

# The Foundation for Conductive Education

(Company number 2083754)

(Charity number 295873)

Annual report

Year ended 31 July 2007

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**THE FOUNDATION FOR CONDUCTIVE EDUCATION**  
**ANNUAL REPORT**  
**YEAR ENDED 31 JULY 2007**

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TRUSTEES' REPORT

YEAR ENDED 31 JULY 2007

**1) Reference and Administrative Details:**

Introduction

This annual report covers the year from 1 August 2006 to 31 July 2007

The Foundation for Conductive Education ("the Foundation") is a company limited by guarantee. Its governing document is the Memorandum of Articles and Association. The charity registration number is 295873. The company registration number is 2083754.

The registered office is  
National Institute of Conductive Education  
Russell Road  
Moseley  
Birmingham  
B13 8RD

Charitable objects

The objects for which the Foundation is established, all of which shall be exclusively charitable, are for the development and advancement of the science and skill of Conductive Education and especially the teaching thereof.

Trustees

All trustees are the directors of the company. During the year 2006/07 the Foundation has maintained indemnity insurance for trustees and officers.

Elected trustees

The following have been appointed to the Board of Trustees by election in accordance with the Foundation's Articles of Association and except where stated have served throughout the period since 1 August 2006.

Anthony Coombs  
Stephen Lewis  
Jayne Titchener  
Dr Kate Whelan  
Adrian Hurst  
Gayle Westcott  
Keith Dudley (appointed October 2006)  
Lisa Jordan (appointed January 2007)  
Lillemor Jernqvist (appointed January 2007)  
Helen Baker (appointed July 2007)

## TRUSTEES' REPORT

YEAR ENDED 31 JULY 2007

Appointed trustees

The following have been appointed to the Board of Trustees by their respective Appointing Bodies in accordance with the Foundation's Articles of Association

Christopher Robertson	Appointing Body
Rachel Raymond (appointed July 2007)	The University of Birmingham
Vacant	The Parkinson's Disease Society
Dr Jo Allen	Birmingham City Council
	University of Wolverhampton

Company Secretary

Marie McCann                      Company Secretary

Senior Staff Members

David Wood	Chief Executive
Wendy Baker	Director of Children's Services
Dr Melanie Brown	Director of Rehabilitation Services
Lesley Peat	Director of Fundraising and Communication

Professional advisors**Bankers**

Lloyds TSB Bank plc  
University of Birmingham branch  
142 Edgbaston Park Road  
Birmingham  
B15 2TY

**Auditors**

PKF (UK) LLP  
New Guild House  
45 Great Charles Street  
Queensway  
Birmingham B3 2LX

**Solicitors**

Martineau Johnson  
No 1 Colmore Square  
Birmingham  
B4 6AA

Volunteers

Volunteers assist with Fundraising and support work. No volunteers take part in the delivery of services. The Foundation is very fortunate to have a dedicated set of volunteers who provide an invaluable resource - our thanks go to all of them.

## TRUSTEES' REPORT

YEAR ENDED 31 JULY 2007

**2) Objectives and Activities**What is Conductive Education?

The term Conductive Education is not widely understood. Conductive Education teaches children with motor disabilities such as cerebral palsy to learn skills that come automatically to normally developing children such as sitting, standing, walking, communicating, dressing, feeding and interacting with others. The conductor teaches that missing link in their development.

The effects of providing this missing link are far reaching. In the process of teaching, the conductor develops a relationship with the children and through this sets expectations that enable the children themselves to create new potentials that would otherwise never develop. In time this gives the children a level of confidence and independence, a quality of life that they would not otherwise achieve.

Conductive Education also teaches adults with motor disabilities - conditions such as Parkinson's, multiple sclerosis, stroke and head injury. In these cases Conductive Education offers adult participants a system whereby they can retain or relearn movements that would otherwise be lost to them as a result of their condition.

As with children, the conductor develops a close relationship with each participant that enables them both to set expectations and create potential for a better quality of life than would otherwise be traditionally expected with such conditions.

Our aims and objectives

Our Vision is to transform society's understanding of and commitment to the development of human potential through the practice of Conductive Education.

Our mission is to demonstrate and disseminate excellence in Conductive Education through our services across every age range, through training and professional development.

The National Institute of Conductive Education

The Foundation is the overarching charity. Within the Foundation is the National Institute of Conductive Education (NICE), which provides the practice and academic bases through which we can both demonstrate and develop Conductive Education. NICE is an educational and training institution – a learning community with an international reputation – a centre of excellence for Conductive Education.

