

THE ELIZABETH FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

Company registered number 01960980
Registered Charity Number 293835

Report and Accounts

31 March 2017



The Elizabeth Foundation (company limited by guarantee) –31 March 2017

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)

Dr P Ardern – Chair
Mrs E Bryant
Mrs S Hutchinson
Ms I L Manuel – from 2 November 2016
Ms E Peers – Treasurer
Mr G Pritchard – to 27 July 2016
Mrs H Seaman – to 26 April 2017
Miss E J Tyler – from 26 April 2017
Mrs H Wienszczak – to 30 September 2016
Mr R I M Wootton – to 27 July 2016

Secretary

Mr R I M Wootton – to 27 July 2016

Chief Executive

Ms Julie Hughes

Auditors

UHY Hacker Young (S.E.) Limited, 168 Church Road, Hove, East Sussex, BN3 2DL

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 2017. The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charitable company's governing document, the Charities Act 2011 and 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)

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 strategy for the period 2014-17 followed six strategic goals:

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

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

Goal 3: To continue to develop and expand our working relationship with audiology service providers

Goal 4: To build and publicise the evidence base for our work

Goal 5: To continue to build upon the national and international profile and reputation of our work

Goal 6: To ensure we are a strong and sustainable organisation

Achievements and Performance

At The Elizabeth Foundation, our core services comprise of 2 baby groups, 3 toddler groups and 8 pre-school groups – with 75 families being supported by our services on a weekly basis during 2016-17. 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.

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

Our 2016/17 plans:	Our 2016/17 achievements:
<ul style="list-style-type: none">We will continue to increase the number of children attending our Family Centre on a weekly basis.We will continue to grow our support services for children with Unilateral hearing loss/Conductive hearing loss,	<ul style="list-style-type: none">Our numbers have steadily grown over the years and we continue to do so, ending this academic year with 75 children in our weekly nursery services (up from 72 last academic year).Our support groups have healthy numbers and we are currently supporting 15 children through our monthly support

DIRECTORS' REPORT

<p>Down syndrome and/or Complex needs.</p> <ul style="list-style-type: none"> • We will continue to grow our Demonstration Home programme. • We will continue to provide support at the point of diagnosis to those families identified with a hearing loss at our test centre. 	<p>groups.</p> <ul style="list-style-type: none"> • The Demonstration Home programme was put on hold for the final term of the year due to staffing issues. We will re-implement this programme as soon as possible. • We provided questionnaires to all parents as their child transitioned through the programme; we have past-parent representation on our Board of Trustees; we now have a past student on our Board of Trustees; we sought parent feedback on all services. We also supported 5 babies in partnership with Portsmouth Hospital Trust at their initial diagnosis over this past year.
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Goal 2: To continue to develop our capacity to reach parents and children who are unable to attend our Hampshire family centre

Our 2016/17 plans:	Our 2016/17 achievements:
<ul style="list-style-type: none"> • We will grow our new online Baby Home Learning Programme. • We will launch our new online Toddler Home Learning Programme. • We will continue to provide our Summer Residential Programme for families who can't regularly attend our Family Centre throughout the year. 	<ul style="list-style-type: none"> • We have launched our toddler programme and we now support 20 families on our online support programme for babies and toddlers. • The summer programme ran at full capacity last year and is scheduled to run again this year at full capacity.

Goal 3: To continue to develop and expand our working relationship with audiology service providers

Our 2016/17 plans:	Our 2016/17 achievements:
<ul style="list-style-type: none"> • We will proactively build relationships with all audiology service providers within our geographical reach. • We will continue to build upon our working partnership with the Portsmouth Hospital Trust's children's audiology unit. 	<ul style="list-style-type: none"> • TEF staff attended pan-region audiology provision training days to review our services with staff from other areas. TEF also took part in CHSWG meetings for pan-region services. • TEF took part in PHT Audiology training days to ensure that all audiology staff were informed of our services.

