

Trustees' financial statement

In a challenging year for the UK economy and the voluntary sector, the BDA's income fell by 13.6% from 2016.

As stated in our previous annual report, legacies remain an unpredictable income source, and legacies/donations were the areas which had the largest decrease in income (£399,608). By contrast, it should be noted that there was an increase of £150,238 in income from charitable activities, resulting from the ongoing expansion of grant-funded frontline services provided by the **BDA**.

Expenditure on fundraising also dropped from 2016 by 46% following the 125 years celebration. A reduction in expenditure also occurred on charitable activities, reducing overall net expenditure by 16% from 2016.

The deficit for the year 2016 – 2017 was planned and agreed by the board. This consisted of using £175,213 of restricted funds to expand the **BDA's** Deaf Roots and Pride project across the UK, and £127,740 to pay for the yearly Pension repayment contribution.

INCOME

Total income fell from **£1,932,184** to **£1,668,932**, with the largest dip in donations and legacies, representing **32%** of total income (46% in 2016).

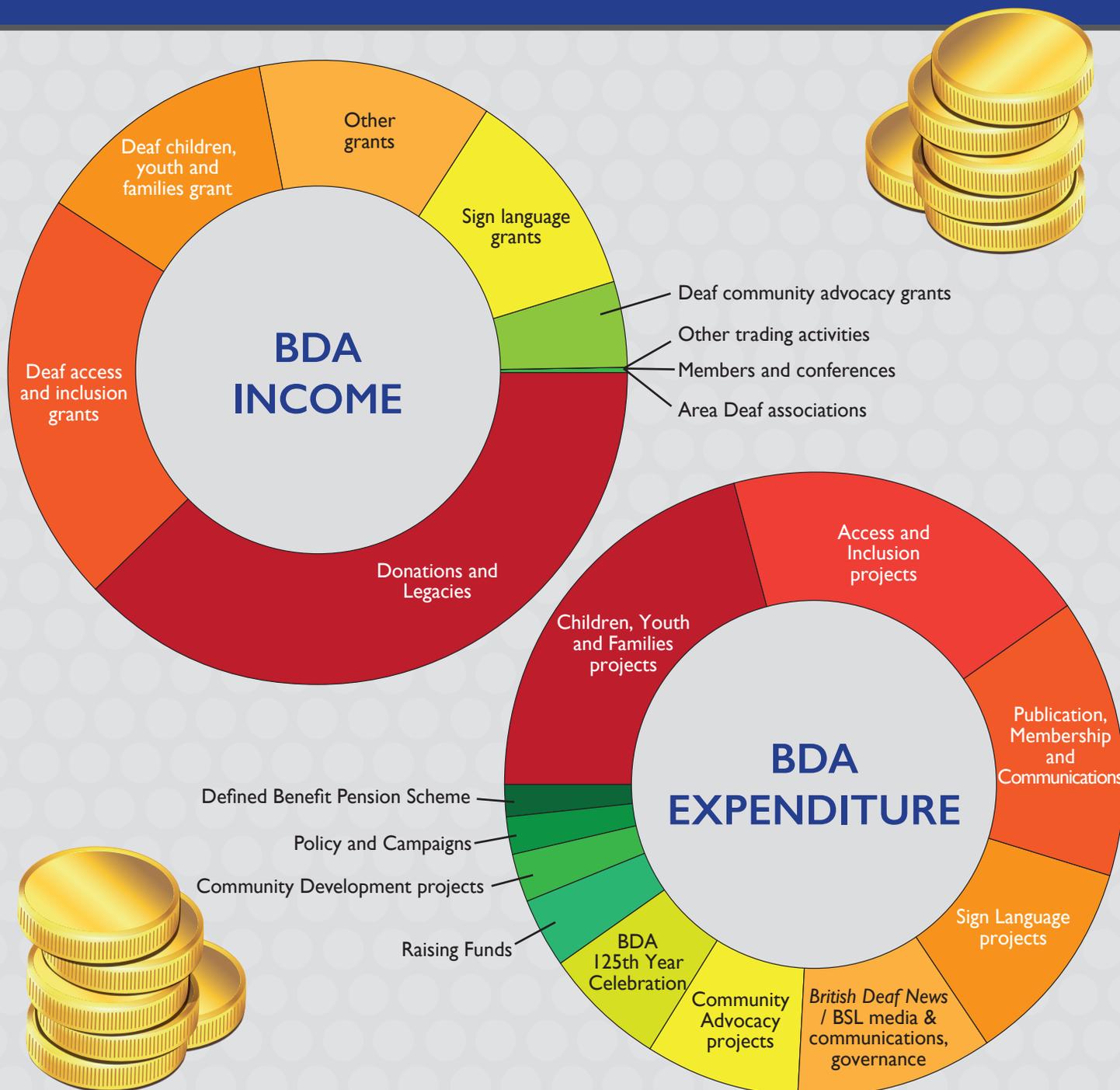
- **32.4% Donations and legacies**
- **18.2% Deaf access and inclusion grants**
- **14.7% Deaf children, youth and families grants**
- **10.8% Other grants**
- **10.4% Sign language grants**
- **9.6% Deaf community advocacy grants**
- **3.6% Other trading activities**
- **0.1% Members and conferences**
- **0.1% Area Deaf associations**

EXPENDITURE

During 2016-17, **52p of every £1 of total expenditure was spent on direct costs towards empowering Deaf people**. A further 43p was spent on support costs for these projects such as staff salaries and governance. The remaining 5p in every £1 was spent to support our central costs such as fundraising, organisational governance and international work.

