

The Hearing Research Trust

known as

Deafness Research UK

Annual Report and Accounts

for the year ended

31st July 2012

Charity Registration No: 326915

Company Registration No: 01027650

MONDAY



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A20JSZOR		
A25	04/01/2013	#355
COMPANIES HOUSE		

The Hearing Research Trust known as Deafness Research UK

Trustees' Report

The Trustees and Directors of the charitable company present their report along with the financial statements of the charity for the year ended 31st July 2012. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles, applicable law and the requirements of the Statement of Recommended Practice 2005 Accounting and Reporting by Charities.

Reference and Administrative details

Official Name of Charity	Hearing Research Trust
Working Name of Charity	Deafness Research UK
Previously known as	Defeating Deafness Hearing and Speech Trust
Charity Registration No.	326915
Company Registration No.	01927658
Registered Office	330/332 Gray's Inn Road London WC1X 8EE

Directors and Trustees

Caroline Ashley	Elected 2011
Dr Carol Cole	Elected 2010
Robin Evans (Treasurer)	Re-elected 2010
Richard Farrell	Re-elected 2010
Professor Mark Haggard CBE (Chairman)	Elected 2010
John Graham FRCS	Re-elected 2010
Mike Granatt CB FCIPR	Re-elected 2010
Anthony Markson	Re-elected 2011
Professor David Moore	Re-elected 2010
Dr Ivan Tucker OBE	Elected 2009
Juliet Waller (Secretary)	Re-elected 2011

Chief Executive: Vivienne Michael

Bankers. Barclays Bank Plc
27 Soho Square
London
W1A 4WA

Auditors Knox Cropper
Chartered Accountants
8/9 Well Court
London
EC4M 9DN

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Trustees' Report (continued)

Structure, Governance and Management

CONSTITUTION

Deafness Research UK (The Hearing Research Trust) was established on 1st July 1985 to encourage and support medical research to improve the quality of life for people suffering from hearing loss and related conditions. It is a company limited by guarantee (each member having a liability of £1) and a registered charity constituted under a Memorandum and Articles of Association.

GOVERNANCE AND MANAGEMENT

The charity is governed by a Board of Trustees (the Management Committee) which meets quarterly. Trustees (Members of the Trust) are also the Directors of the charitable company. Trustees are appointed by the Board and serve for three years after which period they may put themselves up for re-election at the Annual General Meeting as prescribed in the Articles of Association. Officers are appointed by the Board and elected annually. The Articles provide for a minimum of six to a maximum of 30 trustees. At its quarterly meetings, the Board agrees the broad strategy and activities of the charity, considering grant making, advisory, communications and fundraising activities, investment and reserves policies and risk management.

The Board undertakes a regular skills audit to ensure that it has the necessary range of experience and expertise. Currently the Board provides the charity with expertise in hearing research and treatment, knowledge of the deaf community and other deafness charities, personal experience and understanding of deafness, knowledge of the media and business, legal and financial experience and expertise. New trustees are identified through appropriate networks such as the scientific and medical communities. The induction process for any new trustee comprises initial meetings with the Chairman, existing trustees and the Chief Executive. The trustees' induction pack comprises a range of background information on the charity's history and recent activities and includes a copy of the Memorandum and Articles of Association, the minutes of recent Board meetings, the last three years' Report and Accounts and a copy of the Charity Commission's guidance *The Essential Trustee: What you need to know*. On-going training is provided as required through meetings and away days.

A Research Sub-Committee has been appointed by the Board to make recommendations regarding research grants. The Sub-Committee, which is currently made up of the Chief Research Adviser and three trustees, meets quarterly to consider applications and the progress of on-going grants. It is advised by the charity's panel of expert Research Advisers who advise on research strategy and, supported by external reviewers, monitor existing grants and assess grant applications using a system of peer review.

As a member of the Association of Medical Research Charities (AMRC), Deafness Research UK complies with the Association's standards and guidance on best practice with regard to peer review. Members of the Research Panel serve for a maximum period of five years and do not participate in reviews of applications in which they may have an interest. Applications are assessed and grants monitored using an agreed comments framework and scoring system. Further details of the charity's research strategy and peer review process are available from the Deafness Research UK office and on the charity's website.

The charity is grateful to its advisers who voluntarily give their time and expertise to help ensure that the research funded is not only of the highest quality but is genuinely helping further the charity's fundamental objective – improving the prevention, diagnosis and treatment of hearing impairment.

The Chief Executive (CEO) reports to the Board and is responsible for the day to day management of the charity. As at 1st August 2011 there were two part-time and 12 full-time posts in the charity.

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Trustees' Report (continued)

During the year both the fundraising and Information/Communications teams were restructured and at 31st July 2012 the charity had one part-time and 13 full-time posts made up of the CEO, six Fundraising staff, three Information/Communications staff, two Bionic Ear staff, a Research Development Manager and the Finance and Administration Manager

The significance of the charity's work is acknowledged in the support that it receives from its Royal Patron, HRH, the Duke of York KCVO ADC and its distinguished Vice Presidents. These are honorary appointments.

It is with great sadness that we report the death during the year of the charity's President, Lord Ashley of Stoke CH Jack, who co-founded the charity with his wife, Pauline, was an inspirational role model, not only for deaf people but for all disabled people and our condolences go to Lord Ashley's family. We are delighted that the family's connection with the charity remains through Jack and Pauline's daughter, Caroline, who serves on the Board.

RISK MANAGEMENT

The trustees regularly review the major strategic, business and operational risks which the charity faces with a view to ensuring that appropriate systems and procedures are in place to minimise these risks.

Objectives and Activities

The Trustees can confirm that, in reviewing the Charity's aims and objectives and in planning future activities, they have referred to the Charity Commission's general guidance on public benefit. Deafness Research UK exists to reduce the disability and disadvantage associated with hearing impairment by encouraging and funding high impact research into prevention, treatment and cure, by providing advice, information and support to improve healthcare and by working to ensure that people value their hearing and take action to reduce the risks to it.

We are committed to

- Excellence
- Patient benefit
- Transparency

Our goals are

- High impact research
- Better healthcare and support
- Reducing risk

Operationally we are concentrating on achieving these goals by

High impact research

- Supporting excellence and giving support where it is most needed
- Maximising the effectiveness of UK research by working strategically, stimulating collaboration and dissemination
- Increasing clinical research
- Building UK research capacity
- Increasing stakeholder involvement
- Exerting influence and showing leadership

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Trustees' Report (continued)

Better healthcare and support

- Supporting professionals
- Providing better information to empower patients
- Raising awareness

Reducing risk

- Encouraging research
- Raising awareness
- Helping people understand their personal risk

Objective 1: High impact research

The charity's research strategy and grant-making policy is determined by trustees advised by the charity's Research Advisory Panel and informed by the views of those affected by hearing impairment. The programme aims to make a unique contribution, adding value by providing funding not available from other sources and focussing on projects within units recognised as contributing strategically to the good of deafness research within the UK. Underlying principles are excellence, timeliness and originality of science, relevance to prevention, diagnosis, treatment or cure and clearly defined impact on those affected.

The charity has a particular interest in contributing to the sustainability of deafness research in the UK. By developing the research of talented young investigators, it aims to build UK hearing research capacity and ensure that high quality research will continue to be undertaken here in the future. The charity also aims to fund shorter term projects which make a strategic contribution to UK hearing research and to give support in the form of agreed funding packages to recognised centres of excellence where there is an exceptional opportunity to further hearing research in the UK. Where appropriate, the charity seeks to build partnerships with other funding and research organisations and to promote networks and dialogue between disciplines in order to maximise the effectiveness of its funding and identify productive new lines of research.

The charity's grant application policies and procedures are widely publicised via its website, at research centres and scientific meetings. Applications submitted in the agreed format are accepted at any time and generally considered at quarterly Research Sub-Committee and Board meetings. However, the charity is mindful of the value of flexibility and rapid response where this can be achieved without compromising the principles of peer review and best practice and, where there is an exceptional case to be made smaller awards may be approved under a process of Chairman's Action. All projects and research posts including postgraduate studentships are funded on an annual basis and continuation funding is dependent upon satisfactory progress. Progress and final reports are required for all awards and are reviewed by research advisers and reported to trustees. The terms and conditions attached to Deafness Research UK grants are available from the charity's office and on its website.