DIRECTORS' REPORT

Goal 4: To build and publicise the evidence base for our work

Our 2016/17 plans:	Our 2016/17 achievements:
<ul style="list-style-type: none">• We will publish an annual impact report.• We will continue to expand and develop our approach to impact measurement.• We will continue to build on our research partnerships with outside agencies.	<ul style="list-style-type: none">• We published our second impact report in February 2017.• We now have a workable plan for impact measurement and reporting, with different areas of the programme having different leads responsible for keeping data.• We are currently working on a research project with Advanced Bionics using music to enhance listening skills with different cohorts of children and are exploring additional avenues of research both with Advanced Bionics and Phonak.

Goal 5: To continue to build upon the national and international profile and reputation of our work

Our 2016/17 plans:	Our 2016/17 achievements:
<ul style="list-style-type: none">• We will develop our approach to marketing, communications and publicity.• We will proactively seek to develop collaborative partnerships with other organisations and networks within our field	<ul style="list-style-type: none">• We have published an impact report and a Listen Newsletter that went out to all stakeholders; we are developing a new brochure, which will be published during summer 2017; we are working towards more consistent branding throughout the organisation; we have published regular E-news letters that have been distributed to all stakeholders; and we have developed a marketing team that meets each month to focus on the marketing strategy.• We continue to build links with deaf organisations such as CICS, NDCS, Advanced Bionics and Phonak; we hosted a joint conference with CICS and with Auditory/Verbal UK.; we have built links with cochlear implant manufacturers, Cochlear; we presented at the British Association for Teachers of the Deaf annual conference and the British Cochlear Implant Group annual conference.

Goal 6: To ensure we are a strong and sustainable organisation

Our 2016/17 plans:	Our 2016/17 achievements:
<ul style="list-style-type: none">• We will continue to develop and monitor the success of our long-term financial	<ul style="list-style-type: none">• The results for 2016/17 are in line with or ahead of those required by the long term

DIRECTORS' REPORT

<p>planning</p> <ul style="list-style-type: none">• We will work to our three year fundraising strategy which aims to maintain current income levels, develop new income sources and identify opportunities for further income growth• We will continue to improve the efficiency of our back office functions including IT and finance	<p>financial strategy.</p> <ul style="list-style-type: none">• 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.
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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 2017/18 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 2150 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 900.

DIRECTORS' REPORT

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 £42,101 (2016: deficit £186,242). Most of the difference between the results for the two years is accounted for by increased levels of individual fundraising activity by supporters; the extraordinary generosity of a number of private donors; and an exceptional year for successful applications to grant making trusts. The results include depreciation charges totalling £100,042 (2016: £106,479). Note 16 sets out how accumulated reserves are split between fixed assets and other, more liquid, net assets. At 31 March 2017, 89% of reserves were held in the form of tangible fixed assets, down from 93% in 2016.

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 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 12 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 £2,621,236 (2016: £2,579,135)

At 31 March 2017, The Elizabeth Foundation had unrestricted (but not "free") reserves of £1,212,785 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). Note 16 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 2017 net current assets held by The Elizabeth Foundation amounted to £300,942 (2016: £181,649) of which £144,492 represents free reserves in the Income & Expenditure Account (2016: £167,981). Note 16 shows that these assets represented a portion of the Income & Expenditure Account and the Grants and Fees Reserve amounting to 21% 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.

DIRECTORS' REPORT

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 2017 (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

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 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
- 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 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 refresh The Elizabeth Foundation's branding to continue to reflect 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.

DIRECTORS' REPORT

- 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.

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, 2011, 2014 and 2016), 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, Appointment, Training and Organisational Structure

The Council of Management consists of up to 14 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. All members are encouraged to nominate trustees with a view to the requirement for any specialist skills needed.

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. Occasionally, members of the Board meet informally to discuss topics in greater detail in order to further their understanding of their role and how it contributes to the development and stewardship of The Elizabeth Foundation.

