

REGISTERED COMPANY NUMBER: 01960980 (England and Wales)
REGISTERED CHARITY NUMBER: 293835

**Report of the Trustees and
Financial Statements for the Year Ended 31st March 2018
for
THE ELIZABETH FOUNDATION**



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

THE ELIZABETH FOUNDATION

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THE ELIZABETH FOUNDATION

Report of the Trustees for the Year Ended 31st March 2018

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st March 2018. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

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 Memorandum and Articles of Association (revised 1997, 1998, 2007, 2011, 2014 and 2016), which provide for a governing Board of Trustees originally known as the Council of Management. The Foundation is registered with the Charity Commission under the Charities Act 1960.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

01960980 (England and Wales)

Registered Charity number

293835

Registered office

The Elizabeth Foundation
Southwick Hill Road
Cosham
Portsmouth
Hampshire
PO6 3LL

Trustees

Dr P H Ardern
Mrs E L Bryant
Mrs S J Hutchinson
Ms I L Manuel
Ms E Peers
Mrs H Seaman
Miss E J Tyler

Chair

Treasurer

- resigned 26.4.17

- appointed 26.4.17

Auditors

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

AIMS AND OBJECTIVES

The Elizabeth Foundation's mission is to facilitate early diagnosis for babies and pre-school children with all degrees of deafness, and provide comprehensive educational and support services for them and their families. By doing so we enable these children to develop their listening and spoken language skills, build their self-esteem, and give parents the confidence and knowledge to make informed decisions on behalf of their child.

The Operational Plan for 2017-18 followed five strategic goals:

Goal 1: To continue to improve the education programme whilst maintaining our Outstanding Ofsted rating

Goal 2: To expand the home learning programme, supporting families in the UK and abroad

Goal 3: To diversify fundraising to deliver services and maintain our facilities

Goal 4: To review corporate services to create resilience and build sustainable income

Goal 5: To engage a robust marketing plan both for services and for funding

Achievements and Performance

At The Elizabeth Foundation, our core services comprise of 2 baby groups, 3 toddler groups and 9 pre-school groups – with 75 families from nine different counties being supported by our services on a weekly basis during 2017-18. We provide a high quality education programme for children and families. This includes parent/family support, monitoring and assessment for speech, language, listening and communication, an Early Years Foundation Stage Curriculum in the nursery setting, and reporting for Education Health and Care Plans/school transition. Parents and families remain an integral part of our service provision, with family involvement at all times throughout the programme. In addition to our core services, we support families through our 3 Listen Groups – for children with Down syndrome, children with one-sided and/or conductive hearing loss, and for children with severe and complex needs. For those families who cannot access our services due to transport/distance, we have launched an online home learning programme called Let's Listen and Talk, an interactive programme to support families with children with hearing loss. Or families from across the UK can access our services through the Summer Residential Programme, an intensive one-week programme for the whole family.

Goal 1: To continue to improve the education programme whilst maintaining our Outstanding Ofsted rating

Our 2017/18 plans:	Our 2017/18 achievements:
<ul style="list-style-type: none">- To grow our services to reach capacity for our facilities, ensuring adequate support for all services provided.- To grow our support groups to reach more families.- To sustain the music therapy programme over time.- To ensure our work remains evidence-based, continuing to collect data to monitor and improve the efficacy of our work.	<ul style="list-style-type: none">- We have added an additional preschool nursery class to our weekly session, going from 8 to 9 sessions per week; We also supported 5 babies in partnership with Portsmouth Hospital Trust at their initial diagnosis over this past year.- Numbers for our support groups went from 15 to 17 families this year, with families attending from further afield.- We ran monthly music therapy sessions with an additional session in the summer programme.- We provided questionnaires to all parents as their child transitioned through the programme; we sought parent feedback on all services; we collect data on speech, language, listening and communication for all children and monitor progress

THE ELIZABETH FOUNDATION

Report of the Trustees for the Year Ended 31st March 2018

Our 2017/18 plans:	Our 2017/18 achievements:
<ul style="list-style-type: none">- To work in partnership with other organisations that support deaf children in order to build an international reputation as the 'experts' for pre-school deaf oral education.- To source funding for training opportunities to remain at the cutting edge of education and technology developments- To work with partners to participate in research studies that examine the value of our services	<ul style="list-style-type: none">- We strengthened our link with The Ear Foundation, running partnered training programmes and hosting their training programmes; we wrote articles in the CICs magazine, for families with cochlear implants; we presented at Phonak Focus Days across the country; we presented at International Rehabilitation Conference with Advanced Bionics.- The entire education team attended the first international AG Bell Conference on Early Intervention and Deafness in London, which was part-funded through a grant- Research links were made with UCL (SALT programme), City University (SALT programme) and USAIS for potential partnerships for research

