

Registered Company No: SC396876

Registered Charity No: SC009898

DEAF ACTION

(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017



www.deafaction.org

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REFERENCE AND ADMINISTRATIVE INFORMATION

Trustees:	Keith Hyland David Wilson (Terminated 23 February 2017) Pamela Brunt William Nicol Denise Lightbody (Terminated 01 January 2017) Tommy Robertson Ken Macdonald Rosie Addis Anthony Phillip Pelosi Tania Allan (Appointed 24 May 2017)
Secretary:	Aidan McCorry (Terminated 16 February 2017) Paul Mills (Appointed 16 February 2017)
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 Scotland PO Box 10, St Andrew's Square Edinburgh EH2 2YR
Solicitors	Morton Fraser LLP Quatermile 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

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Report of the Executive Committee for the year ended 31 March 2017

Financial Statement

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 2017.

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	Anthony Pelosi
David Wilson*	Pamela Brunt
Rev Rosie Addis	Denise Lightbody**
Ken Macdonald	

*David Wilson resigned as a Director on 15 March 2017

**Denise Lightbody resigned as a Director on 15 March 2017

Chief Executive Aidan McCorry resigned in February 2017. Paul Mills, Finance & Administration became Secretary until a new CEO can be appointed. Treasurer is Robert Clark.

Other organisational advisers in 2016/2017 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, Quartermile Two, 2 Lister Square, Edinburgh EH3 9GL

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

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Report of the Executive Committee for the year ended 31 March 2017 (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.

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Report of the Executive Committee for the year ended 31 March 2017 (continued)

The strategies used to achieve Deaf Action's aims and objectives are to:

Work in partnership with the local authorities and the NHS to secure the necessary funding required to deliver specialist social work contracts, communication support, specialist equipment, rehabilitation services and supported accommodation services and where it is required community outreach services.

Success is measured by: the number of contracts that we are successful at bidding for at a sustainable cost and as a direct result of this, the number of service users supported; the number of hours delivered in communication support, the number of specialist equipment assessments that are completed and the consequential items of equipment installed and or repaired, offering sustained independence for many people. To ensure that we continually improve our performance as a charity we regularly look for feedback in internal evaluations and questionnaires, in addition to feedback from external evaluations.

Through the Deaf Sector Partnership work with the Scottish Government and secure the necessary funding to promote and implement BSL (Scotland) Act 2015.

Success is measured by: the number of different activities we are contracted to provide. This includes meeting our targets for the number of people we have delivered BSL Awareness training to who work in the public sector, supporting YNAG representatives by identifying key learning and training needs and meeting these, delivering BSL Act awareness in schools, supporting consistency in participation of those involved in the YNAG and the NAG.

To be attentive to the processes and procedures for public procurement and commissioning with particular attention to those relevant to the Equality Act 2010.

Success is measured by: the raised awareness of procurement departments in local authorities to follow the processes set out for equality impact assessments and engage with the relevant deaf communities when there is a change in policy or service design.

Offering deaf awareness, lip reading and SQA approved BSL classes to individuals and organisations.

Success is measured by: the number of courses delivered, the numbers of attendees, feedback from evaluations and questionnaires are used to improve the programmes.

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

Success is measured by: the number of courses delivered, number of attendees, with feedback from evaluations and questionnaires.

Provide facilities for deaf clubs to meet and socialise.

Success is measured by: number of clubs accessing the facilities, the number of attendees, feedback from evaluations and the positive relationships developing between Deaf Action and the deaf community.

Submit funding applications to support essential services like the Youth Service and additional partnership relationships.

Success is measured by: the number of successful funding applications made, number of service users supported, relationships built with partners for joint partnership funding.

Engage with social media to promote events and services.

Success is measured by: the reach and engagement of our social media, the number of views of videos, pages and retweeting.

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Report of the Executive Committee for the year ended 31 March 2017 (continued)

Background

After the passing of the BSL (Scotland) Act in 2015, this year we have worked as part of the Deaf Sector Partnership to deliver activities that support the implementation of the Act and enabling the National Advisory Group (NAG) and the Youth National Advisory Group (YNAG) to consult regularly and develop the draft for the first National Plan for Scotland.

The implementation of the See Hear Strategy to support improvement for individuals with sensory needs continues at local authority level. In Aberdeenshire, we were able to support the steering group, Aberdeenshire Sensory Impairment Strategy Group, with knowledge on the rehabilitation of people with an acquired hearing loss to inform the training programme that they intend to deliver.

The redesign of services within Scotland to support the integration of health and social care continues. Deaf Action will continue to engage at a strategic level with the Integrated Joint Boards, across the different geographic areas, to raise deaf awareness with decision makers and ensure the potential opportunities to prioritise the needs of people who are deaf happens.

During this year Deaf Action has continued to attract more young people and their families to engage with our services and activities. We can now see the benefits and the difference Deaf Action can make by offering the widest range of services and opportunities at every stage of life from the youngest of ages.

Service Delivery

The year 2016/17 saw an increase in services, projects, and staffing. This brought creativity and energy to the charity at a time when financial pressures from external funders and local authorities brought uncertainty to established statutory services. This led the Senior Management Team, staff and Board members to re-focus relationships with services users, funders, procurements managers and local and national politicians with a view to protect services and establish financial fairness.

