

THE ELIZABETH FOUNDATION (A COMPANY LIMITED BY GUARANTEE)

Report and Group Accounts

31 March 2001



The Elizabeth Foundation (a company limited by guarantee)

Registered No. 1960980

COUNCIL MEMBERS

Mr J Walter (Chairman)
Mr D K Metherell
Mr B Mitchell
Mr P Ardern
Mr R I M Wootton
Mr C Satchwell

SECRETARY

Mr B Mitchell

AUDITORS

Ernst & Young
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

BANKERS

Lloyds TSB plc
38 London Road
North End
Portsmouth
Hampshire
PO2 0LR

SOLICITORS

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

REGISTERED OFFICE

400 Capability Green
Luton
Bedfordshire
LU1 3LU

The Elizabeth Foundation (a company limited by guarantee)

COUNCIL OF MANAGEMENT REPORT

The council members present their report and group accounts for the year ended 31 March 2001.

The Foundation will also produce a separate Trustees' Annual Report giving the information required under the Charities Act 1993 and the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities (Revised 2000). This report will be available from The Elizabeth Foundation, Southwick Hill Road, Cosham, Portsmouth, Hampshire PO6 3LL.

RESULTS

The group surplus for the year amounts to £7,897 and has been added to reserves: this includes £127,566 added to restricted reserve (ie, the funds are not currently available to be freely used), £10,566 set against designated reserves, and a deficit on unrestricted Income and Expenditure Account of £109,103.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Elizabeth Foundation is registered as a charity under the Charities Act 1960. The principal activities of the group consist of the promotion and advancement of the education and physical and social welfare of hearing impaired children and adults.

The year has seen the teaching and support work of the Foundation continue successfully at its Hampshire base. We have once again been tremendously encouraged by the work of our fundraisers and for the assistance given to us by a number of grant making bodies whose help is vital to the running of our oral education programme.

During the year, the Foundation opened its second centre in Bradford, West Yorkshire. Plans are now well advanced for a third centre in Hertfordshire, which will involve the purchase and conversion of a residential building. The purchase, which is likely to be completed in July 2001, will be at an estimated cost of £590,000 and it is likely that part of this will be met by a commercial loan facility. The Foundation has already been operating successfully in Hertfordshire for 2 years and having our own premises will allow a significant expansion of our operation throughout the northern Home Counties.

COUNCIL MEMBERS

The Council members during the year were as follows:

Mr J Walter (Chairman)
Mr D K Metherell
Mr B Mitchell
Mr P Ardern
Mr R I M Wootton
Mr C Satchwell

AUDITORS

Ernst & Young has stated it is intending to transfer its business to a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP, on 28th June 2001. The Council Members have consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28th June 2001. A resolution to reappoint Ernst & Young LLP as auditors will be put to the forthcoming Annual General Meeting.

By order of the Board



B Mitchell
Secretary

26 JUN 2001

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Charity law requires the council to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charitable company and of group and of the surplus or deficit of the group for that period. In preparing those accounts, the council members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The council members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company, and group to enable them to ensure that the accounts comply with applicable law and generally accepted accounting practice. They are also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

to the members of The Elizabeth Foundation

We have audited the accounts on pages 5 to 20, which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors (who also act as trustees for the charitable activities of The Elizabeth Foundation) are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

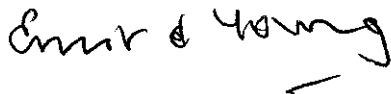
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the charitable company and of its group as at 31 March 2001 and of its incoming resources and application of resources, including its income and expenditure in the year then ended and have been properly prepared in accordance with the Companies Act 1985 and the Charities Act 1993.



