

COMPANY REGISTRATION NUMBER: 06400879
CHARITY REGISTRATION NUMBER: 1122071

The Lily Foundation
Company Limited by Guarantee
Unaudited Financial Statements
31 August 2018

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The Lily Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2018

The trustees, who are also the directors for the purposes of company law, present their report and the unaudited financial statements of the company for the year ended 31 August 2018.

Reference and administrative details

Registered charity name	The Lily Foundation
Charity registration number	1122071
Company registration number	06400879
Principal office and registered office	31 Warren Park Warlingham Surrey CR6 9LD

The trustees

Mr B Carter - Chairman	
Mr J Pearce	(resigned 18 th March 2018)
Mrs H Rider	
Mr J Symons	
Mrs A Whitfield	(resigned 16 th November 2017)
Mrs S Povey	
Mrs S Saggar	
Mrs R Bains	
Mr J Spyrou	
Mr D Curtis	(appointed 20 th November 2018)

Company secretary Mrs S Hanks

Chief executive officer Ms E Curtis

Independent Examiner Shipleys LLP
Chartered Accountants
10 Orange Street
Haymarket
London
WC2H 7DQ

Bankers Barclays
174 High Street
Southend on Sea
Essex
SS1 1JS

The Lily Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2018

Structure, governance and management

Nature of the Governing Document and constitution of the charity.

Constituted as a Private Limited Company operated by a Board of Trustees. Governed by a Memorandum and Articles of Association and a Governing Document following the Charity Commissioners template.

The methods adopted for the recruitment, appointment, induction and training of new trustees.

Potential trustees make it known to the board that they are interested in becoming a trustee, or they are approached by an existing director.

- They are invited to attend a meeting to discuss the benefits they can bring to the charity.
- Existing trustees vote on whether the candidate is suitable.
- If the candidate is suitable, they are offered a position.
- The candidate then decides whether they will accept the position.
- Once accepted, the trustee is given promotional literature about the charity and directed to the charity website for further background information, however most new trustees are already familiar with the charities aims and objectives, having attended a number of fundraising events in the past.
- New trustees are invited and encouraged to attend an introductory meeting with the CEO and other staff to meet the team and understand the charity structure. They are encouraged to ask questions and are given information about their obligations as a trustee of the charity.

The organisational structure of the charity and how decisions are made.

The board of trustees consisted of 7 individuals at 31st August 2018.

All policy decisions are made by the Board with any final decision in the event of a tied vote being made by the Chairperson.

Elizabeth Curtis, as CEO, is responsible for the day to day organisation of the charity, working closely with the chairperson and senior management team on decision making matters.

In addition, there are a number of two or three sub-committees to organise different aspects of the charities work and to manage events. There are regular board meetings throughout the year to discuss charity matters, culminating in an AGM.

Risk Management

The trustees conduct annual reviews of the major risks to which the charity is exposed, and these are recorded in a risk register. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces.

External risks to funding have been considered and the charity's strategic plan addresses these risks and allows for the diversification of funding and activities. Internal control risks are minimised by the clearly defined procedures for authorisation of all transactions and projects.

All procedures are periodically reviewed to ensure that they continue to meet the needs of the charity.

The Lily Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2018

Objectives and activities

A summary of the objects of the charity as set out in its governing document.

1 - To promote the physical and mental health of sufferers of mitochondrial disease and other metabolic disorders through greater awareness and funding.

2 - To provide funds for further research into the disease.

3 - To provide greater awareness to the public of mitochondrial disease.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

Public Benefit that is provided by the charity.

1 - To fund research which will improve accuracy of diagnosis and treatment options for sufferers of mitochondrial disease.

2 - To fund professional training so that specialised doctors and nurses can give patients the best care.

3 - To educate and raise awareness of mitochondrial disease to the public and the medical community, to increase recognition of these conditions.

4 - To fund facilities and upkeep of family accommodation at hospitals around the country to ensure families can stay close to their sick children.

