challenging with a
net loss of £0.32m.**

The business operating model has been reviewed, identifying challenges and potential future opportunities, resulting in a new three-year business plan

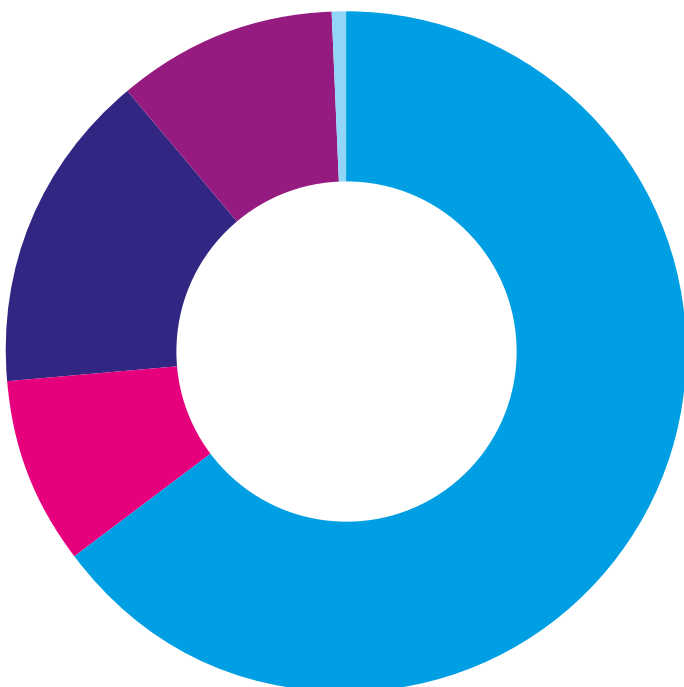


Our new fundraising database, **Raiser's Edge**, has helped us improve our relationships with our supporters and streamline our internal systems



Where did our money come from?

- **Support and Care:** £20.8m
- **Technology and Treatments:** £0.8m
- **Equality:** £2.9m
- **Voluntary income and activities for generating funds:** £13.2m
- **Other income and investments:** £0.7m



How was our money spent?

- **Support and Care:** £25.3m
- **Technology and Treatments:** £3.5m
- **Equality:** £5.9m
- **Expenditure on raising funds:** £4.2m
- **Governance:** £0.1m

Overview

2015-16 has been an extremely positive year for the charity, with our income growing by 3.5%. Our fundraised income grew 12.2% in the year from £11.8m to £13.2m and we saw our total voluntary income, excluding legacies, at its highest level since 2007. This resulted in our net income, after deducting the expenditure to raise funds, rise 10.5% to £34.2m.

We continue to maintain good control of our expenditure and were able to reduce costs in many areas of activity. Real progress in our commercial activities performance resulted in its net contribution improving by £0.96m over 2015-16; this despite some ongoing challenges.

Income

Our total income for the year was £38.4m. This is an increase of £1.3m when compared to income in 2014-15 of £37.1m. This was generated from higher total voluntary income, an increase of £0.31m or 1.5% from growth in Support and Care, achieved despite continuing funding pressures. Both offset the 1.7% decline over 2014-15 in our commercial income.

The incoming resources were made up of income generated from charitable activities, comprised mainly of fees, donations, legacies and commercial income.

Expenditure

Our overall expenditure increased from £38.3m in 2014-15 to £38.9m in 2015-16. Expenditure on charitable activities was £34.7m in 2015-16 - an increase of £1.1m from £33.6m in 2014-15.

Managing our expenditure remains a core focus, and we have again this year been very effective in our financial controls across all areas of the Charity.

Expenditure on raising funds

The total cost of expenditure, including investment manager costs, was £4.2m: a decrease of £0.5m from last year. This means that for every pound we spent, 10p was spent on fundraising. This figure has reduced from 2014-15 as we were unable to carry out the same level of regular giving campaigns.

Balance sheet

Fixed assets have increased from £9.5m as at March 2015 to £16.1m as at March 2016, whilst current assets reduced from £17.5m to £9.6m in the year following the purchase, in August 2015, of our new head-office building.

Current liabilities of £4.0m as at March 2016 are £0.7m higher than last year.

Events after the reporting period

After the balance sheet date, on 4 May 2016, the Charity completed the purchase and transfer of some adult services in Kent. This ensured that 49 vulnerable adults were able to remain in their homes, which had been threatened with closure. A mortgage of £3.2m, payable over 25 years, was secured to purchase five properties.

On 23 June 2016, the United Kingdom voted to leave the European Union, resulting in the resignation of the UK Prime Minister. A new Prime Minister was appointed on 13 July 2016. At the time of signing the Financial Statements, it is too early to determine with any certainty what the EU referendum decision will mean for the Charity or our beneficiaries. There will be, at least, a two-year window to exit the European Union. Risks and opportunities arising from exiting the European Union are being proactively identified and managed through the Audit Committee.

Going concern

The Trustees have reviewed the Charity's financial position, taking account of the satisfactory levels of reserves, amounts receivable, the annual plan and the five-year financial plan, and its systems of financial and risk management. As a result of its review, the Trustees believe that the Charity is well placed to manage operational and financial risks successfully.

Accordingly, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the annual accounts.

Pensions

We operate a funded pension scheme that has both defined-benefit and defined-contribution sections. We closed the defined-benefit section to new entrants on 1 October 2001 and closed it to new accruals on 31 March 2010. The annually calculated notional surplus or deficit on the funding of the scheme is shown in the financial statement as the 'pension reserve' and is deducted from unrestricted funds in the balance sheet.

A detailed, actuarial, triennial valuation was carried out on 31 March 2015. Following this, a revised funding plan was agreed with the members and the pension-scheme trustees.

The funding plan is a schedule of deficit-reducing payments designed to eliminate the deficit by 2031.

As part of the annual report and financial statements preparation process, an actuarial valuation was carried out on 31 March 2016 using methodology recommended by Financial Reporting Standard 102. This valuation shows the market value of the scheme assets to be £57.7m and the current value of the liabilities to be £65.1m. The net deficit on the scheme as at 31 March 2016 was £7.4m, compared to a net deficit of £13.0m as at 31 March 2015. Further details are included in Note 23.

Reserves policy

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

As a matter of policy, each year the Trustees review the value of the reserves required to be held in investments, cash and cash equivalents that are not restricted to any particular purpose.

We also consider our exposure to the risk of any significant loss of income or unforeseen cost. A drop in income is the major risk that these reserves are held to mitigate against. We recognise that there is voluntary income risk in relation to the current economic climate; a social enterprise income risk given current market conditions and the changes experienced within public sector funding; and that the volatility of the stock markets or other factors can lead to declining legacy values and reduced donations.

The Trustees have agreed that free reserves should be in the range of between £5.0m and £7.0m with a target of £6.0m. Free reserves as at 31 March 2016 are above this because of the sale of the head office building in March 2014. The Trustees have agreed to continue investing in the door-to-door fundraising programme, from reserves, as part of an income-growth and diversification strategy. We expect this continual investment will bring free reserve levels back to within the policy range by the end of the 2016-17 year.

The table below shows the change in free reserves from 31 March 2015 to 31 March 2016.

| Free reserves | 2016 (£m) | 2015 (£m) |
|--|----------------------|----------------------|
| Total unrestricted funds | 18.7 | 13.1 |
| Less: Unrestricted tangible fixed assets | (11) | (4.3) |
| | 7.7 | 8.8 |
| Represented by | | |
| Investments | 3.4 | 3.4 |
| Current assets | 8.2 | 8.9 |
| Current liabilities | (3.9) | (3.5) |
| | 7.7 | 8.8 |

Investment policy and performance

Our investment objective for the Charity's financial assets is to maximise long-term, total return with appropriate attention to risk management and our likely liquidity requirements. The asset allocation targets that have been set by the Board are:

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

The actual allocations are shown in Note 17, which demonstrates that the asset allocations at year-end are within the target ranges shown above. The Board of Trustees has set the fund managers a series of additional limitations on the way the portfolio is managed, as follows:

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

We expect and encourage our fund managers to take social, environmental and ethical considerations into account when assessing the suitability of investments, and when exercising the rights attached to our investments. The Board has an Investment Committee that reviews fund manager and investment performance on a regular basis.

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

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

Overall, the year to 31 March 2016 has been a difficult year for investments, with a -0.23% total return for the year, compared with a benchmark return of 0.62%. The external conditions remain volatile, and the Trustees intend to keep the investment approach under particular scrutiny during the year to 31 March 2017.

Risks and uncertainties

The Trustees continue to support a formal risk management process to assess business risks and implement risk management strategies through regular review and oversight by the Audit Committee. This has involved identifying the types of risks faced by Action on Hearing Loss, prioritising them in terms of potential impact and likelihood of occurrence and then identifying and implementing mitigation steps. We continue to measure the impact of any potential risk by considering our free reserve position rather than income.

Strategic risk identification and oversight this year has focused on continued, careful management of our financial position, improved regulatory reporting meeting changing requirements, further progress with the development of our Commercial Services Group strategy, and monitoring and modifying approaches to fundraising to meet changing regulations and expectations.

Action on Hearing Loss has a clear policy in relation to its strategic risk appetite being risk averse in terms of financial management and risk-taking in terms of supporting the aims of our beneficiaries.

We are actively monitoring the risks and uncertainties arising from exiting the European Union through our Audit Committee. We are consulting various sector groups to identify any emerging risks, threats and opportunities. Currently no material change is noted from our risk analysis.

As Trustees we recognise there remain uncertainties that could affect our risk-mitigation strategy through uncontrollable, external factors such as government policy, external focus on the charity sector fundraising profile and the wider economic conditions.

