

THE ELIZABETH FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

Report and Group Accounts

31 March 2002



The Elizabeth Foundation (a company limited by guarantee)

Registered No. 1960980

DIRECTORS

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 LLP
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

BANKERS

HSBC Bank plc
19 Midsummer Place
Milton Keynes
Bedfordshire

SOLICITORS

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

REGISTERED OFFICE

Southwick Hill Road
Cosham
Portsmouth
Hampshire
PO6 3LL

The Elizabeth Foundation (a company limited by guarantee)

DIRECTORS REPORT

The Directors (Council Members) present their report and group accounts for the year ended 31 March 2002.

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 deficit for the year amounts to £47,442 and has been deducted from reserves: this includes £12,242 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 £49,118.

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. Once again, the Foundation has benefited from wide ranging voluntary activities including a number of highly successful fundraising events. We also continued to benefit from the generous support given by a number of grant making bodies whose help is vital to the running of our oral education programme.

Our West Yorkshire centre enjoyed its first full year of operation and has quickly become a well established service provider to the local community. We completed the purchase of a property in Hertfordshire, which will become our third regional centre. The purchase was made possible by a commercial loan facility made available by HSBC plc.

The Foundation has now enjoyed over 20 years of operation and is now helping even more pre-school hearing impaired children to achieve their maximum potential from oral deaf education. Amongst other challenges ahead we must prepare for the long awaited neonatal screening programme that will see children diagnosed earlier giving more opportunity for intervention and support to facilitate speech and language acquisition, our core service provision.

DIRECTORS

The Directors (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

A resolution to appoint auditors will be put to the forthcoming Annual General Meeting.

By order of the Board

B Mitchell
Secretary

 28 OCT 2002

STATEMENT OF DIRECTORS 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 Directors 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 Directors 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ELIZABETH FOUNDATION

We have audited the group's financial statements for the year ended 31 March 2002 which comprise the Consolidated and Company Statements of Financial Activities, Consolidated and Company Balance Sheets and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 and the Charities Act 1993. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company 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 directors' remuneration and transactions with the group is not disclosed.

We read the Directors' 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 United Kingdom 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 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 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 affairs of the charitable company and of the group as at 31 March 2002 and of its incoming resources and application of resources for the year then ended and have been properly prepared in accordance with the Companies Act 1985 and the Charities Act 1993.


Ernst & Young LLP
Registered Auditor
Southampton

28 OCT 2002

The Elizabeth Foundation (a company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 March 2002

	Note	Group -Consolidated				Charity Company				
		Income and expenditure account		Designated Restricted funds		Income and expenditure account		Designated Restricted funds		
		£	£	£	£	£	£	£	£	
INCOMING RESOURCES										
Donations and gifts		106,641	-	-	106,641	95,886	-	-	106,641	95,886
Legacies		20,802	-	-	20,802	81,274	-	-	20,802	81,274
Fund raising activities		62,601	-	-	62,601	41,284	-	-	62,601	41,284
Grant: National Lottery Charities Board		-	-	-	-	4,809	-	-	-	4,809
Other grants receivable		69,131	-	128,625	197,756	304,932	-	128,625	197,756	304,932
Less: deferred income		-	-	-	-	(43,750)	-	-	-	(43,750)
Investment income		11,870	-	-	11,870	14,982	-	-	11,870	14,982
Audiology services		61,270	-	-	61,270	59,954	-	-	61,270	59,954
Bank interest		3,956	-	-	3,956	7,141	-	-	3,956	7,141
Other income		-	-	-	-	-	-	-	-	-
Net income/(expenditure) of trading subsidiary		3,387	-	-	3,387	53	-	-	-	-
Total incoming resources		339,658	-	128,625	468,283	566,565	-	128,625	464,896	566,512
RESOURCES EXPENDED										
Costs of generating funds	2	106,408	-	-	106,408	118,101	-	-	106,408	118,101
Direct charitable expenditure	2	175,006	10,566	109,303	294,875	251,211	10,566	109,303	294,875	251,211
Management and administration	2	83,593	-	7,080	90,673	107,075	-	7,080	90,673	107,075
Transfer between reserves		-	-	-	-	-	-	-	-	-
Total resources expended		365,007	10,566	116,383	491,956	476,387	10,566	116,383	491,956	476,387

