

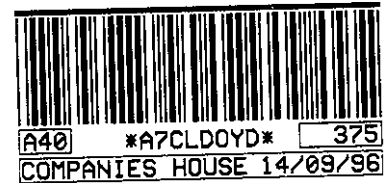
2699902

ELIZABETH FITZROY HOMES

DIRECTORS' REPORT AND

FINANCIAL STATEMENTS

for the year ended 31 March 1996



Company registration number : 2699902
Charity registration number : 1011290

CHAIRMAN

Mr B Hardman
Mrs M Marshall (with effect from 19 July 1996)

CHIEF EXECUTIVE

Mr D Emmerson CBE

REGISTERED OFFICE

Caxton House
Lower Street
Haslemere
Surrey
GU27 2PE

AUDITORS

Binder Hamlyn
20 Old Bailey
London
EC4M 7BH

BANKERS

National Westminster Bank Plc
24 High Street
Haslemere
Surrey
GU27 2HN

SOLICITORS

Potter, Owtram and Peck
42 West Street
Haslemere
Surrey
GU27 2AN

DIRECTORS' REPORT
for the year ended 31 March 1996

The directors submit their annual report and the audited financial statements for the year ended 31 March 1996.

The directors who served during the year were :

Mr B Hardman	Chairman	★ ✚ ◇
Mrs M Marshall	Chair Designate	★ ✚
Mr D Morrissey	Vice Chairman	★
The Countess of Euston	Appeal President	★
Mr J Albert		
Mr A Grant		
Mr A Chambers		◇
Mr J Pilcher		
Mr M Stewart		★
Mr J Waddington		◇
Ms H Platts	(Appointed 28 April 1995)	
Mr M Oakley	(Appointed 23 February 1996)	

★ = Controlling Committee/ ✚ = Remuneration Committee/ ◇ = Audit Committee

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of the surplus or deficit for that period. In preparing these financial statements, the directors have in their opinion:-

- * selected suitable accounting policies and then applied them consistently;
- * made judgements and estimates that are reasonable and prudent;
- * ensured that applicable accounting standards have been followed; and
- * prepared the financial statements on the going concern basis.

The directors have been responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Trust and enabled them to ensure that the financial statements comply with the Companies Act 1985. They have also been responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The Trust is a registered charity and a company limited by guarantee and is governed by its memorandum and articles of association. Its mission is to promote the best quality of life for people with a learning disability, who may or may not have other disabilities. The Trust helps people develop from the security of a home base so that they achieve their potential and take a place as a respected member of society. Care and support is provided for life where appropriate and irrespective of background, age, race, sex or religious belief and is concentrated on those with profound disabilities. Although there have been no material changes in policies during the financial year, much has been achieved to advance the existing work of the Trust.

The Trust, established in 1962 by Elizabeth FitzRoy, now provides residential accommodation at fourteen locations for some two hundred and twenty adults in small units run on Christian principles. Most homes also operate day services and during this year an independent and innovative non-residential day service was established for forty people in Petersfield, Hampshire.

RESIDENTS AND USERS OF OUR SERVICES

The residents of our homes and users of our services all have severe to profound learning disabilities and many also have physical difficulties. We do our utmost to help them integrate into their local communities and towards this end we assist them to develop their potential and to make the real choices that determine their lives. This is a difficult and slow task which often requires consultation with families and advocates, but we are making significant advances in planning and achieving progress. An ever wider range of day activities is contributing to these developments from therapies through to training, job experience and employment.

EMPLOYEE MATTERS

Staff training is vital to our future success particularly given that, at recruitment, only managers and their deputies have formal qualifications in the care field. We are delighted with our new comprehensive and targeted training programme which commences with an induction package for all new employees. Each employee then receives an annual training needs analysis which is ultimately translated into a target driven development programme. At the heart of our development programme is the National Vocational Qualification process where we have many employees who have achieved, or are working towards, awards at all available levels. We are also continuing to develop our Joint Consultative Council which allows employees at all levels to express their ideas and views up to Trustee level. Finally, our commitment to our employees has also been enhanced by our efforts to achieve the Investors in People award in December 1996.

