

The Hearing Aid Council

Annual report and accounts for the period ended
31 July 2010

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Presented to Parliament pursuant to Article 9 of the Health Professions
(Hearing Aid Dispensers) Order 2010.

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As the Hearing Aid Council was abolished on 1 August 2010, any enquiries should be sent to the sponsor team, Competition and Consumer Policy, Department for Business, Innovation and Skills. Email: enquire@bis.gsi.gov.uk. Telephone: 020 7215 5000

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Former Chief Executive's Statement

On 31 July 2010, the HAC was formally abolished. Whilst there was a certain sadness in saying goodbye to all the valued colleagues with whom we had worked over the years, the day was primarily one of celebration and satisfaction with a job well done. The transfer was good for the public and good for the industry. Consumers are better protected and the burden of regulation has been reduced by over £1 million per year.

The manner in which this transfer was delivered has been widely praised and I believe it offers many lessons to other public bodies that face merger or abolition in the future.

This report covers the period from 1 April 2010 to 31 July 2010 and, although the Council had ceased to have any regulatory responsibilities during this period, it was in many ways the most challenging four months of our existence. Each week the team faced new questions and new pressures, which few other public bodies have had to answer before.

It is however, a great credit to my team that they were able to tackle these challenges, and the impending abolition of our organisation, with such enduring ingenuity, professionalism and good humour.

All those involved with the Council should be very proud of what it has achieved over the last five years and the legacy we have left for the public, the profession and Government.

Sandra Verkuyten OBE

25 October 2010

The Council

On 31 March 2010, the Hearing Aid Council ceased regulating the independent hearing aid market. On this date our responsibility for registering individual Hearing Aid Dispensers was passed to the Health Professions Council. Also effective from 1 April 2010, employers of dispensers are regulated by existing, general consumer protection legislation.

The Hearing Aid Council was dissolved under section 123 of the Health and Social Care Act 2008 and, under the Health Professions (Hearing Aid Dispensers) Order 2010, the Health Professions Council became the regulator of the profession of dispensers of hearing aids with effect from 1 April 2010.

This annual report covers the period from 1 April 2010 to 31 July 2010.

The HAC Council had 12 members appointed by the Secretary of State for Business, Innovation and Skills to act until 31 July 2010, plus an independent Chairman. Four members represented each of the following groups:

- hearing impaired people;
- registered dispensers; and
- medical and technical experts.

Independent Chairman

Chris Hughes OBE

Representing hearing impaired people

Michael Bishop

David Pyle

Huw Vaughan Thomas

Denise Yates

Representing registered dispensers

Gerald Armstrong-Bednall

Mark Georgevic

Peter Ince

Peter Ormerod

Representing medical and technical experts

Tony Corcoran

John Oates

Deepak Prasher

Christopher Raine

What legislation gave the Council its powers?

The Council was created through the Hearing Aid Council Act (1968). This Act, together with subsequent amendments, set out our objectives and powers for the period to 31 March 2010. The Council existed under the Act to secure adequate standards of competence and professional conduct among people and companies dispensing hearing aids. To achieve this objective, the Council:

- maintained a register of those who employ registered dispensers;
- maintained a register of suitably qualified dispensers of hearing aids;
- determined the eligibility for inclusion on the registers;
- published a code of trade practice for registrants and ensure that they comply with the code;
- ensured that registrants meet a standard of competence as set by the Council; and
- dealt with any relevant complaint received about registrants.

The Council was a body corporate and an executive non-departmental public body. Our sponsoring team within the Government was the Competition and Consumer Policy Directorate of the Department for Business, Innovation and Skills.

During the period, 1 April 2010 to 31 July 2010, the Council operated under the provisions of Statutory Instrument 2010 no. 233 The Health Professions (Hearing Aid Dispensers) Order 2010 to administer the dissolution of the Council. Under that order, the Council had the power to do anything during this residual period, necessary to facilitate its dissolution.

The Hearing Aid Council (transfer of Property, Right and Liabilities) Order 2010 allowed for all property, rights and liabilities of the Council to be transferred to the Secretary of State for Business, Innovation and Skills on the dissolution date of 1 August 2010.

Council committees

The Audit Committee was the only active committee during the period. The following diagram shows the members that sat on the Audit Committee during the period.



Membership

Michael Bishop – Chair

Christopher Raine

Prof Gerald Armstrong-Bednall

Peter Ince

Co-opted Member - Ivan Doncaster

Executive – Justin Parfitt

Clerk – Amicie Knowles

Co-opted members

Ivan Doncaster sat as a co-opted member of our Audit Committee throughout the year. The Council is grateful for his contribution.

Biographies of Council Members in post at the period end

Independent Chair

Chris Hughes OBE

Chris is a solicitor, a member of the Institute of Biology and a Fellow of the Royal Society of Arts. He has a long-standing interest in regulatory matters, consumer redress and the balance between private rights and public interests. He is chair of the National DNA Database Ethics Group advising the Home Office and Police on the ethical challenges raised by the retention and use of DNA profiles for forensic purposes. He is a member of an ethics committee advising the Department for Work and Pensions (DWP) on the use and combination of data sources. He is Chair of the UK Chemicals Stakeholder Forum, which advises the Department for Food, Environment and Rural Affairs (DEFRA) on risks of chemicals to the environment and to human health through the environment, and he chairs the Nitrate Vulnerable Zones Tribunal, considering the restriction of the use of nitrates in farming. He is a Tribunal Judge, chairing both Mental Health Review Tribunals and also Tribunals considering allegations of misconduct of members of local authorities in England. He is an Independent Assessor for Appeals and Complaints for the Student Loan Company. He was formerly a member of the board of the Legal Complaints Service (an independent public interest part of the Law Society) and of a number of health and local authorities and Solicitor to the British Medical Association (BMA). In his consultancy, he has advised public bodies and third sector organisations on strategy and governance issues. Chris was awarded an OBE in the 2009 New Year's Honours list for public service.