The Elizabeth Foundation (a company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 March 2002

	Group - Consolidated				Charity Company					
	Income and expenditure account		Designated fund		Restricted funds		Total			
	£		£	£	£	£	£	£		
		Total 2002	Total 2001							
NET (OUTGOING)/INCOMING RESOURCES FOR THE YEAR	(25,349)	(10,566)	12,242	(23,673)	90,178	(28,736)	(10,566)	12,242	(27,060)	90,125
OTHER RECOGNISED GAINS AND LOSSES										
Gains/(losses) on investments										
Realised	(13,747)	-	-	(13,747)	(2,983)	(13,747)	-	-	(13,747)	(2,983)
Unrealised	(10,022)	-	-	(10,022)	(79,298)	(10,022)	-	-	(10,022)	(79,298)
NET MOVEMENT IN FUNDS FOR THE YEAR	(49,118)	(10,566)	12,242	(47,442)	7,897	(52,505)	(10,566)	12,242	(50,829)	7,844
Balance at start of year	189,788	424,781	803,858	1,418,427	1,410,530	187,379	424,781	803,858	1,416,018	1,408,174
Balance at 31 March 2002	140,670	414,215	816,100	1,370,985	1,418,427	134,874	414,215	816,100	1,365,189	1,416,018

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

The Elizabeth Foundation (a company limited by guarantee)

BALANCE SHEETS

at 31 March 2002

		<i>Consolidated Group 2002 £</i>	<i>Consolidated Group 2001 £</i>	<i>Charity Company 2002 £</i>	<i>Charity Company 2001 £</i>
	<i>Notes</i>				
FIXED ASSETS					
Tangible assets	5	1,374,652	816,295	1,373,768	815,116
Investments	15	218,857	461,927	218,859	461,929
		<u>1,593,509</u>	<u>1,278,222</u>	<u>1,592,627</u>	<u>1,277,045</u>
CURRENT ASSETS					
Stocks	6	3,141	4,408	2,500	4,408
Debtors	7	40,392	16,275	38,592	16,081
Cash at bank and in hand	8	46,429	203,375	45,449	200,963
		<u>89,962</u>	<u>224,058</u>	<u>86,541</u>	<u>221,452</u>
CREDITORS:					
amounts falling due within one year	9	53,236	83,853	54,729	82,479
		<u>36,726</u>	<u>140,205</u>	<u>31,812</u>	<u>138,973</u>
NET CURRENT ASSETS					
		<u>1,630,235</u>	<u>1,418,427</u>	<u>1,624,439</u>	<u>1,416,018</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>1,630,235</u>	<u>1,418,427</u>	<u>1,624,439</u>	<u>1,416,018</u>
CREDITORS:					
amounts falling due after more than one year	10	259,250	-	259,250	-
		<u>1,370,985</u>	<u>1,418,427</u>	<u>1,365,189</u>	<u>1,416,018</u>
NET ASSETS					
		<u>1,370,985</u>	<u>1,418,427</u>	<u>1,365,189</u>	<u>1,416,018</u>
RESERVES					
Restricted funds:					
National Lottery Charities Board reserve	13	205,242	209,853	205,242	209,853
Legacy reserve	13	442,500	442,500	442,500	442,500
Grants reserve	13	147,754	145,901	147,754	145,901
Capital reserve	13	5,604	5,604	5,604	5,604
Unrestricted Funds:					
Designated fund: Portsmouth					
Resource Centres	13	414,215	424,781	414,215	424,781
Income and expenditure account	13	155,670	189,788	149,874	187,379
		<u>1,370,985</u>	<u>1,418,427</u>	<u>1,365,189</u>	<u>1,416,018</u>

J Walter

- Chairman

D K Metherell

- Treasurer

28 OCT 2002

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2002

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

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.