Two clear examples were:

- 1) Deaf Action were successful in renegotiating their contract with Aberdeenshire Council, which would have been frozen for the eighth year in a row, creating a revised service that allowed salary increases for loyal and hard working passionate staff and additional management time to allow development in the project and team. The revision in the terms did not allow for any deterioration of the services currently provided.
- 2) City of Edinburgh in partnership with NHS Lothian jointly sought to commission for the provision of BSL, however there were no equality impact assessments completed to consider what the potential effect of having no local provider would have on deaf people, nor what impact it would have knowing that two of the recommended providers were based in England with no knowledge of the local area or community and with no knowledge of working with British Sign Language, only spoken languages.

Deaf Action understood from these situations the importance of being connected to local people with political influence who were deaf aware and engaged and interested in supporting a local charity providing services for the local community.

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Our **Communication Interpretation Agency** provided 2,696 individual assignments in 2016/17 throughout Edinburgh, the Lothians, Highland and Tayside areas. This resulted in over 6,523 hours of support for D/deaf people via BSL/English Interpreters, Electronic Notetakers, Lipspeakers and Communication Support Workers. This increase in assignments provided the charity with satisfaction that the BSL (Scotland) Act has started to increase awareness and accessibility of services to the D/deaf community.

The **Training Team** delivered courses to a total of 421 people during the year. The high quality SQA approved BSL courses, starting at Introductory BSL level right through to Level 3, to 174 adults last year, an increase of 14.4 % on the previous year. We also delivered 3 BSL taster sessions and Family BSL classes to 35 people. We ran 12 Deaf Awareness sessions informing 138 people with an additional 2 day SQA approved deaf awareness course for 9 people. Through the Deaf Sector Partnership, the Scottish Government continues to fund BSL Awareness to the public bodies who are obligated under the BSL (Scotland) Act to promote BSL. There were 5 sessions in this year for 65 people.

A specialist two-week course in deaf awareness, BSL, Deaf culture and community was delivered to 2nd and 3rd year students at the University of Dundee Medical School. This unique model means that future doctors are much more aware of the importance of high quality communication support and care for deaf patients and their families. Strategically this supports the challenging of health inequalities that deaf patients continue to experience.

Our **Adult Learning Centre** continues to run courses for Deaf and hard of hearing people and this year this included "Researching your family tree" which resulted in the class putting on an exhibition to show what they had found and to let others know what the process was. This was highly successful. Many of the courses that were run link into our Health Project and we have had positive feedback on the sessions organised on "Learn to cycle safely", "Stress Management Control", "Breast Cancer Awareness" and "Dementia" to name a few. We have had 67 people attending these events and have been encouraged by new people coming along which have not used our services before. Our ever-popular Double H group for hard of hearing people continues to flourish with our support and offers a range of activities and talks as well as support to those who have lost their hearing. This year we also ran an event specifically to promote International Women's Day, attracting over 30 people. The day had a focus on women's health and well-being and attracted many new people into Deaf Action.

2016 saw us set up a **Multimedia** service within Deaf Action. This department will translate information from English into BSL via video. We can also add subtitles and voiceover to clips giving full access to people who are Deaf, hard of hearing and blind and partially sighted. Although this is a new venture for us we have already completed work for 5 different organisations: the Scottish Government, Inclusion Scotland, Children, the Young People's Commissioner, National Children's Deaf Society and Woman's Aid. In addition to this we created the BSL version of the draft National Plan for the BSL (Scotland) Act 2015.

As part of this multi-media development Deaf Action realised that there was a shortage of trained deaf presenters, so they offered a training programme to 13 deaf individuals who wanted to improve their presentation skills.

Our, four-year Big Lottery funded, **Employability Service** entered into its second year by recruiting 2 Employability Advisors and an administrator. The project was developed and established into the autumn with extensive promotion of the service across the 3 regions of Edinburgh, Fife, Dundee & Perth & Kinross. Referral forms, a comprehensive service user

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Report of the Executive Committee for the year ended 31 March 2017(continued)

assessment toolkit and a service user information pack was developed to meet the needs of deaf people.

During this year over 40 referrals to the service were made to the service across the regions. 21 people met the eligibility criteria for the Employability Service- deaf people aged 25+ and economically inactive and living in agreed regions: 11 were in Edinburgh, 4 in Fife and 6 in Dundee & Perth & Kinross. The non-eligible people were either referred on to other employability services that could assist them or were added to our record of unmet needs. Our service delivered 4 workshops: 2 Access to Work workshops – one for Deaf BSL users and the other for people with acquired deafness, and Interview Skills and Working with Interpreters both for Deaf BSL users. A programme of further workshops have been developed which will form part of a rolling programme of workshops in the next year: Managing Stress & Anxiety, Hearing Awareness, Healthy Eating and Confidence & Self Esteem.

4 service users left the service as they gained suitable paid employment. 2 of them were Deaf BSL users, and 2 were Deafened or Hard of Hearing People. 3 of them lived in Edinburgh and 1 in Dundee. 1 person (Deaf BSL user) in Edinburgh gained voluntary work to help them gain skills and experience to help them move towards paid employment in the future. The individual continues to be supported by the Employability Service.

In Edinburgh and Lothian during 2016/17, 417 people with a hearing loss were referred to our **Specialist Equipment Team** for assessment with follow up visits to install 634 items of equipment. The team also repaired or replaced 380 items.

Our **Specialist Equipment Service in Aberdeenshire** received 481 referrals, a 15% increase on last year and carried-out 350 home visits to people to assess their needs and installed 204 pieces of equipment for them. We also delivered 78 'drop in' sessions across the region in Banchory, Ellon, Fraserburgh, Huntly, Inverurie, Peterhead, Stonehaven and Banff. 768 people attended these sessions, an increase of 9 % from last year.