Goal 2: To expand the home learning programme, supporting families in the UK and abroad

Our 2017/18 plans:	Our 2017/18 achievements:
<ul style="list-style-type: none">- To complete our Preschool online programme.- To launch our new online Preschool Home Learning Programme.- To continue to provide our Summer Residential Programme for families who can't regularly attend our Family Centre throughout the year.- To create cochlear implant-related resources for parents within the HLP resource	<ul style="list-style-type: none">- We have completed our preschool programme.- We have launched our Preschool programme and we now support 25 families on our online support programme.- The summer programme ran at full capacity last year and is scheduled to run again this year at full capacity, with a waiting list of 2.- Funding was applied for through Advanced Bionics to allow for the development of a cochlear implant strand to the Let's Listen and Talk programme

Goal 3: To diversify fundraising to deliver services and maintain our facilities

Our 2017/18 plans:	Our 2017/18 achievements:
<ul style="list-style-type: none">- To develop and diversify The Elizabeth Foundations portfolio of income in order to deliver core services and maintain our facilities.- To maintain & develop key relationships with grant funders to raise awareness of our services, contribute to positive marketing channels and secure income- To understand and comply with new GDPR regulations and guidance	<ul style="list-style-type: none">- We have developed a strategy to build corporate fundraising and are building a corporate database; we continue to build our event fundraising; we are building a database for community engagement; we are developing a new fundraising leaflet; we are liaising with Remember a Charity and Co-Op Funeral Directors to develop a Legacy leaflet- We have had successful grant applications with 33 funders as well as continued support from multi-year funders such as BBC Children in Need, Garfield Weston, Leathersellers and Peter Harrison- We are in compliance with GDPR guidance and regulations

Goal 4: To review corporate services to create resilience and build sustainable income

Our 2017/18 plans:	Our 2017/18 achievements:
<ul style="list-style-type: none">- To continue to develop and monitor the success of our long-term financial planning- To work to our fundraising strategy which aims to maintain current income levels, develop new income sources and identify opportunities for further income growth- To continue to improve the efficiency of our back office functions including IT and finance- To formalise our procedures for involving and inducting new volunteers	<ul style="list-style-type: none">- The results for 2017/18 are in line with or ahead of those required by the long term financial strategy.- The overall level of income has increased alongside the introduction of new events, reaching new audiences. A stewardship plan is in place to help build relationships with both current and lapsed donors.- Further action has been taken to improve the resilience of the IT infrastructure and downward pressure on overhead costs has been maintained.- A formal induction programme and new policies and procedures have been developed to recruit, introduce and work with new volunteers

Goal 5: To engage a robust marketing plan both for services and for funding

Our 2017/18 plans:	Our 2017/18 achievements:
<ul style="list-style-type: none">- Work with the marketing team to identify the most appropriate and timely channels to engage with our supporters, increasing awareness both locally and nationally- Market the new online programme- Continue to develop our 'branded' materials to cover all services- Increased use of social media as a marketing tool	<ul style="list-style-type: none">- We have distributed our Impact Report and Listen Newsletter as well as E-News to all relevant stakeholders- We have initiated a targeted marketing programme to relevant stakeholders for the online services; presence at national conferences to market the new online programme; engaged with Cranfield Trust to enhance our marketing strategy for the online programme- New leaflets have been developed for core services and support groups- Increased presence on social media through Facebook and Twitter

The Trustees are pleased with the progress that has been made, which they have monitored during the year using our operational and strategic plans. Information about Goals for 2018/19 is set out later in this report.

The Elizabeth Foundation is always tremendously grateful for the important contribution that volunteers make to our work, with approximately 1950 hours donated 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 950.

OUR PLANS FOR FUTURE PERIODS

1. Education programme:

- To continue to provide 'Outstanding' services to babies and pre-school children with hearing loss and their families
- To source funding for training opportunities to remain at the cutting edge of education and technology developments
- To maintain our services, running to capacity, for our facilities, ensuring adequate support for all services provided
- To sustain our support groups to meet the needs of families who attend
- To sustain the music therapy programme over time
- To ensure our work remains evidence-based, continuing to collect data to monitor and improve the efficacy of our work
- To work with partners to participate in research studies that examine the value of our services
- To work in partnership with other organisations that support deaf children in order to build an international reputation as the 'experts' for pre-school deaf oral education

