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Charity Registration No. 1067673

Company Registration No. 3469653 (England and Wales)

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ABILITYNET

(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2005



THE UNIVERSITY OF CHICAGO
LIBRARY
1100 EAST 58TH STREET
CHICAGO, ILL. 60637

ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
LEGAL AND ADMINISTRATIVE INFORMATION

| | |
|--------------------------|---|
| Directors | D J Livermore U D Barnett Prof. J Hull J Searle Prof. Ann Lewis (representing University of Birmingham) D Morriss J Tabor (representing IBM UK limited) N Sharma G McMullen (representing British Computer Society) |
| Secretary | S M Kennedy |
| Charity number | 1067673 |
| Company number | 3469653 |
| Principal address | PO Box 94 Warwick CV34 5WS Warwickshire |
| Registered office | Acre House 11-15 William Road London NW1 3ER |
| Auditors | H W Fisher & Company Acre House 11-15 William Road London NW1 3ER |
| Bankers | CCLA Investment Management Limited London EC2V 6DZ Barclays Bank Plc 3 Church Street Weybridge Surrey KT13 8DD |

ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
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ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005

The Directors present their report and accounts for the year ended 31 December 2005.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000. The Directors report complies with the provisions of SORP (2005).

Objects of the charity

The company is a company limited by guarantee. The company's objects are to promote relief of persons with physical, sensory or mental disabilities, and to develop their physical and mental capabilities, in particular, but not exclusively, by the use of information and communication technology (ICT).

The main activities offered by the charity directly assist people with any disability or limiting condition, whatever their age or life situation, to enjoy improved independence and quality of life through access to ICT. ICT access is able to make a huge impact on the lives of disabled people, levelling the playing field by offering greater equality of opportunity and access to education and employment, as well as improved life choices, independence and self-esteem. AbilityNet provides a comprehensive service, tailored to meet each individual's need, including initial information and advice, individual assessment of need, recommendations on assistive and adaptive technology, configuration of specialist systems, add-ons and upgrades, installation, training and ongoing support. In addition AbilityNet shares expertise with a wide range of professionals in employment, education, health, social services and the voluntary sector through professional training and consultancy.

Review of activities

Since over 90% of jobs now involve ICT and over 60% of the population use the internet for communication, retail and entertainment, access to both is now seen as a human right, and issues surrounding the 'digital divide' are gaining increasingly high profile. In other words, ICT which could become the great 'enabler' of society is in danger of making the gap even greater. This means that AbilityNet's specialist expertise is in demand not only for disabled people but also for those who find access to conventional ICT equipment difficult, if not impossible, but do not consider themselves to be disabled. The generally accepted estimate for the total number of people involved is in the region of some 5 million. The challenge facing us, as the leading provider of support in this field, is how to extend the reach of our services to address directly more than a fraction of that demand.

ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

In 2005, we have undertaken some 2,200 personal assessments and installations, provided advice and support by telephone and email to a further 17,000, and education to another 2,000. Further with downloads from a comprehensive website and the distribution of CD ROMs, we estimate that we had some 490,000 positive contacts in total. We also advised employers to ensure that health issues do not arise from inappropriate computer use, and schools, colleges and universities on how best to offer inclusive ICT and meet their responsibilities under the Disability Discrimination Act.

However the important development of last year was the implementation of our strategy to increase radically the numbers of people fully supported by AbilityNet. The strategy has four key elements:

1. to improve the productivity of our 1:1 assessments by implementing a triage system with a greater range of flexible options
2. to establish a quality skills framework by introducing and piloting an assessor accreditation system
3. to build close ties with other organisations to support that key additional resource locally
4. to develop and pilot remote assessment techniques to provide support to disabled people locally with major savings in travel time for our assessors, increasing the numbers we are able to help.

We are delighted with progress in all four areas and the strategy has enabled us both to restructure our organisation to meet the new opportunities and specifically to refocus our fundraising activities on larger long term projects. Specifically in terms of volumes, we have been able to set a budget for 2006 that shows a 30% growth in income. However the transformation process has had an impact on our fundraising income stream for 2005 and this, coupled with the delayed start of a major government contract, has reduced our income in the short term. The budget for 2005 was to achieve an overall income of £2,400,000 (excluding gifts in kind) with a surplus of £165,000. The final accounts show income of £2,449,901 with losses of £47,368. To offset this, our Web Consultancy income was above budget and we believe there is huge scope for development in this area.

ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

In greater detail, the key areas of our new strategy for delivering services more efficiently are as follows:

1. **Assessor Accreditation** - In January we received further funding to develop our Assessor Accreditation scheme. The pilot scheme has been operative throughout 2005, and is accredited by National Open College Network, and now forms an integral part of proposals within the ICT Hub programme of work, to ensure a sustainable future of accessible IT expertise within regional hubs as an extension of AbilityNet centres. We are confident that it offers a practical, experience-based route for a national qualification, so that disabled people can receive quality assured services throughout the country.

2. **Partnerships** - In January we formalised a working relationship with ITCH, a not-for-profit service under the umbrella of the British Computer Society Disability Group. ITCH has over 250 volunteers throughout the country providing technical support to disabled people in their own homes. Incoming enquiries may now be directed to the AbilityNet Advice and Inquiry service and routed to the most appropriate level of support. We continue to work closely with Remploy, who sponsor our Newcastle centre, and have now equipped all their learning centres across the UK for accessibility. With RNIB we have developed a new standard in website accessibility. Following the Disability Rights Commission research in April 2004, which strongly recommended disabled user testing for websites in addition to automated checks, RNIB and AbilityNet launched a See-It-Right/Useability standard in November 2005. This incorporates testing by AbilityNet's panel of disabled users as an enhancement to the previous See-It-Right standard and gives website originators the highest level of confidence available of a site compliant with the DDA. Finally we created the MyWeb, MyWay site with the BBC (www.bbc.co.uk/accessibility) linked directly to the BBC home page, offering a simple guide to the inbuilt accessibility features in Windows, AppleMac and Linux.

3. **Remote Assessment** - For those who need more significant intervention, remote assessments enable an AbilityNet consultant to advise a client, or supervise an assessment being carried out by someone less experienced, without travelling. We can combine online streaming (where the consultant 'takes over' another computer remotely) and use of web cameras so that real time advice/supervision can be given. The pilot ran for 4 months within AbilityNet before we successfully bid for funding from the Community Fund Scotland (effective December 2005) which is enabling the scheme to be properly tested and evaluated in Scotland. We believe this is an exciting development with the potential to support the wider take up of assessments in many more locations.

4. **Website Evaluation** - Being able to use the web is hugely important in giving opportunities to disabled users, a fact recognised by government at all levels. During the year, AbilityNet formed part of a successful consortium commissioned by the E-government Unit to audit a wide selection of public sector websites across all EU countries. The results, launched in November, showed only 3% actually met the most basic accessibility standard. Our staff have also served on the expert panel supporting the development of BSI standard PAS78 for the creation of accessible web design (launched March 2006). The excellent reputation of our web services team speaks for itself and our work in the area of web accessibility grew significantly in 2005.

ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

In addition to the strategic relationships that we have developed, we also delivered three major contracts during the year, all of which incorporate learning for professionals beyond AbilityNet staff. The University for Industry (Ufi) Disability Champions programme, supporting disabled learners in UK Online and Learndirect centres, was successfully completed in March. The BECTA managed Communications Aid Project (CAP), providing solutions for primary and secondary pupils, continued throughout the year. As part of this programme several hundred CAP contacts have been identified and AbilityNet's role has changed its emphasis from working directly with pupils to validating the quality of assessments that others delivered and offering network training opportunities. In September 2005 AbilityNet became one of the ICT Hub organisations ensuring that accessibility is a core component in this government programme, working to improve the IT infrastructure of the voluntary and community sector. The ICT Hub will run throughout 2006 and create nine regional 'Accessibility Hubs' - centres equipped and with staff trained to support disabled users of ICT across England.

A Director of Fundraising was recruited in May and the Web Services team augmented by three to five people. Following a strategic review mid-year, the Operations management team have been restructured to create clearer lines of accountability on key areas of education, employment and public sector/services at a national level, replacing the previous regional focus. Web services now form a separate cost centre, although they are still an important part of the overall consultancy services we offer organisations.