EQUAL OPPORTUNITIES

Our comprehensive Equal Opportunities Policy covers both employees and all those who use our facilities and services. The policies were reviewed and updated during the year after consultation with our staff.

FINANCIAL REVIEW

The financial activities of the year are set out on pages 5 to 7 of the financial statements.

The net incoming resources for the year amounted to £706,015. Of this amount, £346,547 was a surplus on restricted funds which can only be used for the specific purposes detailed in note 12 to the financial statements. It is also important to note that the surplus is enhanced by some £307,373 caused by receipts for the sale of land in Trafford, Manchester.

At the end of the financial year, the total funds of the Trust amounted to £5,297,923 as detailed in note 8. Of these, £322,972 have restrictions on their use and £4,003,894 are already invested in fixed assets or are earmarked by the directors for future expenditure on major maintenance of the homes as detailed in note 12. This leaves £971,057 for general use which equates to less than 60 days of revenue expenditure.

The Trust is fully funded from public sources for its day to day operations but continues to rely on fundraising to provide the capital for new homes and facilities and for the major updates required periodically at its current homes. This year £330,508 was raised and our sincere and heartfelt thanks go to our supporters for all their magnificent efforts as we plan to launch a £1.4 million appeal to fund the development programme which is outlined in brief later.

THE YEAR IN REVIEW

During the last financial year the Trust has continued with success both to consolidate and develop its services after two years of structural and managerial change. The core of our care activities continues to be the running of residential homes for people with a learning disability. A rolling programme of improvements and replacements to our properties has continued successfully with major updates concluded at two homes and the completion of a replacement home in Trafford, Manchester for seven people. In addition, we have opened a much acclaimed innovative and flexible new day centre in Petersfield, Hampshire which provides a remarkably wide range of activities from therapeutic sessions to work opportunities using our own and community facilities seven days a week. A smaller version of the Hampshire day service is about to be opened in Trafford to provide activities for both residents of our local homes and also for people living at home.

Many improvements to the operation of the homes have also occurred the highlights being a complete rewrite of our Policy and Procedures in consultation with all staff levels, and the major initiative in staff training. We have now virtually concluded a three year programme which has resulted in a review and updating of our management systems and working procedures. Consolidation continues to ensure that the new procedures are working in practise. The Trust also contributes its time and support to outside agencies in the care field taking a leading role in the Association of Residential Care, the Voluntary Organisation Disability Group and the Charity Finance Directors Group. As in the past, all our activities are ultimately aimed at improving the enjoyment and quality of lives of our residents and others who use our services. We try hard to achieve the delicate balance between utilising modern techniques and systems effectively yet ensuring that the homes offer a happy and relaxed environment.

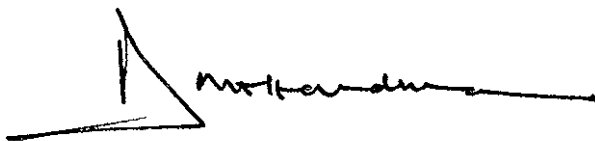
THE FUTURE

Over the coming two years we intend to continue to evolve our management, training and care systems and practices. Two particular targets will be a major effort to help our residents influence their own lives through genuine and informed choice, and an improvement in our dialogue with parents. More importantly from a financial perspective, we also plan to open two new homes, two new day centres, replace a home and update a number of properties over the coming two years. We believe the programme, funded by a £1.4 million appeal, to be a responsible balance between providing more facilities to help satisfy the considerable unmet need, and updating our current facilities so that they continue to meet modern standards. Financially our position is secure, but the current underfunding of Care in the Community and political uncertainties suggest strongly that substantial reserves and carefully considered long term commitments must be the order of the day.