2. Home Learning Programme:

- To grow our programme to meet the needs of more families in the UK and abroad
- To build links with cochlear implant centres, local authorities and Audiology services across the UK to use the HLP as a resource post-implant or post-diagnosis
- To create cochlear implant-related resources for parents within the HLP resource
- To develop a music strand to the HLP resource
- To build partnerships with private services to provide rehabilitation support through the HLP

3. Fundraising:

- To develop and diversify The Elizabeth Foundation's portfolio of income.
- To raise awareness of The Elizabeth Foundation both locally and nationally, developing new sponsorship platforms and increasing our volunteer base.
- To build strong relationships with past, current and new supporters and grant making trusts in order to maintain and widen interest and support for our work.
- To develop professional networks and community engagement to promote giving and volunteering by businesses and individuals.

4. Marketing:

- To continue to develop new written material using The Elizabeth Foundation's branding, that reflects the charity's family-centred ethos in a way that is up-to-date and fit-for-purpose for print, online, signage and merchandise.
- To identify the key audiences we wish to reach, their locations and the key messages we wish to convey to these different audiences.
- To identify the most appropriate channels for delivering these key messages to our key audiences and the most appropriate frequency of communication for each audience / message combination.
- To monitor the environment to keep informed of trends and innovations in marketing, fundraising, technology and social media that might benefit the charity's marketing activities.

5. Corporate Services:

- To build up the Foundation's resilience and sustainability by continuing to follow a long-term approach to financial planning.
- To increase the diversity and reliability of our income streams by developing the potential of our existing assets.
- To continue to keep pace with evolving best practice concerning people management, for both staff and volunteers.
- To continue to improve the efficiency, reliability, security and safety of our corporate services functions.

PUBLIC BENEFIT

The trustees have referred to the Charity Commission's published guidance on the public benefit requirement under the Charities Act 2011 when reviewing The Elizabeth Foundation's 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 £294,517 (2017: £42,101). Most of the difference between the results for the two years is accounted for two large legacies, which took the total of legacy income received in the year up to £216,825 (2017: £21,800). Although the general level of individual fundraising activity and donations fell back a little after an exceptional year in 2017, the result for 2018 benefited from the outstanding success of a single, one-off fundraising event organised by the family of a former beneficiary, which raised £100,000, out of a total for all donations of £247,446 (2017: £206,957). In addition there was another increase in the value of applications to grant making trusts.

Total expenditure remained stable at £662,644 (2017: £662,606), within which the sum accounted for by depreciation charges fell to £79,635 (2017: £100,042). Note 18 sets out how accumulated reserves are split between fixed assets and other, more liquid, net assets.

Investments

The Foundation's investment powers are set out in its Memorandum & Articles of Association. Day to day cash flow management is delegated to the CEO and senior staff, who act in accordance with policies agreed by the Trustees. The Trustees have maintained a cautious approach to investment taking account of the funds protection offered by the Financial Services Compensation Scheme. These policies will be kept under review.

Reserves

The Elizabeth Foundation's reserves comprise those that are unrestricted, those that are unrestricted 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 19 to the Accounts gives more information about reserves, including policies and restrictions applying to individual funds. Total funds held as at 31 March 2017 were £2,915,753 (2017: £2,621,236)

At 31 March 2018, The Elizabeth Foundation had unrestricted (but not "free") reserves of £1,553,002 in its Income & Expenditure Account. These reserves are not "free" as defined by the Statement of Recommended Practice (SORP), to the extent that 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). At 31 March 2018, 79% of reserves were held in the form of current assets, down from 89% in 2017. Note 19 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. Accordingly, these reserves are not available as cash to meet the day to day running 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 2018 net current assets held by The Elizabeth Foundation amounted to £613,363 (2017: £300,942) of which £300,000 was earmarked for expenditure on fixed assets (2017: £146,100) and £301,363 represented free reserves in the General Fund (2017: £144,492). These free reserves amounted to 41% 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 target levels.

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 2018 (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.

THE ELIZABETH FOUNDATION

Report of the Trustees for the Year Ended 31st March 2018

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of The Elizabeth Foundation for the purposes of company law) are responsible for preparing the Report of the Trustees 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 those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- 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 which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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.

In so far as the trustees are aware:

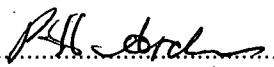
- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Knox Cropper, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of trustees on 25th July 2018 and signed on its behalf by:


.....
Dr P H Ardern - Trustee

Opinion

We have audited the financial statements of The Elizabeth Foundation (the 'charitable company') for the year ended 31st March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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 charitable 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 charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and

Opinion on other matters prescribed by the Companies Act 2006

- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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 take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

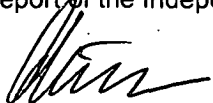
As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.



