

Presented pursuant to section 25(6) and (7) of the Government Resources and Accounts Act 2000, and section 2(4) of the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2004

Hearing Aid Council Account 2004-2005

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 14 JULY 2005

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Council Members

The Council strives to ensure continuity of representatives throughout the year. Council members who have served during the financial year are as follows

Independent Chairman

Hughes, Christopher	appointed on 1 September 2003	1st Term
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Representing Registered Dispensers

Armstrong-Bednall, Gerald	appointed on 30 April 2004	1st Term
Georgevic, Mark	appointed on 1 January 2003	2nd Term
Ormerod, Peter	appointed on 1 January 2004	2nd Term
Skeels, Victoria	resigned on 28 April 2004	1st Term
Tate-Malby, Maryanne	appointed on 1 April 2004	1st Term

Representing hard of hearing

Bishop, Michael	appointed on 16 April 2004	1st Term
Brook, Norma	appointed on 1 January 2005	1st Term
Hughes, Margaret	resigned on 21 April 2004	2nd Term
Pearce, Christine	retired on 31 December 2004	2nd Term
Thomas, Huw	appointed on 1 January 2004	2nd Term
Yates, Denise	appointed on 1 January 2003	2nd Term

Representing medical/audiological

Corcoran, Anthony	appointed on 1 January 2004	2nd Term
Hawthorne, Maurice	appointed on 1 January 2003	1st Term
Irwin, John	appointed on 1 January 2004	2nd Term
Prasher, Deepak	appointed on 1 January 2005	2nd Term

Foreword

Background

The Hearing Aid Council (HAC) was established under the Hearing Aid Council Act 1968 (as amended by the Hearing Aid Council (Amendment) Act 1989) as a body Corporate with perpetual succession and a common seal. The constitution of the HAC is set out in the schedule to the 1968 Act as amended under Section 5 of the 1989 Act.

The HAC is classified as an Executive Non-Departmental Public Body (NDPB) of the Department of Trade and Industry (DTI). The accounts have been prepared in accordance with an Accounts Direction given by the Secretary of State for Trade and Industry, with the approval of the Treasury, in accordance with the Hearing Aid Council Act 1968 as amended by the Hearing Aid Council (Amendment) Act 1989.

The sponsoring team

The sponsoring team is the Competition and Consumer Policy Directorate of the DTI. The sponsoring team carries out its duties under a senior officer who has primary responsibility for overseeing the activities of the HAC.

Aims and objectives

The overall aim of the HAC is as follows

To ensure that consumers have access to competent and qualified Hearing Aid Dispensers and are aware of their rights when purchasing hearing aids from them.

Principal activities

The HAC was established to set and maintain professional standards of competence and conduct among Registered Hearing Aid Dispensers (RHADs) and their employers.

The HAC has continued to undertake the following principal activities

- to publish the Code of Trade Practice for RHADs and to ensure that RHADs comply with it;
- to determine the eligibility of individuals for inclusion on the Register of Hearing Aid Dispensers;
- to maintain the Register of Hearing Aid Dispensers and their Employers;
- to ensure that RHADs meet the Standard of Competence set by the HAC;
- to deal with any complaints received in respect of RHADs and their Employers;
- to publicise suitable training and development courses; and
- to collect registration and retention fees.

The HAC has the power to

- set up an Investigating Committee and a Disciplinary Committee to consider complaints about RHADs and their Employers;
- to remove any RHAD or their Employer from the Register of Hearing Aid Dispensers if they are found to be in breach of the Code of Practice; and
- to appoint a Registrar.

Chair and Council Members

The Chair of the HAC is appointed by the Secretary of State for Trade and Industry following a recruitment process conducted in accordance with the rules laid down by the Office of the Commissioner of Public Appointments. The appointment is usually for three years with the possibility of a second three year appointment.

The Chair is responsible to the Secretary of State. The Chair shall aim to ensure that the HAC's policies and actions support the wider strategic policies of the Secretary of State and that the HAC's affairs are conducted with probity. The Chair shares with other Council members defined corporate responsibilities and must ensure that the HAC fulfils the aims and objectives set by the Secretary of State.

The Council Members who have served during the year are shown on Page 2.

Review of the year

The results for the year are set out on page 11 and in the Notes to the Accounts, on pages 14 to 20.