Our Aberdeenshire Service also delivered a pilot project, funded by the Aberdeenshire Sensory Impairment Strategy Group, to deliver additional services at our 'drop in' locations and to trial delivering services for people with an acquired hearing loss through trained volunteers. The team tested delivering an IT course in Fraserburgh which worked well and gave people some basic skills at using the internet. They also recruited a volunteer who was supported to deliver one of our popular Sound Advice courses. He was also provided with initial training in basic hearing aid maintenance and in advice provision and accompanied staff to attend one of our drop ins to start to gain practical experience of providing this vital support to our service users. The volunteer will continue to be supported into the next year so that in the longer term he can provide support at our busy 'drop in' sessions.

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 15 people with a hearing loss. Volunteers donated 1440 hours of their time to the project, an increase of 47 % on last year.

8 **Lip-reading classes** were held in Tayside and Fife with a new 2 year course beginning in Edinburgh. Over the year these were attended by 93 people, an increase of 36, with many seeing an increase in social confidence following the course.

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Our **specialist Social Work** team, one of a very small group of specialist teams left in the UK who are skilled and experienced in working with deaf people who may need support at any stage in their lives, continued to be extremely busy. We averaged 40 different contacts per month over 2016/17 across 4 local authorities, on top of an average caseload of 25 individuals or families per full time worker at any one time.

From our staff base within the Dunedin Canmore Housing Association development at Slateford Green we provided **Support Services** to people who are deaf and who have additional needs. We support people in 15 flats within the 120 flat development in addition to providing valuable support to people in their own homes through our outreach service over five local authorities: Edinburgh, East Lothian, Midlothian, West Lothian and Fife. In 2016/17, with our 30 plus specialist staff team we provided over 30,000 hours of support to 53 people. We are proud to deliver a quality service and were very pleased that the quality of service was recognised by the Care Inspectorate with us retaining Grade 5 (Very Good), as well as high levels of satisfaction from the people we support.

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. Since starting in 2014 the service has supported 212 service users across Scotland and Lothian, and carried an ongoing average project caseload of 60 active cases at any one time over 2016/17. The majority were in relation to Employment & Support Allowance and Personal Independence Payment, which is reflective on the significant impact of welfare reform on deaf people. This is all the more remarkable considering that the service has only one specialist and highly skilled adviser on staff.

2016/17 has been another exciting year for Deaf Action's **Youth Service**. Funded by BBC Children in Need, the Youth Service has grown in size and popularity since it began in 2015. Open for those aged 10-18 and are deaf, deafened, deafblind, hard of hearing or have deaf parents/siblings, there are regular youth clubs and activities throughout the year. We have provided over 100 free activities and groups, including climbing walls, kayaking, snowboarding, street art, bowling, cooking clubs, nature play workshops and much more. Young people even had the opportunity to achieve their SQA qualification for Introduction to BSL with our Youth BSL Classes, and now working towards their Level 1 in 2017.

This year saw 136 young people benefitting from the Youth Service. But what do the young people and their families think of the Youth Service?

"The Youth Group has helped me to grow in both confidence and personality. I was quite a shy person a few years ago and I kept to myself and only stuck with the people I knew. Since going to Deaf Action and other events I have met other Deaf people that I now view as friends. Deaf Action is a place where I can be myself without having to worry about whether or not I can hear someone talk or if subtitles are on films. I have hearing friends but they do not understand the difficulty of not being able to hear. Meeting other people in similar situations to myself is something that I will always be grateful for because I know that I am not alone."
(Caitie, 17)

"It's super. Well organised and our thoughts/consideration is always taken. We are so grateful to it for opening our family to other families and it's good for our daughter not to feel 'alone'"
(Ann, mother)

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In November, we also watched one of Youth Service users Olivia Preston on BBC's The One Show as she joined a team of 6 young people from across the UK, taking on The Rickshaw Challenge 2016. The team cycled 470 miles alongside Matt Baker, from Jedburgh to London over 8 days. The team raised a whopping £3,834,525 for Children in Need and Olivia showed that deafness is never a barrier to achieving your goals

With this service growing from strength to strength each year, we can't wait to see what the next year brings for the young deaf community!

Partnerships

We continued our involvement in the Deaf Sector Partnership, a consortium of organisations working with deaf people funded by the Scottish Government to support the implementation of the British Sign Language (Scotland) Act 2015. Our Youth Participation Officer travelled across Scotland and as far as Orkney, engaging with 368 young deaf people and organised or supported 32 events in order to inform and empower young deaf people so that they are able to effectively contribute towards work around the British Sign Language (Act) 2015, the first ever British Sign Language National Plan and subsequent plans. Our Training Team delivered BSL Awareness sessions to 65 representatives from public bodies to assist their understanding of BSL in preparation for implementing the Act.

The Lothian Sensory Partnership continued to be developed, RNIB and Deaf Action working closely together to deliver joint sensory services, in collaboration with the City of Edinburgh Council, to support their relevant strategic aims.

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: Introduction to Deafblind Awareness, Visual Awareness, Accessible Technology, and Daily Living, Introduction to Deafblind Awareness, and Life and Work: The Importance of Access, Accessible Technology for blind/partially sighted people. Sessions were hosted by peer volunteers and project staff.

Project staff and peer volunteers have continued developing online materials for deaf/visual awareness raising with new podcasts and video clips being added to the online resource banks:

<https://audioboom.com/sensorysds>

<https://vimeo.com/album/3946234/>

<https://audioboom.com/AccessibleTechMentor>

The project has funded the purchase of high quality equipment for use with Deaf Action's new Multimedia Service which has, and continues to be, put to good use creating information about Sensory Awareness and Self-Directed Support as part of our commitment to the Scottish Government.