NICE offers three main types of service, spanning every age - from infancy to old age.

**Children's Services**

Offers a Parent and Child programme, a registered school embracing Early Intervention Group and a Primary aged School Group which teach the Foundation Stage and National Curriculum within a Conductive Education framework on a full time or part time basis.

**Rehabilitation Services**

Services are offered for adults and adolescents with cerebral palsy, multiple sclerosis, strokes, Parkinson's disease and children with dyspraxia.

**Training Services**

The services at NICE (and offsite) provide the practice base for the only degree-level training in the world outside Hungary for the emerging profession of "conductor". The Foundation offers this training in collaboration with the University of Wolverhampton. In addition a host of other training events and consultancy add to knowledge and understanding of Conductive Education amongst related professionals. Post graduate modules expand this further.

All services at NICE meet the full requirements of appropriate Government inspection criteria including Ofsted.

## TRUSTEES' REPORT

YEAR ENDED 31 JULY 2007

**3) Achievements and Performance**

During 2006-7, 96 children and 329 adults participated in services at the National Institute and our outreach provisions including Great Barr primary school, Birmingham, Young Adults' Services at Hereward College in Coventry and Adult sessions in Cheltenham. This represents an increase of 11 people over 2005-6. In addition training services have worked with 32 students and 270 professionals.

Children's Services

Recruitment to children's services continues to be a major issue. The Government's agenda on inclusion has been widely understood as meaning not providing full-time externally/independently provided specialist help for children with disabilities – rather attempting to fulfil those children's needs within mainstream schools. Combined with the extreme financial pressure on local authorities, this has meant that it is increasingly difficult for families to secure public support for their child's full-time placement at NICE. Many families cannot face or afford the cost of the struggle to get their child 'statemented' (officially supported) to attend NICE, cutting back the number of children who could benefit from services at NICE and limiting the practical base for conductor-training.

We have tried to meet this issue in a number of ways:

- We continue to support parents through the "statementing" process through consultation and assessment of what we can do to meet their child's needs
- We are providing an increasing number of part time/block placements for children
- We are now in the second year of the pilot project with a conductor working with physically disabled children in a mainstream primary school – Great Barr in Birmingham. This will demonstrate the effectiveness of Conductive Education within a Local Authority school
- We are now working towards providing sessional services for children

These initiatives mean that we can provide the full width of service from one and a half hour sessions to full time education to children who may benefit from Conductive Education.

During the year we have seen a fall in the numbers of full time children attending the School with a consequential fall in fee income of £55,250. However during the summer of 2007 the numbers of children attending Parent and Child – the free service that has been funded by Zurich Community Trust over the last four years – have increased and in due course some of these children will progress in to the School group.

Rehabilitation Services

There is no established tradition in this country of long-term rehabilitation services available on demand for people with chronic disabling conditions and for their families. Nevertheless we have still seen a continued increase in the number of adults being recruited to rehabilitation services.

Whilst the Foundation is able to subsidise its provision for adults, these services attract little charitable support and disabled people often have limited financial resources. As a result, recruitment of clients, the humane benefits that we can bring and our own need for a practice base for professional training are all detrimentally affected.

During 2006-7, NICE again received a grant of £39,272 from Birmingham Health & Social Care to provide services for carers and their disabled family members within Birmingham. This grant will continue until 2008.

In addition, we were able to utilise the second year of funding of £35,296 from the grant for three years under NHS Section 64 "Integrated approach to supporting families with long term conditions" for those outside the Birmingham area to augment the above provision.

## TRUSTEES' REPORT

YEAR ENDED 31 JULY 2007

In July 2006 we started a project "Young Stroke Survivors" working with people who have had a stroke and are of working age. We aim to improve their confidence and mobility, helping them onto the next stage of rehabilitation. This was funded by Birmingham City Council co-financing the European Social Fund (BCC-ESF).

One activity which will have a wide impact for us is the successful completion of the research -The Impact of Conductive Education on Quality of Life for people with acquired neurological conditions. Between September 2004 and September 2006, 105 adults starting sessions at NICE participated in a study to attempt to measure the benefits of Conductive Education for adults with Parkinson's, Stroke and Multiple Sclerosis. This research study conducted with the University of Birmingham, has been accepted for publication in 'Clinical Rehabilitation' in April 2008. This will also open up many avenues for us to prove the positive impact of Conductive Education and widening professional knowledge of the results will lead to greater awareness and acceptance of Conductive Education in its wider context.

