

CHARITY NO: SC009898

COMPANY NO: SC396876

DEAF ACTION

(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

DEAF ACTION
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	PAGE
Reference and Administrative information	1
Report of the Trustees	2-13
Independent Auditor's Report	14-15
Statement of Financial Activities	16
Balance Sheet	17
Cashflow Statement	18
Notes to the Financial Statements	19-34

DEAF ACTION
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

REFERENCE AND ADMINISTRATIVE INFORMATION

Trustees:	Keith Hyland David Wilson Pamela Brunt William Nicol Denise Lightbody Tommy Robertson Ken Macdonald Rosie Addis
Secretary:	Aidan McCorry
Principal Office:	49 Albany Street Edinburgh EH1 3QY
Charity Number:	SC009898
Company Number:	SC396876
Independent Auditors	Wylie & Bisset LLP 168 Bath Street Glasgow G2 4TP
Bankers	Bank of Scotand PO Box 10, St Andrew's Square Edinburgh EH2 2YR
Solicitors	Morton Fraser LLP Quartermile Two 2 Lister Square Edinburgh EH3 9GL
Investment Advisers	Brewin Dolphin 7 Drumsheugh Gardens Edinburgh EX3 7QH Barclays Wealth 12 Melville Crescent Edinburgh EH3 7LU

DEAF ACTION
(A company limited by guarantee)

Report of the Executive Committee for the year ended 31 March 2016

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

The legal and administrative information on page one forms part of this report.

The Board of Trustees of Deaf Action present their Annual Report together with the audited financial statements for the year ended 31 March 2016.

Reference and Administrative Details

The organisation was formally constituted at a public meeting held in Edinburgh on 18 November 1835.

Deaf Action incorporated on 1 April 2011 as a Registered Charity Number SC 009898, Registered Company Number SC 396876, having previously been a registered friendly society. Deaf Action is a Company limited by guarantee with each of the members surrendering £1. The Directors of the company were:

Keith Hyland	William Nicol
Tommy Robertson	Dr Fraser Quin***
David Wilson	Pamela Brunt
Peter Hay*	Denise Lightbody
Ken Macdonald	Anthony Pelosi
Rev Rosie Addis**	

*Peter Hay resigned as a Director on 10 September 2015

**Rev Rosie Addis was appointed as Chair 25 November 2015

***Dr Fraser Quin resigned as Chair on 26 August 2015

Secretary and Chief Executive is Aidan McCorry and Treasurer is Robert Clark. Other organisational advisers in 2015/2016 were:

- The Bank of Scotland, PO Box 10, St Andrew's Square, Edinburgh, EH2 2YR
- Barclays Wealth, 12 Melville Crescent, Edinburgh, EH3 7LU
- Brewin Dolphin, 7 Drumsheugh Gardens Edinburgh, EH3 7QH
- Wylie and Bisset LLP, Chartered Accountants and Registered Auditors, 168 Bath Street, Glasgow, G2 4TP
- Morton Fraser LLP, Quatermile Two, 2 Lister Square, Edinburgh EH3 9GL

The Organisation's registered office is 49 Albany Street, Edinburgh, EH1 3QY

DEAF ACTION
(A company limited by guarantee)

Report of the Executive Committee for the year ended 31 March 2016 (continued)

Governance

Deaf Action's elected Board of Trustees consists of a Chair, Vice Chair and a Committee of not less than 5 and no more than 15 people, with a majority where possible of those who themselves have sensory needs. One third of the elected members retire each year, but may stand for re-election at the AGM. All members are circulated with invitations to nominate Trustees prior to the AGM advising them of the retiring Trustees and requesting nominations for the AGM. Information relating to the work of the organisation, including the Articles of Association, the Scottish Regulator's Guidance on Trustee Duties and the Strategic Plan, are provided to new Trustees on induction and briefing meetings held with the Chair and Chief Executive as part of ongoing training and support. Training courses in Deaf Awareness and governance are made available.

The Board of Trustees meets four times a year, in addition to the AGM, and reviews organisational policy and direction, operating plans and budgets. The organisation is also supported by a Finance & Personnel Sub Committee, Services Sub Committee and Sports and Social Club Committee with delegated responsibilities, but which regularly report back to the Board so that recommendations may be fully ratified. Twice a year a meeting is held between Senior Managers, the Trustees and Treasurer to review work, service targets and the strategic direction of the charity. Risk assessments in relation to the major business and operational activities of the organisation are carried out and a Corporate Risk Register is reviewed by the Board of Trustees quarterly so that steps may be taken where necessary to reduce these risks. These key risks are detailed later in the Report under Risk Statement.

Objectives and Activities

Deaf Action's objectives are to promote the welfare of deaf people and those with other sensory and support needs by providing social work, community development, communication support, and technical equipment services to assist with research connected with deafness and provide information and training. It also supports specialist accommodation, and social and leisure activities.

Its vision is to work for an equal and better future for all deaf people, as well as those with other sensory and support needs, to raise awareness of their needs and rights, challenge discrimination and provide services to promote independence and quality of life. We further aim to achieve this through:

- **Equality** – we will treat others fairly and honestly and value the contribution they can make.
- **Diversity** – we will ensure that everybody's needs and requirements are understood and responded to within employment practice and service design and delivery.
- **Integrity** – we will be fair, honest, transparent and trustworthy in all our dealings with staff, volunteers, service users and partners.
- **Quality** – we will always seek to improve by developing our monitoring and evaluation processes and listening to and learning from our staff, volunteers, service users and partners.
- **Innovation** – we will create and deliver services that test new ideas and approaches that keep us at the forefront of Scotland's sensory support thinking.

