

ELIZABETH FINN CARE

REPORT OF THE BOARD OF TRUSTEES

and

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2010

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Legal and Administration

Board of Trustees

The Charity's Trustees as at 29 June 2010 or who served as a Trustee in the financial year ended 31 March 2010 were as follows:

* Mr Richard Down FCA	Dr Michael Harding
Mr David Astor CBE DL	Mrs Annabel Mackenzie (resigned 7 July 2009)
Mr Matthew Baker	Mr Jeremy Nettle (appointed 29 September 2009)
Mrs Susan Bonsor	* Mr Michael Pavia FCA
Mr Bill Colvin (appointed 15 December 2009)	Ms Sally O'Sullivan (appointed 23 March 2010)
The Viscountess Downe JP DL	Mr Fred Payne (appointed 29 September 2009)
* Mr Richard Halcrow	Mrs Francesca Quint
	Mr John Stephen

*Members of the Audit Committee

The following Trustees due to retire in rotation in accordance with Article 3.4 of the Articles of Association and, being eligible after offering themselves for re-election, were re-appointed at the Annual General Meeting on 29 September 2009: Mr Richard Halcrow, Mrs Francesca Quint and Mr Richard Down

The following Trustee appointed in accordance with Article 3.7 of the Articles of Association and, being eligible after offering himself for re-election, was re-appointed at the Annual General Meeting on 29 September 2009: Mr Matthew Baker

Chief Executive

Mr Matthew Sykes CVO (appointed 24 May 2010)
Mr Jonathan Welfare (retired 21 May 2010)

Secretary

Mr Michael De Val (appointed 29 June 2010)
Mr Jonathan Welfare (retired 21 May 2010)

Auditors

Kingston Smith LLP
Devonshire House, 60 Goswell Road, London EC1M 7AD

Solicitors

Farrer & Co LLP
66 Lincoln's Inn Fields, London WC2A 3LH

Bankers

Lloyds TSB Bank plc
179 Earls Court Road, London SW5 9RE

Investment Managers

Smith & Williamson Investment Management Limited
25 Moorgate, London, EC2R 6AY

JLT iimia Wealth Management
23 Cathedral Yard, Exeter, Devon EX1 1HB

UBS Wealth Management (UK) Ltd
1 Curzon Street, London, W1J 5UB

Registered Office

Hythe House, 200 Shepherds Bush Road, London W6 7NL

Charity registration numbers:

207812 England and Wales
SC040987 Scotland

Report of the Board of Trustees for the year ended 31 March 2010

Introduction

The Trustees, who are also Directors of the Charity for the purposes of the Companies Act 2006, submit their annual report and the audited financial statements for the year ended 31 March 2010 in accordance with Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005).

Governing Document

Elizabeth Finn Care was founded in 1897 as The Distressed Gentlefolk's Aid Association and incorporated on 19 January 1953 as a charitable company limited by guarantee. It is governed by a Memorandum and Articles of Association, which were last amended on 16 July 2009.

Structure, Governance and Management

The Board consists of at least seven and not more than fifteen individuals, all of whom must be members of the charitable company. Membership is open only to the Trustees. The existing members of the Board appoint new Trustees and Trustees appointed in this manner hold office until the next Annual General Meeting. When considering filling vacancies, the Board takes into account the experience needed to maintain the Board's ability to direct the full range of the Charity's activities effectively. The Board normally engages professional executive search and selection firms in the process of making new appointments and arranges appropriate induction for any new Trustee. Training needs are assessed and appropriate action taken to meet the needs of Trustees.

The Board meets four times each year. In addition, the Trustees with other volunteers are formed into committees that focus on the major subject areas, which are: Audit, Investment, Case, Homes, Remuneration and Nomination. Each committee normally meets four times each year, except the Homes Committee and the Audit Committee, which meet twice. The Chairman of the Audit Committee is a post that is independent of the Board of Trustees; Mr Desmond McCann FCA was appointed to the post on 31 March 2009. The Board and committee meetings include attendance by the Chief Executive, other executives and employed staff. Trustees are, therefore, able to monitor closely performance against plans and to participate in all significant decision making processes.

County Committees represent and co-ordinate the activities of dedicated supporters of the Charity at the local level. Regional Conferences are held with all such supporters and the conferences provide a valuable exchange of information and discussions for assessing the Charity's effectiveness and considering future changes.

The Charity merged with its charitable subsidiary, Turn2us, on 1 October 2009 in order for the combined resources and services to be more effective. The Turn2us services continue to grow helping people via a portal on the web, or, if needed, through a helpline to understand the benefits they are entitled to and sign-posting them to grants and support from over 3,500 charitable funds.

