

The Elizabeth Foundation
(a company limited by guarantee)
Report and Group Accounts

31 March 1999



The Elizabeth Foundation
(a company limited by guarantee)

Registered No. 1960980

SECRETARY

Mr B Mitchell

AUDITORS

Ernst & Young
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

BANKERS

Lloyds Bank plc
38 London Road
North End
Portsmouth
PO2 0LR

SOLICITORS

Large & Gibson
266 Havant Road
Drayton
Portsmouth
PO6 1PA

REGISTERED OFFICE

400 Capability Green
Luton
Bedfordshire
LU1 3LU

The Elizabeth Foundation
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COUNCIL OF MANAGEMENT REPORT

The council members present their report and group accounts for the year ended 31 March 1999.

The Foundation will also produced a separate Trustees' Annual Report giving the information required under the Charities Act 1993 and the Statement of Recommended Practice of accounting for charities. 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 £6,526 and has been set against reserves; this includes £10,564 received into restricted reserve (i.e. the funds are not currently available to be freely used), £10,567 set against designated reserves, and a deficit on unrestricted Income and Expenditure Account of £6,523.

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.

COUNCIL MEMBERS

The council members during the year were as follows:

Mr J Walter (Chairman)
Mr D K Methereell
Mr B Mitchell
Mr L Higgins
Mr P Ardern
Mr R I M Wootton

YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operations of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

We believe we have addressed all significant Year 2000 issues, and efforts are now concentrated on ensuring that business continuity plans are up to date, and preparations for the millennium operating regime are complete. We will continue to monitor our information sources to identify whether the declared compliance status of equipment, services and third parties change. We intend that business continuity plans and plans for the millennium operating regime are in place and tested in good time.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board



B Mitchell
Secretary

8 December 1999

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STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES IN RESPECT OF
THE ACCOUNTS

Charity Law requires the council members 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 its group and of the surplus or deficit of the group for that period. In preparing those accounts, the council members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the policies adopted are in accordance with applicable accounting standards, 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 assume that the company will continue in business.

The council members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company, and group and 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.

REPORT OF THE AUDITORS
to the members of The Elizabeth Foundation

We have audited the accounts on pages 5 to 19 which have been prepared under the historical cost convention as modified by the revaluation of investments and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors (who also act as trustees for the charitable activities of The Elizabeth Foundation) are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 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 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.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the charitable company and of its group as at 31 March 1999 and of its incoming resources and application of resources, including its income and expenditure in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young
Registered Auditor
Southampton

17 December 1999

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STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 1999

