

**LEGAL AND ADMINISTRATIVE DETAILS**

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<b>Trustees</b>	<b>Zia Arden (Chair) Dominic Byrne Elizabeth Llewellyn-Smith CB Elizabeth Mills OBE Stephen W Woolgar</b>
<b>Secretary</b>	<b>Zia Arden</b>
<b>Director</b>	<b>Jacqueline Stokes</b>
<b>Company Number</b>	<b>04569764 (England and Wales)</b>
<b>Charity Number</b>	<b>1095133</b>
<b>Registered Office</b>	<b>91 Godstow Road Wolvercote Oxford Oxon OX2 8PF</b>
<b>Business Address</b>	<b>Bignell Park Barns Chesterton Oxon OX26 1TD</b>
<b>Bankers</b>	<b>Lloyds TSB Oxford</b>
<b>Auditors</b>	<b>Shaw Gibbs Oxford</b>

## Report of the Board of Trustees

### STRUCTURE, GOVERNANCE and MANAGEMENT

The organisation is a company limited by guarantee and a registered charity. It is registered as The Auditory Verbal Centre and uses the working name, Auditory Verbal<sup>UK</sup>. The members of the company are the same as its trustees. The company is established under a memorandum of association, which sets out the objects and powers of the charitable company and is governed under its articles of association.

The board is responsible for oversight of the management of all the affairs of the charity. It seeks to ensure that all activities are within UK law and come within agreed charitable objectives. Our work includes setting strategic direction, agreeing the financial plan and ensuring that activities are carried out within agreed governance frameworks.

The charity is governed by its board of trustees who have met on average once every three months. These meetings comprise the trustees with the director and administrator in attendance. The meetings make decisions about the policies and strategic direction of the charity. The board delegates all other, operational and management, matters to the director. All decisions are recorded in the minutes of the meeting. We operate a separate remuneration committee, which meets to discuss matters of employment and remuneration policy. In this we have benefited from the attendance and advice of Caroline Gray, Director of the ACE Centre (Aiding Communication in Education).

The trustees seek to act independently and impartially with their sole interest being the furtherance of the charity's objects. In addition, all trustees have declared that there is nothing that, to their knowledge, could conflict with trustee independence before they were appointed as a trustee. Any potential conflict of interest must be declared in advance of any agenda item and, in such an event, an individual trustee may be excluded from the decision-making process.

Jacqueline Stokes, the director of Auditory Verbal<sup>UK</sup>, is married to Stephen Woolgar a trustee. The board has ensured that Professor Woolgar does not participate, nor influence in any way, decision making for any matters affecting his wife's terms and conditions of employment. All such matters are governed by the remuneration committee. Professor Woolgar is not a member of this committee.

H A Swan resigned as a Trustee on 10 October 2006. She had been a trustee since the inception of the charity and her contribution has been very valuable during the first, critical early years of the organisation. The Board of Trustees would like to thank her for the four years that she served as trustee.

The Trustees have considered the major risks to which the charity is exposed. These have been reviewed and a range of measures and systems are in place to manage them. Financial risk is mitigated by a multi-donor strategy, minimising reliance on one income stream. A system of monthly current and forecast financial reporting is in place and trustees review the data from this at trustee meetings. Policies on reserves and fundraising/administrative expenditure are in operation (see later in this report). Trustee and staff policies include child protection measures and criminal records checks.

## **OBJECTIVES and ACTIVITIES**

Our vision is to give all children who could benefit from auditory verbal therapy (AVT) the chance to be able to do so. We will achieve this goal by establishing systems of training to create more qualified AV therapists allied with the provision of direct services for children and their families.

## **ACHIEVEMENTS AND PERFORMANCE**

The last twelve months has seen both a continued demand for our services and the continuation of support from a number of key charitable trusts and foundations. As a young charity we recognise how invaluable this support has been in enabling us to establish the UK's only Auditory Verbal Therapy (AVT) Centre.

With the increase in demand and running costs, the charity took the decision to create the post of a part-time professional fundraiser, charged with raising sufficient funds to support both existing activities and new projects. The charity also recruited a full-time administration manager – both postholders joining AV<sup>UK</sup> in January 2007. The current team comprises our director; two auditory verbal therapists; a part-time research co-ordinator; a part-time director of fundraising; and our administration manager.

