

**THE ELIZABETH FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

**Company registered number 01960980
Registered Charity Number 293835**

Report and Accounts

31 March 2013



The Elizabeth Foundation (company limited by guarantee) - 31 March 2013

Company registered number 01960980

Registered Charity Number 293835

REFERENCE AND ADMINISTRATION

Directors (members of the council of management, and board of trustees of the charity)

Mr M Tufnell - Chair (from 30 May 2012)
Ms H J Ormsby – Chair (until 30 May 2012)
Mr D K Metherell
Dr P Ardern
Mr R I M Wootton
Mrs H Seaman
Mr G Pritchard
Mrs E Bryant
Mr P Dymock

Secretary

Mr R I M Wootton

Chief Executive

Mrs Shirley Metherell (retired 15 April 2013)
Dr Sue Campbell (appointed 15 April 2013)
Mrs Karen Flynn (maternity cover from 27 November 2013)

Auditors

Baker Tilly Audit Limited, Highfield Court, Tollgate, Chandlers Ford, Eastleigh, Hampshire, SO53 3TY

Bankers

HSBC Bank plc, 19 Midsummer Place, Central Milton Keynes, Bedfordshire, MK9 3GB

Solicitors

Large & Gibson, Kent House, 49 Kent Road, Southsea, Hampshire, PO5 3EJ

Registered Office and operational address

Southwick Hill Road, Cosham, Portsmouth, Hampshire, PO6 3LL

DIRECTORS' REPORT

The Directors (Members of the Council of Management, and Board of Trustees of the charity) present their Report and Accounts for the year ended 31 March 2013. These have been prepared in accordance with the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities 2005, applicable accounting standards, the Companies Act 2006 and the Charities Act 2011, the requirements of the Foundation's own constitutional document and applicable regulations of the Charities (Accounts and Reports) Regulations 2005.

AIMS AND OBJECTIVES

The mission statement of The Elizabeth Foundation says

We promote early diagnosis for babies and pre-school children with hearing loss, and provide comprehensive educational and support services to them and their families. By doing so we enable these children to develop their listening skills and natural speech and give parents the confidence and knowledge to make informed decisions on behalf of their child.

Specifically, The Elizabeth Foundation's governing documents provide that it was established to give help and assistance to deaf people, and to promote the early detection of deafness and hearing loss in babies and young children. Our activities help us to meet these objects. The Elizabeth Foundation would like children who are deaf to be able to understand and achieve their unique, individual potentials, and to have a wide range of true choices that they can make in their lives. We would like their families to feel they have been able to give their deaf child a great start in life, and that they were able to understand and influence the choices and pathways affecting their child right from the earliest days of diagnosis and babyhood. In order to achieve this, we deliver a range of services and carry out a number of activities under the broad headings of

Nursery Programmes

Family Support

Outreach and Other Activities

More information about specific services, programmes and activities is given later in this Report under the heading "Achievements and Performance" below, and in Note 2.

Achievements and Performance

Last year in 2012, The Elizabeth Foundation explained in its Directors' Report that its plans for the year to 31 March 2013 included

- To continue planning for refurbishment and extension of our **Hearing Test Centre** building in Hampshire
- A planned programme of **video filming of learning activities** and children's attainments will be commenced now that the core installation of digital media equipment has been completed
- We will integrate highly specialist **speech & language support** alongside our existing services for pre-school families, as well as carrying out pilot projects to extend this support to other target groups of deaf children
- We will start the next stage of **development of our Home Learning Programme** including the addition of digital media material

DIRECTORS' REPORT

- To continue making efforts to secure regular, long term local funding support for our family centre in West Yorkshire

The Trustees are pleased to report success and progress in the first four of these. Sadly though, in September 2013 the difficult decision was taken to close our Family Centre in Bradford, West Yorkshire. This was necessary because a number of separate factors unfortunately came together at the same time, including the sudden serious illness of a key member of staff. We worked closely with the children and parents who used the centre to arrange a programme of transition support which will be delivered over the coming months. The Board of Trustees would like to thank everyone who has supported our work in Bradford over the last thirteen years, we are proud of all that we have achieved there and of all the children and families who we have come to know through our work. We wish them all every success in the future and hope to remain in touch with them as they continue to develop their listening and speech skills.

Hearing Test Centre

Since our last report we have completed the first phase of design for the refurbishment and extension of our Hearing Test Centre building, and taken the project to competitive tender. To ensure best use of The Elizabeth Foundation's resources, we engaged in a review of costs and site management plans with some of the contractors who took part in the tender and then selected a preferred contractor. The project will be undertaken in three phases of building work and at the end of Phase One we will have constructed the extended building and brought into use a new area for special work with families in a home-like setting. Phase Two will see the fitting out of a fully-accessible lower ground floor education and conference facility that will support some of our new services in the future as well as being available for hire. Phase Three will complete external features and landscaping. Each phase will be undertaken when the best funding strategy can be achieved, and in line with strategic and operational plans.

Video filming of learning activities

Filming of learning activities and attainments is now well advanced (although new material will constantly be added and updated), and editing has been completed for a number of segments. As stated in our report last year, this will build up a resource bank that we will be able to use for a variety of purposes including one-to-one mentoring for families, record-keeping, teaching and learning material, support for outreach activities, and income generation.

Speech and language support

We have delivered a very successful year of specialist speech and language support for children attending our centres in Hampshire and West Yorkshire, as well as piloting a new service to some older alumni children or families who would like some intensive support. We are going to build on this and are currently preparing plans for a trial of a new support service targeted for children who have a temporary hearing loss or a hearing loss that affects one ear only.