Strategic risk identification and mitigation is summarised as:

| Risk | Mitigation |
|--|---|
| <p>Financial risk which includes:</p> <ul style="list-style-type: none"> • not meeting our targets for unrestricted income • loss of, or reduction of funding streams • uncontrolled expenditure • our free reserve position falling below the parameters set by the reserves policy. <p>These risks would reduce our capacity to deliver our strategy.</p> | <ul style="list-style-type: none"> • A detailed approach is taken to budget setting with the development of financial plans that are reviewed and approved by the Board of Trustees. Regular, detailed financial monitoring is carried out during the year and quarterly re-forecasts are prepared. Actions are taken to mitigate against budget-income pressures, including effective cost-management measures. • Regular monitoring of the impacts of austerity measures emanating from local authority and central government expenditure, mitigating associated risks by improving efficiencies and, where necessary, considering the long-term viability of service delivery. • Implementing a new Commercial Services strategy and reviewing our fundraising strategies to maximise our unrestricted-income streams. • Continuing to invest in diverse income-generating strategies to maintain and grow unrestricted income. • Effective management of our pension fund obligations and continued, positive engagement with the Pension Scheme Trustees. • Monitoring and reviewing our investment strategy and its performance managed by appointed external fund managers. |

| Risk | Mitigation |
|---|---|
| <p>Governance risk which includes:</p> <ul style="list-style-type: none"> • lack of compliance with legal and regulatory requirements • conflicts of interest • lack of appropriate oversight or delegations of responsibility. <p>These risks could have an indirect impact on our operational delivery and the degree of regulatory scrutiny we may face.</p> | <ul style="list-style-type: none"> • Trustees are recruited through open and transparent member elections or through the advertisement and appointment of co-opted positions managed by the Board of Trustees Nominations Committee. • Board of Trustees approval of delegated authority is regularly reviewed and clearly communicated. • In-depth reporting framework to the Board of Trustees is maintained. • We review and continually update our compliance and regulatory reporting to reflect legislative and regulatory changes, an example of which includes data-protection control reports. • We have improved our online monitoring systems, such as quality-monitoring systems, the online complaints system, online incident-reporting system and online management compliance audits to provide improved visibility, evidencing good performance. • A robust whistle-blowing policy is in place, which is accessible and known to all employees. Any issues arising from a disclosure are promptly and properly investigated, and reported. |

| Risk | Mitigation |
|--|--|
| <p>Brand protection and reputation risk which includes:</p> <ul style="list-style-type: none"> • loss of brand value, reducing fundraising and influencing potential • receiving damaging publicity • damage to charity sector brand image. <p>We recognise that reputation and brand are essential to maximise support and organisation impact. If risks around these were to materialise, key stakeholders such as funders and beneficiaries may no longer wish to be involved with us, meaning that, consequently, we would be less able to achieve our desired impact.</p> | <ul style="list-style-type: none"> • We protect our brand reputation by delivering a proactive and reactive communications and marketing strategy, and by ensuring appropriate training and policies are in place to govern external communications and social media. • We work to engage stakeholders and people we support in our campaigns and the services we offer. • We have an ethics and brand-risk management policy that helps to ensure we form appropriate partnerships. • We track complaints and feedback to ensure we are aware of potential issues. • We are members of all relevant fundraising professional standards bodies and other professional standards bodies and have worked collaboratively with them to address concerns raised about sector practice. • We work to build our brand through marketing and by ensuring our values are embedded in our staff and external communications. • We have worked with charity partners to collectively provide feedback on adverse media publicity. • We have reviewed and refreshed our crisis-management strategy and Business Continuity Plan board membership. |

| Risk | Mitigation |
|---|---|
| <p>Asset management – our people, money and property risk which includes:</p> <ul style="list-style-type: none"> • inability to recruit and retain people with the required skills and expertise • not achieving best value from expenditure • our infrastructure not being fit for purpose. <p>These risks would mean that we would be unable to work effectively towards our objectives, reducing our impact.</p> | <ul style="list-style-type: none"> • Our most important asset is our people. So that we continue to recruit and retain people of the required calibre, we invest significantly in learning and development. We have person-centred recruitment policies and we have progressed the review of our pay and reward structure. • We carry out an annual survey of our staff and volunteers and, from this, we develop and implement action plans to address key issues. • We continue to review our property portfolio to ensure we maximise its value. • We continue to review the suitability of our financial-control measures to reduce the possibility of deliberate or accidental loss. • We continue to monitor risks associated with cyber security and ensure our controls remain suitable and proportionate. |

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 19-23 Featherstone Street, London EC1Y 8SL.

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

Action on Hearing Loss has a wholly owned subsidiary, RNID Activities Limited, which carries out non-charitable trading activities to raise funds for Action on Hearing Loss. During the financial year, it made an operating profit of £15,567 (2015: £54,627).

Public benefit

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

Governance

Board of Trustees

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

Effective partnership between Trustees and staff continues to contribute significantly to our success. Trustees are required to meet at least three times a year. In the year up to 31 March 2016, they met at four, quarterly board meetings and reviewed strategy and performance, and set our operating plan and the annual budget.

Three Trustees completed their terms of office during the year and stood down – Janine Roebuck, Harry McQuillan and Conor Boland. Richard Turner resigned in July 2015 to take up an offer of employment with the Charity. The Board of Trustees wishes to acknowledge its thanks and appreciation for their valuable contributions to the work of Action on Hearing Loss.

Board induction

Four new Trustees joined us during the year – Dr Gerhard May, Jacqueline Press, Louise Craddock and Jim Waits. We are delighted to welcome them to the Board at this exciting time. New Trustees receive an induction pack containing detailed information about us, how we are organised, and our work. They are invited to spend time with the Chief Executive and the Executive Directors, and to familiarise themselves with our activities, to prepare themselves for effective and informed decision-making. Trustees are encouraged to attend training sessions to develop their knowledge and skills.

Committees of the Board

The Board delegates certain powers in connection with the Charity’s management and administration, as set out below. This delegation is controlled by requiring the committees to report back regularly to the Board, ensuring that all decisions made under delegated powers can be ratified by the full Board in due course. All committees provide meeting minutes and an annual report to the Board which outlines key areas of work undertaken.



List of Trustees and their membership of sub-committees

| Trustees | Audit committee | Investment committee | Nominations committee |
|--|-----------------|----------------------|-----------------------|
| Stephen Hill (Chairman) | | | ✓ (Chair) |
| Harry McQuillan (until 13 November 2015) | ✓ (Chair) | ✓ (Chair) | |
| Eric Roux (Treasurer) | ✓ (Chair) | ✓ (Chair) | |
| Caroline Ashley | | | ✓ |
| Conor Boland (until 13 November 2015) | | | |
| Ingrid Gallen | | | |
| Peter Clarke | | | |
| Carol Cole | | | |
| Richard Jones | | | ✓ |
| Win Griffiths | | | |
| Janine Roebuck (until 13 November 2015) | | | ✓ |
| Quentin Summerfield | | | ✓ |
| Liz Tait | ✓ | | |
| Richard Turner (until 13 July 2015) | | | |
| Dr Gerhard May (from 13 November 2015) | | | |
| Jacqueline Press (from 13 November 2015) | | | |
| Louise Craddock (from 13 November 2015) | | | |
| Jim Waits (from 13 November 2015) | ✓ | ✓ | |

| Executive officers (as at 31 March 2016) | Audit committee | Investment committee | Nominations committee |
|---|-----------------|----------------------|-----------------------|
| Chief Executive, Paul Breckell | | | |
| Executive Director, Corporate Resources and Company Secretary, Peter Robson | | ✓ | |
| Executive Director, Commercial Services, James Rowe | | | |
| Executive Director, Fundraising and Marketing, David Steadman | | | |
| Executive Director, Services, Louise Pritchard | | | |
| Executive Director, Biomedical Research, Sohaila Rastan | | | |

List of Patrons and Vice-presidents

Patron: HRH The Duke of York

Vice-presidents:

- Stephen Thomas
(until November 2015)
- Jack Straw
(until November 2015)
- Sir John MacTaggart
(until November 2015)
- The Rt Hon Sir Malcolm Bruce MP
- Keith Butler-Wheelhouse
- Gerald Corbett
- Sir Rocco Forte
- Dame Evelyn Glennie
- Baroness Howe of Idlicote
- Peter Marks
- Steven Norris
- Dame Esther Rantzen
- James Strachan
- Dr Miriam Stoppard
(effective from 1 April 2016,
event after the reporting period)
- Sir Ranulph Fiennes
(effective from 1 April 2016,
event after the reporting period)

Management

Grant-making policy

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

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

Everyone involved in the grant-application process is asked to abide by our Biomedical Research Programme's Code of Conduct and Conflict of Interest policy. We occasionally award a small number of grants for social and technical research to help provide the evidence basis for campaigning and policy development. We also award grants to develop our library collection, currently housed and managed by University College London. Other details of grants payable are shown in Note 11 to the financial statements.

Employees, volunteers and members

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

Joint consultation is an essential feature of our employee-relations policies. We have a Staff Council which provides a way for employees, through their representatives, to contribute to the continuous improvement of the organisation and its working environment.

We support equal opportunities, and hold both the Investor in People standard, for which we were re-accredited in the year, and the 'two ticks' Positive about Disabled People standard. We follow a policy of recruitment and promotion on the basis of aptitude and ability without discrimination. We pursue the employment of disabled people and

the continued employment and retraining of employees who become disabled during employment with us.

We are committed to the training, career development and promotion of all employees. We assess an individual's career development with an annual appraisal and regular one-to-one meetings. We provide training programmes to meet any ongoing needs, with the aim of developing employees for both their current and potential roles. We particularly seek to encourage employees with hearing loss to play an active role in developing both the organisation and themselves, with specific training courses to meet this need. At the end of the financial year, 21.4% (2015: 16.0%) of our staff were disabled or had a hearing loss.

We recognise the invaluable work that our members and volunteers do on our behalf and the part they play in contributing to the achievement of our shared objectives. Fourteen hundred dedicated volunteers are actively involved in supporting our work in all kinds of ways: they campaign and fundraise, provide hearing aid support and befriending services for people with a hearing loss, use their creative skills to support people with hearing loss and additional needs, get involved in art activities at our Educational Day Service in Bath, and work in our offices across the UK, supporting diverse teams.

We thank all our members, campaigners and donors for contributing their time and energy to supporting ongoing campaigns and fundraising activities.

Remuneration

The Charity has a pay and reward strategy which defines the framework and policy for staff pay. The policy defines a pay structure in which job roles are placed within paybands, and these are benchmarked at regular intervals. On 1 April 2015, a charity-wide, annual pay award of 1.2% was given to all staff.

During the year, independent advisers helped us to review our pay structure, including looking at organisations similar to ours. We established new pay ranges and, following a detailed job evaluation process, placed all job roles into new pay bands. The new pay structure, which came into effect on 1 April 2016, will aid staff recruitment, retention and progression.

Senior management pay

The Chief Executive's salary is reviewed every year by the Board of Trustees. They take into account performance, benchmarking, inflationary factors where appropriate, and due consideration of the Charity's overall financial position.

The Executive Directors' pay is determined in accordance with the staff pay framework and policy. A separate pay band determines the pay range for the Executive Directors and the level of individual pay within that band is set by the Chief Executive. In March 2016, a remuneration advisory group was established, incorporating external advisers who support the Chief Executive in overseeing and setting Executive Director pay.

Further details of employee remuneration are disclosed in Note 12 to the accounts.

Principal professional advisers

Solicitors

Wilsons Solicitors LLP

Alexandra House, St Johns Street, Salisbury SP1 2SB

External auditors

PricewaterhouseCoopers LLP

1 Embankment Place, London WC2N 6RH

Bankers

Lloyds Banking Group

4th Floor, 25 Gresham Street, London EC2V 7HN

Investment managers

Smith & Williamson

25 Moorgate, London EC2R 6AY

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' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. 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 Charities SORP
- make judgments and estimates that are reasonable and prudent
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements
- 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 Annual Report (incorporating the Strategic Report) has been approved by the Board of Trustees and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Stephen Hill', with a long horizontal flourish extending to the right.

Stephen Hill
Chairman

19 September 2016

Independent Auditors' Report

To the members of Royal National Institute for Deaf People –
trading name of Action on Hearing Loss

Report on the financial statements

Our opinion

In our opinion, Royal National Institute for Deaf People's group financial statements and parent charitable company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure and of the group's cashflows 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.

What we have audited

The financial statements, included within the *Annual Report and Financial Statements* (the "Annual Report"), comprise:

- the consolidated and charity balance sheets as at 31 March 2016
- the consolidated statement of financial activities (incorporating an income and expenditure account) for the year then ended
- the consolidated statement of cashflows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is 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).

