

**THE ROYAL NATIONAL INSTITUTE FOR DEAF PEOPLE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2005**

Registered Office: 19-23 Featherstone Street  
London  
EC1Y 8SL

Company No: 454169

Charity No: 207720



**The Royal National Institute for Deaf People**  
**Annual Report for the year ended 31 March 2005**

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# The Royal National Institute for Deaf People

## Annual Report for the year ended 31 March 2005

### TRUSTEES' REPORT

The Board of Trustees of The Royal National Institute for Deaf People ("RNID") present their annual report for the year ended 31 March 2005 under the Companies Act 1985, together with the audited financial statements for that year. The accounts comply with the Companies Act 1985, RNID's governing document and the relevant Statement of Recommended Practice (the Charities SORP 2005).

### REFERENCE AND ADMINISTRATIVE DETAILS

RNID is a charitable company limited by guarantee. It is registered as a charity (No.207720) and a company (No. 454169). Its registered office is as shown on the front cover.

The present Trustees, and any past Trustees who served during the year, are given on page 8, together with the names of the senior executive staff. The Patron, President and Vice-Presidents, and the external advisers of RNID are also set out on page 8.

### OBJECTS, OBJECTIVES AND PRINCIPAL ACTIVITIES OF RNID

RNID's objects are to promote and encourage the prevention and mitigation of deafness and the better treatment, education, training, employment and welfare of people who are deaf or hard of hearing, and generally to promote, safeguard and protect the welfare of such people. Our principal activities to achieve these objects are campaigning, the provision of specialist services and products, the funding and encouragement of research and partnerships with others. The objectives of those activities for the year, and RNID's achievements against them, are discussed under the heading of Achievements and Performance, below.

**Our vision** is of a world where deafness and hearing loss are not barriers to opportunity and fulfilment.

We aim to achieve this vision by:

- being a powerful force for change in government and public and private sector organisations.
- changing radically the attitudes and behaviour of individuals towards deaf and hard of hearing people.
- providing services and support directly to deaf and hard of hearing people and their families to improve their everyday lives.
- being a catalyst for social, medical and technical research to improve the lives of people with a hearing loss and those with tinnitus.
- maintaining an active membership, ensuring that our activities are rooted in the needs and concerns of deaf and hard of hearing people and informed by their experience.

We seek to work in partnership with those who share our vision and mission

**Our strategic aim** is to achieve all this through a combination of campaigning, provision of care and other services, funding and encouragement of research, and a variety of joint venture projects.

### ACHIEVEMENTS AND PERFORMANCE

This year's objectives and achievements are summarised as follows:

#### *Campaigns, Information and Membership*

- Our aim was to achieve 100% modernisation of NHS Hearing Aid services in England and Wales. This was achieved and over 400,000 people have now been fitted with digital hearing aids.
- We provided advice and information on hearing loss and tinnitus to over 1.8 million people.
- We campaigned for the Disability Discrimination Act to include increased protection for deaf and hard of hearing people and were successful in achieving this.
- We had a target to improve the accessibility of entertainment for deaf and hard of hearing people and achieved increased provision of subtitling and sign-language interpreting in theatres, cinemas and on television.
- Our efforts to extend our membership resulted in growth to over 35,000 members

For this year we aim to:

- Campaign to increase the use of hearing aids by those who would benefit from wearing one.
- Ensure equality across the UK for access to audiology services and cochlear implants
- Continue to increase public awareness of the dangers of loud noise.

#### *Employment, Training and Skills*

- Our aim was to deliver employment advice and guidance and to run essential skills training projects for deaf and hard of hearing job seekers. We helped 631 job seekers and delivered 269 work skills training sessions.
- We had a target to increase the level of deaf awareness and delivered 468 training sessions on this.

For this year we aim to:

- Improve employment opportunities for deaf and hard of hearing people by extending our existing activities and by developing an online system offering employment guidance and advice.

#### *Typetalk and Communication Services*

- Our objective was to increase the availability of communication support. We successfully increased capacity of electronic notetaking and BSL/ English interpreting trainers.
- During the year, the Typetalk relay service was used to facilitate over 1.9 million calls. We also developed an internet-based BSL/ English relay service, making access easier for deaf and hard of hearing people.

For this year we aim to:

- Expand and increase the provision and take-up of video interpreting and start-to-sign training.

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## Annual Report for the year ended 31 March 2005

### **Specialist Care**

- We aimed to expand our geographical coverage of residential care services and successfully established new partnerships with a number of Housing Associations, enabling more clients to live independently.

For this year we aim to:

- Develop specialist care services for deaf people with significant learning difficulties and/ or mental health issues.
- Deliver an innovative range of high-quality housing and care solutions for deaf people with additional needs.

### **Health and community equipment**

- Our aim was to reform delivery of community equipment services. We established a consortium with British Red Cross and RNIB and gained government backing. A community equipment virtual store, providing a key channel for professionals to access equipment solutions online will be launched in summer 2005.

For this year we aim to:

- Ensure that all deaf and hard of hearing people can access high-quality equipment, through a major modernisation of the relevant services.

### **Research, Product Development and Sales**

- In line with our targets, we awarded four grants and two PhD studentships. The research being undertaken will lead to improved understanding of the genetic factors involved in hearing loss, the effect of loud noise on the inner ear, the performance of cochlear implants and the ways in which mathematics is taught to deaf children.
- We aimed to develop software, enabling real time text conversations to increase flexibility and choice for deaf and hard of hearing people wanting to communicate on the move. Software user trials are now underway with a major mobile operator with a view to launching a range of handsets in 2005.
- Our aim was to increase the availability of good quality, affordable communication and support equipment. Through reducing or holding the prices on 90% of our products, we were able to benefit more than 60,000 deaf and hard of hearing people.

For this year we aim to:

- Identify new opportunities that will widen the communication options of deaf, hard of hearing, speech impaired and deafblind people.
- Achieve significant advances in applied biomedical research into hearing loss and tinnitus.

We continue to rely heavily on the generous donations and legacies received from our supporters and corporate sponsors to fund our activities. In addition, many of our activities are wholly or partly funded and conducted through partnerships with government departments, businesses or other charities.. Information about the operating results of the individual categories of activity can be found in the accounts. Fuller details of the individual activities and

achievements and of the next year's aims are in our Impact Report 2004/5 on our website at [www.rnid.org.uk/about/impact\\_report](http://www.rnid.org.uk/about/impact_report)

### **Grant-making Policy**

RNID awards social, medical and technical research grants to stimulate the development of innovative new treatments and services that will benefit deaf and hard of hearing people or those suffering from tinnitus. Other smaller grants are made to increase the availability of trained research personnel.

Grants are awarded to leading universities or technology-led small businesses and are typically over three years. An annual call for proposals based on varying annual themes is publicised, proposals are subject to expert review and then ranked. The final decision on each award is made by RNID on the basis of this advice, policy priorities and budget. Payments are usually made annually and are subject to regular progress review.