In practice, grants are concentrated on the following priority areas: fundamental molecular, cellular and developmental research leading ultimately to prevention and medical treatments for hearing loss, early detection of deafness and hearing rehabilitation programmes, causes and treatment of otitis media with effusion (OME) or "glue ear", genetics of deafness, improving benefit from hearing aids and cochlear implants, central auditory processing and the causes and treatment of tinnitus.

Grants are available for pilot and feasibility studies, one-, two- and occasionally three-year projects and fellowships, postgraduate studentships, equipment and infrastructure, travel, vacation scholarships for undergraduates and scientific meetings.

Objective 2 Better healthcare and support

The charity aims to offer up-to-date, evidence-based information on hearing problems through its Advisory Service. The Service was originally piloted following research which showed that the need for information on medical issues relating to hearing impairment was not being met by existing services. The service is available

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Trustees' Report (continued)

through the charity's website and free telephone helpline which give access to a wide range of literature, one to one support and, where necessary, an appropriate, specialist opinion. It is supported by an expert panel of Communications Advisers who assist in the development of information materials and with responses to more complex enquiries.

Objective 3 Reducing risk

The charity's Communications strategy aims to increase understanding and awareness of how hearing works, hearing research, the seriousness of deafness as a disability and the need to find new treatments and technologies through a programme of media campaigns, public materials, events and outreach programmes focussing on key messages, carefully focussed on priority target audiences and employing creative ideas to maximise impact. The strategy is supported by the charity's expert Communications Advisers who advise on and assist with media activities, events and the development of materials.

The organisation's strategy is kept under regular review by the Board of trustees through consideration of monthly, quarterly and annual management and strategic reports and plans and meetings for trustees, advisers and staff.

Action for Tinnitus Research

Since January 2008 Deafness Research UK has been the sole trustee of the charity Action for Tinnitus Research (ATR) (Registered Charity No 1078378) under a uniting direction order under Section 96 (6) of the Charities Act 1993. ATR was established in the belief that treatments for tinnitus would only be found by providing support for effective research and the link benefits tinnitus sufferers by creating a single dedicated national research effort to better understand the debilitating condition of tinnitus and work towards finding a cure.

Achievements and Performance

RESEARCH

Grants awarded during 2011/2012 included two new Deafness Research UK studentships, five small project grants, one equipment grant, six travel awards and eight vacation scholarships which enable young undergraduates to experience laboratory research. Two studentships and three Fellowships were funded under the Auditory Centres of Excellence programme and the charity commissioned one large project. The charity sponsored two scientific meetings.

More information on the 2011/12 research grants programme can be found at Appendix A to this Report.

HEALTHCARE, SUPPORT AND REDUCING RISK

The Advisory Service

During the year the Advisory Service dealt with approximately 1,350 enquires from individuals and organisations. Enquiries were up almost 50% on last year. In addition, the Service reached many more people through the Bionic Ear Show programme with the charity's Outreach Adviser attending many community events and performances with the Show throughout the UK. These included several events for professionals in the field and a programme of return visits to lip-reading and other support groups to establish a more permanent presence in the community.

Website, e-newsletter and social media

In spring 2012, we launched our new website with a simpler, more user-friendly navigation and structure. It also has a clearer URL (web address) architecture which makes for better search engine optimisation. Website traffic has continued to grow during the year with a 23% increase in visits and a 26% increase in visitors.

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Trustees' Report (continued)

As a result of concerted efforts to deliver a more coherent and value-focused social media presence, we are seeing an increase in the number of referrals to our website from Facebook and Twitter. At the end of the year we had 647 followers on Facebook and 1,779 on Twitter. The Bionic Ear Show had 202 and 85 followers respectively. Engagement appears to be increasing with more people talking about us online.

The charity's e-newsletter, *Soundbite*, is now sent out once a month rather than bi-monthly and continues to provide updates on research and the charity's fundraising events as well as encouraging people to visit the Deafness Research UK website. We now have almost 7,000 subscribers.

Public relations activity

During the year, the charity issued over 200 press releases covering case studies, topical issues, research stories and Bionic Ear Show updates, with a total circulation of over 35 million and an OTS (opportunity to see) of over 87 million. This represents a significant increase in media coverage with both circulation and OTS up by at least three fold on the previous year.

Coverage of the ban on vuvuzelas at the European Championships continued this year with much of the publicity focussing on Deafness Research UK's support for the ban. A press release on this was published in the national press with a reach of over 6.8 million and, including regional press, the topic reached a total audience of over 7.5 million.

Tinnitus proved to be another hot topic during the year, with several high profile celebrities publicly announcing that they were suffering with the condition and the tragic, highly publicised suicide of tinnitus sufferer Robert McIndoe. 'Letter to editors' campaigns were used effectively around these stories to highlight Deafness Research UK's position on tinnitus. In total, there were 180 Deafness Research UK letters on tinnitus published in the regional press. They covered the length and breadth of the country and resulted in an increase in calls to the Advisory Service.

There was also significant media interest in the Bionic Ear Show resulting in 86 articles reaching an audience of over 5.6 million. The coverage included BBC radio coverage in Orkney when the Show went on a Highlands and Islands grand tour during August.

Monitoring achievement

Deafness Research UK recognises the importance of on-going monitoring and evaluation if it is to improve the quality of its information, respond to the needs of its users and achieve its information and communications goals. Data on the following is collected, reported and analysed on a monthly basis:

- the number of enquiries received from individuals and organisations
- enquirer demographics
- different methods used to access the service
- the level of assistance required
- enquiry topics

All individual enquirers are asked to complete a feedback form to measure satisfaction. 93% of enquirers who returned feedback forms in the last year said they were either satisfied or very satisfied with the service.

We report a range of web metrics on a monthly basis, including:

- website visits
- average time on site
- bounce rate
- pages viewed
- the most popular web pages and factsheets

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Trustees' Report (continued)

We also track social media engagement, including followers, likes, people talking about our stories, engaged users and reach

Regular monitoring of communications activity includes monthly reporting of press releases and letters to the media. The success of media activity is tracked and analysed on a monthly basis using press cuttings and reports of broadcast coverage received. Circulation figures are used to calculate the resulting media reach and, in combination with other metrics, to evaluate outcomes.

FUNDRAISING

Deafness Research UK relies on voluntary contributions from individuals, community groups, companies, charitable trusts and other grant-making bodies.

Following the exceptional level of legacy income in 2010/11, income from legacies fell this year. However, at £358,285 it was above the target of £300,000 and, given the significance of legacies to the charity in recent years, we continue to promote this way of giving in all our communications and appeals. Our popular programme of legacy events continued with two events held during the year.

Given the current economic climate, we were pleased to achieve an increase in grant and donation income. However, with the exception of Major Donors, all income streams were slightly down on the targets set. A substantial proportion of corporate income came from Bupa to support the Bionic Ear programme. Grants from the Big Lottery Fund and National Lottery Wales also supported this valuable outreach project, and made a significant contribution to our income from grant-making Trusts. Most of our income from individual donors continues to come from direct marketing activities and, this year, we continued the programme of Prize Draw mailings to attract new supporters to the charity. However, a disappointing return from the first test Raffle mailing resulted in Individual Giving income falling below target.

The charity's income was made up as follows: Legacies 32%, Grant-making trusts 21%, Corporate 10%, Major Donors 10%, Direct Marketing 8% and Statutory/Lottery 6%. Other income sources (Committed Giving, Events and Community fundraising, Gift Aid and In Memoriam gifts) accounted for 11% of income. Investment and trading income accounted for 2% of the total.

Monitoring Achievement

The success of fundraising activities is analysed on a monthly basis through detailed reports on all income streams. Data collected includes actual figures against targets for the number of appeals issued, response rates and average donation levels as well as the cost and return on investment. The data is used by senior staff and trustees in on-going performance management and helps determine the appropriate level of staffing and other resources.

