

ABILITYNET

DIRECTORS' REPORT AND

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

Registered Number: 1067673

Company Number: 3469653



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ABILITYNET

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DIRECTORS AND OFFICERS

DIRECTORS

D J Livermore (Chairman)
The British Computer Society
IBM United Kingdom Limited
The University of Birmingham
J G Handby
J P Aeberhard
D G Grayson

COMPANY SECRETARY

J Maitland

REGISTERED OFFICE

Greville House
10 Jury Street
Warwick
CV34 4EW

AUDITORS

Michael Harwood & Co
Chartered Accountants
Greville House
10 Jury Street
Warwick
CV34 4EW

BANKERS

Lloyds TSB Bank plc
Birmingham 2 CBC
Solihull
550 Streetsbrook Road
Solihull
West Midlands
B91 1QY

DIRECTORS' REPORT

The directors submit their report and the financial statements of AbilityNet for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

The charity continued to offer its range of services to assist people with all types of disability and of all ages in the use of computer technology. These are free advice and information by telephone, e-mail or through the AbilityNet web site, education for employers, medical and other professionals in awareness of what technology alternatives and adaptations are available for people with disabilities, individual assessments of technology needs, and consultancy for employers and other organisations on making their computer systems accessible. The charity supplies fully-adapted computer systems, add-ons and upgrades, with training and free support.

REVIEW OF THE BUSINESS

All services showed growth over the previous year. The number of enquiries received grew 29% to nearly 17,000. The number of personal assessments, training and home support visits grew 17% to just under 2,000. Attendees at AbilityNet courses and seminars were over 2,800, an increase of 22% over 2000. Use of the AbilityNet web site increased by two and a half times, and 35,000 free fact sheets were downloaded during the year. Two new regional centres were started up, at Papworth, Cambridgeshire, covering the East of England, and at Bristol, covering the West, South West and South Wales.

In the first half of the year, reserves were run down as new staff were recruited and trained to address the growth in demand. By mid-year, Revenue started to show strong growth, particularly through fee income, as these staff completed training and became productive. Overall income growth for the year was 17%. A notable feature was sales of adaptive technology kits for public access IT centres such as libraries, and consultancy work on the accessibility of company web sites.

FINANCIAL POLICIES

The Directors have decided that the Charities Aid Foundation COIF account continues to be the most appropriate vehicle for investing surplus funds, and the yield is satisfactory.

The Directors have agreed a policy that aims to maintain up to 3 months of operating expense in cash reserves to allow for different rates of growth of expenditure and income.

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 delivery, and quality standards are in place.

The total cost of fundraising in the year was £57,860, 8.9% of total funds raised, which the directors consider to be an appropriate return on the investment.

DIRECTORS

The following directors have held office during the year:

IBM United Kingdom Limited
The University of Birmingham
The British Computer Society
D J Livermore
J G Handby
J P Aeberhard
D G Grayson

DIRECTORS' REPORT

COMPANY STATUS

The company is a registered charity (number 1067673) and a company limited by guarantee (number 3469653) having no share capital. The directors have no interest in the company's surplus or assets and receive no remuneration.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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 company and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Michael Harwood & Co, as auditor will be put to the members at the annual general meeting.

By order of the board.

J Maitland  Secretary

Dated:

10th April 2002

AUDITORS REPORT TO THE MEMBERS OF ABILITYNET

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 7 & 8.

Respective responsibilities of directors and auditors

As described on page 3, the company's 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.

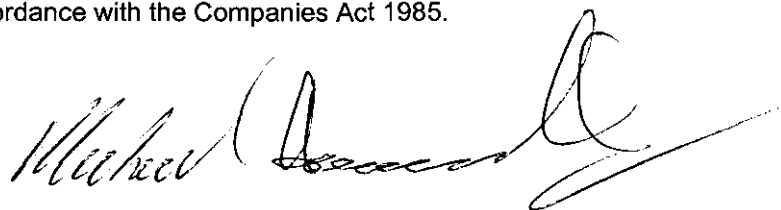
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practice 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 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 December 2001 and of its surplus for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Michael Harwood', with a long, sweeping horizontal line extending to the right.