Greg Stevenson FCA (Senior Statutory Auditor)
for and on behalf of Knox Cropper
Chartered Accountants & Statutory Auditors
8/9 Well Court
London
EC4M 9DN

Date:24/8/2018.....

THE ELIZABETH FOUNDATION

Statement of Financial Activities for the Year Ended 31st March 2018

	Notes	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	510,860	179,768	690,628	426,289
Charitable activities	5				
Charitable Activities		157,131	27,410	184,541	195,176
Other trading activities	3	75,112	-	75,112	76,788
Investment income	4	6,880	-	6,880	6,454
Total		749,983	207,178	957,161	704,707
EXPENDITURE ON					
Raising funds	6	143,464	-	143,464	150,641
Charitable activities	7				
Nursery Programmes		150,290	169,613	319,903	329,897
Family Support		27,198	-	27,198	33,072
Outreach and Other Services		137,079	35,000	172,079	148,996
Total		458,031	204,613	662,644	662,606
NET INCOME		291,952	2,565	294,517	42,101
Transfers between funds	19	48,265	(48,265)	-	-
Net movement in funds		340,217	(45,700)	294,517	42,101
RECONCILIATION OF FUNDS					
Total funds brought forward		1,212,785	1,408,451	2,621,236	2,579,135
TOTAL FUNDS CARRIED FORWARD		1,553,002	1,362,751	2,915,753	2,621,236

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

THE ELIZABETH FOUNDATION


Balance Sheet At 31st March 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	13	2,302,390	2,320,294
CURRENT ASSETS			
Stocks	14	4,164	2,699
Debtors	15	38,998	25,326
Cash at bank and in hand	16	<u>644,656</u>	<u>417,666</u>
		687,818	445,691
CREDITORS			
Amounts falling due within one year	17	(74,455)	(144,749)
NET CURRENT ASSETS		<u>613,363</u>	<u>300,942</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,915,753</u>	<u>2,621,236</u>
NET ASSETS		<u>2,915,753</u>	<u>2,621,236</u>
FUNDS	19		
Unrestricted funds		1,553,002	1,212,785
Restricted funds		<u>1,362,751</u>	<u>1,408,451</u>
TOTAL FUNDS		<u>2,915,753</u>	<u>2,621,236</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved by the Board of Trustees on 25th May 2018 and were signed on its behalf by:


Dr P H Ardern -Chair


Ms E Peers -Treasurer

The notes form part of these financial statements

THE ELIZABETH FOUNDATION

**Cash Flow Statement
for the Year Ended 31st March 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Cash generated from operations	23	<u>287,029</u>	<u>232,967</u>
Net cash provided by (used in) operating activities		<u>287,029</u>	<u>232,967</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(61,731)	(22,850)
Interest received		<u>1,692</u>	<u>712</u>
Net cash provided by (used in) investing activities		<u>(60,039)</u>	<u>(22,138)</u>
Change in cash and cash equivalents in the reporting period		226,990	210,829
Cash and cash equivalents at the beginning of the reporting period		<u>417,666</u>	<u>206,837</u>
Cash and cash equivalents at the end of the reporting period		<u>644,656</u>	<u>417,666</u>

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK And Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Elizabeth Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

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.

The Elizabeth Foundation is a company limited by guarantee, incorporated in England and Wales, and has no share capital. Every member of the company guarantees to contribute a maximum of £1 on winding up. Its registered office is situated at Southwick Hill Road, Cosham, Portsmouth, PO6 3LL.

The financial statements are prepared in in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Critical accounting judgements and key sources of estimation uncertainty

Depreciation - The depreciation of fixed assets is based on management's estimate of their useful lives which is kept under review.

1. ACCOUNTING POLICIES - continued

Income

INCOME FROM VOLUNTARY SOURCES AND FUNDRAISING

Income includes voluntary sources of income such as charitable donation, 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 £143,464 (2017: £150,641) and this is included within the heading 'raising funds' shown under Expenditure, and in Note 6. 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 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 The Elizabeth Foundation Family Centre or through our 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.

1. ACCOUNTING POLICIES - continued

Income

In some cases 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 providing the related services. Fees are charged to beneficiaries for some services, and these are often set at nominal amounts 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.

- Income 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

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. The Foundation is partially exempt of VAT purposes and expenditure includes irrecoverable VAT. 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 2015):

- Costs of Raising 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
- Support Costs including 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 Notes 6 to 8 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).