Financial Review

We are pleased to report that grant and donation income increased by 28% to just over £740,200 this year. However, a fall in legacy income, following the exceptional legacy windfall in 2010/11 meant that overall income was down by £558,515 to £1,121,036.

We are also pleased to report that our charitable expenditure has increased, from £837,436 to £974,308. On a full cost basis, expenditure on research grants increase by about £8,000 to £528,033. At the year end we had liabilities to pay grants amounting to £533,390 and additional conditional commitments, set aside in restricted and designated funds, of £617,622.

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Trustees' Report (continued)

In addition to funding grants, the charity is active in providing educational information and raising awareness through its Advisory Service and the Bionic Ear Show. This year expenditure on a full cost basis on these activities increased from £317,198 to £446,275.

The loss of the charity's subsidised office accommodation at UCL had a significant impact on non-charitable costs this year as the trustees agreed that, in the short-term, there were advantages to continuing to occupy licensed office space close to the UCL Ear Institute. This will be reviewed during the coming year.

In 2010/11, given the continuing uncertain economic conditions, the Board considered it prudent to designate £800,000 of funds from an exceptional legacy for research of particular urgency or public concern and to enable the charity to invest in raising awareness of its work and creating more sustainable funding sources. This year, in addition to supporting research, some of this funding has been invested in incentivised mailings and telemarketing programmes to bring in new supporter names and increase the number of regular or committed givers. Consequently, after several years in which costs had been reduced, there was an increase in the cost of generating funds. Governance costs increased by 14% compared with the previous year.

At year end, total funds amounted to £1,479,953 made up of unrestricted funds of almost £233,000, designated funds of approximately £1,026,100 and restricted funds of just over £221,300.

INVESTMENT POLICY

The charity's investment policy is reviewed annually at a full Board meeting. This year, the trustees endorsed their previous policy that investment decisions should be taken with a view to maximising total return at an acceptable level of risk and without compromising the availability of designated and restricted funds which must be available for the purposes originally intended as and when they are required.

It has been agreed that, for the foreseeable future, cash-based investments and Common Investment Funds offer the charity a sufficient level of diversification and are appropriate for the charity's circumstances.

Cash is invested in the COIF Charities Deposit Fund (CDF), a Fund designed to enable charities to obtain, even on small amounts of money, the higher rates usually only obtained on large sums in the London Money Market Funds, originally valued at £210,000, are invested in the COIF Charities Investment Fund, a fund set up to offer equity investment to charities which do not have sufficient cash for investment to justify retaining a dedicated investment manager.

RESERVES

Deafness Research UK must ensure its long term sustainability, viability and success and, in determining the charity's reserves policy, trustees have taken into account the current economic conditions and the risks to key funding sources as well as the charity's core financial responsibilities. The trustees have agreed a target of maintaining unrestricted reserves of between four months and six months of normal operating expenditure.

At the year end, the unrestricted fund balance carried forward was £232,525, just over four months of operating expenditure.

The charity's trustees have produced this policy statement in accordance with Charity Commission best practice guidelines. This policy will be reviewed regularly, and as a minimum annually, by all trustees at a full Board meeting.

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Trustees' Report (continued)

Plans for the Future

RESEARCH

Deafness Research UK is valued by the UK research community as a supporter of young scientists, a provider of urgent small grants, funding for pilot studies and equipment for high quality visionary research. Given the continuing economic uncertainty and increasing competition for research funds, the charity's UK research grants programme will be more important than ever. We therefore aim to continue our programme of three-year postgraduate studentships in targeted areas of research and to continue to focus funds on scientists in the early and key stages of their careers through awards that give promising undergraduates some research experience and help young scientists gain experience at overseas labs and meetings.

We aim to continue to support studentships and fellowships at Centres of Excellence around the UK. This programme will support hearing research teams in Manchester, Sheffield, Cambridge, Nottingham and the UCL Ear Institute. Each Centre will be tackling the challenge of understanding and treating deafness and hearing impairment in different ways but the focus will be on stimulating the multi-disciplinary, collaborative approach that is so important to making progress in hearing research and on delivering real clinical benefit to hearing impaired people. This programme, which will advance research into treatment for deaf children, improving hearing aids and cochlear implants, treating tinnitus and preventing hearing loss and restoring hearing, will be reviewed during the year.

We will endeavour to balance our flexible, reactive "open door" policy on applications with a proactive commissioning process, identifying specific funding opportunities in key areas, inviting applications to meet these criteria whilst ensuring that selection by rigorous peer review continues.

In these challenging times we all need to maximise the effectiveness of what we do. The charity's links with the research community and knowledge of UK hearing research mean that we can make an important strategic contribution to research, helping stimulate collaboration and maximize effectiveness by bringing researchers together and contributing to the effective dissemination of research findings. We aim to continue activity in these areas through sponsorship of meetings and seminars and the further development of our website, publications and database.

HEALTHCARE, SUPPORT AND REDUCING RISK

Through our advisory, communications and related activities, we aim to make sure that research findings are used to improve healthcare for those affected by deafness and related conditions and that people value their hearing and take action to reduce their risk of hearing loss.

We aim to continue to expand the reach and impact of our Advisory Service, in particular by achieving the Information Standard quality mark and by developing the Bionic Ear programme. The Show will continue to visit schools, companies, universities, colleges, science festivals, voluntary organisations and community groups across the UK educating key target groups about the dangers to hearing and what researchers are doing to tackle hearing problems, offering hearing screening and opportunities for volunteer engagement.

Working with clinicians at London's Royal National Throat, Nose and Ear Hospital (RNTNE), we will develop and evaluate a "gateway" leaflet for patients diagnosed with hearing problems. The leaflet will direct patients to a range of useful sources of information and advice.

The charity's website will continue to be developed, in particular by mapping out user journeys and key tasks and making sure that users can navigate the site easily to find what they want. We will also continue to expand our use of social media to engage people with our work and achieve specific goals.

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Trustees' Report (continued)

We will survey readers of the charity's e-newsletter, *Soundbite*, to make sure that we are meeting their needs and providing up-to-date and varied content. We will use this as an opportunity to find out more about our audiences, their interests, and how they would like us to communicate with them. We will continue to consult with people with deafness and related conditions and to raise awareness of the impact of these conditions, and make sure that research findings and medical advances are reported and help reduce risk.

The charity will produce an updated three-year information and communications strategy with the aim of making sure that we are recognized as the UK's foremost authority on hearing research and ear health and that we enjoy a significantly higher awareness and profile than we currently have, helping deliver sustainable growth and increase significantly the support we offer UK research, including the more basic research.

FUNDRAISING

The trustees are committed to ensuring that the charity's fundraising reflects the organisation's potential, the need for innovative, pioneering research and the translation of this work into the highest possible standards of treatment, care and support for those disabled by deafness and related hearing conditions.

The primary objective for 2012/13 is to continue to develop sustainable income to reduce the charity's dependence on legacies and other high risk, exceptional funding sources.

The Annual Review, which gives more information about the charity's activities, is available free of charge from the Deafness Research UK office and the charity's website.

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Trustees' Report (continued)

Statement of Trustees' Responsibilities

The trustees are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the incoming resources, including the net income of the charity for the year. In preparing those financial statements, the trustees are required to

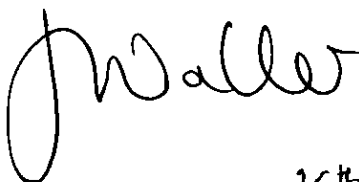
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The trustees confirm that they have taken appropriate steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of such information. As far as the trustees are aware, there is no relevant audit information which has not been disclosed to the auditors.