The Council continues to raise awareness amongst consumers and its stakeholders.

On 14 February 2005, Mrs Sandra Verkuyten was appointed as Chief Executive and on 10 March 2005 as Accounting Officer.

A combined Stakeholders' and Dispensers' meeting was held on 1 July 2004 and this will now be an annual public meeting. The next such meeting is due to be held on 17 November 2005.

In the last year the Council has regulated the activities of over 1,500 dispensers and employers of dispensers. At 31 March 2005 there were 1,333 dispensers registered and 203 employers totalling 1536, being a 6.5% (2004 6%) increase over the previous year.

The Council sets two examinations each year. Each examination consists of a written and practical examination. In total 168 (2004 192) candidates sat the examinations in 2004-2005, of whom 112 passed (66.7%, 2004 61.4%).

The new Code of Practice has raised the entry standard for trainees to two 'A' Levels from 1 September 2004. There are on-going discussions with other parts of the audiology profession about how the RHAD qualification will evolve in the future and how the Registered Hearing Aid Dispenser will continue to enjoy reciprocity with other professionals.

The DTI made a grant-in-aid award of £52,879 which is included in these accounts. Announced in the Budget Statement 2005, the Hampton Review of Regulation is recommending that the HAC be subsumed into a new body under the auspices of the DTI with implementation possible by 2008.

There were additions to fixed assets during the year to meet ongoing requirements.

Better payment practice code

It is Council policy to observe the principles of the better payment practice code by settling all undisputed invoices within 30 days. By end of the financial year 70.3% of suppliers' invoices were settled within 30 days.

Disabled persons

All those responsible for recruitment to the Council's staff give full and fair consideration of candidates who are disabled. The Council's offices are so configured as to facilitate access by disabled persons.

Staff involvement

The Council has contracted under a competitive tender dated 1 March 1995 for the Registrar and the supply of office premises and administrative support staff.

The Registrar has responsibility for the contracted staff employed by Reid & Co Registrars Ltd. It is the Council's policy to be open and fair in its dealings with staff, including consultation if appropriate.

During the year the Council has taken into direct employment a legal services director and a chief executive officer.

As of 31 March 2005, the contracts of the Registrar and for the service provision were placed under twelve months' notice of termination. The Council will give full and detailed consideration to future administrative arrangements, having regard to both ongoing requirements and the intentions of the Hampton Review.

Auditor

The Comptroller and Auditor General is the appointed auditor of the HAC under the Hearing Aid Council Act 1968 as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2004.

The audit fee payable in respect of these financial statements to the Comptroller and Auditor General amounts to £11,000 (2004 £6,000).

S Verkuyten
Chief Executive and Accounting Officer

6 July 2005

Statement of the Council's and Chief Executive's responsibilities

The Hearing Aid Council is required to prepare a statement of accounts for each financial year in the form and on the basis directed by the Secretary of State. The accounts are prepared on an accruals basis and must give a true and fair view of the Council's state of affairs at the year-end and of its income and expenditure and cash flows during the financial period.

In preparing the accounts, the Council is required to

- Observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgments and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Council will continue in operation.

The Accounting Officer for the Department of Trade and Industry has designated the Chief Executive Officer as the Accounting Officer for the Council. 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 HM Treasury and published in Government Accounting.

Statement on Internal Control

Scope of responsibility

As Chief Executive, I have responsibility for maintaining a sound system of internal control which supports the achievement of the statutory duties of the HAC and its policies, aims and objectives, whilst safeguarding the Council's funds and assets for which I am responsible, in accordance with the responsibilities assigned to me in Government Accounting. The authority delegated to the Council by the Department of Trade and Industry is set out in the HAC's Management Statement.

The purpose of the internal control system

The system of internal control is designed to manage to a reasonable level, rather than to eliminate, the risk of failure to achieve policies, aims, objectives and outcomes; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is under continuous development and will be based on a process designed to

- identify and prioritise the risks to the achievement of the Council's policies, aims and objectives; and
- evaluate the likelihood of those risks being realised, the impact should they be realised and to manage them effectively, efficiently and economically.

Adequate procedures are in place at March 2005 to implement Treasury Guidance and a full statement on the system of internal controls will be provided in 2005-2006. An internal audit function was introduced in 2004-2005.