Representing hearing impaired people

Michael Bishop

Michael has a partial hearing impairment and in this capacity served for nine years on the board of the RNID, leaving as Deputy Chair. Michael's professional background is in social services, where he spent 13 years as a Director of Social Services in Cleveland and Manchester. After taking early retirement, he has held a variety of officer and consultant positions in the public and independent sectors. For six years he was a member of an NHS community services trust and resigned as a non-executive director of Derbyshire County Primary Care Trust in December 2008. In the independent sector, he is a former Chair of Heritage Care, a national provider of care services for elderly and disabled people, and is a former Chair of the Derbyshire Association for the Blind. Within the criminal justice system, he is a magistrate on the High Peak Bench and a member of the Derbyshire Probation Board until April 2010. He joined the Hearing Aid Council in 2004 and was Chair of the Strategy Executive Committee, transferring to Chair of the Audit Committee.

David Pyle

David began his professional life as a teacher and psychologist, and after ten years moved into Universities to train teachers. He retired as pro-vice chancellor of Manchester Metropolitan University in 1997, after a career at Humberside and Leeds Polytechnics. Since he retired, he has held numerous consultancies, including work for the University Staff Development Agency and the Teacher Training Agency, and served as part-time chief inspector of an Open College. He served as a lay member of the General Optical Council for seven years, and chaired its Education Committee and Disciplinary Panels.

He is now a lay member of the Nursing and Midwifery Council and chairs its Audit, Risk and Assurance Committee, as well as an independent member of the Metropolitan Police Authority Misconduct Panel and a lay member of the Complaints Committee of the Bar Standards Board. David has a hearing loss and serves as a consumer representative on the Hearing Aid Council and Disciplinary Committee

Huw Vaughan Thomas

Since June 2001, Huw has been Director of Taro Consultancy Ltd, a North-Wales-based company specialising in organisational, governance and economic policy work in the public sector. He is currently a board member and Wales Chair of the Big Lottery Fund and an independent member of the Parole Board. He recently served as a member of the Commission on the Powers and Electoral Arrangements of the National Assembly for Wales. His earlier career was spent in the civil service and local government. He was formerly Chief Executive of Denbighshire County Council, Chief Executive of Gwynedd County Council and Director for Wales for the Manpower Services Commission and Department of Employment. Huw was awarded Companionship of the Chartered Management Institute for his services to public sector management in Wales. In his previous voluntary and public appointments, he has been, amongst other things, a member of the Higher Education Funding Council for Wales, a council member of the Prince's Trust Cymru, member of the National Trust's Committee for Wales, National Trustee for Wales of the RNID and a lay member of the Law Society's Governing Council. Huw has a profound hearing loss and has been a consumer member of the Hearing Aid Council since 2000.

Denise Yates

Denise has worked in the education and training field since 1984. She has 25 years' experience in marketing, including running her own strategic marketing consultancy for 12 years. She is currently Chief Executive of the National Association for Gifted Children. Denise is a Chartered Marketeer, Fellow of the RSA, Cambridge MA and member of the Chartered Institute of Marketing and Institute of Fundraising. Amongst her many interests, she is a member of Young, Gifted and Talented's Stakeholders Group, a member of the Joint Educational Trust's Screening Committee and special needs adviser for Girl Guiding Bedfordshire. Denise is married and has two children, one of whom is hearing impaired.

Representing registered dispensers

Gerald Armstrong-Bednall

Gerald has been Professor of Audiology at De Montfort University, Leicester, since 2005, with responsibilities for the development of its foundation degree, BSc and MSc in Audiology. He has a substantial NHS background in audiology at the Nottingham University Hospitals. He was Chair of the Hearing Aid Council's Futures Education sub-committee, which was responsible for reviewing and making recommendations to the education routes for private dispensers. His main interest is in education and training, having been a member of the Council's Education and Training Committee and educational lead for the British Academy of Audiology until 2008. He has been awarded honorary life membership of the Academy for his contribution to the education and training of audiologists. He is a registered Clinical Physiologist and a Fellow of the British Society of Hearing Aid Audiologists, and he was recently appointed as a Partner and Fitness to Practice Panel Member by the HPC. He is also Director of a small, independent, private hearing aid dispensing practice.

Mark Georgevic

Mark qualified as a registered hearing aid dispenser in April 1996 and sits on the Council for the British Society of Hearing Aid Audiologists, where he was President until November

2008. Mark also sits on The Hearing Aid Council's Strategy Executive Committee and Disciplinary Committee. He qualified as a solicitor in February 1989 and is a Director of The Hearing Company and Scrivens Opticians.

Peter Ince

Peter has had a long and varied career in the hearing aid industry and has been directly involved in the dispensing of hearing aids throughout the UK and lately in Europe. His experience as a trainee hearing aid dispenser with a national company in a practice-based role and then progressing through the company in various management positions was invaluable when developing his own group of hearing centres with like-minded colleagues, always with a focus on transparency and high street service provision.

Peter's philosophy of a transparent retail business model for hearing services was understood by Specsavers, with whom he has now worked for the last six years, during which time a national operation has been established. He is now primarily engaged in the professional services area of the business and has particular interest in developing both NHS and private hearing aid provision through the independent sector.

Peter has recently been appointed as a Partner and Fitness to Practice Panel Member by the HPC.

Peter Ormerod

Peter qualified as a registered hearing aid dispenser (RHAD) in 1985 and has practised for some 25 years, giving him a broad insight into all aspects of private hearing aid dispensing in high street centres, hospital environments and on a domiciliary basis, initially in a small family business and now as Chief Executive of David Ormerod Hearing Centres and Boots Hearingcare. In addition, since 2003 Peter has been involved in the establishment and execution of innovative Public Private Partnership solutions to provide extra capacity to the NHS through the use of the independent sector. Peter has recently been appointed a panel member for the Health Professions Council.

Representing medical and technical experts

Tony Corcoran

Tony heads the East Dorset NHS Audiology Service. His previous posts include Project Audiologist for the Commonwealth Society for the Deaf in Botswana and prior to that Staff Audiologist at Southampton University and at the Royal National Throat Nose and Ear Hospital, London.