Development of our Home Learning Programme

We have established a task group to carry out market research and a needs assessment for the development of our Home Learning Programme, as well as making more extensive changes to content, style and methods of delivery. The task group will build on the work that has already been completed to present the existing Programme in consistent, clear format. We have also carried out a special pilot in one area of England to see what we can learn about the best way to use professional networks to promote the Programme to families. The film segments produced from our ongoing filming of learning activities (see above) also provides material that we will be able to use as part of the Home Learning Programme in future.

DIRECTORS' REPORT

The year has been an important one for The Elizabeth Foundation, as we searched for a successor Chief Executive to take over the running of the charity upon the retirement of our founder, Shirley Metherell. Dr Sue Campbell took up her post just after the year end in April 2013 and joined hundreds of well-wishers and supporters in paying tribute to Shirley, and husband David, for their inspiration and years of hard work building The Elizabeth Foundation into a very special charity. As Trustees, we know exactly how much dedication Shirley and David have given to The Elizabeth Foundation, and continue to give, as David remains a Trustee, and they both have a unique place as our founders. We were delighted to be able to celebrate Shirley's retirement by opening our Sunshine Memory Garden, a beautiful outdoor space that Shirley and David have been closely involved in creating and tending. It was fitting and moving that Shirley officially opened the Garden, a place for us to remember our many past friends and supporters and the journey that The Elizabeth Foundation and families have taken together over the years. We welcome Sue, who joins us with a background in voluntary sector management. Most recently Sue was part of the senior management team at Bond, an organisation supporting NGOs working in international development. Her PhD in psychology gives her a good working knowledge of language acquisition and speech perception/production. While Sue is on maternity leave from November 2013, our cover CEO will be Mrs Karen Flynn.

Some other highlights from our busy year include

- Introducing a second preschool group for two days each week, due to high numbers of children. We have started the new academic year with these two extra classes in place again, which will help us give more choice and scope of services to new families who join us through the coming year.
- We installed a special TV flatscreen in our clinic waiting room, displaying information about our work so that visitors and families can learn more about us and the support we provide.
- Our friends at the Ovingdean Hall Foundation have provided a sturdy and attractive carport to protect our lovely new minibus from the weather.
- Starting on our review of how we use information technology, we identified some quick wins to upgrade our core office systems.
- We have introduced recycling, which has already made big reductions in the volume of waste for general disposal. We look forward to introducing more environmentally-friendly practices in future.
- We held five very well-received family days as part of our Summer schedule over the holiday period, and are busy planning further events for 2014.
- Volunteers have again made an important contribution to our work, with approximately 2000 hours donated to The Elizabeth Foundation during the year to support a range of activities including Trusteeship, Regular Volunteering, Events and Volunteer Projects. In addition, private sponsored fundraising contributed additional hours estimated at approximately 700.

Our plans for the year to 31 March 2014 and future periods are set out later in this report.

PUBLIC BENEFIT

The trustees have referred to the Charity Commission's general guidance on public benefit when reviewing the aims and objectives, and in planning future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives set.

FINANCIAL REVIEW

The surplus for the year amounted to £141,658 (2012 surplus £301,962). This has been added to reserves in the form of fixed assets including our new minibus, equipment to support our learning activity filming, and outdoor playground improvements, it also increases our Income & Expenditure Account.

DIRECTORS' REPORT

Note 15 sets out how accumulated reserves are represented in terms of net assets of The Elizabeth Foundation, and demonstrates the investment that has been made in fixed assets which are necessary for the delivery of its charitable services at our Family Centres. At 31 March 2013, The Elizabeth Foundation's unrestricted Income & Expenditure Account balance of £1,228,112 was largely represented by charitable fixed assets in this way. As reported in recent years, the Trustees have been working to increase levels of cash reserves in order to ensure appropriate levels of working capital are available to fund day to day activities and maintain service standards. The Trustees are pleased that it has again been possible to achieve progress towards this aim this year.

Investments

The Foundation's investment powers are set out in its governing document and Memorandum & Articles of Association. Day to day cashflow management is delegated to the CEO and senior staff, who act in accordance with policies agreed by the Trustees. Trustees have focused in recent years on building levels of unrestricted cash reserves in order to achieve compliance with policy (see below). It is vital to maintain appropriate levels of liquidity. In addition, Trustees have reconfirmed their cautious approach to investment and have also decided to take advantage of the funds protection offered by the Financial Services Compensation Scheme, by placing cash assets at an appropriate and practical number of banking institutions. These policies will be kept under review and in future Trustees may decide to move their focus to investment return when market conditions and the Foundation's long term plans indicate that this would be the right action to take.

Reserves

The Elizabeth Foundation's reserves comprise those that are unrestricted, those that are restricted but which have been set aside by the Trustees for a particular purpose, and those that are the subject of restrictions in law or by donors (and which therefore cannot be used for anything else). The Elizabeth Foundation currently has no endowed or permanent funds. Note 13 to the Accounts gives more information about reserves, including policies and restrictions applying to individual funds.

At 31 March 2013, The Elizabeth Foundation had unrestricted (but not "free") reserves of £1,228,112 in its Income & Expenditure Account. These reserves are not "free" as defined by the Statement of Recommended Practice (SORP), because they could only be realised (turned into cash) by disposing of fixed assets held for charity use (selling the buildings in which we carry out our activities). Note 15 to the Accounts shows the level of accumulated surpluses that have already been invested in prior years in Fixed Assets in furtherance of The Foundation's charitable objectives, and designated reserves represent The Foundation's investment in the Portsmouth-based founding Family Centre and Early Detection Centre. Accordingly, these reserves are not available as cash to meet the day to day running costs (sometimes called "revenue costs" or "core costs") of providing services.