Capacity to handle risk

The Council established during October 2004, with help from external advisors and the Audit Committee, a continuous risk assessment process covering the activities of the HAC and the environment within which it operates. Output from the risk management system is reviewed by the Council periodically and its operation is monitored by the Audit Committee. Risks identified within the HAC and administration is recorded in a risk register to which all staff have access and is subject to review on a regular and systematic basis.

The risk and control framework

The framework which provides evidence to support this statement on internal control includes

- a Budgetary Control system, setting the Council's three year rolling forecasts, is reviewed and detailed forecasts are prepared in November of each year;
- preparation of monthly management accounts for examination by the Executive Committee ensures the Council's finances are within acceptable parameters and identify any areas of concern requiring attention;
- an Audit Committee established in 2003 reviews the risk management process regularly and receives reports from the internal auditors and registrar;
- a Code of Conduct was agreed in January 2004, covering a system of staff responsibility, internal regulation and guidelines to allow staff to conduct the Council's business safely and legally with the minimum of risk to the Council, dispensers and the public. An updated Code of Conduct will be brought to the Council early in 2005-2006; and
- a training day for all Council Members and the Registrar was held in April 2004.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. This review has been informed by the work of the Audit Committee and by comments from the internal auditors in their report and by the external auditors in their management letter. I have discussed the results of this review fully with members of the Council and Audit Committee and implemented changes where necessary. Although adequate procedures for internal controls are in place at March 2005, they are not fully embedded into the current processes. During what will be a considerable period of change, creating a high degree of uncertainty, there is a need for constant review of all policies, procedures and systems including the contractual arrangement with the current service provider. I also place reliance on the Registrar and his staff within the organisation, who have responsibility for the development, maintenance and implementation of the system of internal control and the assurance framework.

S Verkuyten
Chief Executive and Accounting Officer

6 July 2005

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

I certify that I have audited the financial statements on pages 11 to 20 under the Hearing Aid Council Act 1968. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 14 to 15.

Respective responsibilities of the Council, the Chief Executive and Auditor

As described on page 6, the Council and Chief Executive are responsible for the preparation of the financial statements in accordance with the Hearing Aid Council Act 1968 and directions made thereunder by the Secretary of State with the approval of Treasury and for ensuring the regularity of financial transactions. The Council and Chief Executive are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Hearing Aid Council Act 1968 and directions made thereunder by the Secretary of State with the approval of Treasury, and whether 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. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Council has not kept proper accounting records, or if I have not received all the information and explanations I require for the purposes of my audit.

I review whether the statement on pages 7 and 8 reflects the Council's compliance with HM Treasury guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

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

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

Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the Hearing Aid Council at 31 March 2005 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Hearing Aid Council Act 1968 and directions made thereunder by the Secretary of State with the approval of Treasury; and
- 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.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

11 July 2005

National Audit Office
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Victoria
London SW1W 9SP

Income and Expenditure Account for the year ended 31 March 2005

	Notes	2004-2005 £	2003-2004 £
Income			
From operations	2	534,385	492,825
Costs and fines awarded		90,491	310,500
Government grants	3	66,091	159,123
		<u>690,967</u>	<u>962,448</u>
Expenditure			
Operating costs	4	513,557	367,741
Examination costs		79,688	74,350
Disciplinary and legal costs	5	143,036	566,692
Cost of capital charge	1(g)	4,249	5,007
		<u>740,530</u>	<u>1,013,790</u>
Operating (deficit)		(49,563)	(51,342)
Cost of capital reversal	1(g)	4,249	5,007
Interest receivable		15,210	8,296
		<u>(30,104)</u>	<u>(38,039)</u>

There were no recognised gains or losses other than the deficit for the financial period.

The notes on pages 14 to 20 form an integral part of these financial statements.

Balance Sheet as at 31 March 2005

		2005		2004	
	Note	£	£	£	£
Fixed assets					
Tangible assets	7		22,374		17,534
Intangible assets	8		9,571		19,992
			31,945		37,526
Current assets					
Debtors	9	12,288		82,084	
Cash at Bank		366,461		269,680	
		378,749		351,764	
Creditors					
Amounts falling due within one year	10	306,982		242,262	
Net current assets			71,767		109,502
Total assets less current liabilities			103,712		147,028
Deferred grant income	11		(3,976)		(3,976)
			99,736		143,052
Capital and reserves					
Income and Expenditure Account	12(a)		84,125		114,229
Deferred government grant reserve	12(b)		15,611		28,823
			99,736		143,052

S Verkuyten
Chief Executive and Accounting Officer

6 July 2005

The notes on pages 14 to 20 form an integral part of these financial statements.