		GROUP						CHARITY COMPANY					
	Note	Income and expenditure account £	Designated Funds £	Capital Reserve £	Restricted Funds £	Total 1999 £	Total 1998 £	Income and expenditure account £	Designated Funds £	Capital Reserve £	Restricted Funds £	Total 1999 £	Total 1998 £
INCOMING RESOURCES													
Donations and gifts		103,055	-	-	-	103,055	70,001	103,055	-	-	-	103,055	70,001
Legacies		11,042	-	-	-	11,042	115,124	11,042	-	-	-	11,042	115,124
Fund-raising activities		33,505	-	-	-	33,505	27,324	33,505	-	-	-	33,505	27,324
Grants		40,711	-	-	43,135	83,846	301,458	40,711	-	-	43,135	83,846	301,458
Investment income		9,375	-	-	-	9,375	14,269	9,375	-	-	-	9,375	14,269
Audiology services		47,988	-	-	-	47,988	33,068	47,988	-	-	-	47,988	33,068
Bank interest		3,869	-	-	-	3,869	7,634	3,869	-	-	-	3,869	7,634
Other income		6,150	-	-	-	6,150	3,504	6,150	-	-	-	6,150	3,504
Net income/(expenditure)													
of trading subsidiary	4	910	-	-	-	910	(1,266)	-	-	-	-	-	-
Dividend and recoverable ACT													
due from subsidiary		-	-	-	-	-	1,250	-	-	-	-	-	1,250
<hr/>													
Total incoming resources		256,605	-	-	43,135	299,740	572,366	255,695	-	-	43,135	298,830	573,632
<hr/>													
RESOURCES EXPENDED													
Direct charitable expenditure	2	173,586	10,567	-	31,816	215,969	184,091	173,586	10,567	-	31,816	215,969	184,091
Fund-raising and publicity	2	41,585	-	-	-	41,585	41,308	41,585	-	-	-	41,585	41,308
Management and administration	2	67,978	-	-	755	68,733	75,144	67,978	-	-	755	68,733	75,144
<hr/>													
Total resources expended		283,149	10,567	-	32,571	326,287	300,543	283,149	10,567	-	32,571	326,287	300,543
<hr/>													
NET (OUTGOING)/INCOMING													
RESOURCES FOR THE YEAR		(26,544)	(10,567)	-	10,564	(26,547)	271,823	(27,454)	(10,567)	-	10,564	(27,457)	273,089
<hr/>													
OTHER RECOGNISED GAINS													
AND LOSSES													
Gains/(losses) on investments													
Realised		(2,201)	-	-	-	(2,201)	8,957	(2,201)	-	-	-	(2,201)	8,957
Unrealised		22,222	-	-	-	22,222	60,495	22,222	-	-	-	22,222	60,495
<hr/>													
NET MOVEMENT IN FUNDS													
FOR THE YEAR		(6,523)	(10,567)	-	10,564	(6,526)	341,275	(7,433)	(10,567)	-	10,564	(7,436)	342,541
<hr/>													
Balance brought forward		260,999	456,480	5,604	677,384	1,400,467	1,059,192	259,686	456,480	5,604	677,384	1,399,154	1,056,613
<hr/>													
Balance at 31 March 1999		254,476	445,913	5,604	687,948	1,393,941	1,400,467	252,253	445,913	5,604	687,948	1,391,718	1,399,154

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BALANCE SHEETS
at 31 March 1999

		1999	Group Restated 1998	Charity Company Restated 1999	1998
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	5	861,703	882,442	859,927	880,353
Investments	15	456,718	429,042	456,720	429,044
		<u>1,318,421</u>	<u>1,311,484</u>	<u>1,316,647</u>	<u>1,309,397</u>
CURRENT ASSETS					
Stocks	6	5,687	1,950	3,847	960
Debtors	7	15,099	11,720	16,420	15,279
Cash at bank and in hand	8	79,149	100,324	75,653	96,003
		<u>99,935</u>	<u>113,994</u>	<u>95,920</u>	<u>112,242</u>
CREDITORS:					
amounts falling due within one year	9	24,415	25,011	20,849	22,485
		<u>75,520</u>	<u>88,983</u>	<u>75,071</u>	<u>89,757</u>
NET CURRENT ASSETS					
		<u>75,520</u>	<u>88,983</u>	<u>75,071</u>	<u>89,757</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,393,941</u>	<u>1,400,467</u>	<u>1,391,718</u>	<u>1,399,154</u>
RESERVES					
Restricted funds:					
Lottery reserve	13	228,448	234,884	228,448	234,884
Legacy reserve	13	442,500	442,500	442,500	442,500
Grants reserve	13	17,000	-	17,000	-
Capital reserve	13	5,604	5,604	5,604	5,604
Unrestricted Funds:					
Designated fund: Portsmouth					
Resource Centres	13	445,913	456,480	445,913	456,480
Income and expenditure account	13	254,476	260,999	252,253	259,686
		<u>1,393,941</u>	<u>1,400,467</u>	<u>1,391,718</u>	<u>1,399,154</u>

J Walter

-

Chairman

8 December 1999

D K Metherell

-

Treasurer

8 December 1999

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GROUP STATEMENT OF CASH FLOWS
for the year ended 31 March 1999

	<i>Notes</i>	<i>1999</i> £	<i>1998</i> £
NET CASH INFLOW FROM OPERATING ACTIVITIES	3	9,137	321,887
INVESTING ACTIVITIES			
Payments to acquire investments		(209,572)	(230,103)
Payments to acquire tangible fixed assets		(22,657)	(307,923)
Proceeds from sale of investments		201,917	158,908
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(30,312)	(379,118)
NET CASH OUTFLOW BEFORE FINANCING		(21,175)	(57,231)
DECREASE IN CASH AND CASH EQUIVALENTS	8	(21,175)	(57,231)

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NOTES TO THE ACCOUNTS
at 31 March 1999

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention modified to include the revaluation of investment properties, and with reference to the Statement of Recommended Practice (SORP) for Accounting for Charities.