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Assets are capitalised where their individual value exceeds £500. Fixed Assets are stated at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of valuation, less estimated residual value, of each asset evenly over its expected useful life on a straight line basis. 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	-	5 years

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 and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The charity is exempt from corporation tax on its charitable activities.

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 can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

1. ACCOUNTING POLICIES - continued

Reserves

The Elizabeth Foundation recognises that accounting reserves are not always represented by available liquid assets. Note 19 sets out how The Elizabeth Foundation reserves ('funds') are represented at the balance sheet date. It also provides information about reserves policies, including that for the General Fund, and additional detail is also given in the Directors' (Trustees') Report.

Going Concern

The accounts have been prepared on the going concern basis. No material uncertainties have been identified by the directors that cast significant doubt on the Charity's ability to continue as a going concern. The directors, therefore consider that the going concern basis is the appropriate basis for the Charity's circumstances.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

THE ELIZABETH FOUNDATION

Notes to the Financial Statements - continued for the Year Ended 31st March 2018

2. DONATIONS AND LEGACIES

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Donations	247,446	-	247,446	206,957
Legacies	216,825	-	216,825	21,800
Grants	<u>46,589</u>	<u>179,768</u>	<u>226,357</u>	<u>197,532</u>
	<u>510,860</u>	<u>179,768</u>	<u>690,628</u>	<u>426,289</u>

In addition to the legacies received in the year, the Foundation has been notified of its entitlement to further distributions from estates. The Foundations is unable to reliably estimate amounts receivable and accordingly has not recorded these as income.

Grants received, included in the above, are as follows:

	2018 £	2017 £
Other grants	<u>226,357</u>	<u>197,532</u>
Global Make Some Noise	43,100	-
BBC Children In Need	34,967	32,132
Garfield Weston	25,000	25,000
The Werth Trust	20,000	-
Masonic Charity	15,000	-
Peter Harrison Foundation	10,000	10,000
GJW Turner Trust	10,000	-
QBE Foundation	10,000	-
The Grocers Company	10,000	-
The Mahoro Trust	5,000	-
Portsmouth & District Hard of Hearing Fellowship	3,764	30,000
The Aylesfield Foundation	3,500	-
Cochlear Europe Limited	3,000	-
The D'Oyly Carte Charitable Trust	3,000	-
The Louis Ross Foundation	3,000	-
Wave FM	2,586	-
The Alan Robert Laker Charitable Trust	2,150	-
Goldsmiths Company	2,000	2,000
The Bernard Sunley Charitable Foundation	2,000	-
Zurich Community Trust	2,000	-
The Graham High Charitable Trust	1,500	-
The Mikado Trust	1,500	1,500
The Screwfix Foundation	1,500	-
Downlands Educational Trust	1,000	-
The Belgae Trust	1,000	-
The Irving Memorial Trust	1,000	-
J Wilkinson Charitable Trust	715	-
Marjorie Viggars Trust	575	-
Other grants	7,500	7,498

THE ELIZABETH FOUNDATION

Notes to the Financial Statements - continued for the Year Ended 31st March 2018

2. DONATIONS AND LEGACIES - continued

The Leathersellers Company	-	15,000
Mazars Charitable Trust	-	10,000
The Clothworkers	-	10,000
The Sobel Foundation	-	10,000
Wilmington Trust SP Services (London) Limited	-	10,000
Awards for All	-	6,446
The Casey Trust	-	6,000
Al Fayed Charitable Foundation	-	5,706
The John Horniman's Childrens Trust	-	5,000
The Beatrice Lang Trust	-	2,500
Portsmouth Diocesan Fund	-	2,000
The Torrington Children's Fund	-	2,000
N Smith Charitable Settlement	-	1,000
The Richardson Brothers' Foundation	-	1,000
The Syder Foundation	-	1,000
The Tilehouse Trust	-	1,000
The Bailey Thomas Charitable Fund	-	750
	£226,357	£197,532

3. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Fundraising events	<u>75,112</u>	<u>-</u>	<u>75,112</u>	<u>76,788</u>

4. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Solar panels	5,188	-	5,188	5,742
Deposit account interest	<u>1,692</u>	<u>-</u>	<u>1,692</u>	<u>712</u>
	<u>6,880</u>	<u>-</u>	<u>6,880</u>	<u>6,454</u>

THE ELIZABETH FOUNDATION

Notes to the Financial Statements - continued for the Year Ended 31st March 2018

5. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2018 £	2017 £
Nursery services	Charitable Activities	47,288	56,193
Audiology	Charitable Activities	133,421	132,100
Home learning & consultancy	Charitable Activities	2,882	6,033
Other charitable activities	Charitable Activities	950	850
		<u>184,541</u>	<u>195,176</u>