*The degree of unmet need in our society is indicated by the following figures*

<b>Stroke</b>	<i>Every year an estimated 150,000 people in the UK have a stroke. Of all people who suffer a stroke, about a third are likely to die within the first 10 days, about a third are likely to make a recovery within one month and about a third are likely to be left disabled and needing rehabilitation. Stroke has a greater disability impact than any other medical condition. A quarter of a million people are living with a long term disability as a result of stroke in the UK.</i>
<b>Parkinson's</b>	<i>Parkinson's is the most prevalent neurological degenerative disease after Alzheimer's disease – it affects around 200 out of every 100,000 people in the UK. One in 500 people (about 120,000) have Parkinson's with about 10,000 new cases each year. On average symptoms first appear after 50 with men slightly more likely to develop Parkinson's than women. The condition also impacts on a similar number of family members and carers which means that the disease will affect the lives of around a quarter of a million people in the UK (Moving and Shaping – 2<sup>nd</sup> Edition 2006 Parkinson's Disease Society).</i>
<b>Multiple sclerosis</b>	<i>Multiple Sclerosis (MS) is the most common disabling neurological condition affecting young adults. Every week around 50 people in the UK are diagnosed with MS and around 85,000 in the UK have MS (MS Society 2007).</i>
<b>Head injury</b>	<i>The incidence (number of new cases) of head injury is 300 per 100,000 per year (0.3% of the population).</i>
<b>Cerebral palsy</b>	<i>One in 400 babies in the UK is born with cerebral palsy, with a growth in the number of those with severe or multiple disability from the condition.</i>

*(These figures have been obtained from literature produced by the societies for each motor disorder except where otherwise stated – September 2007)*

Wider Service Provision

Last year we started a pilot project at Great Barr Primary School in Birmingham. In this project we have seconded a very experienced conductor for a two year period to work with physically disabled pupils within a mainstream primary school. The object is to demonstrate how we can enable them to develop their motivation and desire to succeed which will actively lead to an improvement in all areas of their development and learning but more specifically their motor skills. Pupils learn together in small groups in a specially designed room with the conductor and their classroom assistants. They are then taught how to apply their learnt skills in their classroom environment. This project started in February 2006 and is funded entirely through voluntary support including St James' Place Foundation, The Equitable Charitable Trust, HSA Charitable Trust, Help a Local Child (BRMB), The Norton Foundation, The Douglas Turner Trust, The

## TRUSTEES' REPORT

## YEAR ENDED 31 JULY 2007

John Alvins Trust, Mackintosh Foundation, The Ratcliffe Foundation amongst others, and a major grant from an anonymous donor

In addition, within adult service provision we have a number of offsite services

- In Cheltenham we offer a service for adults with Parkinson's and MS for local people in their local town
- Hereward College – a national further education college for students with sensory and physical disabilities in Coventry – working with students and staff While we have been working with students on a group basis at Hereward since 1993, this year we have introduced the Learning to Live your Life tracking project – with a student on a one-to-one basis to help them in their daily activities – dressing, eating, writing etc As with Great Barr, this tracking project has been funded through voluntary sources (a generous donation from the staff of Hilton in the Community) Thanks to their support, we will be continuing this project through 2008 as well as a Cerebral palsy for young adults project at NICE

Training

During 2006-7 32 students studied for their BA (Hons) in Conductive Education at NICE

In October 2006 the tenth iteration of our degree course began and we have now seen over 50 students graduate with a BA Hons degree in conductive education and therefore Qualified Conductor status

With our partner, the University of Wolverhampton, we have successfully revalidated the BA Hons course during the year In addition we have added a new practice base (Megan Baker House near Leominster) enabling students to gain a wider range of experience From September 2007 students will also work within Great Barr Primary School giving them experience of working in a mainstream setting 270 professionals received training at NICE including a cohort in Finland and Conductive Education centre staff from across the UK

**4) Financial Review**

Our income for the year was £1,649,655 which was an increase of 49% over the previous year The key driver of this was three major donations totalling £605,928 One was an anonymous donation of £150,000 some of which has been used to support the second year of Great Barr and some of it to support the overall operational funding gap There were also two major bequests – one for £255,928 from an anonymous trust - who also supported us with a donation of £10,000 during the year - and the second a legacy left to us in his will by Dr Alan Robertson - a long time supporter of the Foundation and a Trustee from 1996 to 2004, who died on the 29<sup>th</sup> December 2006 In this financial year we have received £130,000 from this legacy while income of a further £70,000 has been included, to be received in 2007/2008

Our operational income excluding these special donations was £1,043,727 – 6% below last year