The Charity also provides a grant giving service managed by the Case department, which is directly responsible for the assessment of applications for financial support and the grants and allowances to be paid. The assessment is conducted in accordance with the Casework Policy and Guidelines approved by the Board of Trustees. Support for the charitable services is provided by the central departments: Fundraising and Communications, Finance, HR, IT and Property Services.

The Charity is the sole trustee for seven other charities (see Note 14). The constitutions of all seven charities enable their income to be used to supplement the charitable activities of the Charity. However, in the case of Dresden Homes Trust preference is given to making grants to the beneficiaries that were being supported before its merger with the Charity. In the case of The Lloyd's Support Fund, preference is given to making grants for the relief of the need of such members or former members of Lloyd's for the time being suffering from severe financial hardship as a result of meeting their respective underwriting liabilities at Lloyd's and the

family or dependents of such persons. The accounts for all seven charities have been consolidated with those of the Charity and are identified in the Charity's Statement of Financial Activities and Balance Sheets as Restricted and Permanent Endowment funds.

Elizabeth Finn Homes Limited (EFHL) is a wholly owned subsidiary responsible for the management and operation of the Charity's ten care homes and the eleven Colehaven almshouses. EFHL has its own board of eight directors, four of whom are Trustees of the Charity. EFHL's Board of Directors is directly accountable to the Charity's Board of Trustees.

Elizabeth Finn Trading Limited is a wholly owned subsidiary, which from time to time carries out trading activities that are ultimately beneficial to the Charity.

Objects

The Charity's Objects are to relieve and assist, in such ways as the Trustees think fit (but without regard to religious or political affiliation) residents or nationals of the United Kingdom or the Republic of Ireland: -

1. who are from a professional or similar background and who are suffering from old age, infirmity, disablement or financial need; or
2. who are otherwise in conditions of need, hardship or distress.

Activities and Aims

The Charity has four main areas of activity: grant-giving, Turn2us, the provision of residential and nursing care and similar services provided for or on behalf of other charities. The Charity monitors its performance against key performance indicators or targets.

For grant-giving the Case department increased the number of beneficiaries supported with direct grants by 8% over the previous year to 3,598 compared to a target increase of 12%. The number of new applications each week averages 20 and has remained at that level for most of the year. In particular, the high backlog of previous applications has been successfully addressed and now all forms of applications are examined on the day they are received. The Charity aims at maintaining the same growth rate of 8% for the number of supported beneficiaries in 2010/11.

Grant-giving is represented by the provision of financial grants and periodic allowances or advice where financial assistance is otherwise not available to eligible individuals who are suffering financial hardship. The Casework Policy and Guidelines set amounts that can be paid without compromising the beneficiaries' state benefits. Due to the very cold winter that many of the beneficiaries endured, a £50 winter fuel allowance was also paid to all regular beneficiaries. Those helped include many older people, but over the year the number aged below 60 increased from 48% to 49%.

The role of volunteers as visitors to accepted and prospective beneficiaries is of increasing importance to allow the Case department to improve the quality and quantity of casework without hiring additional paid staff. The aim is to maintain an average of 1 volunteer for every 10 cases and that policy was successful in the year. A change in emphasis towards the recruitment of volunteer case consultants has been implemented to ensure that the broader capabilities of the volunteers continue to grow and enable the Case department to operate more efficiently. Increase in the volunteer base overseas has also been implemented, with 42 volunteers now established in France. The work of the Charity in France was recently recognised by HM Ambassador in a letter to the new Chief Executive. Programmes for training volunteer visitors and volunteer case consultants will continue in 2010/11. Caseworkers in the Case department are being trained in specialist skills so that a full wrap-around service is provided to all applicants covering areas such as: housing, mental health and debt service.

Turn2us has significantly exceeded its key targets for the year. The services are unique and, according to independent evaluation, are highly valued. The Turn2us website received 1,227,802 visits during the year compared to a 150,000 target and 108,683 the previous year. The target for 2010 / 2011 is 1.5 million visits.

The database for grant making charities has been expanded from 750 such charities with 200 accepting on-line enquiries to 3,528 charities with 1,500 accepting on-line enquiries. The search functionality was redesigned using feed-back from the charities. The target for 2010/11 is to have 3,600 grant making charities with 1,600 accepting on-line enquiries. Turn2us now has a presence on Facebook, Youtube and Wikipedia. The website has been accredited by the Shaw Trust verifying that it has been designed and coded to the highest levels of best practice for on-line services for people with disabilities. It has also achieved accreditation by the Plain English Campaign.