5 - To support families affected by mitochondrial disease.

Strategic report

The following sections for achievements and performance and financial review form the strategic report of the company.

The Lily Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2018

Achievements and performance

Summary of the main achievements of the charity during the year.

Research

Through funding research, the Lily Foundation aims to improve diagnosis and treatment of Mitochondrial Disease. Many families are having to wait months and sometimes years before a diagnosis is made, and even in cases where a diagnosis is confirmed, treatment options that may stabilise the condition and improve quality of life are limited, and not always effective. The Lily Foundation hopes to change this.

What we have achieved so far: -

Our Lily gene testing programme has now been running for 10 years and still remains the first national diagnostic collaboration of its kind in the UK - accepting samples from all 3 major mitochondrial specialist centres in London, Oxford and Newcastle. Our principal goal was to ensure all UK families had access to fast and accurate genetic testing for their mitochondrial disease, and we continue to achieve this, with over 70% of our families receiving confirmed, or highly probable genetic diagnoses.

We also fund two research fellows, a bio-informatician and two PhD studentships around the country, who work on a variety of mitochondrial diagnostic based research initiatives, including vital analysis of newly discovered disease-causing genes to validate their role in mitochondrial disease, which has led to a significant advancement in understanding of the genetic causes of this disease.

Alongside this diagnostic work, we also run an annual internationally peer-reviewed research call, to draw in new and exciting concepts for treating mitochondrial disease or alleviating symptoms. We are currently funding 7 exciting UK based projects looking at new treatments and therapies for mitochondrial disease.

Support

During the year we held two 'Lily Family Weekends' which brought families known to the charity together in one place. These weekends provided families with a relaxed environment in which they were able to meet each other and share stories, whilst siblings enjoyed organised activities for all abilities. Building a strong support network for these families is vital to ensure they are able to cope with the uncertainties of this condition, and by providing information sessions from some of the best doctors in the UK and emotional support sessions through our links with Child Bereavement UK, and Together for Short Lives, we managed to achieve this.

We continue to offer our 'Lily's Helping Hand' scheme, which works in partnership with families to co-fund items that will enrich the lives of children with Mitochondrial Disease. This initiative continues to prove a huge success, allowing us to work with families to fund items such as special needs pushchairs and trikes, sensory equipment and specialist chairs and beds which would otherwise not have been available to them.

This year we have continued to fund family rooms at Great Ormond Street Children's Hospital (via GOSH Charity), the Great North Children's Hospital (via The Sick Children's Trust), the Evelina Children's Hospital (via the Evelina Family Trust) and Ronald MacDonald House in Oxford ensuring we support family accommodation linked to the all three specialist centres for Mitochondrial Disease treatment in the UK, so that affected families can stay near their children whilst they are in hospital for long periods of time.

The Lily Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2018

Achievements and performance *(continued)*

We continue to be able to offer short breaks to Centre Parcs for families with affected children, to allow special family time to build memories that will be cherished.

We continue to fund specialist NHS nurses around the country, who are vital to maintaining links between families and doctors to ensure families feel supported.

We continue to offer our families a dedicated benefits advice service through our relationship with Newcastle University. This ensures they receive the benefits they need to manage their condition without the added stress of financial worries.

We continue a strong relationship with Child Bereavement UK (CBUK) who specialise in emotional support and advice after child loss, and they once again spoke at our Lily Family Weekends.

We continue to offer direct support through e-mail, phone and in person, to listen to family's stories and to help them understand the implications of a mitochondrial disease diagnosis. We can put them in contact with other families that are in a similar situation to help them build a support network.

We continue to run an incredibly popular closed Facebook support group where families can make contact with others in the same situation, and this year we launched a new dedicated adult Facebook support group which was the first of many new initiatives we have planned, to better support adults with mitochondrial disease.