AUDITORS

A resolution proposing that Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

Approved and signed on behalf of the Board on 19 July 1996 by :



Director

AUDITORS' REPORT

to the members of Elizabeth FitzRoy Homes

We have audited the financial statements on pages 5 to 13 which have been prepared on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 1, the directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1996 and of its surplus of income over expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditors

19 July 1996

ELIZABETH FITZROY HOMES

STATEMENT OF FINANCIAL ACTIVITIES (incorporating an income and expenditure account) for the year ended 31 March 1996

	Notes	Unrestricted funds	Restricted funds	Total to 31.3.96	Total to 31.3.95
		£	£	£	£
Incoming Resources					
Income from care services		5,876,747	375,177	6,251,924	5,632,176
Donations		142,530	187,978	330,508	344,162
Interest receivable		64,983	-	64,983	47,288
Net gain on disposal of tangible fixed assets	2	4,129	307,373	311,502	-
Other exceptional income	3	-	-	-	35,264
Total Incoming Resources		6,088,389	870,528	6,958,917	6,058,890
Resources Expended					
Direct expenditure on charitable objectives					
Direct cost of care provision	4	5,435,839	518,413	5,954,252	5,550,691
Other expenditure					
Cost of fundraising activities	5	85,143	5,568	90,711	49,914
Trust management and administration	6	207,939	-	207,939	210,830
Total Resources Expended	7	5,728,921	523,981	6,252,902	5,811,435
Net Incoming Resources before Transfers					
Transfers between funds	12	359,468	346,547	706,015	247,455
		371,435	(371,435)	-	-
Net Movement in Funds		730,903	(24,888)	706,015	247,455
Balances brought forward at 1 April 1995	12	4,244,048	347,860	4,591,908	4,344,453
Balances carried forward at 31 March 1996	12	4,974,951	322,972	5,297,923	4,591,908

There are no recognised gains and losses other than those stated above.

All of the above results derive from continuing activities.

The notes on pages 8 to 13 form part of these financial statements.

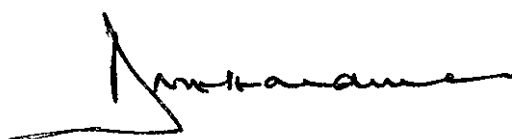
ELIZABETH FITZROY HOMES

BALANCE SHEET
as at 31 March 1996

	Notes	1996	1995
		£	£
Fixed Assets			
Tangible assets	8		
Homes		3,537,433	3,051,188
Other tangible assets		218,457	222,015
		<u>3,755,890</u>	<u>3,273,203</u>
Investments	9	14,000	14,000
		3,769,890	3,287,203
Current Assets			
Debtors and prepayments	10	385,781	200,068
Cash at bank and in hand		1,758,023	1,437,141
		<u>2,143,804</u>	<u>1,637,209</u>
Creditors : amounts falling due within one year	11	615,771	332,504
Net Current Assets		1,528,033	1,304,705
Net Assets		5,297,923	4,591,908
Funds			
Restricted funds	12	322,972	347,860
Designated funds	12	4,003,894	3,412,680
General fund	12	971,057	831,368
Total Funds	13	5,297,923	4,591,908

The notes on pages 8 to 13 form part of these financial statements.

The financial statements on pages 5 to 13 were approved by the Board on 19 July 1996 and signed on its behalf by :



Director

ELIZABETH FITZROY HOMES

**CASH FLOW STATEMENT
for the year ended 31 March 1996**

	1996	1995
	£	£
Net cash inflow from operating activities (See note below)	555,761	363,683
Return on investments and servicing of finance		
Interest received	64,983	47,288
Investing activities		
Payments to acquire tangible fixed assets	(633,843)	(177,806)
Proceeds from sales of tangible fixed assets	333,981	8,146
Net cash outflow from investing activities	(299,862)	(169,660)
Increase in cash	320,882	241,311
Cash at 1 April 1995	1,437,141	1,195,830
Cash at 31 March 1996	1,758,023	1,437,141

NOTE TO CASH FLOW STATEMENT

Reconciliation of Changes in Resources to Net Cash Inflow from Operating Activities

	1996	1995
	£	£
Changes in resources	706,015	247,455
Interest received	(64,983)	(47,288)
(Gain) on sale of fixed assets	(330,347)	(1,601)
Depreciation charge	147,522	124,269
(Increase)/decrease in debtors	(185,713)	72,635
Increase(decrease) in creditors	283,267	(31,787)
Net cash inflow from operating activities	555,761	363,683

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and with applicable accounting and financial reporting standards. They have been prepared in accordance with the Statement of Recommended Practice - Accounting by Charities which has resulted in the restatement of some comparative figures.

(b) Fund accounting

General funds comprise the accumulated net surplus of unrestricted income over expenditure. They are available for use by the Trust in furtherance of its general objectives.