Cash Flow Statement for the year ended 31 March 2005

	2004-2005 £	2003-2004 £
Net cash inflow (outflow) from operating activities	93,908	(139,897)
Returns on investments and servicing of finance		
Interest received	15,210	8,296
Capital expenditure and financial investment		
Payments to acquire fixed assets	<u>(12,337)</u>	<u>0</u>
Net cash inflow (outflow) before financing	96,781	(131,601)
Financing		
Grant used for capital expenditure	0	0
Increase (decrease) in cash	<u>96,781</u>	<u>(13,601)</u>
 Reconciliation of operating surplus (deficit) to net cash inflow (outflow) from operating activities		
	2004-2005 £	2003-2004 £
Operating surplus (deficit)	(49,563)	(51,342)
Cost of capital charge	4,249	5,007
Depreciation	5,260	2,352
Amortisation	12,658	12,391
Loss on disposal of fixed asset	0	1
(Increase)/decrease in debtors	69,796	9,932
Increase/(decrease) in creditors	64,720	(99,115)
Release from deferred income	0	(5,676)
Release from deferred government grant reserve	<u>(13,212)</u>	<u>(13,447)</u>
	<u>93,908</u>	<u>(139,897)</u>

The notes on pages 14 to 20 form an integral part of these financial statements.

Notes to the Financial Statements

1 Accounting policies

a Basis of preparation

The financial statements have been prepared in accordance with the accounts direction issued by the Secretary of State with the approval of Treasury. 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 fixed assets at their value to the business by reference to their current costs.

Without limiting the information given, the financial statements meet the accounting and disclosure requirements of the Companies Act and accounting standards issued by the Accounting Standards Board so far as those requirements are appropriate.

b Government grants

Government grants received for revenue expenditure are credited to the income and expenditure account in the year to which they relate.

Government Grants received in advance of work being undertaken for website development and promotion of the HAC have been credited to deferred income (Note 11). This income is recognised in the Income and Expenditure Account as expenditure is incurred. There was no qualifying expenditure in the year under review.

Government Grants received for capital expenditure are credited to the Deferred Government Grant Reserve and are released to revenue over the expected useful life of the relevant asset by equal annual instalments (Note 12(b)).

c Other income

Retention and registration fees are credited to the income and expenditure account in the period to which they relate. Any income received in respect of future periods is included within fees in advance.

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

d Tangible assets

Assets are capitalised as tangible fixed 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. The useful life of office equipment has been reduced from 20 years to 5 years during this year with the effect of accelerating and increasing the charge in the current year.

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

f Modified historic cost accounting

The principles of Modified Historical Cost Accounting have not been applied in these accounts, as any adjustments would not be material.

g Cost of capital

A notional cost of capital £4,249 (2004 £5,007) has been calculated in accordance with the Executive Non-Departmental Public Bodies Annual Reports and Accounts Guidance published by HM Treasury. It has been calculated at a rate of 3.5% on the average Net Assets of the Council (2004 3.5%).

h Derivatives and other financial instruments

The Council's financial instruments consist of cash balances held in an interest-bearing account and short-term trade debtors and trade creditors.

i Taxation

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

2 Income from operations

	Notes	2004-2005	2003-2004
		£	£
Income from operations is categorised as follows			
Registration and retention fees		459,600	419,575
Examination fees		73,918	72,400
Other		867	850
Income and Expenditure Account		<u>534,385</u>	<u>492,825</u>

3 Government grants

Grant in Aid received from the DTI		52,879	140,000
Transfer from/(to) deferred grant income	11	0	5,676
Transfer from/(to) deferred government grant reserve	12	13,212	13,447
Income and Expenditure account		<u>66,091</u>	<u>159,123</u>

