

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

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

Report and Accounts

31 March 2014

WEDNESDAY



A3KIZA6Y

A09

12/11/2014

#116

COMPANIES HOUSE

The Elizabeth Foundation (company limited by guarantee) - 31 March 2014

Company registered number 01960980
Registered Charity Number 293835

REFERENCE AND ADMINISTRATION

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

Mr M Tufnell - Chair
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
Mr P Dymock
Mrs E Peers – from 22 January 2014
Mrs H Wienszcak – from 29 April 2014
Mrs S Hutchinson – from 29 April 2014

Secretary

Mr R I M Wootton

Chief Executive

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

Auditors

Baker Tilly UK Audit LLP, 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 2014. These have been prepared in accordance with the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities 2005, applicable accounting standards, the Companies Act 2006 and the Charities Act 2011, the requirements of the Foundation's own constitutional document and applicable regulations of the Charities (Accounts and Reports) Regulations 2005.

AIMS AND OBJECTIVES

The mission statement of The Elizabeth Foundation says:

We 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.

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

Nursery Programmes

Family Support

Outreach and Other Activities

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

Achievements and Performance

Last year in 2013, The Elizabeth Foundation explained in its Directors' Report that its plans for the year to 31 March 2014 were aligned to goals in our strategic plan. Our 2013/14 plans were summarised as follows:

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

Our 2013/4 plans:	Our 2013/4 achievements:
We will introduce a new group to provide support to children with glue ear or a unilateral (one-sided) hearing loss.	Our Hearing Support Group pilot started early in 2014 and has been a big success. We were delighted to be awarded funding from Portsmouth CCG and Awards for All. We are currently assessing the impact of the pilot and making plans about how to continue with this service.

DIRECTORS' REPORT

<p>We will continue to design and run new activities for parent education, responding to what parents tell us would help them.</p>	<p>In addition to our traditional style of themed parent education sessions, our plans for summer school – style programmes and more formal training and lectures will mean that we can offer parents and families even more choice about how to access information and techniques. Our Home Learning Programme is also central to this, as is the introduction of Family Chat Zone sessions when Phase One of our Hearing Test Centre development opens in autumn 2014.</p>
<p>To support our future service activities as well as making sure we continue to provide an excellent environment for children's hearing testing, we will progress with our plans to modernise and extend our Test Centre building.</p>	<p>Phase One of the Hearing Test Centre development has been carried out this year, giving us modernised and extended facilities on the first floor including a purpose-built homelike Family Chat Zone. This complements the vital work of children's hearing testing and newborn hearing screening that takes place in our clinic space in partnership with Portsmouth Hospital Trust. It also sits alongside our existing baby and preschool programmes for children with hearing loss. Our three key funders for this Phase of work are Ovingdean Hall Foundation, the Garfield Weston Foundation and the Bernard Sunley Charitable Foundation – thank you to these generous and farsighted supporters.</p>
<p>After reviewing our existing methods of measuring the outcomes we achieve for children and families, we will develop and introduce a new system that helps us to monitor the success of our services as well as giving us information about how we can make improvements or changes to what we do.</p>	<p>We are continuing with this work in 2014/15, but have carried out peer reviews to look at the methods and measures used by other organisations working in our field across the world.</p>

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

<p>Our 2013/4 plans:</p>	<p>Our 2013/4 achievements:</p>
<p>Following the success of our 2013 summer activities for families, we will go on to develop a programme of events for summer 2014 including parents and children who do not attend our core family services.</p>	<p>The events and activities that are planned for summer 2014 will follow a similar format to past years but will also provide the basis for an extended programme for 2015 and future. When Phase Two of the Hearing Test Centre development has been completed too, this will give us the type of facilities we will especially need for a larger and more diverse programme.</p>
<p>We will design and produce video footage that will provide further learning resources for Home Learning Programme families and other groups who cannot regularly attend our</p>	<p>Our bank of video, still footage and audio has expanded to include all the activities we want to demonstrate as part of our Home Learning Programme as well as other topics to help families</p>

DIRECTORS' REPORT.