The Turn2us Helpline is established for financially excluded and older people not able to access information via the website. The service is outsourced to Connect Assist and the initial contract runs to 31 October 2010. Following the successful six-month pilot period November 2008 to April 2009 the service became a national helpline and the limit of the number of calls handled on an annual basis was increased from 10,000 to 30,000. The number of calls continued to rise over the year and resources have now been made available to extend the contract and handle 45,000 contacts for 2010/11. For the year 2009/10 89% of the total number of contacts was made by individuals in financial need, 6% by intermediaries, 2% by charities and 3% by other organisations.

Turn2us intermediaries' services are being developed to enable advisers and support workers to manage on-line enquiries on behalf of clients. In May 2009 Turn2us secured funding of £300,000 from the Department of Children, Schools and Families (DCSF) for a two year pilot service in partnership with Home Start UK and Child Poverty Action Group (CPAG). The pilot service is to support Home Start volunteers to help families access benefits, tax credits and grants that are available to them.

EFHL aims to achieve earnings before interest, tax, depreciation and rent of 16.4% of gross income for 2010/11 compared to 16.8% for 2009/10. The target for the average level of occupancy in 2010/11 is 90% compared to the 91% level achieved in 2009/10. The planned reduction in financial performance is largely due to the major refurbishment projects at Halliwell and Hampden House. The Halliwell project, which ultimately increases the number of beds from 50 to 64, is expected to be completed by December 2010. The Hampden House project is due to start in June 2010 and complete in September 2011. The percentage of EFHL's total residents that receive funding support from the Charity remains unchanged at 6%. Charitable support will continue for those residents who are eligible.

Finance Review

The Charity, its two subsidiaries, Elizabeth Finn Homes Limited and Elizabeth Finn Trading Limited, Turn2us when it was a subsidiary prior to the merger with the Charity on 1 October 2009, and the seven charities for whom the Charity is the sole trustee and which have uniting directions from the Charity Commission are included in the Consolidated Statement of Financial Activities, Balance Sheets, Cashflow Statement and associated Notes set out on pages 15 to 27.

An exceptional gain of £5.1m relating to the original sale of Vicarage Gate House in 2003 was recognised in the year. The sum was due to Elizabeth Finn Trading Limited under the overage deed with Vicarage Gate Limited, a subsidiary of Northacre plc. The final sum to be received under the overage deed is due in 2010/11 and the amount depends on indexation of property prices.

Investments had an overall gain, due to the major recovery in global equity markets, of £6.9m (2008/09 loss £5.9m) consisting of £0.8m realised gains (2008/09 £0.5m realised losses) and £6.1m unrealised gains (2008/09 £5.4m unrealised losses). The investment policy is explained below.

The number of beneficiaries supported by grant-giving in 2009/10 increased by 8% compared to 2008/09; the total grants and allowances paid in 2009/10 increased by 6% to £3.7m. The higher increase in the number of beneficiaries compared to the increase in grants and allowances reflects the gradual withdrawal of regular allowances in exchange for payments for exceptional needs and more beneficiaries being successful in regaining their ability to live independently.

Costs of self-funding residential and nursing care decreased from £18.7m to £18.1m due to the inclusion of £1.6m spend on Halliwell's extension and refurbishment project compared to £2.4m spend on the same project.

in 2008/09. The proportion of the number of self-funding residents compared to the total number of residents remained unchanged at 94%.

Bank loan interest of £80k was the cost of the Allied Irish Bank unsecured term loan, which was £3.8m as at 31 March 2010. In May 2010 the £8m loan facility with Allied Irish Bank was replaced by a secured £11.1m loan facility with Santander, which will only be used for funding the Halliwell and Hampden House projects.

The contributions received from local and health authorities and other third parties for part funded residents increased from £0.6m to £0.7m due to fee increases and more of these residents requiring nursing care. The cost of providing the residential and nursing care for the part funded residents decreased from £1.4m to £1.2m.

As noted above, the Charity and the subsidiary Turn2us merged on 1 October 2009 and Turn2us services continued to grow significantly. The cost of the services for the full year amounted to £2.2m compared to £1.6m for 2008/09 mainly reflecting £0.2m increase in the helpline costs and £0.2m for the pilot service. External funding from other sources in the long term will be sought from charity partners, corporate partners, trusts, foundations and the public sector.

The Charity's marketing, communications, fundraising and policy research costs increased from £1.5m to £1.6m largely reflecting the increase in research work for influencing public policy for assisting those in need.

Donations were 38% lower in 2009/10 at £546k compared to £873k in 2008/09 due to reduced levels from trusts and individual donors. Legacy income was £1.4m in 2009/10 compared to £3.6m in 2008/09, which was very high due to the exceptional legacy of £2.1m from Mrs Joyce Jeyes. The number of reported wills that name the Charity as a beneficiary continues to fall and indicate continued reduction in the level of legacy income for the next few years.

Income from generated funds includes the fee income from self-funding residents in EFHL homes, which increased from £18.1m to £18.8m. The increase was mainly due to the 5.5% average fee increase.