Awareness

Through public speaking, press and radio interviews, and using educational tools like our animation entitled 'What's Mitochondrial Disease?', we continue to push Mitochondrial Disease into the mainstream media and significantly raise awareness of this complex condition.

With social media becoming increasingly popular, we extended our Facebook and Twitter profiles to promote the charity and raise awareness of mitochondrial disease through campaigns during 'Mitochondrial Disease Awareness Week', 'Rare Disease Day' and in the run up to Christmas.

We continue to improve and update our Lily Website www.thelilyfoundation.org.uk which offers detailed information about Mitochondrial Disease as well as children's inspirational stories and information on what the charity can offer affected families in terms of support. We hope this site continues to be a useful resource for both patients and supporters.

We continue to work in partnership with the NHS Rare Mitochondrial Disease Service to administer a new NHS website resource to give affected families information about the mitochondrial services available to them in the UK and advice and information for patients and professionals working in the field. www.mitochondrialdisease.nhs.uk This website had been an excellent new resource for families and professionals all over the UK.

We continue to work closely with all three UK specialist centres for mitochondrial disease to improve patient and professional access to quality information and we attend and speak at UK and international events to achieve this goal.

The Lily Foundation

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2018

Achievements and performance *(continued)*

We remain heavily involved in the process of ensuring families can benefit from Mitochondrial Donation Therapies. Access to these ground-breaking therapies, pioneered in the UK through Newcastle University, were granted through the House of Commons and Lords by large majorities in February 2015 and could give families affected by maternally inherited Mitochondrial Disease the chance to have their own healthy child. This is something that most people take for granted but for mothers who carry faulty Mitochondrial DNA and risk passing these on to their children, this new technology offers huge hope for the future. We continue to be involved in helping develop NHS care pathways, to ensure families who are eligible for these new therapies are well supported.

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2018

Financial review

Policies on Reserves

In accordance with Charity Commission guidance, the Trustees regularly monitor and annually review the adequacy of the charity's reserves and the reserves policy.

The trustees have forecast the level of income for 2018/19 at £960,000 gross and £725,000 net before expenditure on charitable activities. This takes into account the likely growth of the charity, including opening up new financial sources but also considering costs required to grow the charity and global financial predictions.

The charity reserves policy is to hold back sufficient funds to cover the fixed charity running costs, salary/freelance costs for 12 months and any essential variable costs necessary for healthy growth of the charity, which equates to £330,000 (2017: £335,000). All reserves over and above this retained amount are designated to charitable activities on an annual basis. The trustees do not consider a reserve fund is necessary to cover the cost of event organisation as historically charity run events have covered such costs and resulted in profit. Such events would not take place if a loss was anticipated.

At 31st August 2018, the charity had free reserves of £810,840 (2017: £920,908), being unrestricted reserves less fixed assets.

Transactions and Financial position

The financial statements are set out on pages 12 to 14. The financial statements have been prepared implementing the Statement of recommended Practice for Accounting and Reporting by Charities (FRS 102) issued by the Charities Commission for England and Wales. As stated in the introduction to this report, the trustees consider the financial performance by the charity during the year to have been satisfactory.

The principal sources of funding are through voluntary donations and this income stream continues to grow as the charity becomes more well known. In addition, income continues to be generated through organised fundraising events which ensures we have sufficient resources to fund research into mitochondrial disease, raises awareness of the condition and support affected families.

The Statement of Financial Activities show net expenditure for the year of a revenue nature to be - £110,232 (2017: net income £133,529).

Reserves at the year end, before designation to specific charitable activities stood at £811,212 (2017: £921,444) and after designation to specific charitable activities was £145,848 (2017: £333,841).

The Lily Foundation

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2018

Financial review *(continued)*

Grant Making Policy

Once a year at the AGM, trustees decide the main focus of the charities grant making activities for the coming year, in line with the main charity aims and objectives.

External grants fall into the categories of Research, Support and Education.