The Trustees have been circulated with the latest version of the Memorandum and Articles of Association and the "Essential Trustee". They are encouraged to regularly visit the Charity Commission website and seek extra training as they see fit.

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.

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

The principal risk faced by The Elizabeth Foundation lies in the fact it has few regular sources of income, making revenue volatile and hard to predict with any certainty, while most expenditure is on staff and premises, and therefore very stable. The Trustees have therefore identified a need to maintain sufficient reserves to offset the effects of years when the level of income falls below target. 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 the ongoing activities of identifying, responding to and

DIRECTORS' REPORT

managing risk, and make reports as necessary to the Board of Trustees. The Board of Trustees gives 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.

Pay policy for senior staff

The directors comprise the board of directors, who are the Trust's trustees, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Trust on a day to day basis. All directors give of their time freely and no director received remuneration in the year.

The pay of the senior staff is reviewed annually and normally increased in line with cost of living awards that are benchmarked against basic NHS cost of living increases.

DIRECTORS' REPORT

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 and the law applicable to charities in England and Wales 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 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.

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

UHY Hacker Young (S.E.) Limited will offer their resignation as auditors at the forthcoming Annual General Meeting and Messrs. Knox Cropper will be appointed in their place.

DIRECTORS' REPORT

DIRECTORS

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

Dr P Ardern
Mrs E Bryant
Mrs S Hutchinson
Ms I L Manuel
Ms E Peers
Mr G Pritchard
Mrs H Seaman
Mrs H Wienszczak
Mr R I M Wootton

By order of the Board



P ARDERN

Approved by the directors on 26 July 2017

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 2017 which comprise the Statement of Financial Activities and Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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 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 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.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 10, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2017 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 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:

- the charitable company has not kept adequate accounting records, 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 and take advantage of the small companies exemption in preparing the Trustees' report


C Homan (Senior Statutory Auditor)
For and on behalf of

UHY Hacker Young (S.E.) Limited
Statutory Auditor
Chartered Accountants
168 Church Road
Hove
East Sussex
BN3 2DL

Date: 26/7/17

The Elizabeth Foundation (company limited by guarantee) – 31 March 2017

STATEMENT OF FINANCIAL ACTIVITIES

And Income & Expenditure Account for the year ended 31 March 2017

	<i>Unrestricted Funds</i>					
	<i>Income and</i>		<i>Designated Restricted</i>	<i>Total</i>		<i>Total</i>
	<i>Expenditure</i>		<i>Funds</i>	<i>Funds</i>	<i>2017</i>	<i>2016</i>
	<i>Account</i>					
	£	£	£	£	<i>Note</i>	£
INCOME AND ENDOWMENTS FROM:					2	
Donations and gifts	206,957	-	-	206,957		95,891
Legacies	21,800	-	-	21,800		16,900
Grants	60,148	-	137,384	197,532		107,638
Fundraising events	76,788	-	-	76,788		103,599
Investments	6,454	-	-	6,454		6,651
Charitable Activities	164,872	-	30,304	195,176		168,283
Total	537,019	-	167,688	704,707		498,962
EXPENDITURE ON:						
<i>Raising funds</i>	132,696	-	-	132,696	3	122,482
<i>Charitable Activities</i>	301,788	-	157,370	459,158	3	486,476
<i>Other</i>	70,752	-	-	70,752	3	76,246
Total	505,236	-	157,370	662,606		685,204

The Elizabeth Foundation (company limited by guarantee) – 31 March 2017

STATEMENT OF FINANCIAL ACTIVITIES

And Income & Expenditure Account for the year ended 31 March 2017

	<i>Unrestricted Funds</i>					
	<i>Income and Expenditure Account</i>	<i>Designated Funds</i>	<i>Restricted Funds</i>	<i>Total 2017</i>	<i>Note</i>	<i>Total 2016</i>
	£	£	£	£		£
NET INCOME/ EXPENDITURE	31,783	-	10,318	42,101		(186,242)
Transfers between funds	(93,426)	146,100	(52,674)	-	12	-
NET MOVEMENT IN FUNDS	(61,643)	146,100	(42,356)	42,101		(186,242)
RECONCILIATION OF FUNDS						
Total funds brought forward	1,128,328	-	1,450,807	2,579,135		2,765,377
Total funds carried forward	1,066,685	146,100	1,408,451	2,621,236	12	2,579,135

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 2015 (SORP) has been applied.