Deaf Action developed a BSL Presenter course that some of the presenters who were recruited previously by the SDS project have now completed. This has allowed them to progress their personal goals/outcomes of becoming a BSL presenter.

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Peer volunteers remain at the forefront of the project, and our project co-ordinator has continued to support all volunteers with their personal development. Additional volunteers were recruited in more rural and hard to reach locations (e.g. Aberdeenshire and Shetland). Over the final year of the project the volunteers will be supported to 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 a sensory loss when accessing local authority services.

Deaf Action continued to be members of the Scottish Parliament's Cross Party Group on Deafness and the Scottish Council on Deafness.

We continued to host the NHS 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.

Deaf Action were very sad when the charity shop in South Queensferry had to close due to an extensive fire one week before Christmas, December 2016. Luckily no one was hurt and we are grateful to the many volunteers who gave up their time to work there over the years. Their efforts helped raise much needed funds to support our Adult Learning projects. It is hoped that after the property is repaired there will be an opportunity to continue the shop.

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:

- Further develop our Employability Service for deaf adults through relationships with local employers.
- Continue to support the full implementation of the BSL (Scotland) Act as a member of the Deaf Sector Partnership through the production of the BSL version of the draft National Plan and supporting the consultations.
- Promote our Multimedia Services, raising deaf awareness across public sectors in Scotland to improve accessibility to information and services.
- Continue to develop our social media presence and how we use it to promote Deaf Action and its services.
- Expand our charity shop bases and review opportunities for commercial activities.
- Promote and develop the interpreting profession in partnership with SASLI.
- Continue to work with public bodies to improve access to services for deaf people.
- Expand the bases where our youth service can offer activities.
- Continue to expand the health and well being programmes that we offer
- Expand working with volunteers and create specific programmes of work.
- Develop the specialist equipment services we offer.
- Expanding our relationships with businesses based locally, through the Edinburgh Chamber of Commerce.
- Develop our political networks locally and nationally to promote the needs of deaf people and raise awareness on the current services we offer.
- Identifying and building relationships with a broad range of funding agencies including trusts and grant-giving organisations.
- Investing in IT and training to ensure that we are compliant with the General Data Protection Regulation (GDPR) that goes live during 2018.

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Report of the Executive Committee for the year ended 31 March 2017 (continued)

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 negotiate contract terms and conditions with public bodies that offer sustainable provision of services.
- The failure to sustain existing contracts due to competition from national charities;
- The commissioning of contracts from public bodies does not include budget that takes account of the needs of deaf people.
- Failure to establish a database that supports optimal data management and fundraising.
- 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, the following steps have been taken to mitigate the risk:

- The finance manager, the commercial manager and other relevant managers involved in the statutory contracts, work as a team to ensure all elements of any tender offer are developed, designed, tested and presented as a sustainable offer and where appropriate challenging the budgets allocated within the commission.
- Exploring opportunities to partner with other charities to compete against national charities or commercial organisations.
- To develop relationships with procurement and commissioning bodies to improve the deaf awareness of individuals or groups designing and releasing commissions and tenders.
- Commercial manager and finance manager working together with other members of SMT to explore a data base IT system that will meet the regulations set out in the GDPR and provide appropriate training and support.
- Annual communication with OSCR and process in place to update Regulator of any changes to our operating procedures

Financial Review for the Year to 31 March 2017

The accounts this year show a surplus of £50,308. The breakdown of this is a surplus on our unrestricted funds of £57,089 and a deficit on our restricted funds of £6,781. Our income for the year was £145,376 higher than 2016 and totalled £2,074,623. Income from interpreting services, specialist equipment sales and training services all showed good increases but the largest contributor to the rise in income came from the Employability Project funded by the Big Lottery and the Deaf Sector Partnership Project both of which are restricted income projects. Our costs were £13,585 higher than the previous year at £2,237,478. It should be born in mind however that the previous year costs included a

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charge of £156,000 in relation to our pension deficit whereas the charge for the current year was only £28,000. The costs this year have been hit with abnormally high property repairs as well as other exceptional costs but our underlying costs are still running at too high a level in relation to our income. The major factor in our achieving a surplus this year is the gain we have made on our investments which amounted to £230,163 compared to a loss in the previous year of £94,296.

The greatest financial risk the charity faces is a continued downward pressure on funding from our major public sector funders and an inability to cover the costs of providing the services we provide from this funding. If we are unable to match the income we receive with the costs of running these services we will continue to make deficits which is not a sustainable position in the long term. The board and the management team are well aware of the problems and are working to rectify the situation.

Reserves Policy

Our total reserves at 31 March 2017 were £2,349,485 of which £2,029,790 was unrestricted with the balance of £319,695 made up of restricted funds. £532,479 of the unrestricted reserve is represented by fixed assets used by the charity and these funds are therefore not free to be spent on our charitable work. This leaves £1,497,311 of free unrestricted reserves at the year end.

Our stated policy is to hold free reserves of 12 months expenditure due to the uncertainty of our income streams and difficulty in obtaining increases in the income we receive for the services we provide to public bodies. . Our total expenditure in the year was £2,254,478 which means our free reserves need to be built up to reach our reserves target. In the previous year the reserves policy was to hold 6 months expenditure in reserves but as explained above the uncertainty of future income streams and the wish of the trustees to remain in a position to be able to continue to provide services in times of funding uncertainty has led them to change the reserves policy to aim for holding 12 months expenditure in reserve. As can be seen from the figures above we are some way short of reaching this target.