The reserves policy of The Elizabeth Foundation is to maintain a level of free reserves that will allow service continuity and sufficient time to adjust in a planned and robust manner to any significant change in resources. Having reviewed the practical application of similar policies for other organisations within the charitable and voluntary sector, which range from indicative free reserve levels of 3 months' operating expenditure to 3 years' total costs requirement, the Trustees have confirmed the need to build free reserves to a level that will make further reductions to operating risk. At 31 March 2013 cash/current assets held by The Elizabeth Foundation amounted to £441,773 on the balance sheet (of which £288,876 represents free reserves in the Income & Expenditure Account). Note 15 shows that these assets represented a portion of the Income & Expenditure Account, the Core Service Reserve, the Grants and Fees Reserve and the Ovingdean Reserve and amount to 53% of total budgeted revenue costs and depreciation for the coming year. For future years, the Trustees aim that between 50% and 100% of total budgeted costs for the ensuing year are held in accessible free reserves, and note that additional fundraising effort will be required to achieve and maintain reserves at the required levels. From time to time, the Trustees will review the adequacy and efficacy of this policy based on prevailing and expected circumstances. Along with many other voluntary sector organisations, The Elizabeth Foundation has experienced cuts in public sector grants and service-level agreements, and has been told to expect this to continue. One of the most

DIRECTORS' REPORT

important ways a charity like The Elizabeth Foundation can protect itself from the risk of being unable to meet its financial commitments, is to accumulate a sensible level of cash reserves that help provide time for corrective action to take place if income levels fall

On the basis of the annual and ongoing review of reserve levels and anticipated future cash flow, it is the opinion of the Trustees that the balance on each fund shown in the balance sheet as at 31 March 2013 (together with its anticipated income and expenditure) is adequate to fulfil that fund's obligations and the overall obligations of The Elizabeth Foundation for the next financial year, and for a period of at least 12 months from the date of this report

OUR PLANS FOR FUTURE PERIODS

Our future plans are built around five strategic goals, and here we set out some of the key activities for each that we expect to undertake in the coming year

Goal 1 To provide excellent services to parents and children at our Hampshire Centre

- After reviewing our existing methods of measuring the outcomes we achieve for children and families, we will develop and introduce a new system that helps us to monitor the success of our services as well as giving us information about how we can make improvements or changes to what we do
- We will introduce a new group to provide support to children with glue ear or a unilateral (one-sided) hearing loss
- We will continue to design and run new activities for parent education, responding to what parents tell us would help them
- To support our future service activities as well as making sure we continue to provide an excellent environment for children's hearing testing, we will progress with our plans to modernise and extend our Test Centre building

Goal 2 To develop our capacity to reach parents and children who are unable to attend our Hampshire family centre

- The market research and needs assessment phases of the project to develop our Home Learning programme will be completed this year
- Following the success of our 2013 summer activities for families, we will go on to develop a programme of events for summer 2014 including parents and children who do not attend our core family services
- We will design and produce video footage that will provide further learning resources for Home Learning Programme families and other groups who cannot regularly attend our Hampshire family centre
- We will investigate the possibility of delivering flexible, face-to-face outreach services, perhaps by partnering with others where we think this would enable more families to benefit

Goal 3 To build and publicise the evidence base for our work

- In addition to our outcomes project (see Goal 1 above), we plan to commence a specific programme to follow up the stories and experiences of children who have attended The Elizabeth Foundation, and the outcomes they achieve in their futures
- We will design and plan for the first of our annual impact reports

Goal 4 To build the profile and reputation of our work

DIRECTORS' REPORT

- We will start to use a register of speaking engagements and conference attendances, actively managing this to ensure we reach audiences at all levels
- A communications strategy covering published literature and, importantly, our website and digital media, will be developed to support our strategic plans

Goal 5 To ensure we are a strong and sustainable organisation

- We will make sure that our fundraising and income-earning strategies are set up to match the needs of our planned activities
- In particular, we will review the information technology resources that our new and extended services will need in order to run most effectively
- As our services depend on our people, we will review the policies and practices we have for developing and looking after our staff, volunteers and Board members

Our goals will give us direction for the next few years, and we will be monitoring our progress towards meeting them by keeping individual actions and milestones under review throughout the year

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Elizabeth Foundation was established under the terms of a Trust Deed (May 1982), and then subsequently in November 1985 incorporated as a charitable company limited by guarantee. Its governing documents are accordingly the Trust Deed and the Memorandum and Articles of Association (revised 1997, 1998, 2007 and 2011), which provide for a governing Board of Trustees/Directors originally known as the Council of Management. The Foundation is registered with the Charity Commission under the Charities Act 1960.

The Board of Trustees, and Organisational Structure

The Council of Management consists of up to 10 elected members. Based on seniority of service, one third of the Council retires each year and is eligible for re-election based on one vote per member. In addition, casual vacancies during the year may be filled by co-option approved by the Board.

The Council of Management (referred to as the Board of Trustees) delegates the day to day running of The Elizabeth Foundation to the CEO and senior staff. Between Board meetings, the CEO may make written reports to members of the Board, providing updates on key projects and issues, and generally to keep Trustees informed. From time to time, the Trustees review the composition of the Board in order to ensure that an appropriate mix of skills and competencies is represented, and to identify any specific induction or training needs that Trustees might have. The Elizabeth Foundation makes use of publications available from the Charity Commission to assist Trustees to understand their duties. Every two to three years, The Elizabeth Foundation holds a "Trustee Observation Day" that gives Trustees the opportunity to meet staff, view service programmes in action, and discuss hot topics in greater detail than would be possible during a regular Board meeting.