AUDITORS

In accordance with Section 485 of the Companies Act 2006, a resolution proposing the re-appointment of Messrs Knox Cropper as auditors will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



Secretary

25th October 2012

JULIET WALLER

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Trustees' Report (continued)

Appendix A

RESEARCH GRANTS 2011/12

Fostering young research talent

During the year the charity has continued to do this through

Postgraduate studentships

Two postgraduate studentships, to be taken up in the 2012/13 academic year, were awarded under the charity's annual competitive scheme

- A three year studentship looking at the neural origins of auditory temporal processing deficits was awarded to Dr Jennifer Linden at the UCL Ear Institute. Auditory temporal processing deficits are difficulties perceiving rapid changes in sounds despite apparently normal hearing sensitivity. They have been reported to occur in developmental disorders such as dyslexia, and are also associated with aging. They can cause particular difficulty with the perception of speech in noise, contributing to problems for children in school and to social withdrawal and isolation in the elderly. However, it is not known where in the auditory pathway these deficits emerge and it is very difficult to study this in humans. This study will use mice with tiny brain abnormalities that also have difficulty perceiving brief gaps in noise, to study where in their auditory pathway abnormalities occur. The student will investigate auditory processing at multiple levels of the auditory pathway, using a variety of techniques for *in vivo* neurophysiology and histological analysis.
- A second studentship in the cutting edge field of central auditory processing research was awarded to Professor Ian Forsythe at the University of Leicester. This study aims to explore how loud sounds (acoustic trauma) can change the ways in which the brain processes sound information. It is well known that extended exposure to loud sounds can eventually cause deafness because of damage to the hair cells in the inner ear. However, Professor Forsythe and his team have also discovered that sound trauma leaves a lasting impression on the brain circuitry because of the way our brain can change, rewire or modify responses to a sound. The researchers will employ state-of-the-art electrophysiology and imaging methods to explore the mechanisms of these adaptations to loud sounds in a mouse model of sound trauma. This work is important because most clinical treatments (e.g. hearing aids or cochlear implants) focus on compensation for hearing loss, without specifically considering how the brain itself may be changing. This study will contribute to understanding of potential mechanisms and explore potential drug therapies to protect from loud sounds.

Vacation scholarships

We did not award a Pauline Ashley Prize this year due to lack of high-quality applications. Instead, given the number of excellent applications for our Vacation Scholarships, we awarded eight of these to undergraduate students all over the country. This enabled the students to spend up to 8 weeks gaining valuable experience in laboratory research over the summer. The students and supervisors were

- Ms Natalie Maple working with Dr Mark Wallace, MRC IHR Nottingham
- Ms Hannah Guest and Dr Piers Dawes, University of Manchester
- Mr Raffaele de Lyon and Professor Andrew King, University of Oxford
- Mr Simon Dias and Professor Ian Forsythe, University of Leicester
- Ms Shreena Chavda and Dr Sally Dawson, UCL Ear Institute
- Mr Sami Alsindi and Dr Ian Winter, University of Cambridge
- Miss Natasha Ratcliffe and Dr Sygal Amitay, MRC IHR Nottingham
- Mr Robin Hunt and Professor John Culling, Cardiff University

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Trustees' Report (continued)

Auditory Centres of Excellence

Deafness Research UK established its Auditory Centres of Excellence (ACE) scheme to offer programmes of support to recognised centres of excellence where there is an exceptional opportunity to further the cause of hearing research in the UK. The five centres are located at the Universities of Cambridge, Sheffield, Manchester, Nottingham and at the UCL Ear Institute. The aim is to fund at least one fellowship and one postgraduate studentship at each centre over a three year period.

- Our Sheffield Centre of Excellence is based at the Department of Biomedical Sciences where the research is mainly focussed on stem cells, animal models of disease and auditory system development. In 2010, a two-year Fellowship was awarded to Dr Marcelo Rivolta for research on stem cell technologies and, this year, this Fellowship was extended to a third year. A new studentship has been awarded to Professor Matthew Holley to further his work on drug-based therapy for progressive or age-related hearing loss. This project will investigate a chemical signalling pathway within cells that controls the development and survival of sensory hair cells and their nerves. It will focus in particular on a gene called *gata3*, which is present at particularly high levels in stem cells and which regulates key steps in the development of the inner ear. The student will study the effect that loss of *gata3* has on insulin-related signalling pathways in mouse models and inner ear cell lines. Mice with only one copy of *gata3* have severe hearing loss and drugs known to affect *gata3* will be tested in these models to see if the detrimental effects on hair cells can be reversed.
- A studentship has been awarded to the UCL Ear Institute under the supervision of Dr Ruth Taylor. The project, Protection of inner hair cells from lethal injury preventing progression to profound hearing loss, aims to identify factors that could prevent hearing loss occurring following damage to the hair cells of the ear by noise, toxic chemicals and aging. Usually, following damage, outer hair cells are lost before inner hair cells. This prolonged survival of inner hair cells suggests that there are survival factors that protect the cells from the initial damage and the first aim of this project is to identify these factors. The student will use gene analysis technology to identify new survival factors present in the inner hair cells that differ to those in outer hair cells in a model system. The student will also look at how inner hair cells die, possibly through a pathway known as autophagy. This is known to be important in cancer progression and in neurodegenerative diseases and a number of agents that stop or increase this process have been identified in these systems. This project will investigate the role of autophagy in the death of the inner hair cells in the cochlea of a model system using these agents. Lastly, the student will investigate whether it is possible to deliver any effective agents to the inner hair cells via a cochlear implant.
- Led by world renowned research scientist, Professor Brian Moore, the Cambridge ACE focuses on improving hearing aids and cochlear implants. This year, we have awarded two short Fellowships to post-doctoral researchers at Cambridge working on improving hearing aids. The first project was awarded to Professor Moore and Dr Jing Chen for a project aimed at improving the performance of hearing aids when listening in background noise. They plan to do this by using a "genetic algorithm" to select processing parameters for individual hearing-impaired listeners and use it to customise the processing to suit the hearing loss of the individual listener. The second short Fellowship is a study of hearing aid fitting methods. Two new methods of fitting hearing aids have recently been developed (one from Brian Moore's lab in Cambridge) and this study aims to thoroughly assess the two methods to determine how they compare to each other and which gives the most benefit to the user. Almost all modern hearing aids incorporate some form of multi-channel amplitude compression to compensate for the loudness recruitment and reduced dynamic range associated with cochlear hearing loss. This project will look at how compression increases the loudness of sounds and the effect this has on the listener.

Small projects

The charity's small project scheme plays a crucial role in enabling research teams to retain key staff and successfully obtain further project funding. The following new projects were supported during the year.

The Hearing Research Trust known as Deafness Research UK

Trustees' Report (continued)

- Dr Sally Dawson, UCL Ear Institute a small grant aimed at understanding the basis of the abnormal bone growth that causes otosclerosis through genetic analysis This is a collaboration between a basic research laboratory and the clinic The otosclerosis patients will be asked to donate DNA and diseased tissue removed during surgery and the team will then use new DNA sequencing technologies to investigate every gene throughout the genome to see if it is altered in patients with otosclerosis This will allow researchers to test not only which genes are raising the risk of otosclerosis but also *how* this is affecting the bony tissue in the ear to cause disease This may lead to better diagnosis, treatment and therapies for people with otosclerosis in the future
- Mr Jaydip Ray, Royal Hallamshire Hospital, Sheffield a resource to identify genetic factors associated with Age-Related Hearing Loss (ARHL) This will be achieved by collaboration with a well-established research group in Antwerp The Sheffield group will provide 1,000 DNA samples from UK patients with hearing loss to contribute to the well powered collaborative genetic association studies already underway in Antwerp The study is aimed at early identification of genetic factors associated with susceptibility, onset, progression and severity of ARHL along with a search for cost effective prevention and cure
- Dr Joanna Atkinson, Deafness Cognition and Language Research Centre, UCL a project aimed at developing tests of memory and thinking in British Sign Language (BSL) which can be used to diagnose conditions such as dementia in deaf people who use sign language as their primary form of communication At present there are no cognitive tests designed for deaf people As a result, those with neurological conditions, such as dementia, may not be diagnosed until late in the disease and so not gain access to treatment and services This research will enable BSL users to receive appropriate cognitive assessment in their first language, allowing clinicians to make informed decisions about diagnosis, medication, rehabilitation and care planning
- Professor Quentin Summerfield, University of York a project to extend the use of a new technique for studying brain processes involved in locating sources of sounds, into older adults With support from Deafness Research UK, Professor Summerfield and his group have already validated this test in young, normally hearing adults The hearing-related handicap experienced by older adults is strongly associated with difficulties in judging the location and movement of sounds These problems in "spatial listening" are likely to arise not only in the way the ear encodes sounds, but also in the way the brain interprets sounds A technique for measuring age-related changes in the brain's processing of space is an essential step towards the goal of diagnosing the origin of a listener's difficulties
- Dr Dan Jagger, UCL Ear Institute identification of a novel deafness gene in a new mouse model of hearing impairment which has arisen spontaneously in the breeding colony at UCL Initial characterization of this animal, has pointed to gross developmental defects in the sensory apparatus of the receptor cells in the inner ear hair cells, whilst the animals have apparently normal vision, feeding, and breeding behaviour The researchers aim to study this mouse to identify the gene(s) affected, and to decipher the downstream biological effects of the gene mutation This funding will enable some preliminary work to be carried out with the aim of applying for a large research council grant for a 3-year study