Hampshire family centre.	and professionals.
We will investigate the possibility of delivering flexible, face-to-face outreach services, perhaps by partnering with others where we think this would enable more families to benefit.	We will start work on this investigation and research in 2015/16.
The market research and needs assessment phases of the project to develop our Home Learning programme will be completed this year.	Having sought the views and feedback of families who have used our existing Home Learning programme, we are now turning our attention to new families and our newly-developed material, including video/audio footage that will bring activities and information to life.

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

Our 2013/4 plans:	Our 2013/4 achievements:
In addition to our outcomes project (see Goal 1 above), we plan to commence a specific programme to follow up the stories and experiences of children who have attended The Elizabeth Foundation, and the outcomes they achieve in their futures.	We are very excited to have identified a likely research partner (academic institution) to help us with this long term project, which will add to the sum of published research knowledge about deaf children and their listening and speaking.
We will design and plan for the first of our annual impact reports.	We are looking forward to publishing our first impact report later this year.

Goal 4: To build the profile and reputation of our work

Our 2013/4 plans:	Our 2013/4 achievements:
We will start to use a register of speaking engagements and conference attendances, actively managing this to ensure we reach audiences at all levels.	With partners and by invitation, we have run and delivered lectures at a range of conferences covering topics such as hearing loss, speech therapy and paediatric medicine. There are further dates in our calendar for the coming year and we look forward to developing and hosting our own conferences and seminars; our ability to do this will be further enhanced when Phase Two of our Hearing Test Centre development has been completed.
A communications strategy covering published literature and, importantly, our website and digital media, will be developed to support our strategic plans.	Our use of social media has extended this year and as part of our Home Learning Programme development we are piloting different technology for web-hosting. As we add further new services and activities to the support we offer to families an

DIRECTORS' REPORT

	and professionals, we will be able to use both digital media and more traditional printed media to support and promote our work.
--	--

Goal 5: To ensure we are a strong and sustainable organisation

Our 2013/4 plans:	Our 2013/4 achievements:
We will make sure that our fundraising and income-earning strategies are set up to match the needs of our planned activities.	We have a planned succession and rotation of campaigns to raise funds for our different needs (our programme running costs, and our facilities and equipment).
In particular, we will review the information technology resources that our new and extended services will need in order to run most effectively.	We have introduced a number of quick wins this year, and ensured that our core systems remain up to date and robust. We keep our information technology under constant review, particularly while we are still working to design and plan for new services.
As our services depend on our people, we will review the policies and practices we have for developing and looking after our staff, volunteers and Board members.	Including specifically our obligations as an employer to introduce pensions autoenrolment in 2016, we have commenced our review of the way we engage with and look after our staff and volunteers.

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 2014/15 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 2000 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 700.

A true highlight of the year however, was the fantastic award of MBEs to both of our founders, Shirley and David Metherell, in the New Year's Honours list 2014. This was a hugely deserved recognition and tribute to their vision and hard work over so many years, which has helped so many children with hearing loss and their families.

DIRECTORS' REPORT

PUBLIC BENEFIT

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

FINANCIAL REVIEW

The surplus for the year amounted to £132,528 (2013: surplus £141,658). This has been added to reserves in the form of fixed assets as we have commenced the building development work on our Hearing Test Centre.

Note 15 sets out how accumulated reserves are represented in terms of net assets of The Elizabeth Foundation, and demonstrates the investment that has been made in fixed assets which are necessary for the delivery of its charitable services at our Family Centres. At 31 March 2014, The Elizabeth Foundation's unrestricted Income & Expenditure Account balance of £1,271,654 was largely represented by charitable fixed assets in this way. As reported in recent years, the Trustees have been working to increase levels of cash reserves in order to ensure appropriate levels of working capital are available to fund day to day activities and maintain service standards. The Trustees are pleased that it has been possible to achieve progress towards this aim this year, but note that this is likely to be a temporary position as a significant portion of funds are committed to existing projects that are underway; this means that cash will be used in 2014/15 with a corresponding increase to investment in fixed assets as the Hearing Test Centre phase one project concludes.