The Elizabeth Foundation also has Patrons, who from time to time allow their names to be used by it and who support its charitable aims and objectives in various ways according to their special expertise or position in society. In 2003, The Elizabeth Foundation's Trustees were delighted to invite Ann Rachlin to become President of The Elizabeth Foundation. This is an honorary role and celebrates the 2003 transfer to The Elizabeth Foundation of the name and net assets of The Beethoven Fund for Deaf Children. Patrons lend their support to special Appeals by The Elizabeth Foundation and the Trustees are extremely grateful to them for this. In November 2013, the Trustees were saddened to learn of the death of Sir Alfred Blake KCVO, MC, DL, LLB. Sir Alfred has been our most long-standing patron and helped guide and advise The Elizabeth Foundation in its earliest years. We pay tribute to him and thank him for all that he did for The Elizabeth Foundation and children with hearing loss.

DIRECTORS' REPORT

The full Board usually meets at least four times each year. The Chief Executive and other senior members of staff may attend meetings of the Board but are not entitled to vote.

Management of risk

All businesses and organisations are subject to the risks of not achieving their planned objectives, or of the occurrence of events which may affect them adversely. Organisations operating in the charitable and voluntary sector are no exception. Risks might include the withdrawal of traditional sources of income, the impact of new legislation, natural disaster or collapse of information or other systems vital to the ability to carry on providing services safely (and this is not an exhaustive list). The Trustees review and monitor risk as part of their overall responsibility for the strategic management of The Elizabeth Foundation, and arrange that internal controls and procedures (including the development, implementation and review of operational policies and procedures) are established which are designed to help manage and minimise risk. The CEO and senior staff carry out ongoing activities of identifying, responding to and managing risk, and make reports as necessary to the Board of Trustees. Specific projects and significant commitments require the Board to receive reports and information, including information about risks, before a decision is made and a course of action adopted. The Board of Trustees has therefore given consideration to the major risks to which The Elizabeth Foundation is exposed, and also to the systems designed to mitigate those risks. The effectiveness of both risk management activities and the Board's ability to review these, is kept under assessment as part of The Elizabeth Foundation's work to maintain quality.

STATEMENT OF MANAGEMENT (TRUSTEES') RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The trustees (who are also directors of The Elizabeth Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT

In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

AUDITORS

On 1 October 2013, RSM Tenon Audit Limited changed its name to Baker Tilly Audit Limited. Baker Tilly Audit Limited is deemed to be re-appointed under section 487(2) of the Companies Act 2006.

DIRECTORS

The Directors (Council members/Trustees) during the year were as follows

Mr M Tufnell
Ms H J Ormsby
Mr D K Methereil
Dr P Ardern
Mr R I M Wootton
Mrs H Seaman
Mr G Pritchard
Mrs E Bryant
Mr P Dymock

By order of the Board



D K METHERELL

Approved by the directors on 17 December 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ELIZABETH FOUNDATION

We have audited the financial statements of The Elizabeth Foundation for the year ended 31 March 2013 on pages 12 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view, of the state of the charitable company's affairs as at 31 March 2013, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime


BAKER-TILLY AUDIT LIMITED

David Brookes, Senior Statutory Auditor
For and on behalf of:

Baker Tilly Audit Limited
Statutory Auditor
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

20 December 2013

The Elizabeth Foundation (company limited by guarantee) – 31 March 2013

STATEMENT OF FINANCIAL ACTIVITIES

And Income & Expenditure Account for the year ended 31 March 2013

	<i>Unrestricted Funds</i>				
	<i>Income and</i>	<i>Designated</i>	<i>Restricted</i>	<i>Total</i>	<i>Total</i>
	<i>Expenditure</i>	<i>Funds</i>	<i>Funds</i>	<i>2013</i>	<i>2012</i>
	<i>Account</i>				
	£	£	£	£	£
INCOMING RESOURCES					
<i>Voluntary Income</i>					
Donations and gifts	99,439	-	-	99,439	89,306
Legacies	248,457	-	-	248,457	14,534
Grants	-	-	201,145	201,145	530,305
<i>Activities for Generating Funds</i>					
Fundraising events	129,616	-	-	129,616	114,391
<i>Investment income and bank interest</i>	4,494	-	-	4,494	2,778
<i>Incoming Resources from Charitable Activities</i>					
Contracts, fees and other agreements	132,547	-	69,305	201,852	206,866
Total incoming resources	614,553	-	270,450	885,003	958,180
RESOURCES EXPENDED					
<i>Costs of generating funds</i>					
Costs of generating voluntary income	107,244	-	-	107,244	105,853
<i>Charitable Activities</i>	314,064	-	259,891	573,955	498,279
<i>Governance Costs</i>	62,146	-	-	62,146	52,086
Total resources expended	483,454	-	259,891	743,345	656,218

The Elizabeth Foundation (company limited by guarantee) – 31 March 2013

STATEMENT OF FINANCIAL ACTIVITIES

And Income & Expenditure Account for the year ended 31 March 2013

	<i>Unrestricted Funds</i>					
	<i>Income and Expenditure Account</i>	<i>Designated Funds</i>	<i>Restricted Funds</i>	<i>Total 2013</i>	<i>Note</i>	<i>Total 2012</i>
	£	£	£	£		£
NET INCOMING RESOURCES	131,099	-	10,559	141,658		301,962
BEFORE TRANSFERS						
Transfers between reserves	28,122	(12,040)	(16,082)	-	13	-
NET MOVEMENT IN FUNDS FOR THE YEAR	159,221	(12,040)	(5,523)	141,658		301,962
Balance at start of year	1,068,891	964,495	386,522	2,419,908		2,117,946
Balance at 31 March 2013	1,228,112	952,455	380,999	2,561,566	13	2,419,908

There are no other recognised gains and losses other than those shown above, which all arise from continuing operations. The ACEVO (Association of Chief Executives of Voluntary Organisations) model for cost analysis, adapted to ensure compliance with the Statement of Recommended Practice Accounting and Reporting by Charities 2005 (SORP) has been applied.