Grants income was significantly higher at £323k compared to £85k in 2008/09 due to the receipt of £165k grant for the Turn2us partnership project, £88k for casework on Welsh families and £49k for funding the Volunteer Case Consultant Programme.

Investment income for the year at £0.7m was significantly lower than £1.6m for 2008/09 due to the very low level of market interest rates.

Summarising the financial details above, the net expenditure for the year 2009/10, before investment gains, was £7.2m compared to £3.5m for 2008/09. Total costs increased from £28.4m to £29.8m mainly due to increases of £0.1m for policy research, £0.2m for grants, £0.4m for casework, £0.6m for Turn2us and £0.7m for the relocation of the offices from Derry Street to Shepherds Bush Road offset by decrease of £0.6m for self-funding residential and nursing care. Total income decreased from £25m to £22.6m and was mainly due to donations decreased by £0.3m, legacy income decreased by £2.2m and investment income decreased by £0.8m offset by increases in self funding care home fees by £0.8m and grants by £0.2m.

The ten care homes are included in the balance sheet at the original purchase or building costs. The market value exceed these values, but the Trustees have decided to keep those assets at original cost values because they will continue to be used for the provision of residential and nursing care.

EFHL

EFHL made a financial surplus for the year of £0.9m (2008/09 £1.1m) against a budget of £1.3m. EFHL paid higher property rent to the Charity at £2.5m (2008/09 £2.2m). The surplus was below budget mainly due to the actual average occupancy level of 91% vs. budget 95% reflecting the marked deterioration in market conditions.

There is a deed of covenant between the Charity and EFHL, under which EFHL pays the Charity each year a sum equal to the taxable surplus it has earned in the preceding financial year. EFHL will pay £0.9m as the

covenant due to the Charity before 31 December 2010 and the Charity will be able to add that sum to its reserves.

Staff

The activities and performance of the Charity rely on the commitment and hard work of its valued staff. The Charity continues to promote and develop a healthy staff relations climate. It aims to promote equality of opportunity for all with the right mix of talent, skills and potential. The Charity welcomes applications for employment from candidates of diverse backgrounds. Furthermore, it recognises its obligations towards disabled people and endeavours to provide such employment for them as the work undertaken allows.

Pension Scheme

In accordance with accounting standard FRS17, the results of the full actuarial valuation of the defined benefits pension scheme, Elizabeth Finn Care Pension & Life Assurance Scheme (1981) as at 1 July 2008 have been projected to 31 March 2010 and recalculated using the assumptions shown in Note 18. The funding deficit increased from £433k to £868k and was mainly due to the £543k actuarial loss. In the Recovery Plan dated 29 September 2009 the Charity agreed with the Trustees of the Scheme to pay future additional pension contributions of £168,000 per annum, payable monthly over 5 years and 3 months from 1 July 2009. The Scheme's funding deficit should be eliminated by 30 September 2014.

Reserves Policy

Reserves for use by the Charity exclude permanent endowment, restricted and designated funds and the deficit reported for the pension scheme.

As a matter of policy, each year the Trustees review the level of reserves required to be held in order to generate essential investment income and to absorb future net decreases in funds, without compromising the planned level of financial support for those in need and provision of the free Turn2us services.

Reserves as at 31 March 2010 were £32.9m, after benefiting from the net increase in funds for the year of £4.0m. A significant net decrease in reserves is budgeted for 2010/11 and the Trustees will conduct a strategic review of spending and fund generation plans beyond that year for maintaining the necessary long term level of reserves.

Investment Policy

In considering the investment policy for the Charity's funds, the Trustees have taken account of the range of likely demands for funds to meet current, medium and long term requirements for the Charity as a group, as well as the risks associated with the range of investment options available to the group. The investment policy is to partition the general investment funds into two categories based on a hierarchy of risk and reward.

Firstly, a partition known as the Operating Fund held in the form of short-term bank deposits and bank bonds, which amounted to £10m as at 31 March 2010, the same as at 31 March 2009. This partition provides the funding cover for normal annual net expenditure for the Charity group over a three-year period.

Secondly, a partition known as the General Fund, which consists of UK and overseas equities amounting to £24m as at 31 March 2010. The purpose of the second partition is to provide opportunity for investment over a long investment horizon that, therefore, provides greater flexibility for selecting equities with potentially greater returns.

Restricted funds of £3m and Permanent Endowments funds of £6m mainly arose from the mergers in 2007/08 with Dresden Homes Trust and The Lloyd's Support Fund and they are largely unchanged from 31 March 2009. The funds are held mainly as bank deposits.