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 2002

2. ANALYSIS OF RESOURCES EXPENDED

	<i>Income and expenditure account</i>	<i>Designated Funds</i>	<i>Restricted Funds</i>	<i>2002 Total</i>	<i>2001 Total</i>
	£	£	£	£	£
COST OF GENERATING FUNDS					
Collections (include donations and legacies)	16,069	-	-	16,069	18,608
Events	46,874	-	-	46,874	66,925
Grant applications	20,373	-	-	20,373	18,820
Public relations	23,092	-	-	23,092	13,748
	<u>106,408</u>	<u>-</u>	<u>-</u>	<u>106,408</u>	<u>118,101</u>
DIRECT CHARITABLE EXPENDITURE					
Provision of Education/Support:					
Nursery	158,540	860	109,303	268,703	210,770
Correspondence course & counselling	15,877	2,378	-	18,255	22,068
Audiology services	589	7,328	-	7,917	18,373
	<u>175,006</u>	<u>10,566</u>	<u>109,303</u>	<u>294,875</u>	<u>251,211</u>
MANAGEMENT AND ADMINISTRATION					
Salaries and office costs	42,509	-	7,080	49,589	74,824
Legal and professional fees	22,876	-	-	22,876	11,350
Travelling costs	4,292	-	-	4,292	14,078
Bank interest and charges	3,125	-	-	3,125	6,823
Bank Loan Interest	10,791	-	-	10,791	-
	<u>83,593</u>	<u>-</u>	<u>7,080</u>	<u>90,673</u>	<u>107,075</u>

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2002

2. ANALYSIS OF RESOURCE EXPENDED (continued)

	<i>Staff costs</i>	<i>Depreciation</i>	<i>Other</i>	<i>2002</i>	<i>2001</i>
	£	£	£	Total £	Total £
Cost of generating funds	49,784	-	56,624	106,408	118,101
Direct charitable expenditure	167,935	33,715	93,225	294,875	251,211
Management and administration	37,562	16,429	36,682	90,673	107,075
	<u>255,281</u>	<u>50,144</u>	<u>186,531</u>	<u>491,956</u>	<u>476,387</u>
				<i>2002</i>	<i>2001</i>
				£	£
Staff costs:					
Wages and salaries				234,725	225,352
Social security costs				18,644	18,769
Pension contributions				1,912	5,565
				<u>255,281</u>	<u>249,686</u>

The average weekly number of employees during the year was 18 (2001: 18)

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

	<i>2002</i>	<i>2001</i>
	No.	No.
Direct charitable services	13	13
Fund raising and publicity	2	2
Management and administration	3	3
	<u>18</u>	<u>18</u>

<i>Other costs:</i>	<i>2002</i>	<i>2001</i>
	£	£
Premises	26,905	27,713
Consumables	13,167	4,080
Other	146,459	148,117
	<u>186,531</u>	<u>179,910</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 £45,847 (2001: £40,693) paid to Mrs S Metherell and Mrs A Walter who are both wives of Directors. In addition fees of £3,873 (2001: £1,216) 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 2002

3. NET MOVEMENT IN FUNDS

This is stated after charging:

	2002	2001
	£	£
Audit fee	4,400	4,400
Directors remuneration	-	-
Depreciation of owned fixed assets	50,439	47,086

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>	
	2002	2001
	£	£
Turnover	13,304	11,106
Cost of sales	5,948	7,119
Gross Profit	7,356	3,987
Administration	3,664	3,880
Profit on ordinary activities before taxation	3,692	107
Interest receivable	4	26
Taxation on profit on ordinary activities	(309)	(80)
Retained in subsidiary	3,387	53