- The major variance within this was within fee income which was £39,492 lower This is due to the lower numbers of full time children in the school as highlighted in the operational review
- Grants increased in the year by 18% due to the BCC - ESF Young Stroke grant and extra funding from the Birmingham Carers Grant
- Voluntary income raised – excluding the special donations mentioned above – was 6% lower than last year However we showed a steadily improving performance in all sectors of voluntary income as the year progressed

Not taking account of the special donations – fees and grants continued to exceed 60% of our total income for the second year



## TRUSTEES' REPORT

YEAR ENDED 31 JULY 2007

Costs were £1,296,429 – 5% above last year. These are budgeted to increase by only 2% in 2007/08.

As a result of the £605,928 special donations / bequests we have been able to show a surplus in the financial year of £353,226 – or if we excluded depreciation £417,422.

While it must be appreciated that without these major donations we would have recorded a substantial deficit in the year, the major donations have placed the Foundation in a very much stronger financial position.

As mentioned above a proportion of £150,000 of the major donations has been used to support the continuation of the Great Barr project with the remainder towards general operational support, which mitigated our operational deficit. Of the £455,928 balance of the other major donations, the Foundation has been able to set aside £330,000 as cash reserves – which will be invested initially to generate income to use as bursaries for both adults and child participants.

In due course, some of the funds will be used to support the capital expenditure to complete the training area of Cannon Hill House – for which an appeal will be launched in 2007/08.

Looking forward to 2007/08 we anticipate an improved operational performance with fees returning to 2005/06 levels, voluntary income increasing and costs held to a modest increase. There are still further funds to be received during the year from Alan Robertson's legacy.

Lloyds TSB continue to support our progress through the provision of an overdraft facility – currently at £500,000.

## 5) Plans for the Future

### Our Strategy

Our key objective is to help more people with motor disabilities by expanding and developing the practice of Conductive Education.

We deliver this through four main pillars to our strategy:

- Safeguard the integrity of the system of Conductive Education by maintaining the Centre of Excellence at The National Institute of Conductive Education
- Start to develop a wider role by providing services in a broader range of settings
- Develop training further as the route to spreading conductive education, not only through providing more Conductors, but also by engaging and educating professionals in education, health and other settings
- Work with other Conductive Education organisations developing continuing professional development (CPD) in the Conductive Education world ensuring the maintenance of high quality standards, the ongoing development of Conductive Education and the movement towards professional recognition

We judge the achievement of our objectives through the following measures:

- Increasing the numbers of participants, students and professionals accessing services at NICE and continuing to access services going forward
- Continuation of positive inspections of the School by Ofsted
- Increasing opportunities to deliver Conductive Education outside the National Institute for Conductive Education in Birmingham
- Delivery of an increased range of training courses and consultancies
- By developing closer relationships with other Conductive Education centres and supporting the development of the Conductive Education Professional Education Group (CEPEG) as a first step towards a national body
- Through the reduction in the percentage of income from voluntary sources and increasing the percentage of fee and grant income, thereby increasing financial stability
- Quarterly reports to the Trustee body, including monthly management accounts and weekly cash flow forecasts

## TRUSTEES' REPORT

YEAR ENDED 31 JULY 2007

**6) Structures, Governance and Management**Reserves Policy

Reserves will be spent at the Trustees' discretion in furtherance of any of the charity's objects. The Foundation's policy on reserves includes detailed procedures and covers the following

- the reasons why the Foundation needs reserves,
- the level of reserves which the Trustees believe the Foundation needs,
- the steps which the Foundation takes to establish/maintain its reserves at the agreed level,
- Procedures to monitor and review the policy

Unrestricted funds are required by the Foundation to

- cover administration, fundraising & marketing and support costs without which the Foundation could not function
- provide funds which can be designated to specific projects to enable these to be undertaken at short notice

The trustees have reviewed the charity's needs for reserves in line with the guidance issued by the Charity Commission and believe that the unrestricted reserve should be £1,430k, made up as follows

- |   |         |
|---|---------|
| - to cover a collapse in voluntary income over a six month period | -£250k  |
| - to cover a delay in fee payment of half a term                  | -£ 50k  |
| - to fund that element of property that is unrestricted           | -£1130k |

Trustees believe that reserves should be at least at this level to ensure the charity can run efficiently and meet the needs of its beneficiaries

Unrestricted reserves are currently at £1,321k and are therefore slightly under the required level

The level of reserves will be monitored and reviewed by the Trustees annually

Governance

Ultimate responsibility for the Foundation resides with the membership, which exercises its power through a Board of Trustees. The Board comprises both elected members and the nominees of certain institutions with elected members always in the majority. The Board meets routinely four times a year and is joined in its discussion by co-optees from users and staff and by the Foundation's directorate. A vital function of the Board is to review at every meeting the progress of the Foundation's development plan.