Investments are managed by three investment managers; Smith & Williamson Investment Management Ltd, JLT iimia Wealth Management and UBS Wealth Management (UK) Ltd. The Trustees have agreed the funds' size with the investment managers and have set performance benchmarks.

Public Benefit Statement

As its main activity, the Charity must have charitable purposes or 'aims' that are for the public benefit. The Charities Act 2006 provides specific descriptions of charitable purposes that are for public benefit and one specific description is 'the prevention or relief of poverty'. As explained above in **Objects**, the Charity has the prime aim of assisting people who live in poverty and all of its resources are focused on achieving that aim. The potential number of beneficiaries that are eligible for casework grants is estimated to total 2.8 million adults in the UK and approximately 300,000 adults in the Republic of Ireland and many expatriates. Through Turn2us the Charity is able to reach out to the 13 million people who live in poverty in the UK. Helping those people living in poverty to understand and apply for their entitlement to state benefits and for the support that they may be eligible to receive from other charitable sources. There are no limits for access to the free national helpline and website services. The Trustees confirm that they comply with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Elizabeth Finn Care for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

Company law requires Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the charitable company and the group and of the outgoing resources and application of resources, including the income and expenditure, of the charitable company and the group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information, including information on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to Auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and

- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Risks

The Trustees believe that they have identified the major risks to which the Charity is exposed. These include: financial stability, maintaining good reputation in conducting the various charitable activities and the quality of the personal care provided in the care homes. Risks have been categorised both by the likelihood of their occurring and by their potential impact on the Charity. Trustees review the adequacy of protection against these risks and, where this appears insufficient, put in place appropriate procedures to mitigate these risks. In some instances protection is provided by insurance cover; in others by monitoring, reporting, continually assessing the risks concerned and the development of contingency plans. The Audit Committee of the Board of Trustees regularly considers identification and mitigation of risks.

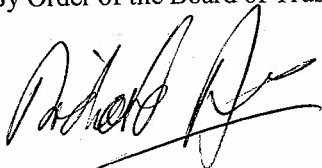
Auditors

Kingston Smith LLP have indicated their willingness to continue in office and, in accordance with the provisions of the Companies Act, it is proposed that they be re-appointed auditors for the ensuing year.

Annual Meeting

Charity's Annual General Meeting for members is on 28 September 2010.

By Order of the Board of Trustees



Chairman

29 June 2010

Company registration number 515297

Independent Auditors' Report to the Members of Elizabeth Finn Care

We have audited the consolidated and parent charitable company's financial statements of Elizabeth Finn Care for the year ended 31 March 2010 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

The Trustees' (who are also the directors of the charitable company for the purposes of company law) responsibilities for preparing the Trustees' Annual Report for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements 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 financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implication for our report if we become aware of any apparent misstatements within it.

Basis of Audit 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and charitable 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 group's and parent charitable company's affairs as at 31 March 2010 and of the group's incoming resources and application of resources, including the income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been properly prepared in accordance with the Companies Act 2006; and
- the information provided in the Trustees' Annual Report is consistent with the financial statements.


Nicholas Brooks Senior Statutory Auditor
for and on behalf of Kingston Smith LLP, Statutory Auditors

Devonshire House
60 Goswell Road
London EC1M
7AD
Date: 16th July 2010

Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Consolidated Statement of Financial Activities (incorporating income and expenditure account)