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2002

5. TANGIBLE FIXED ASSETS

	<i>Freehold Property £</i>	<i>Leasehold Property Portsmouth Resource Centres £</i>	<i>Motor vehicles £</i>	<i>School and Medical equipment £</i>	<i>Fixtures, fittings and office equipment £</i>	<i>Company Total £</i>	<i>Shop and fittings £</i>	<i>Group Total £</i>
Cost:								
At 1 April 2001	53,678	855,167	17,000	106,672	87,207	1,119,725	4,454	1,124,179
Additions	598,469	-	-	3,667	6,660	608,796	-	608,796
Disposals	-	-	-	-	-	-	-	-
At 31 March 2002	652,147	855,167	17,000	110,339	93,867	1,728,521	4,454	1,732,975
Depreciation:								
At 1 April 2001	1,655	136,110	12,665	98,318	55,861	304,609	3,275	307,884
Provided during the year	8,711	17,048	4,250	3,706	16,429	50,144	295	50,439
Relating to disposals	-	-	-	-	-	-	-	-
At 31 March 2002	10,366	153,158	16,915	102,024	72,290	354,753	3,570	358,323
Net book value:								
At 31 March 2002	641,781	702,009	85	8,315	21,577	1,373,768	884	1,374,652
At 1 April 2001	52,023	719,057	4,335	8,354	31,346	815,116	1,179	816,295

The value of long leasehold buildings (Portsmouth Resource Centres), has been estimated for insurance purposes by the council members at £1,000,000 (2001: £1,000,000). This figure, in the opinion of the Directors, closely reflects the commercial value.

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2002

5. TANGIBLE FIXED ASSETS (continued)

The net book value at 31st March 2002 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</i>	<i>Shop and fittings</i>	<i>Total</i>
	£	£	£	£	£	£	£	£
Direct charitable purposes:								
Nursery	85	8,315	-	-	-	590,450	-	598,850
Family Centre	-	-	-	294,778	-	-	-	294,778
Early Detection Centre	-	-	-	-	407,231	-	-	407,231
	85	8,315	-	294,778	407,231	590,450	-	1,300,859
Other purposes								
Management, Administration and Fund raising of the Charity	-	-	21,577	-	-	51,331	-	72,908
Charity shops and sales	-	-	-	-	-	-	884	884
	-	-	21,577	-	-	51,331	884	73,792
Total	85	8,315	21,577	294,778	407,231	641,781	884	1,374,652

6. STOCKS

	<i>Group 2002</i>	<i>Group 2001</i>	<i>Company 2002</i>	<i>Company 2001</i>
	£	£	£	£
Goods for resale	641	-	-	-
Stationery and office consumables	2,500	4,408	2,500	4,408
	3,141	4,408	2,500	4,408

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2002

7. DEBTORS

	<i>Group</i> 2002 £	<i>Group</i> 2001 £	<i>Company</i> 2002 £	<i>Company</i> 2001 £
Trade debtors	22,883	8,249	21,649	390
Due from subsidiary undertaking (note 14)	-	-	-	8,161
Prepayments and accrued income	10,912	7,741	10,346	7,245
Other debtors	6,597	35	6,597	35
Taxation	-	250	-	250
	<u>40,392</u>	<u>16,275</u>	<u>38,592</u>	<u>16,081</u>

8. CASH AT BANK

	<i>Group</i> 2002 £	<i>Group</i> 2001 £
Interest bearing accounts	56,490	188,207
Cash in hand and in transit	400	157
Accounts with investment managers	8,148	10,421
Current accounts	(18,609)	4,590
	<u>46,429</u>	<u>203,375</u>

9. CREDITORS: amounts falling due within one year

	2002 £	<i>Group</i> 2001 £	2002 £	<i>Company</i> 2001 £
Bank loan	24,601	-	24,601	-
Trade and other creditors	10,926	13,048	10,926	13,048
Due to subsidiary undertaking (note 14)	-	-	4,193	-
Accruals and deferred income	11,866	65,657	9,516	64,365
Taxation and social security	5,843	5,148	5,493	5,066
	<u>53,236</u>	<u>83,853</u>	<u>54,729</u>	<u>82,479</u>

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2002

10. CREDITORS: amounts falling due after more than one year

	2002	Group 2001	2002	Company 2001
	£	£	£	£
Bank loan	259,250	-	259,250	-
The bank loan falls due for repayment as follows:				
Within one year	24,601	-	24,601	-
Between one and two years	24,955	-	24,955	-
Between two and five years	84,916	-	84,916	-
After five years	149,379	-	149,379	-
	283,851	-	283,851	-

The bank loan is repayable in instalments on or before June 2011, carries interest at 1% over HSBC base rate and is secured under the terms of a mortgage on the Hertfordshire property.