Statement on Risk

During the year the Trustees identified the major risks facing the Foundation. These have been assessed in terms of their likelihood of occurrence and potential impact. Corrective actions to mitigate these risks have been set out and responsibility for their monitoring and implementation put in place against the Risk Register. This is reviewed regularly at the quarterly Trustees' meetings.

Recruitment, Induction and Training of Trustees

A policy is currently being developed for the recruitment of Trustees, and their induction and ongoing training.

TRUSTEES' REPORT

YEAR ENDED 31 JULY 2007

Staff

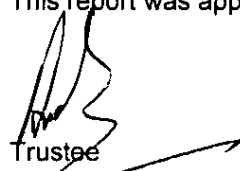
Our thanks must go to all the staff for their loyalty and commitment during another year of change and very heavy workload

We now hope for a period of stability and growth in the organisation as we move through 2007/8 and that the Foundation can build on its reputation for excellence, continue to help people with motor disorders and support the development and advancement of Conductive Education

Basis of preparation

The Trustees' report is prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies

This report was approved by the board of trustees on 11<sup>th</sup> June 2007 and signed on its behalf

  
Trustee  
Anthony Combs

**TRUSTEES' RESPONSIBILITIES**

**YEAR ENDED 31 JULY 2007**

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees are required to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity, including its income and expenditure, for that period. In preparing these financial statements the trustees are required to

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

## STATEMENT OF FINANCIAL ACTIVITIES (incorporating the Income and Expenditure Account)

YEAR ENDED 31 JULY 2007

		<u>2007</u>		<u>2006</u>
	<u>Note</u>	<u>Un- restricted</u> £	<u>Restricted</u> £	<u>Total</u> £
Incoming resources from generated funds				
Voluntary income		760,245	166,529	926,774
Activities for generating funds		61,655	-	61,655
Investment income		6,908	-	6,908
		<u>828,808</u>	<u>166,529</u>	<u>995,337</u>
Incoming resources from charitable activities	4			
Fees		561,316	-	561,316
Grants		89,092	-	89,092
Other income		3,910	-	3,910
		<u>654,318</u>	<u>-</u>	<u>654,318</u>
<b>Total incoming resources</b>		<u>1,483,126</u>	<u>166,529</u>	<u>1,649,655</u>
<b>Resources expended</b>				
Costs of generating voluntary income		155,392		155,392
Charitable activities	4	966,615	125,066	1,091,681
Governance costs		49,356		49,356
		<u>1,171,363</u>	<u>125,066</u>	<u>1,296,429</u>
<b>Total resources expended</b>		<u>1,171,363</u>	<u>125,066</u>	<u>1,296,429</u>
Net incoming/(outgoing) resources		311,763	41,463	353,226
Transfers between funds	14	17,603	(17,603)	-
Net movements in funds		<u>329,366</u>	<u>23,860</u>	<u>353,226</u>
Balances at beginning of year		991,226	630,218	1,621,444
<b>Balances at end of year</b>		<u>1,320,592</u>	<u>654,078</u>	<u>1,974,670</u>

All income and expenditure relates to continuing activities

The Foundation has no recognised gains or losses other than the result for the year

## BALANCE SHEET

YEAR ENDED 31 JULY 2007

	<u>Note</u>	<u>2007</u>	<u>2006</u>
		£	£
<b>Fixed assets</b>			
Tangible assets	7	2,175,449	2,214,956
Investments	8	<u>1</u>	<u>1</u>
		<u>2,175,450</u>	<u>2,214,957</u>
<b>Current assets</b>			
Debtors	9	86,477	17,034
Cash at bank and in hand		<u>331,849</u>	<u>2,533</u>
		<u>418,326</u>	<u>19,567</u>
<b>Current liabilities</b>			
Creditors - amounts falling due within one year	10	522,836	533,475
Deferred income	11	<u>96,270</u>	<u>79,605</u>
		<u>619,106</u>	<u>613,080</u>
<b>Net current liabilities</b>		(200,780)	(593,513)
<b>Net assets</b>	12	<u>1,974,670</u>	<u>1,621,444</u>
<b>Funds:</b>			
Restricted funds	14	654,078	630,218
General fund		<u>1,320,592</u>	<u>991,226</u>
		<u>1,974,670</u>	<u>1,621,444</u>

These financial statements have been prepared in accordance with the provisions of Part VII of the Companies Act 1985 applicable to small companies

Approved by the board of trustees and authorised for issue on 11 October 2007

Stephen Lewis

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Anthony Coombs

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Trustees

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2007

**1. Accounting policies**

The principal accounting policies of the Foundation are as follows

**(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The Foundation has adopted the provisions of the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in November 2005.