Designated funds comprise general funds which have been set aside at the discretion of the directors for specific purposes. The purposes and use of the designated funds are set out in the notes to the financial statements.

Restricted funds are funds subject to specific restrictive conditions imposed by donors. The purpose and use of the restricted funds are set out in the notes to the financial statements.

(c) Incoming resources

Income is accounted for on a receivable basis.

(d) Resources expended

The expenditure is classified under categories which reflect the use of the resource.

Included within the direct cost of care provision are management and support costs comprising all those services supplied centrally which are wholly or mainly in direct support of the provision of care services.

(e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost including any incidental expenses of acquisition.

The cost of tangible fixed assets is depreciated by equal annual instalments over the expected useful lives of the assets, which are as follows :

Short leasehold properties	- the length of the lease
Motor vehicles	- 4 years
Furniture and equipment	- 4 years

The Trust's policy is to maintain its properties to a high standard through a continuous programme of refurbishment and maintenance. In accordance with this practice, depreciation is not provided on freehold and long leasehold properties where, in the opinion of the directors, the residual values (in terms of original cost) are such that any depreciation charge would be immaterial.

(f) Pension costs

Pension costs are charged to the statement of financial activities as they become due.

(g) Operating leases

Operating lease rentals are charged to the statement of financial activities as they become due.

2 NET GAIN ON DISPOSAL OF TANGIBLE FIXED ASSETS AND POST BALANCE SHEET EVENTS

On 5 April 1995, the Trust purchased the freehold of its existing site at Lorraine Road, Timperley, Cheshire from Trafford Metropolitan Borough Council. The contract covering this transaction stipulated that any funds raised from the subsequent sale of the site by the Trust should be restricted to use within Trafford.

On 5 January 1996, the Trust acquired and began to adapt a property in Trafford, Manchester in which to rehouse seven residents from the existing site in Timperley. This was financed by an interest free loan of £248,057 from a charitable trust. As at 31 March 1996 the loan had not been repaid and is included in "creditors falling due within one year".

On 29 February 1996, the Trust sold freehold land at Lorraine Road realising a gain on disposal of £307,373. On 9 June 1996, further freehold land and property in Lorraine Road were sold for £375,000. This provided the Trust with funds to repay the loan and to complete the adaptation of the new home.

3 EXCEPTIONAL INCOME

In the preceding financial year, the exceptional income related to unidentified monies relating to prior periods which was released to income.

	Unrestricted funds £	Restricted funds £	Total to 31.3.96 £	Total to 31.3.95 £
4 DIRECT COST OF CARE PROVISION				
Provision of residential and day services				
Staff costs	4,009,986	-	4,009,986	3,784,798
Other costs	1,080,411	488,747	1,569,158	1,404,126
Management and support of service provision				
Staff costs	227,830	26,666	254,496	238,416
Other costs	117,612	3,000	120,612	123,351
	5,435,839	518,413	5,954,252	5,550,691

5 FUNDRAISING AND PUBLICITY

Staff costs	16,370	-	16,370	13,410
Other costs	68,773	5,568	74,341	36,504
	85,143	5,568	90,711	49,914

6 TRUST MANAGEMENT AND ADMINISTRATION

Staff costs	108,467	-	108,467	101,613
Other costs	95,117	-	95,117	106,448
Costs of trustees' meetings	4,355	-	4,355	2,769
	207,939	-	207,939	210,830

7 TOTAL RESOURCES EXPENDED

Total resources expended are stated after charging :	1996	1995
	£	£
Depreciation of fixed assets	147,522	124,269
Auditor's remuneration - audit services	13,959	13,513
- other services	5,045	8,690

Staff costs during the year amounted to:	1996	1995
	£	£
Salaries - permanent staff	3,968,406	3,733,322
Social security costs	331,010	318,735
Employer's pension contributions	89,903	86,180
	4,389,319	4,138,237

The average number of staff during year analysed by function was:

	No.	No.
Care provision	436	397
Fundraising	2	2
Trust administration	6	6
Total	444	405

One employee earned between £40,000 and £50,000 in the financial year.

The directors neither received nor waived any remuneration during the current or preceding financial years.