6. RAISING FUNDS

Raising donations and legacies

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Staff costs	91,414	-	91,414	94,331
Insurance	2,254	-	2,254	2,183
Premises & utilities	2,419	-	2,419	1,388
Communications & IT	6,109	-	6,109	6,079
Service consumables	2,189	-	2,189	2,687
Printing & promotion	8,974	-	8,974	6,010
Legal & professional fees	56	-	56	896
Auditor's remuneration	1,386	-	1,386	1,585
Other costs	1,411	-	1,411	2,177
Bank charges	653	-	653	519
Hire charges & event costs	20,268	-	20,268	24,499
Recruitment, ID checks, travel and subsistence	1,321	-	1,321	1,975
Depreciation	5,010	-	5,010	6,312
	<u>143,464</u>	<u>-</u>	<u>143,464</u>	<u>150,641</u>

THE ELIZABETH FOUNDATION

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2018**

7. CHARITABLE ACTIVITIES COSTS

	Direct costs	Support costs (See note 8)	Totals
	£	£	£
Nursery Programmes	277,664	42,239	319,903
Family Support	24,737	2,461	27,198
Outreach and Other Services	149,845	22,234	172,079
	<u>452,246</u>	<u>66,934</u>	<u>519,180</u>

	Nursery Programmes	Family Support	Outreach & other services	Total Charitable Activities
Staff costs	169,339	10,530	96,329	276,198
Insurances	6,284	300	2,746	9,330
Premises and utilities	29,088	6,898	18,023	54,009
Communications & IT	2,645	164	1,649	4,458
Service consumables	8,924	292	2,935	12,151
Printing and promotion	2,588	161	8,272	11,021
Other costs	8,039	188	1,812	10,039
Recruitment, training, travel & subsistence	7,103	-	693	7,796
Depreciation	43,654	6,204	17,386	67,244
	<u>£277,664</u>	<u>£24,737</u>	<u>£149,845</u>	<u>£452,246</u>

8. SUPPORT COSTS

	Other £
Nursery Programmes	42,239
Family Support	2,461
Outreach and Other Services	<u>22,234</u>
	<u>66,934</u>

Support costs, included in the above, are as follows:

	Nursery Programmes	Family Support	Outreach and Other Services	2018 Total activities
	£	£	£	£
Wages	26,479	1,646	15,062	43,187
Premises & utilities	1,575	32	184	1,791
Communications & IT	4,226	263	2,404	6,893
Other costs	4,710	293	2,679	7,682
Depreciation of tangible fixed assets	5,249	227	1,905	7,381
	<u>£42,239</u>	<u>£2,461</u>	<u>£22,234</u>	<u>£66,934</u>

Notes to the Financial Statements - continued
for the Year Ended 31st March 2018

9. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2018 £	2017 £
Depreciation - owned assets	<u>79,635</u>	<u>100,042</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st March 2018 nor for the year ended 31st March 2017.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31st March 2018 nor for the year ended 31st March 2017.

11. STAFF COSTS

	2018 £	2017 £
Staff costs :		
Wages and salaries	376,066	374,061
Social security costs	19,996	28,799
Pension contributions	14,737	11,036
	<u>£410,799</u>	<u>£413,896</u>

The average monthly number of employees during the year was as follows:

	2018	2017
Raising funds	3	3
Charitable activities	15	15
Support	<u>2</u>	<u>2</u>
	<u>20</u>	<u>20</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2018	2017
£60,001 - £70,000	<u>1</u>	<u>1</u>

THE ELIZABETH FOUNDATION

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2018**

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	288,905	137,384	426,289
Charitable activities			
Charitable Activities	164,872	30,304	195,176
Other trading activities	76,788	-	76,788
Investment income	6,454	-	6,454
Total	537,019	167,688	704,707
EXPENDITURE ON			
Raising funds	150,641	-	150,641
Charitable activities			
Nursery Programmes	197,527	132,370	329,897
Family Support	33,072	-	33,072
Outreach and Other Services	123,996	25,000	148,996
Total	505,236	157,370	662,606
NET INCOME	31,783	10,318	42,101
Transfers between funds	52,674	(52,674)	-
Net movement in funds	84,457	(42,356)	42,101
RECONCILIATION OF FUNDS			
Total funds brought forward	1,128,328	1,450,807	2,579,135
TOTAL FUNDS CARRIED FORWARD	1,212,785	1,408,451	2,621,236