The trustees consider the subsidiary undertaking as immaterial and so the Foundation has taken advantage of exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts. The financial statements present information about the Foundation as an individual undertaking and not about its group.

**(b) Income**

Fees and grants for services are recognised as the services are being performed.

Voluntary income is accounted for on the earlier of when it is received or at the time the Foundation receives a legally binding promise of a donation.

Other income includes membership fees, conferences and sales of merchandise which are accounted for when receivable.

**(c) Leases**

Leasing charges in respect of operating leases are recognised in the income and expenditure account over the lives of the lease agreements using the straight line method.

**(d) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost of fixed assets to their estimated residual value on a straight line basis at the following rates:

Freehold buildings	2 – 6	67	%
Fixtures and fittings	20	%	
Computer equipment	25	%	
Motor vehicles	20	%	

Freehold land is not depreciated.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2007

**1. Accounting policies (continued)****(e) Freehold property**

Depreciation of the buildings is charged to unrestricted and restricted funds in proportion to the element of costs funded by restricted and unrestricted income

**(f) Investments**

Investments are stated at cost less provision for permanent diminution in value

**(g) Restricted funds**

Where income is received for purposes specified by the donor or by the terms of appeal under which it was raised, that income is shown as restricted in the Statement of Financial Activities. Expenditure for the specified purposes is shown as restricted fund expenditure. Any unexpended balances at the balance sheet date are carried forward as restricted funds.

**(h) Explanation of the categories of expenditure****Allocation of costs**

Costs directly attributable to the activities below are allocated to the activity to which they relate. Where employees work for more than one activity, their salary cost is apportioned on the basis of time spent on each activity.

**Cost of generating funds**

This includes direct expenditure incurred on fund-raising applications and activities and a proportion of management overheads.

**Conductive services**

This comprises all direct costs which have been incurred by the charity in providing Conductive Education services and meeting its charitable objects.

**Promotion and publicity**

This includes expenditure incurred in promoting the work of the charity and generally raising awareness of Conductive Education.

**Support costs**

Support costs represent the costs of supporting, monitoring and controlling the specialist services provided by the charity along with the central and core administrative activities of the Foundation. Support costs are analysed to the activities in proportion to the direct salary costs of each activity.

**Governance costs**

Governance costs represent the costs incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.



## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2007

## 1. Accounting policies (continued)

## (i) Pension costs

The charity makes contributions into two pension schemes, a defined benefit scheme and a defined contribution scheme, the assets of both are held separately from those of the charity in independently administered funds. The defined benefit scheme is a multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities and so accounts for the contributions to the scheme as if it was a defined contribution scheme. The total pensions contributions for the year are given in note 3.

## (j) Gifts in kind

Where the Foundation receives goods or services by way of gifts in kind the market value of the gift is accounted for in the Statement of Financial Activities as an incoming and outgoing resource.

## 2. Trustees' emoluments

The trustees did not receive any remuneration during the year (2006 nil). The trustees received no reimbursement for expenses (2006 nil).

## 3. Staff costs

	<u>2007</u> £	<u>2006</u> £
(a)		
Wages and salaries	840,989	808,248
Social security costs	74,088	71,351
Other pension costs	51,190	46,788
	<u>966,267</u>	<u>926,387</u>
(b)		
Average number of employees	<u>2007</u>	<u>2006</u>
Conductors	23	22
Other staff	18	22
	<u>41</u>	<u>44</u>
(c)		
No employee earned more than £50,000 during the year (2006 nil)		