Investments

As at the 31 March 2017, the value of the Deaf Action and Tayside portfolios stood at £1,561,269 and £131,689 respectively. In total return terms, the value of the Deaf Action portfolio was ahead by 19.8% over the 12 months to 31 March 2017, compared to a rise in the benchmark of 22.6%. The Tayside portfolio, meanwhile, added 16.5% in total return terms, compared to a rise of 19.6% in the value of its benchmark. The level of income being generated by the investments has held up well over the year with the Deaf Action and Tayside portfolios generating gross annual estimated incomes of £44,129 and £3,476 respectively, equivalent to gross yields of 2.8% and 2.6%.

The portfolios performed well over the year to 31 March 2017 adding a good level of capital gain. This was however a particularly volatile period for investors in the UK, with political shocks contributing to volatility in equity, bond and currency markets. The decision to leave

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Report of the Executive Committee for the year ended 31 March 2017 (continued)

the EU caught everyone by surprise and, after an initial sell off, markets rallied strongly. More internationally orientated companies led the way as the weakness in sterling flattered profits generated overseas with lower quality mining and commodity companies leading the rally. Emerging markets also returned to favour but stocks with a more domestic focus struggled over the year.

Elsewhere, the recovery in global growth and corporate earnings which began before last year's US election, continued and market progress has been reasonably reassuring with

Europe, Asia and Emerging Markets performing particularly well in latter months. The election of Donald Trump in the US was welcomed by markets with talk of infrastructure spend and tax cuts set to provide economic stimulus. Fixed income markets continue to be buffeted by political factors and in spite of the increases in US interest rates and rising inflation in the UK, bond yields remain historically very low.

The invested assets remain very well diversified to generate both income and capital growth over the long-term. The income sources are wide and varied and should continue to allow for all charitable expenditure to continue to be met on an ongoing basis.

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 2017 (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 23 August 2017 and signed on their behalf by:

Name: *R. Addis*
ROSEMARY ADDIS

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 2017

We have audited the financial statements of Deaf Action for the year ended 31 March 2017 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 13 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 2017 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 2017

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

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 strategic report.



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 31 August 2017

DEAF ACTION
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 MARCH 2017
(Including an Income and Expenditure account)

	Note	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £
Income and endowments from:							
Donations and legacies	4	70,336	27,989	98,325	73,199	27,115	100,314
Charitable activities	5	850,613	1,028,871	1,879,484	792,164	956,107	1,748,271
Other trading activities	6	42,536	-	42,536	26,028	-	26,028
Investments	7	47,830	-	47,830	42,969	2,878	45,847
Other	8	6,448	-	6,448	8,787	-	8,787
Total Income		1,017,763	1,056,860	2,074,623	943,147	986,100	1,929,247
Expenditure on:							
Raising funds							
Other trading activities	9	108,380	-	108,380	56,160	-	56,160
Investment & management	10	13,218	-	13,218	9,619	-	9,619
Charitable activities	12	825,015	1,290,572	2,115,587	938,549	1,219,565	2,158,114
Other	13	293	-	293	-	-	-
Total Expenditure		946,906	1,290,572	2,237,478	1,004,328	1,219,565	2,223,893
Net income/(expenditure) and net movement in funds before gains and losses on investments		70,857	(233,712)	(162,855)	(61,181)	(233,465)	(294,646)
Net gains/(losses) on investments		214,451	15,712	230,163	(94,296)	-	(94,296)
Net income/(expenditure) for the year		285,308	(218,000)	67,308	(155,477)	(233,465)	(388,942)
Transfers between funds		(211,219)	211,219	-	(227,222)	227,222	-
Other recognised (losses)/gains							
Actuarial (losses)/gains on defined benefit pension schemes		(17,000)	-	(17,000)	9,000	-	9,000
Net movement in funds		57,089	(6,781)	50,308	(373,699)	(6,243)	(379,942)
Funds reconciliation							
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	24	2,029,790	319,695	2,349,485	1,972,701	326,476	2,299,177

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 2017

		2017	2016
	Note	£	£
Fixed assets:			
Tangible assets	17	532,479	559,498
Investments	18	1,698,218	1,402,653
Total fixed assets		<u>2,230,697</u>	<u>1,962,151</u>
Current assets:			
Stocks	19	4,678	5,454
Debtors	20	394,262	316,530
Cash at bank and in hand	27	<u>480,159</u>	<u>803,861</u>
Total current assets		879,099	1,125,845
Liabilities:			
Creditors falling due within one year	21	<u>(280,311)</u>	(276,819)
Net current assets		<u>598,788</u>	<u>849,026</u>
Total assets less current Liabilities		2,829,485	2,811,177
Creditors: Amounts falling due after more than one year	23	<u>(480,000)</u>	<u>(512,000)</u>
Net assets		<u>2,349,485</u>	<u>2,299,177</u>
The funds of the charity:			
Restricted income funds	24	319,695	326,476
Unrestricted funds	24	<u>2,029,790</u>	<u>1,972,701</u>
Total charity funds		<u>2,349,485</u>	<u>2,299,177</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:

Name: R Addis Name: Keith H. Hyland
ROSEMARY ADDIS KEITH H. HYLAND

Date: 23rd August 2017

REGISTERED COMPANY NO: SC396876

DEAF ACTION
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 31 MARCH 2017

	Note	Total Funds 2017 £	Prior Year 2016 £
<i>Cash flows from operating activities:</i>			
Net cash (used in) operating activities	26	(299,456)	(163,595)
<i>Cash flows from investing activities:</i>			
Dividends, interest and rents from investments		47,830	45,847
Proceeds from the sale of property, plant and equipment		-	294,110
Purchase of investments		(177,457)	(225,072)
Proceeds from sale of investments		112,055	275,985
Purchase of property, plant and equipment		(6,674)	-
Net cash (used in)/provided by investing Activities		(24,246)	398,870
Change in cash and cash equivalents in the year		(323,702)	235,275
Cash and cash equivalents brought Forward		803,861	568,586
Cash and cash equivalents carried Forward		<u>480,159</u>	<u>803,861</u>

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

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) 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.