Internally the charity has been implementing an integrated web-based software system throughout the year. All centres can now track client information from a first general enquiry to the supply of a system. The software also provides real time financial data both to the centres and the financial controller.

In summary, 2005 has been an extremely challenging year with very heavy demands on our staff. AbilityNet has emerged better organised with exciting new strategies for serving an ever increasing number of clients. We very much look forward in 2006 to working with our partners to narrow the digital divide for disabled people.

We would like to publicly acknowledge the skills and dedication of all the AbilityNet staff together with the enormously valued support of our sponsors, Agilent Technologies, British Telecom, Hewlett Packard, IBM UK Ltd., Microsoft and Remploy. We are also indebted to Willoughby & Partners for their pro bono support on IP issues and the HRGuy.com for human resources support.

ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

Directors

The Directors, who are also the directors for the purpose of company law, who served during the year were:

D J Livermore

U D Barnett

Prof. J Hull

J Searle

Prof. Ann Lewis (representing University of Birmingham)

D Morriss

J Tabor (representing IBM UK limited)

N Sharma (Appointed 22 February 2005)

G McMullen (representing British Computer Society)

None of the Directors has any beneficial interest in the company. All of the Directors are members of the company and guarantee to contribute £1 in the event of a winding up.

Trustee recruitment, appointment, training and induction.

One new trustee was appointed during the year. In general three trustees are appointed by the founding organisations, also corporate directors, IBM, the British Computer Society and the University of Birmingham. Additional trustees are identified by Board Members to provide specific skills to meet emerging needs. Potential trustees are interviewed informally by a panel from the existing trustees, submit their CV and meet and are briefed by the CEO before appointment. Successful candidates are then proposed to the Board for approval. New trustees receive a full briefing, including an induction pack which includes the Memorandum and Articles, minutes of previous meetings and glossary of terms. Senior Managers are invited to board meetings on an ongoing basis to provide briefings on different areas of work and each trustee is linked with a senior manager to forge closer links with a particular area of work.

Management

The Board of Directors (trustees), who are also directors under company law, are responsible for the overall strategic direction and sound financial practices within the charity. They meet quarterly and receive monthly management reports including management accounts and activity reports from the Chief Executive. There is a standing Audit Committee to supervise the audit process and follow-up and to address on-going financial issues.

ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

The Chief Executive reports to the Board and is responsible for the charity's overall day to day management. Key strategic decisions are taken to the board for approval. Where necessary a sub-committee is formed to consider anything that requires additional input or that needs resolution before the next scheduled meeting. Also as the representative of the Board, the Chairman maintains regular contact with the CEO and, where necessary, secures agreement from the Board for urgent action, unless already empowered by the Board to make the necessary decision. The senior management team, consisting of the CEO, Director of Operations, Director of Fundraising and Financial Controller meet monthly and key senior managers within operations meet quarterly.

Review of financial position

During the year the Charity made an overall loss of £47,368. Reserves at the year end totalled £296,967 of which £133,738 were restricted funds to be expended in the following year.

Reserves policy

At 31 December 2005 unrestricted reserves (excluding fixed assets) were £158,609. The Reserves Policy is to aim towards three months of operating expense in cash reserves. Currently, free reserves do not reach this level and the Directors are considering ways of building up reserves.

Risk factors

The Directors have considered the risks to which the charity is exposed and have established monitoring processes to understand and mitigate those risks. Strategic and shorter-term plans are reviewed regularly and funding is obtained from a wide range of sources. Internal control procedures for control of expenditure, measurement of services and delivery and quality standards are in place.

Asset cover for funds

Note 13 sets out an analysis of the assets attributable to the various funds and a description of the trusts. These assets are sufficient to meet the charity's obligations on a fund by fund basis.

Related parties

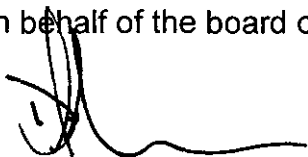
David Livermore is a liveryman of the Worshipful Company of Information Technologists.
David Morriss is a trustee of the British Computer Society and liveryman of the Worshipful Company of Information Technologists
Prof Ann Lewis is a Council Member of BILD
Prof John Hull is Patron of Church Action on Disability and Birmingham Focus on Blindness.
Jane Tabor is an employee of IBM UK Ltd.

ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that H W Fisher & Company be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the board of Directors



D J Livermore

Director

Dated: ...2nd June...2006

ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The trustees are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources, including its net income and expenditure for the year.

In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ABILITYNET**

We have audited the accounts of AbilityNet for the year ended 31 December 2005 set out on pages 11 to 20. These accounts have been prepared under the accounting policies set out on pages 13 to 14.

This report is made solely to the company'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 company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As described on page 8, the Directors, who are also the directors of AbilityNet for the purpose of company law, are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the accounts 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 accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if 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 transactions with the charity is not disclosed.

We read other information contained in the Directors' Report, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of 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 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 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 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.

**ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF ABILITYNET**

Opinion

In our opinion the accounts:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charity's affairs as at 31 December 2005 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

H W Fisher & Company

H W Fisher & Company
Chartered Accountants
Registered Auditor
Acre House
11-15 William Road
London
NW1 3ER

Dated: *5/6/06*

ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

| | Notes | Unrestricted funds £ | Designated funds £ | Restricted funds £ | Total 2005 £ | Total 2004 £ |
|---|-------|----------------------------|--------------------------|--------------------------|--------------------|--------------------|
| <u>Incoming resources</u> | | | | | | |
| Donations | 2 | 320,525 | - | 207,088 | 527,613 | 687,253 |
| Activities in furtherance of the charity's objects | 3 | 1,875,010 | - | 285,000 | 2,160,010 | 2,242,795 |
| Investment income | 4 | 4,836 | - | - | 4,836 | 6,990 |
| Total incoming resources | | 2,200,371 | - | 492,088 | 2,692,459 | 2,937,038 |
| <u>Resources expended</u> | | | | | | |
| Fundraising and publicity costs | | 105,497 | 26,109 | - | 131,606 | 108,020 |
| <u>Charitable expenditure</u> | | | | | | |
| Equipment supply & educational products | | 616,327 | 590 | 500 | 617,417 | 835,704 |
| Information, advice and support | | 372,794 | 886 | - | 373,680 | 389,665 |
| Individual assessments | | 544,802 | 3,096 | 93,258 | 641,156 | 689,810 |
| Education, training and consultancy | | 527,246 | 3,593 | 272,017 | 802,856 | 674,596 |
| Development projects | | - | - | - | - | 90,642 |
| Management and administration | | 167,386 | 5,726 | - | 173,112 | 124,980 |
| Total resources expended | 5 | 2,334,052 | 40,000 | 365,775 | 2,739,827 | 2,913,417 |
| Net (expenditure)/income for the year/ Net movement in funds | | (133,681) | (40,000) | 126,313 | (47,368) | 23,621 |
| Fund balances at 1 January 2005 | | 296,910 | 40,000 | 7,425 | 344,335 | 320,714 |
| Fund balances at 31 December 2005 | | 163,229 | - | 133,738 | 296,967 | 344,335 |

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 1985.

ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET
AS AT 31 DECEMBER 2005

| | Notes | 2005 £ | £ | 2004 £ | £ |
|---|-------|------------------|----------------|------------------|----------------|
| Fixed assets | | | | | |
| Tangible assets | 8 | | 4,620 | | 7,085 |
| Current assets | | | | | |
| Stocks | 9 | 33,402 | | 43,136 | |
| Debtors | 10 | 320,563 | | 215,818 | |
| Cash at bank and in hand | | 143,789 | | 265,343 | |
| | | <u>497,754</u> | | <u>524,297</u> | |
| Creditors: amounts falling due within one year | 11 | <u>(205,407)</u> | | <u>(187,047)</u> | |
| Net current assets | | | <u>292,347</u> | | <u>337,250</u> |
| Total assets less current liabilities | | | <u>296,967</u> | | <u>344,335</u> |
| Income funds | | | | | |
| Restricted funds | 12 | | 133,738 | | 7,425 |
| <u>Unrestricted funds:</u> | | | | | |
| Designated funds: | | | | | |
| Promotional materials | | - | | 20,000 | |
| Office refurbishment | | - | | 5,000 | |
| Recruitment | | - | | 15,000 | |
| | | <u>-</u> | | <u>40,000</u> | |
| Other charitable funds | | | <u>163,229</u> | | <u>296,910</u> |
| | | | <u>296,967</u> | | <u>344,335</u> |

The accounts were approved by the Board on 21/6/06


D J Livermore
Director

ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Basis of preparation

The accounts are prepared under the historical cost convention. The accounts have been prepared in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000.