John Oates

John is an Ear, Nose and Throat Consultant with a specialist interest in otology. Over the last two decades he has built a tertiary referral practice for reconstructive middle ear surgery for otosclerosis and other forms of conductive hearing loss. Having been in the vanguard of the use of the laser in middle ear surgery, he works closely with colleagues in the UK, Europe, India and the Americas to improve hearing results. He represents UK and Eire as elected representative on the Executive Committee of the European Federation for Oto-Rhino-Laryngological Societies (EUFOS). He is also Vice President of the Live International Otolaryngology Network (LION), which transmits live surgery worldwide. He teaches ossicular and stapes surgery widely in UK and European otology courses and is also a Senior Course Tutor for the European Academy of Otology and Neurotology (EAONO) and the American Academy of Otolaryngology-Head and Neck Surgery.

Deepak Prasher

Deepak is a consultant clinical scientist in audiology and head of the audiology department at the Royal Surrey County Hospital. He is an emeritus Professor of Audiology at University College London and currently teaches at University of Surrey.

He has co-edited six books and has over one hundred scientific publications. He is editor-in-chief of the international *Journal of Noise and Health* which he founded some eleven years ago.

He has been an advisor to the European Commission and the World Health Organization on matters of environmental noise and its effects on health. He has been a non-executive member of an NHS trust and is currently a trustee of the National Deaf Children's Society and Commonwealth Society for the Deaf, SoundSeekers.

Chris Raine

Chris was appointed as Consultant Otorhinolaryngologist at Bradford Royal Infirmary in 1986. He is clinical director of the Yorkshire Cochlear Implant Service and as such has been involved in hearing screening of newborn babies and the treatment of all aspects of hearing loss. He is executive officer and trustee of ENT-UK (formerly known as the British Association of Otorhinolaryngologists – Head and Neck Surgeons [BAO-HNS]) and Council member of the Section of Otology for the Royal Society of Medicine. He is also a member of the Royal Court of Examiners for the Royal College of Surgeons of England and an honorary senior lecturer at Leeds University and the Hull York Medical School.

Our principles

We followed the five principles of good regulation and the seven standards of public life. We expected all Council members and staff to work within these principles at all times.

The Better Regulation Task Force (BRTF) is an independent body that advises Government on action to ensure that regulation and its enforcement agrees with the five principles of good regulation. Its publication, *Principles of Good Regulation*, was last revised in February 2003 and is available on its website at www.brtf.gov.uk. Government departments and independent regulators should use these principles when considering new proposals and evaluating existing regulations.

The Better Regulation Task Force's five principles of good regulation are:

- proportionality – regulators should only intervene when necessary. Remedies should be appropriate to the risks posed and costs identified and minimised;
- accountability – regulators must be able to justify decisions and be subject to public scrutiny;
- consistency – Government rules and standards must be joined up and implemented fairly;
- transparency – regulators should be open and keep regulations simple and user friendly; and
- targeting – regulation should be focused on the problem to minimise side effects.

The Committee on Standards in Public Life exists to promote the highest standards of propriety in public life. Its principles should apply to all in public office.

The Committee on Standards in Public Life's seven standards of public life are:

- selflessness – holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends;
- integrity – holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties;
- objectivity – in carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merit;
- accountability – holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office;
- openness – holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it;
- honesty – holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest; and
- leadership – holders of public office should promote and support these principles by leadership and example.

Directors' report and management commentary

Our Executive Team had four Directors. They were:

Sandra Verkuyten OBE	Chief Executive and Accounting Officer
Jonathan Bracken	Director of Legal Services, Solicitor to the Council
Chris O'Leary	Registrar and Director of Policy
Justin Parfitt	Managing Director and Director of Resources

Summary

The key objective for the period was to ensure appropriate governance and control in the closure of the HAC.

Finance

The HAC closed the period with a deficit of £24k and positive reserves of £143k for transfer to BIS. As referred to in note 1(d) to the accounts, £60 of the £695 retention fees paid in 2009-10 was in respect of the administration of the residual period of the Council in the sum of £236,333.

Prompt payment policy

Under Government guidelines, our creditor payment policy during the year was to pay all creditors within 10 days of receipt of an invoice, except in the instance where there may be a query or dispute regarding an invoice.

Payments were made to suppliers during the year as follows:

Four month period ended 31 July 2010	Number	£'000
Total invoices paid	93	147
Total invoices paid within 10-day target	88	145
Percentage of invoices paid within 10-day target	95%	99%

No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

The balance owed to trade creditors as at 31 July 2010 was £18,668 (2009-10: £19,504). As a proportion of the total amount invoiced by suppliers in the year, this is equivalent to thirteen days (2009-10: eight days).

Policy and communications

The Council continued to raise awareness of the transfer of its register to the HPC amongst consumers, working jointly with the HPC on a successful publicity campaign which climaxed on 1 April 2010, the first day of regulation under HPC.

The campaign aimed to increase understanding of the HPC's role and powers, encouraging consumers to check that their dispenser was registered. It targeted local and national broadcast and print media, including publications read by likely consumers and their families.

As part of the campaign, we contacted all NHS GPs and patient liaison services to offer them free publicity materials. Other HPC registrants were also invited to apply for free

materials to distribute to consumers. Information was provided to the Citizen's Advice Bureau, Trading Standards, Consumer Direct, Age UK, Hearing Concern LINK and RNID to help them understand about the transfer.

Operations

The operations team was responsible for a considerable agenda of work during the period including the preparation and archiving of all data and records for transfer to BIS, and planning and administration of the de-commissioning and disposal of HAC assets including the HAC IT infrastructure as at 31 July and planned for subsequent disposal effective 31 October 2010.

Staff have been involved in continuing training and education designed to assist them in finding alternative employment at abolition.

Staff have been highly motivated and professional in the work carried out in this period notwithstanding their impending redundancy effective 31 July 2010.

Audit Committee

The Audit Committee met on 18 May and 23 June to consider the 2009/10 annual report and accounts and other agenda items.

The former members of the Audit Committee, acting on behalf of the Secretary of State for BIS, individually considered the draft annual report and accounts for the four month period ended 31 July 2010 and met on 28 September 2010 to further consider the amended draft annual report and accounts further to interim NAO comments provided pending completion of their audit.

Environmental, social and community issues

The Hearing Aid Council did not have defined environmental, social and community policies; however, in the last period we continued with positive steps towards reducing our environmental impact. We have:

- consolidated meetings so that attendees reduce their travel;
- increased the number of virtual meetings and conference calls;
- encouraged use of public transport wherever possible;
- encouraged paperless communications where possible;
- recycled paper and other consumables; and
- recycled IT hardware where possible.