The Elizabeth Foundation (company limited by guarantee) – 31 March 2013

BALANCE SHEET

at 31 March 2013

Co Reg 01960980

	Notes	2013 £	2012 £
FIXED ASSETS			
Tangible assets	5	2,119,793	2,090,838
CURRENT ASSETS			
Stocks	6	2,789	3,029
Debtors	7	57,279	6,173
Cash at bank and in hand	8	436,736	363,278
		496,804	372,480
CREDITORS			
amounts falling due within one year	9	(55,031)	43,410
NET CURRENT ASSETS		441,773	329,070
TOTAL ASSETS LESS CURRENT LIABILITIES		2,561,566	2,419,908
RESERVES			
Restricted funds			
National Lottery Charities Board reserve	13	154,521	159,132
Grants and fees reserve	13	19,588	19,029
Ovingdean Reserve - Inc & Expenditure	13	55,000	101,000
Ovingdean Reserve - Fixed Assets	13	151,890	107,361
Unrestricted Funds			
Designated fund Portsmouth Resource Centres	13	874,146	886,186
Designated fund Core Services Reserve	13	78,309	78,309
Income and expenditure account	13	1,228,112	1,068,891
		2,561,566	2,419,908

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006. The financial statements were approved by the directors on 17 December 2013 and are signed on its behalf by

M H Seaman

MRS H SEAMAN

P H Arden

DR P ARDEN

NOTES TO THE ACCOUNTS
at 31 March 2013

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention modified to include the revaluation of investments, and in accordance with applicable accounting standards and the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities 2005. The charitable company has taken advantage of Paragraph 3 (3) Sch 4 of the Companies Act 2006 and adapted Companies Act formats of accounts to reflect the charitable nature of the company's activities.

Cash flow statement

The company qualifies for the exemptions provided under FRS 1 as a small company and need not present a cash flow statement.

Fixed Assets and Depreciation

Fixed Assets are stated at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life. The rates most used in each category are as follows:

Freehold property	-	50 years	Office equipment	-	4 to 5 years
Long leasehold buildings	-	5 to 50 years	Computer equipment	-	4 to 5 years
School equipment	-	5 years	Medical equipment	-	3 to 5 years
Motor vehicles	-	25% of written down value			

Where depreciation is charged against assets representing restricted and designated funds, this depreciation is charged against that fund as it arises. The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost (being purchase price) and net realisable value.

Pensions

The company makes payments to individual employees' private pension schemes up to a maximum of 5% of pensionable salary.

Operating Leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

Fund Accounting

Unrestricted funds are defined as grants, sponsorship and other income received or generated for the objectives of the charity without further specified purpose and which are available as general funds, but which may be required for committed projects or designated by the Trustees for specific purposes. Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria, will be identified to the fund.

Reserves

The Elizabeth Foundation recognises that accounting reserves are not always represented by available liquid assets. Note 15 sets out how The Elizabeth Foundation reserves ("funds") are represented at the balance sheet date. Note 13 provides information about reserves policies, including that for the Income and Expenditure Account, and additional details is also given in the Directors' (Trustees') Report.

NOTES TO THE ACCOUNTS
at 31 March 2013

2. INCOMING RESOURCES, AND RESOURCES EXPENDED

INCOME GENERATED FROM VOLUNTARY SOURCES AND FUNDRAISING

Incoming resources include voluntary sources of income such as charitable donations, grants, gifts (with related tax recovery where appropriate), legacies and payroll-giving programmes, as well as organised fundraising events (some of which are run directly by The Elizabeth Foundation – classed as Fundraising Events, and some which are run by volunteers and supporters with help as necessary by The Elizabeth Foundation – classed as Donations and Gifts), appeals and collections. The cost of running these programmes during the year was £107,244 (2012 £105,853) and this is included within the heading “costs of generating voluntary income” shown under Resources Expended, and in Note 3. The following specific policies are applied to particular categories of voluntary income and fundraising:

- Unrestricted voluntary donations and gifts are accounted for when they are received, as this is the point at which the necessary detail becomes available to allow them to be entered into the accounting records, it is also the point at which they become sufficiently certain to be recognised. Legacies are similarly accounted for when received unless there is sufficient reliable information for them to be accounted for earlier.
- Restricted income is accounted for within Restricted Funds when it is receivable (if this has been notified to The Elizabeth Foundation). Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant. Expenditure related to Restricted Funds is matched to Income in accordance with the terms of the award or grant.
- Donated services, facilities, and other gifts and donations in kind are accounted for in the Statement of Financial Activities when they are received and at an appropriate value to the charity where this can be quantified and where material. Corresponding additions to Fixed Assets, Stock or operating costs are made according to the nature of the item. The value of services provided by volunteers has not been included in these accounts.

INCOME GENERATED FROM CHARITABLE ACTIVITIES

Activities which further the charitable objectives of The Elizabeth Foundation include:

- *Nursery Programmes* baby, toddler and pre-school education programmes for children who are deaf and their parents (who have chosen to develop their child’s listening and spoken language skills in a natural, fun and child-centred way),
- *Family Support* practical and emotional support and counselling for such parents and families delivered either at one of The Elizabeth Foundation Family Centres or by our correspondence course Home Learning Programme,
- *Outreach and other services* regular liaison with related health professionals and mainstream schools, making The Elizabeth Foundation’s day to day operations open to visiting professionals and researchers to further their professional development and project work, and to disseminate our expertise as early intervention practitioners, providing leading-edge hearing testing and diagnosis facilities and equipment, and providing the counselling and support to families required to complement testing and diagnosis activities.