1.2 Incoming resources

Donations and grants are accounted for when receivable. Fees for training and consultancy and income from supply of equipment are accounted for when receivable. Gifts and services in kind are included at a reasonable estimate of their gross value to the Charity. Intangible income (such as rent free accommodation) is included in the Statement of Financial Activities where a third party is bearing the cost of supplying the resources and the resources can be valued.

1.3 Resources expended

Costs comprise direct expenditure including staff costs attributable to the activity and where costs cannot be directly attributed they are allocated to activities on a basis consistent with the time spent on the various departments.

Expenditure is allocated to one of seven functional categories that reflect the specific activities of the company.

- Equipment supply and educational products - The cost of providing specialised equipment to disabled individuals and public access centres.
- Information, advice and support - Enquiry service, extensive web resources and open days providing awareness of alternative technology and the adaptations that are available, together with ongoing support for home-based clients.
- Individual assessments - Assessments of individual needs at work, in education and at home, along with provision of one to one training and ongoing support.
- Education, training and consultancy - Courses and seminars providing education for employers and disability professionals in awareness of the available technology and adaptations together with accessible website consultancy.
- Development projects - Costs relating to development of educational products.
- Management and administration includes costs attributable to the management of the charity's assets, administration of the charity and compliance with statutory requirements along with costs of managing charitable projects.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|------------------|---|
| Office equipment | On a straight line basis over their estimated life of 4 years |
| Motor vehicles | On a straight line basis over their estimated life of 4 years |

1.5 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.6 Stock

Stocks of equipment are valued at the lower of costs and net realisable value. Expenditure on demonstration stock is written off in the year it is incurred as the trustees consider that it has a negligible resale value.

ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting Policies **(continued)**

1.7 Pensions

The pension costs charged in the accounts represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Accumulated funds

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

Designated funds comprise funds which have been set aside at the discretion of the Directors for specific purposes.

1.9 AbilityNet York Centre

The financial statements do not consolidate the results of the "AbilityNet York" Centre. This centre uses the AbilityNet name and is managed by the College of Ripon St John, a separate partner organisation, working under a formal agreement with AbilityNet.

2 Donations

| | Unrestricted funds £ | Restricted funds £ | Total 2005 £ | Total 2004 £ |
|----------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Donations and gifts | 320,525 | 207,088 | 527,613 | 687,253 |
| Donations and gifts | | | | |
| Unrestricted funds: | | | | |
| Donations and gifts | | | 77,967 | 83,334 |
| Intangible income | | | 242,558 | 358,680 |
| | | | 320,525 | 442,014 |

Intangible income comprises primarily free office facilities and services as well as equipment and some seconded staff.

Grants of over £10,000 were received in 2005 from:

The Band Trust, BBC Children in Need, Blatchington Court Trust, The Dixons Foundation, Eranda Foundation, Esme Fairbairn Foundation, Eveson Charitable Trust, Heart of England Community Fund, John Ellerman Foundation, Northern Rock Foundation, The Big Lottery Fund (Scotland).

Deferred income carried forward at 31 December 2005 is £23,174. Deferred income brought forward at 1 January 2005 was £19,667.

ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

3 Activities in furtherance of the charity's objects

| | Unrestricted funds £ | Restricted funds £ | Total 2005 £ | Total 2004 £ |
|---|----------------------------|--------------------------|--------------------|--------------------|
| Statutory funding | 340,902 | - | 340,902 | 325,374 |
| Fees from services provided | 856,420 | - | 856,420 | 743,757 |
| Fees from contracts | - | 226,233 | 226,233 | 336,813 |
| Big Lottery Fund | - | 58,767 | 58,767 | - |
| Equipment supply and educational products | 677,688 | - | 677,688 | 836,851 |
| | <u>1,875,010</u> | <u>285,000</u> | <u>2,160,010</u> | <u>2,242,795</u> |

The statutory funding was received from the British Educational Communications and Technology Agency (BECTA).