Employment policy

We were committed to maintaining equal opportunities and valuing diversity during the residual period. All employees received fair treatment regardless of any other factor.

Our equal opportunities policy stated that as an organisation we:

- had to conform to the legal requirements of appropriate Acts of Parliament; and
- should seek to dismantle the barriers that prevent equality of access to services, employment, promotion and development for all.

We were confident our equal opportunities policy was working well during the period. Given our low staff numbers we do not report diversity levels to protect staff confidentiality.

Auditors

Under the Health Professions (Hearing Aid Dispensers) Order 2010, the Comptroller and Auditor General is the statutory auditor of these accounts. The audit fee for the four month period ended 31 July 2010 was £7k.

As far as I am aware, there is no relevant audit information of which our auditors are unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that our auditors are aware of that information.

Going Concern and Transfer of Functions

As explained in Note 1 to the financial statements, these accounts have not been prepared on a going concern basis further to the abolition of the HAC effective 31 July 2010 and the provisions for the subsequent transfer of remaining assets and liabilities to BIS for administration by them under the Hearing Aid Council (Transfer of Property, Rights and Liabilities) Order 2010.

Sandra Verkuyten OBE

Accounting Officer

25 October 2010

Remuneration report

Remuneration and Terms of Service Committee

The Council's Remuneration Committee comprised of the independent non-executive Chair, Chris Hughes; Strategy Executive Committee Chair, Huw Vaughan Thomas; Chair of Audit Committee, Michael Bishop; plus Mark Georgevic and Chris Raine.

The Committee was responsible for the implementation of remuneration policy and determining specific remuneration packages for the Chief Executive and Directors.

The Committee reviewed salaries year on year for the remuneration of its Chief Executive and Executive Directors, taking market forces into account. The Committee had access to advice provided by the Department for Business, Innovation and Skills and other third parties as considered necessary.

The Directors were not involved in the determination of, nor voted on, any matter relating to their own remuneration.

The Chief Executive Officer reviewed the performance of the other Directors on an ongoing basis during the period.

Base salary

A base salary was established for each executive director determined by market salary levels for similar positions in comparable organisations derived from independent sources. Base salaries were last reviewed for 2009/10.

Other remuneration

A retention bonus was agreed by HAC Council members at a meeting in February 2009 for all permanent staff in continuous employment to 31 May 2010. This was included in the 2009-10 annual report and accounts as a provision.

A provision was also made in 2009-10 for compensation for loss of office of all permanent staff, in accordance with the Civil Service Compensation Scheme, further to implementation of the necessary enabling legislation to abolish the HAC effective 31 July 2010. This was approved by the Remuneration Committee, and the sponsor branch of BIS, in the sum of £109,322. Amounts paid to senior staff are shown below.

Pension

No pension provision was made for HAC officers during the period.

The Comptroller and Auditor General's opinion relates only to the Senior Management remuneration tables and members' payment details below. Other sections of this remuneration report were not audited.

Senior managers

The remuneration of senior managers was as follows:

	Contract	Notice	Four months ended 31 July 2010	2009-10	2009-10
	Date	Period	Base Salary	Compensation paid for loss of office	Base Salary and retention bonus
			£'000	£'000	£'000
Sandra Verkuyten OBE <i>Chief Executive and Accounting Officer</i>	15 March 2006 to 31 July 2010	3 months	10-15	25-30	50-55
Chris O'Leary <i>Registrar and Director of Policy</i>	15 March 2006 to 31 July 2010	3 months	10-15	25-30	45-50
Justin Parfitt <i>Managing Director and Director of Resources</i>	1 April 2006 to 31 July 2010	3 months	5-10	15-20	30-35

Contracts

Contracts were offered to employees on a permanent basis, subject to certain requirements being met and successful completion of a probationary period.

Amounts paid to third-party organisations		Four months ended 31 July 2010	2009-10
		£	£
Jonathan Bracken	Director of Legal Services	16,656	62,921

The contract for the Director of Legal Services was effective from 1 April 2009 to 31 March 2010, extended to 31 July 2010, with a termination notice period of six months. Please see note 15 to the accounts.

No expense allowances or non-cash benefits were made during the period (2009-10 nil).

Council members

The Chair and Council Members were paid a daily attendance allowance for Council duties and were reimbursed for their actual expenses for travelling and subsistence. This was approved by the Department for Business, Innovation and Skills, with attendance allowances for members in excess of 25 days approved by the Chairman. Chairman allowances in excess of 70 days were also approved by BIS.

Included in the charge shown in the accounts is an amount of £2,735 (2009–10: £20,576) in respect of employer's national insurance and PAYE settlement tax for members.

For the period under review, the following attendance allowances were paid to Council Members:

	Four months ended 31 July 2010	Four months ended 31 July 2010	2009–10	2009–10
	£'000	Days	£'000	Days
Hughes OBE, Christopher	1-2	5.0	15-20	58.5
Yates, Denise	0-1	1.0	0-5	19.5
Bishop, Michael	0-1	3.0	5-10	33.5
Georgevic, Mark	0-1	1.0	0-5	11.0
Prasher, Deepak	-	-	0-5	22.0
Thomas, Huw	0-1	1.0	0-5	11.5
Ormerod, Peter	0-1	1.0	0-5	19.5
Corcoran, Anthony	0-1	1.0	0-5	2.0
Armstrong-Bednall, Gerald	0-1	3.0	0-5	17.0
Raine, Christopher	0-1	3.0	0-5	8.0
Oates, John	0-1	1.0	0-5	3.5
Ince, Peter	0-1	3.0	5-10	29.5
Pyle, David	0-1	1.0	0-5	20.0

S Verkuyten OBE

Accounting Officer

25 October 2010

Statement of the Secretary of State's and Accounting Officer's responsibilities

Under the Health Professions (Hearing Aid Dispensers) Order 2010, the Secretary of State may prepare a statement of the Hearing Aid Council's accounts in respect of the residual period.

The Accounting Officer for the Department for Business, Innovation and Skills has designated the former Chief Executive Officer as the Accounting Officer responsible for the Council's final set of accounts.

The accounts are prepared on an accruals basis and give a true and fair view of the Council's state of affairs at the period end and of its income and expenditure and cash flows during the financial period.

