

Registered Number: 1067673
Company Number: 3469653

ABILITYNET
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

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



ABILITYNET

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DIRECTORS AND OFFICERS

DIRECTORS

D J Livermore (Chairman)
J P Aeberhard
U D Barnett
Prof. J Hull
Prof. A Lewis (representing the University of Birmingham)
D Morriss (representing the British Computer Society)
J Stanley (representing IBM United Kingdom Limited)

COMPANY SECRETARY

S M Kennedy

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

Barclays Bank PLC
3 Church Street
Weybridge
Surrey KT13 8DD

DIRECTORS' REPORT

The directors submit their report and the financial statements of AbilityNet for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The main activities offered by the charity directly assist people with all types of disability and of all ages to improve their quality of life through access to appropriate computer technology. AbilityNet provides a comprehensive service for those who need it. Free advice and information is available through a dedicated information team, and from the web; assessments of need; the configuration of specialist systems, add-ons and upgrades, installation, training and ongoing support. In addition AbilityNet offers training opportunities for a wide range of professionals in employment, education, health, social services and the voluntary sector supported by consultancy where required.

REVIEW OF THE BUSINESS

Demand for AbilityNet's services and expertise continues to accelerate significantly, and with an estimated 5 million 'IT disabled' people in the UK there clearly remains a massive unmet need. In 2002 the number of enquiries for advice and information increased by 14% to 19,137. Personal assessments, individual installations and home support visits grew 21% to 2,401 and centres are managing three month waiting lists at all times for free assessments. Professionals attending courses and seminars rose even more significantly, by 34% to 3,776. The growth reflects the increase in staff numbers and centres across the country.

The year also showed increased demand for 'Accessible IT kits' from a range of statutory and voluntary clients: a package of tried and tested adaptive and assistive technology, supported by training and ongoing support. The kits were specially created for public access centres and, we estimate, allow up to 75% of disabled users to use a computer. These now account for some 25% of specialist equipment sales.

In terms of broadening our reach, Section 64 funding from the Department of Health has supported the development of a network of partners and affiliates. These partners share information through the AbilityNet Community and attend quarterly training forums. In addition contracts are now in place to provide information support to University for Industry and act as a CAP (Communications Aid Project) centre delivering assessments to children in education. The production of a CD Rom for remote training in Scotland (funded by the Community Fund), has also created interest amongst organisations working to assist disabled IT access, for use as a training aid for much wider distribution.

The focus for future development is to maintain our direct work with clients and the learning that flows from it. At the same time to increase the sharing of good practice and deliver training to a growing number of partners as well as key practitioners in health, education, employment and voluntary sectors.

We would like to acknowledge the continued and enormously valued support of our major sponsors, Agilent Technologies, British Telecom, Hewlett Packard, IBM UK Ltd and Microsoft, who provide the major gift in kind of office space in a variety of locations, ensuring that 93% of our income is available to help disabled people.

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 Reserves policy is to aim to maintain 3 months of operating expenses in cash reserves.

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 procedures for control of expenditure, measurement of services delivery, and quality standards are in place.

DIRECTORS' REPORT

DIRECTORS

The following directors have held office during the year:

D J Livermore (Chairman)
J P Aeberhard
U D Barnett (Appointed 7 May 2002)
D G Grayson (Resigned 15 October 2002)
J G Handby (Resigned 15 October 2002)
Prof. J Hull (representing the University of Birmingham)
D Morriss (representing the British Computer Society)
J Stanley (representing IBM United Kingdom Limited)

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.

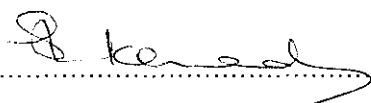
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets 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.

S M Kennedy



Secretary

Dated: 28 May 2003.

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ABILITYNET
(limited by guarantee)**

We have audited the financial statements on pages 5 to 13 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. This statement is made solely for its members and to the fullest extent permitted by law we do not accept or assume responsibility to anyone other than its members for this statement.