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.

(c) 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.

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting Policies (continued)

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).

(d) 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 (f) below.

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

(e) 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. 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.

(f) 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.

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting Policies (continued)

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 11.

(g) 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

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting Policies (continued)

(m) 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 10. There were no outstanding contributions at the year end.

The charity participates in a multi-employer scheme which provides benefits to non-associated employers. As the scheme is in deficit, the charity has agreed to a deficit funding arrangement and the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

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.

(n) 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.

(o) 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.

(p) Taxation

The company is a charitable company within the meaning of Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for charitable purposes only.

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 (2016: £nil). Expenses paid to the trustees in the year totalled £589 (2016: £607). These expenses were paid to 1 trustee (2016: 3).

During the year 10 (2016: None) trustees waived their right to expenses of £590 (2016: £Nil).

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

3. Related party transactions and trustees' expenses and remuneration (continued)

During the year no trustee had any personal interest in any contract or transaction entered into by the charity (2016: none).

4. Income from donations and legacies

	2017	2016
	£	£
Donations	88,755	61,436
Legacies	9,570	38,878
	<u>98,325</u>	<u>100,314</u>

5. Income from charitable activities

	2017	2016
	£	£
Provision of statutory services	834,857	764,160
Supported Housing	580,972	639,334
Social Club	25,989	28,004
Other charitable projects	437,666	316,773
	<u>1,879,484</u>	<u>1,748,271</u>

6. Income from other trading activities

	2017	2016
	£	£
Commercial trading activities	42,536	26,028
	<u>42,536</u>	<u>26,028</u>

7. Investment income

	2017	2016
	£	£
Dividends - equities	46,545	43,955
Interest	1,285	1,892
	<u>47,830</u>	<u>45,847</u>

8. Other income

	2017	2016
	£	£
Other income	6,448	2,156
Gain on sale of fixed assets	-	6,631
	<u>6,448</u>	<u>8,787</u>

9. Raising funds – expenditure on other trading activities

	Direct Costs	Support Costs	Total 2017	Total 2016
	£	£	£	£
Fundraising and publicity	81,239	27,141	108,380	56,160
	<u>81,239</u>	<u>27,141</u>	<u>108,380</u>	<u>56,160</u>

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

10. Raising funds - Investment management costs

	Direct Costs £	Support Costs £	Total 2017 £	Total 2016 £
Investment management fees	13,218	-	13,218	9,619
	<u>13,218</u>	<u>-</u>	<u>13,218</u>	<u>9,619</u>

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	340,055	6,875	333,180	Staff time
HQ costs	79,248	389	78,859	Staff time
Depreciation	33,246	137	33,109	Staff time
Premises expenses	99,292	130	99,162	Staff time
General office expenses	27,990	617	27,373	Staff time
Pension	12,800	54	12,746	Staff time
Total	592,631	8,202	584,429	

Governance costs:

	2017 £	2016 £
Audit Fee	11,702	6,546
Legal Fees	13	3,300
Support costs	8,202	9,398
	<u>19,917</u>	<u>19,244</u>

Allocation of governance and other support costs:

	Support costs	Governance cost	2017 £	2016 £
Raising funds	26,388	753	27,141	21,418
Provision of Statutory services	168,694	6,686	175,380	243,649
Supporting Housing costs	236,729	7,992	244,721	361,728
Social Club	3,524	141	3,665	4,622
Other charitable activities	149,094	4,345	153,439	137,012
Total allocated	584,429	19,917	604,346	768,429

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

12. Analysis of expenditure on charitable activities

	Provision of Statutory Services £	Supporting Housing costs £	Social Club £	Other charitable activities £	2017 Total £	2016 Total £
Staff costs	359,762	430,042	7,594	233,815	1,031,213	967,154
Direct costs	290,367	92,684	14,708	109,410	507,169	442,950
Governance costs (Note 11)	6,686	7,992	141	4,345	19,164	18,933
Support costs (Note 11)	168,694	236,729	3,524	149,094	558,041	729,077
	<u>825,509</u>	<u>767,447</u>	<u>25,967</u>	<u>496,664</u>	<u>2,115,587</u>	<u>2,158,114</u>

13. Other expenditure

	Direct Costs £	Support Costs £	Total 2017 £	Total 2016 £
Loss on disposal of assets	293	-	293	-
	<u>293</u>	<u>-</u>	<u>293</u>	<u>-</u>

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

	2017 £	2016 £
Salaries and wages	1,286,931	1,195,680
Social security costs	90,354	84,870
Other employee benefits	33,845	32,353
Total staff costs	<u>1,411,130</u>	<u>1,312,903</u>

Key management personnel remuneration	<u>271,438</u>	<u>267,957</u>
---------------------------------------	----------------	----------------

The charity made £92,468 (2016: £89,173) of contributions to the pension plan on behalf of the employees (including past service deficit contribution of £58,623 (2016: £56,820)).

No employees had employee benefits in excess of £60,000 (2016: Nil).