MICHAEL HARWOOD & CO
Chartered Accountants
Registered Auditor
Greville House
10 Jury Street
Warwick
CV34 4EW

Dated: 10 April 2002

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating the Income and Expenditure Account)

For the year ended 31 December 2001

	Note	Unrestricted Funds	Restricted Funds	Total Year to 31 December 2001	Total Year to 31 December 2000
INCOMING RESOURCES					
Donations		331,619	314,118	645,737	643,487
Fees from services provided		356,634	-	356,634	281,343
Fees from contracts		-	106,864	106,864	-
Supply of equipment		658,348	-	658,348	580,090
Interest		6,556	-	6,556	10,352
Total incoming resources		1,353,157	420,982	1,774,139	1,515,272
RESOURCES EXPENDED					
Direct Charitable Expenditure					
Equipment supply and support		654,418	12,000	666,418	614,818
Free information and advice		162,966	43,497	206,463	179,337
Individual assessments		233,452	171,042	404,494	382,225
Education, training and consultancy		191,572	68,843	260,415	173,901
Development Projects		-	56,311	56,311	30,842
		1,242,408	351,693	1,594,101	1,381,123
OTHER EXPENDITURE					
Administration and fundraising	4	160,163	-	160,163	139,997
TOTAL RESOURCES EXPENDED	3	1,402,571	351,693	1,754,264	1,521,120
NET INCOMING/(OUTGOING) RESOURCES for the year		(49,414)	69,289	19,875	(5,848)
Transfers between funds		-	-	-	-
Balances at 1 January 2001		245,462	51,200	296,662	302,510
Balances carried forward at 31 December 2001	9+10	£196,048	£120,489	£316,537	£296,662

The notes on pages 7 to 12 form part of these accounts.

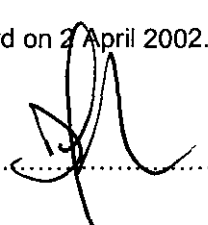
The surplus for the year arises from the company's continuing operations.

No separate statement of recognised gains and losses has been prepared and all the gains and losses are disclosed in the statement of financial activities.

BALANCE SHEET
31 December 2001

	Notes	2001	2000
FIXED ASSETS			
Tangible assets	6	11,283	9,003
CURRENT ASSETS			
Stock		57,840	28,556
Debtors and prepayments	7	130,534	73,743
Cash at bank and in hand		260,249	287,983
		<u>448,623</u>	<u>390,282</u>
CREDITORS			
Amounts falling due within one year	8	143,369	102,623
NET CURRENT ASSETS		<u>305,254</u>	<u>287,659</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£316,537</u>	<u>£296,662</u>
FUNDED BY			
General Funds	9	196,048	245,462
Restricted Funds	10	120,489	51,200

Approved by the board on 2 April 2002.

D J Livermore..........Director

£316,537 £296,662
=====

The notes on pages 7 to 12 form part of these accounts.

Financial statements for the year ended 31 December 2001

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies**a) Basis of accounting**

The financial statements have been prepared under the historical cost convention and comply with the Charity Commission's Statement of Recommended Practice on accounting by charities and all applicable accounting and financial reporting standards.

b) Incoming Resources

General donations and subscriptions are brought into account when received.

Donations and grants given for specific purposes are treated as income in the year of receipt. Unspent restricted income is included under restricted funds as it is fully committed.

Fees for training and consultancy and income from supply of equipment are accounted for on an accruals basis.

c) Resources Expended

The resources expended are classified under the company's functional categories of expenditure rather than the type of expense in order to provide more useful information. The functional categories are explained in note 1(f).

Costs comprise direct expenditure including direct staff costs attributable to the activity and where costs cannot be directly attributed they are allocated to activities on a basis consistent with budgeted use of resources.

d) Operating leases

Operating lease rentals are charged to the income and expenditure account as they become due.

e) Fund accounting

General funds comprise the accumulated surplus or deficit on the income and expenditure account. They are available for use at the discretion of the board of management in furtherance of the general objectives of the charity.

Restricted funds are funds subject to specific restricted conditions imposed by donors. The purposes and use of the restricted funds are set out in note 10 to the financial statements.

Financial statements for the year ended 31 December 2001

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

f) Expenditure categories

Expenditure is allocated to one of six functional categories which reflect the specific activities of the company.

Equipment supply - The cost of providing specialised equipment to disabled individuals

Free information and advice - Enquiry service and open days providing awareness of alternative technology and the adaptations that are available.

Individual assessments - Assessments of individual needs at work, in education and at home, along with the provision of seminars and training courses.

Education, training and consultancy - Courses and seminars providing education for employers and disability professionals in awareness of the available technology and adaptations.

Development Projects - Costs relating to new regional centres.

Administration & fundraising - Company administration, office services and fundraising work

g) Tangible Fixed Assets

Motor vehicles and office equipment used by the charity are capitalised and depreciated on a straight line basis over their estimated life of 4 years.

h) Stock

Stocks of equipment are valued at the lower of cost 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.

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

j) Unrestricted donation income of £331,619 includes £48,000 (2000 £33,750) in respect of Department of Health section 64 grants.

k) Grants of £31,900 (2000 £40,350) were received from the National Lottery Charities Board during the year. All of this was used during the year and none is carried forward in the restricted fund balance.

NOTES TO THE FINANCIAL STATEMENTS

2. CHARITABLE STATUS

The company is registered with the Charity Commissioners for England & Wales.