11. LIMITATION OF LIABILITY BY GUARANTEE OF CHARITABLE COMPANY

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

12. TAXATION

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

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2002

13. 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 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 loss	-	-	-	-	-	(82,281)	(82,281)
At 1 April 2001	209,853	442,500	145,901	5,604	424,781	187,379	1,416,018
Movement in resources:							
Incoming	-	-	128,625	-	-	336,271	464,896
Outgoing	(4,611)	-	(126,772)	-	(10,566)	(350,007)	(491,956)
Investment loss	-	-	-	-	-	(23,769)	(23,769)
Transfer	-	-	-	-	-	-	-
At 31 March 2002	205,242	442,500	147,754	5,604	414,215	149,874	1,365,189

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2002

13. 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 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 loss	-	-	-	-	-	(82,281)	(82,281)
At 1 April 2001	209,853	442,500	145,901	5,604	424,781	189,788	1,418,427
Movement in resources							
Incoming	-	-	128,625	-	-	339,658	468,283
Outgoing	(4,611)	-	(126,772)	-	(10,566)	(350,007)	(491,956)
Investment gains	-	-	-	-	-	(23,769)	(23,769)
At 31 March 2002	205,242	442,500	147,754	5,604	414,215	155,670	1,370,985

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 2002

13. 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

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 2002 the reserve was mainly utilised on teacher of the deaf salary costs and depreciation of tangible fixed assets (diagnostic equipment and computer software).

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 2002

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<i>Tangible fixed assets</i>	<i>Investments</i>	<i>Other Net assets</i>	<i>2002 Total</i>	<i>2001 Total</i>
	£	£	£	£	£
<i>Restricted:</i>					
National Lottery Charities					
Board reserve	205,242	-	-	205,242	209,853
Legacy reserve	223,643	218,857	-	442,500	442,500
Grants reserve	1,272	-	161,482	162,754	145,901
Capital reserve	-	-	5,604	5,604	5,604
<i>Unrestricted:</i>					
Portsmouth Resource Centres	414,215	-	-	414,215	424,781
Income and Expenditure account	530,280	-	(389,610)	140,670	189,788
	<u>1,374,652</u>	<u>218,857</u>	<u>(222,524)</u>	<u>1,370,985</u>	<u>1,418,427</u>
	(Note 5)	(Note 15)			

15. FIXED ASSET INVESTMENT

Company

Subsidiary – E F Enterprise (Portsmouth) Limited

The company owns a 100% holding (nominal value £2) 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 2001 and 31 March 2002	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 2002 the company made a profit of £3,387 and its aggregate capital and reserves at that date amounted to £5,798.

The Elizabeth Foundation (a company limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2002

15. FIXED ASSET INVESTMENT (continued)

Group and Company

<i>Other investments</i>	£
Total investments, including other investments:	
Other:	
Opening valuation	461,927
Additions at cost	31,617
Disposals at opening value (proceeds £250,918 loss £13,747)	(264,665)
Net unrealised losses on revaluation	(10,022)
	<hr/>
Total market value at 31 March 2002 (group)	218,857
Cost at 1 April 2001 and 31 March 2002 (subsidiary)	2
	<hr/>
Total cost or market value at 31 March 2002 (company)	218,859
	<hr/> <hr/>
Listed Investments	133,411
British Government stocks	78,820
UK Unit Trusts	6,626
	<hr/>
	218,857
Investment in unquoted subsidiary company	2
	<hr/>
	218,859
	<hr/> <hr/>
Historical cost at 31 March 2002	206,924
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