DEAF ACTION
(A company limited by guarantee)

Report of the Executive Committee for the year ended 31 March 2016 (continued)

The strategies employed to achieve the charity's aims and objectives are to:

- Work in partnership with local authorities to secure the necessary funding required to deliver social work, communication support, specialist equipment and accommodation services

Success is measured by: number of contracts secured; numbers of service users supported; number of communication hours delivered; number of specialist equipment assessments and items of equipment installed and/or repaired; feedback from internal evaluations and questionnaires; positive feedback from external evaluations

- Commission and contribute to research, consultations and conferences related to improving the welfare of deaf people

Success is measured by: number of contributions made; number of consultations involved in; feedback from internal and external evaluations and questionnaires; representation at major conferences and events

- Host an Annual Lecture that provides a high profile platform for debate, reflection or information sharing about important policy and practice developments in the sector

Success is measured by: number of attendees at the event; feedback from attendees; business opportunities identified

- Offer deaf awareness, lipreading and SQA approved BSL classes to public bodies and individuals

Success is measured by: number of courses delivered; number of attendees; feedback from evaluations and questionnaires

- Present a broad range of social and leisure activities devised in consultation with service users

Success is measured by: number of courses delivered; number of attendees; feedback from evaluations and questionnaires

- Provide the facilities for deaf clubs to meet and socialise

Success is measured by: number of clubs accessing the facilities; number of attendees; feedback from evaluations and questionnaires; positive relationship between the organisation and the deaf community

- Develop innovative new services in partnership with organisations such as the Big Lottery and BBC Children in Need

Success is measured by: number of contracts secured; numbers of service users supported; feedback from evaluations and questionnaires; positive relationship with funders

DEAF ACTION
(A company limited by guarantee)

Report of the Executive Committee for the year ended 31 March 2016 (continued)

Background

Undoubtedly the most significant development in Scotland during the course of the year, in terms of ensuring the particular needs and requirements of deaf people are recognised, was the passing of the BSL (Scotland) Act. A great deal of lobbying, consultation and persistence paid off when, on 17 September 2015, the Scottish Parliament passed the Act unanimously in front of a packed and very excited Visitor's Gallery at Holyrood. Deaf Action BSL/English Interpreters had been working with the Parliament throughout the intense process leading up to the vote and it was fitting that Shaurna Dickson, Deaf Action's Communication and Training Manager, was standing next to and interpreting the words of the Presiding Officer as the Act was passed. This event marked a major step towards highlighting the need for widespread BSL skills and easier access to effective interpreter support and we were pleased to be asked to join the Deaf Sector Partnership (DSP), a grouping of deaf organisations brought together by the Scottish Government's Equality Unit, to ensure the effective implementation of the Act. This is important work and we were tasked with delivering BSL Awareness training to public bodies across Scotland and recruiting a Youth Participation Officer to ensure young people were given the opportunity to feed-in their views. In addition, we were actively involved in the recruitment and facilitation of the National Advisory Group (NAG) and Youth National Advisory Group (YNAG), the bodies that link directly with the Scottish Government to support the development of their National Plan.

Elsewhere, the implementation of See Hear, the Scottish Government's strategic framework for meeting the needs of people with a sensory impairment in Scotland and the roll-out of Self Directed Support continued and we were active in ensuring that information relating to these initiatives was both accessible and clear. This involved enhancing our Multimedia Service to meet the demand.

Service Delivery

The challenges faced during the year to maintain and develop quality services in the face of unprecedented austerity and growing need were considerable but were met by a willing and flexible staff group and a supportive Board. We were delighted that our Big Lottery bid to deliver a 4 year Employability Service to deaf adults 25+ from Edinburgh, Fife, Dundee and Perth and Kinross was successful and recruitment to the service took place in the latter part of the year. It's early days with this exciting and much needed initiative but the networking and marketing activities undertaken by staff have already identified a demand.

We were also pleased that our BBC Children in Need funded Youth Service became really well established during the year providing a focus for young people to come together, to form and create friendships and to gain in confidence and improve their relationships and communication skills. The Youth Service attracted 152 young people during the course of the year and an active Youth Council was established in order that the young people could decide themselves what activities they would like to get involved in. Outings included Invention Workshops, Nature Play Workshops and indoor wall climbing.

DEAF ACTION
(A company limited by guarantee)

Report of the Executive Committee for the year ended 31 March 2016 (continued)

Our Communication Support Agency provided 2563 assignments in 2015/16 throughout Edinburgh and the Lothians, Highland and Tayside areas. This resulted in 6,608.5 hours of support for D/deaf people via BSL/English Interpreters, Electronic Notetakers, Lipspeakers and Communication Support Workers.

The Training Team delivered high quality SQA approved BSL courses, starting at Introductory BSL level right through to Level 3, to 152 adults last year. We also delivered BSL taster sessions to over 26 students and Family BSL classes to 14 families or 53 people. We ran 10 Deaf Awareness sessions informing 230 people.

Our Adult Learning Centre continued to expand its range of activities to include practical classes in bicycle maintenance and driving test theory alongside more leisurely pursuits such as a Ghost Tour and a Cocktail Masterclass. These activities, which are taught by deaf people using BSL or other communication strategies for people with acquired hearing loss, proved very popular and attracted 156 participants during the year.

In Edinburgh and Lothian during 2015/16, 796 people with a hearing loss were referred to our specialist equipment team for assessment with follow up visits to install 792 items of equipment. The team also repaired or replaced 304 items. In addition, the team attended the Sensory Impairment Centre at St John's Hospital in Livingston 2 days a month, according to demand, which assisted in reducing waiting times for home assessment appointments for those people who are able to travel to the Centre.

Our Specialist Equipment Service in Aberdeenshire received 417 referrals and carried-out 385 home visits to people to assess their needs and installed 256 pieces of equipment for them. We also delivered 77 'drop in' sessions across the region in Banchory, Ellon, Fraserburgh, Huntly, Inverurie, Peterhead, Stonehaven and Banff. 704 people attended these sessions, an increase of 178 from last year.

In Dundee, our Sound Sense volunteer befriender project enabled people to continue to feel part of their community. Designed to maintain independence and quality of life and delivered by staff and volunteers who have specialist skills in communicating with deaf people, Sound Sense helped to reduce the social isolation faced by 13 people with a hearing loss. Volunteers donated 976 hours of their time to the project.

Lip-reading classes in Tayside and Fife were attended by 57 people with many seeing an increase in social confidence following the course. We also delivered a 2 week course on Deaf Awareness, BSL, Deaf culture and community to a group of 2nd and 3rd year students from the University of Dundee's Medical School. This unique module means that future doctors and nurses are much more aware of the importance of high quality communication support when caring for deaf patients.

Our Social Care service, staffed by qualified and experienced Social Workers, continued to support people through challenging periods or situations in their lives. The team completed assessments of need and provided continuous/ongoing support to 74 families across 4 local authorities in Lothian during the year and undertook over 213 instances of one-off casework and provision of advice/guidance. The team was also involved in supporting a number of Social Work students from the University of Edinburgh and giving them a valuable insight into delivering a sensitive service, highly attuned to the potential additional barriers that may be faced by deaf people.

DEAF ACTION
(A company limited by guarantee)

Report of the Executive Committee for the year ended 31 March 2016 (continued)

From our staff base within the Dunedin Canmore Housing Association development at Slateford Green we provide support to people who are deaf and who have additional needs throughout Edinburgh, East Lothian, Midlothian, West Lothian and Fife. At Slateford Green Deaf Action supports people in 15 flats within the 120 flat development as well as providing valuable support to people in their own homes through our outreach service. In 2015/16, we provided a total of 655 hours of support to 57 people. We are proud to deliver a quality service and were very pleased that, following an unannounced Care Inspectorate visit, we retained Grade 5 (Very Good) for quality of Care and Support, Grade 5 (Very Good) for quality of Staffing and Grade 4 (Good) for quality of Management and Leadership.