Travel expenses for their meetings reimbursed during the year amounted to £ 1,308 (1995: £1,052).

ELIZABETH FITZROY HOMES

NOTES TO THE FINANCIAL STATEMENTS

8 TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold property £	Short leasehold property £	Motor vehicles £	Furniture and equipment £	Total £
Cost at						
1 April 1995	1,808,513	1,242,675	-	339,534	265,386	3,656,108
Additions	394,183	-	104,846	90,430	44,384	633,843
Transfer	217,909	(217,909)	-	-	-	-
Disposals	(1,134)	-	-	(45,049)	-	(46,183)
Cost at 31 March 1996	2,419,471	1,024,766	104,846	384,915	309,770	4,243,768
Depreciation at						
1 April 1995	-	-	-	230,827	152,078	382,905
Charge for the period	-	-	11,650	70,997	64,875	147,522
Disposals	-	-	-	(42,549)	-	(42,549)
Depreciation at 31 March 1996	-	-	11,650	259,275	216,953	487,878
Net book value at 31 March 1996	2,419,471	1,024,766	93,196	125,640	92,817	3,755,890
31 March 1995	1,808,513	1,242,675	-	108,707	113,308	3,273,203

The net book value of tangible fixed assets at 31 March 1996 represents assets for direct operational use.

Capital commitments	1996 £	1995 £
Authorised and contracted for	105,308	-
Authorised but not contracted for	165,000	750,000

9 INVESTMENTS

	1996 £	1995 £
Income Bonds		
Cost at 31 March 1996	14,000	14,000
Market value at 31 March 1996	14,000	14,000

ELIZABETH FITZROY HOMES

NOTES TO THE FINANCIAL STATEMENTS

10 DEBTORS AND PREPAYMENTS

	1996 £	1995 £
Prepayments and accrued income	34,296	43,683
Other debtors	351,485	156,385
	385,781	200,068

11 CREDITORS: amounts falling due within one year

Accruals	140,811	102,300
Other creditors	385,102	139,822
Taxation and Social Security	89,858	90,382
	615,771	332,504

12 FUNDS

	Balance at 1 April 1995 £	Incoming Resources £	Outgoing Resources £	Interfund Transfers £	Balance at 31 March 1996
Restricted Funds	347,860	870,528	(523,981)	(371,435)	322,972
Designated Funds					
Capital fund	3,273,203	-	-	482,687	3,755,890
Motor vehicles	25,480	-	-	(25,480)	-
Major maintenance	113,997	-	(125,993)	260,000	248,004
General Fund	831,368	6,088,389	(5,602,928)	(345,772)	971,057
Total Funds	4,591,908	6,958,917	(6,252,902)	-	5,297,923

The Restricted Funds relate to monies raised for specific projects in homes or specific central support functions and are represented by investments and cash at bank.

The Capital Fund represents the net book value of funds already invested in homes and other fixed assets.

The Major Maintenance Fund represents amounts required to fund the ongoing refurbishment and maintenance programmes in the homes.

Interfund transfers relate to the release of restrictions and the designation of general funds by the directors.

13 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total to 31.3.96 £
Tangible fixed assets	3,755,890	-	3,755,890
Investments	-	14,000	14,000
Net current assets	1,219,061	308,972	1,528,033
	4,974,951	322,972	5,297,923

14 PENSION SCHEME

The Trust contributes towards individual employee pension schemes all of which are administered on its behalf by Federated Pension Services and in funds managed by Scottish Widows Pension Group, Royal National Fund for Nurses and Provident Mutual. The schemes are money purchase plans with the charity contributing between 2% and 9½% of members' salaries.

15 OPERATING LEASE COMMITMENTS

	Land and buildings 1996 £	Other 1996 £	Land and buildings 1995 £	Other 1995 £
Annual commitments under operating leases, expiring:				
Within one year	-	-	-	760
In the second to fifth year	-	15,372	-	6,500
After five years	39,000	-	45,000	-

16 TAXATION

No corporation tax has been provided in these financial statements because income of the company, a registered charity, is within the exemptions granted by Section 505 of the Income and Corporation Taxes Act 1988. The company has borne VAT on its expenditure where appropriate.