### **FINANCIAL REVIEW AND RESULTS FOR THE YEAR**

The Statement of Financial Activities (SoFA), set out on page 10 reflects all incoming resources receivable in the year irrespective of when income is spent. During the year, our gross income increased by 5.9% to £44.6m and charitable expenditure increased by 4.5% to £40.0m. After total expenditure of £44.1m (2004 £41.9), there was a net surplus for the year of £501k (2004 £232k) and after taking into account realised and unrealised gains on investments and actuarial gains and losses on the pension scheme, total fund balances decreased by £1,441k (2004: increase of £3,634k) to £7.6m (2004 £9.1m).

The liability currently representing the year-end funding position on the staff pension scheme is now designated in the accounts as a "Pension Reserve" under FRS17. This Pension Reserve can fluctuate in line with the assumptions that are used and the prevailing stock market prices at each year-end. The Trustees are considering the impact of this liability on future Cash Flow and Reserves, but believe that it will be funded from RNID's normal activities. However, as there is no immediate impact on RNID's available Cash Flow and Reserves Policy, its effect has been disregarded in the rest of this Report.

Financially:

- legacy income totalled £8.0m (2004: £6.4m).
- income generated through other voluntary donations and unrestricted grants was £4.2m (2004 £4.4m).
- expenditure on Specialist Care increased to £12.9m (2004 £11.7m).
- expenditure on Typetalk and Communication Services remained at £9.9m.
- expenditure on Employment Training and Skills totalled £2.5m (2004 £2.4m).

**The Royal National Institute for Deaf People**  
**Annual Report for the year ended 31 March 2005**

**MANAGEMENT POLICIES**

**Reserves Policy**

Free reserves available for use by RNID are deemed to be those that are readily realisable, less funds whose uses are restricted or designated for particular purposes.

As a matter of policy, each year the Trustees review the value of the reserves required to be held in investments, cash and cash equivalents that are not restricted to any particular purpose. The Board consider RNID's exposure to the risk of any significant loss of income, or unforeseen cost.

With income, the major risk is of a decline in voluntary income, particularly due to any economic/stock market downturn or other factors leading to both declining legacy values and reduced donations.

The present target range for free reserves is £4.75million - £5.75million. At the year-end, and disregarding the deficit currently being reported on the pension scheme, actual free reserves were £6.86m. However, the Trustees have conducted their annual review of the level of reserves and consider that it is appropriate, given the current economic outlook. A break-even financial result has been budgeted for 2005/6 and, together with an increased level of investment in our capacity to deliver efficient and tailored services, this will lead to a reduction in the level of reserves. The Trustees are satisfied that this is appropriate in relation to the present level of activity, the perceived levels of risk and the forecast growth shown in RNID's three year plan.

Free Reserves disregarding the Pensions Reserve:

	<b>2005</b>	2004
	<b>£'000</b>	£'000
Total unrestricted funds	15,513	15,359
Less: Unrestricted tangible fixed assets	(8,773)	(9,163)
Add long-term liabilities (see note16)	115	135
	<hr/> 6,855	<hr/> 6,331
Represented by:		
- investments	6,284	4,446
- current assets	5,356	7,430
- current liabilities	(4,785)	(5,545)
	<hr/> 6,855	<hr/> 6,331

**Investment Policy and Performance**

RNID's investment policy is to maximise the long-term total return of its investment funds subject to the risks normally associated with a balanced approach to portfolio management. RNID does not restrict its fund managers to any particular category of investment. However, it expects and encourages the fund managers to only invest in companies that have appropriate governance and social responsibility policies. We also expect that the activities of these companies will be monitored both against their own standards and policies and also against the standards of society generally.

The portfolio is invested 40% in UK equities (2004 50%), 30% UK Fixed Income (2004 25%) and 30% cash (2004 25%). The performance of the funds is measured against a composite benchmark of 40% FTSE All Share Index, 30% FTA British Government All Stocks and 30% 7-Day LIBID. The total return for the year ending 31 March 2005 was 10.4%, 0.9% ahead of the benchmark index.

**EMPLOYEES AND PENSIONS**

**Employees**

RNID aims to be an organisation where employees enjoy a sense of fulfilment and where they feel supported and developed. Employees are kept fully informed about its strategy and objectives, as well as day-to-day news and events. Regular information about the organisation is available through meetings, briefings and RNID's intranet: "e-connect". All employees are encouraged to give their suggestions and views on performance and strategy.

RNID supports equal opportunities, holding both the Investor in People standard and the Disability symbol. A policy of recruitment and promotion on the basis of aptitude and ability without discrimination is followed. RNID pursues both the employment of disabled people whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the organisation.

RNID is committed to the training, career development and promotion of all employees. An individual's career development is assessed with an annual appraisal and supervisions. Training programmes are provided to meet any ongoing needs, with the aim of developing employees for both their current and their future roles. RNID particularly seeks to encourage deaf and hard of hearing employees to play an active role in developing both the organisation and themselves, with specific training courses to fill this need. The number of deaf and hard of hearing people employed at the end of the financial year totalled 138 (2004 133)

# **The Royal National Institute for Deaf People**

## **Annual Report for the year ended 31 March 2005**

### **Pensions**

RNID operates a funded pension scheme that has both defined-benefit and defined-contribution sections. The defined-benefit section was closed to new entrants at 1 October 2001. FRS 17 has been implemented for the 2005 Report and Accounts and the prior year has been restated in accordance with this standard. The effect of this standard is disclosed in Note 17 to the Accounts. The annually calculated notional surplus or deficit on the funding of the Scheme is now shown in the accounts as a designated fund entitled "Pensions Reserve", which is deducted from Unrestricted Funds in the balance sheet. An actuarial valuation carried out at 31 March 2005 shows the market value of the assets of the scheme to be £28.1m and the present value of the liabilities £37.6m. The net deficit on the scheme of £9.6m is a statement of the transient situation at 31 March 2005, and the Trustees recognise that this can swing markedly in response to market factors and the actuarial assumptions made. In particular, the valuation at 31 March 2005 was affected by the adoption of a more prudent mortality assumption, which increased the present value of the Scheme's liabilities by £3.3 million.

The Trustees believe that the scheme currently meets its MFR funding requirements. Following a detailed actuarial calculation at 30 September 2003, the contributions made by both members and RNID were increased with effect from 1 April 2004 in order to address the shortfall in the scheme's funding. The next detailed actuarial calculation is due at 31 March 2006 and the contribution rates will be reassessed at that time. The Trustees are aware of the volatile nature of the deficit calculated according to FRS17, and that the deficit will vary greatly depending on the assumptions made at the valuation date.