We were grateful to the Scottish Legal Aid Board for their continued support that enabled us to deliver our Money Matters Advice Service. Money Matters provides a range of benefits and debt advice to sign language users, both face-to-face and on-line. The introduction of more welfare reforms has meant that there was a greater need than ever to provide advice and guidance to those experiencing financial difficulties. In addition to the individual support offered this year, we also developed and disseminated a set of good practice guidelines.

Following the success of a pilot course in 2014/15, we ran a number of Careers Evenings aimed at encouraging participants to consider becoming qualified communication support workers and interpreters. Guest speakers and qualified BSL/English Interpreters gave presentations on how they use BSL in their work and answered questions about the support available to progress in this profession. With the passing of the BSL (Scotland) Act, there is likely to be a sharp increase in demand for communication support workers and interpreters and these courses have proved to be a very successful way of providing access to the information required by people considering this as a career.

Partnerships

One of the most significant developments that Deaf Action was involved in during the course of the year was the formation of the Deaf Sector Partnership. This group, set-up by the Scottish Government's Equality Unit, has been charged with ensuring the BSL (Act) 2015 is implemented effectively. Working collaboratively with our colleagues, we created a work plan that identified specific tasks each organisation would take forward. As mentioned earlier, our work involved delivering Deaf Awareness and basic BSL training to a range of public bodies as well as engaging with young BSL users to ensure they have a say in the implementation of the Act. This work would not be possible without the commitment and willingness of the other organisations involved working in partnership to achieve the same goal and Deaf Action has played a key role in ensuring this happens.

The positive relationship developed with RNIB Scotland through delivering the Edinburgh and Lothian Joint Sensory Partnership proved very useful when both organisations were asked by City of Edinburgh Council to jointly create an integrated sensory service for Edinburgh. Work began during the year to develop a service that offered deaf people and blind and partially sighted people access to services that maximised the experience and expertise of both organisations. This service is due to come into effect in April 2017.

Our Self-Directed Support (SDS) project, delivered in partnership with Fife Society for the Blind, provided information sessions to local authority and third sector organisation staff on topics such as Deafblind Awareness; Visual Awareness and Accessible Technology; and Living with Sight Loss through our Peer Volunteer network. We have developed a Guide to Accessible Formats for Sensory Loss, containing information about British Sign Language; Braille; Large Print; Audio-Description and Screen Readers. The Guide will be released in

DEAF ACTION
(A company limited by guarantee)

Report of the Executive Committee for the year ended 31 March 2016 (continued)

August 2016 and will be free to access, with the hope that the application of the information contained in the guide by local authorities and other organisations will improve access for D/deaf and blind/partially sighted people across Scotland. The project has funded the purchase of high quality equipment for use with Deaf Action's new Multimedia Service, which has already been put to good use creating information about Sensory Awareness and Self-Directed Support as part of the commitment to the Scottish Government. The long-term aim is for the Multimedia Service to involve Deaf BSL users in all aspects of multimedia production, and the project has already generated 3 new presenters for current and future work.

Peer Volunteers are at the forefront of the project, and over the next 3 years they will build relationships with their local authority staff teams and become a useful resource for information sessions, consultation, and to improve the experience of other people with sensory loss when accessing local authority services.

Deaf Action continued to be represented on the Scotland-wide British Sign Language Linguistic Access Working Group and members of the Scottish Parliament's Cross Party Group on Deafness and the Scottish Council on Deafness.

We continued to host the Lothian Deaf Community Mental Health Service in our Edinburgh office. We know that deaf people are significantly more likely than the general public to experience mental health problems and were pleased to continue working with our NHS colleagues to address this situation.

We are grateful to the many volunteers who give up their time to work there in our charity shop in South Queensferry. Their efforts helped raise much needed funds to support our Adult Learning Centre.

Raising Awareness

When we introduced our Annual Lecture series in 2014, our intention was to provide a high profile platform for debate, reflection or information sharing about important policy and practice developments in the sector. We certainly did that with the second Annual Lecture which this year was delivered by Dr Alasdair Allan MSP, Minister for Learning, Science and Scotland's Languages. Dr Allan focused on the Scottish Government's approach to the implementation of the recently passed BSL (Scotland) Act. The Lecture provided the Minister with the opportunity to detail his plans for the next steps of this landmark legislation which will have significant impact on the lives of the many people who makeup Scotland's deaf community. The Lecture prompted a number of interesting questions during the event and plenty of debate at the reception afterwards. The evening was also made special by a performance from the Edinburgh Signing Choir.

We continued to deliver regular presentations to Day Centres in Edinburgh, East and Midlothian as well as a number of Sheltered Housing complexes in East and West Lothian. We also hosted successful Open Days in Edinburgh and Fife where people were able to drop in to meet with a range of service providers and receive information on various topics related to sensory loss.

Future Developments

The past year has seen Deaf Action review its services and focus activity on the expressed need of service users and stakeholders. In the light of this, in the coming year we are looking to:

DEAF ACTION
(A company limited by guarantee)

Report of the Executive Committee for the year ended 31 March 2016 (continued)

- Further develop our Employability Service for deaf adults across the City of Edinburgh, Perth & Kinross, the City of Dundee and Fife.
- Continue to support the full implementation of the BSL (Scotland) Act as a member of the Deaf Sector Partnership
- Develop and expand our Multimedia and Specialist Equipment services
- Reskin our website and enhance our social media presence
- Develop our commercial activities

In the longer term we will be focusing on:

- Building sustainable partnerships with organisations involved with health and social care
- Developing our Communication Support Service to become a centre of excellence
- Developing and evaluating our core services to create best practice standards
- Identifying and building relationships with a broad range of funding agencies including trusts and grant-giving organisations
- Investing in IT and training to demonstrate performance, quality and outcomes.