Investments

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

Reserves

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

At 31 March 2014, The Elizabeth Foundation had unrestricted (but not "free") reserves of £1,271,654 in its Income & Expenditure Account. These reserves are not "free" as defined by the Statement of Recommended Practice (SORP), because they could only be realised (turned into cash) by disposing of fixed assets held for charity use (selling the buildings in which we carry out our activities). Note 15 to the Accounts shows the level of accumulated surpluses that have already been invested in prior years in Fixed Assets in furtherance of The Foundation's charitable objectives, and designated reserves represent The Foundation's investment in the Portsmouth-based founding Family Centre and Early Detection Centre. Accordingly, these reserves are not available as cash to meet the day to day running costs (sometimes called "revenue costs" or "core costs") of providing services.

DIRECTORS' REPORT

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 2014 net assets held by The Elizabeth Foundation amounted to £573,976 on the balance sheet (of which £406,019 represents free reserves in the Income & Expenditure Account). Note 15 shows that these assets represented a portion of the Income & Expenditure Account, the Core Service Reserve, the Grants and Fees Reserve and the Ovingdean Reserve and amount to 78% of total budgeted revenue costs and depreciation for the coming year. For future years, the Trustees aim that between 50% and 100% of total budgeted costs for the ensuing year are held in accessible free reserves, and note that additional fundraising effort will be required to achieve and maintain reserves at the required levels. From time to time, the Trustees will review the adequacy and efficacy of this policy based on prevailing and expected circumstances. Along with many other voluntary sector organisations, The Elizabeth Foundation has experienced cuts in public sector grants and service-level agreements, and has been told to expect this to continue. One of the most important ways a charity like The Elizabeth Foundation can protect itself from the risk of being unable to meet its financial commitments, is to accumulate a sensible level of cash reserves that help provide time for corrective action to take place if income levels fall.

On the basis of the annual and ongoing review of reserve levels and anticipated future cash flow, it is the opinion of the Trustees that the balance on each fund shown in the balance sheet as at 31 March 2014 (together with its anticipated income and expenditure) is adequate to fulfil that fund's obligations and the overall obligations of The Elizabeth Foundation for the next financial year, and for a period of at least 12 months from the date of this report.

OUR PLANS FOR FUTURE PERIODS

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

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

- We will review the success of our new Hearing Support Group and look for ways to be able to continue this service sustainably
- We will continue to design and run new activities for parent education, responding to what parents tell us would help them. In particular we will plan how to develop these activities alongside our Home Learning Programme and extended summer school sessions
- We will conclude Phase One of the project to modernise and extend our Hearing Test Centre, and will move in to the new upper floor areas and introduce new activities
- After reviewing our existing methods of measuring the outcomes we achieve for children and families, we will develop and introduce a new system that helps us to monitor the success of our services as well as giving us information about how we can make improvements or changes to what we do. We will use what we have learned from our peer reviews, and consider the approaches we will need to assist with academic research projects

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

- Following the success of our past summer activities for families, we will go on to develop a more comprehensive and intensive choice of programmes of support for families to attend together

DIRECTORS' REPORT

during holiday periods or weekends (including families who live too far away to attend our termtime daily sessions)

- We will bring our video/audio footage into use as part of our programmes of support, in an appropriate, accessible and viable way
- The market research and needs assessment phases of the project to develop our Home Learning programme will be completed this year

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

- While continuing to ensure day to day quality in our audiology partnering work, we will also ensure that we understand how audiology services in the UK are changing and may continue to change in future
- We will look for ways to develop and maintain full capacity use of our hearing test facilities and related support services

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

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

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

- We will develop and broaden our professional conference attendance/speaking, involving a range of professional staff as appropriate
- We will start to deliver new materials (including digital format) publicise our work; to achieve a wider pool of donors, to promote our professional credibility, and to ensure that families with deaf children can find us
- We will start to plan our own programme of training and conference content, looking for opportunities to run pilot sessions using our existing facilities and with a strong focus on how we can expand our work when we have larger facilities available