### **FUTURE PLANS**

We believe that RNID has a sound financial basis upon which to build for the future. We continue to strengthen RNID's campaigning and research activities, and to develop existing services yet further to reach and help even more deaf and hard of hearing people. New key objectives for this are set out above under the heading of Achievements and Performance.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

RNID is governed by its Memorandum and Articles of Association adopted on 14 May 1948 and last amended on 4 November 2003.

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

Effective partnership between Trustees and staff continues to contribute significantly to our success. To ensure that Trustees' roles and responsibilities are carried out effectively, each has portfolio interests which require an understanding and a responsibility for specific aspects of RNID's work. Trustees are required to meet at least five times per year. These meetings include the AGM and four quarterly Board meetings where Trustees review strategy and performance and set operating plans and budgets. New Trustees receive an induction pack containing detailed information about RNID, its organisation and its work. They are then invited to spend time with the Executive Directors and to familiarise themselves with RNID's activities in order to prepare themselves for effective and informed decision-making. Trustees are encouraged to attend training sessions in order to develop their knowledge and skills.

The Board delegates the exercise of certain powers in connection with the management and administration of RNID as set out below. This delegation is controlled by requiring regular reporting back to the Board, so that all decisions made under delegated powers can be ratified by the full Board in due course.

### **Audit Committee**

The Audit Committee comprises Trustees and other advisors who are independent of management and free of any relationship that in the opinion of the Board of Trustees would interfere with the exercise of independent judgement as members of the Audit Committee. The Audit Committee meets quarterly and is responsible for Risk Assessment, Risk Management and Internal Control. The Committee advises the Board of Trustees on the appropriate level of free reserves.

### **Investment Committee**

The Investment Committee comprises Trustees and is charged with reviewing the strategy, policy and management of the investment portfolio held by RNID and advising the Board of Trustees accordingly. The Committee ensures proper procedures are in place to manage cash resources prudently, and to maximise income from liquid resources whilst maintaining sufficient funds to meet daily cash requirements.

### **Advisory Groups**

RNID has established Advisory Groups in Wales, Scotland and Northern Ireland. Each Group comprises representatives elected by members of RNID who are resident in the relevant country and a number of co-opted members. The composition of the Groups reflects national agendas and it is intended that at least half of the representatives will be deaf or hard of hearing. Each Advisory Group is tasked with long term planning for their country and advises the Board of Trustees on local priorities and issues.

### **Chief Executive**

The Chief Executive is responsible for the day-to-day management of RNID's affairs and for implementing policies agreed by the Board of Trustees. The Chief Executive is assisted by a group of executives and senior managers.

# **The Royal National Institute for Deaf People**

## **Annual Report for the year ended 31 March 2005**

### **Group structure**

RNID has a wholly owned subsidiary: RNID Activities Limited. The subsidiary carries out non-charitable trading activities to raise funds for RNID and during the financial year made an operating profit of £7,000 (2004: £26,000), all of which, as taxable profits, was donated to RNID.

### **Statement of Trustees' Responsibilities**

The Trustees are responsible for their annual report, and for the preparation of financial statements for each financial year, which give a true and fair view of the incoming resources and application of those resources of RNID as a company and as a group during the year, and of the state of affairs as at the end of the financial year. In preparing these financial statements, the Trustees are required to:

- ensure that suitable accounting policies are established and applied consistently;
- make judgements and estimates which are reasonable and prudent;
- state whether the applicable accounting standards and statement of recommended accounting practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that RNID will continue in operation.

The Trustees have overall responsibility for ensuring that RNID has appropriate systems and controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of RNID and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of RNID and for their proper application as required by charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- RNID is operating efficiently and effectively;
- all assets are safeguarded against unauthorised use or disposition and are properly applied;
- proper records are maintained and financial information used within RNID, or for publication, is reliable;
- RNID complies with relevant laws and regulations.

### **CORPORATE GOVERNANCE**

Internal controls over all forms of commitment and expenditure continue to be refined to improve efficiency. Processes are in place to ensure that performance is monitored and that appropriate management information is prepared and reviewed regularly by both the executive management and the Board of Trustees. A programme of internal audits is in place, derived from a comprehensive risk assessment.

The systems of internal control are designed to provide reasonable but not absolute assurance against material misstatement or loss. They include:

- a strategic plan and annual budget approved by the Trustees;
- regular consideration by the Trustees of financial results, variances from budgets and non-financial performance indicators;
- delegation of day-to-day management authority and segregation of duties; and
- identification and management of risks.

### **Risk Management**

The Trustees have introduced a formal risk management process to assess business risks and implement risk management strategies. This has involved identifying the types of risks RNID faces, prioritising them in terms of potential impact and likelihood of occurrence, and then identifying and implementing ways to mitigate these risks.

As part of this process the Trustees have reviewed the adequacy of RNID's current internal controls and the costs of operating particular controls relative to the benefits obtained. Procedures have been established for reporting failings immediately to appropriate levels of management and to the Board of Trustees.

**The Royal National Institute for Deaf People**  
**Annual Report for the year ended 31 March 2005**

**MEMBERS OF THE BOARD**

James Strachan, Chairman  
Michael Bishop, Vice Chairman (to 22 October 2004)  
Peter Cruttenden, Honorary Treasurer. Vice Chairman  
(from 19 May 2005)

Lord Adebawale  
Professor John Bamford  
Malcolm Bruce MP  
Caroline Cousin  
Colin Gowdy  
Marion Lomas (to 30 September 2004)  
David Mallen (to 22 October 2004)  
Malcolm McAlpine  
Michael Michelsen (to 22 October 2004)  
Huw Vaughan Thomas  
HRH The Countess of Wessex  
Lady Wilson (to 22 October 2004)  
Vanessa Whitehouse (from 30 September 2004)

**PATRON**

HRH The Duke of Edinburgh KG, KT

**PRESIDENT**

The Rt Hon Lord Ashley of Stoke CH

**VICE PRESIDENTS**

Lord Balfour of Burleigh (to 30 July 2004)  
Professor Anthony Kelly CBE (to 5 November 2004)  
Jack Shapiro  
Lady Tumim OBE  
John Whitney (to 4 August 2004)

**AUDIT COMMITTEE**

Michael Bishop (to 22 October 2004)  
Jack Climpson  
Caroline Cousin (from 20 May 2004)  
Peter Cruttenden  
Richard Hartley (to 20 May 2004)  
Vanessa Whitehouse (from 2 December 2004)

**INVESTMENT COMMITTEE**

Michael Bishop (to 22 October 2004)  
Peter Cruttenden  
Colin Gowdy  
Malcolm McAlpine