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2010 £	Total Funds 2009 £
INCOMING RESOURCES						
Incoming resources from generated funds						
<i>Voluntary Income:</i>						
Donations	3	460,046	83,460	2,129	545,655	872,583
Legacies		1,405,826	10,500	-	1,416,326	3,621,300
<i>Activities for generating funds:</i>						
Self funding residential & nursing care		18,768,750	-	-	18,768,750	18,081,920
Other activities	4	93,260	-	-	93,260	94,903
<i>Investment income</i>	5	763,621	-	-	763,621	1,602,201
Incoming resources from charitable activities						
Supported residential & nursing care		684,747	-	-	684,747	622,219
Grants		21,473	301,867	-	323,340	84,690
Total incoming resources		22,197,723	395,847	2,129	22,595,699	24,979,816
RESOURCES EXPENDED						
Cost of generating funds						
Marketing, communications, fundraising & policy research		1,588,645	-	-	1,588,645	1,494,723
Self funding residential & nursing care		18,006,951	107,820	-	18,114,771	18,741,413
Bank loan interest		79,558	-	-	79,558	51,112
Investment management		123,195	-	-	123,195	108,654
		<u>19,798,349</u>	<u>107,820</u>	<u>-</u>	<u>19,906,169</u>	<u>20,395,902</u>
Charitable activities						
Supported residential & nursing care		1,192,119	-	-	1,192,119	1,426,588
Grants & allowances		3,626,226	122,288	-	3,748,514	3,552,512
Casework		1,628,428	49,000	-	1,677,428	1,230,681
Dementia care		11,163	-	-	11,163	66,245
Turn2us		<u>2,035,376</u>	<u>164,800</u>	<u>-</u>	<u>2,200,176</u>	<u>1,553,635</u>
		<u>8,493,312</u>	<u>336,088</u>	<u>-</u>	<u>8,829,400</u>	<u>7,829,661</u>
Office relocation		748,237	-	-	748,237	-
Governance						
Ongoing resources		135,519	-	-	135,519	135,478
Non recurring merger and reorganisation costs		<u>222,057</u>	<u>-</u>	<u>-</u>	<u>222,057</u>	<u>79,619</u>
		<u>357,576</u>	<u>-</u>	<u>-</u>	<u>357,576</u>	<u>215,097</u>
Total resources expended	6	29,397,474	443,908	-	29,841,382	28,440,660
Net (expenditure) / surplus for the year before exceptional item		(7,199,751)	(48,061)	2129	(7,245,683)	(3,460,844)
Exceptional gain from sale of property	10	5,122,479	-	-	5,122,479	-
Net (expenditure) / surplus for the year after exceptional gain		(2,077,272)	(48,061)	2,129	(2,123,204)	(3,460,844)
Recognised gains and losses						
Net realised gains / (losses) on investments	9	710,069	-	36,074	746,143	(461,716)
Net unrealised gains / (losses) on investments	9	5,890,856	77,407	145,023	6,113,286	(5,439,355)
Actuarial (loss) / gain on defined benefit pension scheme	18	(543,000)	-	-	(543,000)	144,000
Net increase / (decrease) in Funds	15	3,980,653	29,346	183,226	4,193,225	(9,217,915)
Total funds brought forward as reported	15	35,963,650	3,175,966	5,856,060	44,995,676	54,213,591
Total funds carried forward 31 March 2010	15	39,944,303	3,205,312	6,039,286	49,188,901	44,995,676

The deficit for the year for Companies Act purposes comprises the net (expenditure) / income for the year, as shown above.

All the above results are derived from continuing activities and this financial statement includes all gains and losses recognised in the year.

The accompanying notes on pages 15 to 27 are an integral part of this financial statement.

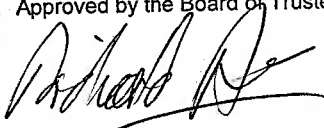
Elizabeth Finn Care
31 March 2010

Consolidated and Charity Balance Sheets as at 31 March 2010

	Notes	Group 2010 £	Group 2009 £	Charity 2010 £	Charity 2009 £
Fixed Assets					
Tangible assets	8	7,910,822	7,729,745	7,910,822	7,729,745
Investments	9	43,100,766	39,607,719	43,100,770	39,607,723
		<u>51,011,588</u>	<u>47,337,464</u>	<u>51,011,592</u>	<u>47,337,468</u>
Current Assets					
Debtors	11	1,027,638	828,470	306,870	1,251,613
Cash at Bank and in hand	12	<u>4,146,879</u>	<u>1,966,442</u>	<u>3,829,686</u>	<u>455,303</u>
		5,174,517	2,794,912	4,136,556	1,706,916
Creditors					
Amounts falling due within one year	13	<u>(2,347,192)</u>	<u>(2,280,625)</u>	<u>(1,292,274)</u>	<u>(1,943,356)</u>
Net current assets		2,827,325	514,287	2,844,282	(236,440)
Total assets less current liabilities		<u>53,838,913</u>	<u>47,851,751</u>	<u>53,855,874</u>	<u>47,101,028</u>
Bank loan	19	(3,782,012)	(2,423,075)	(3,782,012)	(2,423,075)
Defined benefit pension scheme liability	18	(868,000)	(433,000)	(868,000)	(433,000)
Net assets including pension liability	14	<u>49,188,901</u>	<u>44,995,676</u>	<u>49,205,862</u>	<u>44,244,953</u>
Funds:					
Permanent Endowment	14 / 15	6,039,286	5,856,060	6,039,286	5,856,060
Restricted	14 / 15	3,205,312	3,175,966	3,205,312	3,175,966
Designated	14 / 15	7,910,822	7,729,745	7,910,822	7,729,745
Reserves	14 / 15	32,901,481	28,666,905	32,918,442	27,916,182
Pension Reserve	18	(868,000)	(433,000)	(868,000)	(433,000)
Total funds	17	<u>49,188,901</u>	<u>44,995,676</u>	<u>49,205,862</u>	<u>44,244,953</u>

The accompanying notes on pages 15 to 27 are an integral part of these balance sheets.