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

- As the design and purpose of our new services become more clearly identified, we will adapt or add to our fundraising and income-earning strategies
- Using information about our planned new services, we will sharpen the focus of our fundraising for the next phase of development of our Hearing Test Centre
- In particular, we will keep under constant review the information technology resources that our new and extended services will need in order to run most effectively
- As our services depend on our people, we will review the policies and practices we have for developing and looking after our staff, volunteers and Board members

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

DIRECTORS' REPORT

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 and 2014), which provide for a governing Board of Trustees/Directors originally known as the Council of Management. The Foundation is registered with the Charity Commission under the Charities Act 1960.

The Board of Trustees, and Organisational Structure

The Council of Management consists of up to 14 elected members. Based on seniority of service, one third of the Council retires each year and is eligible for re-election based on one vote per member. In addition, casual vacancies during the year may be filled by co-option approved by the Board.

The Council of Management (referred to as the Board of Trustees) delegates the day to day running of The Elizabeth Foundation to the CEO and senior staff. Between Board meetings, the CEO may make written reports to members of the Board, providing updates on key projects and issues, and generally to keep Trustees informed. From time to time, the Trustees review the composition of the Board in order to ensure that an appropriate mix of skills and competencies is represented, and to identify any specific induction or training needs that Trustees might have. The Elizabeth Foundation makes use of publications available from the Charity Commission to assist Trustees to understand their duties. 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 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

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.

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 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
- 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

Baker Tilly Audit Limited ceased trading on 31 March 2014. The directors, having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as Auditor on 1 April 2014 to fill the casual vacancy. In accordance with the Companies Act 2006 a resolution proposing the appointment of Baker Tilly UK Audit LLP as Auditor will be put to the members.

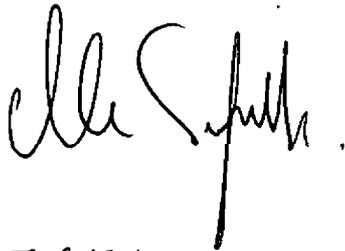
DIRECTORS' REPORT

DIRECTORS

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

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

By order of the Board



M TUFNELL

Approved by the directors on 26 OCTOBER 2014

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 2014 on pages 14 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

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 2014 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' 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


David Brookes (Senior Statutory Auditor)

For and on behalf of

Baker Tilly UK Audit LLP
Statutory Auditor
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

Date: 10 November 2014

STATEMENT OF FINANCIAL ACTIVITIES

And Income & Expenditure Account for the year ended 31 March 2014

	<i>Unrestricted Funds</i>				
	<i>Income and Expenditure Account</i>	<i>Designated Funds</i>	<i>Restricted Funds</i>	<i>Total 2014</i>	<i>Total 2013</i>
	£	£	£	£	£
INCOMING RESOURCES					
<i>Voluntary Income</i>					
Donations and gifts	99,833	-	-	99,833	99,439
Legacies	83,911	-	-	83,911	248,457
Grants	64,358	-	314,585	378,943	201,145
<i>Activities for Generating Funds</i>					
Fundraising events	120,902	-	-	120,902	129,616
<i>Investment income and bank interest</i>	7,935	-	-	7,935	4,494
<i>Incoming Resources from Charitable Activities</i>					
Contracts, fees and other agreements	136,968	-	29,446	166,414	201,852
Total incoming resources	513,907	-	344,031	857,938	885,003
RESOURCES EXPENDED					
<i>Costs of generating funds</i>					
Costs of generating voluntary income	112,418	-	-	112,418	107,244
<i>Charitable Activities</i>	331,662	-	208,392	540,054	573,955
<i>Governance Costs</i>	72,938	-	-	72,938	62,146
Total resources expended	517,018	-	208,392	725,410	743,345