**EXECUTIVE OFFICERS** (as at 29 July 2005)

**Chief Executive**

Dr John Low

**Director of Communications**

Brian Lamb OBE

**Director of Finance and Company Secretary**

Bob Heathcote

**Director of Fundraising**

Patrick Holmes

**Director of Human Resources**

Vicky Hemming

**Director of Technology and Enterprise**

Mark Downs

**PRINCIPAL PROFESSIONAL ADVISERS**

**Solicitors**

Bates Wells and Braithwaite  
Cheapside House  
138 Cheapside  
London EC2V 6BB

**Bankers**

National Westminster Bank plc  
104 Tottenham Court Road  
London W1A 3AW

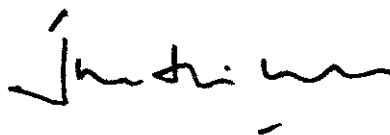
**External Auditors**

Horwath Clark Whitehill LLP  
St Bride's House, 10 Salisbury Square  
London EC4Y 8EH

**Investment Managers**

Merrill Lynch Investment Managers Limited  
33 King William Street  
London EC4R 9AS

BY ORDER OF THE BOARD OF TRUSTEES



James Strachan

The Royal National Institute for Deaf People  
19-23 Featherstone Street  
London EC1Y 8SL

29 July 2005



# **Independent Auditors' Report to the Members of The Royal National Institute for Deaf People**

We have audited the financial statements of The Royal National Institute for Deaf People for the year ended 31 March 2005 which comprise the Consolidated Statement of Financial Activities, the Charity and Consolidated Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 opinion we have formed.

## **Respective responsibilities of the trustees and auditors**

The responsibilities of the trustees, who are also the directors for the purposes of company law, for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.


## **Basis of opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Unqualified opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company and the group as at 31 March 2005 and of its incoming resources and application of resources, including the group's income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Horwath Clark Whitehill LLP**

Chartered Accountants and Registered Auditors  
29 July 2005

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating an Income and Expenditure Account)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

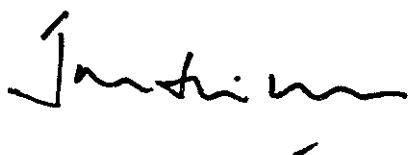
	Note	Unrestricted Funds	Restricted Funds	Total Funds 2005	Total Funds 2004
		£'000	£'000	£'000	£'000 (restated)
<b>INCOMING RESOURCES FROM GENERATED FUNDS</b>					
<b>Voluntary Income</b>					
Donations, gifts and unrestricted grants		4,207	34	4,241	4,404
Legacies		8,026	-	8,026	6,445
<b>Activities for generating funds :</b>					
Investment & Other Income	2	413	-	413	312
RNID Activities Limited	9	98	-	98	66
other incoming resources		26	-	26	5
<b>INCOMING RESOURCES FROM CHARITABLE ACTIVITIES</b>					
Grants		134	3,534	3,668	3,080
Campaigns, Information and Membership		1,375		1,375	1,315
Employment, Training & Skills		384		384	317
Typetalk and Communication Services		3,388	5,642	9,030	9,333
Specialist Care		11,993		11,993	11,118
Health and Community Equipment		950		950	1,914
Research		4		4	
Product Development and Sales		4,372		4,372	3,789
<b>Total incoming resources</b>		<b>35,370</b>	<b>9,210</b>	<b>44,580</b>	<b>42,098</b>
<b>RESOURCES EXPENDED</b>					
<b>Cost of generating funds:</b>					
Fundraising costs	4	4,008	4	4,012	3,543
RNID Activities Limited	4	91	-	91	40
Investment Management Fees	4	7	-	7	25
		<b>4,106</b>	<b>4</b>	<b>4,110</b>	<b>3,608</b>
<i>Net incoming resources available for charitable application</i>		<i>31,264</i>	<i>9,206</i>	<i>40,470</i>	<i>38,490</i>
<b>Charitable Activities:</b>					
Costs of activities in furtherance of the charity's objects					
Campaigns, Information and Membership	4	5,906	1,160	7,066	6,518
Employment, Training & Skills	4	995	1,475	2,470	2,386
Typetalk and Communication Services	4	3,598	6,283	9,881	9,924
Specialist Care	4	12,817	91	12,908	11,721
Health and Community Equipment	4	1,491	78	1,569	2,468
Research	4	818	141	959	762
Product Development and Sales	4	4,746	283	5,029	4,353
Governance costs	4	87	-	87	126
		<b>30,458</b>	<b>9,511</b>	<b>39,969</b>	<b>38,258</b>
<b>Total resources used</b>		<b>34,564</b>	<b>9,515</b>	<b>44,079</b>	<b>41,866</b>
Gross transfers between funds	18	(1,018)	1,018	-	-
<b>Net (outgoings)/income before investment gains/losses</b>		<b>(212)</b>	<b>713</b>	<b>501</b>	<b>232</b>
Realised gains on investments		56	-	56	58
<b>Surplus/(deficit) for the year</b>		<b>(156)</b>	<b>713</b>	<b>557</b>	<b>290</b>
<b>Other recognised gains and losses</b>					
Unrealised gains on investments		296	-	296	711
Pension scheme actuarial (loss)/gain (FRS 17)		(2,294)	-	(2,294)	2,633
<b>Net movement in funds</b>		<b>(2,154)</b>	<b>713</b>	<b>(1,441)</b>	<b>3,634</b>
Balances brought forward as previously stated		15,359	973	16,332	15,042
Prior year pension restatement		(7,260)	0	(7,260)	(9,604)
Balances brought forward as restated		<b>8,099</b>	<b>973</b>	<b>9,072</b>	<b>5,438</b>
<b>Balances carried forward at end of year</b>		<b>5,945</b>	<b>1,686</b>	<b>7,631</b>	<b>9,072</b>

The notes on pages 13 to 23 form part of these financial statements.

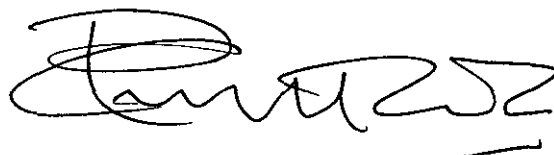
**BALANCE SHEETS AS AT**  
**31 MARCH 2005**

