

The Foundation for Conductive Education

(Company number 2083754)

(Charity number 295873)

Annual report

Year ended 31 July 2011

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THE FOUNDATION FOR CONDUCTIVE EDUCATION
ANNUAL REPORT
YEAR ENDED 31 JULY 2011

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TRUSTEES' REPORT

YEAR ENDED 31 JULY 2011

1) Reference and Administrative Details

Introduction

This annual report covers the year from 1 August 2010 to 31 July 2011

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 2010/11 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 2010.

Anthony Coombs
Stephen Lewis
Jayne Titchener
Neil Whitehouse (elected October 2010)
Keith Dudley
Lisa Jordan
Lillemor Jernqvist
Paul Norman

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
Rachel Raymond
Les Lawrence
Karen Clarke

Appointing Body
The University of Birmingham
Parkinson's UK
Birmingham City Council
University of Wolverhampton

TRUSTEES' REPORT

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Company Secretary

David Wood

Company Secretary

Senior Staff Members

David Wood

Chief Executive

Wendy Baker

Director of Children's Services

Dr Melanie Brown

Director of Rehabilitation Services and Training

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.

2) Objectives and Activities:

Mission, Vision and Values

Our vision is of a society where children and adults with neurological motor disorders have access to the specialist services they require to live more fulfilled and independent lives.

Our mission is to provide education and rehabilitation services to children and adults with neurological motor disorders through the practice of Conductive Education and to provide training as a method of ensuring standards of excellence in Conductive Education.

The Foundation for Conductive Education is committed to making a lasting change in the lives of children and adults with neurological motor disorders. We achieve this by

- Delivering world leading Conductive Education services to children and adults with neurological motor disorders,
- Maintaining the National Institute as a centre of excellence for Conductive Education,
- Working in collaboration with other organisations committed to the advancement of Conductive Education,
- Ensuring high standards in the training of conductors and the continual professional development of conductors thereafter,
- Treating all individuals fairly and respectfully,
- Being transparent and accountable for the effectiveness of all our actions.

TRUSTEES' REPORT

YEAR ENDED 31 JULY 2011

Strategic Objectives.

The Foundation for Conductive Education is committed to its Strategic Plan, 'A Solid Foundation' All future objectives are rooted around four key strategic aims

Building Sustainability	We will focus the services provided by the Foundation at the National Institute and build financial sustainability by developing diverse sources of statutory and voluntary income
Promoting Excellence	We will increase the awareness of Conductive Education amongst our key target audiences and exploit all opportunities to promote the Foundation and the work we do
Success Through Partnerships	We will adopt a more dynamic approach to forming partnerships with organisations that have synergy with our own
Investing in People	We will demonstrate how we value our people by improving the working environment
Delivering Public Benefit	We have taken account of the Charity Commission guidance in our strategy to ensure that we deliver benefit to the public not only to the children and adults that we help through conductive education but also to their families and carers who support them The numbers of people we help directly are set out in this report

What is Conductive Education?

Conductive Education is a system of habilitation and rehabilitation for children and adults with neurological motor disorders such as cerebral palsy and dyspraxia in children and Parkinson's disease, multiple sclerosis, cerebral palsy, stroke and head injury in adults. It is based on the theory that, in spite of significant damage, the brain has a vast residual capacity capable of creating new neural connections with the help of active learning processes.

When people first become aware of Conductive Education they usually emphasise the system's success at teaching children and adults to develop greater bodily control. Although this is a central concern, as a system of education it not only aims to improve motor skills and function but also to transform development as a whole, including emotional and intellectual aspects. It instils within people the desire, confidence and self esteem to achieve personal goals in order for them to live more active and independent lives.

In order to facilitate the process of Conductive Education, there are five key elements

The Conductor – Is a specialist teacher who delivers Conductive Education. The Conductor guides each participant towards meaningful and realistic goals, specific to each individual.

The Programme – This is dependent upon the individual however the programme is often seen as a way of life. All the activities we undertake in our daily life, such as getting out of bed, washing, eating and going to the toilet, are included within a daily routine, yet it remains an evolving process as priorities and needs change.