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 2002 and of its surplus for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



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

Dated: 28 May 2003

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

For the year ended 31 December 2002

	Note	Unrestricted Funds	Restricted Funds	Total Year to 31 December 2002	Total Year to 31 December 2001
INCOMING RESOURCES					
Activities in furtherance of the Charity's objectives					
Donations		269,708	226,650	496,358	645,737
Grants		194,597	-	194,597	
Fees from services provided		465,199	-	465,199	356,634
Fees from contracts		-	149,576	149,576	106,864
Equipment supply and support		804,423	6,000	810,423	658,348
Interest		10,965	-	10,965	6,556
Total incoming resources		1,744,892	382,226	2,127,118	1,774,139
RESOURCES EXPENDED					
CHARITABLE EXPENDITURE					
Costs of activities in furtherance of the Charity's objectives					
Equipment supply and support		791,941	6,000	797,941	666,418
Free information and advice		80,616	133,737	214,353	206,463
Individual assessments		447,927	175,320	623,247	404,494
Education, training and consultancy		200,638	45,330	245,968	260,415
Development Projects		-	25,489	25,489	56,311
Administration	5	131,509	-	131,509	135,332
	4	1,652,631	385,876	2,038,507	1,729,433
COSTS OF GENERATING FUNDS					
Fundraising		21,372	-	21,372	24,831
TOTAL RESOURCES EXPENDED		1,674,003	385,876	2,059,879	1,754,264
NET INCOMING/(OUTGOING) RESOURCES for the year		70,889	(3,650)	67,239	19,875
Balances at 1 January 2002		196,048	120,489	316,537	296,662
Balances carried forward at 31 December 2002	10 & 11	£266,937	£116,839	£383,776	£316,537

The notes on pages 7 to 13 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 2002

	Notes	2002	2001
FIXED ASSETS			
Tangible assets	6	16,607	11,283
CURRENT ASSETS			
Stock		38,265	57,840
Debtors and prepayments	7	130,589	130,534
Cash at bank and in hand		401,837	260,249
		<u>570,691</u>	<u>448,623</u>
CREDITORS			
Amounts falling due within one year	8	203,522	143,369
NET CURRENT ASSETS			
		367,169	305,254
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>£383,776</u>	<u>£316,537</u>
FUNDED BY			
General Funds	10	266,937	196,048
Restricted Funds	11	116,839	120,489
		<u>£383,776</u>	<u>£316,537</u>

Approved by the board on 28 May 2003.

D J Livermore.....Chair

The notes on pages 7 to 13 form part of these accounts.

Financial statements for the year ended 31 December 2002

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 grants 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 11 to the financial statements.

Financial statements for the year ended 31 December 2002

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 and public access centres
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 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.
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.

NOTES TO THE FINANCIAL STATEMENTS

2. INCOMING RESOURCES

Donations and Grants over £10,000 were received from

Abbey National
 Barclays Bank plc
 BBC Children in Need
 BECTa (for Communications Aid Project)
 Bridge House Estates Trust Fund
 Community Fund
 Dept of Health section 64
 Dixons Foundation
 Evesons Charitable Trust
 Gannochy Trust
 Lloyds TSB
 Needham Cooper
 Rank Foundation
 Rayne Foundation
 Robertson Trust
 The Henry Smith Charity
 The Starfish Trust
 Wolfson Foundation

2002	2001
£	£

Included in fees from contracts is

Employment Service Contracts with local Government	96,859	56,798
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Our major sponsors, Agilent Technologies, British Telecom, Hewlett Packard, IBM UK Ltd and Microsoft provide the major gift in kind of office space in a variety of locations. The value of these facilities has not been quantified and no value has been included in the financial statements.