	2017 No.	2016 No.
The average number of persons, by headcount, employed by the charity during the year was:	<u>75</u>	<u>72</u>

DEAF ACTION
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

15. Net income/(expenditure) for the year

This is stated after charging:	2017 £	2016 £
Depreciation	33,400	55,158
Loss/(Gain) on disposal of fixed assets	293	(6,631)
Auditor's remuneration:		
Audit fees	7,020	6,546
Prior year under-accrual	2,502	-
	<u>43,215</u>	<u>55,073</u>
Loss/(Gain) on disposal of investments	-	2,335

16. Government Grants

	2017 £	2016 £
East Lothian – Social Work, CSA and SES	50,025	50,028
Midlothian – Social Work, CSA and SES	37,094	37,092
Edinburgh – Social Work, CSA and SES	202,263	213,014
West Lothian – Social Work and SES	60,500	66,068
NHS Health Project	26,212	25,500
Scottish Government - SDS	70,734	82,308
Dundee City Council – Sound Sense	27,074	27,102
Scottish Legal Aid Board – Money Matters (from Proceeds of Crime)	46,635	41,320
Scottish Government – Deaf Sector Partnership	68,750	49,447
Edinburgh and Lothians Councils – support services	580,972	639,333
Aberdeenshire Council – Equipment and Advice	72,360	65,111
	<u>1,242,719</u>	<u>1,296,323</u>

There are no unfulfilled conditions and contingencies attaching to the grants or any indications of other forms of government assistance.

DEAF ACTION
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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

17. Tangible Fixed Assets

	Property	Equipment, Fixtures & Fittings	Motor Vehicles	Total £
Cost or valuation				
At 1 April 2016	719,021	392,255	66,289	1,177,565
Additions	-	6,674	-	6,674
Disposals	-	(174,400)	-	(174,400)
At 31 March 2017	719,021	224,529	66,289	1,009,839
Depreciation				
At 1 April 2016	201,293	366,291	50,483	618,067
Charge for the year	16,698	9,944	6,758	33,400
Eliminated on disposals	-	(174,107)	-	(174,107)
At 31 March 2017	217,991	202,128	57,241	477,360
Net book value				
At 31 March 2016	517,728	25,964	15,806	559,498
At 31 March 2017	501,030	22,401	9,048	532,479

18. Fixed Asset Investments

Movement in fixed asset listed investments	2017 £	2016 £
Market value brought forward at 1 April 2016	1,402,653	1,547,863
Add: additions to investments at cost	177,457	225,072
Disposals at carrying value	(100,369)	(278,321)
Add net (loss)/gain on revaluation	218,477	(91,961)
Market value as at 31 March 2017	1,698,218	1,402,653

Net cash released from investments in the year was £9,209 (2016: £9,599)

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 charity is considered in the financial review and investment policy and performance sections of the Trustees' Annual Report.

This was a particularly volatile period for investors in the UK, with political shocks contributing to volatility in equity, bond and currency markets. The decision to leave the EU caught everyone by surprise and, after an initial sell off, markets rallied strongly. More internationally orientated companies led the way as the weakness in sterling flattered profits generated

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

18. Fixed Asset Investments (continued)

overseas with lower quality mining and commodity companies leading the rally. Emerging markets also returned to favour but stocks with a more domestic focus struggled over the year.

Elsewhere, the recovery in global growth and corporate earnings which began before last year's US election, continued and market progress has been reasonably reassuring with Europe, Asia and Emerging Markets performing particularly well in latter months. The election of Donald Trump in the US was welcomed by markets with talk of infrastructure spend and tax cuts set to provide economic stimulus. Fixed income markets continue to be buffeted by political factors and in spite of the increases in US interest rates and rising inflation in the UK, bond yields remain historically very low.

The invested assets remain very well diversified to generate both income and capital growth over the long-term. The income sources are wide and varied and should continue to allow for all charitable expenditure to continue to be met on an ongoing basis.

The charity 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 charity 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

	2017	2016
	£	£
Stock	4,678	5,454
	<u>4,678</u>	<u>5,454</u>

20. Debtors

	2017	2016
	£	£
Trade debtors	336,830	269,015
Other debtors	57,432	47,515
	<u>394,262</u>	<u>316,530</u>

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

21. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	76,643	46,596
Accruals and deferred income (note 22)	109,257	135,145
Taxation and social security	34,411	36,808
Other creditors	-	270
Past service deficit – pension scheme	60,000	58,000
	<u>280,311</u>	<u>276,819</u>

22. Deferred income

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

	£
Balance as at 1 April 2016	115,357
Amount released to income earned from charitable activities	(115,357)
Amount deferred in year	88,219
	<u>88,219</u>
Balance as at 31 March 2017	<u>88,219</u>

Deferred income comprises of grants received in advance.

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

	2017	2016
	£	£
Past service deficit – pension scheme	480,000	512,000
	<u>480,000</u>	<u>512,000</u>

The charity participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for the other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase bases on withdrawal from the scheme.