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

Opinion on other matters prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Trustees

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

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

This report, including the opinions, has been prepared for and only for the Charity's members and Trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

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

- whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Trustees; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jill Halford (Senior Statutory Auditor)

**for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors, London**

19 September 2016



Financial Review

Financial statements

Consolidated statement of financial activities for the year ended 31 March 2016 (incorporating an income and expenditure account)

Company number: 454169

| | Note | Unrestricted funds (£'000) | Restricted funds (£'000) | Total funds 2016 (£'000) | Total funds 2015 (£,000) |
|--|------|-------------------------------|-----------------------------|--------------------------------|--------------------------------|
| Income and endowments from: | | | | | |
| Donations and legacies | 6 | 12,876 | 368 | 13,244 | 11,799 |
| Income from charitable activities: | | | | | |
| Support and Care | 6 | 19,414 | 1,358 | 20,772 | 20,460 |
| Technology and Treatments | 6 | 391 | 423 | 814 | 874 |
| Equality | 6 | 2,481 | 373 | 2,854 | 2,831 |
| Other trading activities | | 548 | - | 548 | 979 |
| Investments | 6 | 148 | - | 148 | 188 |
| Total income and endowments | | 35,858 | 2,522 | 38,380 | 37,131 |
| Expenditure on raising funds | 8 | 4,183 | - | 4,183 | 4,711 |
| | | 31,675 | 2,522 | 34,197 | 32,420 |
| Net income available for charitable application | | 31,675 | 2,522 | 34,197 | 32,420 |
| Cost of charitable activities: | | | | | |
| Support and Care | 8 | 23,858 | 1,400 | 25,258 | 23,997 |
| Technology and Treatments | 8 | 2,822 | 688 | 3,510 | 3,579 |
| Equality | 8 | 5,560 | 345 | 5,905 | 5,992 |
| Total | | 32,240 | 2,433 | 34,673 | 33,568 |
| Total expenditure | | 36,423 | 2,433 | 38,856 | 38,279 |

Consolidated statement of financial activities for the year ended 31 March 2016, continued

| | Note | Unrestricted funds (£'000) | Restricted funds (£'000) | Total funds 2016 (£'000) | Total funds 2015 (£,000) |
|---|------|----------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Net realised investment loss | | (44) | - | (44) | (15) |
| Net unrealised investment (loss)/gain | | (69) | - | (69) | 259 |
| Total net investment (loss)/gain | | (113) | - | (113) | 244 |
| Net (expenditure)/income | | (678) | 89 | (589) | (904) |
| Net actuarial gain/(loss) on pensions | 23 | 5,054 | - | 5,054 | (621) |
| Net movement in funds | | 4,376 | 89 | 4,465 | (1,525) |
| Reconciliation of funds: | | | | | |
| Funds brought forward at 1 April 2015 | | 8,190 | 2,305 | 10,495 | 12,020 |
| Funds carried forward at 31 March 2016 | | 12,566 | 2,394 | 14,960 | 10,495 |
| Reconciliation of funds: | | | | | |
| Funds brought forward at 1 April 2014 | | 8,634 | 3,386 | 12,020 | 5,164 |
| Funds carried forward at 31 March 2015 | | 8,190 | 2,305 | 10,495 | 12,020 |

Consolidated balance sheet (as at 31 March 2016)

Company number: 454169

| | Note | Group | | Charity | |
|--|------|-----------------|-----------------|-----------------|-----------------|
| | | 2016 (£'000) | 2015 (£,000) | 2016 (£'000) | 2015 (£,000) |
| Fixed assets | | | | | |
| Intangible fixed assets | 15 | 866 | 880 | 866 | 880 |
| Tangible fixed assets | 16 | 11,823 | 5,158 | 11,823 | 5,158 |
| Investments | 17 | 3,387 | 3,502 | 3,387 | 3,502 |
| | | 16,076 | 9,540 | 16,076 | 9,540 |
| Current assets | | | | | |
| Stocks and work in progress: | 18 | 457 | 588 | 457 | 588 |
| Debtors | 19 | 6,822 | 5,956 | 6,838 | 6,017 |
| Short-term deposits | | 1,112 | 10,887 | 1,112 | 10,887 |
| Cash at bank and in hand | | 1,871 | - | 1,847 | - |
| | | 10,262 | 17,431 | 10,254 | 17,492 |
| Current liabilities | | | | | |
| Creditors falling due within one year | 20 | 3,997 | 3,253 | 3,989 | 3,247 |
| Bank overdrafts and short-term borrowings | | - | 263 | - | 330 |
| | | 6,265 | 13,915 | 6,265 | 13,915 |
| Net current assets | | | | | |
| | | 6,265 | 13,915 | 6,265 | 13,915 |
| Total assets less current liabilities (excluding pension liability) | | | | | |
| | | 22,341 | 23,455 | 22,341 | 23,455 |
| Defined benefit pension scheme liability | 23 | 7,381 | 12,960 | 7,381 | 12,960 |
| Net assets including pension liability | | | | | |
| | 22 | 14,960 | 10,495 | 14,960 | 10,495 |

Consolidated balance sheet, continued (as at 31 March 2016)

| | Note | Group | | Charity | |
|---|------|-----------------|-----------------|-----------------|-----------------|
| | | 2016 (£'000) | 2015 (£,000) | 2016 (£'000) | 2015 (£,000) |
| The funds of the Charity | | | | | |
| Endowment funds | 25 | 68 | 68 | 68 | 68 |
| Restricted income funds | 25 | 2,326 | 2,237 | 2,326 | 2,237 |
| | | 2,394 | 2,305 | 2,394 | 2,305 |
| Unrestricted income funds | | | | | |
| Unrestricted income funds excluding pension liability | | 18,573 | 12,923 | 18,573 | 12,923 |
| Designated fund | 25 | 1,263 | 8,000 | 1,263 | 8,000 |
| Revaluation reserve | | 111 | 227 | 111 | 227 |
| Pension reserve | | (7,381) | (12,960) | (7,381) | (12,960) |
| Total unrestricted income funds | | 12,566 | 8,190 | 12,566 | 8,190 |
| Total Charity funds | | 14,960 | 10,495 | 14,960 | 10,495 |

The financial statements were approved by the Board of Trustees and authorised for issue on 19 September 2016 and signed on their behalf by:



Stephen Hill
Chairman



Eric Roux
Honorary Treasurer

Consolidated statement of cashflows for the year ending 31 March 2016

Company number: 454169

| | Note | 2016 (£'000) | 2015 (£,000) |
|--|------|-----------------|-----------------|
| Cashflows from operating activities: | | | |
| Net cash used in operating activities | 27 | (606) | (3,438) |
| Cashflows for investing activities: | | | |
| Interest received | | 77 | 83 |
| Dividends received | | 71 | 105 |
| Proceeds from sale of tangible fixed assets | | 17 | 230 |
| Purchase of intangibles | | (16) | – |
| Purchase of intangible work in progress (WIP) | | (128) | (441) |
| Purchase of property WIP | | (6,694) | (330) |
| Purchase of property | | (67) | – |
| Purchase of other tangible fixed assets | | (285) | (47) |
| Purchase of investments | | (808) | (952) |
| Sale of investments | | 810 | 928 |
| Net cash used in investing activities | | (7,023) | (424) |
| Cashflows from financing activities: | | | |
| Interest paid | | (12) | (10) |
| Net cash used in financing activities | | (12) | (10) |
| Decrease in cash and cash equivalents in the reporting year | | (7,641) | (3,872) |
| Cash and cash equivalents at 1 April | | 10,624 | 14,496 |
| Decrease in cash and cash equivalents in the year | | (7,641) | (3,872) |
| Cash and cash equivalents at 31 March | | 2,983 | 10,624 |
| Cash and cash equivalents consist of: | | | |
| Cash at bank and in hand | | 1,871 | (263) |
| Other deposits | | 1,112 | 10,887 |
| Cash and cash equivalents | 27 | 2,983 | 10,624 |

The notes on pages 65–93 form part of these financial statements.

Notes to the accounts

Note 1. General Information

Action on Hearing Loss is the largest charity representing the 11 million people confronting deafness and hearing loss in the UK. The Charity is based in the UK.

The Charity is a private company limited by guarantee without share capital and is incorporated in the UK. The address of its registered office is 19-23 Featherstone Street, London EC1Y 8SL.

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

These financial statements have been prepared in accordance with the Financial Reporting Standard 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (‘FRS 102’) and with the Statement of Recommended Practice ‘Accounting and Reporting by Charities’ FRS 102 as revised in 2015 (‘the SORP 2015’), 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. The Charity has adapted the Companies Act formats to reflect the SORP 2015 and the special nature of the Charity’s activities.

Reconciliation with previous Generally Accepted Accounting Practice

The Action on Hearing Loss Group Annual Report and Accounts and the financial statements of subsidiaries are prepared under UK Generally Accepted Accounting Practice (‘UK GAAP’) and comply with the Statement of Recommended Practice ‘Accounting and Reporting by Charities’ (‘SORP’). UK GAAP changed with effect for accounting periods beginning on or after 1 January 2015 to Financial Reporting Standard 102 (‘FRS 102’). A new GAAP framework brings a new Charities SORP 2015 which supersedes SORP 2005. This is the first year of accounts affected by the new standards and the results for the year ending 31 March 2015 have been restated to be on a comparable basis.

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the SORP 2015 the restatement of corresponding amounts was required.

1. FRS 102 requires the cost of short-term compensated absences to be recognised when the employees render the service that increases their entitlement. The Trustees consider the amount is not material and therefore it has not been disclosed.
2. SORP 2015 states that Legacy income should be recognised, when entitlement is confirmed, it is probable the benefit will flow to the Charity and the income can be reliably measured. The Trustees have considered the legacy income recognition change from the previous SORP.

As future Legacy income cannot be reliably measured, there is no material impact to the financial statements and no FRS 102 adjustment has been made. Action on Hearing Loss has therefore decided to act in a prudent manner and not recognise legacy income until the final legacy accounts have been received and the income can be reliably measured.

3. FRS 102 requires that net realised and unrealised investment gains and losses be presented in arriving at net income.

Note 3. Accounting policies

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

Going concern

The accounts have been prepared on the going concern basis. The Charity's five-year plan projects increased charitable expenditure with an annual deficit forecast for the next three years with free reserves within the reserves policy range. The Charity is a public benefit entity. The accounting policies have been applied consistently throughout the accounts and the prior year.

The financial statements are drawn up on the going concern basis which assumes Action on Hearing Loss will continue in operational existence for the foreseeable future. The Board has given due consideration to the working capital and cash flow requirements. Action on Hearing Loss relies on income from statutory authorities as well as voluntary fundraising for its current and future commitments and operates on that basis. The Group's forecasts, taking account of possible changes in performance show that the Group is expected to operate within the limits of its current facilities. The Board consider Action on Hearing Loss's current and forecast cash resources to be sufficient to cover the working capital requirements of the charity at least to September 2017, which is 12 months from the date of signing the accounts, and required by FRS 102.

On the assumption that the Charity continues to perform activities as planned, there are no uncertainties about the Charity's ability to continue, and the Trustees have continued to adopt the going concern basis in preparing the financial statements.