The Elizabeth Foundation (company limited by guarantee) – 31 March 2017

BALANCE SHEET
at 31 March 2017

Co Reg 01960980

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	5	2,320,294	2,397,486
CURRENT ASSETS			
Stocks	6	2,699	3,142
Debtors	7	25,326	12,071
Cash at bank and in hand	8	417,666	206,837
		445,691	222,050
CREDITORS:			
amounts falling due within one year	9	(144,749)	(40,401)
NET CURRENT ASSETS		300,942	181,649
TOTAL ASSETS LESS CURRENT LIABILITIES		2,621,236	2,579,135
Restricted funds:			
National Lottery Charities Board Reserve	12	136,077	140,688
Grants and Fees Reserve	12	10,350	13,668
Ovingdean Reserve – Fixed Assets	12	398,551	419,961
Portsmouth Resource Centres – Fixed Assets	12	863,473	876,490
Unrestricted Funds:			
Designated fund: Fixed Asset Expenditure Reserve	12	146,100	-
Income and Expenditure Account	12	1,066,685	1,128,328
		2,621,236	2,579,135

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 26 JULY 2017 and are signed on its behalf by:

P ARDERN



MS E PEERS



The Elizabeth Foundation (company limited by guarantee) – 31 March 2017

STATEMENT OF CASH FLOWS
at 31 March 2017

Co. Reg 01960980

	Notes	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash (used in) provided by operating activities	14	227,225	(84,499)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends, interest and rents from investments		6,454	6,651
Purchase of property, plant and equipment		(22,850)	(49,145)
Net cash used in investing activities		(16,396)	(42,494)
Change in cash and cash equivalents in the reporting period		210,829	(126,993)
Cash and cash equivalents at the beginning of the reporting period	15	206,837	333,830
Cash and cash equivalents at the end of the reporting period	15	417,666	206,837

The Elizabeth Foundation (company limited by guarantee) – 31 March 2017

NOTES TO THE ACCOUNTS at 31 March 2017

1. ACCOUNTING POLICIES

Basis of preparation

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 & Wales. Its registered office is situated at Southwick Hill Road, Cosham, Portsmouth, PO6 3LL.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. No such restatement was required.

Fixed Assets and Depreciation

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 or 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 (being purchase price) and net realisable value.

Pensions

The company makes payments to one individual employee's private pension scheme up to a maximum of 5% of pensionable salary. The company contributes for all other employees into their workplace pensions in accordance with current legislation at a rate of 2% per annum. The pension cost in the financial statements represents the contributions payable by the charity during the year.

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

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at 31 March 2017

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 16 sets out how The Elizabeth Foundation reserves ("funds") are represented at the balance sheet date. Note 12 provides information about reserves policies, including that for the Income and Expenditure Account, and additional details is also given in the Directors' (Trustees') Report.

Going Concern

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors. The directors plan to keep the charity as a going concern as referred to in the Aims and Objectives of the Trustees' Report.

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.

2. INCOME AND EXPENDITURE

INCOME FROM VOLUNTARY SOURCES AND FUNDRAISING

Income includes 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 £132,696 (2016: £122,482) and this is included within the heading "costs of raising voluntary income" shown under Expenditure, 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.

NOTES TO THE ACCOUNTS

at 31 March 2017

- 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.