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

Although 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, the council members have decided to include a statement in the accounts.

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 50 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.

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NOTES TO THE ACCOUNTS
at 31 March 1999

2. ANALYSIS OF RESOURCES EXPENDED

	<i>Income and expenditure account £</i>	<i>Designated Funds £</i>	<i>Restricted Funds £</i>	<i>1999 Total £</i>	<i>1998 Total £</i>
DIRECT CHARITABLE EXPENDITURE					
Provision of Education/Support:					
Nursery	134,729	860	27,308	162,897	142,736
Correspondence course	16,470	-	-	16,470	10,382
Family Centre counselling	11,156	2,379	3,338	16,873	13,646
Referral costs	-	-	-	-	(35)
Audiology services	11,231	7,328	1,170	19,729	17,362
	<u>173,586</u>	<u>10,567</u>	<u>31,816</u>	<u>215,969</u>	<u>184,091</u>
FUND-RAISING AND PUBLICITY					
Collections (include donations and legacies)	19,055	-	-	19,055	12,673
Events	15,787	-	-	15,787	13,872
Publications	2,125	-	-	2,125	1,514
Grant applications	3,572	-	-	3,572	6,672
Public relations	1,046	-	-	1,046	6,577
	<u>41,585</u>	<u>-</u>	<u>-</u>	<u>41,585</u>	<u>41,308</u>
MANAGEMENT AND ADMINISTRATION					
Salaries and office costs	45,441	-	755	46,196	61,951
Legal and professional fees	15,353	-	-	15,353	5,547
Travelling costs	1,898	-	-	1,898	2,582
Bank interest and charges	5,286	-	-	5,286	5,064
	<u>67,978</u>	<u>-</u>	<u>755</u>	<u>68,733</u>	<u>75,144</u>

Following a review of the allocation of resources expended, the basis adopted for 1999 has also been applied to 1998. Accordingly, comparative amounts for 1998 shown above have been amended

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NOTES TO THE ACCOUNTS
at 31 March 1999

2. ANALYSIS OF RESOURCE EXPENDED (continued)

ANALYSIS OF RESOURCES EXPENDED

	<i>Staff costs</i>	<i>Depreciation</i>	<i>Other</i>	<i>1999 Total</i>	<i>1998 Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Direct charitable	145,556	33,308	37,105	215,969	184,091
Fund-raising and publicity	13,962	-	27,623	41,585	41,308
Management and administration	24,539	9,775	34,419	68,733	75,144
	<u>184,057</u>	<u>43,083</u>	<u>99,147</u>	<u>326,287</u>	<u>300,543</u>

	<i>1999 £</i>	<i>1998 £</i>
Staff costs:		
Wages and salaries	163,292	152,440
Social security costs	14,397	12,957
Pension contributions	6,368	5,563
	<u>184,057</u>	<u>170,960</u>

The average weekly number of employees during the year was 11 (1998: 13)

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

	<i>1999</i>	<i>1998</i>
Direct charitable services	9	9
Fund raising and publicity	1	1
Management and administration	1	3
	<u>11</u>	<u>13</u>

RELATED PARTIES

Included within staff costs above are salaries totalling £33,676 paid to Mrs S Metherell and Mrs A Walter who are both wives of council members.

