

THE ELIZABETH FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

Company registered number 1960980
Registered Charity Number 293835

Report and Accounts

31 March 2010

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COMPANIES HOUSE

The Elizabeth Foundation (company limited by guarantee) - 31 March 2010

Company registered number 1960980
Registered Charity Number 293835

REFERENCE AND ADMINISTRATIVE DETAILS

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

Ms H J Ormsby - Chair
Mr D K Metherell
Dr P Ardern
Mr R I M Wootton
Mrs H Seaman
Mr G Pritchard
Miss E Wootton
Mr P Dymock
Mr I Riggs
Mr M Tufnell

Secretary

Mr R I M Wootton

Chief Executive

Mrs Shirley Metherell

Auditors

RSM Tenon Audit Limited, Highfield Court, Tollgate, Chandlers Ford, Eastleigh, Hampshire, SO53 3TY

Bankers

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

Solicitors

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

Registered Office and operational address

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

DIRECTORS' REPORT

The Directors (Members of the Council of Management, and Board of Trustees of the charity) present their Report and Accounts for the year ended 31 March 2010. These have been prepared in accordance with the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities 2005, applicable accounting standards, the Companies Act 2006 and the Charities Act 1993, the requirements of the Foundation's own constitutional document and applicable regulations of the Charities (Accounts and Reports) Regulations 2005.

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 and 2007), which provide for a governing Board of Trustees/Directors originally known as the Council of Management. The Foundation is registered with the Charity Commission under the Charities Act 1960.

The Board of Trustees, and Organisational Structure

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

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

The Elizabeth Foundation also has Patrons, who from time to time allow their names to be used by it and who support its charitable aims and objectives in various ways according to their special expertise or position in society. In 2003, The Elizabeth Foundation's Trustees were delighted to invite Ann Rachlin to become President of The Elizabeth Foundation. This is an honorary role and celebrates the 2003 transfer to The Elizabeth Foundation of the name and net assets of The Beethoven Fund for Deaf Children. Patrons lend their support to special Appeals by The Elizabeth Foundation and the Trustees are extremely grateful to them for this.

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.

DIRECTORS' REPORT

Management of risk

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

OBJECTIVES AND ACTIVITIES

The principal activities of The Elizabeth Foundation consist of providing comprehensive educational, audiological and support services for babies and pre-school children who are deaf or hard of hearing, and their parents and families. Specifically, The Elizabeth Foundation's governing documents (the charity's Objects were extended in June 2007) provide that it was established to give help and assistance to deaf people, and to promote the early detection of deafness and hearing loss in babies and young children. Our activities help us to meet these objects.

The Elizabeth Foundation would like children who are deaf to be able to understand and achieve their unique, individual potentials, and to have a wide range of true choices that they can make in their lives. We would like their families to feel they have been able to give their deaf child a great start in life, and that they were able to understand and influence the choices and pathways affecting their child right from the earliest days of diagnosis and babyhood. In order to achieve this, we deliver a range of services and carry out a number of activities under the broad headings of

Nursery Programmes

Family Support

Outreach and Other Activities

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

ACHIEVEMENTS AND PERFORMANCE

Last year, The Elizabeth Foundation explained in its Directors' Report that its plans for this year included

- Identify and plan for our key priorities for the further development of the Hampshire Family Centre and final stages of the "Raise the Roof" project
- Keep under close review the position of our Family Centre in West Yorkshire, seeking longer term partnerships and committed contributions towards the costs of running this Centre
- Carry out the planned refurbishment and modernisation of the Demonstration Home suite in the Hampshire Family Centre
- Review the way that The Elizabeth Foundation promotes its activities, including development of strategies for particular target audiences

DIRECTORS' REPORT

The Trustees are pleased to report success and significant progress in these areas, together with identification of next steps and new projects for the future

In August 2010, we were delighted to be able to start-on-site for the construction of the final phase of the 'Raise the Roof' project. This followed a year of hard work to secure funding commitments and put together the resources we would need. The Board gave approval to proceed in July 2010, and the construction cost is expected to be in the order of £190,000. We are building an annexe to create a Baby Early Intervention Unit, and expect practical completion to take place before the start of the Christmas 2010 holiday. This will provide a special place for our work with the youngest babies and toddlers and their families, with easy level access and a purpose-designed, light and bright teaching/family area.