The Elizabeth Foundation (company limited by guarantee) – 31 March 2014

STATEMENT OF FINANCIAL ACTIVITIES

And Income & Expenditure Account for the year ended 31 March 2014

	<i>Unrestricted Funds</i>				<i>Note</i>	<i>Total 2013 £</i>
	<i>Income and</i>			<i>Total 2014 £</i>		
	<i>Expenditure</i>	<i>Designated</i>	<i>Restricted</i>			
	<i>Account</i>	<i>Funds</i>	<i>Funds</i>			
<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>			
NET INCOMING RESOURCES BEFORE TRANSFERS	(3,111)	-	135,639	132,528		141,658
Transfers between reserves	46,653	(25,046)	(21,607)	-	13	-
NET MOVEMENT IN FUNDS FOR THE YEAR	43,542	(25,046)	114,032	132,528		141,658
Balance at start of year	1,228,112	952,455	380,999	2,561,566		2,419,908
Balance at 31 March 2014	1,271,654	927,409	495,031	2,694,094	13	2,561,566

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 2014

BALANCE SHEET

at 31 March 2014

Co Reg 01960980

	Notes	2014 £	2013 £
FIXED ASSETS			
Tangible assets	5	2,120,118	2,119,793
CURRENT ASSETS			
Stocks	6	3,156	2,789
Debtors	7	36,104	57,279
Cash at bank and in hand	8	578,798	436,736
		618,058	496,804
CREDITORS:			
amounts falling due within one year	9	(44,082)	(55,031)
NET CURRENT ASSETS		573,976	441,773
TOTAL ASSETS LESS CURRENT LIABILITIES		2,694,094	2,561,566
RESERVES			
Restricted funds:			
National Lottery Charities Board reserve	13	149,910	154,521
Grants and fees reserve	13	54,647	19,588
Ovingdean Reserve - Inc & Expenditure	13	35,000	55,000
Ovingdean Reserve - Fixed Assets	13	255,474	151,890
Unrestricted Funds:			
Designated fund: Portsmouth Resource Centres			
	13	849,100	874,146
Designated fund: Core Services Reserve			
	13	78,309	78,309
Income and expenditure account			
	13	1,271,654	1,228,112
		2,694,094	2,561,566

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 28 OCTOBER 2014 and are signed on its behalf by:



MRS E. PEERS



DK METHEREELL

NOTES TO THE ACCOUNTS

at 31 March 2014

1. ACCOUNTING POLICIES

Basis of preparation

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

Cash flow statement

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

Fixed Assets and Depreciation

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

Freehold property	-	50 years	Office equipment	-	4 to 5 years
Long leasehold buildings	-	5 to 50 years	Computer equipment-	-	4 to 5 years
School equipment	-	5 years	Medical equipment	-	3 to 5 years
Motor vehicles	-	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 individual employees' private pension schemes up to a maximum of 5% of pensionable salary.

Operating Leases

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

Fund Accounting

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

Reserves

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

NOTES TO THE ACCOUNTS

at 31 March 2014

2. INCOMING RESOURCES, AND RESOURCES EXPENDED

INCOME GENERATED FROM VOLUNTARY SOURCES AND FUNDRAISING

Incoming resources include voluntary sources of income such as charitable donations, grants, gifts (with related tax recovery where appropriate), legacies and payroll-giving programmes, as well as organised fundraising events (some of which are run directly by The Elizabeth Foundation – classed as Fundraising Events; and some which are run by volunteers and supporters with help as necessary by The Elizabeth Foundation – classed as Donations and Gifts), appeals and collections. The cost of running these programmes during the year was £112,418 (2013: £107,244) and this is included within the heading “costs of generating voluntary income” shown under Resources Expended, and in Note 3. The following specific policies are applied to particular categories of voluntary income and fundraising:

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

INCOME GENERATED FROM CHARITABLE ACTIVITIES

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

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

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

NOTES TO THE ACCOUNTS

at 31 March 2014

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

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

RESOURCES EXPENDED

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

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

All costs are allocated between these cost centres (expenditure categories) on a fair and consistent basis intended to reflect the use of the resource. Many types of cost include items that can be directly attributed, as well as a pool of costs that are dealt with by apportionment using an appropriate basis such as staff time allocation, estimated floor area useage, 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 2014