In preparing the accounts, the Accounting Officer has:

- applied suitable accounting policies on a consistent basis;
- made judgments and estimates on a reasonable basis;
- stated whether applicable accounting standards have been followed and disclosed and explained any material departures in the financial statements.

The final set of accounts has been prepared after the dissolution of the Council under The Health Professions (Hearing Aid Dispensers) Order 2010.

The relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the *Non-Departmental Public Bodies' Accounting Officer Memorandum* issued by the Treasury and published in *Managing Public Money*.

Statement on internal control

Scope of responsibility

As Accounting Officer, I had responsibility for maintaining a sound system of internal control that supported the achievement of the Hearing Aid Council's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I was personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

The Council was abolished on the 31 July 2010. The responsibility for the Annual Report and Accounts for the four months ended 31 July 2010 was designated to me as Accounting Officer of the Council, within BIS. In signing this statement I therefore have direct knowledge of the Council's control environment, having previously been the Chief Executive of the Council until its abolition on the 31 July 2010.

The purpose of the system of internal control

The system of internal control was designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control was based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Hearing Aid Council for the period ended 31 July 2010 and accords with Treasury guidance.

Capacity to handle risk

The Council maintained its internal control framework during the period with a focus on risk management around the detailed abolition project plan whilst approaching final abolition on 31 July 2010. Strong communication systems were maintained within the organisation to underpin the risk management process with regular review of the plan by HAC management, staff and Audit Committee.

The risk and control framework

The HAC is a small organisation. Staff at all levels are aware of departmental and organisational risks. I met with members of my executive management team and Operations Manager fortnightly. Risk and financial controls was a standing item at each meeting. In times of heightened risk, meetings were more frequent and clear mitigation plans were agreed and monitored. The Operations Manager ran a team of three staff who met at least weekly. At these meetings, risk was discussed, mitigation plans monitored and clear responsibility delegated. The abolition plan was reviewed and assessed in all these meetings.

Our systems to control risk and resources allowed me to keep the Minister well informed via our sponsor department and monitor risk at all levels of my organisation.

The Audit Committee met twice during the period to provide assurance on the effectiveness of control. This included an external, co-opted member for one of these meetings. The Audit Committee agreed the risk register, which was in turn signed off by full Council in July along with the Audit Committee minutes.

I had very frequent formal and informal contact with the sponsoring department. Formally, my Directors and I met with the sponsoring department six weekly in view of the perceived heightened risk around abolition.

In view of our fully green internal audit ratings in 2009-10, it was agreed by the Audit Committee that no internal audit work should be carried out in the period.

A member of the BIS sponsor unit continued to attend the Audit Committee to improve information flows during the abolition process. Our sponsor unit also attended our Council meeting in the period.

We worked closely with industry and consumer stakeholders in our policy and communications work. This process enabled us to inform them of risk and formulate effective mitigation plans. We sought advice externally where necessary with the aim of building upon best practice elsewhere.

The Council continued to comply with Cabinet Office requirements for data handling during the period and this was a standing item on Audit Committee agendas.

There were no data risk incidents to report in the period.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. This review is informed by the work of the executive managers who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the individuals that comprised the HAC Audit Committee, albeit acting on behalf of the Secretary of State for BIS.

My internal review has not found any weaknesses. A meeting of former Audit Committee members was held in September to review the Accounts and External Audit report.

As Accounting Officer, I have primary accountability for reviewing the effectiveness of risk management and internal control within the organisation and the completion of the overall HAC Statement on Internal Control on behalf of my organisation.

In relation to the wider governance system, style and behaviours operating within the organisation, I have documented my current state assessment in a Corporate Governance Submission to BIS.

I have also satisfied myself that risk management, financial control and the internal control framework, which underpin the effectiveness of risk management and internal control, have been adhered to in HAC, throughout the period. There are no areas where positive assertions cannot be made in this regard.

Sandra Verkuyten OBE

Accounting Officer

25 October 2010

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Hearing Aid Council (the Council) for the four months ended 31 July 2010 under the Health Professions (Hearing Aid Dispensers) Order 2010. These comprise the Income and Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Secretary of State, Accounting Officer and Auditor

As explained more fully in the Statement of the Secretary of State's and Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Council's affairs as at 31 July 2010, and of its net deficit, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards (as adopted by the European Union) and HM Treasury's Financial Reporting Manual and the Health Professions (Hearing Aid Dispensers) Order 2010.

Emphasis of Matter – financial statements not prepared on a going concern basis

Without qualifying my opinion, I draw attention to Note 1 of the financial statements. The financial statements have not been prepared on a going concern basis because all of the activities have been discontinued following the abolition of the Hearing Aid Council under the Health and Social Care Act 2008. Details of the impact of this on the financial statements are provided in Note 1 to the financial statements.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury's Financial Reporting Manual.
- the information given in the Directors' Report and Management Commentary section included within the Annual Report for the four months ended 31 July 2010 for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

*Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria,
London SW1W 9SP
29 October 2010*

Financial Statements

Income and expenditure account for the period ended 31 July 2010

	Note	Four months ended 31 July 2010	2009–10
		£	£
Expenditure			
Staff costs	2	86,961	410,454
Other operating costs	3	173,983	834,207
Total expenditure		----- 260,944	----- 1,244,661
Income			
Registration and retention fees	5	236,333	1,142,277
Other operating income	5	–	65,718
Total income		----- 236,333	----- 1,207,995
(Deficit) for the period		(24,611)	(36,666)
Cost of capital reversal	1(g)	–	6,242
		----- (24,611)	----- (30,424)
Interest receivable		924	7,134
Net (deficit) for the period		(23,687)	(23,290)
		=====	=====

The notes on pages 27 to 38 form an integral part of these financial statements.