Exemptions for qualifying entities under FRS 102

The financial statements consolidate the results of the Charity and its wholly owned subsidiary RNID Activities Ltd on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the Charity has not been presented because the Charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

The Charity's deficit for the financial year of £589,000 (2015: deficit of £904,000) is the same as the group result as the subsidiary's profits are remitted to the Charity under Gift Aid regulations.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Charity has taken advantage of the following exemptions in the subsidiary, RNID Activities Ltd:

1. from preparing a statement of cashflows, on the basis that it is a qualifying entity and the consolidated statement of cashflows, included in these financial statements, includes the Charity's cashflows;
2. from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
3. from disclosing the Charity key management personnel compensation, as required by FRS 102 paragraph 33.7.

Income and endowments

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

Donations and gifts are accounted for on a received basis, except sponsorship from events which is recognised when the event takes place.

Pecuniary legacies are recognised as receivable once probate has been granted and notification has been received. For residuary and reversionary legacies, entitlement is established once the Charity has received the final accounts, including notification of legacy payments after year end where the distribution was agreed by the personal representative prior to the year end. When the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material (see Note 21).

Events registration fees are recognised when the event takes place.

Where contracts contain the right to receive periodic payments, these receipts are recognised when they fall due and on completion of the company's contractual obligations for the period.

Income from 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.

All other income is accounted for on an accruals basis.

Government grants

Action on Hearing loss received government grants that were both general grants and performance-related grants. General grants are disclosed within donations and performance-related grants are recognised in income under "Charitable activities".

General grants are credited to the Statement of Financial Activities when received or receivable, whichever is earlier.

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 amount of performance-related grants received in 2016 was £1.6m (2015: £1.8m). The nature of these grants is disclosed in Note 25. 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.

Donated services and facilities

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the Charity which is the amount the Charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

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

Expenditure and irrecoverable VAT

Expenditure is accounted for on an accruals basis. Support costs, which are not directly attributable to generating funds or charitable activities, are allocated to those categories based on headcount.

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

Grant commitments

Action on Hearing Loss policy

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

Future payment of grants is dependent on the grantee submitting a report on progress and showing that they are complying with the terms of the grant award.

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. 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 |

Tangible assets

Tangible assets are stated at cost, less accumulated depreciation. The Group only capitalises items costing more than £5,000. 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 |

Leased assets

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

Investments - Charity

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

Stocks and work in progress

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, and deposits held with banks.

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the Charity. Designated funds are unrestricted funds of the Charity which the Trustees decided at their discretion to set aside for the new head office building that was purchased. Restricted funds are funds which the donor has specified are to be solely used for particular areas of the Charity's work.

The endowment funds are permanently endowed and their purpose is relieve the charitable needs of deaf and hard of hearing people who may suffer from any other illness or permanent conditions with a preference for elderly people.

Pension costs

The Charity operates three funded pension schemes in the UK. 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 within staff costs.

Actuarial gains and losses are recognised immediately on the face of the SoFA. The scheme surplus is recognised in the SoFA and shown on the face of the balance sheet and separately in reserves.

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 pays 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 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.

Foreign currency

Foreign currency transactions are recorded at the exchange rate at the time of the transaction. Foreign currency balances are translated into sterling at the exchange rate at the balance sheet date. Resulting gains or losses are included in the SoFA.

Contingencies

There are no contingent liabilities. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable. Examples of contingent assets the Group has are legacies (Note 21).

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.

The Group has chosen to adopt Section 11 of FRS 102 in respect of financial instruments.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. 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 4. 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.

a. Critical judgements in applying the entity's accounting policies

Exemptions on transition to FRS 102

The Charity has elected to use the exemption provided in FRS 102 regarding the restatement of lease incentives entered into before the date of transition.

b. 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 pipeline valuation

The Charity has elected to continue recognising residual Legacy income on receipt of final estate accounts, 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.

Note 5. Consolidated statement of financial activities for the year ended 31 March 2015 (incorporating an income and expenditure account)

| | Unrestricted funds (£'000) | Restricted funds (£'000) | Total funds 2015 (£,000) |
|--|----------------------------------|--------------------------------|--------------------------------|
| Income and endowments from: | | | |
| Donations and legacies | 11,430 | 369 | 11,799 |
| Income from charitable activities: | | | |
| Support and Care | 19,125 | 1,335 | 20,460 |
| Technology and Treatments | 374 | 500 | 874 |
| Equality | 2,497 | 334 | 2,831 |
| Other trading activities | 979 | - | 979 |
| Investments | 180 | 8 | 188 |
| Total income and endowments | 34,585 | 2,546 | 37,131 |
| Expenditure on raising funds | 4,711 | - | 4,711 |
| | 29,874 | 2,546 | 32,420 |
| Net income available for charitable application | 29,874 | 2,546 | 32,420 |
| Cost of charitable activities | | | |
| Support and Care | 21,856 | 2,141 | 23,997 |
| Technology and Treatments | 2,484 | 1,095 | 3,579 |
| Equality | 5,606 | 386 | 5,992 |
| Total | 29,946 | 3,622 | 33,568 |
| Total expenditure | 34,657 | 3,622 | 38,279 |
| Net realised investment (loss) | (15) | - | (15) |
| Net unrealised investment gain | 259 | - | 259 |
| Total net investment gain | 244 | - | 244 |
| Net income/(expenditure) | 172 | (1,076) | (904) |
| Net actuarial (loss) on pensions | (621) | - | (621) |
| Net movement in funds | (449) | (1,076) | (1,525) |
| Reconciliation of funds: | | | |
| Funds brought forward | 8,634 | 3,386 | 12,020 |
| Funds carried forward | 8,185 | 2,310 | 10,495 |

Note 6. Income

| | 2016 (£'000) | 2015 (£,000) |
|-------------------------------|-----------------|-----------------|
| Donations and legacies | | |
| Gifts | 4,089 | 3,746 |
| Legacies | 9,155 | 8,053 |
| | 13,244 | 11,799 |

The income from donations and legacies was £13.2m (2015: £11.8m) of which £12.9m was unrestricted (2015: £11.4m) and £368,000 was restricted (2015: £369,000). The total of the comparative figure for 2015 has increased by £512,000 from the previous financial statements due to the inclusion of Gift Aid. This was previously reported in 'other incoming resources' £465,000, 'weekly lottery' £5,000 and 'incoming resources from charitable activities' £42,000.

| | Unrestricted funds 2016 (£'000) | Unrestricted funds 2015 (£,000) |
|--|---------------------------------------|---------------------------------------|
| Income from trading activities | | |
| Weekly lottery | 451 | 546 |
| RNID Activities Limited | 24 | 63 |
| Other income | 74 | 306 |
| Profits from disposals of fixed assets | (1) | 64 |
| | 548 | 979 |

| | Unrestricted funds 2016 (£'000) | Restricted funds 2016 (£'000) | Total funds 2016 (£'000) | Unrestricted funds 2015 (£,000) | Restricted funds 2015 (£,000) | Total funds 2015 (£,000) |
|--|---------------------------------------|-------------------------------------|--------------------------------|---------------------------------------|-------------------------------------|--------------------------------|
| Income from charitable activities | | | | | | |
| Support and Care | 19,414 | 1,358 | 20,772 | 19,125 | 1,335 | 20,460 |
| Technology and Treatments | 391 | 423 | 814 | 374 | 500 | 874 |
| Equality | 2,481 | 373 | 2,854 | 2,497 | 334 | 2,831 |
| | 22,286 | 2,154 | 24,440 | 21,996 | 2,169 | 24,165 |

Income from charitable activities was £24.4 million (2015: £24.2 million), of which £22.3 million was unrestricted (2015: £22.0 million) and £2.2 million was restricted (2015: £2.2 million).

| | Unrestricted funds 2016 (£'000) | Unrestricted funds 2015 (£,000) |
|--|---------------------------------------|---------------------------------------|
| Investment income | | |
| Dividend income from listed investments – UK | 77 | 105 |
| Bank interest received on current account and money on deposit | 47 | 82 |
| Bank interest received from investment company | 24 | 1 |
| | 148 | 188 |

Note 7. Related undertakings

The summary financial performance of the subsidiary alone is:

| | 2016 (£'000) | 2015 (£'000) |
|---|-----------------|-----------------|
| RNID Activities | | |
| Turnover | 24.3 | 63.1 |
| Cost of sales | 0.57 | 0.51 |
| Interest receivable | 0.24 | 0.34 |
| Gross profit | 23.9 | 62.9 |
| Administrative expenses | (8.4) | (8.3) |
| Net profit | 15.6 | 54.6 |
| Amount Gift Aided to the Charity | (15.6) | (54.6) |
| Retained in subsidiary | - | - |
| The assets and liabilities of the subsidiary were: | | |
| | 2016 (£) | 2015 (£) |
| Current assets | 27.5 | 67.0 |
| Current liabilities | (27.1) | (66.6) |
| Total net assets | 0.43 | 0.43 |
| Aggregate share capital and reserves | 0.43 | 0.43 |

The wholly owned trading subsidiary RNID Activities Ltd is incorporated in the United Kingdom (company number 913439) and pays all of its profits to the Charity under the Gift Aid scheme.

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

The year end of RNID Activities Limited is 31 March 2016. As it is a wholly owned subsidiary, related party disclosures between RNID Activities and Action on Hearing Loss are exempt from disclosure under FRS102 para. 33.11.

Sound Advantage Ltd, Action on Hearing Loss Ltd and The Hearing Research Trust Ltd are wholly owned, dormant subsidiaries, and have therefore not been consolidated.

Note 8. Expenditure

| | Direct costs (£'000) | | Support costs (£'000) | | Total (£'000) | |
|---|----------------------|---------------|-----------------------|--------------|---------------|---------------|
| | Staff | Other | Staff | Other | 2016 | 2015 |
| Expenditure on raising funds from trading activities | | | | | | |
| Fundraising costs | 1,526 | 2,266 | 181 | 180 | 4,153 | 4,683 |
| RNID Activities Limited | - | 9 | - | - | 9 | 9 |
| Investment management fees | - | 21 | - | - | 21 | 19 |
| | 1,526 | 2,296 | 181 | 180 | 4,183 | 4,711 |
| Charitable activities | | | | | | |
| Support and Care | 13,721 | 5,656 | 2,956 | 2,925 | 25,258 | 23,997 |
| Technology and Treatments | 864 | 2,446 | 100 | 100 | 3,510 | 3,579 |
| Equality | 2,051 | 3,273 | 292 | 289 | 5,905 | 5,992 |
| | 16,636 | 11,375 | 3,348 | 3,314 | 34,673 | 33,568 |
| Total resources expended | 18,162 | 13,671 | 3,529 | 3,494 | 38,856 | 38,279 |

Expenditure on charitable activities was £34.7m (2015: £33.6m) of which £32.2m was from unrestricted funds (2015: £30m) and £2.5m was from restricted funds (2015: £3.6m).