Our Family Centre in West Yorkshire remains open, with a number of new babies and families enrolling at the start of the new term in September. Our small team of staff there have worked with tremendous commitment. Families and parents have also continued to give their support, and another successful Funday Sunday event was held, to raise funds and awareness about our work in Bradford and West Yorkshire. However, we still lack the longer-term partnerships and committed funding contributions that would really help to secure the future of this Centre, which remains under review but with as much determination as ever to keep delivering support and services to young deaf children and their families in the area.

The Demonstration Home suite has been partly refurbished, but a more extensive review is likely following completion of the Baby Early Intervention Unit.

Families find out about The Elizabeth Foundation in a variety of ways. Professional networks and advocacy play an important part, and our website presence is very important where families self-refer. Later in this report we set out our intention to review possible options for income diversification, and a key part of this will be gaining an understanding of the various different audiences, beneficiaries and partners that we reach or would like to reach. Service development and promotion is continuous and will remain so.

Other highlights from the past year include

- Both our Hampshire and West Yorkshire Family Centres received Ofsted inspections in recent months. These were unannounced, completely separate visits in accordance with Ofsted's standard procedures, and we were thrilled to hear that we were found to be "Outstanding" in all categories of both inspections. Outstanding is the top standard that Ofsted identify, and these results place us amongst the very best early years providers in the country. It means we are entitled to use a special Ofsted logo to help promote the quality of our work, and is a tremendous tribute to teaching teams and staff in both Centres.
- We recognise that many local employers and businesses located near to our Family Centres are keen to help charities in their area. We are very pleased to be working with an increasing number of regular corporate partners for volunteer projects, matchfunding donations, and staff sponsored events, and would like to thank everyone involved with this.
- We have been fortunate to be notified of legacy gifts which are expected to be made to us upon completion of legal procedures for the Estates in question. Such news is very encouraging and often allows us to progress more quickly with projects and plans, even before the final amount of gifts is known. To help us remember the kindness and generosity of people who leave us a gift in their will, and gifts made by family and friends in memory of a loved one, we are planning to create a special garden area alongside the new Baby Early Intervention Unit.
- The time donated by volunteers in many different ways contributes to the success of The Elizabeth Foundation. Approximately 1050 hours were donated to The Elizabeth Foundation during the year, expended on a range of activities including Trusteeship, Regular Volunteering, Events and Volunteer Projects. In addition, private sponsored fundraising contributed additional hours estimated at approximately 500.

DIRECTORS' REPORT

Some of our plans for 2010 are set out at the end of this Report

FINANCIAL REVIEW

The surplus for the year amounted to £80,310 (2009 surplus £203,298). The surplus has been added to reserves largely in the form of cash which will be used to fund services and contribute towards the capital cost of the Baby Early Intervention Unit. Note 14 sets out how accumulated reserves are represented in terms of net assets of The Elizabeth Foundation, and demonstrates the investment that has been made in fixed assets which are necessary for the delivery of its charitable services at our Family Centres. At 31 March 2010, The Elizabeth Foundation's unrestricted Income & Expenditure Account balance of £918,801 was largely represented by charitable fixed assets following completion of the "Raise the Roof" construction project. The Trustees recognise that during the coming year it is necessary to rebuild levels of cash reserves in order to ensure appropriate levels of working capital to fund day to day activities and maintain service standards.