	<i>1999 £</i>	<i>1998 £</i>
Other costs:		
Premises	31,573	28,131
Consumables	4,586	4,730
Vehicles	1,328	1,626
Other	61,660	60,484
	<u>99,147</u>	<u>94,971</u>

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NOTES TO THE ACCOUNTS
at 31 March 1999

3. NET MOVEMENT IN FUNDS

(a) This is stated after charging:

	1999 £	1998 £
Audit fee	3,500	3,100
Council Members remuneration	-	-
Depreciation of owned fixed assets	43,396	34,939

(b) Reconciliation of changes in resources to net cash inflow from operating activities:

	1999 £	1998 £
Changes in resources before revaluations	(26,547)	271,823
Depreciation	43,396	34,939
(Increase) in debtors	(3,379)	(1,128)
(Decrease)/increase in creditors	(596)	16,361
(Increase) in stock	(3,737)	(108)
Net cash inflow from operating activities	9,137	321,887

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 (Portsmouth) Limited</i>	
	1999 £	1998 £
Turnover	14,350	12,554
Cost of sales	6,412	4,602
Gross Profit	7,938	7,952
Administration	6,713	8,221
Profit/(loss) on ordinary activities before taxation	1,225	(269)
Taxation on loss on ordinary activities	315	(3)
Dividend payable		1,000
Retained in subsidiary	910	(1,266)

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NOTES TO THE ACCOUNTS
at 31 March 1999

5. TANGIBLE FIXED ASSETS

	<i>Freehold property Bradford</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 1998	53,678	855,304	17,000	79,146	59,942	1,065,070	4,454	1,069,524
Additions	-	(135)	-	22,357	435	22,657	-	22,657
Disposals	-	-	-	-	-	-	-	-
At 31 March 1999	53,678	855,169	17,000	101,503	60,377	1,087,727	4,454	1,092,181
Depreciation:								
At 1 April 199	45	83,977	6,724	59,738	34,233	184,717	2,365	187,082
Provided during the year	537	17,978	2,569	11,793	10,206	43,083	313	43,396
Relating to disposals	-	-	-	-	-	-	-	-
At 31 March 1999	582	101,955	9,293	71,531	44,439	227,800	2,678	230,478
Net book value:								
At 31 March 1999	53,096	753,214	7,707	29,972	15,938	859,927	1,776	861,703
At 1 April 1998	53,633	771,327	10,276	19,408	25,709	880,353	2,089	882,442

The value of long leasehold buildings (Portsmouth Resource Centres) has been estimated for insurance purposes by the council members at £1,000,000 (1998: £960,000). This figure, in the opinion of the council members, closely reflects the commercial value.

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NOTES TO THE ACCOUNTS
at 31 March 1999

5. TANGIBLE FIXED ASSETS (continued)

The net book value at 31 March 1999 represents fixed assets used for:

	<i>Motor vehicles</i>	<i>School and medical equipment</i>	<i>Fixtures, and fittings and office equipment</i>	<i>Family Centre</i>	<i>Early Detection and Music Centre</i>	<i>Freehold property Bradford</i>	<i>Shop and fittings</i>	<i>Total</i>
	£	£	£	£	£	£	£	£
Direct charitable purposes:								
Nursery	7,707	29,972	-	-	-	-	-	37,679
Family Centre	-	-	-	316,538	-	-	-	316,538
Early Detection Centre	-	-	-	-	436,676	-	-	436,676
	<u>7,707</u>	<u>29,972</u>	<u>-</u>	<u>316,538</u>	<u>436,676</u>	<u>-</u>	<u>-</u>	<u>790,893</u>
Other purposes:								
Management, administration and fund raising of the Charity	-	-	4,416	-	-	53,096	-	57,512
Charity shops and sales	-	-	11,522	-	-	-	1,776	13,298
	<u>-</u>	<u>-</u>	<u>15,938</u>	<u>-</u>	<u>-</u>	<u>53,096</u>	<u>1,776</u>	<u>70,810</u>
Total	<u>7,707</u>	<u>29,972</u>	<u>15,938</u>	<u>316,538</u>	<u>436,676</u>	<u>53,096</u>	<u>1,776</u>	<u>861,703</u>

6. STOCKS

	<i>1999</i>	<i>Group 1998</i>	<i>1999</i>	<i>Company 1998</i>
	£	£	£	£
Goods for resale	1,840	990	-	-
Stationery and office consumables	3,847	960	3,847	960
	<u>5,687</u>	<u>1,950</u>	<u>3,847</u>	<u>960</u>

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NOTES TO THE ACCOUNTS
at 31 March 1999