In some cases, and in some parts of the UK, these activities give rise to sources of operating income from contracts, service level agreements and discretionary grants from public bodies. Most such sources are subject to annual renegotiation, local spending priorities, and availability of funds from central government, and are not directly related to the full cost to The Elizabeth Foundation of carrying out the activity. Similarly, some discretionary grants (often with restrictions as to the use of the funds) are awarded to The Elizabeth Foundation by charitable or philanthropic trusts and foundations, each grant maker will have its own stringent application and monitoring procedures, and awards are usually subject to annual renegotiation or finite periods. The costs of sourcing, negotiating, managing and reporting upon such funding arrangements are accounted for as a cost of

NOTES TO THE ACCOUNTS

at 31 March 2013

providing the related services. Fees are charged to beneficiaries for some services, and these are often set at nominal amounts only to ensure that there is no financial constraint to prevent people who need our services from being able to access them. The following specific policies are applied to particular categories of income from our charitable activities:

- Incoming resources from contracts and other forms of agreement (including some described as “grants”), where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance
- Fees are accounted for when receivable

RESOURCES EXPENDED

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes VAT, and annual partial exemption recoveries of VAT are accounted for as income when the repayment is due to be made some time after the end of the financial and VAT-accounting year ends. Expenditure is allocated to the following cost centres using methods generally accepted in the sector (the ACEVO model for cost analysis, adapted to ensure compliance with SORP Accounting and Reporting by Charities 2005):

- Costs of Generating Voluntary Income, including both direct and indirect allocations of payroll cost and administrative overhead, and direct costs associated with attracting voluntary income and carrying out fundraising activities
- Governance Costs, include direct and indirect costs of complying with all necessary constitutional and statutory requirements of the charitable company and its strategic management and risk assessment/management procedures
- Charitable Activities costs, comprising those costs incurred by the charity in the delivery of its activities and services. It includes both directly attributed costs, and allocations of indirect costs and overheads that are necessary to support them and without which it would not be possible to continue them

All costs are allocated between these cost centres (expenditure categories) on a fair and consistent basis intended to reflect the use of the resource. Many types of cost include items that can be directly attributed, as well as a pool of costs that are dealt with by apportionment using an appropriate basis such as staff time allocation, estimated floor area usage, or another reasonable judgement of consumption. The information set out in Note 3 summarises the outcome of detailed cost allocations based on the ACEVO model as explained above (this model is used to assist the charity’s understanding of its cost of delivering services, and to provide a basis for full cost recovery discussions with potential funders when appropriate).

The Elizabeth Foundation (company limited by guarantee) – 31 March 2013

NOTES TO THE ACCOUNTS
at 31 March 2013

3. ANALYSIS OF RESOURCES EXPENDED

	Nursery Programmes £	Family Support £	Outreach and other Services £	Total Charitable Activities £	Costs of Generating Voluntary Income £	Governance £	2013 Total £	2012 Total £
Recruitment, ID checks, travel and subsistence	9,467	873	4,760	15,100	1,711	1,893	18,704	7,642
Depreciation	56,738	-	19,516	76,254	13,718	-	89,972	70,660
Premises and utilities	29,321	2,705	14,742	46,768	5,301	5,862	57,931	57,736
Service consumables	9,351	863	4,701	14,915	1,690	1,869	18,474	14,552
Other costs	2,544	-	-	2,544	-	50	2,594	1,585
Communications and IT	11,862	1,094	5,964	18,920	2,144	2,371	23,435	23,615
Printing and promotion	8,114	-	1,202	9,316	4,508	1,202	15,026	16,758
Insurances	5,528	510	2,780	8,818	999	1,105	10,922	9,679
Legal and professional Fees	1,563	-	223	1,786	223	223	2,232	1,513
Audit, annual report, compliance	4,410	-	2,217	7,034	797	882	8,713	11,954
Hire charges and event costs	-	-	-	-	33,932	-	33,932	38,675
Bank charges	1,204	111	604	1,919	219	241	2,379	1,539
Staff costs	232,334	21,432	116,815	370,581	42,002	46,448	459,031	400,310
	372,436	27,995	173,524	573,955	107,244	62,146	743,345	656,218

NOTES TO THE ACCOUNTS
at 31 March 2013

3. ANALYSIS OF RESOURCES EXPENDED (CONTINUED)

	2013	2012
	£	£
Staff costs		
Wages and salaries	419,886	364,763
Social security costs	31,837	30,022
Pension contributions	7,308	5,525
	<u>459,031</u>	<u>400,310</u>

The average weekly number of full-time equivalent employees during the year was 13 (2012 13)

No employee earned £60,000 per annum or more The average number of employees analysed by function was

	2013	2012
	No	No
Generating funds	2	2
Charitable activities	10	10
Governance	1	1
	<u>13</u>	<u>13</u>

RELATED PARTIES

Included within staff costs is salary totalling £26,199 (2012 £45,983) paid to Mrs S Metherell, wife of a Director, in her role as Chief Executive Officer Included within legal & professional fees is £1,860 (2012 £nil) paid to Large & Gibson (Solicitors), a firm in which Mr R I M Wootton and Mr P Dymock are partners, and within printing and promotion costs is £nil (2012 £1,500) paid to Tufnell Consultancy, a firm owned by Mrs K Tufnell, wife of a Director