Risk Statement

The Board of Trustees regularly examines the major operational and business risks faced by the charity, both within its organisational strategic planning review process and departmental reviews. Systems are in place to identify and manage such risks to mitigate any possible impact they may have. A rolling annual review of all departmental risks is undertaken and monitored via a sub-committee of the Board. Internal controls have been reviewed and the Board regularly considers financial results, variance from budget and non-financial performance indicators to ensure risks may be quickly identified and corrective action taken. The Trustees have highlighted the following as presenting the greatest potential risks to the effective and efficient running of the organisation:

- The failure to sustain existing contracts and exploit new business opportunities because of resource reductions coupled with the impact of competitors and new procurement arrangements;
- Failure to safeguard the organisation's IT systems against cyber attack
- Failure to report effectively to the Scottish Charities Regulator (OSCR) that we are meeting our legal obligations and managing our assets appropriately.
- Failure to comply with external contractual obligations;
- Failure to manage finance and systems.

Accordingly, steps have been taken to:

- Put a Business Development strategy in place that ensures Managers are clear about their role in the development and marketing of existing and new business and that confirms there is a centrally co-ordinated response to tenders backed-up with clear signing-off protocols. Recruitment of Commercial Manager and Fundraising and Marketing Officer;
- Independent pc installed for all banking transactions with encrypted card reader. Blocks installed to restrict staff access to inappropriate websites and annual IT Security training for all staff.
- Annual communication with OSCR and process in place to update Regulator of any changes to our operating procedures

DEAF ACTION
(A company limited by guarantee)

Report of the Executive Committee for the year ended 31 March 2016 (continued)

- Review of Manager's roles and responsibilities as part of strategic planning process has led to more focused internal audit systems being implemented.
- External audits in place supported by limited internal audit function by Wylie and Bisset LLP.

Financial Review for the Year to 31 March 2016

The year to 31 March 2016 proved to be a challenging one for Deaf Action from a financial point of view. Costs relating to our final salary scheme pension deficit of £155,820 and valuation reductions in our investment portfolio over the year of £94,296 have contributed to a deficit of £379,942 of which £6,243 related to restricted funds and therefore are merely timing differences on funds given for restricted purposes. If we remove these two items from the deficit, our remaining operating unrestricted deficit for the year was £123,683. The reason for this deficit is the continuing cutbacks or freezes in local authority funded contracts and although our commercial income, particularly from our interpreting services has increased, the costs of providing these services is also increasing. We continue to seek efficiencies in the way we deliver our services but we are determined that the quality of the services we offer will not be compromised by cost cutting. However, with pressure on our income continuing year on year, it is proving increasingly difficult to deliver many of these services without the charity heavily subsidising the work but we continue to maintain these important services and we will continue our objective of achieving an operating surplus within the next two to three years. This will be achieved by continuing to look for efficiencies in our service delivery, increased efforts in fundraising and developing new projects which will help to absorb more of our operating costs. To help us towards this goal we appointed a new Commercial Manager and a new Fundraising and Marketing Officer during the year. We were successful this year in receiving funding for new Employability, Youth Work and Deaf Sector Partnership projects totalling £134,255.

We referred above to the pension fund deficit funding costs we incurred in the year amounting to £155,820. In addition to this, as a result of changes to the Charity Accounts regulations, we have been required this year to provide for the full amount of the pension deficit in our accounts rather than just the annual payments towards this deficit as we have done in the past. The result of this is that a further £471,000 has been transferred from our reserves and the whole of the future liability amounting to £570,000 relating to our pension deficit is shown as a liability in our accounts.

We also referred above to the investment valuation loss in the year of £94,296. In the previous few years we have made revaluation surpluses on our investments and at 31 March even after the deficit this year the investments are valued at £308,442 over what we paid for them. Ninety two percent of the portfolio is invested with the purpose of achieving growth return and the risk classification our investment managers have assessed our portfolio is progressive risk. We consider the combination of income and growth we have achieved over the period we have held these investments is acceptable and are happy for our advisors to continue using this investment strategy.

The greatest financial risk the charity faces is continuing to run significant annual deficits which would eventually mean the charity used up all of its reserves and was therefore no longer able to provide the much needed services to the deaf and hard of hearing community. The Trustees' aim is to get the charity back to a break even operating position. To achieve this, we will continue to develop and attract funding for new projects, look at how we deliver our current range of services to ensure they are cost effective and improve our marketing and fundraising functions.

DEAF ACTION
(A company limited by guarantee)

Report of the Executive Committee for the year ended 31 March 2016 (continued)

In addition, rigorous financial monitoring will ensure that, where targets are slipping, measures are in place to rectify matters.

Reserves Policy

Our total funds at 31 March 2016 were £2,299,178 of which £326,476 related to restricted projects balances held at the year end with £1,972,701 being our unrestricted funds at the year end.

Our unrestricted reserves at 31 March 2015 were £2,817,400 but, as a result of the deficit incurred in the current year plus the provision for the whole of the pension deficit now required as a result of the changes to charity accounts required by legislation, our unrestricted funds at 31 March 2016 have reduced to £1,972,701. Of this £559,498 is designated as a fixed asset fund as this is the amount of funds the charity has tied up in fixed assets and is therefore not readily available to spend at the Trustees' discretion. The reduction in the fixed asset designation fund is due to the sale of the Roseangle property in Dundee where our work has been relocated to more suitable rented accommodation in Dundee. The unrestricted general funds at 31 March were £1,413,203.

We previously stated that our reserves policy was to hold one year's expenditure in general reserves. This policy has been reviewed and it is considered that we should aim to hold general reserves of six months expenditure. Our expenditure this year amounted to £2.2 million and 6 months expenditure would amount to £1.1 million. Our reserves are therefore slightly higher than our aim but it is anticipated that we will require more time to achieve break even and our reserves will be reduced further in the next year or two by further deficits bringing them down closer to the target level.

Investments

As at the 31 March 2016, the value of the Deaf Action and Deaf Action Tayside portfolios, including cash held by the broker, stood at £1,299,985 and £116,853 respectively. In total return terms, the value of the Deaf Action portfolio declined by 3.5% over the 12 months to 31 March 2016, compared to a fall in the benchmark WMA Growth index of 1.2%. The Deaf Action Tayside portfolio, meanwhile, added 1.1% in total return terms, compared to a fall of 0.5% in the value of its benchmark, the WMA Balanced index. The Deaf Action and Deaf Action Tayside portfolios were generating gross annual estimated incomes of £41,484 and £3,228 respectively, equivalent to gross yields of 3.2% and 2.8%.

The portfolios remain well diversified with UK and overseas equities complimented by fixed interest securities, property and infrastructure trusts. Equity markets witnessed a particularly volatile 12 months with the FTSE reaching a record high in April 2015, only to take a sharp downturn at the start of 2016. The stocks that fared best within the Deaf Action portfolio over the period, delivering double digit returns were Reckitt Benckiser, National Grid and Unilever. However, against the backdrop of difficult market conditions, in which the FTSE All-Share, something of a bellwether for the general health of and sentiment towards UK companies, fell nearly 4%, it will come as little surprise that there were some disappointing performances. Companies reliant on the fortunes of the energy sector and commodity prices, such as BHP Billiton and Weir Group, suffered heavy losses as a result of the commodity price slump and Aberdeen Asset Management fell back due to its exposure to emerging markets, which endured a torrid time over the year.