NOTES TO THE ACCOUNTS
at 31 March 2014

3. ANALYSIS OF RESOURCES EXPENDED

	<i>Nursery Programmes</i>	<i>Family Support</i>	<i>Outreach and other Services</i>	<i>Total Charitable Activities</i>	<i>Costs of Generating Voluntary Income</i>	<i>Governance</i>	<i>2014 Total</i>	<i>2013 Total</i>
	£	£	£	£	£	£	£	£
Recruitment, ID checks, travel and subsistence	5,479	464	3,893	9,836	1,315	1,600	12,752	18,704
Depreciation	55,631	-	32,180	87,811	15,355	-	103,166	89,972
Premises and utilities	21,395	1,812	15,200	38,407	5,136	6,248	49,791	57,931
Service consumables	6,731	570	4,782	12,082	1,616	1,966	15,664	18,474
Other costs	2,012	-	-	2,012	-	114	2,126	2,594
Communications and IT	8,469	717	6,017	15,203	2,033	2,473	19,710	23,435
Printing and promotion	8,078	-	1,197	9,275	4,488	1,197	14,959	15,026
Insurances	4,384	371	3,114	7,869	1,052	1,280	10,202	10,922
Legal and professional Fees	2,555	-	365	2,920	365	365	3,650	2,232
Audit, annual report, compliance	3,751	318	2,665	6,734	900	1,096	8,730	8,713
Hire charges and event costs	-	-	-	-	33,637	-	33,637	33,932
Bank charges	890	75	632	1,597	214	260	2,071	2,379
Staff costs	192,915	16,337	137,056	346,307	46,308	56,339	448,955	459,031
	<u>312,290</u>	<u>20,664</u>	<u>207,100</u>	<u>540,054</u>	<u>112,418</u>	<u>72,938</u>	<u>725,410</u>	<u>743,345</u>

NOTES TO THE ACCOUNTS

at 31 March 2014

3. ANALYSIS OF RESOURCES EXPENDED (CONTINUED)

	2014	2013
	£	£
Staff costs:		
Wages and salaries	409,325	419,886
Social security costs	34,418	31,837
Pension contributions	5,212	7,308
	<u>448,955</u>	<u>459,031</u>

The average weekly number of full-time equivalent employees during the year 12 (2013: 13)

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

	2014	2013
	No.	No.
Generating funds	2	2
Charitable activities	9	10
Governance	1	1
	<u>12</u>	<u>13</u>

RELATED PARTIES

Included within staff costs is salary totalling £4,608 (2013: £26,199) paid to Mrs S Metherell, wife of a Director, in her role as Chief Executive Officer until her retirement in April 2013. Included within legal & professional fees and cost of fixed assets is £2,607 (2013: £1,860) paid to Large & Gibson (Solicitors), a firm in which Mr R I M Wootton and Mr P Dymock are partners.

PENSIONS

During the year, £5,212 (2013: £7,308) was paid into defined contribution pension schemes. At the end of the year there were no contributions outstanding for payment (2013: £nil).

4. NET MOVEMENT IN FUNDS

This is stated after charging:

	2014	2013
	£	£
Audit fee	7,625	7,500
Directors'/Trustees' remuneration	-	-
Depreciation of owned fixed assets	103,166	89,972
	<u> </u>	<u> </u>

No Directors/Trustees received payment of expenses (2013: £nil).