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 for 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

NOTES TO THE ACCOUNTS
at 31 March 2017

- 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 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 2017

NOTES TO THE ACCOUNTS
at 31 March 2017

3. ANALYSIS OF EXPENDITURE

	<i>Nursery Programmes</i>	<i>Family Support</i>	<i>Outreach and other Services</i>	<i>Total Charitable Activities</i>	<i>Costs of Raising Voluntary Income</i>	<i>Support Costs</i>	<i>2017 Total</i>	<i>2016 Total</i>
	£	£	£	£	£	£	£	£
Recruitment, ID checks, travel and subsistence	2,182	209	1,060	3,451	1,010	682	5,143	4,341
Depreciation	64,323	6,339	19,036	89,698	5,750	4,594	100,042	106,479
Premises and utilities	16,693	3,959	10,343	30,995	1,298	1,118	33,411	48,703
Service consumables	7,642	483	3,046	11,171	2,330	1,574	15,075	13,894
Other costs	7,704	399	2,593	10,696	1,927	1,347	13,970	8,240
Communications and IT	7,386	708	3,675	11,769	3,419	2,309	17,497	13,672
Printing and promotion	2,072	199	3,211	5,482	5,863	648	11,993	10,753
Insurances	4,702	451	2,284	7,437	2,177	1,470	11,084	10,783
Legal and professional fees	1,679	161	815	2,655	777	525	3,957	3,120
Audit, annual report, compliance	2,970	285	1,442	4,697	1,375	928	7,000	6,820
Hire charges and event costs	-	-	-	-	24,499	-	24,499	26,542
Bank charges	973	93	473	1,539	450	304	2,293	2,445
Staff costs	176,772	16,949	85,847	279,568	81,821	55,253	416,642	429,412
	<u>295,098</u>	<u>30,235</u>	<u>133,825</u>	<u>459,158</u>	<u>132,696</u>	<u>70,752</u>	<u>662,606</u>	<u>685,204</u>

The Elizabeth Foundation (company limited by guarantee) – 31 March 2017

NOTES TO THE ACCOUNTS at 31 March 2017

3. ANALYSIS OF EXPENDITURE (CONTINUED)

	2017	2016
	£	£
Staff costs:		
Wages and salaries	374,061	393,695
Social security costs	28,799	32,189
Pension contributions	11,036	3,528
	<u>413,896</u>	<u>429,412</u>

The average weekly number of full-time equivalent employees during the year was 13 (2016: 13)

One employee earned £60,000 per annum or more. The average number of employees analysed by function was:

	2017	2016
	No.	No.
Raising funds	2	2
Charitable activities	10	10
Governance	1	1
	<u>13</u>	<u>13</u>

RELATED PARTIES

Included within legal & professional fees and cost of fixed assets is £400 (2016: £800) paid to Large & Gibson (Solicitors), a firm in which Mr R I M Wootton is a partner, and £nil (2016: £400) paid to SJ Hutchinson Ltd, a company in which Mrs S J Hutchinson is a director.

PENSIONS

During the year, £11,036 (2016: £3,528) was paid into defined contribution pension schemes. At the end of the year there were contributions outstanding for payment of £nil (2016: £375).

4. NET MOVEMENT IN FUNDS

This is stated after charging:

	2017	2016
	£	£
Auditors' remuneration – fees payable to the company's auditor for the auditing of the company's annual accounts	7,000	6,820
Directors'/Trustees' remuneration	-	-
Depreciation of owned fixed assets	100,042	106,479
	<u></u>	<u></u>

No Directors/Trustees received payment of expenses (2016: £nil).