Commissioned projects

Where opportunities arise, the charity seeks to commission projects for specific projects and, this year a project at Manchester University was supported in this way

- *Dr Kathryn Hopkins, University of Manchester a study to investigate how overexposure to loud sounds causes irreversible hearing damage*
Many people are exposed to noise at work and under current regulations, those employees exposed to high sound levels are monitored for noise-induced hearing loss using audiometry However, recent studies on animals show that permanent hearing damage can occur before changes in the audiogram can be measured

The Hearing Research Trust known as Deafness Research UK

Trustees' Report (continued)

This study will determine whether damage caused by noise exposure at work affects the perception of sounds before changes in the audiogram can be measured. The researchers will then look at whether they can reliably detect early changes caused by occupational noise exposure using a number of measures that are predicted to be affected by the kind of early noise damage observed in animals. The research will benefit those exposed to noise at work because if hearing damage occurs at lower sound exposure levels than previously thought, the HSE regulations may need revision in order to protect employees. Also, by characterising early noise-induced changes, the team hope to provide the basis for a sensitive test for early noise damage. Noise induced hearing loss currently has no cure, but early identification is vital for preventing further damage.

Bridging and consumables

Grants were continued to support

- *Professor Andrew Forge's research programme at the UCL Ear Institute* The programme investigates the underlying mechanisms leading to hearing impairment, in particular the process of sensory hair cell death and the potential for therapeutic intervention
- *Dr Dan Jagger, UCL Ear Institute a study on the function of inner ear cells in a mouse engineered to carry a human connexin 26 deafness mutation* This mouse suffers from a profound hearing loss, comparable to that in human patients due to a mutation in connexin 26, a gap junction protein. The proposed experiments will utilise cutting edge techniques to improve understanding of the molecular and electrical permeability of the gap junctions in this model, and so characterise the functional properties affected by the mutation. The support is for a junior applicant who is a previous holder of a Deafness Research UK studentship. This study will provide us with a better understanding of a common form of human deafness.

Equipment and infrastructure

Grants were agreed for

- *Dr Jonathan Gale, UCL Ear Institute equipment for confocal microscope* Time-lapse microscopy is used to study cell-cell interactions and cell activity in cultures of living inner ear tissue. By using fluorescent markers of cellular activity, the researchers can see how cells interact in the inner ear in time and space. The improved imaging system will enable them to look at multiple regions of interest in the same tissue thereby enhancing the throughput of the experiments and reducing animal use. The system is available to all members of the UCL Ear Institute thus many other laboratories will benefit from the improved functionality of the confocal imaging system.

Travel awards

Once again, the charity awarded scholarships to enable young researchers to attend important international meetings or to travel for collaborative research projects. Support was provided for five young scientists to attend the annual Association for Research in Otorhinolaryngology (ARO) mid-winter meeting 2012 held in California and for three scientists to attend the biennial International Hearing Aid Research Conference 2012 also held in California. Funding was also provided for four young UK scientists to attend major international conferences in the US and in Europe.

Scientific Meetings

During the year, funding was agreed to support the 2012 Ted Evans lecture at the BSA Conference. The charity established this annual lecture in 2004 in honour of Professor Ted Evans who co-ordinated this meeting until his retirement. The sponsorship from Deafness Research UK enables the organisers to invite a top international researcher to give the plenary lecture and this year Professor John Middlebrooks from the University of California at Irvine was invited to give a talk entitled *High-acuity spatial stream segregation by human listeners and cortical neurons*.

The Hearing Research Trust known as Deafness Research UK

Trustees' Report (continued)

Funding was also awarded to a specialist meeting organised by Dr Dan Jagger on 'Cilia 2012 Cilia in Development and Disease,' held at UCL. The 'Ciliopathies' are a family of life-threatening genetic diseases that are associated with a variety of clinical features, including hearing impairment. They can be grouped together biologically because they are all caused by the dysfunction of cilia, the hair-like structures found on the surface of most cells that perform a variety of important functions. The focus of the conference was on the role of cilia in development and disease, and on the formulation of translational therapies.

Monitoring Achievement

Final reports suitable for review by the charity's expert advisers are a requirement of all Deafness Research UK grants and, for those awards of more than one year's duration, annual reports are required. Site visits are undertaken as appropriate. During the year, 20 progress reports were received on ongoing projects and studentships, three on equipment grants, five on travel awards and schemes and one on meeting sponsorship. Final reports were received on the following projects:

- *Professor Clemens Hannemann, Peninsula Medical School, Plymouth: Preclinical target identification and drug testing in a human acoustic neuroma in vitro model*

This studentship project was aimed at finding new treatments for acoustic neuromas, which are tumours of the hearing nerve. The student, Marei Schmidt, used a unique model of primary human neuroma cells in culture and successfully tested a number of small molecule-inhibiting drugs, two of which were Imatinib and Nilotinib and showed that they could reduce the proliferation of hearing nerve tumour cells. These results were published in leading international journals. The team have been able to start a phase 0 clinical trial with Nilotinib in neurofibromatosis (NF2) patients as a direct result of work carried out in this studentship.

- *Professor David McAlpine, UCL Ear Institute: The 3rd Deafness Research UK UCL Ear Institute Studentship, Identification of Integrin subunits expressed in the mouse vestibular system*

The main aim of this studentship project was to investigate the potential role of a family of proteins called integrins in the processes surrounding hair cell loss and any subsequent regeneration. Integrins are receptors on the surface of cells that are known to be involved in many key cellular events including cell communication and cell adhesion. The student working on the project was Nicole Stanley supervised by Dr Ruth Taylor. Prior to this research, very little was known about integrins in relation to the inner ear. Nicole successfully developed a culture model using adult mouse utricles and investigated the effect of hair cell loss and regeneration on the expression of integrins, showing that several integrins show increased levels of expression following treatment with the antibiotic gentamicin.

- *Dr Mahmood Bhutta, Oxford University: Additional sites for the genetics of Otitis Media study*

This small project grant was awarded to support a genetics study on chronic otitis media or glue ear. It is known that genes play a significant part in chronic glue ear, but we do not know the genes responsible. Recently two genetic mutant mice that develop inflammation of their ears have been discovered. The overall aim of this genetic study is to analyse the DNA of children who have persistent or repeated problems with their ears, and the DNA of their family, to see if the genes that have been found in the mutant mice may be responsible for this same problem in humans (these genes are called "EVI1" and "FBXO11"). This grant paid for consumable equipment enabling the team to take on additional patient recruitment sites in Scotland to add to the 18 they already had in England. Recruitment of patients has been very successful, with 183 Scottish families recruited for the study. Preliminary results from the study show that variations in the gene FBXO11 do convey susceptibility to persistent glue ear. If a gene is discovered that contributes to ear inflammation, it could play a very important role in understanding, preventing and treating this common disease.