THE ELIZABETH FOUNDATION

Notes to the Financial Statements - continued for the Year Ended 31st March 2018

13. TANGIBLE FIXED ASSETS

	Leasehold property Portsmouth Resource Centres £	School and medical equipment £	Fixtures, fittings & office equipment £	Motor vehicles £	Totals £
COST					
At 1st April 2017	3,053,044	183,162	171,734	19,248	3,427,188
Additions	58,412	2,807	512	-	61,731
At 31st March 2018	3,111,456	185,969	172,246	19,248	3,488,919
DEPRECIATION					
At 1st April 2017	773,601	177,795	137,693	17,805	1,106,894
Charge for year	69,301	2,517	6,374	1,443	79,635
At 31st March 2018	842,902	180,312	144,067	19,248	1,186,529
NET BOOK VALUE					
At 31st March 2018	2,268,554	5,657	28,179	-	2,302,390
At 31st March 2017	2,279,443	5,367	34,041	1,443	2,320,294

The value of fully constructed long leasehold buildings (Portsmouth Resource Centres) at 31 March 2018 has been assessed for insurance purposes by Mike Deane, Risk Management Surveyor of Ecclesiastical Insurance Office plc at £3,700,000 (2017: £3,000,000). This figure, in the opinion of the directors, closely reflects the commercial value.

14. STOCKS

	2018 £	2017 £
Goods for resale	2,150	1,729
Stationery and office consumables	2,014	970
	<u>4,164</u>	<u>2,699</u>

THE ELIZABETH FOUNDATION

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2018**

15. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Trade debtors	1,633	9,227
VAT under capital goods scheme	16,070	-
Prepayments and accrued income	<u>21,295</u>	<u>16,099</u>
	<u>38,998</u>	<u>25,326</u>

16. CASH AT BANK AND IN HAND

	General fund £	Fixed Asset Expenditure Reserve £	Grants & Fees Reserve £	2018 Total funds £	2017 Total funds £
Cash in hand	230	-	-	230	230
Current accounts	95,489	-	-	95,489	30,048
Interest bearing accounts	<u>211,937</u>	<u>300,000</u>	<u>37,000</u>	<u>548,937</u>	<u>387,388</u>
Total	<u>307,656</u>	<u>300,000</u>	<u>37,000</u>	<u>644,656</u>	<u>417,666</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	16,820	9,459
Social security and other taxes	7,573	12,037
Other creditors	480	44,504
Accruals	17,503	23,546
Deferred income	<u>32,079</u>	<u>55,203</u>
	<u>74,455</u>	<u>144,749</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Fixed assets	951,639	1,350,751	2,302,390	2,320,294
Current assets	650,818	37,000	687,818	445,691
Current liabilities	<u>(49,455)</u>	<u>(25,000)</u>	<u>(74,455)</u>	<u>(144,749)</u>
	<u>1,553,002</u>	<u>1,362,751</u>	<u>2,915,753</u>	<u>2,621,236</u>

THE ELIZABETH FOUNDATION

Notes to the Financial Statements - continued
for the Year Ended 31st March 2018

19. MOVEMENT IN FUNDS

	At 1.4.17 £	Net movement in funds £	Transfers between funds £	At 31.3.18 £
Unrestricted funds				
General fund	1,066,685	291,952	(105,635)	1,253,002
Fixed Asset Expenditure Reserve	<u>146,100</u>	<u>-</u>	<u>153,900</u>	<u>300,000</u>
	1,212,785	291,952	48,265	1,553,002
Restricted funds				
National Lottery Charities Board Reserve	136,077	-	(4,611)	131,466
Grants & Fees Reserve	10,350	2,565	(915)	12,000
Ovingdean Fixed Assets Reserve	398,551	-	(15,404)	383,147
Portsmouth Resource Centres Reserve	<u>863,473</u>	<u>-</u>	<u>(27,335)</u>	<u>836,138</u>
	1,408,451	2,565	(48,265)	1,362,751
TOTAL FUNDS	<u>2,621,236</u>	<u>294,517</u>	<u>-</u>	<u>2,915,753</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	751,239	(459,287)	291,952
Restricted funds			
Grants & Fees Reserve	205,922	(203,357)	2,565
TOTAL FUNDS	<u>957,161</u>	<u>(662,644)</u>	<u>294,517</u>