The number of families wishing to access our services continues to increase but with current staffing levels we are unable to see more than 50 families per month. Our caseload of children seen during the year ended 31 March 2007 totalled 90. Families typically visit us fortnightly for up to three years – each therapy session lasting an hour.

As a result of the introduction of the NHS Neonatal Screening Programme, early diagnosis and the correct fitting of the appropriate hearing technology (hearing aids and cochlear implants) has meant that a greater proportion of our children are presenting as babies – the youngest at seven weeks of age. AV<sup>UK</sup> has unrivalled experience in working with children at this very young age.

We have continued to receive referrals from professionals in the statutory health and education services - audiologists; teachers of the deaf; speech and language therapists; and cochlear implant centres. However, the greatest number of referrals continues to be as a result of contact with families who are or have previously accessed our services.

Families continue to travel to our centre in Oxfordshire from across the UK – many of them spending six or more hours in the car - from as far afield as the Isle of Wight and Glasgow. This underlines the importance of our aim of extending the availability of auditory verbal therapy throughout the country.

In January 2007 the first intake of three students – an audiologist; a teacher of the deaf; and a speech and language therapist – commenced their studies for Europe's first Postgraduate Diploma in Auditory Verbal Therapy. Developed by AV<sup>UK</sup> in conjunction with the Psychology Department at Aston University, Birmingham, the diploma is delivered as a distance learning programme through the School of Life and Health Sciences. The practicum element of the diploma will be undertaken at our centre in Oxfordshire.

We have continued to publicise the benefit of AVT through our attendance and presentations at a number of national and international conferences.

AV<sup>UK</sup> has supported the creation of the AVT Special Interest Group (SIG), which held its inaugural meeting at our centre in March 2007. It is hoped that the AVT SIG will both enhance the awareness and understanding of AVT and provide a forum from which to promote the postgraduate diploma in AVT.

The analysis of outcomes referred to in last year's annual report has now been submitted for peer review and we are hopeful that the paper will be published in 2008. A study of 37 of our children revealed that 70% achieved age-typical language - 60% had a rate of language acquisition that was actually faster than normally hearing children with the remaining 10% gaining language at the same rate as their hearing peers.

The number of children we are seeing with complex needs continues to increase and now makes up 40% of our caseload. Many of these children lost their hearing as a result of contracting meningitis. We are extremely grateful to the Meningitis Trust for their continued support of these families through the provision of funds for the cost of therapy.

A small percentage of our families have been successful in securing funding from their local education authority but the vast majority of our families self-fund. We will be addressing this imbalance through the creation of a new post in the 2007 – 2008 financial year. The family liaison officer will support and advise families who seek to secure AVT provision through the local education authority and other sources of funding.

We have continued to provide training days for both professionals and families on a variety of subjects and have attracted attendees from a number of specialties and from across the UK. We have also visited several primary care trusts and education authorities in an effort to engage with clinicians and allied health professionals alike. Each month we have been visited by two or more professionals wishing to know how AVT might benefit the families on their caseloads.

## **FINANCIAL REVIEW**

Trustees seek to maximise funds spent in the direct furtherance of the charity's objects and keep the proportion of charitable funds spent on administration and fundraising to a prudent minimum level commensurate with the effective and professional operation of the charity and its future financial sustainability.

This year shows expenditure exceeding income by £16,000. This is mainly due to the planned expenditure of funds carried forward from the previous year.

Costs of generating voluntary income have risen to 5.3 % of our costs (2006 3.9%) but are still quite modest.

In the event of the charity carrying reserves forward, the board of trustees will maintain two reserve funds - restricted and unrestricted. Restricted reserves are those funds that are earmarked by the donor's wishes for specific future uses. The level of restricted reserves will vary from year to year in accordance with the amount of restricted funds raised. We also seek to build a level of unrestricted reserves that will be sufficient to protect our programme of work from unexpected variances in income and to allow time for financial restructuring in the event of a major downturn in income. The level of unrestricted reserves is reviewed each year by the board of trustees by considering the financial risks associated with our various income streams, expenditure types and balance sheet items. We apply funds solely for the purpose for which they are intended by the donor. We distinguish in both our management and publicly reported financial accounts between such restricted and unrestricted funds.