Ernst & Young
Registered Auditor
Southampton

28 June 2001

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2001

	Note	Group				Charity Company			
		Income and expenditure account		Designated Restricted funds		Designated Restricted fund		Total	
		£	£	£	£	£	£	£	£
INCOMING RESOURCES									
Donations and gifts		95,886	-	-	95,886	69,584	-	95,886	69,584
Legacies		81,274	-	-	81,274	35,092	-	81,274	35,092
Fund raising activities		41,284	-	-	41,284	36,953	-	41,284	36,953
Grant: National Lottery Charities Board		-	-	4,809	4,809	20,139	-	4,809	20,139
Other grants receivable		76,042	-	228,890	304,932	86,026	-	228,890	86,026
Less: deferred income		(7,500)	-	(36,250)	(43,750)	(17,500)	-	(36,250)	(17,500)
Investment income		14,982	-	-	14,982	14,545	-	14,982	14,545
Audiology services		59,954	-	-	59,954	52,923	-	59,954	52,923
Bank interest		7,141	-	-	7,141	3,745	-	7,141	3,745
Other income		-	-	-	-	30	-	-	30
Net income/(expenditure) of trading subsidiary	53	53	-	-	53	133	-	-	-
Total incoming resources		369,116	-	197,449	566,565	301,670	-	197,449	301,537
RESOURCES EXPENDED									
Costs of generating funds	2	118,101	-	-	118,101	74,864	-	-	73,560
Direct charitable expenditure	2	184,090	10,566	56,555	251,211	207,951	10,566	56,555	203,487
Management and administration	2	93,747	-	13,328	107,075	74,286	-	13,328	80,054
Transfer between reserves		-	-	-	-	-	-	-	-
Total resources expended		395,938	10,566	69,883	476,387	357,101	10,566	69,883	357,101

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2001

	Group				Charity Company			
	Income and expenditure account	Designated fund	Restricted funds	Total 2001	Total 2000	Income and expenditure account	Designated fund	Restricted funds
	£	£	£	£	£	£	£	£
NET (OUTGOING)/ INCOMING RESOURCES FOR THE YEAR	(26,822)	(10,566)	127,566	90,178	(55,431)	(26,875)	(10,566)	127,566
								90,125
								(55,564)
OTHER RECOGNISED GAINS AND LOSSES								
Gains/(losses) on investments								
Realised	(2,983)	-	-	(2,983)	(4,400)	(2,983)	-	-
Unrealised	(79,298)	-	-	(79,298)	76,420	(79,298)	-	-
								(4,400)
								76,420
NET MOVEMENT IN FUNDS FOR THE YEAR	(109,103)	(10,566)	127,566	7,897	16,589	(109,156)	(10,566)	127,566
Balance at start of year	298,891	435,347	676,292	1,410,530	1,393,941	296,535	435,347	676,292
								1,408,174
Balance at 31 March 2001	189,788	424,781	803,858	1,418,427	1,410,530	187,379	424,781	803,858
								1,416,018
								1,408,174

The Elizabeth Foundation (a company limited by guarantee)

BALANCE SHEETS

at 31 March 2001

	Notes	Group 2001 £	Group 2000 £	Company 2001 £	Company 2000 £
FIXED ASSETS					
Tangible assets	5	816,295	847,185	815,116	845,711
Investments	14	461,927	527,884	461,929	527,886
		<u>1,278,222</u>	<u>1,375,069</u>	<u>1,277,045</u>	<u>1,373,597</u>
CURRENT ASSETS					
Stocks	6	4,408	5,433	4,408	4,513
Debtors	7	16,275	27,528	16,081	26,983
Cash at bank and in hand	8	203,375	48,449	200,963	44,835
		<u>224,058</u>	<u>81,410</u>	<u>221,452</u>	<u>76,331</u>
CREDITORS:					
amounts falling due within one year	9	83,853	45,949	82,479	41,754
		<u>140,205</u>	<u>35,461</u>	<u>138,973</u>	<u>34,577</u>
NET CURRENT ASSETS		<u>140,205</u>	<u>35,461</u>	<u>138,973</u>	<u>34,577</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,418,427</u>	<u>1,410,530</u>	<u>1,416,018</u>	<u>1,408,174</u>
RESERVES					
Restricted funds:					
National Lottery Charities Board reserve	12	209,853	216,478	209,853	216,478
Legacy reserve	12	442,500	442,500	442,500	442,500
Grants reserve	12	145,901	11,710	145,901	11,710
Capital reserve	12	5,604	5,604	5,604	5,604
Unrestricted Funds:					
Designated fund: Portsmouth					
Resource Centres	12	424,781	435,347	424,781	435,347
Income and expenditure account	12	189,788	298,891	187,379	296,535
		<u>1,418,427</u>	<u>1,410,530</u>	<u>1,416,018</u>	<u>1,408,174</u>

J Walter

- Chairman

D K Metherell

- Treasurer

26 JUN 2001

The Elizabeth Foundation (a company limited by guarantee)

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 March 2001

	Notes	2001 £	2000 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	3	187,446	(653)
INVESTING ACTIVITIES			
Payments to acquire investments		(115,140)	(155,319)
Payments to acquire tangible fixed assets		(16,196)	(30,901)
Proceeds from sale of investments		98,816	156,173
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(32,520)	(30,047)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		154,926	(30,700)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	8	154,926	(30,700)

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2001

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention modified to include the revaluation of investments, and with reference to the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities (Revised 2000).