Investments

The Foundation's investment powers are set out in its governing document and Memorandum & Articles of Association. Day to day cashflow management is delegated to the CEO and senior staff, who act in accordance with policies agreed by the Trustees and by the Treasurer. Following completion of the "Raise the Roof" project last year, the Trustees are now focusing on rebuilding levels of unrestricted cash reserves in accordance with policy (see below). Initially, available funds will be invested on money market deposits of varying amount and duration, depending on the cashflow needs of the charity. It is anticipated that this approach will be used for the next 1 to 2 years, and then the position will be reviewed to ascertain whether investments should be placed for longer terms.

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 has no endowed funds. Note 12 to the Accounts gives more information about reserves, including policies and restrictions applying to individual funds.

At 31 March 2010, The Elizabeth Foundation had unrestricted (but not "free") reserves of £918,801 in its Income & Expenditure Account. These reserves are not "free" as defined by the Statement of Recommended Practice (SORP), because they could only be realised by disposing of fixed assets held for charity use. Note 14 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. Similarly, designated reserves represent The Foundation's investment in the Portsmouth-based founding Family Centre and Early Detection Centre. Accordingly, these reserves are not available as cash to meet the day to day running costs (sometimes called "revenue costs" or "core costs") of providing services. In future years, The Elizabeth Foundation believes it is desirable to hold higher levels (see also below) of unrestricted, liquid funds (that is, resources that are represented by cash or readily-realizable current investments and which are not subject to restrictions). This is why we seek to secure full funding for project costs and running costs wherever possible, including in particular the salary costs of our highly professional and dedicated staff.

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 some practical applications of similar policies 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 2010, cash/current assets held by The Elizabeth Foundation amounted to £145,315 on the balance sheet (of which £49,095 represents free reserves in the Income & Expenditure Account). Note 14 shows that these assets represented a portion of the Income & Expenditure Account, the Core Service Reserve and the Grants and Fees Reserve and

DIRECTORS' REPORT

amount to 23.7% of total revenue costs for the year. For future years, the Trustees aim that between 50% and 75% 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 reserves at the required levels. From time to time, the Trustees will review the adequacy and efficacy of this policy based on prevailing and expected circumstances.

For simplicity of presentation and due to the passage of time, the Trustees have decided to release to the Income & Expenditure Account the amount held in the Capital Reserve of £5,604. This has no impact on available cash as the Reserve was entirely represented by fixed assets acquired in the past.

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 2010 (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.

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and

DIRECTORS' REPORT

- 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

DIRECTORS

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

Ms H J Ormsby
Mr D K Metherell
Dr P Arden
Mr R I M Wootton
Mrs H Seaman
Mr G Pritchard
Mrs E Bryant (nee Wootton)
Mr P Dymock
Mr I Riggs
Mr M Tufnell

AUDITORS

Our auditors have changed their name to RSM Tenon Audit Limited and have signed the audit report in their new name RSM Tenon Audit Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006

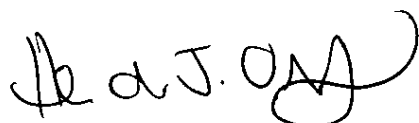
OUR PLANS FOR FUTURE PERIODS

Our plans for the coming year include

- Establish our Baby and Toddler services in the new Baby Early Intervention Unit
- Continue to look for appropriate opportunities for income diversification, maximising our use of existing assets and resources
- Keep under close review the position of our Family Centre in West Yorkshire, seeking longer term partnerships and committed contributions towards the costs of running this Centre

The Trustees would again like to thank everyone who contributed to the excellent outcome of our Ofsted inspections this year. This is a wonderful achievement, and it is very pleasing to have the high standard we set ourselves recognised and rewarded in this way. Maintaining that standard will be a key priority while our income remains under continued pressure as the effect of cuts is felt in the statutory, corporate and charitable sectors in the UK. The coming year will be spent reviewing our resources and the ways in which we deliver our services, to ensure that our work remains sustainable.