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2007

## 4. Analysis of incoming and outgoing resources from charitable activities

## -----Conductive services -----

	Children £	Rehabilitation £	Training £	Promotion and publicity £	Total 2007 £	Total 2006 £
<u>Income</u>						
Fees	322,744	112,255	126,317	-	<b>561,316</b>	600,808
Grants	-	89,092	-	-	<b>89,092</b>	75,756
Other (note 4a)	<u>1,304</u>	<u>1,303</u>	<u>1,303</u>	-	<b>3,910</b>	10,977
<b>Total incoming resources</b>	<u>324,048</u>	<u>202,650</u>	<u>127,620</u>	-	<b>654,318</b>	687,541
<u>Expenditure</u>						
Direct costs	381,227	250,678	153,609	71,426	<b>856,940</b>	831,969
Support costs (note 5)	<u>109,182</u>	<u>70,968</u>	<u>40,943</u>	<u>13,648</u>	<b>234,741</b>	223,716
<b>Outgoing resources</b>	<u>490,409</u>	<u>321,646</u>	<u>194,552</u>	<u>85,074</u>	<b>1,091,681</b>	1,055,685

Analysis of the income and expenditure relating to fundraising is contained in note 6

## 4 (a) Analysis of other income

	<u>2007</u> £	<u>2006</u> £
Subscriptions	645	695
Other sales	<u>3,265</u>	<u>10,282</u>
	<b>3,910</b>	<b>10,977</b>

THE FOUNDATION FOR CONDUCTIVE EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2007

5 Support costs		-----Conductive services-----							
	Children £	Rehabilita- tion £	Training £	Promotion and publicity £	Total relating to activities £	Fund- Raising £	Governance £	Total 2007 £	Total 2006 £
	7,314	4,754	2,743	914	15,725	2,011	549	18,285	1,822
IT costs	12,301	7,995	4,613	1,538	26,447	3,382	922	30,751	30,553
Overdraft interest	1,397	908	525	175	3,005	385	105	3,495	2,399
Training and HR costs	20,022	13,014	7,508	2,503	43,047	5,506	1,502	50,055	69,796
Salary costs	68,148	44,297	25,554	8,518	146,517	18,741	5,111	170,369	149,652
Office costs									
<b>Total</b>	<b>109,182</b>	<b>70,968</b>	<b>40,943</b>	<b>13,648</b>	<b>234,741</b>	<b>30,025</b>	<b>8,189</b>	<b>272,955</b>	<b>254,222</b>

The explanation of the categories of expenditure and the basis of allocation is given in note 1(h)

Auditors' remuneration was £11,000 (2006 – £5,950), of which £4,300 (2006 - £nil) related to non-audit services

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2007

## 6. Analysis of income and expenditure from generated funds

	<u>2007</u> £	<u>2006</u> £
<b>Income</b>		
Gifts and donations	926,774	339,901
Fundraising events	61,655	82,021
Interest	6,908	431
	<u>995,337</u>	<u>422,353</u>
<b>Expenditure</b>		
Direct expenditure of generating voluntary income	85,617	87,918
Direct costs of organising fundraising events	39,750	41,373
Support costs	30,025	27,964
	<u>155,392</u>	<u>157,255</u>

## 7. Fixed assets for the charity's use

	<u>Land &amp; buildings</u> £	<u>Motor vehicles, computers fixtures &amp; fittings</u> £	<u>Total</u> £
<b>Cost</b>			
Beginning of year	2,628,274	152,140	2,780,414
Additions	7,673	17,016	24,689
<b>End of year</b>	<u>2,635,947</u>	<u>169,156</u>	<u>2,805,103</u>
<b>Accumulated depreciation</b>			
Beginning of year	431,074	134,384	565,458
Charge for year	56,299	7,897	64,196
<b>End of year</b>	<u>487,373</u>	<u>142,281</u>	<u>629,654</u>
<b>Net book amount</b>			
<b>End of year</b>	<u>2,148,574</u>	<u>26,875</u>	<u>2,175,449</u>
Beginning of year	<u>2,197,200</u>	<u>17,756</u>	<u>2,214,956</u>

Land and buildings comprised

	<u>2007</u> £	<u>2006</u> £
Freehold land	8,600	8,600
Freehold buildings	2,139,974	2,188,600
	<u>2,148,574</u>	<u>2,197,200</u>

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2007

**8. Investments**

Shares in subsidiary undertaking

**Cost**

Beginning and end of year

**Unlisted**  
**£**1

The investment comprises of a 50% holding of the ordinary shares of Petö (UK) Limited, a dormant company registered in England and Wales

**9. Debtors**

Debtors comprised amounts falling due within one year as follows

	<u>2007</u> £	<u>2006</u> £
Fees and grants due	9,169	3,066
Prepayments and accrued income	<u>77,308</u>	<u>13,968</u>
	<u>86,477</u>	<u>17,034</u>