At 31 March 2007, all restricted funds had been spent; unrestricted funds carried forward amounted to £91,555 of which £12,000 was funds designated for training development. (Designated funds are unrestricted funds earmarked for a specific purpose by the trustees). This £91,555 is equivalent to about 38% of the charity's projected 12 month unrestricted fund expenditure. The trustees consider this figure to be a satisfactory amount as it should allow the charity to meet its contractual commitments in the event of a downturn in income.

Our finances are bolstered by the fact that we had at 31 March 2007 already received some £50,000 of funding for 2008. Little of our future funding is guaranteed and thus continued fundraising is vital to the charity's continued financial welfare.

### **Plans for Future Periods**

There is a severe shortage of fully trained and professionally qualified auditory verbal therapists (AVTs) with only four currently practising in the UK. We will continue to encourage the development of 'home-grown' AVTs through the promotion of the diploma course at the University of Aston.

Further support will be given to promoting the postgraduate diploma in auditory verbal therapy through the provision of two half bursaries for the intake of students commencing their studies in January 2008.

As stated in last year's annual report, the number of children we see each year represents only a small fraction of pre-school children in the UK with a hearing impairment. We have recognised for some time now that the financial and geographical barriers to accessing AVT are preventing many families from benefiting from our service. We will, therefore, be establishing a family bursary fund (FBF) for hard to reach, low-income families. Funding will be sought to support the salary of a family liaison officer who will both administer the FBF and provide support to those of our families seeking to secure auditory verbal therapy provision through the statement of special educational need.

With the continued growth in services and the numbers of families attending for clinic sessions, we will be seeking to recruit a small group of volunteers who will both "meet and greet" our families and provide administrative support to our centre manager and therapists. Each person will be required to undergo an enhanced Criminal Record Bureau check prior to any contact with our families.

### **Responsibilities of the Directors**

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the charitable company as at the balance sheet date and of the incoming resources and the application of resources, for the year then ended.

In preparing those financial statements, which give a true and fair view, the directors should follow best practice and:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue on that basis

The directors are responsible for maintaining proper accounting records which 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 1985.

The directors 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 accordance with company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

### **Auditors**

On 8 May 2007, Edmund Gibbs transferred its business to a limited liability partnership, Shaw Gibbs LLP. Under section 26(5) of the Companies Act 1989, the directors have consented to extend the audit appointment to Shaw Gibbs LLP effective from 8 May 2007.

A resolution to reappoint Shaw Gibbs LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

On behalf the Board of Trustees



Zia Arden  
Chair

07 December 2007

## **Independent Auditor's Report to the Trustees of THE AUDITORY VERBAL CENTRE**

We have audited the financial statements of the Auditory Verbal Centre for the year ended 31 March 2007 which comprise the principal accounting policies, the statement of financial activities, the balance sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions that we have formed.

### **Respective Responsibilities of the Trustees and Auditors**

The trustees' (who are also the directors of the Auditory Verbal Centre for the purpose of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we also report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

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

### **Basis of Audit Opinion**

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

significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

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

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs at 31 March 2007 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Shaw Gibbs LLP  
Chartered Certified Accountants  
Registered Auditors

264 Banbury Road  
Oxford  
OX2 7DY

**Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31 March 2007**

Incoming resources from generated funds	Note	2007		Total	2006
		Unrestricted	Restricted		
<b>Voluntary income</b>		£	£	£	£
Donations	2	40,503	76,734	117,237	122,407
Gift Aid recovered		2,493	-	2,493	1,297
<b>Activities for generating funds</b>					
Direct services to families		82,052	-	82,052	82,890
Training and development		17,115	-	17,115	6,007
Education and outreach		9,234	-	9,234	16,090
<b>Investment income</b> - Bank interest		2,607	-	2,607	1,213
		<u>154,004</u>	<u>76,734</u>	<u>230,738</u>	<u>229,904</u>
<b>Resources expended</b>	3				
<b>Costs of generating voluntary income</b>		13,000	-	13,000	7,808
<b>Charitable activities</b>					
Staff costs	4	102,098	70,646	172,744	137,960
Recruitment costs		2,805	-	2,805	-
Travel		1,717	2,448	4,165	2,196
Premises		22,920	2,863	25,783	24,659
Communications and advertising		3,103	-	3,103	1,788
Legal and professional		250	-	250	120
Depreciation		5,947	482	6,429	6,069
Training and courses		741	-	741	1,334
Toys/books		1,273	-	1,273	773
Bookkeeper/admin & secretarial services		1,702	-	1,702	-
Consumables		3,973	207	4,180	3,080
Repairs/maintenance		1,875	-	1,875	1,455
Insurances		962	-	962	786
General expenses		3,769	88	3,857	6,123
<b>Governance costs</b>		4,108	-	4,108	4,050
		<u>170,243</u>	<u>76,734</u>	<u>246,977</u>	<u>198,201</u>
<b>(Deficit)/Surplus for the year, being net movement in funds</b>		(16,239)	-	(16,239)	31,703
<b>Balance brought forward 01 April 2006</b>		107,794	-	107,794	76,091
<b>Balance carried forward 31 March 2007</b>		<u>91,555</u>	<u>-</u>	<u>91,555</u>	<u>107,794</u>