NOTES TO THE ACCOUNTS

at 31 March 2014

5. TANGIBLE FIXED ASSETS

	<i>Freehold Property</i>	<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 2013	53,678	2,432,713	36,248	204,485	201,219	2,928,343
Additions	180	102,231	-	500	580	103,491
Disposals	-	-	(17,000)	-	-	(17,000)
At 31 March 2014	53,858	2,534,944	19,248	204,985	201,799	3,014,834
Depreciation:						
At 1 April 2013	15,616	476,448	19,406	158,808	138,272	808,550
Provided during year	1,074	74,735	3,850	11,923	11,584	103,166
Relating to disposals	-	-	(17,000)	-	-	(17,000)
At 31 March 2014	16,690	551,183	6,256	170,731	149,856	894,716
Net book value:						
At 31 March 2014	37,168	1,983,760	12,992	34,254	51,943	2,120,118
At 1 April 2013	38,062	1,956,265	16,842	45,677	62,947	2,119,793

The value of fully constructed long leasehold buildings (Portsmouth Resource Centres) at 31 March 2014, has been estimated for insurance purposes by the Directors at £2,215,000 (2013: £2,215,000). This figure, in the opinion of the Directors, closely reflects the commercial value.

After the year end, the property 57 Daisy Hill Lane which is included in Freehold Property with a balance sheet value of £37,168 was sold for £52,965 after deducting costs of sale. A realised profit on disposal of the property of £15,797 will therefore be recognised in the financial statements for the year ended 31 March 2015.

The Elizabeth Foundation (company limited by guarantee) – 31 March 2014

NOTES TO THE ACCOUNTS
at 31 March 2014

6. STOCKS

	<i>2014</i>	<i>2013</i>
	£	£
Goods for resale	655	289
Stationery and office consumables	2,500	2,500
	<u>3,155</u>	<u>2,789</u>
	<u><u>3,155</u></u>	<u><u>2,789</u></u>

7. DEBTORS

	<i>2014</i>	<i>2013</i>
	£	£
Prepayments and accrued income	36,104	57,279
	<u>36,104</u>	<u>57,279</u>
	<u><u>36,104</u></u>	<u><u>57,279</u></u>

8. CASH AT BANK

	<i>2014</i>	<i>2013</i>
	£	£
Interest bearing accounts	566,591	424,462
Cash in hand and in transit	200	200
Current accounts	12,007	12,074
	<u>578,798</u>	<u>436,736</u>
	<u><u>578,798</u></u>	<u><u>436,736</u></u>

9. CREDITORS: amounts falling due within one year

	<i>2014</i>	<i>2013</i>
	£	£
Other creditors	-	1,470
Accruals and deferred income	35,562	43,714
Taxation and social security	8,520	9,847
	<u>44,082</u>	<u>55,031</u>
	<u><u>44,082</u></u>	<u><u>55,031</u></u>

NOTES TO THE ACCOUNTS

at 31 March 2014

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 2014:

Operating Lease Commitment – Property

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

Operating Lease Commitments – Office equipment

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

	2014	2013
	£	£
In one year or less	-	2,731
In two to five years	3,034	-
	<u> </u>	<u> </u>

Capital Commitments – construction contract

At 31 March 2014 there were commitments contracted of £477,584 (2013: £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 10 members of The Elizabeth Foundation as at 31 March 2014 (2013 – 9 members).

12. EVENTS AFTER THE BALANCE SHEET DATE

After the year end, the property 57 Daisy Hill Lane which is included in Fixed Assets Freehold Property with a balance sheet value of £37,168 was sold for £52,965 after deducting costs of sale. A realised profit on disposal of the property of £15,797 will therefore be recognised in the financial statements for the year ended 31 March 2015.