3. TOTAL RESOURCES EXPENDED

	Staff costs	Other costs	2001 Total
Equipment supply	133,950	532,468	666,418
Free information and advice	153,006	53,457	206,463
Individual assessments	292,899	111,595	404,494
Education, training and consultancy	182,807	77,608	260,415
Development Projects	30,942	25,369	56,311
Administration & Fundraising	50,580	109,583	160,163
	-----	-----	-----
	£844,184	£910,080	£1,754,264
	=====	=====	=====

4. CHARITY ADMINISTRATION & FUNDRAISING

	Year to 31 December 2001	Year to 31 December 2000
Professional fees	98,015	104,411
Staff costs	50,580	35,586
Other costs	11,568	-
	-----	-----
	£160,163	£139,997
	=====	=====

5. SURPLUS OF INCOME AND EXPENDITURE

	Year to 31 December 2001 £	Year to 31 December 2000 £
This is stated after charging:		
Auditors' remuneration	£5,500	£4,800
	=====	=====
Employees		
Staff costs during the year amounted:		
Salaries	774,183	613,751
Social Security Costs	70,001	56,495
	-----	-----
	£844,184	£670,246
	=====	=====
Average number of staff during the year:	40	34

No directors received any remuneration.

NOTES TO THE FINANCIAL STATEMENTS

6. TANGIBLE FIXED ASSETS

Cost	Motor Vehicle £	Office Equipment £	Total £
At 1 January 2001	14,900	8,727	23,627
Additions	8,006	2,014	10,020
At 31 December 2001	22,906	10,741	33,647
Depreciation	5,897	8,727	14,624
At 1 January 2001	5,726	2,014	7,740
Charge for year	-	-	-
At 31 December 2001	11,623	10,741	22,364
Net Book value			
At 31 December 2001	£11,283	£ -	£11,283
	=====	=====	=====
At 31 December 2000	£9,003	£ -	£9,003
	=====	=====	=====

All fixed assets are used in the direct furtherance of the charity's objectives

7. DEBTORS

	2001	2000
Due within one year:		
Trade debtors	125,128	62,189
Other debtors	867	1,334
Prepayments and accrued income	4,539	10,220
	£130,534	£73,743
	=====	=====

8. CREDITORS

Amounts falling due within one year:

Trade creditors	53,766	54,864
Other taxation & social security	21,853	18,265
Accruals and deferred income	67,750	29,494
	£143,369	£102,623
	=====	=====

ABILITYNET
Financial statements for the year ended 31 December 2001

NOTES TO THE FINANCIAL STATEMENTS

9. MOVEMENTS ON FUNDS

	Balance 1 January 2001	Movement In Year	Balance 31 December 2001
1. Funds with restriction on use			
Restricted funds	51,200	69,289	120,489
2. Funds to meet shortfall			
General funds	245,462	(49,414)	196,048
Total Funds	<u>£296,662</u>	<u>£19,875</u>	<u>£316,537</u>

1. Amounts raised for specific projects. An analysis of restricted projects is shown in note 10.
2. Amounts available to protect future operations from shortfalls in income.

10. RESTRICTED FUNDS

	Balance 1 January 2001	Income In year	Expenditure In year	Transfers	Balance 31 December 2001
Individual assessments and training work, regional	4,400	267,118	176,518	-	95,000
Development Projects	46,800	35,000	56,311	-	25,489
WCIT Project	-	12,000	12,000	-	-
Contracts	-	106,864	106,864	-	-
	<u>£51,200</u>	<u>£420,982</u>	<u>£351,693</u>	<u>£ -</u>	<u>£120,489</u>

Nature and purpose of funds:

The movement on the restricted funds shows the use of resources by the company on specific projects:

Individual assessments and training work, regional – work funded from grants and donations given for a specific geographical area or regional centre.

Development Projects – costs relating to new regional centres.

WCIT Projects – equipment funded by WCIT and the related costs.

Contracts – this is the costs of establishing and running a telephone help line and assessments done on behalf of the Employment Services.

The charity has adequate cash resources to meet its obligations to complete ongoing projects as illustrated in note 11 to the financial statements.

ABILITYNET

Financial statements for the year ended 31 December 2001

NOTES TO THE FINANCIAL STATEMENTS**11. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Fixed Assets	Cash	Other Net Current Assets	Total
Restricted funds	-	120,489	-	120,489
Unrestricted funds	11,283	139,760	45,005	196,048
	<u>£11,283</u>	<u>£260,249</u>	<u>£45,005</u>	<u>£316,537</u>
	=====	=====	=====	=====

12. TAXATION

No corporate tax has been provided for 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.

13. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as follows:

	2001	2000
Land and buildings:		
Expiring within one year	-	9,697
Expiring between 1 and 5 years	16,096	16,389
Motor vehicles:		
Expiring within one year	17,405	-
Expiring between 1 and 5 years	23,689	27,880