		Group		Charity	
	Note	2005	2004 (restated)	2005	2004 (restated)
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	10	9,865	9,659	9,865	9,659
Investments	11	6,284	4,446	6,284	4,446
		<b>16,149</b>	<b>14,105</b>	<b>16,149</b>	<b>14,105</b>
<b>Current assets</b>					
Stocks	12	549	435	548	431
Debtors	13	4,039	3,894	4,082	3,917
Cash at bank and short term deposits		2,074	4,279	2,013	4,221
		<b>6,662</b>	<b>8,608</b>	<b>6,643</b>	<b>8,569</b>
<b>Creditors</b>					
Amounts falling due within one year	14	5,497	6,246	5,485	6,233
		<b>1,165</b>	<b>2,362</b>	<b>1,158</b>	<b>2,336</b>
<b>Net current assets</b>					
		<b>17,314</b>	<b>16,467</b>	<b>17,307</b>	<b>16,441</b>
<b>Total assets less current liabilities</b>					
		<b>17,314</b>	<b>16,467</b>	<b>17,307</b>	<b>16,441</b>
<b>Creditors</b>					
Amounts falling due after more than one year	15	115	135	115	135
		<b>17,199</b>	<b>16,332</b>	<b>17,192</b>	<b>16,306</b>
<b>Net asset excluding pension liability</b>					
Defined benefit pension scheme liability	17	9,568	7,260	9,568	7,260
		<b>7,631</b>	<b>9,072</b>	<b>7,624</b>	<b>9,046</b>
<b>Net assets including pension liability</b>					
		<b>7,631</b>	<b>9,072</b>	<b>7,624</b>	<b>9,046</b>
<b>The funds of the charity</b>					
Restricted income funds	18	1,686	973	1,686	973
		<b>15,513</b>	<b>15,359</b>	<b>15,506</b>	<b>15,333</b>
Unrestricted income funds					
		<b>15,513</b>	<b>15,359</b>	<b>15,506</b>	<b>15,333</b>
<b>Unrestricted income funds excluding pension liability</b>					
Pension reserve		(9,568)	(7,260)	(9,568)	(7,260)
		<b>5,945</b>	<b>8,099</b>	<b>5,938</b>	<b>8,073</b>
<b>Total unrestricted funds after pension reserve</b>					
		<b>7,631</b>	<b>9,072</b>	<b>7,624</b>	<b>9,046</b>
<b>Total charity funds</b>					
		<b>7,631</b>	<b>9,072</b>	<b>7,624</b>	<b>9,046</b>

These financial statements were approved by the Board of Trustees on 29 July 2005



James Strachan  
Chairman



Peter Cruttenden  
Honorary Treasurer

**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2005**

	Note	2005	2004
		£'000	£'000
<b>Net cash (outflow)/inflow from operating activities</b>	20	<b>(128)</b>	<b>2,675</b>
<b>Returns on investments and servicing of finance</b>			
Interest paid		(3)	(10)
Interest received		215	76
Interest element of finance lease and hire purchase rental payments		(2)	(8)
Dividends received		157	206
<b>Net cash inflow from returns on investments and servicing of finance</b>		<b>367</b>	<b>264</b>
<b>Capital expenditure and financial investment</b>			
Purchase of property		(59)	(457)
Purchase of other tangible fixed assets		(855)	(425)
Sales of property and other tangible fixed assets		31	7
Purchase of fixed asset investments		(6,790)	(2,498)
Sale of fixed asset investments		5,303	3,357
<b>Cash outflow for capital expenditure and financial investment</b>		<b>(2,370)</b>	<b>(16)</b>
<b>Net cash (outflow)/inflow before financing</b>		<b>(2,131)</b>	<b>2,923</b>
<b>Financing</b>			
Capital element of finance lease and hire purchase rental payments		(74)	(125)
<b>Net cash outflow from financing</b>		<b>(74)</b>	<b>(125)</b>
<b>(Decrease)/Increase in cash</b>	21	<b>(2,205)</b>	<b>2,798</b>

The notes on pages 13 to 23 form part of these financial statements.

**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**1. ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at market value and in accordance with applicable accounting standards. In preparing the financial statements the charity complies with Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) issued in February 2005 and the Companies Act 1985.

The group accounts consolidate the accounts of the Charity and its subsidiary trading company. As provided by s.230 of the Companies Act 1985, no separate income & expenditure account is presented for the Charity. The Charity's surplus for the financial year of £557,000 (2004 surplus £290,000) is the same as the group result as the subsidiary's profits are remitted to the Charity under gift aid regulations.

**Incoming resources:**

Voluntary income and pecuniary legacies are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income and the amount can be quantified with reasonable certainty. For residuary and reversionary legacies, entitlement is established once the charity has been notified of an impending distribution.

Grant income is included when the relevant conditions for the grant have been met.

All other income is accounted for on an accrual basis.

**Resources expended:**

All resources expended are accounted for on an accrual basis. Charitable activities includes the direct costs of the activities and depreciation on related assets. Where such costs relate to more than one functional cost category, they have been apportioned as a percentage of staff employed on the relevant service. Governance costs are those associated with constitutional and statutory requirements. Support costs include the central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

**Tangible fixed assets** - All assets costing more than £1,000 are capitalised.

All purchased assets are recorded at cost.

All gifted assets are valued at date of receipt.

**Depreciation** - Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets on a straight line basis over their expected useful lives at the following annual rates:

Freehold and long leasehold properties	at least 2%
Improvements to freehold and long leasehold properties	4%
Short leasehold properties	over lease term
Fixtures, fittings & furniture	20%
Computer equipment	33.3%
Other equipment	20%
Motor vehicles	20%

As required by FRS 15, the trustees have reassessed the useful lives and residual values of the properties and the acquisition cost or subsequent valuations are written off over the useful lives to a maximum of 50 years.

No depreciation is provided on freehold land.

**Investments** - Investments are shown in the balance sheet at market value.

To comply with the Charities SORP, surpluses and deficits, whether realised or unrealised are shown on the SOFA.

**Stocks** - Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal.

**Finance leases** - Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the SOFA over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

**Operating leases** - Rentals paid under operating leases are charged to the SOFA on a straight line basis over the lease term.

**Pension costs** - Contributions to RNID's defined benefit pension scheme are charged to the

SOFA so as to spread the cost of pensions over employees' working lives within RNID. Pension cost is assessed in accordance with the advice of qualified actuaries. Actuarial gains and losses arising are recognised within the "gains and losses" categories of the SOFA under the heading "Pension scheme actuarial (loss)/gain (FRS17)". Contributions to the defined contribution scheme are charged to the SOFA in the period in which they are made.

**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**1. ACCOUNTING POLICIES (Continued)**

**Grants payable-** Grants payable are included in the period when any relevant conditions are met by the receiving entity. Payment of later instalments of a grant usually require satisfactory progress reports from the project. Grants authorised but unpaid at the balance sheet date are shown as commitments in Note 6 where conditions remain.