Approved by the Board of Trustees on 29 June 2010 and signed on their behalf by:


Chairman

Elizabeth Finn Care
31 March 2010

Consolidated Cashflow Statement for the year ended 31 March 2010

	2010	2009
	£	£
(a) NET CASH OUTFLOW FROM OPERATING ACTIVITIES (see (b))	(8,122,631)	(4,809,337)
RETURNS ON INVESTMENTS		
Dividends	422,612	499,670
Interest	<u>341,009</u>	<u>1,102,531</u>
	763,621	1,602,201
CAPITAL INVESTMENT & FINANCIAL EXPENDITURE		
Purchase of investment securities	(3,012,561)	(4,462,290)
Legacy of residential properties	-	(1,970,000)
Receipts from sale of investment securities	4,603,575	6,420,894
Purchase of freehold building	(308,351)	-
Exceptional gain from sale of property	5,122,479	-
	<u>(953,868)</u>	<u>(3,218,532)</u>
DECREASE OF CASH IN THE YEAR	<u>(953,868)</u>	<u>(3,218,532)</u>
b) Reconciliation of net outgoing resources for the year to net cash outflow from operating activities	2010	2009
	£	£
Net outgoing resources before revaluations and disposals	(7,321,960)	(3,460,844)
Investment income	(763,344)	(1,602,201)
Depreciation charges	127,274	132,375
(Increase) / Decrease in debtors	(199,168)	103,878
Increase / (Decrease) in creditors	66,567	(32,545)
(Decrease) / Increase in pension liability	(32,000)	50,000
	<u>(8,122,631)</u>	<u>(4,809,337)</u>
Net Cash outflow from operating activities	<u>(8,122,631)</u>	<u>(4,809,337)</u>
c) Reconciliation of net cash outflow to movement in net cash funds	2010	2009
	£	£
(Decrease) / Increase in cash	(953,868)	(3,218,532)
Transfer from / (to) bank deposits for cash awaiting investment	1,775,368	198,938
Bank loan increase	<u>1,358,937</u>	<u>2,423,075</u>
Movement in net cash funds in year	2,180,437	(596,519)
Net cash funds as at 1 April	1,966,442	2,562,961
	<u>4,146,879</u>	<u>1,966,442</u>
Net cash funds as at 31 March	<u>4,146,879</u>	<u>1,966,442</u>

Notes forming part of the financial statements

1 Status of Company

Elizabeth Finn Care is a company limited by guarantee and does not have share capital. The members of the company are the Trustees who are named on page 2. All members, in the event of the company being wound up whilst they are members or within one year of their ceasing to be members, are required to contribute an amount not exceeding £1.

2 Accounting Policies

The accounting policies remain unchanged from the previous year.

- a) The accounts, incorporating the Statement of Financial Activities (SOFA), are prepared on the historical cost basis, except for investments as described in f) below, and in accordance with applicable accounting standards and the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005). The Charity has taken advantage of section 408 of the Companies Act 2006 and has not produced a separate unconsolidated profit and loss account.
- b) Group Accounts
These Financial Statements consolidate the results of the Charity, the seven charities for which the Charity was given uniting direction and its wholly owned subsidiaries, Elizabeth Finn Homes Limited, Turn2us and Elizabeth Finn Trading Limited on a line by line basis.
- c) Income is credited to the SOFA on an accruals basis except that donations and investment income are not credited until received. Legacy income is recognised at the earlier of the income being received or the certainty of entitlement to a legacy and the amount can be quantified with reasonable accuracy.
- d) All expenditure is charged to the SOFA on an accruals basis including the charge for VAT, which is not recoverable.

Central support costs are allocated to each activity cost category on the basis of the estimated relevant proportion of the time spent on each activity by the staff of each support cost centre.

Governance costs include the estimated relevant staff time, external audit fees, cost of professional indemnity insurance for Trustees and other Trustees' costs and expenses.

- e) Fixed Assets
Depreciation is provided as follows:
 - i) Freehold buildings -2% on the reducing balance basis.
 - ii) Mini Buses and Motor Cars - 25% on the reducing balance basis.

Expenditure on the renovation and refurbishment of existing Homes is written off to revenue as it is incurred. Expenditure on building new Homes is capitalised, although the cost of equipping them is charged to revenue. The Trustees believe that this policy generally reflects the economic life of the expenditure incurred and that the recoverable amounts and the present value of the future cash flows of the equipment would be negligible.

Expenditure on computer hardware and software and sundry small items of equipment is written off as revenue expenditure as incurred.

- f) Investments are stated at market valuation as at 31st March 2010. Gains and losses on disposals or revaluations of investments are charged or credited to the SOFA.
- g) Foreign currency balances have been translated at the rate current at 31st March 2010.