7. DEBTORS

	1999	Group 1998	1999	Company 1998
	£	£	£	£
Trade debtors	50	5,323	50	5,323
Due from subsidiary undertaking (note 15)	-	-	9,131	3,234
Prepayments and accrued income	7,384	5,862	6,959	5,187
Other debtors	7,415	285	30	285
Dividend due from subsidiary	-	-	-	1,000
ACT recoverable on dividend	250	250	250	250
	<u>15,099</u>	<u>11,720</u>	<u>16,420</u>	<u>15,279</u>

8. CASH AT BANK

	1999	Group 1998
	£	£
Interest bearing accounts	67,433	84,754
Cash in hand and in transit	100	100
Cash with investors	8,120	11,149
Current accounts	3,496	4,321
	<u>79,149</u>	<u>100,324</u>
Decrease in cash	(21,175)	(57,231)
Cash at 1 April 1998	100,324	157,555
	<u>79,149</u>	<u>100,324</u>

9. CREDITORS amounts falling due within one year

	1999	Group 1998	1999	Company 1998
	£	£	£	£
Trade and other creditors	3,336	17,408	3,336	17,408
Accruals and deferred income	20,767	7,606	17,513	5,077
Taxation and social security	312	(3)	-	-
	<u>24,415</u>	<u>25,011</u>	<u>20,849</u>	<u>22,485</u>

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NOTES TO THE ACCOUNTS
at 31 March 1999

10. **LIMITATION OF LIABILITY BY GUARANTEE OF CHARITABLE COMPANY**

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

11. **TAXATION**

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

Taxation and the subsidiary company is dealt with in note 4.

12. **SURPLUS ATTRIBUTABLE TO THE PARENT COMPANY**

The surplus (net movement in funds) dealt with in the accounts of the parent (charitable company) consisted of £10,564 Restricted Funds together with a deficit of £7,433 on the Income and Expenditure Account (net £7,436 deficit, 1998 £341,275 surplus).

13. **RECONCILIATION OF MOVEMENTS ON RESERVES**

Company

	<i>Restricted funds</i>				<i>Unrestricted funds</i>		
	<i>Lottery reserve</i>	<i>Legacy reserve</i>	<i>Grants reserve</i>	<i>Capital reserve</i>	<i>Family Centre reserve</i>	<i>Income and expenditure account</i>	<i>Total</i>
	£	£	£	£	£	£	£
At 1 April 1997							
as previously reported	-	442,500	-	5,604	528,344	80,164	1,056,612
Prior year adjustment	-	-	-	-	(61,297)	61,297	-
At 1 April 1997							
as restated	-	442,500	-	5,604	467,047	141,461	1,056,612
Movement in resources:							
Incoming	257,282	-	-	-	-	316,351	573,633
Outgoing	(22,398)	-	-	-	(10,567)	(267,578)	(300,543)
Investment gains	-	-	-	-	-	69,452	69,452
At 1 April 1998	234,884	442,500	-	5,604	456,480	259,686	1,399,154
Movement in resources:							
Incoming	26,135	-	17,000	-	-	255,695	298,830
Outgoing	(32,571)	-	-	-	(10,567)	(283,149)	(326,287)
Investment gains	-	-	-	-	-	20,021	20,021
At 31 March 1999	228,448	442,500	17,000	5,604	445,913	252,253	139,718

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NOTES TO THE ACCOUNTS
at 31 March 1999

13. RECONCILIATION OF MOVEMENTS ON RESERVES (continued)

<i>Group</i>	<i>Restricted funds</i>				<i>Unrestricted funds</i>		<i>Total</i>
	<i>Lottery reserve</i>	<i>Legacy reserve</i>	<i>Grants reserve</i>	<i>Capital reserve</i>	<i>Family Centre reserve</i>	<i>Income and expenditure account</i>	
	£	£	£	£	£	£	£
At 1 April 1997							
as previously reported	-	442,500	-	5,604	528,344	82,744	1,059,192
Prior year adjustment	-	-	-	-	(61,297)	61,297	-
At 1 April 1997							
as restated	-	442,500	-	5,604	467,047	144,041	1,059,192
Movement in resources:							
Incoming	257,282	-	-	-	-	315,084	572,366
Outgoing	(22,398)	-	-	-	(10,567)	(267,578)	(300,543)
Investment gains	-	-	-	-	-	69,452	69,452
At 1 April 1998	234,884	442,500	-	5,604	456,480	260,999	1,400,467
Movement in resources:							
Incoming	26,135	-	17,000	-	-	256,605	299,740
Outgoing	(32,571)	-	-	-	(10,567)	(283,149)	(326,287)
Investment gains	-	-	-	-	-	20,021	20,021
At 31 March 1999	228,448	442,500	17,000	5,604	445,913	254,476	1,393,941