**Liabilities-** Liabilities are recognised when RNID have an obligation to make payment to a third party.

**2. INVESTMENT AND OTHER INCOME**

	2005	2004
	£'000	£'000
Income from listed investments - UK	157	206
Interest received - Bank	70	35
Interest received - Investments	145	41
Sundry income	41	30
	<b>413</b>	<b>312</b>

**3. NET OUTGOING RESOURCES FOR YEAR**

**This is stated after charging:**

	2005	2004
	£'000	£'000
<i>Interest payable :</i>		
- bank loans and overdrafts wholly repayable within five years	3	10
- finance leases and hire purchase contracts	2	8
Depreciation	705	858
Payments under operating leases:		
land and buildings	559	547
other	185	29
Auditors' remuneration :		
audit	42	41
other services	25	27

**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**4. ANALYSIS OF TOTAL RESOURCES EXPENDED**

	Staff costs	Other	Depreciation	Total 2005	Total 2004
	£'000	£'000	£'000	£'000	£'000 (restated)
<b>Cost of generating funds:</b>					
Fundraising costs	1,609	2,381	22	4,012	3,543
RNID Activities Limited	-	91	-	91	40
Investment Management Fees	-	7	-	7	25
	<u>1,609</u>	<u>2,479</u>	<u>22</u>	<u>4,110</u>	<u>3,608</u>
<b>Charitable Expenditure:</b>					
Costs of activities in furtherance of the charity's objects					
Campaigns, Information and Membership	3,886	3,101	79	7,066	6,518
Employment, Training & Skills	1,538	909	23	2,470	2,386
Typetalk and Communication Services	6,781	2,901	199	9,881	9,924
Specialist Care	9,241	3,334	333	12,908	11,721
Health and Community Equipment	987	566	16	1,569	2,468
Research	73	885	1	959	762
Product Development and Sales	1,307	3,694	28	5,029	4,353
Governance costs	78	5	4	87	126
	<u>23,891</u>	<u>15,395</u>	<u>683</u>	<u>39,969</u>	<u>38,258</u>
<b>Total resources used</b>	<u>25,500</u>	<u>17,874</u>	<u>705</u>	<u>44,079</u>	<u>41,866</u>

**5. SUPPORT COSTS**

Allocated by number of staff

	Management	Finance	Information Systems	Human Resources	Total
	£'000	£'000	£'000	£'000	£'000
Fund-raising	12	90	57	133	292
Campaigns, Information and Membership	30	232	148	345	755
Employment, Training & Skills	14	106	67	157	344
Typetalk and Communication Services	14	106	67	158	345
Specialist Care	86	652	413	968	2,119
Health and Community Equipment	7	55	34	80	176
Research	1	3	2	6	12
Product Development and Sales	11	30	55	128	224
Governance costs					
<b>Total RNID</b>	<u>175</u>	<u>1,274</u>	<u>843</u>	<u>1,975</u>	<u>4,267</u>

**6. GRANTS PAID**

All grants were made to institutions rather than to individuals. The aggregate amount of grants made during the year ended 31 March 2005, analysed by recipient were:

	Institution	Total £'000
Medical research into hearing loss	Addenbrooke NHS Trust	50
	Cleveland Clinic Foundation	50
	Cambridge University Cognition & Brain Sciences Unit	56
	Oxford Brookes University	50
	Regents University of Michigan	50
	University College London	255
	University of Bristol	101
	University of Sheffield	135
	Others	92
		<u>839</u>
Welfare, Education and Training for deaf and hard of hearing people		21
<b>Total</b>		<u>860</u>

In addition to the above, grants totalling £577,288 had been awarded subject to satisfactory reviews during the course of the project being funded.

**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**7. EMPLOYEES**

	2005 £'000	2004 £'000
Staff costs consist of :		
Wages and salaries	22,582	21,182
Social security costs	1,755	1,612
Pension costs	1,163	1,032
	<hr/> 25,500	<hr/> 23,826

The average monthly number of employees on full time equivalent basis during the year was made up as follows:

Fund-raising	48	46
Campaigns, Information and Membership	124	122
Employment, Training & Skills	56	52
Typetalk and Communication Services	256	276
Specialist Care	347	331
Health and Community Equipment	29	31
Research	2	2
Product Development and Sales	46	40
Finance, Human Resources, Information Technology and Administration	62	64
	<hr/> 970	<hr/> 964

No. of employees receiving gross salaries in the range:

£60,001 to £70,000	3	2
£70,001 to £80,000	2	-
£90,001 to £100,000	1	1

Three of these employees are in the defined contribution scheme, and three in the defined benefit scheme.

Contributions in the year for the provision of the defined contribution scheme were £42,532, in respect of 3 employees (2004- 3)

**8. TRUSTEES' REMUNERATION**

None of the members of the Board of Trustees received any remuneration during this year or last year. During the year, 5 Trustees (2004 - 10) received reimbursements of non-private travel and subsistence expenditure amounting to £2,376 (2004 - £5,039).

**9. SUBSIDIARY COMPANY**

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

RNID Activities Limited is a trading subsidiary of the charity handling fundraising events, retailing Christmas cards and other similar products. As it is a wholly owned subsidiary, related party transactions between RNID Activities Limited and RNID are exempt from disclosure.

RNID Activities' turnover for the year ended 31 March 2005 was £98,000 (2004 - £66,000). Cost of Sales were £63,000 (2004 - £36,000) and Administration expenses were £28,000 (2004 - £4,000), which left an Operating Profit of £7,000 (2004- £26,000) which was gift aided to RNID. Profit for the year was Nil (2004- Nil)



**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**10. TANGIBLE ASSETS**

Group and Charity

	Freehold	Long leasehold	Short leasehold	TOTAL Property	Fixtures, fittings & furniture	Computer equipment	Other equipment	Motor vehicles	TOTAL Other	GRAND TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>										
At 1 April 2004	9,950	51	2,662	12,663	2,130	2,980	1,861	764	7,735	20,398
Additions	51	6	2	59	214	569	72	-	855	914
Disposals	-	-	-	-	-	(1)	-	(215)	(216)	(216)
Adjustments	-	65	(65)	-	1	-	-	-	1	1
At 31 March 2005	10,001	122	2,599	12,722	2,345	3,548	1,933	549	8,375	21,097
<b>Depreciation</b>										
At 1 April 2004	1,607	3	2,026	3,636	1,997	2,699	1,785	622	7,103	10,739
Charge for year	167	-	137	304	78	211	34	78	401	705
Disposals	-	-	-	-	-	-	-	(211)	(211)	(211)
Adjustments	(1)	-	1	-	-	-	(1)	-	(1)	(1)
At 31 March 2005	1,773	3	2,164	3,940	2,075	2,910	1,818	489	7,292	11,232
<b>Net Book Value</b>										
At 31 March 2005	8,228	119	435	8,782	270	638	115	60	1,083	9,865
At 31 March 2004	8,343	48	636	9,027	133	281	76	142	632	9,659

The net book value of tangible fixed assets includes an amount of £59,763 (2004 - £132,153) in respect of assets held under finance leases and hire purchase contracts. Total depreciation charged on these assets during the year amounted to £77,829 (2004 - £71,388)

RNID commissions valuations of its major freehold and leasehold properties on a regular basis. The charity's major properties were revalued at 31 March 2004 by an external professional valuer. This valuation indicated that the market value of the properties on an existing use basis was approximately £7 million higher than their net book value at the year-end.