DEAF ACTION
(A company limited by guarantee)

Report of the Executive Committee for the year ended 31 March 2016 (continued)

Investments (continued)

There were several changes to the Deaf Action investment portfolio over the year, carried out to both reposition the portfolio and raise the £50,000 required in October. The previously overweight position in the UK equity market was reduced by disposing of a number of holdings, profits were taken from European and American collectives that had performed well in recent years and the exposure to commodity markets trimmed back. The Trustees are content that the portfolios are being managed in a manner that is appropriate, given the long term objectives of the Charity, to protect and grow the real value of the capital over the long term, whilst also generating a healthy level of income for distribution.

Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also the directors of the Deaf Action for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

DEAF ACTION
(A company limited by guarantee)

Report of the Executive Committee for the year ended 31 March 2016 (continued)

Statement of Disclosure to the Auditor

In so far as the trustees are aware:

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

This report has been prepared in accordance with the provisions applicable to companies' subject to the small companies' regime of the Companies Act 2006.

Approved by the trustees on 24 August 2016 and signed on their behalf by:

Signature: 

Name: 

DEAF ACTION
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF DEAF ACTION
FOR THE YEAR ENDED 31 MARCH 2016**

We have audited the financial statements of Deaf Action for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 12 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

DEAF ACTION
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF DEAF ACTION
FOR THE YEAR ENDED 31 MARCH 2016

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors report.

Wylie + Bisset 

Jenny Simpson
Senior statutory auditor
For and on behalf of Wylie & Bisset LLP, Statutory Auditor

168 Bath Street
Glasgow
G2 4TP

Wylie & Bisset LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Date 24 August 2016

DEAF ACTION
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 MARCH 2016

(Including an Income and Expenditure account)

	Note	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Total Funds 2015 £
Income and endowments from:							
Donations and legacies	4	73,199	27,115	100,314	90,797	14,837	105,634
Charitable activities	5	792,164	956,107	1,748,271	776,312	876,720	1,653,031
Other trading activities	6	26,028	-	26,028	20,280	-	20,280
Investments	7	42,969	2,878	45,847	41,003	3,393	44,396
Other	8	8,787	-	8,787	1,227	-	1,227
Total Income		943,147	986,100	1,929,247	929,619	894,950	1,824,569
Expenditure on:							
Raising funds							
Other trading activities	9	56,160	-	56,160	46,524	-	46,524
Investment & management	10	9,619	-	9,619	12,370	-	12,370
Charitable activities	12	929,549	1,219,565	2,149,114	824,225	1,123,374	1,947,599
Other	13	-	-	-	10,864	-	10,864
Total Expenditure		995,328	1,219,565	2,214,893	893,983	1,123,374	2,017,357
Net income/(expenditure) and net movement in funds before gains and losses on investments		(52,181)	(233,465)	(285,646)	35,636	(228,425)	(192,788)
Net gains/(losses) on investments		(94,296)	-	(94,296)	126,255	9,888	136,143
Net income/(expenditure)		(146,477)	(233,465)	(379,942)	161,891	(218,537)	(56,645)
Transfers between funds		(227,222)	227,222	-	(164,531)	164,531	-
Net movement in funds		(373,699)	(6,243)	(379,942)	(2,640)	(54,006)	(56,645)
Funds reconciliation		2,817,400	332,719	3,150,119	2,843,040	386,724	3,229,764
Total funds brought forward – as previously stated		(471,000)	-	(471,000)	(494,000)	-	(494,000)
Prior year adjustment	24	2,346,400	332,719	2,679,119	2,349,040	386,724	2,735,764
Total Funds brought forward	24	1,972,701	326,476	2,299,177	2,346,400	332,719	2,679,119
Total Funds carried forward							

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

DEAF ACTION
(A company limited by guarantee)

BALANCE SHEET AS AT 31 MARCH 2016

	Note	2016 £	As restated 2015 £
Fixed assets:			
Tangible assets	17	559,498	902,135
Investments	18	1,402,653	1,547,863
Total fixed assets		<u>1,962,151</u>	<u>2,449,998</u>
Current assets:			
Stocks	19	5,454	5,630
Debtors	20	316,530	304,733
Cash at bank and in hand	27	803,861	568,586
Total current assets		<u>1,125,845</u>	<u>878,949</u>
Liabilities:			
Creditors falling due within one year	21	(276,819)	(235,828)
Net current assets		<u>849,026</u>	<u>643,121</u>
Total assets less current liabilities		<u>2,811,177</u>	<u>3,093,119</u>
Creditors: Amounts falling due after more than one year	23	(512,000)	(414,000)
Net assets		<u>2,299,177</u>	<u>2,679,119</u>
The funds of the charity:			
Restricted income funds	24	326,476	332,719
Unrestricted funds	24	1,972,701	2,346,400
Total charity funds		<u>2,299,177</u>	<u>2,679,119</u>

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to the members of the company.

Approved by the Trustees and signed on their behalf by:

Signature: Reddie

Signature: Keith H. Hyland

Name: REV. ROSEMARY ADDIS

Name: KEITH H. HYLAWD

Date: 24 August 2016

REGISTERED COMPANY NO.: SC396876

DEAF ACTION
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 31 MARCH 2016

	Note	Total Funds 2016 £	Prior Year 2015 £
<i>Cash flows from operating activities:</i>			
Net cash provided by/(used in) operating activities	26	(155,595)	(164,859)
<i>Cash flows from investing activities:</i>			
Dividends, interest and rents from investments		45,847	44,396
Proceeds from the sale of property, plant and equipment		294,110	670
Purchase of property, plant and equipment		-	(7,888)
Proceeds from sale of investments		275,985	131,585
Purchase of investments		(225,072)	(135,102)
Net cash provided by/(used in) investing Activities		390,870	33,661
Change in cash and cash equivalents in the year		235,275	(131,198)
Cash and cash equivalent brought forward		568,586	699,784
Cash and cash equivalents carried forward		803,861	568,586

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting Policies

(a) Basis of preparation and assessment of going concern

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The charity constitutes a public benefit entity as defined by FRS 102.

The trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern.

(b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP adjusted for the presentation of investment gains/(losses) as a component of reported income.