- *Dr Amanda Hall, University of Bristol: An investigation of audiological and gastrointestinal phenotypes in GJB2 carriers: Is there phenotypic evidence for heterozygote advantage?*

Mutations in the connexin 26 gene, which is involved in the maintenance of fluid balance in the inner ear are the most common cause of genetic deafness. Having two copies of the mutation leads to permanent deafness, but

The Hearing Research Trust known as Deafness Research UK

Trustees' Report (continued)

the impact of being a carrier of the mutation (having only one copy) on hearing is unknown. This small project aimed to investigate whether those carrying one copy of the connexin 26 mutation show any differences in hearing or whether there may be an advantageous effect of carrying the connexin 26 mutation because of increased skin thickness, which could protect against skin or gut bacterial infections. Detailed genetic, hearing and infection information on approximately 7,000 children was examined as part of the Avon Longitudinal Study of Parents and Children. The researchers found that 1-2% of the study children were carriers for two of the common connexin 26 mutations (known as 35delG and M34T) and that these mutations are associated with subtle deficits in hearing function (at extra high frequency sounds) at 7-11 years age. This may be an early sign of hearing loss in carriers. They found little/no evidence of a protective effect from carrying the connexin 26 mutation on reports of skin rash or diarrhoeal illness up to age 4.

- *Professor Quentin Summerfield, University of York: Measuring human brain processes during sound localisation*

The objective of this small project was to develop a technique that could subsequently be used to identify brain-based deficits in spatial listening, that is judging the movement and location of sounds. In this six-month project, the team tested young, normally hearing adults, using an apparatus called the "Crescent of Sound" which consists of an arc of loudspeakers positioned in front of the participant. While the participants carried out tests of their spatial listening, the electrical signals generated by the participant's brain as it processed shifts in the location of the sound were recorded using a method called electroencephalography (EEG), which is totally painless and non-invasive. The research has been submitted as a scientific article to a leading hearing journal. Deafness Research UK is now funding the second part of this work, which involves a study of the brain processes of older adults with spatial-listening difficulties. This will enable the researchers to identify changes in brain processes that could potentially be diagnosed and treated with exciting new interventions such as auditory-perceptual training and cognitively enhancing drugs.

- *Professor Brian Moore, University of Cambridge: 'Development and evaluation of clinically applicable tests of auditory function'*

The aim of this large project was to develop and evaluate several tests of auditory performance that would provide useful diagnostic information and be simple and quick enough to use in clinical practice. The tests developed by Professor Aleksander Sek and Professor Brian Moore include a new version of the TEN test for diagnosis of dead regions in the cochlea (these are regions with very few or no functioning inner hair cells). The group has also collaborated with several manufacturers of audiometers to implement this TEN (HL) test in their audiometers. They have also completed the computer implementation of two tests for assessing sensitivity to the "temporal fine structure" (TFS) of sounds, as represented in the detailed timing of firing patterns in the auditory nerve. With the new implementation, the tests can be run on any PC equipped with a good quality sound card. The results of this project have been published in international scientific journals. This work has promoted more precise diagnosis and characterization of hearing loss, which should lead to more appropriate selection of the type of signal processing to be used in hearing aids, and better fitting of hearing aids to suit the individual.

- *Dr Dan Jagger, UCL Ear Institute: Explaining Human Connexin Deafness*

This short project was investigating the role of the Connexin 30 protein in the repair mechanisms occurring in the cochlea after hair cell loss. Normally the cochlea is able to mend the lesions left by dying hair cells. In a mouse model genetically engineered to remove connexin 30 the team found that following hair cell loss the wound healing or repair process appeared to be abnormal. They looked at the abnormal changes happening in this mouse to determine what contribution this protein normally makes to cochlear repair. It was found that in the connexin 30 knockout, the cells left after hair cell death fail to correctly fill the voids left behind suggesting that connexin 30 (unexpectedly) appears to control the normal movement of these cells following hearing damage. The funding also enabled the preparation of a manuscript for publication.

The Hearing Research Trust known as Deafness Research UK

Trustees' Report (continued)

- *Dr Jennifer Linden, UCL Ear Institute The function of different classes of inhibitory cells in the auditory cortex – an optogenetic approach*

The aim of this short project in the field of central auditory processing was to develop research techniques necessary for investigating the roles of inhibitory interneurons in auditory cortical processing. Inhibitory interneurons inhibit and shape the responses of neighbouring neurons within the auditory cortex and are essential to auditory cortical function, but progress in understanding their function has been slow. These cells form several distinct classes which are difficult to distinguish so this funding enabled a visiting post-doctoral researcher to develop novel "optogenetic" techniques to address this problem. This new technique involves introducing light-sensitive proteins into genetically defined classes of inhibitory neurons in the mouse cortex, so that these cells can be identified by activating them with light. The long-term aim of this continuing project is to analyse the roles of different inhibitory interneuron classes in auditory cortical processing using these optogenetic techniques. The grant has also enabled Dr Linden to obtain pilot data for a major grant application to the Research Councils.

- *Dr Ian Winter, University of Cambridge, The effects of refractoriness on the neural response to pulse trains presented with a cochlear implant*

One of the primary aims of this short project was to bring the new technique of electrical stimulation of the mammalian cochlea to Ian Winter's Laboratory at the University of Cambridge. The challenging techniques involved in the recording and analysis of the neural response to cochlear implant stimulation in animal models were acquired from two visiting experts from the U.S.A. The researchers now intend to apply for full funding to study the responses of neurons in the auditory nerve and auditory brainstem to electrical pulses analogous to those used in research with human patients. It is ultimately hoped that this research will achieve a better understanding of how pitch is perceived in our brains and deliver consequent improvements to cochlear implants.

A full list of research grants agreed during the year and summaries of all progress reports received during the year are available free of charge from the Deafness Research UK office

**The Hearing Research Trust known as
Deafness Research UK
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE HEARING RESEARCH TRUST**

We have audited the financial statements of The Hearing Research Trust for the year ended 31st July 2012 which comprise the Statement of Financial Activities, the Balance Sheet, 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 Charity'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 Charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's members as a body, for our audit work, for this report or for the opinion we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Directors' Responsibilities, 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.

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 (APB'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 Directors' Report to identify material inconsistencies with the audited financial statements. 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 31st July 2012 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 requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

8/9 Well Court
London
EC4M 9DN

Kevin Lally
Kevin Lally (Senior Statutory Auditor)
For and on behalf of Knox Cropper
Chartered Accountants, Statutory Auditor
25th October 2012

The Hearing Research Trust known as
Deafness Research UK

Statement of Financial Activities
(Incorporating the Income and Expenditure Accounts)
For The Year Ended 31st July 2012

	Notes	Un- restricted Funds £	Designated Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
INCOMING RESOURCES						
Incoming Resources from Generated Funds						
Voluntary Income						
Donations and Grants		354,365	-	385,866	740,231	575,145
Legacies		311,285	-	47,000	358,285	1,087,485
Other Income		48	-	-	48	446
Investment Income	3	22,472	-	-	22,472	16,475
Total Incoming Resources		688,170	-	432,866	1,121,036	1,679,551
RESOURCES EXPENDED						
Costs of generating Voluntary Income	5	335,041	-	-	335,041	284,504
Charitable Activities	4	322,459	202,830	449,019	974,308	837,436
Governance Costs	6	27,559	-	-	27,559	24,117
Total Resources Expended	6	685,059	202,830	449,019	1,336,908	1,146,057
Net Income/(Expenditure) before Transfers		3,111	(202,830)	(16,153)	(215,872)	533,494
Transfers between Funds	19	25,134	(22,792)	(2,342)	-	-
Net Incomings (Outgoing)						
Resources after Transfers		28,245	(225,622)	(18,495)	(215,872)	533,494
Gain/(Loss) on Revaluation of Investments	9	866	-	-	866	11,200
Net Movement In Funds		29,111	(225,622)	(18,495)	(215,006)	544,694
Funds b/f 1 st August 2011		203,414	1,251,742	239,803	1,694,959	1,150,267
Funds c/f 31 st July 2012		232,525	1,026,120	221,308	1,479,953	1,694,959

None of the Charity's activities were acquired or discontinued during the above two financial years

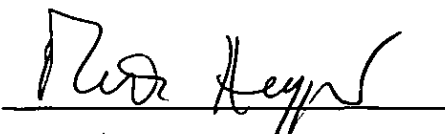
There were no recognised gains or losses other than those stated above