**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**11. FIXED ASSET INVESTMENTS**

	2005	2004
	£'000	£'000
Value of investment portfolio b/f	4,446	4,391
Purchases	6,790	2,498
Legacy Shares	-	144
Disposal Proceeds	(5,303)	(3,357)
Net Investments gain	351	770
Market value at 31 March 2005	6,284	4,446
Represented by:		
Listed securities:		
UK investments	6,284	4,446

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

	2005	2004
	£'000	£'000
Charishare	2,397	-
Charinco Common Investment Fund	-	1,349
33 KWS Growth and Recovery Fund	217	226
Vodafone Group	-	251
HSBC Holdings	-	246
MLIM Institutional Liquidity Fund	1900	-

**12. STOCKS**

	Group		Charity	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Equipment and publications	549	435	548	431

The replacement cost of stock is not materially different from that stated above.

**13. DEBTORS**

	Group		Charity	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Trade Debtors	3,370	3,030	3,365	3,027
Other Debtors	78	88	126	88
Amounts owed by group undertaking	-	-	-	26
Prepayments and accrued income	591	776	591	776
	4,039	3,894	4,082	3,917

Included above are amounts receivable after more than one year:  
Loans to local deaf societies

21	38	21	38
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**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**14. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Charity	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Trade Creditors	919	1,571	902	1,556
Other taxes and social security costs	533	495	533	495
Other creditors	1,036	758	1,043	758
Obligations under finance leases and hire purchase contracts	23	76	23	76
Accruals	2,153	2,014	2,151	2,016
Deferred income	833	1,332	833	1,332
	<b>5,497</b>	<b>6,246</b>	<b>5,485</b>	<b>6,233</b>

**15. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

Group and Charity

	2005	2004
	£'000	£'000
Obligations under finance leases and hire purchase contracts	-	20
Long-term loan (see below)	115	115
	<b>115</b>	<b>135</b>

Details of the long-term loan are as follows:

In 1981, with the consent of the Charity Commissioners, funds amounting to £114,929 from the Tower House and the Bath Homes for the Deaf were used to finance a project at RNID Poolemead. This amount, which is non-interest bearing, is repayable after 60 years.

**16. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS**

	Unrestricted Funds	Restricted Funds	Total Funds 2005	Total Funds 2004
	£'000	£'000	£'000	£'000
<b>Fund balances at 31 March 2005 are represented by:</b>				
Tangible fixed assets	8,773	1,092	9,865	9,659
Investments	6,284	-	6,284	4,446
Current assets	5,356	1,306	6,662	8,608
Current liabilities	(4,785)	(712)	(5,497)	(6,246)
Long-term liabilities	(115)	-	(115)	(135)
Pension reserve	(9,568)		(9,568)	(7,260)
<b>Total net assets</b>	<b>5,945</b>	<b>1,686</b>	<b>7,631</b>	<b>9,072</b>

**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**17. PENSION**

RNID operates a funded pension scheme in the UK. The scheme has both final salary and money purchase sections, although the money purchase section is relatively small. The pension costs charged to the SOFA amounted to £1,163,074 (2004: £1,032,225). In prior years FRS 17 disclosure was by way of note only, this year it has been disclosed in full with appropriate restatement of prior year in the SOFA.

An FRS 17 actuarial valuation was carried out at 31 March 2005 by a qualified independent actuary. The main assumptions used by the actuary were:

	At 31/03/2005 (% p.a.)	At 31/03/2004 (% p.a.)	At 31/03/2003 (% p.a.)
Rate of increase in salaries	5.0%	5.1%	4.6%
Rate of increase in LPI pensions in payment	3.0%	3.1%	2.6%
Discount rate	5.4%	5.5%	5.4%
Inflation assumption	3.0%	3.1%	2.6%

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long-term rate of return expected at 31/03/2005	Fair Value at 31/03/2005	Long-term rate of return expected at 31/03/2004	Fair Value at 31/03/2004	Long-term rate of return expected at 31/03/2003	Fair Value at 31/03/2003
	p.a.	£000s	p.a.	£000s	p.a.	£000s
Equities and Property	7.70%	16,179	7.80%	14,020	7.50%	11,341
Fixed Interest	4.70%	9,313	4.80%	9,006	4.50%	7,606
Insured Annuities	5.40%	785	5.50%	421	5.40%	502
Cash and Other	4.75%	1,228	4.00%	548	3.75%	291
Defined Contribution Secti	-	548	-	235	-	64
<b>Total market value of assets</b>		<b>28,053</b>		<b>24,230</b>		<b>19,804</b>
<b>Present value of liabilities</b>		<b>37,621</b>		<b>31,490</b>		<b>29,408</b>
<b>Surplus/(Deficit) in the plan</b>		<b>(9,568)</b>		<b>(7,260)</b>		<b>(9,604)</b>
<b>Net Pension Asset/(Liability)</b>		<b>(9,568)</b>		<b>(7,260)</b>		<b>(9,604)</b>

Volatility of FRS 17

It should be noted that the methodology and assumptions prescribed for the purposes of FRS 17 mean that the disclosures will be inherently volatile, varying greatly according to investment market conditions at each accounting date.

Movement in Surplus/(Deficit) during the year

	2005 £000s	2004 £000s	2003 £000s
Deficit in scheme at the beginning of the year	(7,260)	(9,604)	(2,979)
Movement in year:			
Current service cost	(822)	(864)	(940)
Employer contributio	950	925	1,196
Past service costs	0	0	(46)
Other finance incom	(142)	(350)	27
Actuarial gain	(2,294)	2,633	(6,862)
<b>Deficit in plan at the end of the year</b>	<b>(9,568)</b>	<b>(7,260)</b>	<b>(9,604)</b>

**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**17. PENSION (CONTINUED)**

It should be noted that the defined benefit scheme is closed to new entrants and so the use of the projected unit valuation method required by FRS17 means that the current service cost (as a proportion of defined benefit member's earnings) is likely to increase as members approach retirement.

During the year, RNID contributed to the defined benefit section at the rate of 18.7% of pensionable salaries. In addition, RNID meets the cost of insured death in service benefits and administration expenses. For the defined contribution section, RNID contributes 6% or 8% of pensionable salary depending on the members chosen contribution rate of 3% or 4% of pensionable salary respectively.

RNID contributions amounting to £137,335 (2004: £114,423) were due to the scheme as at the year end and these are included in creditors.