The notes on pages 12 to 15 form part of these financial statements

## Balance Sheet 31 March 2007

	Note	2007 £	2006 £
Tangible fixed assets	7	<u>8,711</u>	<u>12,978</u>
Current assets			
Debtors	8	33,078	33,373
Bank and cash balances		<u>101,460</u>	<u>62,660</u>
		134,538	96,033
Creditors payable within one year	9	<u>(51,694)</u>	<u>(1,217)</u>
Net current assets		<u>82,844</u>	<u>94,816</u>
Net assets		<u>91,555</u>	<u>107,794</u>
Financed by			
Unrestricted funds - General	10	79,555	95,794
Designated funds	11	12,000	12,000
Total Unrestricted Funds		<u>91,555</u>	<u>107,794</u>
Restricted funds	12	<u>-</u>	<u>-</u>
		<u>91,555</u>	<u>107,794</u>

These financial statements were approved by the Trustees on 07 December 2007

*Zia Arden*

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Trustee

The notes on pages 12 to 15 form part of these financial statements

## **Notes forming part of the financial statements for the year ended 31st March 2007**

### **1 Accounting policies**

The financial statements are prepared under the historic cost convention and include the results of the charity's operations which are described in the Trustees' Report and in accordance with the Companies Act 1985 and follow the recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice ("SORP") issued in March 2005 and applicable accounting standards.

**Voluntary income** is received by way of donations and gifts, and is included in full in the Statement of Financial Activities when receivable. The value of services provided by volunteers is not included.

**Grants**, including grants for the purchase of fixed assets, are included in full in the Statement of Financial Activities in the year in which they are receivable

Incoming resources from direct services to families and investments are included when receivable.

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT.

**Resources expended** are allocated to the particular activity where the cost relates directly to that activity. However the cost of overall direction and administration on each activity, comprising the salary and overhead costs of the central function, is apportioned based on an estimate of staff time attributable to each activity.

**Depreciation** is provided at rates calculated to write off the cost of each asset over its expected useful life, which in all cases is estimated at 4 years.

**Unrestricted funds** are donations and other incoming resources receivable or generated for the objects of the charity without further specific purpose and are available as general funds.

**Designated funds** are unrestricted funds earmarked by the Trustees for particular purposes.

**Restricted funds** are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs.

The charity operates a defined contribution pension scheme for its employees. Total pension costs for the period amounted to £11,088 (2006: £8,461). Total outstanding contributions as at 31 March 2007 amounted to £2,552 (2006: £nil).

## 2 Donations

	2007			2006
	Unrestricted £	Restricted £	Total £	Total £
The Gatsby Charitable Foundation	-	23,734	<b>23,734</b>	64,600
Lloyds TSB Foundation for England and Wales	-	-	-	13,870
GlaxoSmithKline	-	53,000	<b>53,000</b>	-
Sobell Foundation	15,000	-	<b>15,000</b>	-
The Dulverton Trust	-	-	-	15,000
Merrill Lynch Investment Managers	-	-	-	5,000
Essex Fairway Charitable Trust	-	-	-	5,000
Other	25,503	-	<b>25,503</b>	18,937
<b>Total</b>	<b>40,503</b>	<b>76,734</b>	<b>117,237</b>	122,407

## 3 Resources expended

	2007 £	2006 £
Costs of generating voluntary income	<b>13,000</b>	7,808
Charitable activities		
Direct services to families	<b>179,298</b>	146,517
Training and development	<b>29,883</b>	24,420
Education and outreach	<b>20,688</b>	16,906
Governance costs	<b>4,108</b>	2,550
<b>Total</b>	<b>246,977</b>	198,201