3. CHARITABLE STATUS

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

NOTES TO THE FINANCIAL STATEMENTS

4. TOTAL RESOURCES EXPENDED

	Staff costs	Other costs	2002 Total	2001 Total
Equipment supply and support	156,268	641,673	797,941	666,418
Free information and advice	170,006	44,347	214,353	206,463
Individual assessments	433,568	189,679	623,247	404,494
Education, training and consultancy	192,010	53,958	245,968	260,415
Development Projects	-	25,489	25,489	56,311
Administration	55,259	76,250	131,509	135,332
	-----	-----	-----	-----
	£1,007,111	£1,031,396	£2,038,507	£1,729,433
	=====	=====	=====	=====

5. CHARITY ADMINISTRATION

	2002	2001
Professional fees	54,089	73,184
Staff costs	55,529	50,580
Other costs	21,891	11,568
	-----	-----
	£131,509	£135,332
	=====	=====

6. SURPLUS OF INCOME AND EXPENDITURE

This is stated after charging:

	2002	2001
Auditors' remuneration	£5,000	£5,500
Payroll services	£3,720	£4,364
	=====	=====
Staff costs		
Staff costs during the year amounted:		
Salaries	924,669	774,183
Social Security Costs	82,442	70,001
	-----	-----
	£1,007,111	£844,184
	=====	=====

Average number of staff during the year: 48 40

No directors received any remuneration.

No employee received emoluments in excess of £50,000.

NOTES TO THE FINANCIAL STATEMENTS

7. TANGIBLE FIXED ASSETS

Cost	Motor Vehicle	Office Equipment	Total
At 1 January 2002	22,906	10,741	33,647
Additions	-	11,637	11,637
	-----	-----	-----
At 31 December 2002	22,906	22,378	45,284
	-----	-----	-----
Depreciation			
At 1 January 2002	11,623	10,741	22,364
Charge for year	5,727	586	6,313
	-----	-----	-----
At 31 December 2002	17,350	11,327	28,677
	-----	-----	-----
Net Book value			
At 31 December 2002	£5,556	£11,051	£16,607
	=====	=====	=====
At 31 December 2001	£11,283	£ -	£11,283
	=====	=====	=====

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

8. DEBTORS

	2002	2001
Due within one year:		
Trade debtors	126,050	125,128
Other debtors	-	867
Prepayments and accrued income	4,539	4,539
	-----	-----
	£130,589	£130,534
	=====	=====

9. CREDITORS

Amounts falling due within one year:

Trade creditors	62,203	53,766
Other taxation & social security	36,126	21,853
Accruals	53,193	67,750
Advance payment	52,000	-
	-----	-----
	£203,522	£143,369
	=====	=====

ABILITYNET

Financial statements for the year ended 31 December 2002

NOTES TO THE FINANCIAL STATEMENTS**10. MOVEMENTS ON FUNDS**

	1 January 2002	Movement in Year	31 December 2002
1. Funds with restriction on use			
Restricted funds	120,489	(3,650)	116,839
2. Funds to meet shortfall			
General funds	196,048	70,889	266,937
Total Funds	£316,537	£67,239	£383,776
	=====	=====	=====

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.

11. RESTRICTED FUNDS

	1 January 2002	Income	Expenditure	31 December 2002
Individual assessments and training work, regional	95,000	180,120	159,481 -	115,639
Development Projects	25,489	-	25,489 -	-
Equipment supply and support	-	6,000	6,000 -	-
Courses and consultancy	-	46,530	45,330	1,200
Contracts	-	149,576	149,576 -	-
	-----	-----	-----	-----
	£120,489	£382,226	£385,876	£116,839
	=====	=====	=====	=====

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. Included in this figure is a grant of £37,400 from the Community Fund, all of which was spent during the year.

Development Projects – costs relating to new regional centres.

Equipment supply and support – equipment funded by Children in Need and the related costs.

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

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.

The charity has adequate cash resources to meet its obligations to complete ongoing projects as illustrated in note 12 to the financial statements.

ABILITYNET

Financial statements for the year ended 31 December 2002

NOTES TO THE FINANCIAL STATEMENTS

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS	Fixed Assets	Cash	Other Net Current Assets	Total
Restricted funds	-	116,839	-	116,839
Unrestricted funds	16,607	284,998	(34,668)	266,937
	<u>£16,067</u>	<u>£401,837</u>	<u>£(34,668)</u>	<u>£383,776</u>

13. 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.

14. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002	2001
Land and buildings:		
Expiring within one year	-	-
Expiring between 1 and 5 years	17,521	16,096
Motor vehicles:		
Expiring within one year	3,299	17,405
Expiring between 1 and 5 years	39,722	23,689