The Elizabeth Foundation (company limited by guarantee) – 31 March 2014

NOTES TO THE ACCOUNTS
at 31 March 2014

13. RECONCILIATION OF MOVEMENT ON RESERVES

	Restricted Funds				Unrestricted Funds			Total £
	National Lottery Charities Board Reserve £	Grants/fees reserve £	Ovingdean Inc & Exp reserve £	Ovingdean Fixed Assets reserve £	Portsmouth Resource Centres reserve £	Core Services Reserve £	Income and expenditure account £	
At 1 April 2012	159,132	19,029	101,000	107,361	886,186	78,309	1,068,891	2,419,908
Movement in Resources:								
Incoming	-	135,450	135,000	-	-	-	614,553	885,003
Outgoing	-	(134,891)	(125,000)	-	-	-	(483,454)	(743,345)
Transfers between funds	(4,611)	-	(56,000)	44,529	(12,040)	-	28,122	-
At 1 April 2013	154,521	19,588	55,000	151,890	874,146	78,309	1,228,112	2,561,566
Movement in Resources:								
Incoming	-	119,031	225,000	-	-	-	513,907	857,938
Outgoing	-	(83,392)	(125,000)	-	-	-	(517,018)	(725,410)
Transfers between funds	(4,611)	(580)	(120,000)	103,584	(25,046)	-	46,653	-
At 1 April 2014	149,910	54,647	35,000	255,474	849,100	78,309	1,271,654	2,694,094

NOTES TO THE ACCOUNTS

at 31 March 2014

13. RECONCILIATION OF MOVEMENT ON RESERVES (CONTINUED)

NATIONAL LOTTERY CHARITIES BOARD RESERVE

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

GRANTS AND FEES RESERVE

The Elizabeth Foundation receives restricted grants and fees for specific charitable purposes from different grant making bodies and other agencies. These funds are spent on both depreciable fixed assets and revenue expenditure. In the year to 31 March 2014 the reserve was mainly utilised on speech and language therapy projects, nursery team employment costs, purchase and depreciation of tangible fixed assets (including digital media equipment), technology to directly assist children's learning, development of the Home Learning Programme, costs of running a new support group for children with a temporary or milder hearing loss, and other costs associated with early intervention and family support activities.

OVINGDEAN HALL FOUNDATION RESERVES

Ovingdean Hall Foundation: Income and Expenditure Reserve

This new reserve holds the unexpended restricted funds donated by the Ovingdean Hall Foundation for a range of special-purpose projects. At 31 March 2014 the fund balance represents grant given (but not yet expended) towards the Test Centre refurbishment and extension. It is expected that the funds will be utilised over the coming year and transferred to the Ovingdean Hall Foundation Fixed Asset Reserve.

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. At 31 March 2014, the fund balance represented 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. It also represented the funded costs of the first stages of work completed and paid for in respect of the Test Centre project, which is due for contractual practical completion in October 2014. 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 a past appeal to finance construction of the Early Detection Centre. The money has now been fully spent and the building is included in fixed assets. Depreciation charged on these assets is set against the fund each year.

NOTES TO THE ACCOUNTS

at 31 March 2014

13. RECONCILIATION OF MOVEMENT ON RESERVES (CONTINUED)

CORE SERVICES RESERVE

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

INCOME AND EXPENDITURE ACCOUNT

The Income and Expenditure Account represents the total of accumulated unrestricted surpluses that The Elizabeth Foundation has generated during its history. As shown in Note 15, at 31 March 2014 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 2014, the Income and Expenditure Account was represented largely by fixed assets (buildings) in charitable use, and by £406,019 net current assets (including cash at bank). Attention is drawn to information about capital commitments in Note 10. There is also further information about the Trustees' aims in respect of free reserves, set out in the Directors' Report. The Trustees consider that the charity needs to build up its liquid assets (cash at bank) in order to ensure appropriate daily management of its working capital commitments in future and are pleased with progress towards this objective achieved this year.

14. TAXATION

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

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<i>Tangible</i>	<i>Other Net</i>	<i>2014</i>	<i>2013</i>
	<i>fixed assets</i>	<i>assets</i>	<i>Total</i>	<i>Total</i>
	£	£	£	£
<i>Restricted:</i>				
National Lottery Charities				
Board reserve	149,910	-	149,910	154,521
Grants and fees reserve	-	54,647	54,647	19,588
Ovingdean reserves	255,474	35,000	290,474	206,890
<i>Unrestricted:</i>				
Portsmouth Resource Centres	849,100	-	849,100	874,145
Core Services Reserve	-	78,309	78,309	78,309
Income and Expenditure account	865,634	406,020	1,271,654	1,228,113
	2,120,118	573,975	2,694,094	2,561,566