Notes forming part of the financial statements (continued)

2 Accounting Policies (Continued)

- h) Benefactors sometimes express a wish that their legacy or gift should be used for a defined purpose. If this purpose is more limited than the full objectives of the Charity, such income is treated in the SOFA as restricted and any balance unspent at the end of the financial year is described as Restricted Reserve on the Balance Sheet. Likewise, the Charity has five permanent endowments, the capital and income of which are shown separately in the SOFA and on the Balance Sheet and are referred to in Notes 14 and 15.
- i) Certain expenditure relating to fundraising events has been netted off against income from the same events.

j) Fund accounting

Permanent Endowments - these represent funds permanently held in trust for the charity. For further details on endowment funds see Note 14 to the accounts

Restricted - this represents funds received for preferential purposes specified by the donor or by the charitable objects of the charities that have merged with Elizabeth Finn Care.

Designated - this represents the net value of the tangible fixed assets.

Reserves - this fund can be used in accordance with the charitable objects at the discretion of the Trustees.

k) Pensions

The Charity has adopted full disclosure of the accounting standard FRS 17 for the defined benefit pension scheme. The service and finance costs of the Scheme are allocated to specific activities of the resources expended based on staff entitlement. The Scheme's actuarial gains and losses based on market value of the investments and actuarial valuation of its liabilities as at the financial year end are recognised in the 'Other recognised gains and losses' section of the SOFA.

As the net liability does not represent an immediate cashflow impact on the Charity's Reserves, the Scheme's net liability is separately represented by the Pension Reserve.

Elizabeth Finn Care
31 March 2010

Notes forming part of the financial statements (continued)

INCOMING RESOURCES

3 Donations

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2010 £	Total 2009 £
Donations	284,652	81,080	2,129	367,861	715,806
Income tax recovered	54,973	-	-	54,973	15,854
Special events	29,556	-	-	29,556	7,847
County treasurers	90,865	2,400	-	93,265	133,076
	<u>460,046</u>	<u>83,480</u>	<u>2,129</u>	<u>545,655</u>	<u>872,583</u>

4 Other Activities

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2010 £	Total 2009 £
Property rent and services	90,720	-	-	90,720	82,497
Sundry	2,540	-	-	2,540	12,406
	<u>93,260</u>	<u>-</u>	<u>-</u>	<u>93,260</u>	<u>94,903</u>

5 Investment Income

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2010 £	Total 2009 £
Dividends	422,612	-	-	422,612	499,670
Interest on bonds and short term deposits	341,009	-	-	341,009	1,102,531
	<u>763,621</u>	<u>-</u>	<u>-</u>	<u>763,621</u>	<u>1,602,201</u>

Notes forming part of the financial statements (continued)

6 Total Resources Expended

Activities	CENTRAL SUPPORT COSTS						DIRECT COSTS	2010 ALL COSTS TOTAL	2009 ALL COSTS TOTAL
	Chief Executive Office	Finance	Human Resources	IT	Property Services	Marketing, Communications, Fundraising & Policy Research	Total		
	£	£	£	£	£	£	£	£	£
Marketing, communications, fundraising & policy research	129,194	39,144	33,177	66,044	151,232	1,169,854	1,588,645	1,588,645	1,494,723
Self funding residential & nursing care	-	-	-	-	-	-	-	18,114,771	18,741,413
Bank loan interest	-	-	-	-	-	-	-	79,558	51,112
Investment management	-	18,307	-	-	-	-	18,307	104,888	108,654
Supported residential & nursing care	-	-	-	-	-	-	-	1,192,119	1,426,588
Grants & allowances	-	-	-	-	-	-	-	3,748,514	3,552,512
Casework	60,091	53,277	43,367	88,059	151,231	341,085	737,110	940,318	1,230,681
Dementia care	-	-	-	-	-	-	-	11,163	66,245
Turn2us	90,136	32,429	14,526	-	-	400,503	537,594	1,662,582	1,553,635
Office relocation	-	-	-	-	748,237	-	-	748,237	-
Governance	21,032	67,970	2,327	-	-	-	91,329	266,247	215,097
Total	300,453	211,127	93,397	154,103	1,050,700	1,911,442	2,972,985	26,868,397	28,440,660

Grants and allowances were paid to 3,598 individuals in the year (2008/ 09 - 3,324)

Note: Governance includes the following:

	2010 £	2009 £
Ongoing costs:		
Chief Executive & Company Secretary Office	21,032	20,664
Finance	65,643	53,585
Audit fees	37,336	27,295
Trustee indemnity insurance cover	8,925	7,427
Trustee costs and expenses	2,583	26,507
	<u>135,519</u>	<u>135,478</u>
Non recurring costs:		
Merger and reorganisation costs	222,057	79,619
Total	<u><u>357,576</u></u>	<u><u>215,097</u></u>