4 Expenditure

	Notes	2004-2005 £	2003-2004 £
Operating costs			
Registrar's fees	6a	35,000	30,000
Administrative fees	4(a)	175,329	143,937
Staff salaries	6(c)	14,735	0
Meetings and Council Members' fees	6(b)	142,316	75,340
Computer and website		15,486	21,032
Printing and stationery		36,597	28,492
Postage		8,088	9,790
Telephone		4,170	2,652
Audit fees	4(b)	13,497	6,000
Accountancy services		0	2,672
Consultancy fees	4(c)	46,631	32,537
Bank charges		422	545
Bad debts		1,800	0
Courses		1,480	0
Insurance		88	0
Loss on disposal of assets		0	1
Depreciation	7	5,260	2,352
Amortisation	8	12,658	12,391
Income and Expenditure Account		<u>513,557</u>	<u>367,741</u>
<i>4a Administrative fees</i>			
Administrative Support Staff		139,245	108,687
Rent for fully furnished offices including utilities and services		36,084	35,250
		<u>175,329</u>	<u>143,937</u>

The Council has contracted under a competitive tender on 1 March 1995 for administrative support services. See also note 16(a).

4b Audit fee

The audit fee represents the cost of the audit of the financial statements by the Comptroller and Auditor General (£11,000) and internal audit by the DTI (£2,497). This amount does not include fees in respect of non-audit work. No such work was undertaken.

4c Consultancy fees

The Council has used the services of Public Trust Partnership, to advise on and prepare the appropriate legal agreements and help implement the new Code of Conduct as a part of the Council's transfer to being an Executive Non Departmental Public Body. The Council engaged the services of Parkhill Audit Agency to support the generation of statutory end of year accounts. With effect from 14 February 2005, the Council appointed Mrs Sandra Verkuyten to the post of CEO of the organisation. An executive search agency provided assistance to the process at a cost of £25,143 and additional costs of £3,021 were incurred by those members of Council who were also involved.

5 Disciplinary and legal costs

	2004-2005	2003-2004
	£	£
Total costs, including lawyers, barristers and QC's fees and Disciplinary Committee costs	104,870	304,692
Irrecoverable costs and fines awarded written off	38,166	262,000
	<u>143,036</u>	<u>566,692</u>

6 Senior staff emoluments*a The Registrar*

Under a tendered contract dated 1 March 1995 Mr C Reid was appointed Registrar to the Council. In the year under review Mr Reid received a fee of £35,000 (2003-2004 £30,000) plus attendance allowances of £5,069 (2003-2004 £11,292). See also note 16(a).

b Council members

The Chair and Council Members are paid a daily attendance allowance for Council duties and are reimbursed for their actual expenses for travelling and subsistence.

The Council uses mainly Non-Council Members as examiners in both examinations. All examiners are contracted to the Council and are paid for marking question papers and attending the practical examinations.

Included in the charge shown in the accounts is an amount of £33,415 (2004 £1,706) in respect of Employers' National Insurance and Composite Rate Tax.

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

	Total £
Hughes, Christopher	11,180
Tate-Maltby, Maryanne	6,632
Yates, Denise	6,443
Bishop, Michael	4,832
Georgevic, Mark	4,548
Prasher, Deepak	4,548
Thomas, Huw	3,032
Pearce, Christine	2,653
Hawthorne, Maurice	2,464
Ormerod, Peter	2,463
Corcoran, Anthony	2,274
Irwin, John	2,274
Armstrong-Bednall, Gerald	1,326
Brook, Norma	189
Skeels, Victoria	NIL
Hughes, Margaret	NIL

Consent to disclose the emoluments of individual Council members was not obtained in 2004 so it is not possible to disclose individual names and amounts. The attendance allowances paid in 2003-2004 were in the following bands.

	2004
£0 - £5,000	13
£5,001 - £10,000	1

c Staff

In the year under review, a CEO was appointed with effect from 14 February 2005 and a part-time legal services director engaged on 15 October 2004 with the intention of expediting investigative and disciplinary matters in cost effective ways.