Reconciliation of reported net income	£
Net income/(expenditure) as previously stated	(215,788)
Adjustment for gains/(losses) on investments now treated as a component of net income	136,143
Past service deficit	23,000
2015 net income as restated	<u>56,645</u>

Reconciliation of Funds	At 1 April 2014	At 31 March 2015
	£	£
Funds as previously stated	3,229,764	3,150,119
Adjustment for past service deficit	(494,000)	(471,000)
	<u>2,735,764</u>	<u>2,679,119</u>

In the transition to FRS 102 the following adjustments were required:

- i) Recognition of the past service deficit in relation to the pension scheme.

(c) Funds structure

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have created funds for specific purposes.

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting Policies (continued)

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed, or through the terms of an appeal.

Further details of each fund are disclosed in note 24.

(d) Income recognition

Income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations, are recognised when the Charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

Income from government and other grants, whether 'capital' or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service deferred until the criteria for income recognition are met (see note 22).

(e) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to note (g) below.

- Costs of raising funds comprise the costs of commercial trading including investment management costs and certain legal fees and their associated support costs;

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting Policies (continued)

- Expenditure on charitable activities includes wages and salaries and other costs of activities undertaken to further the purposes of the charity and their associated support costs;

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

(f) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised and refer to the trustees' annual report for more information about their contribution.

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.

(g) Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

Governance costs and support costs relating to charitable activities have been apportioned based on the number of individual grant awards made in recognition that the administrative costs of awarding, monitoring and assessing research grants, salary support grants and postgraduate scholarships are broadly equivalent. The allocation of support and governance costs is analysed in note 5.

(h) Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and valued at historical cost. Depreciation is charged as follows:

	Basis
Freehold property	2.5% straight line per annum
Fixtures and fittings	20% and 33.3% straight line per annum
Motor vehicles	20% straight line per annum

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting Policies (continued)

(i) Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

(j) Stock

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

(k) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(l) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(m) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

(n) Pensions

Employees of the charity are entitled to join a defined contribution 'money purchase' scheme. The charity contribution is restricted to the contributions disclosed in note 17. There were no outstanding contributions at the year end. The costs of the defined contribution scheme are included within support and governance costs and charged to the unrestricted funds of the charity using the methodology set out in note 17.

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting Policies (continued)

(n) Pensions (continued)

The money purchase plan is managed by The Pension Trust and the plan invests the contributions made by the employee and employer in an investment fund to build up over the term of the plan. The pension fund is then converted into a pension upon the employee's normal retirement age.

(o) Operating leases

The charity classifies the lease of various equipment as operating leases; the title to the equipment remains with the lessor. Rental charges are charged on a straight line basis over the term of the lease.

(p) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2. Legal status of the Charity

The charity is a registered Scottish charity.

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

3. Related party transactions and trustees' expenses and remuneration

The trustees all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2015: £nil). Expenses paid to the trustees in the year totalled £607 (2015: £1,203). These expenses were paid to 3 trustees (2015: £1,203).

During the year no trustee had any personal interest in any contract or transaction entered into by the charity (2015: none).

4. Income from donations and legacies

	2016	2015
	£	£
Donations	61,436	38,690
Legacies	38,878	66,944
	<u>100,314</u>	<u>105,634</u>

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

5. Income from charitable activities

	2016	2015
	£	£
Provision of statutory service	764,160	751,602
Supported Housing costs	639,334	620,757
Social Club	28,004	24,710
Other charitable projects	316,773	255,962
	<u>1,748,271</u>	<u>1,653,031</u>

6. Income from other trading activities

	2016	2015
	£	£
Commercial trading activities	26,028	20,280
	<u>26,028</u>	<u>20,280</u>

7. Investment income

	2016	2015
	£	£
Dividends - equities	43,955	40,840
Interest	1,892	3,556
	<u>45,847</u>	<u>44,396</u>

8. Other income

	2016	2015
	£	£
Other income	2,156	1,227
Gain on sale of fixed assets	6,631	-
	<u>8,787</u>	<u>1,227</u>

9. Raising funds – expenditure on other trading activities

	Direct Costs	Support Costs	Total 2016	Total 2015
	£	£	£	£
Fundraising and publicity	34,742	21,418	56,160	46,524
	<u>34,742</u>	<u>21,418</u>	<u>56,160</u>	<u>46,524</u>

10. Raising funds - Investment management costs

	Direct Costs	Support Costs	Total 2016	Total 2015
	£	£	£	£
Investment management fees	9,619	-	9,619	12,370
	<u>9,619</u>	<u>-</u>	<u>9,619</u>	<u>12,370</u>

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

11. Allocation of governance and support costs

The breakdown of support costs and how these were allocated between governance and other support costs is shown in the table below:

Cost type	Total allocated	Governance related	Other support costs	Basis of apportionment
	£	£	£	
Staff costs	383,027	7,298	375,729	Staff time
HQ costs	27,937	148	27,789	Staff time
Depreciation	55,158	255	54,903	Staff time
Premises expenses	122,768	314	122,454	Staff time
General office expenses	62,693	854	61,839	Staff time
Pension	99,000	529	98,471	Staff time
Total	750,583	9,398	741,185	

Governance costs:

	2016	2015
	£	£
Audit Fee	6,546	10,259
Legal Fees	3,300	-
Support costs	9,398	8,638
	19,244	18,897

Allocation of governance and other support costs:

	Support costs	Governance cost	2016	2015
	£	£	£	£
Raising funds	21,107	311	21,418	18,200
Provision of Statutory services	234,092	6,640	240,732	216,321
Supporting Housing costs	348,927	9,056	357,983	273,453
Social Club	4,437	131	4,568	3,960
Other charitable activities	132,622	3,106	135,728	163,555
Total allocated	741,185	19,244	760,429	675,219

12. Analysis of expenditure on charitable activities

	Provision of Statutory Services	Supporting Housing costs	Social Club	Other charitable activities	2016 Total	2015 Total
	£	£	£	£	£	£
Staff costs	339,311	462,534	6,672	158,637	967,154	894,210
Direct costs	251,865	68,112	14,523	108,450	442,950	396,370
Governance costs (Note 11)	6,640	9,056	131	3,106	18,933	18,195
Support costs (Note 11)	234,092	348,927	4,437	132,622	720,078	638,824
	831,908	888,629	25,762	402,815	2,149,114	1,947,599

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

13. Other expenditure

	Direct Costs £	Support Costs £	Total 2016 £	Total 2015 £
Loss on disposal of assets	-	-	-	10,864
	-	-	-	10,864

14. Analysis of staff costs and remuneration of key management personnel

	2016 £	2015 £
Salaries and wages	1,195,680	1,124,720
Social security costs	84,870	88,229
Other employee benefits	32,353	29,804
Total staff costs	<u>1,312,903</u>	<u>1,242,752</u>
 Key management personnel remuneration	 <u>267,957</u>	 <u>231,847</u>

The charity made £89,173 of contributions to the pension plan on behalf of the employees (including past service deficit contribution of £56,820) (2015: Nil) (including past service deficit contributions of £56,520).