Statement of financial position as at 31 July 2010

	Note	31 July 2010	31 March 2010
		£	£
Non-current assets			
Property, plant and equipment	6	–	1,750
Intangible assets	7	–	9
		-----	-----
Total non-current assets		–	1,759
		-----	-----
Current assets			
Trade and other current assets	8	17,823	57,711
Fixed interest deposit	8	-	390,000
Cash and cash equivalents	9	174,434	200,928
		-----	-----
Total current assets		192,257	648,639
		-----	-----
Current liabilities			
Trade and other payables	10	(27,671)	(346,671)
Provisions	11	(21,578)	(137,032)
		-----	-----
		(49,249)	(483,703)
		-----	-----
Non-current assets plus net current liabilities		143,008	166,695
		-----	-----
Assets less liabilities		143,008	166,695
		=====	=====
Taxpayers' equity:			
General fund		143,008	166,695
		=====	=====

Assets and liabilities of the HAC were transferred to the Department for Business Innovation and Skills on 1 August 2010.

Sandra Verkuyten
Accounting Officer

25 October 2010

The notes on pages 27 to 38 form an integral part of these financial statements.

Statement of cash flows for the period ended 31 July 2010

	Note	Four months ended 31 July 2010	2009–10
		£	£
Cash flows from operating activities:			
Operating (deficit) before cost of capital reversal		(24,611)	(36,666)
Interest received		924	7,134
Adjustment for non cash transactions	3	1,759	13,825
Decrease in receivables	8	39,888	1,955
(Decrease) in payables	10	(319,000)	(437,805)
(Decrease)/increase in provisions	11	(115,454)	137,032
		-----	-----
Net cash (outflow) from operating activities		(416,494)	(314,525)
		=====	=====
Cash flows from investment activities			
Investment in fixed interest deposits		390,000	(390,000)
	8	=====	=====
(Decrease) in cash and cash equivalents		(26,494)	(704,525)
		=====	=====
(Decrease) in cash and cash equivalents		(26,494)	(704,525)
Cash and cash equivalents as at 1 April	9	200,928	905,453
	9	-----	-----
Cash and cash equivalents as at 31 July/March	9	174,434	200,928
	9	=====	=====

The notes on pages 27 to 38 form an integral part of these financial statements.

Statement of changes in taxpayers' equity for the period ended 31 July 2010

	General fund £
Balance as at 1 April 2010	166,695
Changes in reserves 2010–11:	
Deficit for the period	(23,687)

Reserves as at 31 July 2010	143,008
	=====

The notes on pages 27 to 38 form an integral part of these financial statements.

Notes to the financial statements

1. ACCOUNTING POLICIES

1(a) Basis of preparation

The particular accounting policies adopted by the HAC are described below. They have been consistently applied in dealing with items considered material in relation to the accounts.

The financial statements have been prepared under the historical cost convention, modified, where material, to account for the revaluation of non-current assets as their value to the business by reference to their current costs.

Without limiting the information given, the financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the UK public sector context.

In the application of the Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1(b) Going concern and transfer of functions

Under the Health Professions (Hearing Aid Dispensers) Order 2010, the Hearing Aid Council's functions under the Hearing Aid Council Act 1968 were transferred to the Health Professions Council on 1 April 2010. The Health and Social Care Act abolished the Hearing Aid Council on 31 July 2010.

These financial statements cover the dissolution period from 1 April 2010 to 31 July 2010. During this period, the Council's functions consisted solely of activities necessary to facilitate its dissolution, as allowed by the Health Professions (Hearing Aid Dispensers) Order 2010.

On 1 August 2010, the Council's residual assets and liabilities, which were all expected to be realised within a year of that date, were transferred to BIS under the Hearing Aid Council (Transfer of Property, Rights and Liabilities) Order 2010.

The financial statements have not been prepared on a going concern basis, as all activities are discontinued. As at 31 July most assets had no residual useful economic life, or value to BIS and were therefore subject to formal disposal. There was no impact on the valuation of current assets and liabilities, which have been transferred to BIS on 1 August 2010.

1(c) Government grants

Grant income received from the Department for Business Innovation and Skills (BIS) is treated as contributions from a controlling party giving rise to a financial interest in the residual interest in HAC, and it is therefore accounted for as financing by crediting it directly

to the general fund on a cash received basis in compliance with the *FReM*. No grants were received in 2010–11 (2009–10: £nil).

1(d) Income

Retention fees paid in 2009-10 at the rate of £695 included an element of £60 in respect of the period 1 April to 31 July 2010 which was included in deferred income as at 31 March 2010, this has been released to the income and expenditure account for the period.

Disciplinary fines and costs are recognised in the period in which they are awarded.

1(e) Non-current assets

Tangible assets

Assets are capitalised as non-current assets if they cost, on an individual or grouped basis, £1,000 or more. They are stated at cost less depreciation. Depreciation is provided to write off the cost of these assets over their estimated useful economic lives on a straight line basis over the following periods:

Office equipment 5 years

Computer hardware 3 years

A full month's depreciation is charged in the month of acquisition.

Intangible assets

Intangible assets are stated at cost less amortisation. Amortisation is provided on a monthly basis to write off the cost of these assets over their estimated useful economic lives on a straight line basis over the following periods:

Computer software licences 3 years

A full month's amortisation is charged in the month of acquisition.

Under the principles of modified historic cost accounting, depreciated replacement cost is deemed a suitable proxy where the asset has a short useful economic life or is of low value. On this basis, indexation has not been applied this period. Asset valuations are to be reviewed on an annual basis at each statement of financial position date to ensure that the carrying value fairly reflects current cost. Depreciation is still charged on the remaining useful economic life of the brought forward, re-valued asset base.

1(f) Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1(g) Cost of capital

In 2009-10 *FReM* required a notional charge for cost of capital which was reversed in the Income and Expenditure Account. This treatment is not required in the period to 31 July 2010. The change in treatment has no effect on the net deficit for the 2009-10 period. The notional cost of capital charge was calculated in 2009-10 at the rate of 3.5% on the average net assets of the Council.

1(h) Derivatives and other financial instruments

As required by the *Financial Reporting Manual*, the Council has accounted for financial instruments in accordance with International Accounting Standards 32 and 39 and has made disclosures relating to those financial instruments in accordance with International Financial Reporting Standard 7. The Council's financial instruments consist of a fixed interest deposit, cash balances held in an interest-bearing account and short-term trade debtors and trade creditors.

1(i) Taxation

The council is not registered for VAT and its statutory status exempts it from Corporation Tax.

1(j) Leases

Rentals under operating leases are charged on a monthly basis over the lease term.