Research grants are awarded through an annual formal peer reviewed application process and cover 'Diagnostic Research' and 'Treatments for Mitochondrial Disease'.

Support grants for 'Short Family Breaks' and 'Specialist Equipment' are via a formal application form and awarded on a first come first served basis until funds are depleted.

Educational grants are awarded by direct engagement with organisations that may be able to fulfil the necessary objectives and once satisfied, contracts are drawn up and awards are made.

Share Capital

The company is limited by guarantee and therefore has no share capital.

The members of the Board of Trustees of the Charity during the year ended 31st August 2018 were:-

Mr Benjamin Carter - Chairman
Mr Jonathan Pearce (resigned 18th March 2018)
Mrs Helen Rider
Mr John Symons
Mrs Abigail Whitfield (resigned 16th November 2017)
Mrs Sarah Povey
Mrs Suzanne Saggat
Mrs Rupinder Bains
Mr John Spyrou

All the directors of the company are also trustees and members of the charity, and their responsibilities include all the responsibilities of directors under the Companies Acts and of trustees under the Charities Acts.

The members of the Board of Trustees of the Charity at the date the report and accounts were approved were:-

Mrs Helen Rider
Mr John Symons
Mr Benjamin Carter
Mrs Sarah Povey
Mrs Suzanne Saggat
Mrs Rupinder Bains
Mr John Spyrou
Mr Dean Curtis (appointed 20th November 2018)

The Lily Foundation

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2018

Plans for future periods

PLANS FOR FUTURE PERIODS

What we hope to achieve going forward:

The Lily Foundation has always had a very strong focus on medical research, and our Lily gene testing project continues to yield incredible results, ensuring families continue to get fast and accurate results from their genetic testing. We intend to continue supporting this valuable work until an equivalent NHS service is in place.

Recent improvements in diagnosing mitochondrial disease, coupled with the development of large living cohorts of patients living with mito, means there is a real opportunity to focus future research efforts on discovering new treatments for patients. We are committed to funding innovative research into 'Treatments for Mitochondrial Disease' which may lead to breakthrough's in this area.

We continue to fund professional training for doctors and nurses working in the field of mitochondrial medicine, and we also attend professional conferences to ensure the services we can offer patients in their care. Through extending our professional contact, we hope to be able to reach out to families seen in all hospitals around the UK.

We continue to work closely with the three specialist centres for mitochondrial disease and listen to how we can support their NHS service to improve the experience for families. We are also committed to improving science communication by bringing together patients and professionals to ensure families are aware of studies and trials that might benefit them.

In terms of support, we continue to listen to our families about what they most need and based on the huge success of our Lily family weekends, we hope to be able to hold a similar event annually. We also hope to be able to offer a similar event to young adults suffering from mito.

We will continue to offer short breaks for affected families to Centre Parcs, continue with our Helping Hand scheme to co-fund items that will enrich the lives of children with Mitochondrial Disease, and to support hospital accommodation costs when their loved ones are in intensive care.

In term of awareness, we remain in the spotlight throughout involvement in the passing of the regulations to allow Mitochondrial Donation Therapies - IVF techniques which could prevent the transmission of maternally inherited mitochondrial diseases from mother to child, providing huge hope for many affected families.

We continue to be involved in this process, working together with the NHS, to ensure proper care pathways are in place for families who wish to apply to use the techniques, as well as supporting patient groups around the world in their quest to have access to similar techniques in their own countries.

Over the coming year we intend to expand the support services we are able to offer to adult patients.

The Lily Foundation

Company Limited by Guarantee

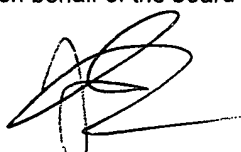
Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2018

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The trustees' annual report and the strategic report were approved on22/5/19..... and signed on behalf of the board of trustees by:



Mrs H Rider
Trustee

The Lily Foundation

Company Limited by Guarantee

Independent Examiner's Report to the Trustees of The Lily Foundation (continued)

Year ended 31 August 2018

I report to the trustees on my examination of the unaudited financial statements of The Lily Foundation ('the company') for the year ended 31 August 2018.