Basis of consolidation

The group accounts consolidate the accounts of The Elizabeth Foundation and its subsidiary EF Enterprise (Portsmouth) Ltd, for the year ending 31 March. The net income from trading activities of EF Enterprise (Portsmouth) Ltd is shown in note 4 of the accounts and included in the Group Statement of Financial Activities and its cash flows included in the Group Statement of Cash Flows.

Cash flow statement

Although the group qualifies for the exemptions provided under Financial Report Standard No. 1 as a small company and group and need not present a cash flow statement, the council members have decided to include a statement in the accounts.

Depreciation

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, as follows:

Freehold property	-	over 100 years
Long leasehold buildings	-	over 50 years
Short leasehold shop	-	over term of the lease
School equipment	-	over 5 years
Medical equipment	-	over 3 to 5 years
Office equipment	-	over 4 to 5 years
Computer equipment	-	over 4 to 5 years
Motor vehicles	-	25% on written down value
Fixtures and fittings (shop)	-	over 5 years

Where depreciation is charged against assets representing restricted and designated funds, this depreciation is charged against that fund as it arises.

Grants and donations

The charitable company derives a proportion of its income from fund raising activities and voluntary donations which are fully controlled only when entered into the accounting records. The council members have provided assurances that all the company's financial transactions have been appropriately reflected in the accounting records.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Pensions

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

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2001

2. ANALYSIS OF RESOURCES EXPENDED

	<i>Income and expenditure account</i>	<i>Designated Funds</i>	<i>Restricted Funds</i>	<i>2001 Total</i>	<i>2000 Total</i>
	£	£	£	£	£
COST OF GENERATING FUNDS					
Collections (include donations and legacies)	18,608	-	-	18,608	17,677
Events	66,925	-	-	66,925	38,457
Publications	6,198	-	-	6,198	5,662
Grant applications	18,820	-	-	18,820	9,480
Public relations	7,550	-	-	7,550	3,588
	<u>118,101</u>	<u>-</u>	<u>-</u>	<u>118,101</u>	<u>74,864</u>
DIRECT CHARITABLE EXPENDITURE					
Provision of Education/Support:					
Nursery	159,367	860	50,543	210,770	173,376
Correspondence course	9,440	-	-	9,440	7,081
Family Centre counselling	6,737	2,378	3,513	12,628	10,042
Audiology services	8,546	7,328	2,499	18,373	17,452
	<u>184,090</u>	<u>10,566</u>	<u>56,555</u>	<u>251,211</u>	<u>207,951</u>
MANAGEMENT AND ADMINISTRATION					
Salaries and office costs	61,496	-	13,328	74,824	51,592
Legal and professional fees	11,350	-	-	11,350	14,885
Travelling costs	14,078	-	-	14,078	2,061
Bank interest and charges	6,823	-	-	6,823	5,748
	<u>93,747</u>	<u>-</u>	<u>13,328</u>	<u>107,075</u>	<u>74,286</u>

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2001

2. ANALYSIS OF RESOURCE EXPENDED (continued)

	<i>Staff costs</i>	<i>Depreciation</i>	<i>Other</i>	<i>2001 Total</i>	<i>2000 Total</i>
	£	£	£	£	£
Cost of generating funds	68,882	-	49,219	118,101	74,864
Direct charitable expenditure	146,659	31,597	72,955	251,211	207,951
Management and administration	34,145	15,194	57,736	107,075	74,286
	<u>249,686</u>	<u>46,791</u>	<u>179,910</u>	<u>476,387</u>	<u>357,101</u>

	<i>2001</i>	<i>2000</i>
	£	£
Staff costs:		
Wages and salaries	225,352	179,261
Social security costs	18,769	16,584
Pension contributions	5,565	6,472
	<u>249,686</u>	<u>202,317</u>

The average weekly number of employees during the year was 18 (2000: 12)

No employee earned £40,000 per annum or more. The average number of employees analysed by function was:

	<i>2001 No.</i>	<i>2000 No.</i>
Direct charitable services	13	10
Fund raising and publicity	2	1
Management and administration	3	1
	<u>18</u>	<u>12</u>

<i>Other costs:</i>	<i>2001</i>	<i>2000</i>
	£	£
Premises	27,713	26,897
Consumables	4,080	5,513
Other	148,117	76,955
	<u>179,910</u>	<u>109,365</u>

Other includes educational supplies and maintenance as well as other fundraising and administrative expenditure.