Note 9. Support costs

| | Corporate and Management (£'000) | Finance and Strategy directorate (£'000) | Information systems (£'000) | People, Learning and Development (£'000) | Risk, Legal and Property (£'000) | Governance (£'000) | Total 2016 (£'000) |
|---------------------------|----------------------------------|--|-----------------------------|--|----------------------------------|--------------------|--------------------|
| 2016 | | | | | | | |
| Fundraising | 52 | 60 | 56 | 87 | 101 | 5 | 361 |
| Support and Care | 844 | 981 | 911 | 1,424 | 1,644 | 77 | 5,881 |
| Technology and Treatments | 29 | 33 | 31 | 48 | 56 | 3 | 200 |
| Equality | 83 | 97 | 90 | 141 | 163 | 7 | 581 |
| Total | 1,008 | 1,171 | 1,088 | 1,700 | 1,964 | 92 | 7,023 |

Basis of allocation: by staff number

| | Corporate and Management (£'000) | Finance and Strategy directorate (£'000) | Information systems (£'000) | People, Learning and Development (£'000) | Risk, Legal and Property (£'000) | Governance (£'000) | Total 2015 (£'000) |
|---------------------------|----------------------------------|--|-----------------------------|--|----------------------------------|--------------------|--------------------|
| 2015 | | | | | | | |
| Fundraising | 35 | 47 | 49 | 60 | 98 | 4 | 293 |
| Support and Care | 627 | 844 | 884 | 1,088 | 1,775 | 73 | 5,291 |
| Technology and Treatments | 24 | 32 | 33 | 41 | 66 | 3 | 199 |
| Equality | 64 | 86 | 91 | 111 | 182 | 8 | 542 |
| Total | 750 | 1,009 | 1,057 | 1,300 | 2,121 | 88 | 6,325 |

Note 10. Net expenditure for the year

| | 2016 (£'000) | 2015 (£'000) |
|--|--------------|--------------|
| Interest payable: | | |
| Bank loans and overdrafts wholly repayable within five years | 12 | 10 |
| Depreciation charge for the year | 523 | 566 |
| Profit on disposal of fixed assets | (1) | (64) |
| Payments under operating leases: | | |
| Land and buildings | 853 | 937 |
| Vehicles and equipment | 295 | 291 |
| Auditors' remuneration: | | |
| Statutory audit fee | 69 | 51 |
| Other non-audit fee – grant return audit | 3 | 2 |
| Tax advisory services | 9 | 9 |

Note 11. Grants payable

The aggregate amount of grants made during the year ended 31 March 2016, analysed by recipient was:

Medical research into hearing loss

| Institution | Number of grants, 2016 | 2016 (£'000) | 2015 (£'000) |
|---|------------------------|--------------|--------------|
| University College London | 33 | 468 | 397 |
| MRC Institute of Hearing Research | 8 | 123 | 54 |
| Kings College London | 9 | 111 | 161 |
| Acies Bio | 2 | 100 | 97 |
| Newcastle University | 3 | 99 | 47 |
| Otomagnetics | 3 | 96 | 98 |
| Radboud University Medical Centre | 2 | 55 | 27 |
| University of Melbourne | 2 | 54 | 49 |
| University of Sheffield | 10 | 54 | 28 |
| Pragma Therapeutics | 2 | 54 | - |
| Purdue University | 2 | 53 | 26 |
| University of Indiana | 2 | 49 | 49 |
| University of Manchester | 5 | 49 | 47 |
| Washington University in St Louis | 2 | 48 | 71 |
| Washington State University | 2 | 43 | 20 |
| University of Leicester | 4 | 25 | 44 |
| University of Sussex | 3 | 25 | 27 |
| Nottingham University | 4 | 25 | 22 |
| University of Southampton | 2 | 24 | 13 |
| John Hopkins University Central Lockbox | 1 | 23 | 37 |
| The Bionic Institute of Australia | 1 | 5 | - |
| Oregon Health and Science University | 1 | 5 | - |
| Universidad de Granada | 1 | 5 | - |
| Universitat Pompeu Fabra | 1 | 5 | - |
| Cardiff University | 2 | 4 | 12 |
| University of Bristol | 1 | 4 | - |
| Keele University | 1 | 2 | 29 |
| Sheffield Teaching Hospitals NHS Trust | 1 | 2 | - |
| University of Cambridge | 1 | 2 | - |
| University of Strathclyde | 1 | 2 | - |
| British Society of Audiology | 1 | 1 | - |
| MRC Harwell | - | - | 50 |
| MRC Institute of Hearing Research | - | - | 46 |
| University of California | - | - | 34 |
| Cincinnati Children's Hospital Medical Center | - | - | 24 |
| Harvard Medical School | - | - | 22 |
| Oxford University | - | - | 12 |
| Plymouth University | - | - | 6 |
| The Commonwealth Society for the Deaf | - | - | 5 |
| Rutgers University | - | - | 5 |
| State University of New York | - | - | 5 |
| University Hospital Antwerp | - | - | 5 |
| University of Michigan | - | - | 5 |
| University of Western Ontario | - | - | 5 |
| Medical Research Council | - | - | 2 |
| University of Southern California | - | - | 2 |
| | 113 | 1,615 | 1,583 |

Note 11. Grants payable, continued

Welfare, education and training for deaf and hard of hearing people

| Institution | Number of grants, 2016 | 2016 (£'000) | 2015 (£'000) |
|---|-------------------------------|---------------------|---------------------|
| University College London | 1 | 10 | 22 |
| The Ear Foundation | 1 | 6 | 5 |
| Midland Regional Association for the Deaf | - | - | - |
| | 2 | 16 | 27 |

Medical research into hearing loss (individual grants)

| Institution | Number of grants, 2016 | 2016 (£'000) | 2015 (£'000) |
|------------------------------|-------------------------------|---------------------|---------------------|
| ARO Conference Bursary Award | 12 | 14 | 5 |
| | 12 | 14 | 5 |
| Total | 127 | 1,645 | 1,615 |

Of the total grant funding made during the year, £1.65m related to biomedical research projects. In addition to the above, the Charity expects to fund future grants totalling £2.52m, 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 'Technology and Treatments' line for charitable expenditure within the SoFA.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Charity. The grants are accounted for where either the Trustees have agreed to pay the grant without condition or up to the point at which the conditions have been fulfilled. The key condition is a regular review by the Charity, and this can be on a 6-month or 12-month basis, as specified in the grant award letter.

Note 12. Employees and Trustees

Employees

| Staff costs consist of: | 2016 (£'000) | 2015 (£'000) |
|--------------------------------|-------------------------|-------------------------|
| Wages and salaries | 18,905 | 17,950 |
| Social security costs | 1,440 | 1,392 |
| Pension costs | 1,531 | 1,491 |
| | 21,876 | 20,833 |

The above figures include temporary and agency staff employed by Action on Hearing Loss at a cost of £912,049 (2015: £842,087). Total redundancy costs of £90,098 were paid during the year (2015: £94,873). These amounts were paid through the payroll and charged to redundancy expenditure. There were no accrued costs at the year end (2015: nil).

| The average headcount of employees, analysed by function, was: | 2016 (Number) | 2015 (Number) |
|---|--------------------------|--------------------------|
| Support and Care | 618 | 615 |
| Technology and Treatments | 21 | 23 |
| Equality | 61 | 63 |
| Fundraising | 38 | 34 |
| Finance, Human Resources, Information Technology and administration | 63 | 63 |
| | 801 | 798 |

| | | |
|---|------------|------------|
| The average monthly number of employees on full-time equivalent basis during the year was: | 697 | 685 |
|---|------------|------------|

| The number of employees whose remuneration was over £60,000 (excluding employer pension contributions) fell within the following bands: | 2016 (Number) | 2015 (Number) |
|--|--------------------------|--------------------------|
| £60,001 to £70,000 | 1 | 1 |
| £70,001 to £80,000 | 1 | - |
| £80,001 to £90,000 | 1 | 3 |
| £90,001 to £100,000 | 2 | - |
| £100,001 to £110,000 | - | 2 |
| £110,001 to £120,000 | 1 | - |

None of these employees (2015: Nil) is in the defined benefit pension scheme, and 6 (2015: 6) are in the defined contribution pension scheme. Contributions in the pension year to the defined contribution scheme were £44,072, in respect of 6 employees (2015: 6 with contributions of £29,550).

| | Inc. pension contributions | | Excl. pension contributions | |
|---|-----------------------------------|-------------------------|------------------------------------|-------------------------|
| | 2016 (£'000) | 2015 (£'000) | 2016 (£'000) | 2015 (£'000) |
| Remuneration and benefits for the Chief Executive Officer and other Key Management Personnel | | | | |
| Chief Executive Officer | 127 | 117 | 118 | 108 |
| Other Executive Officers | 395 | 390 | 371 | 371 |
| Key Management Personnel | 522 | 507 | 489 | 479 |

Key Management Personnel is defined as members of the Executive Board.

Note 12. Employees and Trustees, continued

Trustees

None of the members of the Board of Trustees received any remuneration during this year (2015: £nil). During the year, 11 Trustees (2015: seven) received reimbursements of non-private travel and subsistence expenditure amounting to £5,237 (2015: £4,841). The value of expenses waived was not material.

No Charity Trustee received payment for professional or other services supplied to the Charity (2015: £nil). Total donations in the year from Trustees and Key Management Personnel amounted to £2,945 (2015: £71,364).

Note 13. Government grants

Income from government grants comprises performance-related grants made by various government bodies to fund the Charity's three main objectives.

See Note 25 for more information on the amount and source of these grants.

Note 14. Corporation taxation

The Charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

Note 15. Intangible fixed assets – Group and Charity

| Cost | Computer software | |
|-----------------------------------|-------------------|-----------------|
| | 2016 (£'000) | 2015 (£'000) |
| At 1 April | 2,451 | 2,451 |
| Work in progress | 569 | 441 |
| Additions | 16 | - |
| At 31 March | 3,036 | 2,892 |
| Accumulated amortisation | | |
| At 1 April | 2,012 | 1,814 |
| Charge for year | 158 | 198 |
| At 31 March | 2,170 | 2,012 |
| Net book value at 31 March | 866 | 880 |

The amortisation on the useful economic life of these intangible assets is the same as it would have been under tangible assets in the previous financial year: five years.

Note 16. Tangible fixed assets – Group and Charity

| Cost | Freehold | Long leasehold | Short leasehold | Total property | Fixtures, fittings and furniture | Computer equipment | Other equipment | Total other | Grand total |
|-------------------------|-----------------|-----------------------|------------------------|-----------------------|---|---------------------------|------------------------|--------------------|--------------------|
| At 1 April 2015 | 7,126 | 243 | 268 | 7,637 | 2,881 | 1,251 | 800 | 4,932 | 12,569 |
| Additions | 57 | - | 10 | 67 | - | 285 | - | 285 | 352 |
| Work in progress | 6,689 | - | 5 | 6,694 | - | - | - | - | 6,694 |
| Disposals | - | - | (117) | (117) | (91) | - | (2) | (93) | (210) |
| Adjustments | - | (1) | - | (1) | - | - | - | - | (1) |
| At 31 March 2016 | 13,872 | 242 | 166 | 14,280 | 2,790 | 1,536 | 798 | 5,124 | 19,404 |

| | | | | | | | | | |
|-------------------------|--------------|-----------|-----------|--------------|--------------|--------------|------------|--------------|--------------|
| At 1 April 2015 | 2,525 | 56 | 162 | 2,743 | 2,689 | 1,181 | 798 | 4,668 | 7,411 |
| Charge for year | 182 | 7 | 27 | 216 | 117 | 32 | - | 149 | 365 |
| Disposals | - | - | (117) | (117) | (78) | - | - | (78) | (195) |
| At 31 March 2016 | 2,707 | 63 | 72 | 2,842 | 2,728 | 1,213 | 798 | 4,739 | 7,581 |

Net book value

| | | | | | | | | | |
|---------------------------------|---------------|------------|------------|---------------|------------|------------|----------|------------|---------------|
| At 31 March 2016 | 11,165 | 179 | 94 | 11,438 | 62 | 323 | - | 385 | 11,823 |
| At 31 March 2015 | 4,601 | 187 | 106 | 4,894 | 192 | 70 | 2 | 264 | 5,158 |
| Restated at 1 April 2015 | 4,601 | 187 | 106 | 4,894 | 192 | 70 | 2 | 264 | 5,158 |

The figures at 1 April 2015 have been restated for FRS102 which says that certain categories of assets should now be treated as intangible. We have therefore stripped out intangible assets (computer software costs) from the balances we had in the previous year's accounts and have restated the tangible fixed assets figures to reflect this.