1(k) Segmental reporting

HAC is a small body and the Accounting Officer reviews financial reports on the HAC as an entity with costs analysed in a similar way to that shown in the financial statements. The Accounting Officer therefore considers that under IFRS 8 Operating Segments, HAC activities comprise one operating segment.

1(l) Other International Financial Reporting Standards

Accounting standards that have been issued but have not yet been adopted

The following standards and interpretations have been adopted by the European Union but are not required to be followed until after July 2010. None of them will impact upon HAC's financial statements.

- IAS 24 (revised) Related Party Disclosures
- IFRIC 14 Prepayments of a Minimum Funding Requirement

Accounting standards issued that have been adopted early

No accounting standards have been adopted early by the HAC.

2. STAFF NUMBERS AND RELATED COSTS

Staff costs comprise:

	Permanently employed staff	Four months ended 31 July 2010	2009–10
	£	£	£
Wages and salaries	79,545	79,545	381,524
Social security costs	7,416	7,416	28,930
Other pension costs	–	–	–
	86,961	86,961	410,454

No pension contributions were made for HAC staff in the period.

The average number of full-time and part-time staff employed during the period was as follows:

	Permanently employed staff	Other	Total	2009–10
	WTE	WTE	WTE¹	WTE
Directly employed – management and administrative	1.9	0.0	1.9	5.8

A total of 6 days (2009–10: 12.5 days) were lost to sick absence in the period. This equates to 3.2 days (2009–10: 2.2 days) per person.

¹ Whole-time equivalent.

3. OTHER OPERATING COSTS

	Note	Four months ended 31 July 2010 £	2009-10 £
Disciplinary and related legal costs	4	3,175	326,972
Meetings and Council members' fees		26,346	168,854
Legal and professional – judicial review		664	25,468
Examination costs		–	281
Premises and fixed plant		27,329	86,940
Legal & professional – general		20,225	62,390
Financial management		24,196	43,104
Policy and communications		50,979	30,015
CPD audit		–	4,214
Establishment expenses		12,310	49,144
Audit fees ²		7,000	23,000
Non-cash items:			
Cost of capital	1(g)	–	6,242
Loss on disposal	6,7	228	–
Depreciation and amortisation	6,7	1,531	7,583
		-----	-----
Total		173,983	834,207
		=====	=====

4. DISCIPLINARY AND RELATED LEGAL COSTS

	Four months ended 31 July 2010 £	2009-10 £
Total costs, including lawyers, barristers and QCs' fees	5,085	280,698
Provision for doubtful debts in respect of costs and fines awarded	(62,910)	(29,461)
Bad debts written off	61,000	75,735
	-----	-----
	3,175	326,972
	=====	=====

² The costs of the audit of accounts by the C&AG was £7,000 in 2010-11 (£17,000 in 2009-10 – as well as £3,000 additional fees in respect of HM Treasury Trigger Point process and £3,000 in respect of 2008-09).

5. INCOME

	Four months ended 31 July 2010 £	2009–10 £
Registration and retention fee income ³	236,333 =====	1,142,277 =====
Other operating income:		
Disciplinary costs and fines awarded	–	65,208
CPD course accreditation fees	–	210
Other	–	300
	----- – =====	----- 65,718 =====

6. PROPERTY, PLANT AND EQUIPMENT

2010–11	Office equipment £	Computer hardware £	Total £
Valuation			
At 1 April 2010	4,088	32,363	36,451
Disposals	(4,088)	(32,363)	(36,451)
	-----	-----	-----
At 31 July 2010	–	–	–
	-----	-----	-----
Depreciation			
At 1 April 2010	4,086	30,615	34,701
Provided in the period	–	1,531	1,531
Eliminated on disposal	(4,086)	(32,146)	(36,232)
	-----	-----	-----
At 31 July 2010	–	–	–
	-----	-----	-----
Net book value			
At 31 July 2010	–	–	–
	=====	=====	=====
Net book value	-----	-----	-----
At 31 March 2010	2	1,748	1,750
	=====	=====	=====

As at 31 July 2010 most assets had no residual useful economic life, or value to BIS and were therefore subject to formal disposal. A number of IT assets were maintained after 31 July for the purpose of concluding the preparation of the HAC annual report and accounts after which they were also subject to disposal on the basis that they had no residual useful economic life or value to BIS.

³ 2010-11 income comprises only retention fee income from 2009-10 as referred to in note 1(d).

7. INTANGIBLE NON-CURRENT ASSETS

2010-11	£
Cost	
At 1 April 2010	43,283
Disposals	(43,283)

At 31 July 2010	–
	=====
Amortisation	
At 1 April 2010	43,274
Eliminated on disposal	(43,274)

At 31 July 2010	–
	=====
Net book value	
At 31 July 2010	–
	=====
At 31 March 2010	9
	=====

Intangible assets comprised non-transferrable software licences which had no residual use or value to BIS and were therefore subject to formal disposal.

8. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	31 July 2010 £	31 March 2010 £
Trade receivables	9,667	20,730
Deposits and advances	7,800	7,800
Other receivables	356	3,409
Prepayments	–	25,772
	-----	-----
Balance at 31 July/March	17,823	57,711
	=====	=====
Fixed interest deposit ⁴	–	390,000
	=====	=====

Amounts due from other public bodies

There were no amounts due to the Council from other central government bodies, local authorities, NHS trusts or public corporations and trading funds.

Amounts falling due after more than one year

There were no amounts due after more than one year.

⁴ Investment 20/7/09 for nine months at 1.24% p.a.