RELATED PARTIES

Included within staff costs above are salaries totalling £40,693 (2000 £35,622) paid to Mrs S Metherell and Mrs A Walter who are both wives of council members. In addition fees of £1,216 (2000 £Nil) were paid to Large & Gibson (the company solicitors) where Mr R I M Wootton is a partner.

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2001

3. NET MOVEMENT IN FUNDS

(a) This is stated after charging:

	2001	2000
	£	£
Audit fee	4,400	4,000
Council Members remuneration	-	-
Depreciation of owned fixed assets	47,086	45,419

(b) Reconciliation of changes in resources to net cash inflow from operating activities:

	2001	2000
	£	£
Changes in resources before revaluations	90,178	(55,431)
Depreciation	47,086	45,419
Decrease/(Increase) in debtors	11,253	(12,429)
Increase in creditors	37,904	21,534
Decrease in stock	1,025	254
Net cash inflow/(outflow) from operating activities	187,446	(653)

4. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARIES

The charity has one trading subsidiary which is incorporated in the UK. EF Enterprise (Portsmouth) Limited operates charity shops and sales, and carries out mailing administration. A summary of its trading results is shown below, and audited accounts are filed with the Registrar of companies.

	<i>EF Enterprise</i> <i>(Portsmouth) Limited</i>	
	2001	2000
	£	£
Turnover	11,106	14,094
Cost of sales	7,119	7,539
Gross Profit	3,987	6,555
Administration	3,880	6,348
Profit on ordinary activities before taxation	107	207
Interest receivable	26	24
Taxation on profit on ordinary activities	(80)	(98)
Retained in subsidiary	53	133

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS at 31 March 2001

5. TANGIBLE FIXED ASSETS

	Freehold Property Bradford £	Leasehold Property Portsmouth Resource Centres £	Motor vehicles £	School and Medical equipment £	Fixtures, fitting and office equipment £	Company Total £	Shop and fittings £	Group Total £
Cost:								
At 1 April 2000	53,678	855,167	17,000	104,497	73,187	1,103,529	4,454	1,107,983
Additions	-	-	-	2,176	14,020	16,196	-	16,196
Disposals	-	-	-	-	-	-	-	-
At 31 March 2001	53,678	855,167	17,000	106,672	87,207	1,119,725	4,454	1,124,179
Depreciation:								
At 1 April 2000	1,118	119,063	11,220	89,290	37,127	257,818	2,980	260,798
Provided during the year	537	17,047	1,445	9,028	18,734	46,791	295	47,086
Relating to disposals	-	-	-	-	-	-	-	-
At 31 March 2001	1,655	136,110	12,665	98,318	55,861	304,609	3,275	307,884
Net book value:								
At 31 March 2001	52,023	719,057	4,335	8,354	31,346	815,116	1,179	816,295
At 1 April 2000	52,560	736,104	5,780	15,207	36,060	845,711	1,474	847,185

The value of long leasehold buildings (Portsmouth Resource Centres), has been estimated for insurance purposes by the council members at £1,000,000 (2000: £1,000,000). This figure, in the opinion of the council members, closely reflects the commercial value

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS at 31 March 2001

5. TANGIBLE FIXED ASSETS (continued)

The net book value at 31st March 2001 represents fixed assets used for:

	<i>Motor Vehicles</i>	<i>School And medical equipment</i>	<i>Fixtures, fittings and office equipment</i>	<i>Family Centre</i>	<i>Early Detection and Music Centre</i>	<i>Freehold property Bradford</i>	<i>Shop and fittings</i>	<i>Total</i>
	£	£	£	£	£	£	£	£
Direct charitable purposes:								
Nursery	4,335	8,354	-	-	-	-	-	12,689
Family Centre	-	-	-	302,012	-	-	-	302,012
Early Detection Centre	-	-	-	-	417,045	-	-	417,045
	4,335	8,354	-	302,012	417,045	-	-	731,746
Other purposes								
Management, Administration and Fund raising of the Charity	-	-	31,346	-	-	52,023	-	83,369
Charity shops and sales	-	-	-	-	-	-	1,179	1,179
	-	-	31,346	-	-	52,023	1,179	84,548
Total	4,335	8,354	31,346	302,012	417,045	52,023	1,179	816,295