## 4 Expenditure incurred

Expenditure incurred includes the following amounts

	2007 £	2006 £
Staff costs		
Wages and salaries	<b>158,498</b>	125,700
Social security costs	<b>17,158</b>	13,299
Other pension costs	<b>11,088</b>	8,461
	<b>186,744</b>	147,460
Audit fee	<b>1,108</b>	1,050
Depreciation	<b>6,429</b>	6,069

Included in the staff costs of £186,744 is £11,000 (2006 £6,500) allocated to costs of generating voluntary income and £3,000 (2006 £3,000) allocated to governance costs.

The average weekly number of employees during the year was 4 (2006: 3). The full time equivalent numbers were the same.

No employee earned more than £60,000 in the current or preceding year.

## 5 Payments to Trustees and connected persons

During the year the daughter of a trustee, Stephen Woolgar, was paid £340 for her services in maintaining the charity's website. Apart from this, and the connection between Professor Woolgar and the Director already noted (page 2), no trustee or person with a family or business connection received any remuneration in the year, directly or indirectly, from the charity.

No expenses were reimbursed to trustees during this or the preceding accounting period.

## 6 Taxation

The charitable company is exempt from corporation tax for its charitable activities

## 7 Tangible fixed assets

	Training Equipment £	Office Equipment £	Total £
<b>Cost</b>			
At 1 April 2006	12,350	11,925	24,275
Additions	-	2,162	2,162
At 31 March 2007	<u>12,350</u>	<u>14,087</u>	<u>26,437</u>
<b>Depreciation</b>			
At 1 April 2006	3,088	8,209	11,297
Charge for the year	3,088	3,341	6,429
At 31 March 2007	<u>6,176</u>	<u>11,550</u>	<u>17,726</u>
<b>Written down value</b>			
At 31 March 2007	<u>6,174</u>	<u>2,537</u>	<u>8,711</u>
At 31 March 2006	<u>9,262</u>	<u>3,716</u>	<u>12,978</u>

All tangible fixed assets were used for charitable purposes

## 8 Debtors

	2007 £	2006 £
Rent deposit	3,500	3,500
Grant receivable	-	4,183
Trade debtors	20,037	18,858
Gift aid	2,673	180
Prepayments	6,868	6,652
<b>Total</b>	<b>33,078</b>	<b>33,373</b>

### 9 Creditors payable within one year

	2007 £	2006 £
Grants received in advance	47,849	-
Sundry creditors	3,845	1,217
<b>Total</b>	<b>51,694</b>	1,217

### 10 Unrestricted funds

	£
At 1 April 2006	95,794
Deficit for the year	(16,239)
At 31 March 2007	<b>79,555</b>

### 11 Designated fund

This fund was established to provide additional funding for the training of auditory verbal therapists. It is expected that these monies will be utilised in the year ending 31 March 2008.

### 12 Restricted funds

	At 1 April 2006 £	Incoming resources £	Resources expended £	At 31 March 2007 £
The Gatsby Charitable Foundation	-	23,734	23,734	-
GlaxoSmithKline	-	53,000	53,000	-
<b>Total</b>	-	<b>76,734</b>	<b>76,734</b>	-

Monies received from the **Gatsby Charitable Foundation** are to be spent on salary costs for the director and therapists plus rent of premises.

GlaxoSmithKline have provided funds toward the cost of creating the post-graduate diploma in auditory verbal.

### 13 Leasing commitments

The charity has entered into a lease, terminating in November 2007, in respect of its premises at an annual rental of £21,000.

## **Our Supporters**

AV<sup>UK</sup> is pleased to acknowledge the wonderful support it has received during the year from its various supporters. Of the major donors this year we would especially like to thank:

ASK Charitable Trust  
CHK Charities Limited  
Dragon School, Oxford  
GlaxoSmithKline  
The Dale Family  
The Freemasons' Grand Charity  
The Gatsby Charitable Foundation  
The Rayne Foundation  
The Saddlers' Company  
The Sobell Foundation  
UMECO

We would also like to thank three of the Charity's "Friends" who took part in sponsored events to raise funds on our behalf and to all those who supported them in their efforts:

David Curtis  
Adam Kaye  
John Tyszkiewicz

Thank you.