The Hearing Research Trust known as
Deafness Research UK

Balance Sheet
As At 31st July 2012

	Notes	£	2012	£	£	2011	£
FIXED ASSETS							
Tangible Assets	8			5,189			9,065
Investments	9			185,274			184,408
CURRENT ASSETS							
Debtors	10		39,849			351,321	
Cash at bank and in Hand	11		1,821,736			1,698,278	
			<u>1,861,585</u>			<u>2,049,599</u>	
Creditors Amounts falling due within one year	12		<u>(572,095)</u>			<u>(548,113)</u>	
NET CURRENT ASSETS				1,289,490			1,501,486
TOTAL NET ASSETS				<u>1,479,953</u>			<u>1,694,959</u>
Represented by							
FUNDS							
Unrestricted Fund				232,525			203,414
Restricted Fund	20			221,308			239,803
Designated Fund	21			<u>1,026,120</u>			<u>1,251,742</u>
				<u>1,479,953</u>			<u>1,694,959</u>

The accounts were approved by the Directors on the 25th October 2012

 (Chairman) Professor Mark Haggard CBE

 (Secretary) Mrs Juliet Waller

Company No 04927658
Charity No. 326915

The Hearing Research Trust known as Deafness Research UK

Notes to the Accounts For The Year Ended 31st July 2012

1 ACCOUNTING POLICIES

(a) **Basis of Preparation**

These Financial Statements have been prepared under the historical cost convention, subject to the inclusion of investments at market value, in accordance with applicable Accounting Standards and in accordance with Statement of Recommended Practice (Accounting and Reporting by Charities) issued by the Charity Commissioners in March 2005 and the Companies Act 2006

(b) **Research Grants**

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the trust. The grants are accounted for where either the trustees have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive a grant, or any condition attaching to the grant is outside the control of the trust

(c) **Tangible Fixed Assets and Depreciation**

All assets costing more than £500 were capitalised and all assets are valued at historic cost. Depreciation of fixed assets is calculated on cost at rates estimated to write off the assets, by equal instalments, over their expected working lives. Fixtures and fittings and office equipment are written off over four years

(d) **Income**

Research funding income is recognised in the year in which the charity receives a written commitment from the funder. Research funding is deferred only when the charity has to fulfil conditions before becoming entitled to it or the donor has specified that the income has to be spent in a future period

All other incoming resources 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 accuracy

(e) **Value Added Tax**

The Charity is not registered for VAT and accordingly, where applicable, all costs and expenditure incurred are inclusive of VAT

(f) **Cashflow Statement**

The Charity has not prepared a Cash Flow Statement for the year as required by the Financial Reporting Standard No 1 because the Charity has relied on the exemption available for small undertakings

(g) **Allocation of Support Costs**

Support costs have been allocated between charitable activities and governance. Support costs relating to charitable activities have been apportioned based on a weighted salary percentage basis. The apportionment of overhead and support costs is analysed in note 6

The Hearing Research Trust known as Deafness Research UK

Notes to the Accounts For The Year Ended 31st July 2012

1 ACCOUNTING POLICIES (continued)

- (h) **Costs of Generating Voluntary Income**
The cost of generating voluntary income includes fundraising costs and a proportion of support costs
- (i) **Charitable Activities**
Costs of charitable activities include research grants, Information and Communications Activities and an apportionment of support costs as shown in note 6
- (j) **Governance 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 together with an apportionment of support costs
- (k) **Fixed Asset Investments**
Investments are stated at market value as at the balance sheet date. The statement of financial activities included the net gains and losses arising on revaluation and disposals throughout the year
- (l) **Realised Gains and Losses**
All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later)
- (m) **Funds**
Unrestricted funds are those funds which can be used at the Trustees' discretion. Restricted Funds are funds whose purposes have been restricted by the donor. Designated funds are unrestricted funds, which have been earmarked by the Trustees for particular purposes
- (n) **Donated Facilities**
Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost

The Hearing Research Trust known as
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Notes to the Accounts
For The Year Ended 31st July 2012 (continued)

2	RETAINED SURPLUS	2012	2011
		£	£
	The retained surplus is stated after charging		
	Depreciation	8,289	6,391
	Auditors' Remuneration in respect of audit	3,873	3,600
	Auditors' Remuneration for accountancy services	2,100	2,030
	Staff Costs (See note 7)	453,185	440,747

3	INVESTMENT INCOME		
	Dividends	8,216	7,809
	Bank Deposit Interest	14,256	8,666
		22,472	16,475

4	ANALYSIS OF CHARITABLE ACTIVITIES					
		Direct Costs	Grants Payable	Support Costs	2012	2011
		£	£	£	£	£
	Research Grants	61,683	449,426	16,924	528,033	520,238
	Information & Communications	228,103	-	38,177	266,280	168,234
	Bionic Ear Show	162,942	-	17,053	179,995	148,964
		£452,728	£449,426	£72,154	£974,308	£837,436

5	COST OF GENERATING VOLUNTARY INCOME				
		Unrestricted	Restricted	2012	2011
		£	£	£	£
	Fundraising Costs	138,885	-	138,885	83,590
	Investment Management Fees	-	-	-	-
	Staff Costs	161,183	-	161,183	187,035
	Support Costs	34,973	-	34,973	13,879
		£335,041	£-	£335,041	£284,504

The Hearing Research Trust known as
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Notes to the Accounts
For The Year Ended 31st July 2012 (continued)

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	Research Grants £	Information & Communications £	Bionic Ear £	Costs of Generating Voluntary Income £	Governance £	2012 £	2011 £
DIRECTLY INCURRED							
Grants Payable (Note 22)	449,426	-	-	-	-	449,426	449,329
Payroll	60,127	138,463	60,955	152,252	16,821	428,618	415,156
Other Staff Costs	297	21,670	6,103	32,375	-	60,445	7,751
Professional Fees	-	39,812	52,319	61,657	14	153,802	103,114
Printing Costs	-	19,216	5,116	26,793	-	51,125	41,294
Postage	-	7,135	97	14,910	-	22,142	28,701
Office and General Costs	967	1,011	7,668	749	-	10,395	13,619
Costs of Meetings	292	796	30,684	2,401	43	34,216	23,060
	511,109	228,103	162,942	291,137	16,878	1,210,169	1,082,024
SUPPORT COSTS							
Payroll	3,443	7,766	3,469	8,931	958	24,567	25,590
Other Staff Costs	-	-	-	-	-	-	-
Computer Costs	1,499	3,382	1,511	3,890	417	10,699	7,560
Auditors' Fees	-	-	-	-	5,973	5,973	5,630
Professional Fees	1,504	3,392	1,515	3,900	418	10,729	14,075
Printing Costs	-	-	-	-	-	-	137
Postage	11	25	11	29	3	81	24
Office and General Costs	9,294	20,966	9,365	24,111	2,586	66,321	4,609
Costs of Meetings	12	26	11	30	3	82	18
Depreciation	1,162	2,620	1,170	3,013	323	8,288	6,390
	16,924	38,177	17,053	43,904	10,681	126,740	64,032
TOTAL	£528,033	£266,280	£179,995	£335,041	£27,559	£1,336,909	£1,146,056

The Hearing Research Trust known as
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Notes to the Accounts
For The Year Ended 31st July 2012 (continued)

7 STAFF COSTS

	2012 £	2011 £
Salaries and Wages	408,397	398,603
Social Security Costs	44,788	42,144
	<u>453,185</u>	<u>440,747</u>

During the year, the average number of staff was 13 (2011 13)
One employee earned between £60,000 and £70,000 during the year

8 FIXED ASSETS

Cost:

Balance at 1 st August 2011	74,224
Additions	4,412
Disposals	(65,495)
Balance at 31 st July 2012	<u>13,141</u>

Depreciation:

Balance at 1 st August 2011	65,158
Charge for the year	8,289
Disposals	(65,495)
Balance at 31 st July 2012	<u>7,952</u>

Net Book Value:

As at 31 st July 2012	<u>5,189</u>
As at 31 st July 2011	<u>9,065</u>

9 INVESTMENTS

	2012 £	2011 £
Market Value at 1 st August 2011	184,408	173,208
Gain/(Loss) on Investments	866	11,200
Market Value at 31 st July 2012	<u>185,274</u>	<u>184,408</u>
Investment at Cost	<u>£210,000</u>	<u>£210,000</u>