9. CASH AND CASH EQUIVALENTS

	31 July 2010 £	31 March 2010 £
Balance at 1 April	200,928	905,453
Net changes in cash and cash equivalents	(26,494)	(704,525)
	-----	-----
Balance at 31 July/March	174,434	200,928
	=====	=====
The following balances at 31 July/March were held at:		
Commercial banks	174,434	200,928
See note 1(f).	=====	=====

10. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	31 July 2010 £	31 March 2010 £
Amounts falling due within one year		
Other taxation and social security	–	17,443
Trade payables	18,668	19,504
Accruals and deferred income:		
Accruals	9,003	73,396
Deferred retention fees	–	236,328
	-----	-----
Total trade payables and other current liabilities	27,671	346,671
	=====	=====
Intra-Government balances		
Balances with other central Government bodies	–	17,966
Balances with NHS Trusts and Foundation Trusts	–	225
	-----	-----
Total intra-Government balances	–	18,191
Balances with bodies external to Government	27,671	328,480
	-----	-----
Total trade payables and other current liabilities	27,671	346,671
	=====	=====

11. PROVISIONS

	31 July 2010 £	31 March 2010 £
Balance as at 1 April	137,032	–
Amounts used:		
Compensation for loss of office	(109,322)	109,322
Judicial review	(15,000)	15,000
Staff retention bonus	(12,710)	12,710
	-----	-----
	–	137,032
Provisions arising in the period:		
Post 31 July 2010 costs	21,578	–
	-----	-----
Balance as at 31 July/March	21,578	137,032
	=====	=====

Provision was made in 2009–10 for compensation for loss of office of all permanent staff, in accordance with the Civil Service Compensation Scheme. This provision was calculated on the basis that all permanent staff qualified for payment under the scheme by virtue of their continuous employment to 31 July 2010. This provision was fully settled during the period.

Further to the conclusion of a Judicial Review case in 2009-10, costs were awarded against HAC by the High Court. These costs were estimated in 2009-10, and fully settled during the period.

Provision was made in 2009-10 for estimated HAC obligations to settle staff retention bonuses. These bonuses were fully settled during the period.

Provision was made in the period for those obligations incurred prior to 31 July and to be settled by the Secretary of State for BIS from the net assets transferred from the HAC. These obligations relate to the costs of preparing and administration of the final annual report and accounts of the HAC.

Other costs relating to the September Audit Committee and legal fees after dissolution have not been provided as no unavoidable commitment existed prior to 31 July. These costs, estimated at £5k, will need to be settled by BIS from the assets transferred.

12. CAPITAL COMMITMENTS

The Council had no capital commitments as at 31 July 2010 (31 March 2010 £nil).

13. COMMITMENTS UNDER LEASES

Operating leases

Rent costs included in other operating costs, in the sum of £16,638, represent operating lease rentals for use of accommodation at 70 St Mary Axe, London until the lease terminated on 31 July 2010.

The HAC had the following obligations under non-cancellable operating leases:

Land and buildings	31 July 2010 £	31 March 2010 £
Expiring within one year	–	16,640
Expiring between one and five years	–	–
Expiring after more than five years	–	–
	-----	-----
	–	16,640
	=====	=====

HAC had no other obligations under operating leases as at 31 July 2010 (31 March 2010 £nil).

Finance leases

The HAC had no obligations under finance leases as at 31 July 2010 (31 March 2010 £nil).

14. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 July 2010 (31 March 2010 £nil).

15. RELATED PARTY TRANSACTIONS

(a) Chief Executive of the Council

Amicie Knowles was employed by the Council as a permanent member of staff and this was a related party by virtue of her relationship as the daughter of the former Chief Executive. During the period she was paid £17,715 (2009–10: £26,029).

The following disclosure relates to the HAC Chief Executive Officer and Directors who were in a position of influence by virtue of their position within the Council in respect of the following transactions with the Council in the period:

Sandra Verkuyten – former Chief Executive Officer

HAC incurred charges from Sandra Verkuyten in relation to the close down period from 1 August 2010 in the sum of £10,500 (2009–10 £nil).

Jonathan Bracken – Legal Director and partner in Bircham Dyson and Bell

HAC incurred charges from Bircham Dyson and Bell in the period of £16,656 (2009–10: £62,921), included in legal and professional costs (see note 3).

Justin Parfitt – Managing Director and Director of Resources and partner in Parfitt & Co Chartered Accountants.

HAC incurred charges from Parfitt & Co Chartered Accountants in the period of £24,196 (2009–10: £43,104) in relation to financial management services, included within legal and professional – general (see note 3). Included in the 2010–11 charges is £10,488 in relation to the close down period from 1 August 2010.

(b) Department for Business, Innovation and Skills (BIS)

During the period BIS did not provide grant in aid to the Council. Please see note 1(c) in relation to the treatment of grant in aid by the Council.

16. EVENTS AFTER THE REPORTING PERIOD

On 1 August 2010 assets and liabilities in the statement of financial position as at 31 July 2010 were transferred to the Secretary of State for BIS in accordance with the Hearing Aid Council (Transfer of Property, Rights and Liabilities) Order 2010. Under that Order, the Secretary of State will settle any outstanding transactions.

The annual report and accounts have been authorised to be issued on 29 October 2010.

17. LOSSES AND SPECIAL PAYMENTS

There were no material losses or special payments made during the financial period.

18. DERIVATIVES AND FINANCIAL INSTRUMENTS

As the cash requirements of the HAC were met through retention fees paid by Registered Hearing Aid Dispensers and Employers, financial instruments played a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments related to contracts to buy non-financial items in line with the HAC's expected purchase and usage requirements, and the HAC was therefore exposed to little credit, liquidity or market risk.

Financial risk management

International financial reporting standard 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Due to the nature of funding of the HAC by registered hearing aid dispensers, and the relationship that the HAC had with the Department for Business, Innovation and Skills, the HAC was not exposed to the degree of financial risk faced by business entities. Also, financial instruments played a much more limited role in creating or changing risk than would be typical of listed companies, to which these standards mainly apply. HAC had limited powers to borrow or invest surplus funds and financial assets and liabilities were generated by day-to-day operational activities rather than being held to change the risks that faced the Council in undertaking its activities.

Debtors and creditors due to mature or become payable within 12 months from the balance sheet date have been omitted from all disclosures.

Currency risk

HAC was a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling-based. The HAC had no overseas operations and therefore had low exposure to currency rate fluctuations.

Interest rate risk

The Council had no borrowing and relied primarily on retention fee income from registered hearing aid dispensers. It was exposed to changes in interest rates in relation to interest earned on surplus funds held and alternative investment of surplus funds was made at fixed interest rates in excess of deposit account interest rates.

Credit risk

Because the majority of HAC income came from registered hearing aid dispensers and there was a robust process for removal of non-paying registered hearing aid dispensers from the HAC register, the HAC had low exposure to credit risk.

Liquidity risk

The Council relied primarily on retention fee income as referred to above and therefore had low exposure to liquidity risk.



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