THE ELIZABETH FOUNDATION

Notes to the Financial Statements - continued for the Year Ended 31st March 2018

19. MOVEMENT IN FUNDS – continued

Comparatives for movement in funds

	At 1.4.16 £	Net movement in funds £	Transfers between funds £	At 31.3.17 £
Unrestricted Funds				
General fund	1,128,328	31,783	(93,426)	1,066,685
Fixed Asset Expenditure Reserve	-	-	146,100	146,100
	<u>1,128,328</u>	<u>31,783</u>	<u>52,674</u>	<u>1,212,785</u>
Restricted Funds				
National Lottery Charities Board Reserve	140,688	-	(4,611)	136,077
Grants & Fees Reserve	13,668	10,318	(13,636)	10,350
Ovingdean Fixed Assets Reserve	419,961	-	(21,410)	398,551
Portsmouth Resource Centres Reserve	876,490	-	(13,017)	863,473
	<u>1,450,807</u>	<u>10,318</u>	<u>(52,674)</u>	<u>1,408,451</u>
TOTAL FUNDS	<u>2,579,135</u>	<u>42,101</u>	<u>-</u>	<u>2,621,236</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	537,019	(505,236)	31,783
Restricted funds			
Grants & Fees Reserve	167,688	(157,370)	10,318
TOTAL FUNDS	<u>704,707</u>	<u>(662,606)</u>	<u>42,101</u>

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 current operating name of the Lottery Charities Board is The Big Lottery).

19. MOVEMENT IN FUNDS - continued

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 2018 the reserve was mainly utilized on speech and language therapy projects, teaching and nursery team employment costs, technology to directly assist children's learning, classroom refurbishment, costs of running a support group for children with a temporary or milder hearing loss, 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 reserve held the unexpended restricted funds donated by the Ovingdean Hall Foundation for a range of special-purpose projects. The fund balance represented grants given but not expended towards the Test Centre refurbishment and extension. These funds had been fully utilized and transferred to the Ovingdean Hall Foundation Fixed Asset Reserve at 31 March 2015.

Ovingdean Hall Foundation (OHF): Fixed Asset Reserve

This reserve shows the amount of restricted grant from OHF that has been used for agreed purposes to purchase fixed assets for charity use. The fund balance represents grant-funded expenditure on solar panel installations, the construction of the Sunshine Memory Garden, purchase of a new minibus and carport and children's outdoor play equipment, and expenditure on the first phase of the Early Detection Centre extension project, which was completed in October 2014 and then named the Ovingdean Building. 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 receipt 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 the new storage basement beneath), 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 appeals to finance the construction and extension of the Early Detection Centre, now named the Ovingdean Building. 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.

FIXED ASSET EXPENDITURE RESERVE

The Fixed Asset Expenditure Reserve represents the value of unrestricted funds designated by the Board of Trustees for expenditure on fixed assets in the following year, whether or not a capital commitment existed at the balance sheet date. At 31 March 2018 the balance of this reserve comprised the estimated remaining cost of fitting out the lower ground floor of the Ovingdean Building to enable it to be brought into full use.

19. MOVEMENT IN FUNDS - continued

GENERAL FUND

The General Fund represents the total of accumulated unrestricted and undesignated surpluses that The Elizabeth Foundation has generated during its history. As shown in Note 18, at 31 March 2018 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 2018 the Income and Expenditure account totalled £1,553,002 and was comprised of fixed assets of £951,639, current assets of £650,818 and current liabilities of £49,455. Further information about the Trustees' aims in respect of free reserves is set out in the Directors' Report. In particular the Trustees consider that the charity needs to build up its liquid assets.

20. CAPITAL COMMITMENTS

	2018 £	2017 £
Contracted but not provided for in the financial statements	<u>60,920</u>	<u>-</u>

This commitment relates to construction work on the Test Centre contracted for at the year end date.

21. OTHER FINANCIAL COMMITMENTS

Operating Lease Commitment - Property

The Elizabeth Foundation entered 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 £1,220, the amount due in two to five years is £4,880 and over five years is £76,758.

Operating Lease Commitments - Office equipment

At 31 March 2018 The Elizabeth Foundation had annual commitments under non-cancellable operating leases for office equipment as follows:

	2018 £	2017 £
In less than one year	252	252
In two to five years	1,740	2,388
In more than five years	-	298
	<u>1,992</u>	<u>2,938</u>

22. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31st March 2018.

23. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net income for the reporting period (as per the statement of financial activities)	294,517	42,101
Adjustments for:		
Depreciation charges	79,635	100,042
Interest received	(1,692)	(712)
(Increase)/decrease in stocks	(1,465)	443
Increase in debtors	(13,672)	(13,255)
(Decrease)/increase in creditors	(70,294)	104,348
Net cash provided by (used in) operating activities	<u>287,029</u>	<u>232,967</u>