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

Assets under construction are accounted for at cost. They are not depreciated until they are brought into use. Within computer equipment are assets under construction with a cost of £128,218 (2015: £441,009) and property with a cost of £6,693,796 (2015: £nil).

The property under construction relates mainly to the acquisition of a new head office, which the Charity has not yet moved to.

Note 17. Investments – Group and Charity

| | 2016 (£'000) | 2015 (£'000) |
|---|-----------------|-----------------|
| Fair value of investment portfolio at 1 April | 3,502 | 3,234 |
| Additions | 808 | 952 |
| Disposals | (810) | (928) |
| Realised losses on investments | (44) | (15) |
| Unrealised gains on investments | (69) | 259 |
| | 3,387 | 3,502 |

Represented by:

Listed securities:

| | | |
|--------------------------|--------------|--------------|
| Direct UK equities | 767 | 984 |
| Direct overseas equities | 598 | 518 |
| UK corporate bonds | 423 | 499 |
| UK government bonds | 190 | 134 |
| UK equity funds | 229 | 280 |
| Overseas equity funds | 506 | 481 |
| UK property funds | 264 | 298 |
| Infrastructure | 223 | 191 |
| Multi-asset funds | 187 | 117 |
| | 3,387 | 3,502 |

Cost at 31 March

| | | |
|--|--------------|--------------|
| | 3,276 | 3,275 |
|--|--------------|--------------|

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

| | 2016 (£'000) | 2015 (£'000) |
|-----------------------|-----------------|-----------------|
| Cash | 197 | 218 |
| BlackRock UK Property | 223 | 298 |

Note 18. Stocks and work in progress – Group and Charity

| | 2016 (£'000) | 2015 (£'000) |
|----------------------------|-----------------|-----------------|
| Equipment and publications | 457 | 588 |

Note 19. Debtors

| | Group | | Charity | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2016 (£'000) | 2015 (£,000) | 2016 (£'000) | 2015 (£,000) |
| Trade debtors | 4,613 | 3,718 | 4,610 | 3,718 |
| Amounts owed by subsidiary undertaking | - | - | 16 | 55 |
| Other debtors | 133 | 143 | 136 | 149 |
| Prepayments and accrued income | 2,076 | 2,095 | 2,076 | 2,095 |
| | 6,822 | 5,956 | 6,838 | 6,017 |

Note 20. Creditors, falling due within one year

| | Group | | Charity | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2016 (£'000) | 2015 (£,000) | 2016 (£'000) | 2015 (£,000) |
| Trade creditors | 1,263 | 861 | 1,263 | 861 |
| Accruals for grants payable | 314 | 314 | 314 | 314 |
| Taxation and social security | 373 | 360 | 373 | 360 |
| Other creditors | 203 | 226 | 200 | 226 |
| Accruals | 1,283 | 1,142 | 1,278 | 1,136 |
| Deferred income | 561 | 350 | 561 | 350 |
| | 3,997 | 3,253 | 3,989 | 3,247 |
| Deferred income 1 April | 350 | 422 | 350 | 422 |
| Amount released to income earned from charitable activities | (289) | (404) | (289) | (404) |
| Amount deferred in year | 500 | 332 | 500 | 332 |
| Deferred income 31 March | 561 | 350 | 561 | 350 |

Note 21. 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 £4.8m (2015: £5.4m).

Note 22. Analysis of group net assets between funds

| Fund balances at 31 March are represented by: | Unrestricted funds (£'000) | Restricted funds (£'000) | Endowment funds (£'000) | Total funds 2016 (£'000) | Total funds 2015 (£'000) |
|---|----------------------------|--------------------------|-------------------------|--------------------------|--------------------------|
| Intangible fixed assets | 866 | - | - | 866 | 880 |
| Tangible fixed assets | 10,221 | 1,602 | - | 11,823 | 5,158 |
| Investments | 3,319 | - | 68 | 3,387 | 3,502 |
| Current assets | 9,537 | 725 | - | 10,262 | 17,431 |
| Current liabilities | (3,996) | (1) | - | (3,997) | (3,516) |
| Pension liability | (7,381) | - | - | (7,381) | (12,960) |
| Group net assets | 12,566 | 2,326 | 68 | 14,960 | 10,495 |

Note 23. Pensions

Group and company

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 member’s 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 a different company.

The amount recognised in SoFA is as follows:

| Note | 2016 (£'000) | 2015 (£'000) |
|---|-----------------|-----------------|
| Defined benefit scheme | | |
| Current service cost | - | - |
| Defined contribution schemes | 593 | 579 |
| Total charge in operating profit | 593 | 579 |
| Defined benefit scheme | | |
| Net interest expense | 413 | 569 |
| Total charge | 1,006 | 1,148 |

The amounts above have been allocated against charitable expenditure and expenditure on raising funds.

1. Defined benefit scheme

The pension cost that would have been charged to operating surplus under FRS 102 for the year amounts to £262,000 (2015 pension cost: £308,000). This charge is equal to the contributions of £262,000 (2015: £308,000) paid by Action on Hearing Loss in respect of the Defined Contribution Section of the Scheme.

Contributions to the Scheme for the year beginning 1 April 2016 are expected to be £965,000, plus contributions to the Defined Contributions scheme. Except where stated otherwise, the remainder of the FRS 102 pensions note relates only to the Defined Benefit Section of the Scheme.

A full actuarial valuation of the Scheme was carried out on 31 March 2016 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.

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 funding plan is a schedule of 12 monthly deficit reduction payments that started in 2009 designed to eliminate the deficit by 2031.

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

| | 2016 | 2015 |
|------------------------------|-------|-------|
| Discount rate at 31 March | 3.60% | 3.30% |
| Inflation assumption | 3.00% | 3.00% |
| Future LPI pension increases | 3.00% | 3.00% |
| Revaluation in deferment | 3.00% | 3.00% |

Note 23. Pensions, continued

Assumed life expectations on retirements at age 65:

| | 2016 | 2015 |
|--------------------------------|------|------|
| Retiring today - females | 24.2 | 24.7 |
| Retiring today - males | 21.8 | 22.4 |
| Retiring in 20 years - females | 26.2 | 26.7 |
| Retiring in 20 years - males | 23.5 | 24.2 |

| Reconciliation of scheme assets and liabilities | Assets (£'000) | Liabilities (£'000) | Total (£'000) |
|---|-------------------|------------------------|------------------|
| As at 1 April 2015 | 58,249 | (71,209) | (12,960) |
| Benefits paid | (2,086) | 2,086 | - |
| Employer contributions | 938 | - | 938 |
| Current service cost | - | - | - |
| Interest income/(expense) | 1,903 | (2,316) | (413) |
| Remeasurement gains | - | 6,368 | 6,368 |
| Return on plan assets | (1,314) | - | (1,314) |
| Total charge | 57,690 | (65,071) | (7,381) |

| | 2016 (£'000) | 2015 (£'000) |
|-----------------------|-----------------|-----------------|
| Current service costs | - | - |
| Net interest expense | 413 | 569 |
| Total charge | 413 | 569 |

No amounts (2015: nil) were included in the cost of assets.

The fair value of the plan 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:

| Reconciliation of scheme assets and liabilities | Value at 2016 (£'000) | Value at 2015 (£'000) |
|---|--------------------------|--------------------------|
| Equity and property | 18,439 | 15,600 |
| Fixed interest | 25,192 | 27,198 |
| Index linked gilts | 5,709 | 7,956 |
| Insured annuities | 662 | 789 |
| Cash | 2,094 | 3,128 |
| Other | 5,594 | 3,578 |
| Fair value of scheme assets | 57,690 | 58,249 |

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

| The return on the plan assets was: | 2016 (£'000) | 2015 (£'000) |
|--|-----------------|-----------------|
| Interest income | 1,903 | 2,068 |
| Return on plan assets less interest income | (1,314) | 10,629 |
| Total return on plan assets | 589 | 12,697 |

Note 23. Pensions, continued

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:

| | 2016 (£'000) | 2015 (£'000) |
|-----------------------------------|-----------------|-----------------|
| Current year contributions | 593 | 579 |

Note 24. Financial instruments

The Group has the following financial instruments:

| | 2016 (£'000) | 2015 (£'000) |
|---|-----------------|-----------------|
| Financial assets that are debt instruments measured at amortised cost | | |
| Trade debtors | 4,613 | 3,718 |
| Other debtors | 133 | 143 |
| Investments in short-term deposits | 1,112 | 10,887 |
| | 5,858 | 14,748 |
| Financial liabilities measured at amortised cost | | |
| Trade creditors | 1,263 | 1,263 |
| Other creditors | 203 | 226 |
| | 1,466 | 1,489 |

Note 25. Group/Charity statement of funds – restricted and endowment funds

1. Designated funds

| | Balance, 1 April 2015 (£'000) | Income (£'000) | Expenditure (£'000) | Balance, 31 March 2016 (£'000) |
|---|-------------------------------------|-------------------|------------------------|--------------------------------------|
| Property purchase fund | 8,000 | - | (6,737) | 1,263 |
| Total designated – Group and Charity | 8,000 | - | (6,737) | 1,263 |

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

A new head office property was purchased on 17 August 2015. The remaining balance will be applied to costs associated with the refurbishment and move to the new head office.