6. STOCKS

	<i>Group 2001</i>	<i>Group 2000</i>	<i>Company 2001</i>	<i>Company 2000</i>
	£	£	£	£
Goods for resale	-	920	-	-
Stationery and office consumables	4,408	4,513	4,408	4,513
	4,408	5,433	4,408	4,513

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2001

7. DEBTORS

	<i>Group</i> 2001 £	<i>Group</i> 2000 £	<i>Company</i> 2001 £	<i>Company</i> 2000 £
Trade debtors	8,249	237	390	237
Due from subsidiary undertaking (note 14)	-	-	8,161	(38)
Prepayments and accrued income	7,741	16,144	7,245	15,637
Other debtors	35	10,897	35	10,897
Taxation	250	250	250	250
	<u>16,275</u>	<u>27,528</u>	<u>16,081</u>	<u>26,983</u>

8. CASH AT BANK

	<i>Group</i> 2001 £	<i>Group</i> 2000 £
Interest bearing accounts	188,207	26,752
Cash in hand and in transit	157	100
Accounts with investment managers	10,421	17,983
Current accounts	4,590	3,614
	<u>203,375</u>	<u>48,449</u>
Cash at 1 April 2000	48,449	79,149
Increase/(Decrease) in Cash	154,926	(30,700)
	<u>203,375</u>	<u>48,449</u>

9. CREDITORS: amounts falling due within one year

	<i>Group</i> 2001 £	<i>Group</i> 2000 £	<i>Company</i> 2001 £	<i>Company</i> 2000 £
Trade and other creditors	13,048	12,560	13,048	12,560
Accruals and deferred income	65,657	33,288	64,365	29,194
Taxation and social security	5,148	101	5,066	-
	<u>83,853</u>	<u>45,949</u>	<u>82,479</u>	<u>41,754</u>

10. LIMITATION OF LIABILITY BY GUARANTEE OF CHARITABLE COMPANY

The liability of each member of the charitable company is limited to £1.

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2001

11. TAXATION

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

12. RECONCILIATION OF MOVEMENT ON RESERVES

<i>Company</i>	<i>Restricted funds</i>				<i>Unrestricted funds</i>		<i>Total</i>
	<i>National Lottery Charities Board Reserve</i>	<i>Legacy reserve</i>	<i>Grants reserve</i>	<i>Capital reserve</i>	<i>Portsmouth Resource Centres reserve</i>	<i>Income and expenditure account</i>	
	£	£	£	£	£	£	£
At 1 April 1999	228,448	442,500	17,000	5,604	445,913	252,253	1,391,718
Movement in resources							
Incoming	20,139	-	-	-	-	281,398	301,537
Outgoing	(32,109)	-	(4,286)	-	(10,566)	(310,140)	(357,101)
Investment gains	-	-	-	-	-	72,020	72,020
Transfer	-	-	(1,004)	-	-	1,004	-
At 1 April 2000	216,478	442,500	11,710	5,604	435,347	296,535	1,408,174
Movement in resources:							
Incoming	4,809	-	192,640	-	-	369,063	566,512
Outgoing	(11,434)	-	(58,449)	-	(10,566)	(395,938)	(476,387)
Investment gains	-	-	-	-	-	(82,281)	(82,281)
Transfer	-	-	-	-	-	-	-
At 31 March 2001	209,853	442,500	145,901	5,604	424,781	187,379	1,416,018

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2001

12. RECONCILIATION OF MOVEMENTS ON RESERVES (continued)

<i>Group</i>	<i>Restricted funds</i>				<i>Unrestricted funds</i>		<i>Total</i> £
	<i>National Lottery Charities Board Reserve</i> £	<i>Legacy reserve</i> £	<i>Grants reserve</i> £	<i>Capital reserve</i> £	<i>Portsmouth Resource Centres reserve</i> £	<i>Income and expenditure account</i> £	
At 1 April 1999	228,448	442,500	17,000	5,604	445,913	254,476	1,393,941
Movement in resources							
Incoming	20,139	-	-	-	-	281,531	301,670
Outgoing	(32,109)	-	(4,286)	-	(10,566)	(310,140)	(357,101)
Investment gains	-	-	-	-	-	72,020	72,020
Transfer	-	-	(1,004)	-	-	1,004	-
At 1 April 2000	216,478	442,500	11,710	5,604	435,347	298,891	1,410,530
Movement in resources							
Incoming	4,809	-	192,640	-	-	369,116	566,565
Outgoing	(11,434)	-	(58,449)	-	(10,566)	(395,938)	(476,387)
Investment gains	-	-	-	-	-	(82,281)	(82,281)
Transfer	-	-	-	-	-	-	-
At 31 March 2001	209,853	442,500	145,901	5,604	424,781	189,788	1,418,427

NATIONAL LOTTERY CHARITIES BOARD RESERVE

The charity 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, 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. 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.