No employees had employee benefits in excess of £60,000 (2015: Nil).

	2016 No.	2015 No.
The average weekly number of persons, by headcount, employed by the charity during the year was:	<u>72</u>	<u>69</u>

15. Net income/(expenditure) for the year

This is stated after charging:	2016 £	2015 £
Depreciation	55,158	63,659
Loss/(Gain) on disposal of fixed assets	(6,631)	10,864
Operating lease rentals – land & buildings	-	9,000
Auditor's remuneration: Audit fees	6,546	8,259
	<u>55,073</u>	<u>93,782</u>
 Loss/(Gain) on disposal of investments	 2,335	 4,995

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

16. Government Grants

	2016 £	2015 £
East Lothian – Social Work, CSA and SES	50,028	50,028
Midlothian – Social Work, CSA and SES	37,092	37,092
Edinburgh – Social Work, CSA and SES	213,014	213,014
West Lothian – Social Work and SES	66,068	66,068
NHS Health Project	25,500	25,500
Scottish Government - SDS	82,308	51,660
Dundee City Council – Sound Sense	27,102	20,668
Scottish Legal Aid Board – Money Matters (from Proceeds of Crime)	41,320	44,538
Scottish Government – Deaf Sector Partnership	49,447	-
Edinburgh and Lothians Councils – support services	639,333	615,451
Scottish Government via RNIB Joint Sensory Project	-	47,814
Aberdeenshire Council – Equipment and Advice	65,111	65,111
	<u>1,296,323</u>	<u>1,236,944</u>

17. Tangible Fixed Assets

	Property	Equipment, Fixtures & Fittings	Motor Vehicles	Total £
Cost or valuation				
At 1 April 2015	1,069,049	392,255	66,289	1,527,593
Additions	-	-	-	-
Disposals	(350,028)	-	-	(350,028)
At 31 March 2016	<u>719,021</u>	<u>392,255</u>	<u>66,289</u>	<u>1,177,565</u>
Depreciation				
At 1 April 2015	239,623	344,310	41,525	625,458
Charge for the year	24,219	21,981	8,958	55,158
Eliminated on disposals	(62,549)	-	-	(62,549)
At 31 March 2016	<u>201,293</u>	<u>366,291</u>	<u>50,483</u>	<u>618,067</u>
Net book value				
At 31 March 2015	<u>829,426</u>	<u>47,945</u>	<u>24,764</u>	<u>902,135</u>
At 31 March 2016	<u>517,728</u>	<u>25,964</u>	<u>15,806</u>	<u>559,498</u>

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

18. Fixed Asset Investments

Movement in fixed asset listed investments	2016	2015
	£	£
Market value brought forward at 1 April 2015	1,547,863	1,408,205
Add: additions to investments at cost	225,072	135,102
Disposals at carrying value	(278,321)	(136,582)
Add net (loss)/gain on revaluation	(91,961)	141,138
Market value as at 31 March 2016	<u>1,402,653</u>	<u>1,547,863</u>

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of financial instruments to the ongoing financial sustainability of the Trust is considered in the financial review and investment policy and performance sections of the Trustees' Annual Report.

The main risk to the Trust from financial instruments lies in the combination of uncertain investment markets and volatility in yield. Due to 'quantitative easing' and market sentiment favouring lower risk investments, the yield on bonds has been abnormally low giving rise to a significant downside risk of a fall in capital values when interest rates return to normal levels. Although rising interest rates resulting from a stronger economy and improved economic activity should be indicative of improving dividend yields and equity values, there is a concern that the abnormal availability of 'cheap money' to the banking sector has led to wider over-valuation of traded assets (an 'asset bubble') that may depress equity values once economic conditions ease. The Trust is reliant on dividend yield in part to finance its work and this leads to a greater exposure to international companies, the values of which, together with their yield are exposed to exchange rate risk when converting the holdings into sterling. The outlook for the sterling exchange rate is that it is anticipated to weaken as European, US and Asian economies strengthen. A weakening in the exchange rate will improve sterling returns from foreign currency denominated holdings.

The default rate on fixed interest securities due to corporate failures is expected to improve with a strengthening economy. The high current demand for high quality corporate bond and government stock continues to depress the yield.

Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so their ability to buy and sell quoted equities and stock is anticipated to continue. The Trust's investments are mainly traded in markets with good liquidity and high trading volumes. The Trust has no material investment holdings in markets subject to exchange controls or trading restrictions.

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

18. Fixed Asset Investments (continued)

The Trust manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. The Trust does not make use of derivatives and similar complex financial instruments as it takes the view that investments are held for their longer term yield total return and historic studies of quoted financial instruments have shown that volatility in any particular 5-year period will normally be corrected.

19. Stock

	2016	2015
	£	£
Stock	5,454	5,630
	<u>5,454</u>	<u>5,630</u>

20. Debtors

	2016	2015
	£	£
Trade debtors	269,015	213,784
Other debtors	47,515	90,949
	<u>316,530</u>	<u>304,733</u>

21. Creditors: amounts falling due within one year

Included within accruals and deferred income above is deferred income as follows:

	2016	As restated 2015
	£	£
Trade creditors	46,596	71,019
Accruals and deferred income (note 22)	135,145	75,640
Taxation and social security	36,808	31,349
Other creditors	270	820
Past service deficit – pension scheme	58,000	57,000
	<u>276,819</u>	<u>235,828</u>

22. Deferred income

Included within accruals and deferred income above is deferred income as follows:

	£
Balance as at 1 April 2015	58,833
Amount released to income earned from charitable activities	(58,833)
Amount deferred in year	115,357
Balance as at 31 March 2016	<u>115,357</u>

Deferred income comprises of grants received in advance.