Note 25. Group/Charity statement of funds – restricted and endowment funds, continued

2. Restricted funds

| Restricted | Balance, 1 April 2015 (£'000) | Income (£'000) | Expenditure (£'000) | Balance, 31 March 2016 (£'000) |
|--|-------------------------------------|-------------------|------------------------|--------------------------------------|
| The Bath Charity | 1,639 | - | (37) | 1,602 |
| Legacy restricted to tinnitus research | - | 71 | - | 71 |
| Hear to Meet Wales * | 36 | 158 | (119) | 75 |
| Glasgow Integrated Sensory Services * | 34 | 35 | (24) | 45 |
| Legacy restricted South Wales | - | 40 | - | 40 |
| Harlow Trust Fund | 35 | - | (1) | 34 |
| In Touch * | 33 | 98 | (99) | 32 |
| Equality & inclusion * | - | 59 | (27) | 32 |
| Hear to Help Wales * | 18 | 169 | (156) | 31 |
| Tayside Integrated Sensory Services * | - | 53 | (22) | 31 |
| Moving On * | 10 | 144 | (124) | 30 |
| Restricted to investigation into genetic causes of deafness | - | 25 | - | 25 |
| Grants restricted to use in Scotland | 17 | 5 | - | 22 |
| Isle of Wight Befriending | 34 | - | (17) | 17 |
| Pathway to Lipreading Scotland * | 22 | - | (6) | 16 |
| Restricted to identifying ways to improve therapies to regrow hair cells | - | 50 | (34) | 16 |
| Hear to Meet in Kirklees * | 22 | 44 | (51) | 15 |
| Hear to Care * | 3 | 67 | (56) | 14 |
| Healthier Lives Northern Ireland * | 58 | 49 | (107) | - |
| Research into the improvement of hearing aids | 58 | - | (58) | - |
| Online Today project * | - | 114 | (114) | - |
| Legacy restricted towards research into treatments and cures for hearing loss and tinnitus | - | 104 | (104) | - |
| Northumberland Volunteers * | - | 59 | (59) | - |
| Research into finding treatments for tinnitus and hearing loss | - | 50 | (50) | - |
| NI Employability Programme * | - | 50 | (48) | 2 |
| Hear to Help in The Belfast Health and Social Care Trust area * | 1 | 40 | (41) | - |
| SHSCT Hear to Help * | 8 | 39 | (44) | 3 |
| Tinnitus Service Northern Ireland * | 4 | 38 | (40) | 2 |
| Provision of sensory services Northern Ireland * | - | 40 | (39) | 1 |
| David Ormerod hearing aid support | - | 45 | (45) | - |
| Hear to Help SEHSCT * | - | 44 | (44) | - |
| ESF Employability NI - EU * | - | 32 | (32) | - |
| Hear to Help Leeds | 25 | - | (23) | 2 |
| Manchester Hear to Help | - | 35 | (23) | 12 |
| Leicester Ageing Together * | - | 39 | (24) | 15 |
| Ayrshire and Arran Integrated Sensory Services * | 13 | 4 | (10) | 7 |
| BIS Lipreading * | 10 | 4 | (14) | - |
| Other restricted funds | 157 | 718 | (741) | 134 |
| Restricted funds | 2,237 | 2,522 | (2,433) | 2,326 |

* Government-funded

Note 25. Group/Charity statement of funds – restricted and endowment funds, continued

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

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

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

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

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

Equality and inclusion funding provide people with sensory loss with training and support to improve their confidence and skills and to share their personal experiences of using everyday services relating to health, housing and social services.

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

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.

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

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

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

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

Hear to Care aims to improve the long-term care and support for older people in care settings.

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

Research into the Improvement of Hearing Aids is a grant which could help the 6.5 million people over 60 with age-related hearing loss.

Note 25. Group/Charity statement of funds – restricted and endowment funds, continued

Online Today Project provides people with sensory loss gain the basic skills and confidence to use technology and get online.

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

NI Employability Programme supports people with hearing loss across Northern Ireland to enter employment.

Hear to Help in The Belfast Health and Social Care Trust area is a volunteer-led service which provides hearing aid support on a one-to-one basis through home visits and drop in centres.

SHSCT Hear to Help provides hearing aid support on a one-to-one basis and in drop-in settings across the Southern Health and Social Care Trust area.

Tinnitus Service Northern Ireland aims to run tinnitus courses across Northern Ireland enabling people to understand how to cope and manage their condition.

Provision of sensory services Northern Ireland funds are sensory work in Northern Ireland where we support people who are deaf, deafened, deafblind or have a hearing loss.

We work, in partnership with **David Ormerod Hearing Centres**, to provide a hearing aid support aftercare service to deaf or hard of hearing people who have an NHS hearing aid.

Hear to Help service in Southern Trust area of Northern Ireland is a volunteer-led service which provides hearing aid support on a one-to-one basis and in drop-in settings in communities.

ESF Employability NI - EU supports people with hearing loss across Northern Ireland to enter employment.

Hear to Help Leeds is a volunteer-led service which provides hearing aid support on a one-to-one basis and in drop-in settings in Leeds. They also provide information on hearing equipment and other services available for local people with hearing loss.

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

Leicester Ageing Together is a peer-to-peer information and support project for older people who are deaf or hard of hearing in the Leicester area. Supported by a project co-ordinator volunteers will support older people with information and advice with the long-term management of their hearing aids and hearing loss and provide opportunities for people to come together and share information and experiences.

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

BIS Lipreading aims to assess the benefits of accessing a package of lipreading and hearing support for those wishing to move into or remain in employment

Other restricted funds comprises 30 restricted funds providing income in support of Action on Hearing Loss activities.

Note 25. Group/Charity statement of funds – restricted and endowment funds, continued

| | Balance, 1 April 2015 (£'000) | Income (£'000) | Expenditure (£'000) | Balance, 31 March 2016 (£'000) |
|------------------------|-------------------------------------|-------------------|------------------------|--------------------------------------|
| Endowed | | | | |
| The Wennington Charity | 68 | - | - | 68 |
| Endowed funds | 68 | - | - | 68 |
| Total funds | 2,305 | 2,522 | (2,433) | 2,394 |

The purposes of these funds is explained on pages 89-90.

Note 26. Capital and other commitments – Group and Charity

| | 2016 (£'000) | 2015 (£'000) |
|---|-----------------|-----------------|
| Contracts for future capital expenditure not provided in the financial statements – property, plant and equipment | 22 | 48 |

As at 31 March 2016, Action on Hearing Loss had a total value of minimum future lease payments as set out below:

| | 2016 (£'000) | 2015 (£'000) |
|----------------------------|-----------------|-----------------|
| Payments due | | |
| Within one year | 950 | 661 |
| Between one and five years | 782 | 1,821 |
| After five years | 291 | 154 |
| | 2,023 | 2,636 |

Note 27. Notes to the cashflows statement

| | 2016 (£'000) | 2015 (£'000) |
|---|-----------------|-----------------|
| Net expenditure for the reporting year (as per the statement of financial activities) | (589) | (904) |
| Adjustments for: | | |
| Depreciation charge for the year on tangible assets | 365 | 368 |
| Amortisation charge for intangible assets | 158 | 198 |
| Losses/(gains) on investments | 113 | (244) |
| Interest paid | 12 | 10 |
| Interest received | (148) | (83) |
| Dividends received | - | (105) |
| Profit on disposal of tangible assets | (1) | (64) |
| Decrease/(increase) in stock | 131 | (73) |
| Increase in debtors | (866) | (1,409) |
| Increase/(decrease) in creditors | 744 | (372) |
| Pensions reserve funding deficit movements | (525) | (760) |
| Net cash used in operating activities | (606) | (3,438) |

| Analysis of cash and cash equivalents | At 1 April 2015 (£'000) | Cashflows | At 31 March 2016 (£'000) |
|--|----------------------------|----------------|-----------------------------|
| Cash at bank and in hand | (263) | 2,134 | 1,871 |
| Short-term deposits | 10,887 | (9,775) | 1,112 |
| Total cash and cash equivalents | 10,624 | (7,641) | 2,983 |

Note 28. Related party transactions

Expenses reimbursed to Trustees and the remuneration of the Key Management Personnel of the Charity are disclosed in Note 12 and transactions by the Charity with its defined benefit pension scheme are set out in Note 23. There were no other transactions during the year that come within the definition of 'related party transactions' in FRS 102. All were at arm's length, and this has been substantiated.

Paul Breckell is Chief Executive of the Charity and is also a Trustee of Roffey Park Institute Limited. On commercial terms, the Charity used the services of the Roffey Park Institute Limited totalling £3,130 (2014-15: £1,950).

Richard Jones is a Charity Trustee and also a Trustee and Chair of Audit at Scope. On commercial terms, there was £664 for room and facilities hire (2014-15: Nil).

Liz Tait is a Charity Trustee and is also a Trustee and Chair of the Institute of Fundraising. On commercial terms, there was £355 for attendance at conferences (2014-15: £22,232).

The Group has taken advantage of the exemption under FRS 102 'Related Party Transactions' that permits non-disclosure of transactions with wholly-owned Group undertakings that are eliminated on consolidation.

During 2015-16, Trustees and Key Management Personnel raised £2,945 through donations and fundraising activities (2014-15: £71,364).

Note 29. Company

Other than the transactions disclosed above, the Company's other related party transactions were with the wholly owned subsidiary and so have not been disclosed.

Note 30. Events after the reporting period

After the balance sheet date, on 4 May 2016, the Charity completed the property purchase and transfer of adult services at Westgate-on-Sea. This ensured that 49 vulnerable adults were able to remain in their homes, which had been threatened with closure. A mortgage of £3.2m, payable over 25 years, was secured to purchase five properties, with repayments funded from the transferred services.

On 23 June 2016, the United Kingdom voted to leave the European Union. On 24 June 2016 the Prime Minister resigned. At the time of signing the Financial Statements, it is too early to determine with any certainty what the EU referendum decision will mean for the Charity or our beneficiaries. There will be at least a two-year window to exit the European Union. Risks and opportunities arising from exiting the European Union are being proactively identified and managed through the Audit Committee.

Note 31. Transition to FRS 102

This is the first year that the Group and Charity has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014.

No adjustments to the previous year's funds carried-forward figure have been made.

No holiday accrual has been made as the amounts involved were deemed insignificant.

There has been no change to the pension deficit creditor for 2015 as a result of the move to FRS 102.

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.

Big Lottery Fund (this funding is restricted)

Healthier Lives for Deaf and Hard of Hearing People
- Northern Ireland

RNIB Online Today - National

Hear to Help - Wales

Hear to Meet - Wales

In Touch Project - Northern Ireland

Moving On - Scotland

Northumberland Information Volunteering Project
- England

Accelerating Ideas - UK-wide

Statutory

Health and Social Care Alliance Scotland - Lipreading

Belfast Health & Social Care Trust (BHSCT) - Hear to Help

Department of Employment & Learning (DEL)
- Specialist Employment Programme

Department of Health - Hear to Care

Department of Health, Social Services & Public Safety (DHSSPS) - Core Grant

Disability Employment Services (DES) - Specialist Employment Programme

Dundee Community Regeneration Fund - Lochee
- Tayside Hear to Help

Doncaster Deaf Trust
- Employment Services Wales
- Employment Services Scotland

Health and Social Care Board (HSCB)
- Tinnitus Service

- Tinnitus Information Packs & GP Tinnitus Awareness Training

Kirklees Council
- Kirklees Hear to Meet

NHS Wiltshire Clinical Commissioning Group
- Salisbury Hear to Help

Northern Health and Social Care Trust (NHSCT)
- Hear to Help

The Rest Grant Scheme
- Residential Homes Project Wales

South Eastern Health and Social Care Trust (SEHSCT)
Hear to Help Service - Community Support

Southern Health and Social Care Trust (SHSCT)
- Hear to Help

Voluntary Action Fund - Glasgow Hear to Help

Welsh Government - Equality and Inclusion in Wales

Western Health and Social Care Trust (WHSCT)
- Sensory Support Services

European Social Fund (ESF)
- Specialist Employment Programme

Trusts

The Charles Wolfson Charitable Trust
- Biomedical Research

The Donald Forrester Trust - Information Line

The Edith Murphy Foundation
- Biomedical Research

The Eveson Charitable Trust
- Birmingham Hear to Help

The Frederick Arthur Alford Charitable Trust
- Biomedical Research

Gerald Micklem Trust
 – Biomedical Research
 – Southampton Project

The Galanthus Trust – Biomedical Research

Hospital Saturday Fund – Biomedical Research

Joan Ainslie Charitable Trust

Lord and Lady Lurgan Trust
 – NI Information & Advice Service

The Liz and Terry Bramall Foundation
 – Manchester Hear to Help

The Marjorie and Edgar Knight Charitable Trust

The Nora and Olive Brewer Memorial Trust

Orticon Foundation – Tayside Hear to Help

People’s Postcode Trust – Poolemead Greenhouse

PF Charitable Trust – Biomedical Research

Philip and Marjorie Robinson Charitable Trust
 – Biomedical Research

The Robertson Trust – Tayside Hear to Help

Rosetrees Trust – Biomedical Research

ShareGift

Corporate

Boots Hearingcare

Phonak

Major Gifts

The Schroder Foundation

The Marston Family Foundation

Melanie and Stephen Edge

Professor Elizabeth Russell

Dr Roger J Allport

Mrs Julia Alexander

Mr and Mrs John Walton

Dr Susan Wilson

MariaMarina Foundation

We remember with deep gratitude the 458 donors who left gifts to us in their wills in 2015-16. Every legacy gift is truly appreciated.