Responsibilities and basis of report

As the trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the unaudited financial statements in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

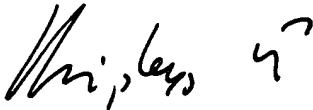
Independent examiner's statement

Since the company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales (ICAEW), which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the unaudited financial statements do not accord with those records; or
3. the unaudited financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the unaudited financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



Mr S Joberns FCA
SHIPLEYS LLP
Independent Examiner

10 Orange Street
Haymarket
London, WC2H 7DQ

23 May 2019

The Lily Foundation

Company Limited by Guarantee

Statement of Financial Activities (including income and expenditure account)

31 August 2018

			2018		2017
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Income and endowments					
Donations and legacies	5	574,777	55,189	629,966	669,103
Other trading activities	6	172,226	–	172,226	174,893
Investment income	7	1,062	–	1,062	172
Total income		<u>748,065</u>	<u>55,189</u>	<u>803,254</u>	<u>844,168</u>
Expenditure					
Expenditure on raising funds:					
Costs of raising donations and legacies	8	105,653	–	105,653	77,237
Costs of other trading activities	9	128,870	–	128,870	132,678
Expenditure on charitable activities	10,11	623,774	55,189	678,963	500,724
Total expenditure		<u>858,297</u>	<u>55,189</u>	<u>913,486</u>	<u>710,639</u>
Net (expenditure)/income and net movement in funds		<u>(110,232)</u>	<u>–</u>	<u>(110,232)</u>	<u>133,529</u>
Reconciliation of funds					
Total funds brought forward		921,444	–	921,444	787,915
Total funds carried forward		<u>811,212</u>	<u>–</u>	<u>811,212</u>	<u>921,444</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 15 to 24 form part of these unaudited financial statements.

The Lily Foundation
Company Limited by Guarantee
Statement of Financial Position
31 August 2018

		2018	2017
		£	£
Fixed assets			
Tangible fixed assets	15	373	536
Current assets			
Debtors	16	45,557	36,151
Cash at bank and in hand		952,991	983,532
		<u>998,548</u>	<u>1,019,683</u>
Creditors: amounts falling due within one year	17	187,709	98,775
Net current assets		<u>810,839</u>	<u>920,908</u>
Total assets less current liabilities		<u>811,212</u>	<u>921,444</u>
Net assets		<u>811,212</u>	<u>921,444</u>
Funds of the charity			
Unrestricted funds		811,212	921,444
Total charity funds	20	<u>811,212</u>	<u>921,444</u>

For the year ending 31 August 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its unaudited financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of unaudited financial statements.

These unaudited financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These unaudited financial statements were approved by the board of trustees and authorised for issue on 22/5/19, and are signed on behalf of the board by:



Mrs H Rider
Trustee Director and Treasurer

Company Registration Number 1122071

The notes on pages 15 to 24 form part of these unaudited financial statements.

The Lily Foundation
Company Limited by Guarantee
Statement of Cash Flows
Year ended 31 August 2018

	2018	2017
	£	£
Cash flows from operating activities		
Net (expenditure)/income	(110,232)	133,529
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	402	343
Other interest receivable and similar income	(1,062)	(172)
Accrued (income)/expenses	(20,479)	20,376
<i>Changes in:</i>		
Trade and other debtors	(9,406)	69,937
Trade and other creditors	109,413	14,253
Cash generated from operations	(31,364)	238,266
Interest received	1,062	172
Net cash (used in)/from operating activities	<u>(30,302)</u>	<u>238,438</u>
Cash flows from investing activities		
Purchase of tangible assets	(239)	(307)
Net cash used in investing activities	<u>(239)</u>	<u>(307)</u>
Net (decrease)/increase in cash and cash equivalents	(30,541)	238,131
Cash and cash equivalents at beginning of year	983,532	745,401
Cash and cash equivalents at end of year	<u>952,991</u>	<u>983,532</u>

The notes on pages 15 to 24 form part of these unaudited financial statements.