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2001

12. RECONCILIATION OF MOVEMENTS ON RESERVES (continued)

LEGACY RESERVE

The charitable company was bequeathed a legacy following a death on 21 August 1991. As a result, £442,500 was received by the Elizabeth Foundation. Along with other registered charities which benefited from the legacy, the Foundation has been required to provide the Executors with an indemnity (limited to the amount distributed under the Will) against any future claims against the Estate. A limitation period of at least 13 years from date of death applies. Because of this indemnity, the Foundation is restricted in its ability to use the legacy receipts, and accordingly the sum received is treated as a Restricted Fund. However, investment income and gains are not subject to this restriction and are taken to the income and expenditure account.

GRANTS RESERVE

From time to time, the Foundation receives grants for specific purposes from different grant making bodies. These grants are spent on both depreciable fixed assets and revenue expenditure. In the year to 31 March 2001 the reserve was utilised on the purchase of diagnostic equipment to be used for clinical research purposes, teacher of the deaf salary costs, a new database and financial control system, training costs and Bradford set up costs. In the case of the diagnostic equipment and the database and financial control system the costs represent the depreciation charged in the year.

CAPITAL RESERVE

The capital reserve arose on the transfer of net assets from the Trustees of the former Elizabeth Foundation.

PORTSMOUTH RESOURCE CENTRES RESERVE

This reserve shows the receipts of a past appeal to raise money for the construction of the Foundation's school facilities. The money has now been fully spent, and the building is included within fixed assets. Depreciation charged on these assets is set against the fund each year.

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

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2001

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<i>Tangible fixed assets</i>	<i>Investments</i>	<i>Net current assets</i>	<i>2001 Total</i>	<i>2000 Total</i>
	£	£	£	£	£
<i>Restricted:</i>					
National Lottery Charities					
Board reserve	209,853	-	-	209,853	216,478
Legacy reserve	-	442,500	-	442,500	442,500
Grants reserve	11,933	-	133,968	145,901	11,710
Capital reserve	-	-	5,604	5,604	5,604
<i>Unrestricted:</i>					
Portsmouth Resource Centres	424,781	-	-	424,781	435,347
Income and Expenditure account	169,728	19,427	633	189,788	298,891
	<u>816,295</u>	<u>461,927</u>	<u>140,205</u>	<u>1,418,427</u>	<u>1,410,530</u>
		(Note 5)	(Note 14)	(page 7)	

14. FIXED ASSET INVESTMENT

Company

Subsidiary – E F Enterprise (Portsmouth) Limited

The company owns a 100% holding in E.F. Enterprise (Portsmouth) Limited, a company registered in England. It is shown at cost in the balance sheet, as follows:

	£
Cost at 1 April 2000 and 31 March 2001	2
	<u>50%</u>
Held by The Elizabeth Foundation	50%
Held by director D K Metherell as nominee for The Elizabeth Foundation	50%
	<u>100%</u>

The company operates charity shops to raise money for the Foundation and profit may be paid to the Foundation under the terms of a variable covenant (see also note 2). For the year ended 31 March 2001 the company made a profit of £53 and its aggregate capital and reserves at that date amounted to £2,411.

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2001

14. FIXED ASSET INVESTMENT (continued)

Group and Company

<i>Other investments</i>	£
Total investments, including other investments:	
Other:	
Opening valuation	527,884
Additions at cost	115,140
Disposals at opening value (proceeds £98,816, loss £2,983)	(101,799)
Net unrealised losses on revaluation	(79,298)
	<hr/>
Total market value at 31 March 2001 (group)	461,927
Cost at 1 April 2000 and 31 March 2001 (subsidiary)	2
	<hr/>
Total cost or market value at 31 March 2001 (company)	461,929
	<hr/>
Listed Investments	263,620
British Government stocks	162,456
UK Unit Trusts	35,851
	<hr/>
	461,927
Investment in unquoted subsidiary company	2
	<hr/>
	461,929
	<hr/>
Historical cost at 31 March 2001	430,150
	<hr/>

15. CAPITAL COMMITMENTS

	2001	2000
	£	£
At the balance sheet date the Charity had entered into contracts for		
Future capital expenditure amounting to:	-	1,994
	<hr/>	<hr/>