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



LOTTERY FUNDED



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How can we help each other?

Hearing loss affects over 11 million people in the UK. By 2035, it'll be one-fifth of us. It could affect you or someone that you know. We have a wide range of services that can help.

Information, resources and advice

Take a look at our website at actiononhearingloss.org.uk to find out about what we do, access more information through our online and printed resources – or visit our forums where you can share ideas with, and gain support from, other people who have hearing loss and/or tinnitus.

Information Line

You can contact us for information by calling our free helpline on **0808 808 0123** or textphone **0808 808 9000**. It's a great place to start if you want practical information on any aspect of deafness, hearing loss or tinnitus; or to find out more about what we do, or how we can help you or your friends or family.

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We have a range of products designed to make life easier, safer and more enjoyable. There are hundreds of clever devices to help you maintain your independence and carry on doing all the things you love.

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 Telephone **03330 144 525**

 Textphone **03330 144 530**

 Email solutions@hearingloss.org.uk

Training, consultations and work-based assessments

Our deaf awareness training, start to sign training and work-based assessments help ensure that the workplace and public places are accessible for people who are deaf or have hearing loss. For more information:

 Telephone **0333 240 5658**

 Textphone **0161 276 2316**

 Email access.solutions@hearingloss.org.uk

How you can help us:

We can't do what we do without our brilliant volunteers and donations. Join our cause and help us to achieve even more in 2016-17.

Volunteer

Our 1,400 volunteers bring skills, experience, energy, enthusiasm and commitment to Action on Hearing Loss, and volunteering can make a difference in your life too, letting you meet new people and learn new skills. To find out more about volunteering, please email volunteering@hearingloss.org.uk

Become a member

Join us today! Become a member and stay connected. For **just £12.50** a year you will receive our award-winning members' magazine, sent directly to your door four times a year. Packed with the latest news and stories of real-life experiences, it gives you the opportunity to pick up some great tips and advice. What's more, we provide regular reviews of hearing loss products to suit your needs, and give you the chance to find out about upcoming accessible events near you. You'll even receive a discount on our product catalogue and online shop.

For more information, and to sign up to be a member, visit actiononhearingloss.org.uk

Raise funds for us

Whether you have 10 minutes or 10 days, if you want to go it alone or as part of a group, if your venue is your home, school or place of work, there are countless ways you can do your part and help those confronting deafness, tinnitus, and hearing loss. We love finding new and different ways to raise money. So, if you are bursting with ideas and want to come up with your own event or challenge - then go for it! We have Regional Fundraising Managers throughout the UK who would be delighted to help you every step of the way.

As well as organising your own fundraising event, why not nominate us as your business or community group's Charity of the Year? You could even share your birthday or anniversary with us and take part in celebration giving. Or simply adopt a collection tin and place it somewhere local. For more information, or to register your interest, email community@hearingloss.org.uk

Join us today and stay connected

Please print in **block capitals** and return to **FREEPOST RTLS-HYHS-RUJA, Action on Hearing Loss, 19-23 Featherstone Street, London EC1Y 8SL**



A national charity since 1911

Name:

Address:

Postcode:

As well as sending you membership information by post, we'd like to keep you updated with the many ways you can help people confronted by hearing loss - including fundraising, campaigning and volunteering - and the help we can offer, including our products and services. By submitting your details below, you are confirming you are happy to hear from us in this way.

Tel/texphone:

Email:

If you do not wish to hear from us by post, please tick this box , email **supportercare@hearingloss.org.uk** or write to us at Freepost RTLX-CZKX-BTTZ 19-23 Featherstone Street, London EC1Y 8SL. We may on occasion like to share your details with other likeminded organisations. If you are happy for us to do this, please tick this box .

Payment by Direct Debit:

I would like to make a membership payment of:

£17.50 (in full-time employment) £12.50 (unwaged, retired or full-time student)

Take payment each year from the **1st** **15th** of the next available month (tick as appropriate)

Instruction to your bank or building society to pay by Direct Debit

Name and full postal address of your Bank or Building Society

To the manager Bank/Building Society

Address

Postcode

Name(s) of account holder(s)

Branch sort code: / /

Bank/Building Society Account No.:

Reference:

Service user number **250901**

Please pay Action on Hearing Loss Direct Debits, from the account detailed in this instruction subject to the safeguards assured by the Direct Debit Guarantee. I understand that this instruction may remain with Action on Hearing Loss and if so, details will be passed electronically to my Bank/Building Society.

Signature(s) Date

Banks and Building Societies may not accept Direct Debit Instructions for some types of accounts.

Payment by credit/debit card or cheque:

I would like to make a membership payment of:

£22 (in full-time employment)

£15 (unwaged, retired or full-time student)

Credit/debit card:

Visa Mastercard Maestro

CAF Card

(The last three digits on the signature strip on the rear of the card)

Card number: (Maestro only)

Start date: / Expiry date: / Issue no: / (Maestro only) Security no:

Or please enclose a cheque or postal order made payable to **Action on Hearing Loss.**

Make your membership payment worth 25% more with Gift Aid

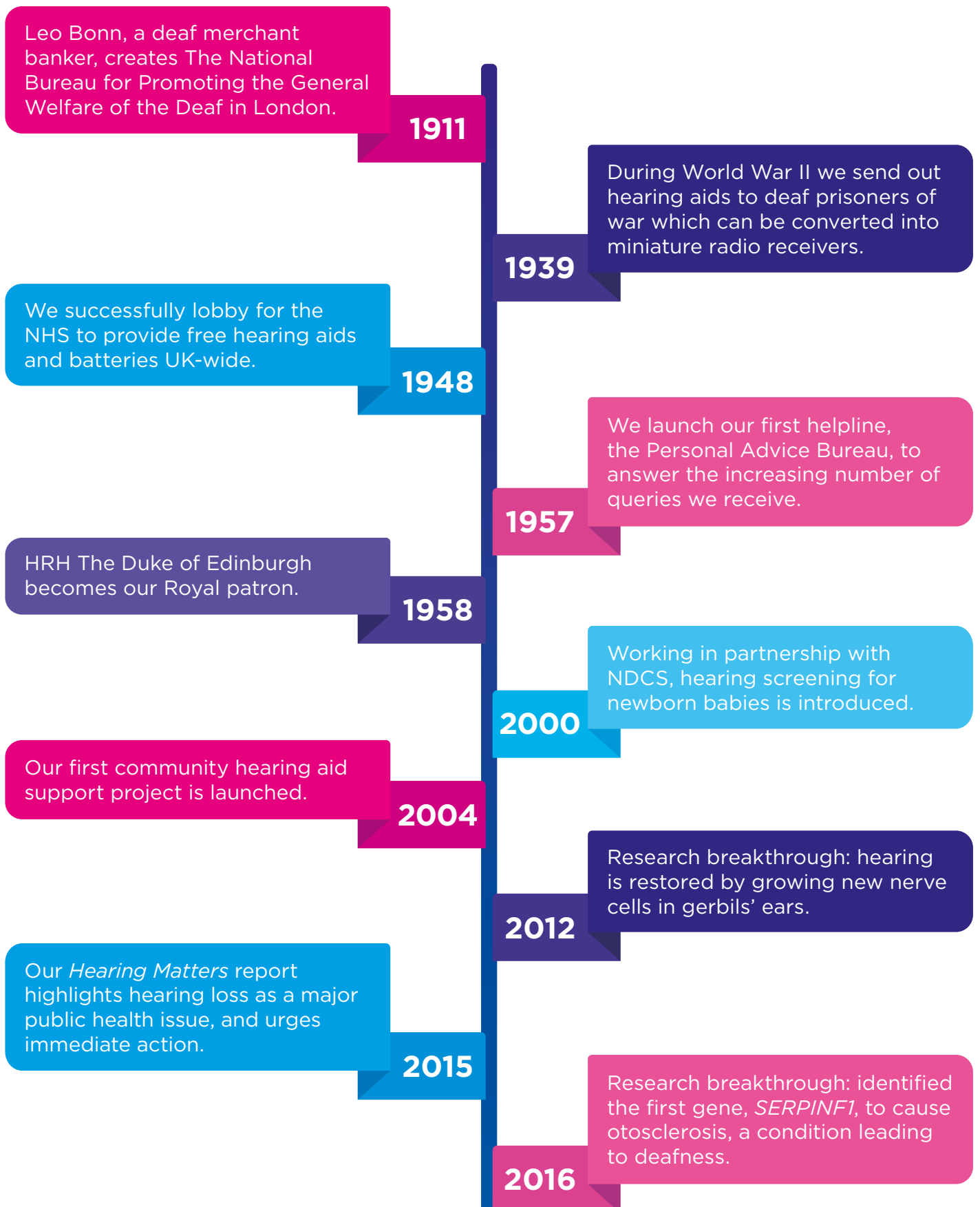
Yes, I would like Action on Hearing Loss to treat all donations I have made for the four years prior to this year, and all donations I make in the future, as Gift Aid donations until I notify you otherwise. I confirm that I have paid or will pay Income Tax and/or Capital Gains Tax for each tax year (6 April one year to 5 April the next) that is at least equal to the amount of tax that all charities and Community Amateur Sports Clubs that I donate to will reclaim on my gifts for that tax year. I understand that other taxes such as VAT and Council Tax do not qualify. I understand the charity will reclaim 25p of tax on every £1 that I have given.

No, I am not a UK tax payer.

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105 years of impact



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**

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|-----------|--|
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| Textphone | 0808 808 9000 |
| SMS | 0780 000 0360 (standard text message rates apply) |
| Email | information@hearingloss.org.uk |

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On the cover: Hugh Donaghy, from Glasgow, has recently switched from using one hearing aid to a pair of BiCros hearing aids, to better manage his hearing loss. He describes the switch as 'transformational', and now finds it much easier to communicate.