The Elizabeth Foundation (company limited by guarantee) – 31 March 2017

NOTES TO THE ACCOUNTS at 31 March 2017

5. TANGIBLE FIXED ASSETS

	<i>Leasehold Property Portsmouth Resource Centres</i>	<i>Motor vehicle</i>	<i>School and Medical equip</i>	<i>Fixtures, fittings, & office equip</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 April 2016	3,030,815	19,248	182,541	175,312	3,407,916
Additions	22,229	-	621	-	22,850
Disposals	-	-	-	(3,578)	(3,578)
At 31 March 2017	3,053,044	19,248	183,162	171,734	3,427,188
Depreciation:					
At 1 April 2016	700,388	13,955	164,657	131,430	1,010,430
Provided during year	72,213	3,850	13,138	9,841	100,042
Relating to disposals	-	-	-	(3,578)	(3,578)
At 31 March 2017	773,601	17,805	177,795	137,693	1,106,894
Net book value:					
At 31 March 2017	2,279,443	1,443	5,367	34,041	2,320,294
At 1 April 2016	2,330,427	5,293	17,884	43,882	2,397,486

The value of fully constructed long leasehold buildings (Portsmouth Resource Centres) at 31 March 2017 has been estimated for insurance purposes by the Directors at £3,000,000 (2016: £3,000,000). This figure, in the opinion of the Directors, closely reflects the commercial value.

The Elizabeth Foundation (company limited by guarantee) – 31 March 2017

NOTES TO THE ACCOUNTS at 31 March 2017

6. STOCKS

	2017 £	2016 £
Goods for resale	1,729	1,848
Stationery and office consumables	970	1,294
	<u>2,699</u>	<u>3,142</u>

7. DEBTORS

	2017 £	2016 £
Trade debtors	9,227	822
Other debtors	-	842
Prepayments and accrued income	16,099	10,407
	<u>25,326</u>	<u>12,071</u>

8. CASH AT BANK

	2017 £	2016 £
Interest bearing accounts	387,388	176,275
Cash in hand and in transit	230	150
Current accounts	30,048	30,412
	<u>417,666</u>	<u>206,837</u>

9. CREDITORS: amounts falling due within one year

	2017 £	2016 £
Trade creditors	9,459	8,146
Other creditors	44,504	405
Accruals and deferred income	78,749	23,020
Taxation and social security	12,037	8,830
	<u>144,749</u>	<u>40,401</u>

Included in accruals and deferred income is deferred income of £55,203 (2016: £6,395).

The Elizabeth Foundation (company limited by guarantee) – 31 March 2017

NOTES TO THE ACCOUNTS at 31 March 2017

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 2017: These lease payments are recognised as an expense

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 £1,220, the amount due in two to five years is £4,880 and over five years is £78,080.

Operating Lease Commitments – Office equipment

At 31 March 2017 The Elizabeth Foundation had annual commitments under non-cancellable operating leases for office equipment as follows:

	2017 £	2016 £
In one year or less	252	252
In two to five years	2,388	2,388
In more than five years	298	-
	<u> </u>	<u> </u>

Capital Commitments – construction contract

At 31 March 2017 there were no contracted commitments (2016: £nil).

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 6 members of The Elizabeth Foundation as at 31 March 2017 (2016 – 8 members).

The Elizabeth Foundation (company limited by guarantee) – 31 March 2017

NOTES TO THE ACCOUNTS
at 31 March 2017

12. RECONCILIATION OF MOVEMENT ON RESERVES

	<i>Restricted Funds</i>				<i>Unrestricted Funds</i>					
	<i>National Lottery Charities Board Reserve £</i>	<i>Grants & Fees Reserve £</i>	<i>Ovingdean Inc & Exp Reserve £</i>	<i>Ovingdean Fixed Assets Reserve £</i>	<i>Portsmouth Resource Centres Reserve £</i>	<i>Audiology Reserve £</i>	<i>Core Services Reserve £</i>	<i>Fixed Asset Expenditure Reserve £</i>	<i>Income and Expenditure Account £</i>	<i>Total £</i>
At 1 April 2015	145,299	37,240	-	442,121	884,354	20,700	80,679	-	1,154,984	2,765,377
Income	-	123,095	-	-	-	-	-	-	375,867	498,962
Expenditure	-	(116,103)	-	-	-	(20,700)	-	-	(548,401)	(685,204)
Transfers between funds	(4,611)	(30,564)	-	(22,160)	(7,864)	-	(80,679)	-	145,878	-
At 1 April 2016	140,688	13,668	-	419,961	876,490	-	-	-	1,128,328	2,579,135
Income	-	167,687	-	-	-	-	-	-	537,019	704,706
Expenditure	-	(157,369)	-	-	-	-	-	-	(505,236)	(662,605)
Transfers between funds	(4,611)	(13,636)	-	(22,410)	(13,017)	-	-	146,100	(93,426)	-
At 1 April 2017	136,077	10,350	-	398,551	863,473	-	-	146,100	1,066,685	2,621,236