The Gains/(Loss) on the investments referred to above do not arise from sales of investments but occur as result of an increase or decrease in market value at the year end. The investments comprise holdings in the Charities Official Investment Fund Income Units

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Notes to the Accounts
For The Year Ended 31st July 2012 (continued)

	2012	2011
	£	£
10 DEBTORS AND PREPAYMENTS		
Income Tax Recoverable	3,415	15,513
Prepayments	733	14,167
Sundry Debtors	30,701	21,641
Legacies	5,000	300,000
	<u>39,849</u>	<u>351,321</u>
11 CASH AT BANK AND IN HAND		
Cash and Bank	121,736	148,278
COIF Deposit Fund	1,700,000	1,550,000
	<u>£1,821,736</u>	<u>£1,698,278</u>
12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR		
Social Security and Other Taxes	12,961	8,741
Other Creditors and Accruals	25,744	9,111
Research Grants (Note 13)	533,390	530,261
	<u>£572,095</u>	<u>£548,113</u>
13 RESEARCH GRANT CREDITORS		
Opening Creditors at 1 st August 2011	530,261	478,616
Payments due in the year	449,426	449,329
Payments made	(446,297)	(397,684)
Closing Creditors at 31 st July 2012	<u>£533,390</u>	<u>£530,261</u>
Commitments are payable as follows		
Within one year	533,390	530,261
After more than one year	-	-
	<u>£533,390</u>	<u>£530,361</u>
14 TAXATION		

Deafness Research UK is a registered charity and is potentially exempt from taxation in respect of income and capital gains received

The Hearing Research Trust known as Deafness Research UK

Notes to the Accounts For The Year Ended 31st July 2012 (continued)

15 CAPITAL COMMITMENTS

There were no capital commitments at 31st July 2012 (2011 £ Nil)

16 CONTINGENT LIABILITIES

There were no contingent liabilities at 31st July 2012 (2011 £ Nil)

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Designated Funds	Restricted Funds	Unrestricted Funds	Total Funds
	£	£	£	£
Tangible Fixed Assets	-	-	5,189	5,189
Investments	-	-	185,274	185,274
Debtors	-	16,378	23,471	39,849
Creditors	(274,119)	(259,270)	(38,706)	(572,095)
Bank	1,300,239	464,200	57,297	1,821,736
	<u>£1,026,120</u>	<u>£221,308</u>	<u>£232,525</u>	<u>£1,479,953</u>

18 PAYMENTS TO TRUSTEES

No trustees received travel expenses from the charity during the year (2011 £376)

No trustee received any remuneration from the charity

19 FUNDS AND FUND TRANSFERS

The Restricted and Designated Research Funds are largely ring-fenced for specific research projects approved after peer-review by the charity's expert advisers and Board of trustees. These projects are mostly ongoing and involve salary commitments, conditional upon satisfactory progress of the project. At the year end these balances made up £617,622 of the total Restricted and Designated Fund balances of £1,247,428.

Movements between funds are generally made up of transfers from Unrestricted to Designated Funds to support research approved by the Trustees. If funds are no longer required for research, these sums, which are generally quite small, are transferred from Designated to Unrestricted Funds, such transfers also being approved by the Trustees. With the donor's consent, occasionally, small sums may also be released from Restricted Funds if no longer required.

The Hearing Research Trust known as Deafness Research UK

Notes to the Accounts For The Year Ended 31st July 2012 (continued)

20 RESTRICTED FUNDS

	Research Grants	Advisory Service	Bionic Ear	Other Res- tricted Funds	Total
	£	£	£	£	£
Balance b/f	177,399	-	43,792	18,612	239,803
Income Big Lottery Fund	-	-	65,512	-	65,512
Income Other Sources	278,595	8,759	80,000	-	367,354
Expenditure Big Lottery Fund	-	-	(65,512)	-	(65,512)
Expenditure Other Sources	(246,595)	(10,609)	(114,483)	(11,820)	(383,507)
Transfers	(4,192)	1,850	-	-	(2,342)
Balance c/f	<u>205,207</u>	<u>-</u>	<u>9,309</u>	<u>6,792</u>	<u>221,308</u>

When the charity became sole trustee of ATR in January 2008, an Action for Tinnitus Research (ATR) Fund was created with income received from ATR supporters and expenditure restricted to the objectives of ATR. The Fund is now shown within the restricted Research Grants funds. As at 31st July 2012, this Fund stood at £29,433.

The charity's Bionic Ear Show aims to raise awareness of the importance of hearing and what researchers are doing to develop new technologies and medical treatments for deafness and related conditions. During the year £65,512 was received for the show from the Big Lottery Fund. This represented the second year of a three-year grant worth £196,986. The show was also supported by restricted funds of £75,000 from BUPA representing the third year of a three-year grant worth £225,000 and £5,000 from the National Lottery Wales.

21 DESIGNATED FUNDS

	Research Grants	Other Designated Funds	Total
	£	£	£
Balance b/f	331,317	920,425	1,251,742
Income	-	-	-
Expenditure	(202,830)	-	(202,830)
Transfer to Unrestricted	-	(127,008)	(127,008)
Transfer from Unrestricted	104,216	-	104,216
Transfer between funds	179,712	(179,712)	-
Balance c/f	<u>412,415</u>	<u>613,705</u>	<u>1,026,120</u>

The Hearing Research Trust known as Deafness Research UK

Notes to the Accounts For The Year Ended 31st July 2012 (continued)

Other Designated Funds

Following the receipt of an exceptional legacy and related donation in 2006/07, the trustees established a designated fund, the Carr Fund, to enable the charity to safeguard the charity's future by creating more sustainable funding sources and invest in research of particular urgency or public concern. As at 31st July 2012, this Fund stood at £39,810.

In 2010/11 the trustees also designated an exceptional legacy. The Frost Fund has been set aside to invest in research of particular urgency or public concern and to enable the charity to safeguard the charity's future by raising awareness of its work and creating more sustainable funding sources. As at 31st July 2012, this Fund stood at £573,895.

22 GRANTS PAYABLE

Professor Brian Moore	University of Cambridge	54,664
Dr Sally Dawson	UCL Ear Institute	47,379
Professor David McAlpine	UCL Ear Institute Programme	40,041
Dr Kathryn Hopkins	University of Manchester	39,326
Dr Andrea Streit	King's College London	33,301
Dr Ruth Taylor	UCL Ear Institute	25,000
Professor Ian Forsythe	University of Leicester	22,232
Dr Marcelo Rivolta	University of Sheffield	16,337
Dr Abigail Tucker	King's College London	15,868
Professor Andrew Forge	UCL Ear Institute	15,000
Professor Quentin Summerfield	University of York	15,000
Dr Joanna Atkinson	University College London	15,000
Mr Ray Jaydip	Royal Hallamshire Hospital, Sheffield	14,732
Dr Dan Jagger	UCL Ear Institute	14,417
Professor Matthew Holley	University of Sheffield	13,854
Dr Jennifer Linden	UCL Ear Institute	13,741
	MRC Cognition & Brain Sciences Unit, Cambridge	13,422
Dr Robert Carlyon	UCL Ear Institute	8,515
Dr Jonathan Gale	UCL Ear Institute	6,000
Professor David McAlpine	UCL Ear Institute	5,343
Dr Amanda Hall	University of Bristol	4,919
Professor Clemens Hanemann	Peninsula Medical School, Plymouth	3,750
ARO Travel Fellowship Scheme	ARO Travel Fellowship Scheme	1,440
Professor John Culling	University of Cardiff	1,440
Dr Piers Dawes	University of Manchester	1,440
Dr Amitay Sygal	MRC Institute of Hearing Research, Nottingham	1,440
Dr Mark Wallace	MRC Institute of Hearing Research, Nottingham	1,080
Professor Ian Forsythe	University of Leicester	1,080
Professor Andrew King	University of Oxford	1,080
Dr Ian Winter	University of Cambridge	1,000
	British Society of Audiology	447,840
	Grant payments under £1,000	1,586
	Total	449,426