The Lily Foundation

Company Limited by Guarantee

Notes to the Unaudited Financial Statements

Year ended 31 August 2018

1. General information

The company is a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 31 Warren Park, Warlingham, Surrey, CR6 9LD.

2. Statement of compliance

These unaudited financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Charities Act 2011.

3. Accounting policies

Basis of preparation

The unaudited financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The unaudited financial statements are prepared in sterling, which is the functional currency of the entity.

The Lily Foundation meets the definition of a public benefit entity under FRS 102.

Going concern

There are no material uncertainties about the charity's ability to continue.

Debtors

Other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid after taking account of any trade discounts due.

Cash at bank and in hand

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

Creditors and provisions

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

The Lily Foundation

Company Limited by Guarantee

Notes to the Unaudited Financial Statements *(continued)*

Year ended 31 August 2018

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no significant areas requiring material judgements, estimates or assumptions.

Taxation

The charity is exempt from tax on income and gains to the extent that these are applied to its charitable objectives.

Pension costs

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Differences between contributions payable in the year and the contributions actually paid are shown as either accruals or prepayments on the balance sheet.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal and fall into one of two sub-classes: restricted income funds or endowment funds.

Income

Income is accounted for when the charity has entitlement to the funds, receipt is probable, and the amount is measurable. Where income is received in advance of an event it is deferred until the charity is entitled to the income.

Income from donations and grants is included in income when these are receivable. When donors impose conditions, which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in income until the pre-conditions for use have been met. Interest is included when receivable by the charity.

The Lily Foundation

Company Limited by Guarantee

Notes to the Unaudited Financial Statements *(continued)*

Year ended 31 August 2018

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 25% straight line
Equipment	- 25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

The Lily Foundation

Company Limited by Guarantee

Notes to the Unaudited Financial Statements *(continued)*

Year ended 31 August 2018

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

4. Limited by guarantee

The charity is incorporated under the Companies Act and is limited by guarantee, each member having undertaken to contribute such amounts, not exceeding one pound, as may be required in the event of the company being wound up whilst he or she is still a member or within one year thereafter.

There are 7 members of the company (2017 - 9 members).

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Other donations and legacies			
Donations & Sponsorship	574,777	55,189	629,966
	<u>574,777</u>	<u>55,189</u>	<u>629,966</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Other donations and legacies			
Donations & Sponsorship	562,471	106,632	669,103
	<u>562,471</u>	<u>106,632</u>	<u>669,103</u>

6. Other trading activities

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Activities for generating funds	172,226	172,226	174,893	174,893
	<u>172,226</u>	<u>172,226</u>	<u>174,893</u>	<u>174,893</u>

7. Investment income

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Investment Income	1,062	1,062	172	172
	<u>1,062</u>	<u>1,062</u>	<u>172</u>	<u>172</u>

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Company Limited by Guarantee

Notes to the Unaudited Financial Statements *(continued)*

Year ended 31 August 2018

8. Costs of raising donations and legacies

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Direct Costs	28,191	28,191	11,996	11,996
Fundraiser Support	47,732	47,732	37,964	37,964
Advertising & Promotion	7,675	7,675	4,609	4,609
Fund Collection Costs	22,055	22,055	22,668	22,668
	<u>105,653</u>	<u>105,653</u>	<u>77,237</u>	<u>77,237</u>

9. Costs of other trading activities

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Operating leases	1,680	1,680	1,280	1,280
Direct Event Costs	68,060	68,060	73,489	73,489
Indirect Event Costs	36,567	36,567	47,618	47,618
Merchandise Costs	18,024	18,024	5,541	5,541
Other Trading Expenses	1,125	1,125	1,839	1,839
Fund Collection Costs	3,414	3,414	2,911	2,911
	<u>128,870</u>	<u>128,870</u>	<u>132,678</u>	<u>132,678</u>

10. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Research Expenditure	313,919	22,877	336,796
Patient & Family Support	204,029	22,026	226,055
Awareness & Education	102,919	10,286	113,205
Support costs	2,907	-	2,907
	<u>623,774</u>	<u>55,189</u>	<u>678,963</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Research Expenditure	212,142	76,100	288,242
Patient & Family Support	111,932	30,532	142,464
Awareness & Education	67,084	-	67,084
Support costs	2,934	-	2,934
	<u>394,092</u>	<u>106,632</u>	<u>500,724</u>

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Notes to the Unaudited Financial Statements *(continued)*

Year ended 31 August 2018

11. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total funds 2018 £	Total fund 2017 £
Research Expenditure	33,049	303,747		336,796	288,242
Patient & Family Support	211,055	15,000		226,055	142,464
Awareness & Education	92,980	20,225		113,205	67,084
Governance costs	-	-	2,907	2,907	2,934
	<u>337,084</u>	<u>338,972</u>	<u>2,907</u>	<u>678,963</u>	<u>500,724</u>

Governance (support) costs are broken down as follows:

	2018 £	2017 £
Independent Examiners Fees	750	750
Depreciation	402	343
Sundry Governance Costs	1,224	1,511
Insurance	531	330
	<u>2,907</u>	<u>2,934</u>

Grants funding activities are broken down as follows:

	2018 £
St Georges London – Treatments for Mitochondrial Disease Research	44,898
Newcastle University – Treatments for Mitochondrial Disease Research	90,296
Oxford University - Treatments for Mitochondrial Disease Research	49,847
Oxford John Radcliffe Hospital - Mitochondrial Specialist Nurse	13,088
Guy's & St Thomas' - Exome Diagnostic Testing & Bioinformatician	105,618
Family Accommodation London, Oxford & Newcastle	15,000
Oxford & UCL - Educational Grants for Medical Professionals	623
Science Communication Grant to Newcastle University	19,602
	<u>338,972</u>

12. Net income

Net income is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets	402	343
Operating lease rentals	<u>1,680</u>	<u>1,280</u>

13. Independent examination fees

	2018 £	2017 £
Fees payable to the independent examiner for:		
Independent examination of the unaudited financial statements	<u>750</u>	<u>750</u>

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Notes to the Unaudited Financial Statements *(continued)*

Year ended 31 August 2018

14. Staff costs and emoluments

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2018	2017
	£	£
Wages	189,711	142,355
Social Security	16,456	12,156
Pension Costs	1,995	557
	<u>208,162</u>	<u>155,068</u>

The average head count of employees during the year was 5 (2017: 4). The average number of full-time equivalent employees during the year is analysed as follows:

	2018	2017
	No.	No.
Number of other staff	<u>5</u>	<u>4</u>

No employee received employee benefits of more than £60,000 during the year (2017: Nil).

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £147,179 (2017: £126,483).

Trustee Remuneration and expenses

No remuneration or reimbursement of expenses were paid to the trustees during the current or prior year.

15. Tangible fixed assets

	Fixtures and fittings	Equipment	Total
	£	£	£
Cost			
At 1 September 2017	284	2,599	2,883
Additions	–	239	239
At 31 August 2018	<u>284</u>	<u>2,838</u>	<u>3,122</u>
Depreciation			
At 1 September 2017	284	2,063	2,347
Charge for the year	–	402	402
At 31 August 2018	<u>284</u>	<u>2,465</u>	<u>2,749</u>
Carrying amount			
At 31 August 2018	<u>–</u>	<u>373</u>	<u>373</u>
At 31 August 2017	<u>–</u>	<u>536</u>	<u>536</u>