4 Investment income

| | 2005 £ | 2004 £ |
|---------------------|--------------|--------------|
| Interest receivable | <u>4,836</u> | <u>6,990</u> |

ABILITYNET
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

5 Total resources expended

| | Staff costs £ | Depreciation £ | Other costs £ | Total 2005 £ | Total 2004 £ |
|--|---------------------|-------------------|---------------------|--------------------|--------------------|
| Costs of generating funds: | | | | | |
| Fundraising and publicity | 80,333 | 157 | 51,116 | 131,606 | 108,020 |
| Charitable expenditure: | | | | | |
| Equipment supply & educational products | 92,423 | 181 | 524,813 | 617,417 | 835,704 |
| Information, advice and support | 225,991 | 442 | 147,247 | 373,680 | 389,665 |
| Individual assessments | 440,859 | 863 | 199,434 | 641,156 | 689,810 |
| Education, training and consultancy | 586,533 | 1,148 | 215,175 | 802,856 | 674,596 |
| Development projects | - | - | - | - | 90,642 |
| Management and administration | 104,778 | 205 | 68,129 | 173,112 | 124,980 |
| | <u>1,450,584</u> | <u>2,839</u> | <u>1,154,798</u> | <u>2,608,221</u> | <u>2,805,397</u> |
| | <u>1,530,917</u> | <u>2,996</u> | <u>1,205,914</u> | <u>2,739,827</u> | <u>2,913,417</u> |
| Other costs comprise: | | | | | |
| Equipment for resale | | | | 487,922 | 596,266 |
| Training & assessment costs | | | | 53,548 | 73,862 |
| Fundraising and literature | | | | 17,976 | 23,668 |
| Demonstration equipment | | | | 34,509 | 30,692 |
| Staff development & recruitment | | | | 42,981 | 26,172 |
| Rent & rates | | | | 31,514 | 40,712 |
| Telephone and postage | | | | 17,126 | 25,237 |
| Motor expenses | | | | 137,608 | 141,343 |
| Travel & subsistence | | | | 39,719 | 43,634 |
| Printing, stationery and literature | | | | 32,471 | 32,596 |
| Professional fees | | | | 22,628 | 37,842 |
| Insurance | | | | 16,924 | 17,046 |
| Bank charges | | | | 1,775 | 1,645 |
| Bad debts | | | | (2,713) | 5,805 |
| Office facilities and services (in-kind) | | | | 242,558 | 358,680 |
| Leased software | | | | 29,368 | - |
| | | | | <u>1,205,914</u> | <u>1,445,561</u> |

Professional fees in other costs includes payments to the auditors of £8,000 (2004- £5,750) for audit fees and £3,024 (2004- £2,100) for other services.

6 Directors

None of the Directors (or any persons connected with them) received any remuneration during the year, but 2 of them were reimbursed a total of £468 travelling expenses (2004- £nil).

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FOR THE YEAR ENDED 31 DECEMBER 2005

7 Employees

Number of employees

The average monthly number of employees during the year was:

| | 2005 | 2004 |
|-------------------------------|---------------|---------------|
| | Number | Number |
| Charitable activities | 53 | 55 |
| Fundraising | 3 | 2 |
| Management and administration | 3 | 2 |
| | 59 | 59 |

Employment costs

| | 2005 | 2004 |
|-----------------------|------------------|-------------|
| | £ | £ |
| Wages and salaries | 1,366,723 | 1,308,960 |
| Social security costs | 132,176 | 127,170 |
| Other pension costs | 32,018 | 26,728 |
| | 1,530,917 | 1,462,858 |

The number of employees whose annual emoluments were £50,000 or more were:

| | 2005 | 2004 |
|--------------------|---------------|---------------|
| | Number | Number |
| £50,000 to £60,000 | 1 | 1 |
| £60,001 to £70,000 | 1 | 1 |