By order of the Board



H J. ORMSBY

Approved by the directors on 21 September 2010

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ELIZABETH FOUNDATION

We have audited the financial statements of The Elizabeth Foundation for the year ended 31 March 2010 on pages 10 to 23. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Sections 495 and 496 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 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 auditors

The trustees' (who are also the directors of The Elizabeth Foundation for the purposes of company law) responsibilities for preparing the Director's Report (which is also the Trustees' Annual Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Director's Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of

whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed

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

Opinion

In our opinion

- the financial statements give a true and fair view, of the state of the charity's affairs as at 31 March 2010, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Director's Report is consistent with the financial statements

David Brookes
for and on behalf of

Date 23 9.10



RSM Tenon Audit Limited
Statutory Auditor

Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

The Elizabeth Foundation(company limited by guarantee) – 31 March 2010

STATEMENT OF FINANCIAL ACTIVITIES

And Income & Expenditure Account for the year ended 31 March 2010

	<i>Unrestricted Funds</i>				
	<i>Income and</i>	<i>Designated</i>	<i>Restricted</i>	<i>Total</i>	<i>Total</i>
	<i>Expenditure</i>	<i>Funds</i>	<i>Funds</i>	<i>2010</i>	<i>2009</i>
	<i>Account</i>				
	£	£	£	£	£
				<i>Note</i>	
INCOMING RESOURCES					
<i>Voluntary Income</i>					
Donations and gifts	214,153	-	1,190	2	355,931
Legacies	83,059	-	-		2,863
Grants	25	-	102,250		66,400
<i>Activities for Generating Funds</i>					
Fundraising events	79,350	-	-		88,531
<i>Investment income and bank interest</i>	101	-	-		21,002
<i>Incoming Resources from Charitable Activities</i>					
Contracts, fees and other agreements	126,858	-	85,509		219,461
Total incoming resources	503,546	-	188,949		754,188
RESOURCES EXPENDED					
<i>Costs of generating funds</i>					
Costs of generating voluntary income	75,608	-	-	3	104,630
<i>Charitable Activities</i>	368,690	-	129,700	3	412,257
<i>Governance Costs</i>	38,187	-	-	3	34,003
Total resources expended	482,485	-	129,700		550,890

The Elizabeth Foundation(company limited by guarantee) – 31 March 2010

STATEMENT OF FINANCIAL ACTIVITIES

And Income & Expenditure Account for the year ended 31 March 2010

	<i>Unrestricted Funds</i>					
	<i>Income and</i>	<i>Designated</i>	<i>Restricted</i>	<i>Total</i>		<i>Total</i>
	<i>Expenditure</i>	<i>Funds</i>	<i>Funds</i>	<i>2010</i>	<i>Note</i>	<i>2009</i>
	<i>Account</i>					
	£	£	£	£		£
NET INCOMING						
RESOURCES	21,061	-	59,249	80,310		203,298
BEFORE TRANSFERS						
Transfers between reserves	35,622	33,283	(68,905)	-	12	-
NET MOVEMENT IN						
FUNDS FOR THE YEAR	56,683	33,283	(9,656)	80,310		203,298
Balance at start of year	862,118	791,626	195,921	1,849,665		1,646,367
Balance at 31 March 2010	918,801	824,909	186,265	1,929,975	12	1,849,665

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

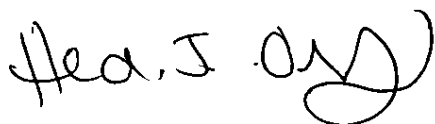
The Elizabeth Foundation(company limited by guarantee) – 31 March 2010