PRIOR YEAR ADJUSTMENT (COMPANY AND GROUP)

Depreciation charged on assets representing the Family Centre Reserve should have been charged against this reserve and not against the Unrestricted Income and Expenditure Account. An adjustment has been made in respect of prior periods, as shown in this note, to reflect the reallocation of £71,864 depreciation to 31 March 1998, against the Family Centre Reserve. Total reserves are not of course affected. Similarly, the balance sheet at 31 March 1998 has been restated to show revised reserve balances.

LOTTERY RESERVE

The charity company applied for and was awarded a project grant from National Lottery funds. 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 Lottery Board (grantor). £230,000 of the reserve balance was expended on depreciable fixed asset additions in the year ended 31 March 1998. The balance on the reserve is for revenue purposes to fund an additional teacher, together with project management costs.

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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.

GRANTS RESERVE

From time to time, the Foundation receives grants for specific purposes. This reserve currently holds £17,000 received from the Smiths Charity, which is earmarked for specific costs that will be incurred over the next year.

CAPITAL RESERVE

The capital reserve arose on the transfer of net assets from the Trustees of the former Elizabeth Foundation.

FAMILY CENTRE 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 construction 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.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<i>Tangible fixed assets</i>	<i>Investments</i>	<i>Net current assets</i>	<i>1999 Total</i>
	£	£	£	£
<i>Restricted:</i>				
Lottery reserve	222,663	-	5,785	228,448
Legacy reserve	-	442,500	-	442,500
Grant reserve	-	-	17,000	17,000
<i>Unrestricted:</i>				
Capital reserve	-	-	5,604	5,604
Family Centre reserve	445,913	-	-	445,913
Income and Expenditure account	193,127	14,218	47,131	254,476
	<u>861,703</u>	<u>456,718</u>	<u>75,520</u>	<u>1,393,941</u>
	(Note 5)	(Note 15)	(page 6)	

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NOTES TO THE ACCOUNTS
at 31 March 1999

15. FIXED ASSET INVESTMENTS

Company

Subsidiary - E F Enterprise (Portsmouth) Limited

The company owns a 100% holding 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 1998 and 31 March 1999	2
Held by The Elizabeth Foundation	50%
Held by director D K Metherell as nominee for The Elizabeth Foundation	50%
	100%

The company operates charity shops to raise money for the Foundation and profits may be paid to the Foundation under the terms of a variable covenant (see also note 2). For the year ended 31 March 1999 the company made a profit of £910 and its aggregate capital and reserves at that date amounted to £2,225.

<i>Other investments</i>	£
Total investments, including other investments:	
Market value at 1 April 1998 and 31 March 1999 (subsidiary)	2
Other:	
Opening valuation	429,042
Additions at cost	209,572
Disposals at opening value (proceeds £201,917, loss £2,201)	(204,118)
Net unrealised gains on revaluation	22,222
Total market value at 31 March 1999	456,720
Investment in unquoted subsidiary company	2
Listed Investments	239,574
British Government stocks	153,563
UK Unit Trusts	63,581
	456,720
Historical cost at 31 March 1999	366,172

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at 31 March 1999

15. **FIXED ASSET INVESTMENTS** (continued)

<i>Group</i>	<i>£</i>
Market value at 1 April 1998	429,042
Additions at cost	209,572
Disposals at opening value (proceeds £201,917, loss £2,201)	(204,118)
Net unrealised gains on revaluation	22,222
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Market value at 31 March 1999	456,718
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Listed Investments	239,574
British Government stocks	153,563
UK Unit Trusts	63,581
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Market value at 31 March 1999	456,718
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Historical cost at 31 March 1999	366,172
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