**Analysis & History of Experience**

Year ending 31 March

Analysis of the amount charged to operating surplus

	<u>2005</u> £000s	<u>2004</u> £000s	<u>2003</u> £000s
Current service cost	822	864	940
Past service cost	0	0	46
Settlements / curtailments	0	0	0
Total operating charge (net of employee contributions)	822	864	986

Analysis of the amount credited to other finance income

	<u>2005</u> £000s	<u>2004</u> £000s	<u>2003</u> £000s
Expected return on scheme assets	1,586	1,249	1500
Interest on plan liabilities	(1,728)	(1,599)	(1,473)
Net return	(142)	(350)	27

Analysis of amount recognised in the statement of financial activities

	<u>2005</u> £000s	<u>2004</u> £000s	<u>2003</u> £000s
Actual return less expected return	1,476	2,419	(3,491)
Experience gains and losses	(56)	882	(26)
Changes in assumptions	(3,714)	(668)	(3,345)
Recognised actuarial gain	(2,294)	2,633	(6,862)

History of experienced gains and losses

	<u>2005</u> £000s	<u>2004</u> £000s	<u>2003</u> £000s
Difference between actual and expected return on plan assets			
amount (£000s)	1,476	2,419	(3,491)
% of plan assets	5%	10%	(18%)
Experience gains and losses on plan liabilities			
amount (£000s)	(56)	882	(26)
% of plan liabilities	0%	3%	(0%)
Total amount recognised in statement of financial activities			
amount (£000s)	(2,294)	2,633	(6,862)
% of plan liabilities	6%	8%	(23%)

**NOTES TO THE ACCOUNTS(CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**18. RESTRICTED FUNDS**

Group and Charity

	Balance 1 April 2004	Incoming Resources	Expenditure, Gains, Losses & Transfers	Balance 31 March 2005
	£'000	£'000	£'000	£'000
RNID Typetalk	495	5,642	(5,775)	362
Legal Casework Service	-	120	(48)	72
Richardson House	-	-	730	730
Other	478	3,448	(3,404)	522
<b>Totals</b>	<b>973</b>	<b>9,210</b>	<b>(8,497)</b>	<b>1,686</b>

Included within "Other" are 38 restricted funds with no individual fund having a closing balance greater than £50,000.

RNID Typetalk activities are fully funded by British Telecommunications Plc., helping to provide access to the telephone network for deaf and hard of hearing people.

Following a review some assets (principally Richardson House) were reclassified as being within a restricted fund. Transfers have been made accordingly.

**19. COMMITMENTS UNDER OPERATING LEASES**

Group and Charity

As at 31 March 2005, RNID had annual commitments under non-cancellable operating leases as set out below:

	2005		2004	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within 1 year	243	6	231	7
In 2-5 years	104	179	78	53
After 5 years	212	-	177	-
	<b>559</b>	<b>185</b>	<b>486</b>	<b>60</b>

**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**20. RECONCILIATION OF NET INCOMING/(OUTGOING) RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2005	2004
	£'000	£'000
Net incoming/(outgoing) resources for the year	501	232
Interest paid	3	10
Interest received	(215)	(76)
Interest element of finance lease rental payments	2	8
Dividends received	(157)	(206)
	<hr/> 134	<hr/> (32)
Depreciation charge for year	705	858
Surplus on sale of fixed assets	(26)	(5)
Legacy income received as investments	-	(144)
Decrease/(Increase) in stocks	(114)	56
Decrease/(Increase) in debtors	(145)	4,090
(Decrease)/Increase in creditors	(696)	(2,437)
Pensions Reserve funding deficit movements	14	289
	<hr/>	<hr/>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(128)</b>	<b>2,675</b>

**21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	2005	2004
	£'000	£'000
<b>(Decrease)/increase in cash in the year</b>	<b>(2,205)</b>	<b>2,798</b>
Cash outflow from decrease in lease financing	74	125
	<hr/>	<hr/>
Movement in net funds in the year	(2,131)	2,923
Net funds at 1 April 2004	4,067	1,144
	<hr/>	<hr/>
<b>Net funds at 31 March 2005</b>	<b>1,936</b>	<b>4,067</b>

**22. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 April 2004 £'000	Cash flows £'000	Other changes £'000	At 31 March 2005 £'000
Cash at bank and in hand	4,279	(2,205)	-	2,074
Debt due after more than one year	(115)	-	-	(115)
Finance leases	(97)	74	-	(23)
	<hr/> (212)	<hr/> 74	<hr/> -	<hr/> (138)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>4,067</b>	<b>(2,131)</b>	<b>-</b>	<b>1,936</b>

**23. CORPORATION TAX**

No corporation tax is payable as the Charity is able to make full use of exemptions available to charities

## ACKNOWLEDGEMENTS

We are grateful to the following funders who have generously given the following restricted grants and donations during the financial year.

	2005
	£
<b>BIG LOTTERY FUND</b>	
Outreach Information Officer South East	5,500
Outreach Information Officer Northern Ireland	34,196
Rotherham- Community Support Worker	25,327
Employment Adviser Derry	36,856
Deaf Awareness Training for SME's	150,161
SW Employment & Deaf Community Development	43,925
Video Interpreting 2	86,736
Legal Casework Unit	3,985
Legal Casework Service 2	120,000
Isle of Wight Sound Advice 2	41,734
Outreach Information Officer West Midlands	47,394
Outreach Information Officer South East	2,076
Outreach Information Officer South West	39,075
Wales Hear to Help	19,052
 <b>STATUTORY</b>	
Youth Education Social Inclusion Partnership	17,834
HSE - North Eastern Area (former North Eastern Health Board)	14,109
DHSSPS	25,772
National Assembly for Wales	46,800
Scottish Enterprise	10,145
Basic Skills Agency	8,182
South and East Belfast Trust	5,000
Youth Education Social Inclusion Partnership	7,336
Sperrin Lakeland Trust	35,023
Department for Social Development	71,308
Department of Health	60,000
Pensions Services Partnership	57,900
Communities First	130,386
Gwynedd County Council	31,500
WCVA	10,586



## ACKNOWLEDGEMENTS (cont)

We are grateful to the following funders who have generously given the following restricted grants and donations during the financial year.

	2005
	£
<b>CO-FINANCING</b>	
Association of London Government	42,973
Jobcentre Plus	356,863
Learning & Skills Council	33,750
European Social Fund	686,810
Other European Funding Programmes	150,924
<b>TRUSTS</b>	
Bridge House Trust	200,000
Royal Airforce Benevolent Fund	65,000
The Grand Charity of the Freemasons	50,000
The Garfield Weston Foundation	50,000
The Jack Petchy Foundation	12,500
Lloyds TSB Foundation for Northern Ireland	10,000
The Hedley Roberts Trust	12,119
Ernest Kleinwort Charitable Trust	10,000
The Myristica Trust	10,000
Community Foundation for Northern Ireland	53,500
<b>CORPORATE</b>	
Barclays Bank plc	55,176
HBOS plc	50,000
UnumProvident	39,000

Many other organisations, trusts, estates and individuals have given generously during the year and many deaf and hard of hearing people have benefited as a result. For this we are also very grateful.

*RNID receives support from:*



Supported by