BALANCE SHEET
at 31 March 2010

Co Reg 1960980

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible assets	5	1,784,660	1,778,679
CURRENT ASSETS			
Stocks	6	2,769	2,975
Debtors	7	5,813	11,602
Cash at bank and in hand	8	169,073	88,476
		177,655	103,053
CREDITORS			
amounts falling due within one year	9	32,340	32,067
NET CURRENT ASSETS		145,315	70,986
TOTAL ASSETS LESS CURRENT LIABILITIES		1,929,975	1,849,665
RESERVES			
Restricted funds			
National Lottery Charities Board reserve	12	168,354	172,965
Grants and fees reserve	12	17,911	17,352
Capital reserve	12	-	5,604
Unrestricted Funds			
Designated fund Portsmouth Resource Centres	12	746,600	717,330
Designated fund Core Services Reserve	12	78,309	74,296
Income and expenditure account	12	918,801	862,118
		1,929,975	1,849,665

The financial statements were approved by the directors on 21 September 2010 and are signed on its behalf by



H J ORMSBY



P ALDERN

NOTES TO THE ACCOUNTS
at 31 March 2010

1. ACCOUNTING POLICIES

Basis of preparation

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

Cash flow statement

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

Fixed Assets and Depreciation

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

Freehold property	-	100 years	Office equipment	-	4 to 5 years
Long leasehold buildings	-	5 to 50 years	Computer equipment	-	4 to 5 years
School equipment	-	5 years	Medical equipment	-	3 to 5 years
Motor vehicles	-	25% of written down value			

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

Stocks

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

Pensions

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

Operating Leases

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

Fund Accounting

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

Reserves

The Elizabeth Foundation recognises that accounting reserves are not always represented by available liquid assets. Note 14 set 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.

NOTES TO THE ACCOUNTS

at 31 March 2010

2. INCOMING RESOURCES, AND RESOURCES EXPENDED

INCOME GENERATED FROM VOLUNTARY SOURCES AND FUNDRAISING

Incoming resources include voluntary sources of income such as charitable donations, grants, gifts (with related tax recovery where appropriate), legacies and payroll-giving programmes, as well as organised fundraising events (some of which are run directly by The Elizabeth Foundation – classed as Fundraising Events, and some which are run by volunteers and supporters with help as necessary by The Elizabeth Foundation – classed as Donations and Gifts), appeals and collections. The cost of running these programmes, including the Raise the Roof Appeal, during the year was £75,609 (2009 £104,628) and this is included within the heading “costs of generating funds” shown under Resources Expended, and in Note 3. The following specific policies are applied to particular categories of voluntary income and fundraising

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

INCOME GENERATED FROM CHARITABLE ACTIVITIES

Activities which further the charitable objectives of The Elizabeth Foundation include

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

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

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at 31 March 2010

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

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

RESOURCES EXPENDED

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

- Costs of Generating Voluntary Income, including both direct and indirect allocations of payroll cost and administrative overhead, and direct costs associated with attracting voluntary income and carrying out fundraising activities
- Investment Management fees, charged by external professional advisors
- 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 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 2010

NOTES TO THE ACCOUNTS
at 31 March 2010

3. ANALYSIS OF RESOURCES EXPENDED

	Nursery Programmes £	Family Support £	Outreach and other Services £	Total Charitable Activities £	Costs of Generating Voluntary Income £	Governance £	2010 Total £	2009 Total £
Recruitment, ID checks, travel and subsistence	7,181	614	2,596	10,391	1,179	878	12,448	8,853
Depreciation	37,028	-	13,427	50,455	2,827	-	53,282	30,255
Premises and utilities	55,729	4,765	20,150	80,644	9,152	6,816	96,612	16,086
Service consumables	9,476	810	3,426	13,712	1,556	1,159	16,427	15,043
Other costs	1,933	-	-	1,933	-	-	1,933	2,917
Communications and IT	11,168	955	4,038	16,161	1,834	1,366	19,361	16,116
Printing and promotion	8,894	-	1,318	10,212	4,941	1,318	16,471	17,215
Insurances	5,125	438	1,853	7,416	842	627	8,885	10,779
Legal and professional Fees	768	-	110	878	110	110	1,098	776
Audit, annual report, compliance	5,229	447	1,891	7,567	859	640	9,066	7,792
Hire charges and event costs	-	-	-	-	18,372	-	18,372	32,979
Bank charges	474	40	171	685	78	58	821	652
Staff costs	206,166	17,626	74,544	298,336	33,858	25,215	357,409	391,427
	349,171	25,695	123,524	498,390	75,608	38,187	612,185	550,890