PENSIONS

During the year, £7,308 (2012 £5,525) was paid into defined contribution pension schemes At the end of the year there were no contributions outstanding for payment (2012 £nil)

4. NET MOVEMENT IN FUNDS

This is stated after charging

	2013	2012
	£	£
Audit fee	7,500	7,250
Directors'/Trustees' remuneration	-	-
Depreciation of owned fixed assets	89,972	70,660
	<u></u>	<u></u>

No Directors/Trustees received payment of expenses (2012 £nil)

NOTES TO THE ACCOUNTS
at 31 March 2013

5. TANGIBLE FIXED ASSETS

	<i>Leasehold Property Portsmouth Freehold Property</i>	<i>Resource Centres</i>	<i>Motor vehicle</i>	<i>School and Medical equip</i>	<i>Fixtures, and fittings, & office equip</i>	<i>Total</i>
	£	£	£	£	£	£
Cost						
At 1 April 2012	53,678	2,383,412	17,000	174,068	181,258	2,809,416
Additions	-	49,301	19,248	30,417	19,961	118,927
At 31 March 2013	53,678	2,432,713	36,248	204,485	201,219	2,928,343
Depreciation						
At 1 April 2012	15,079	408,917	17,000	146,540	131,042	718,578
Provided during the year	537	67,531	2,406	12,268	7,230	89,972
At 31 March 2013	15,616	476,448	19,406	158,808	138,272	808,550
Net book value						
At 31 March 2013	38,062	1,956,265	16,842	45,677	62,947	2,119,793
At 1 April 2012	38,599	1,974,495	-	27,528	50,216	2,090,838

The value of fully constructed long leasehold buildings (Portsmouth Resource Centres), has been estimated for insurance purposes by the Directors at £2,215,000 (2012 £2,215,000) This figure, in the opinion of the Directors, closely reflects the commercial value

NOTES TO THE ACCOUNTS
at 31 March 2013

6. STOCKS

	2013	2012
	£	£
Goods for resale	289	529
Stationery and office consumables	2,500	2,500
	<u>2,789</u>	<u>3,029</u>
	<u><u>2,789</u></u>	<u><u>3,029</u></u>

7. DEBTORS

	2013	2012
	£	£
Trade debtors	-	36
Prepayments and accrued income	57,279	6,137
	<u>57,279</u>	<u>6,173</u>
	<u><u>57,279</u></u>	<u><u>6,173</u></u>

8. CASH AT BANK

	2013	2012
	£	£
Interest bearing accounts	424,462	349,552
Cash in hand and in transit	200	200
Current accounts	12,074	13,526
	<u>436,736</u>	<u>363,278</u>
	<u><u>436,736</u></u>	<u><u>363,278</u></u>

9. CREDITORS: amounts falling due within one year

	2013	2012
	£	£
Other creditors	1,470	-
Accruals and deferred income	43,714	34,189
Taxation and social security	9,847	9,221
	<u>55,031</u>	<u>43,410</u>
	<u><u>55,031</u></u>	<u><u>43,410</u></u>

NOTES TO THE ACCOUNTS
at 31 March 2013

10. COMMITMENTS AND INTENTIONS TO SPEND

The Elizabeth Foundation intends to spend the following amounts, which were not included in the balance sheet as liabilities at 31 March 2013

Operating Lease Commitment – Property

The Elizabeth Foundation entered into a lease dated 1 March 1987 for a period of 99 years, in respect of land at Cosham which comprises the site of the Family Centre and Test Centre buildings that form the headquarters of The Elizabeth Foundation. The current annual rent payable under this lease is £1,210.

Operating Lease Commitments – Office equipment

At 31 March The Elizabeth Foundation had annual commitments under non-cancellable operating leases for office equipment as follows

	2013	2012
	£	£
In one year or less	2,731	2,731
In two to five years	4,763	7,494
	<u>7,494</u>	<u>10,225</u>

11. LIMITATION OF LIABILITY BY GUARANTEE OF CHARITABLE COMPANY

The Elizabeth Foundation is a company limited by guarantee and has no share capital. Every member of the company guarantees to contribute a maximum of £1 on winding up. There were 9 members of The Elizabeth Foundation as at 31 March 2013 (2012 – 9 members).

12. EVENTS AFTER THE BALANCE SHEET DATE

In September 2013, The Elizabeth Foundation confirmed a decision to close its Family Centre in Bradford, West Yorkshire. The costs of the closure are estimated at approximately £36,000.

The Elizabeth Foundation (company limited by guarantee) – 31 March 2013

NOTES TO THE ACCOUNTS

at 31 March 2013

13. RECONCILIATION OF MOVEMENT ON RESERVES

	Restricted Funds			Unrestricted Funds			Total £
	National Lottery Charities Board Reserve £	Grants/fees reserve £	Ovingdean Inc & Exp reserve £	Ovingdean Fixed Assets reserve £	Portsmouth Resource reserve £	Core Services Reserve £	
At 1 April 2011	163,743	18,470	-	-	893,180	78,309	2,117,946
Movement in Resources							
Incoming	-	144,126	460,290		-	-	958,180
Outgoing	-	(117,399)	(250,000)		-	-	(656,218)
Transfers between funds	(4,611)	(26,168)	(109,290)	107,361	(6,994)	-	-
At 1 April 2012	159,132	19,029	101,000	107,361	886,186	78,309	2,419,908
Movement in Resources							
Incoming	-	135,450	135,000		-	-	885,003
Outgoing	-	(134,891)	(125,000)	44,529	-	-	(743,345)
Transfers between funds	(4,611)	-	(56,000)		(12,040)	-	-
At 1 April 2013	154,521	19,588	55,000	151,890	874,146	78,309	2,561,566