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

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

The pension fund debt comprises:

	2017	2016
	£	£
Pension liability – present value of all future contributions payable	540,000	570,000
	<u>540,000</u>	<u>570,000</u>

Reconciliation of opening and closing provisions:

	2017	2016
	£	£
Provision at 01 April 2016	570,000	471,000
Interest expense	11,000	8,000
Deficit contributions paid	(58,000)	(57,000)
Remeasurements – impact of change in assumptions	17,000	(9,000)
Remeasurements – amendments to the contribution schedule	-	157,000
Provision as at 31 March 2017	<u>540,000</u>	<u>570,000</u>

Income and expenditure impact:

	2017	2016
	£	£
Interest expense	11,000	8,000
Remeasurements – impact of change in assumptions	17,000	(9,000)
Remeasurements – amendments to the contribution schedule	-	157,000
	<u>28,000</u>	<u>156,000</u>

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

24. Analysis of charitable funds

Analysis of Fund movements 2017	Balance b/fwd £	Income £	Expenditure £	Gains/ (Losses) £	Transfers £	Fund c/fwd £
Unrestricted funds						
Designated Fixed Asset fund	559,498	-	33,400	-	6,381	532,479
Total designated funds	559,498	-	33,400	-	6,381	532,479
General funds	1,413,203	1,017,763	913,506	197,451	(217,600)	1,497,311
Total unrestricted funds	1,972,701	1,017,763	946,906	197,451	(211,219)	2,029,790
Restricted funds						
Tayside Deaf Association	233,846	-	21,793	15,712	-	227,766
Local Authority Grants	-	580,972	767,722	-	186,750	-
Health Improvement	4,446	26,212	22,170	-	-	8,488
Tayside Development Officer	305	-	-	-	-	305
Fife Sensory Project	14,779	70,734	84,368	-	-	1,145
Building Fund	850	-	-	-	-	850
Sound Sense	6,376	27,074	29,212	-	-	4,238
Highland Video Project	12,091	-	7,495	-	-	4,596
175 th Anniversary	1,314	-	-	-	-	1,314
Youth Project	-	44,949	55,007	-	10,058	-
Family BSL	1,145	-	-	-	-	1,145
Employability Project	14,999	153,150	139,767	-	-	28,382
Lipreading	8,293	11,356	23,077	-	3,428	-
Learning centre	-	962	11,945	-	10,983	-
Money Matters	27,327	46,635	49,293	-	-	24,669
Training	-	15,833	15,833	-	-	-
Community Jobs Scotland	-	10,232	10,232	-	-	-
Deaf Sector Partnership	705	68,750	52,658	-	-	16,797
Total restricted funds	326,476	1,056,860	1,290,572	15,712	211,219	319,695
TOTAL FUNDS	2,299,177	2,074,623	2,237,478	213,163	-	2,349,485

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

24. Analysis of charitable funds (continued)

Analysis of Fund movements 2016	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	949,170	(85,296)	111,339	1,413,203
Total unrestricted funds	2,346,400	943,147	1,004,328	(85,296)	(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
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	-
Money Matters	19,451	41,320	33,444	-	-	27,327
Big Lottery – Investing in ideas	9,083	-	9,096	-	13	-
Deaf Sector Partnership	-	49,447	48,742	-	-	705
WASLI/EFSLI	825	-	-	-	(825)	-
RNIB Joint Sensory Project	3,635	504	10,081	-	5,942	-
Big Lottery – Awards for all	10,000	-	13,934	-	3,934	-
Total restricted funds	332,719	986,100	1,219,565	-	227,222	326,476
TOTAL FUNDS	2,679,119	1,929,247	2,223,903	(85,296)	-	2,299,177

The unrestricted funds are available to be spent for any purposes of the charity.

The Trustees have created the following designated funds:

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

24. Analysis of charitable funds (continued)

- 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.

Restricted funds comprise of:

- 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) **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.
- 11) **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.
- 12) **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.
- 13) **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.
- 14) **Lipreading** is donations and trust income towards the cost of providing courses for Adults in Tayside.

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

24. Analysis of charitable funds (continued)

- 15) **Learning centre** project funding is used to support the development and operation of the Learning Centre at Albany Street.
- 16) **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.
- 17) **Big Lottery, investing in Ideas** is funding to commission an independent Organisational Review.
- 18) **Community Jobs Scotland** – Funds managed by SCVO for the employment of a marketing apprentice for one year April 2016 to March 2017.
- 19) **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.
- 20) **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.
- 21) **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.
- 22) **Big Lottery – Awards for All** is funding to refurbish basement area in Albany Street premises to form a multipurpose family room.

25. Net assets over funds

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	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>

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

25. Net assets over funds

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total 2017 £
Tangible assets	532,479	-	532,479
Investments	1,698,218	-	1,698,218
Stocks	4,678	-	4,678
Debtors	394,262	-	394,262
Cash	160,464	319,695	480,159
Creditors falling due within one year	(280,311)	-	(280,311)
Creditors falling due after more than one year	(480,000)	-	(480,000)
	<u>2,029,790</u>	<u>319,695</u>	<u>2,349,485</u>

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

	2017 £	2016 £
Net income/(expenditure) for the year (as per the Statement of Financial Activities)	50,308	(379,942)
Adjustments for:		
Depreciation charges	33,400	55,158
Dividends, interest and rents from investments	(47,830)	(45,847)
(Gains)/loss on investments	(230,163)	94,296
Loss/(gain) on pension scheme	17,000	(9,000)
Profit/(loss) on the sale of fixed assets	293	(6,631)
(Increase)/decrease in stocks	776	176
Decrease/(increase) in debtors	(77,732)	(11,797)
Increase/(decrease) in creditors	(45,508)	147,992
Net cash provided by/(used in) operating activities	<u>(299,456)</u>	<u>(163,595)</u>

27. Analysis of cash and cash equivalents

	2017 £	2016 £
Cash in hand	480,159	803,861
Total cash and cash equivalents	<u>480,159</u>	<u>803,861</u>



Deaf Action

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Registered Company No: SC396876

Registered Charity No: SC009898

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