The Elizabeth Foundation (company limited by guarantee) – 31 March 2010

NOTES TO THE ACCOUNTS at 31 March 2010

3 ANALYSIS OF RESOURCES EXPENDED (CONTINUED)

	2010	2009
	£	£
Staff costs		
Wages and salaries	324,938	354,523
Social security costs	27,968	31,547
Pension contributions	4,504	5,357
	<u>357,410</u>	<u>391,427</u>

The average weekly number of full-time equivalent employees during the year was 12 (2009 14)

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

	2010	2009
	No	No
Generating funds	2	2
Charitable activities	9	11
Governance	1	1
	<u>12</u>	<u>14</u>

RELATED PARTIES

Included within staff costs is salary totalling £48,440 (2009 £49,817) paid to Mrs S Metherell, wife of a Director

PENSIONS

During the year, £4,504 (2009 £5,357) was paid into defined contribution pension schemes At the end of the year there were no contributions outstanding for payment (2009 £nil)

The Elizabeth Foundation (company limited by guarantee) – 31 March 2010

NOTES TO THE ACCOUNTS at 31 March 2010

4. NET MOVEMENT IN FUNDS

This is stated after charging

	2010 £	2009 £
Audit fee	7,000	6,000
Directors'/Trustees' remuneration	-	-
Depreciation of owned fixed assets	53,282	30,255
No Directors/Trustees received payment of expenses (2009 £nil)		

5 TANGIBLE FIXED ASSETS

	Freehold Property £	Leasehold Property Portsmouth Resource Centres £	Motor vehicles £	School and Medical equipment £	Fixtures, fittings and office equipment £	Total £
Cost						
At 1 April 2009	51,916	1,994,958	17,000	147,805	105,335	2,317,014
Additions	-	16,671	-	-	42,592	59,263
At 31 March 2010	51,916	2,011,629	17,000	147,805	147,927	2,376,277
Depreciation						
At 1 April 2009	5,950	276,306	17,000	143,850	95,229	538,335
Provided during the year	537	41,114	-	1,755	9,876	53,282
At 31 March 2010	6,487	317,420	17,000	145,605	105,105	591,617
Net book value						
At 31 March 2010	45,429	1,694,209	-	2,200	42,822	1,784,660
At 1 April 2009	45,966	1,718,652	-	3,955	10,106	1,778,679

The value of fully constructed long leasehold buildings (Portsmouth Resource Centres), has been estimated for insurance purposes by the Directors at £2,015,000 (2009 £1,000,000) This figure, in the opinion of the Directors, closely reflects the commercial value

The Elizabeth Foundation (company limited by guarantee) – 31 March 2010

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at 31 March 2010

6. STOCKS

	2010	2009
	£	£
Goods for resale	269	475
Stationery and office consumables	2,500	2,500
	<u>2,769</u>	<u>2,975</u>

7. DEBTORS

	2010	2009
	£	£
Trade debtors	855	-
Prepayments and accrued income	4,958	11,602
	<u>5,813</u>	<u>11,602</u>

8. CASH AT BANK

	2010	2009
	£	£
Interest bearing accounts	162,050	78,859
Cash in hand and in transit	400	400
Current accounts	6,623	9,217
	<u>169,073</u>	<u>88,476</u>

9. CREDITORS: amounts falling due within one year

	2010	2009
	£	£
Other creditors	13,019	3,666
Accruals and deferred income	11,789	19,306
Taxation and social security	7,532	9,095
	<u>32,340</u>	<u>32,067</u>

NOTES TO THE ACCOUNTS

at 31 March 2010

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 2010

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 £1210.