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

23. Creditors: amounts falling due after more than one year

	2016	As restated 2015
	£	£
Past service deficit – pension scheme	512,000	414,000
	<u>512,000</u>	<u>414,000</u>

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

24. Analysis of charitable funds

Analysis of Fund movements	As restated Balance b/fwd £	Income £	Expenditure £	Gains/ (Losses) £	Transfers £	Fund c/fwd £
Unrestricted funds						
Designated Fixed Asset fund	953,217	-	55,158	-	(338,561)	559,498
Total designated funds	953,217	-	55,158	-	(338,561)	559,498
General funds	1,393,183	943,147	940,170	(94,296)	111,339	1,413,203
Total unrestricted funds	2,346,400	943,147	995,328	(94,296)	(227,222)	1,972,701
Restricted funds						
Tayside Deaf Association	253,376	8,493	28,023	-	-	233,846
Local Authority Grants	-	639,334	835,108	-	195,774	-
Health Improvement	1,338	25,500	22,392	-	-	4,446
Tayside Development Officer	305	-	-	-	-	305
Fife Sensory Project	18,747	82,308	86,276	-	-	14,779
Building Fund	850	-	-	-	-	850
Sound Sense	737	27,102	21,463	-	-	6,376
Highland Video Project	12,091	-	-	-	-	12,091
WASLI/EFSLI	825	-	-	-	(825)	-
175 th Anniversary	1,314	-	-	-	-	1,314
Youth Project	-	46,256	51,105	-	4,849	-
Family BSL	26	5,292	4,173	-	-	1,145
Employability Project	-	38,550	23,551	-	-	14,999
Lipreading	941	19,550	12,198	-	-	8,293
Learning centre	-	2,444	19,979	-	17,535	-
RNIB Joint Sensory Project	3,635	504	10,081	-	5,942	-
Money Matters	19,451	41,320	33,444	-	-	27,327
Big Lottery – Investing in ideas	9,083	-	9,096	-	13	-
Big Lottery – Awards for all	10,000	-	13,934	-	3,934	-
Deaf Sector Partnership	-	49,447	48,742	-	-	705
Total restricted funds	332,719	986,100	1,219,565	-	227,222	326,476
TOTAL FUNDS	2,679,119	1,929,247	2,214,893	(94,296)	-	2,299,177

DEAF ACTION

(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

- 1) **The Designated Asset Fund** represents the funds designated by the Trustees to cover the value of fixed assets held by the charity at the year end.
- 2) **Tayside Deaf Association** funds represent the funds transferred on 31 March 2011 to Deaf Action. These funds will be used over the next few years to support work with the deaf in the Tayside area.
- 3) **Local authority grants** are provided to fund the provision of support services in their given area,
- 4) **Health Improvement fund** represents income specifically provided for a health improvement project under a Service Level Agreement with NHS Lothian from April 2011 to March 2015.
- 5) **Tayside Development Officer** is specific donations received to support their work.
- 6) **Fife Sensory** project is to assist in the development of a sensory service in Fife.
- 7) **Building fund** represents a donation towards the development of the Learning Centre.
- 8) **Sound Sense** is a befriending project for deaf people in Dundee.
- 9) **The Highland Video Project** is funding agreed for development of use of videophones in the Highland region. Following discussions with Highland Council it has been agreed that the balance of the fund will be utilised to support the development of an online interpreting service in Highland.
- 10) **The World Association of Sign Language Interpreters (WASLI)** fund was provided to support sign language development overseas, and the EFSLI (European Forum of Sign Language Interpreters) funding supports similar work in Europe.
- 11) **175th Anniversary funding** is donations received towards the cost of events in 2010 to mark the 17th anniversary of the funding of Deaf Action. Funds are being held for any future anniversary events.
- 12) **Youth Project** is a youth Service funded by BBC Children in Need and provides children and young people aged 10-15 with opportunities to meet others with a shared experience, to feel included regardless of their level of communication, to promote independence, self-esteem and confidence and to encourage the development of communication and life skills.
- 13) **Family BSL** classes are funded by the Big Lottery's Communities and Families Fund and are designed to improve the communication skills of parents and children under 8 by learning sign language in a stimulating and family friendly environment.
- 14) **Employability Survey** was funded by a Big Lottery Development Grant and was undertaken as part of a stage 2 application to the Investing in Communities initiative.
- 15) **Lipreading** is donations and trust income towards the cost of providing courses for Adults in Tayside.

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

24. Analysis of charitable funds (continued)

- 16) Learning centre** project funding is used to support the development and operation of the Learning Centre at Albany Street.
- 17) RNIB Joint Sensory Project** is a joint project between RNIB Scotland and Deaf Action, funded by Scottish Government. The project aims to improve access to services for “hard-to-reach” people with sensory loss (deafness and/or blindness) including: families of children with sensory loss; people from BME communities; those whose sensory loss may be “hidden” by presenting conditions such as stroke, learning disability or dementia.
- 18) Money Matters** is a project funded by the Scottish Legal Aid Board. Its aim is to provide an accessible money advice service for deaf people, including BSL users, on a wide range of money related issues. It provides a face to face service in Lothian (including drop in and home visits) and a remote, webcam service across Scotland.
- 19) Big Lottery, investing in Ideas** is funding to commission an independent Organisational Review.
- 20) Big Lottery, Awards for All** is funding to refurbish basement area in Albany Street premises to form a multipurpose family room.
- 21) Deaf sector partnership** – funded by Scottish Government, Deaf Action work in partnership with four other Deaf organisations to engage with Deaf/Deafblind BSL Communities so that they can contribute to the development of BSL plans required by the BSL (Scotland) Act 2015 and support public bodies to better understand/meet the needs of Deaf and Deafblind BSL users.

25. Net assets over funds

	Unrestricted Funds £	Restricted Funds £	Total 2016 £
Tangible assets	559,498	-	559,498
Investments	1,402,653	-	1,402,653
Stocks	5,454	-	5,454
Debtors	316,530	-	316,530
Cash	477,385	326,476	803,861
Creditors falling due within one year	(276,819)	-	(276,819)
Creditors falling due after more than one year	(512,000)	-	(512,000)
	<u>1,972,701</u>	<u>326,476</u>	<u>2,299,177</u>

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

26. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016	2015
	£	£
Net income/(expenditure) for the year (as per the Statement of Financial Activities)	(379,942)	(56,645)
Adjustments for:		
Depreciation charges	55,158	63,659
Impairment	-	51,082
Dividends, interest and rents from investments	(45,847)	(44,396)
Gains/(losses) on investments	94,296	(136,143)
(Loss)/profit on the sale of fixed assets	(6,631)	10,864
(Increase)/decrease in stocks	176	(297)
Decrease/(increase) in debtors	(11,797)	(38,071)
Increase/(decrease) in creditors	138,992	(14,912)
Net cash provided by/(used in) operating activities	<u>(155,595)</u>	<u>(164,859)</u>

27. Analysis of cash and cash equivalents

	2016	2015
	£	£
Cash in hand	803,861	568,586
Total cash and cash equivalents	<u>803,861</u>	<u>568,586</u>