NOTES TO THE ACCOUNTS
at 31 March 2013

13. RECONCILIATION OF MOVEMENT ON RESERVES (CONTINUED)

NATIONAL LOTTERY CHARITIES BOARD RESERVE

Some years ago, the charitable company applied for and was awarded a project grant from the National Lottery Charities Board. The grant received is subject to restrictions, and accordingly is treated as a Restricted Fund. The related assets are subject to ongoing restrictions for a period of 80 years, and the Foundation may not dispose of these assets without the prior written permission of the National Lottery Charities Board (grantor). £230,300 of the grant was spent on depreciable fixed asset additions in the year ended 31 March 1998, depreciation charged on these assets is set against the fund each year. The remaining part of the grant was for revenue purposes to fund an additional teacher, together with project management costs and by 31 March 2001 this had been fully expended. (Note – The operating name of the Lottery Charities Board is the Community Fund, and latterly The Big Lottery)

GRANTS AND FEES RESERVE

The Elizabeth Foundation receives restricted grants and fees for specific charitable purposes from different grant making bodies and other agencies. These funds are spent on both depreciable fixed assets and revenue expenditure. In the year to 31 March 2013 the reserve was mainly utilised on speech and language therapy projects, nursery team employment costs, purchase and depreciation of tangible fixed assets (including special nappy changing and hygiene facilities for older children, and digital media equipment), technology to directly assist children's learning and development (i-pads for use by children, and devices to assist easy movement between channels of radio aids) development of the Home Learning Programme, and other costs associated with early intervention and family support activities.

OVINGDEAN HALL FOUNDATION RESERVES

Ovingdean Hall Foundation Income and Expenditure Reserve

This new reserve holds the unexpended restricted funds donated by the Ovingdean Hall Foundation for a range of special-purpose projects. At 31 March 2013 the fund balance represents grant given towards the Test Centre refurbishment and extension project, and the provision of a carport to protect the new minibus, it is expected that the funds will be utilised over the coming year.

Ovingdean Hall Foundation Fixed Asset Reserve

This new reserve shows the amount of restricted grant that has been used for agreed purposes to purchase fixed assets for charity use. At 31 March 2013, the fund balance represented grant-funded expenditure on solar panel installations, the construction of the Sunshine Memory Garden, purchase of a new minibus and children's outdoor play equipment. Depreciation charged on these assets is set against the fund each year once the related asset has been brought into use.

PORTSMOUTH RESOURCE CENTRES RESERVE

This reserve shows the receipts of past appeals and donations to raise money for the construction of The Elizabeth Foundation's educational facilities. This includes the "Raise the Roof" appeal (including its final phase, the Baby Unit), and grants for playground equipment. The money has now been fully spent, and the building, its first-floor extension, Baby Unit annexe, and the playground area are included within fixed assets. Depreciation charged on these assets is set against the fund each year once the related asset has been brought into use.

This reserve also includes the receipts less administration costs of a past appeal to finance construction of the Early Detection Centre. The money has now been fully spent and the building is included in fixed assets. Depreciation charged on these assets is set against the fund each year.

NOTES TO THE ACCOUNTS
at 31 March 2013

13. RECONCILIATION OF MOVEMENT ON RESERVES (CONTINUED)

CORE SERVICES RESERVE

The core charitable activities of The Elizabeth Foundation are those associated with provision of Nursery Sessions (using a multi sensory oral method), Family Support and the Home Learning Programme. The costs of running each of these each year (to the extent that they are not funded by committed restricted sources of income) are charged to this reserve. Furthermore, an amount estimated as the unfunded costs of the three months following the balance sheet date is also set aside to recognise the level of operating risk that The Elizabeth Foundation has taken by subsidising these activities from its Income and Expenditure Account. From time to time, the Trustees review whether three months is an adequate period on which to base this estimate and they may make adjustments. Reasons for adjustment might include changes in the likely level of annual funding awards from restricted sources, the timing of major cashflows, or changes in The Elizabeth Foundation's service delivery models.

INCOME AND EXPENDITURE ACCOUNT

The Income and Expenditure Account represents the total of accumulated unrestricted surpluses that The Elizabeth Foundation has generated during its history. As shown in Note 15, at 31 March 2013 most of these funds have been used over the years to build or buy the fixed assets (premises and equipment) that The Elizabeth Foundation uses to deliver its charitable services. At 31 March 2013, the Income and Expenditure Account was represented largely by fixed assets (buildings) in charitable use, and by £288,876 net current assets (including cash at bank). The Trustees consider that the charity needs to build up its liquid assets (cash at bank) in order to ensure appropriate daily management of its working capital commitments in future and are pleased with progress towards this objective achieved this year.

14. TAXATION

The Foundation (charitable company) is a registered charity and, as such, is not liable to taxation in respect of its charitable activities.

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<i>Tangible fixed assets</i>	<i>Other assets</i>	<i>Net assets</i>	<i>2013 Total</i>	<i>2012 Total</i>
	£	£	£		
<i>Restricted</i>					
National Lottery Charities					
Board reserve	154,521	-	154,521	159,132	
Grants and fees reserve	-	19,588	19,588	19,029	
Ovingdean reserves	151,890	55,000	206,890	208,361	
<i>Unrestricted</i>					
Portsmouth Resource Centres	874,145	-	874,145	886,186	
Core Services Reserve	-	78,309	78,309	78,309	
Income and Expenditure account	939,237	288,876	1,228,113	1,068,891	
	2,119,793	441,773	2,561,566	2,419,908	