	CEO	Legal Services Director	Total
	£	£	£
Salary	5,500	7,875	13,375
Social security costs	603	757	1,360
Other pension costs	0	0	0
	<u>6,103</u>	<u>8,632</u>	<u>14,735</u>

7 Tangible fixed assets

	Office Equipment	Computer Hardware	Total
	£	£	£
Cost			
At 1 April 2004	15,928	4,700	20,628
Additions	4,380	5,720	10,100
Disposals	0	0	0
At 31 March 2005	<u>20,308</u>	<u>10,420</u>	<u>30,728</u>

Depreciation

At 1 April 2004	936	2,158	3,094
Provided in the period	3,283	1,977	5,260
Eliminated on disposal	0	0	0
At 31 March 2005	<u>4,219</u>	<u>4,135</u>	<u>8,354</u>

Net book value at 31 March 2005

Net book value at 31 March 2004	<u>14,992</u>	<u>2,542</u>	<u>17,534</u>
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8 Intangible fixed assets**Computer software**

£

Cost

At 1 April 2004	37,140
Additions	2,237
At 31 March 2005	<u>39,377</u>

Amortisation

At 1 April 2004	17,148
Provided in the period	12,658
At 31 March 2005	<u>29,806</u>

Net book value

At 31 March 2005	<u>9,571</u>
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Net book value

At 31 March 2004	<u>19,992</u>
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9 Debtors

	2005 £	2004 £
Trade debtors	0	1,000
Prepayments	2,888	4,520
Recovery of costs and fines awarded	9,400	75,020
Tax refund	0	1,544
	<u>12,288</u>	<u>82,084</u>

There were no amounts due to the Council from other Central Government Bodies, Local Authorities, NHS Trusts or Public Corporations and Trading Funds.

10 Creditors' amounts falling due within one year

	2005 £	2004 £
Trade creditors	22,300	36,034
Registration and retention fees in advance	162,575	133,500
Exam fees received in advance	41,200	37,837
Accruals	80,907	34,891
	<u>306,982</u>	<u>242,262</u>

There were no amounts due by the Council to other Central Government Bodies, Local Authorities, NHS Trusts or Public Corporations and Trading Funds.

11 Deferred grant income (revenue)

	2005 £	2004 £
At 1 April 2004	3,976	9,652
Transfer to Income and Expenditure Account (note 3)	0	(5,676)
At 31 March 2005	<u>3,976</u>	<u>3,976</u>

Deferred grant income relates to the unspent portion of grants received for website development and promotion of the HAC.

12 Capital and reserves

	2005 £	2004 £
<i>a Income and Expenditure Account</i>		
At 1 April 2004	114,229	152,268
(Deficit) for the period	(30,104)	(38,039)
At 31 March 2005	<u>84,125</u>	<u>114,229</u>
<i>b Deferred government grant reserve</i>		
At 1 April 2004	28,823	42,270
Depreciation transfer to Income and Expenditure Account (note 3)	(13,212)	(13,447)
At 31 March 2005	<u>15,611</u>	<u>28,823</u>

13 Capital commitments

The Council had no capital commitments at either 31 March 2004 or 31 March 2005.

14 Contingent liabilities

The Council had no contingent liabilities at 31 March 2004 or 31 March 2005.

15 Derivatives and financial instruments

The Council has no borrowing and relies primarily on registration and retention fees from registered dispensers and grant-in-aid for its cash requirements. All assets and transactions are denominated in sterling. It therefore manages a continuing liquidity risk but is not exposed to currency risk. The Council is only exposed to interest rate risk to the extent that it holds its funds in an interest bearing current account.

Short Term Debtors and Creditors have been excluded from these disclosures to comply with NDPB Guidance.

16 Related party transactions

a Registrar to the Council

Under a contract which was competitively tendered, with effect from 1 March 1995, Mr C Reid was appointed Registrar to the Council. Reid & Co Registrars Limited, a company wholly owned by Mr Reid supplied administrative support services to the Registrar during the year with a value including VAT of £175,329 (2003-2004: £143,937).

Notice has been served to terminate this contract at the end of March 2006.

Transactions with companies owned by family relatives of employees of Reid & Co Registrars Limited amounted to £575 in the year.

b Department of Trade and Industry (DTI)

During the year the DTI awarded £52,879 (2004 £140,000) Grant In Aid to the Council.

17 Post balance sheet events

Reid & Co Registrars Limited was given notice that the contract for services would end on 31 March 2006. The 'Hampton' report on regulatory bodies, published 16 March 2005, envisages that the HAC will be subsumed into another, larger, body. The accounts have been prepared on a going concern basis as no changes are envisaged before 2006 at the earliest.

18 Losses and special payments

There were 5 cases of losses totalling £215,519 approved during the year. These included one abandoned claim totalling £173,000 for costs and fines awarded against Ambassador Hearing Health Care plc following liquidation of the company.

There were no special payments during the year.

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