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 10 members of The Elizabeth Foundation as at 31 March 2010 (2009 – 10 members).

NOTES TO THE ACCOUNTS
at 31 March 2010

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>Capital reserve</i>	<i>Portsmouth Resource Centres reserve</i>	<i>Core Services Reserve</i>	<i>Income and expenditure account</i>
	£	£	£	£	£	£
At 1 April 2008	177,576	135,083	5,604	350,819	74,296	1,646,367
Movement in resources						
Incoming	-	389,026	-	-	-	754,188
Outgoing	-	(138,902)	-	-	-	(550,890)
Transfers between funds	(4,611)	(367,855)	-	366,511	-	-
At 1 April 2009	172,965	17,352	5,604	717,330	74,296	1,849,665
Movement in Resources						
Incoming	-	188,949	-	-	-	692,495
Outgoing	-	(129,700)	-	-	-	(482,485)
Transfers between funds	(4,611)	(58,690)	(5,604)	29,270	4,013	-
At 1 April 2010	168,354	17,911	-	746,600	78,309	1,929,975

NOTES TO THE ACCOUNTS
at 31 March 2010

12. RECONCILIATION OF MOVEMENT ON RESERVES (CONTINUED)

NATIONAL LOTTERY CHARITIES BOARD RESERVE

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

GRANTS AND FEES RESERVE

The Elizabeth Foundation receives restricted grants and fees for specific charitable purposes from different grant making bodies and other agencies. These funds are spent on both depreciable fixed assets and revenue expenditure. In the year to 31 March 2010 the reserve was mainly utilised on teacher of the deaf and nursery team employment costs, depreciation of tangible fixed assets (including diagnostic equipment, facilities and teaching aids), development of the Home Learning Programme, and other costs associated with early intervention and family support activities.

CAPITAL RESERVE

The capital reserve arose on the transfer of net assets from the Trustees of the former unincorporated Elizabeth Foundation, upon its incorporation as a charitable company limited by guarantee. At 31 March 2010, the balance on this reserve has been released to the Income and Expenditure Account in order to simplify presentation in the accounts.

PORTSMOUTH RESOURCE CENTRES RESERVE

This reserve shows the receipts of past appeals to raise money for the construction of The Elizabeth Foundation's educational facilities. This includes the recent "Raise the Roof" appeal and grants for playground equipment. The money has now been fully spent, and the building, its first-floor extension, and the playground area are included within fixed assets. Depreciation charged on these assets is set against the fund each year.

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

The Elizabeth Foundation (company limited by guarantee) – 31 March 2010

NOTES TO THE ACCOUNTS

at 31 March 2010

12. RECONCILIATION OF MOVEMENT ON RESERVES (CONTINUED)

CORE SERVICES RESERVE

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

INCOME AND EXPENDITURE ACCOUNT

The Income and Expenditure Account represents the total of accumulated unrestricted surpluses that The Elizabeth Foundation has generated during its history. As shown in Note 14, at 31 March 2010 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 2010, the Income and Expenditure Account was represented largely by fixed assets (buildings) in charitable use, and by £49,095 net current assets (including cash at bank). The Trustees consider that the charity needs to build up its liquid assets (cash at bank) in order to ensure appropriate daily management of its working capital commitments in future.

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. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<i>Tangible fixed assets</i>	<i>Other Net assets</i>	<i>2010 Total</i>	<i>2009 Total</i>
	£	£	£	
<i>Restricted</i>				
National Lottery Charities				
Board reserve	168,354	-	168,354	172,965
Grants and fees reserve	-	17,911	17,911	17,352
Capital reserve	-	-	-	5,604
<i>Unrestricted</i>				
Portsmouth Resource Centres	746,600	-	746,600	717,330
Core Services Reserve	-	78,309	78,309	74,296
Income and Expenditure account	869,706	49,095	918,801	862,118
	1,784,660	145,315	1,929,975	1,849,665