**10. Creditors – amounts falling due within one year**

	<u>2006</u> £	<u>2006</u> £
Bank overdraft	477,899	489,344
Amounts owed to suppliers	19,979	34,183
Amounts owed to subsidiary undertaking	1	1
Accruals	<u>24,957</u>	<u>9,947</u>
	<u>522,836</u>	<u>533,475</u>

The bank overdraft is secured by a first legal charge over part of the freehold property with a book value of £1,069,932

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2007

## 11. Deferred income

	<u>2007</u>	<u>2006</u>
	£	£
Beginning of year	79,605	53,075
Received during year	102,796	83,007
Released during year	(86,131)	(56,477)
<b>End of year</b>	<b>96,270</b>	<b>79,605</b>

## 12 Analysis of assets and liabilities between funds

	<b>Unrestricted funds</b>	<b>Restricted Fund</b>	<b>Total</b>
	£	£	£
Fixed assets	1,608,490	566,960	2,175,450
Net current (liabilities)/assets	(287,898)	87,118	(200,780)
	<b>1,320,592</b>	<b>654,078</b>	<b>1,974,670</b>

## 13. Member's guarantee

The Foundation is a company limited by guarantee and as such does not have share capital. The Foundation has 86 members (2006 80) which have given an undertaking to contribute up to £1 each if called upon to do so.

## 14. Restricted funds

	<b>Beginning of year</b>	<b>Received during year</b>	<b>Expended during year</b>	<b>Transfers</b>	<b>End of year</b>
	£	£	£	£	£
Children's services	38,571	101,613	(71,784)	-	68,400
Rehabilitation	3,550	35,878	(34,503)	-	4,925
Research	-	1,000	-	-	1,000
Equipment	3,781	21,038	-	(17,603)	7,216
Freehold property	573,639	7,000	(13,679)	-	566,960
Garden project	5,577	-	-	-	5,577
Training	5,100	-	(5,100)	-	-
	<b>630,218</b>	<b>166,529</b>	<b>(125,066)</b>	<b>(17,603)</b>	<b>654,078</b>

The transfers from restricted funds relate to capital equipment which has been purchased from restricted donations. The trustees have assessed that all the remaining restrictions on the use of the donations have been lifted as a result of purchasing the assets and consequently the carrying value represented by the restricted fund has been transferred to the general fund.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2007

## 15. Key donations and grants received

Voluntary income consists of the following grants, legacies and donations

	<u>2007</u> £	<u>2006</u> £
Anonymous (comprising £10,000, £150,000 and £255,928)	415,928	10,000
Steel Charitable Trust	5,000	-
Breakaway Charity Committee	6,413	-
HAS Charitable Trust	-	10,000
Grantham Yorke Trust	-	12,000
Equitable Charity Trust	-	20,000
Hilton in the Community	-	26,708
Michael Cornish Charitable Trust	5,000	-
Lee Sykes National Centre	10,000	-
Louis Nicholas Trust	-	-
Eveson Charitable Trust	12,000	12,000
Scots Hill Trust	5,000	-
Estate of A G Robertson	200,000	-
Alison Hilman Charitable Trust	5,653	-
Garfield Weston Foundation	10,000	25,000
Zurich Community Trust	40,000	25,000
Ironmongers company	-	5,524
St James Place Foundation	-	25,000
Saintbury Trust	5,000	5,000
npower	5,500	-
George Peat	10,000	-
KPMG	10,000	-
Other, less than £5,000	181,280	163,669
	<u>926,774</u>	<u>339,901</u>

Grants for services consists of the following

Birmingham City Council – training and support for carers	39,272	41,088
Department of Health section 64 integrated approach to support	35,296	29,560
European Social Fund Grant	14,524	2,012
Other, less than £5,000	-	3,096
	<u>89,092</u>	<u>75,756</u>

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2007

**16 Operating lease commitments**

The following annual amounts are payable under non-cancellable operating leases

	<u>2007</u>	<u>Other</u>	<u>2006</u>
	£		£
Due within one to five years	<u>17,250</u>		<u>21,756</u>



**AUDITORS' REPORT TO THE MEMBERS****YEAR ENDED 31 JULY 2007**

We have audited the financial statements of The Foundation for Conductive Education for the year ended 31 July 2007 which comprise the statement of financial activities, the summary income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditors' 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 charity and the charity'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 responsibilities of the trustees (who are also the directors of the company for the purposes of company law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') 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 and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the trustees' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the trustees' report and consider the implications 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 judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 July 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the trustees' report is consistent with the financial statements.

PKFCUK)LLP

16 October 2007

PKF (UK) LLP  
Registered Auditors  
BIRMINGHAM