NOTES TO THE ACCOUNTS
at 31 March 2017

12. 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 current operating name of the Lottery Charities Board is 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 2017 the reserve was mainly utilised on speech and language therapy projects, teaching and nursery team employment costs, purchase of tangible fixed assets (including the installation of a platform lift), 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 utilised 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 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 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.

The Elizabeth Foundation (company limited by guarantee) – 31 March 2017

NOTES TO THE ACCOUNTS at 31 March 2017

12. RECONCILIATION OF MOVEMENT ON RESERVES (CONTINUED)

AUDIOLOGY RESERVE

The purpose of the Audiology Reserve was to accumulate a sinking fund against the cost of refurbishing the Hearing Test suite and obtaining replacement equipment. This Reserve was fully expended and amalgamated with the Income and Expenditure Account with effect from 31 March 2016 by decision of the Board of Trustees.

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 purpose of the Core Services Reserve was to set aside an amount estimated as the unfunded costs of the three months following the balance sheet date to recognise the level of operating risk that The Elizabeth Foundation had taken by subsidising these activities from its Income and Expenditure Account. With effect from 31 March 2016 this reserve has been amalgamated with the Income and Expenditure Account by decision of the Board of Trustees.

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 2017 the balance of this reserve comprised the estimated cost of fitting out the lower ground floor of the Ovingdean Building to enable it to be brought into full use.

INCOME AND EXPENDITURE ACCOUNT

The Income and Expenditure Account represents the total of accumulated unrestricted and undesignated surpluses that The Elizabeth Foundation has generated during its history. As shown in Note 16, at 31 March 2017 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 2017, the Income and Expenditure Account was represented largely by fixed assets in charitable use, plus £144,492 of net current assets. 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.

13. TAXATION

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

14. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	42,101	(186,242)
Adjustments for:		
Depreciation charges	100,042	106,479
Dividends, interest and rents from investments	(6,454)	(6,651)
Decrease/(increase) in stocks	443	(747)
(Increase)/decrease in debtors	(13,255)	3,957
Increase/(decrease) in creditors	104,348	(1,295)
Net cash provided by (used in) operating activities	227,225	(84,499)

NOTES TO THE ACCOUNTS
at 31 March 2017

15. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash in hand	417,666	206,837
Total cash and cash equivalents	<u>417,666</u>	<u>206,837</u>

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<i>Tangible fixed assets</i>	<i>Other Net assets</i>	2017 <i>Total</i>	2016 <i>Total</i>
	£	£	£	£
<i>Restricted:</i>				
National Lottery Charities				
Board Reserve	136,077	-	136,077	140,688
Grants and Fees Reserve	-	10,350	10,350	13,668
Ovingdean Reserves	398,551	-	398,551	419,961
Portsmouth Resource Centre	863,473	-	863,473	876,490
<i>Unrestricted:</i>				
Audiology Reserve	-	-	-	-
Core Services Reserve	-	-	-	-
Fixed Asset Expenditure Reserve	-	146,100	146,100	-
Income and Expenditure Account	922,193	144,492	1,066,685	1,128,328
	<u>2,320,294</u>	<u>300,942</u>	<u>2,621,236</u>	<u>2,579,135</u>