Expenditure decreased during the year by **£630,049** to **£1,887,229** from **£2,517,278** in 2015-16 and the breakdown of the expenditure is:

- **21.1%** spent on **Children, Youth and Families projects** (2015-16: 11.7%)
- **19.4%** spent on **Access and Inclusion projects** (2015-16: 17.0%)
- **14.4%** spent on **Publication, Membership and Communications** (2015-16: 13.7%)
- **10.9%** spent on **Sign Language projects** (2015-16: 17.1%)
- **10.3%** spent on **British Deaf News / BSL media & communications, governance** (2015-16: 13.1%)
- **8.1%** spent on **Community Advocacy projects** (2015-16: 6.5%)
- **6.4%** spent on **BDA 125th Year Celebration** (2015-16: 8.2%)
- **3.5%** spent on **Raising Funds** (2015-16: 5.5%)
- **2.5%** spent on **Community Development projects** (2015-16: 5.0%)
- **2.2%** spent on **Policy and Campaigns** (2015-16: 1.8%)
- **1.4%** spent on **Defined Benefit Pension Scheme** (2015-16: 0.7%)



FUNDS

Total net assets were **£278,240** of which **£70,188** related to general funds. As we have a legal obligation to service additional pension contributions of **£111,813** (initially) a year to the Pension Trust for twelve years ending in 2025, in order to reduce the charities multi-employer pension scheme debt, funds have been set aside totalling **£483,449**, which partially finances the total liability of **£1,184 million** (see note 13). The Board has maintained its policy to achieve the total cost of the repayment with the aim of locking in these funds, providing reassurance that external funding will not be used to service pension contributions.

In the 2016-2017 accounts the Pension Trust liability has been included as part of reporting requirements (FRS 102). The balance sheet shows that at 31st March 2017, we have a net pension fund deficit of **£700,811**. As long as the **BDA** maintain repayments to 2025 then the Pension liability will not be triggered, enabling the full liability to be recovered by the Pension Trust.



There are a number of restricted funds that have supported specific **BDA** activities over the past year, and a number of incoming legacies for Deaf Children, Youth Funds and Area Deaf Associations (local Deaf organisations), which will be attributed to projects in these areas. Restricted funds are ring-fenced and are held in trust for the purposes intended. In the event of the charity becoming insolvent, these funds are protected.

PLANS FOR USING THE BDA RESERVES IN THE NEXT 3 YEARS

In summary, the audited accounts for 2016-17 show a smaller deficit than in 2016 though this is still recognised as being significant. There has been a reduction in net assets, but much of this can be attributed to the fluctuation in legacy income.

Incoming resources have been designated for Deaf Children and Youth, Area Deaf Associations, and existing project grants will

continue to underpin key areas of work such as Deaf Roots and Pride, Deaf Advocacy, Access and Inclusion, Heritage, and the increased use and visibility of sign language and video through social media platforms. The Board have agreed to the following:

- To maintain services which have been successfully funded from grants.
- To develop the Visual Language Team to increase the use of sign language videos and media through the website and social media platforms in disseminating essential information to Deaf communities.
- The continued development and implementation of robust monitoring and evaluation measures, to provide evidence of need and organisational impact and increase funding potential.
- To undertake research on the education attainment levels of Deaf children in mainstream education compared with those in bilingual education settings.

Therefore, the reserves at 31 March 2017 are:

- **Current Project Grants: £237,828** (from £197,326 in 2016)
- **Legacies/ADAs Funds: £540,707** (from

£678,356 in 2016)

- **Restricted Funds: £778,535** (from £875,683 in 2016)
- **Designated Funds: £64,228** (from £124,328 in 2016)
- **Pension Fund: £700,811** (from (£572,812) in 2016)
- **General Funds: £70,188** (from £69,338 in 2016)

As a result of the above, the Board recognises there is still a very tight free cash reserve similar to the previous year, however the **BDA** are managing to secure grant funding to deliver much needed services to Deaf people in need.

The **BDA** will continue to monitor its reserves carefully. In 2016-17 we prioritised new core and project funding for much needed Deaf community projects and to provide additional support through visual language communication mediums in the first language, BSL. This has been evidenced by a corresponding increase in grant funding, but further work is clearly needed in this area and in eliminating the deficit.

Michael Kyriakides, Treasurer