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Notes to the Unaudited Financial Statements *(continued)*

Year ended 31 August 2018

16. Debtors

	2018 £	2017 £
Prepayments and accrued income	44,981	35,401
Other debtors	576	750
	<u>45,557</u>	<u>36,151</u>

17. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	15,452	6,700
Accruals and deferred income	12,430	30,908
Social security and other taxes	5,980	3,962
Other creditors	153,847	57,205
	<u>187,709</u>	<u>98,775</u>

Within 'accruals and deferred income' there is an amount of £9,562 deferred income (2017: £30,158) which relates to income received in advance for events taking place the following financial year. The 2017 deferred income was released during the year.

Movement in grant commitments within 'other creditors' is stated in the table below:

	2018 £	2017 £
Grant commitments at the start of the year	57,205	46,000
New grant commitments charged to the SoFA in the year	338,972	306,743
Grants paid during the year	(242,330)	(295,538)
Amount of grant commitments at the end of the year	<u>153,847</u>	<u>57,205</u>

18. Commitments under operating leases

At 31 August 2018, the company had annual commitments under non-cancellable operating leases as set out below.

Land and buildings

	2018 £	2017 £
Operating leases which expire:		
Within 1 year	<u>1,680</u>	<u>1,680</u>

The Lily Foundation

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Notes to the Unaudited Financial Statements *(continued)*

Year ended 31 August 2018

19. Analysis of charitable funds

Unrestricted funds

	At 1 September 2017 £	Income £	Expenditure £	At 31 August 2018 £
General funds	<u>921,444</u>	<u>748,065</u>	<u>(858,297)</u>	<u>811,212</u>

	Balance at 1 Sep 2016 £	Income £	Expenditure £	Balance at 31 Aug 2017 £
General Funds	<u>787,915</u>	<u>737,536</u>	<u>(604,007)</u>	<u>921,444</u>

Within unrestricted funds of £811,212, £810,840 is distributable after deduction of fixed asset NBV. £330,00 has been held back in accordance with the charity reserves policy and the remaining £480,840 to charitable activities as follows:

	2017 £
Research into Treatments for Mitochondrial Disease	(200,000)
Specialist Nursing	(15,000)
Lily Exome Sequencing Diagnostic Project	(52,000)
Family Support (Short Breaks, Helping Hand, Family Weekend)	(124,400)
Research Fellows & Studentships	(50,000)
Awareness and Education	<u>(39,440)</u>
	<u>(480,840)</u>

Restricted funds

	At 1 September 2017 £	Income £	Expenditure £	At 31 August 2018 £
Restricted Funds*	<u>-</u>	<u>55,189</u>	<u>(55,189)</u>	<u>-</u>

	Balance at 1 Sep 2016 £	Income £	Expenditure £	Balance at 31 Aug 2017 £
Restricted Funds	<u>-</u>	<u>106,632</u>	<u>(106,632)</u>	<u>-</u>

* During the year restricted donations totalling £55,189 were received from private donors and companies who wish to remain anonymous. £22,877 was restricted to medical research, £22,026 was restricted to patient support services and £10,286 was restricted to education and awareness activities.

The Lily Foundation

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Notes to the Unaudited Financial Statements *(continued)*

Year ended 31 August 2018

20. Analysis of Net Assets between Funds

	Tangible fixed assets	Net current assets	2018 Total
	£	£	£
Unrestricted Income Funds	<u>373</u>	<u>810,839</u>	<u>811,212</u>
Total Funds	<u>373</u>	<u>810,839</u>	<u>811,212</u>

	Tangible fixed assets	Net current assets	2017 Total
	£	£	£
Unrestricted Income Funds	<u>536</u>	<u>920,908</u>	<u>921,444</u>
Total Funds	<u>536</u>	<u>920,908</u>	<u>921,444</u>

21. Related Party Transactions

No transactions with related parties were undertaken such as are required to be disclosed under the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).