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8 Tangible fixed assets

| | Office equipment £ | Motor vehicles £ | Total £ |
|----------------------------|--------------------------|------------------------|---------------|
| Cost | | | |
| At 1 January 2005 | 24,404 | 22,906 | 47,310 |
| Additions | 531 | - | 531 |
| Disposals | - | (14,900) | (14,900) |
| At 31 December 2005 | 24,935 | 8,006 | 32,941 |
| Depreciation | | | |
| At 1 January 2005 | 17,319 | 22,906 | 40,225 |
| On disposals | - | (14,900) | (14,900) |
| Charge for the year | 2,996 | - | 2,996 |
| At 31 December 2005 | 20,315 | 8,006 | 28,321 |
| Net book value | | | |
| At 31 December 2005 | 4,620 | - | 4,620 |
| At 31 December 2004 | 7,085 | - | 7,085 |

| 9 Stocks | 2005 £ | 2004 £ |
|-------------------------------------|------------------|------------------|
| Finished goods and goods for resale | 33,402 | 43,136 |

| 10 Debtors | 2005 £ | 2004 £ |
|--------------------------------|------------------|------------------|
| Trade debtors | 177,816 | 214,661 |
| Other debtors | 478 | - |
| Prepayments and accrued income | 142,269 | 1,157 |
| | 320,563 | 215,818 |

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| 11 Creditors: amounts falling due within one year | 2005 | 2004 |
|--|----------------|-------------|
| | £ | £ |
| Trade creditors | 92,228 | 81,026 |
| Taxes and social security costs | 80,013 | 66,694 |
| Other creditors | - | 8,279 |
| Accruals and deferred income | 33,166 | 31,048 |
| | 205,407 | 187,047 |

12 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

| | Balance at 1 January 2005 | Movement in funds | | Balance at 31 December 2005 |
|--|--|-------------------------------|-------------------------------|--|
| | £ | Incoming resources | Resources expended | £ |
| Individual assessments and training work, regional | - | 120,358 | (93,258) | 27,100 |
| Big Lottery Fund | - | 58,767 | (5,254) | 53,513 |
| Equipment supply and training | - | 22,500 | (500) | 22,000 |
| Courses and consultancy | 7,425 | 64,230 | (40,530) | 31,125 |
| Contracts | - | 226,233 | (226,233) | - |
| | 7,425 | 492,088 | (365,775) | 133,738 |

Individual assessments and training work, regional - work funded from grants and donations given to specific geographical area or regional centre.

Big Lottery Fund - grant received for the Remote assessment project.

Equipment supply and training - funded through donations.

Courses and consultancy - Consultancy is carried out for a wide range of public and private bodies. Courses involve the provision of seminars and training courses.

Contracts - delivering client assessments of need on behalf of the Employment Services.

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13 Analysis of net assets between funds

| | Unrestricted funds £ | Designated funds £ | Restricted funds £ | Total £ |
|---|----------------------------|--------------------------|--------------------------|-----------------------|
| Fund balances at 31 December 2005 are represented by: | | | | |
| Tangible fixed assets | 4,620 | - | - | 4,620 |
| Current assets | 364,016 | - | 133,738 | 497,754 |
| Creditors: amounts falling due within one year | (205,407) | - | - | (205,407) |
| | <u>163,229</u> | <u>-</u> | <u>133,738</u> | <u>296,967</u> |

14 Commitments under operating leases

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | | Other | |
|----------------------------|----------------------|---------------|----------------------|---------------|
| | 2005 £ | 2004 £ | 2005 £ | 2004 £ |
| Expiry date: | | | | |
| Within one year | - | - | 11,172 | 14,181 |
| Between two and five years | 19,900 | 19,900 | 41,198 | 29,292 |
| | <u>19,900</u> | <u>19,900</u> | <u>52,370</u> | <u>43,473</u> |

15 Related parties

David Livermore is a liveryman of the of the Worshipful Company of Information Technologists.
David Morriss is a trustee of the British Computer Society and liveryman of the Worshipful Company of Information Technologists
Prof Ann Lewis is a Council Member of BILD
Prof John Hull is Patron of Church Action on Disability and Birmingham Focus on Blindness.
Jane Tabor is an employee of IBM UK Ltd.