The Task Series – This is the structured part of the programme and is developed by the Conductor to suit the needs of each individual. Each task in the series will have movements that individuals learn to achieve in relation to their own capabilities. Such movements include bending legs, raising arms, nodding head and moving feet. These tasks are carefully built upon each other, becoming gradually more complex, and are aimed at developing the skills needed to perform everyday activities.

Intention/Rhythmic Intention – This is the use of speech or rhyme as a tool for organising thought and conscious movement. It is initially demonstrated by the conductor and then repeated by the participants. For example, the Conductor will say 'I raise my left arm' which is then repeated by participants before being carried out while a steady 1 to 5 rhythm is counted. Singing for children ensures emotional impact of the task and provides a reminder of the task they should perform each time they hear the song. A verbal intention, whether it is a count or a song, provides motivation and promotes cohesion in the group.

TRUSTEES' REPORT

YEAR ENDED 31 JULY 2011

The Group – Group work is seen as an essential component in Conductive Education as it enables people to work with others who share similar difficulties and face similar challenges. The Conductor will use group dynamics as members motivate each other to achieve individual goals.

Conditions:

Cerebral palsy is a condition caused by damage to the brain. It may be caused by maternal infection, lack of oxygen before or during birth, premature births or infections such as meningitis when a baby is young. Damage to any part of the developing brain has serious consequences and children with cerebral palsy have difficulties, to different degrees, with movement, processing information, speech and language development and relating to their environment. This may mean that the child is unable to roll, sit, crawl, walk, talk or look after their personal care needs independently.

Dyspraxia is an impairment of the organisation of movement that affects any or all areas of development – intellectual, emotional, physical, social and sensory. Children with dyspraxia have poor understanding of the message their senses convey and they have difficulty relating those messages to actions so physical activities such as running, hopping and jumping are hard to learn and difficult to retain. Language may also be impaired and unintelligible in the early years.

Parkinson's disease is a progressive neurological condition and although the risk develops with age symptoms often appear after the age of 50. It is caused by a loss in brain cells producing dopamine which is an essential chemical in the brain. The impact of this causes tremors, stiffness and a severe slowness in movements. All everyday activities are affected by this condition especially walking, balance, speech, facial expression, writing and movements of the hands and fingers. Approximately 120,000 people are living with this condition in the UK and 10,000 new cases are diagnosed each year.

Multiple Sclerosis is a progressive condition which affects the protective covering on nerves in the brain and spine (myelin sheath) resulting in a loss of messages from the brain to the rest of the body. Symptoms often appear without notice and deterioration can be gradual or rapid. The age of onset is usually between 20 and 40 years of age and currently around 85,000 people in the UK are living with this condition. Symptoms will vary between individuals and can affect all aspects of daily life including walking, speech and movements of the hands and arms. Many people suffer from fatigue which severely impacts their quality of life.

Stroke is caused when blood supply to part of the brain is cut off, either through a blockage or a bleed. When a stroke happens some brain cells are damaged and others die and the effect of this will vary between individual people. The most recognisable symptom is paralysis of one side of the body, however, a stroke can also impair speech, understanding, thought processes and all aspects of voluntary movement. Over 250,000 people are living with the disabilities caused by stroke and it is the single largest cause of disability in the UK today. It is often associated with old age and whilst 75% of these people are over the age of 65, 10,000 people under the age of 55 suffer a stroke each year. As the onset is so sudden the impact is devastating on the whole family and the rehabilitation process can be lengthy with many people remaining severely disabled for the rest of their life.

History of The Foundation for Conductive Education:

The Foundation for Conductive Education was established in 1986 following the BBC documentary *Standing up for Joe*. The programme focused on a young British boy with cerebral palsy attending the Petö Institute in Hungary. Following its broadcast, more than 11,000 enquiries flooded the BBC asking why Conductive Education was not available in the UK. The parental pressure group RACE (Rapid Action for Conductive Education) was formed in Coventry and, with huge local support, the Foundation for Conductive Education was born.

TRUSTEES' REPORT

YEAR ENDED 31 JULY 2011

Since 1986, the Foundation has grown and flourished to become what it is today and now provides support to over 1,000 individuals each year from all over the UK through our on-site services, workshops, training and outreach projects

Foundation Chronology:

1985	Formation of Rapid Action for Conductive Education
1986 – April	<i>Standing Up for Joe</i> shown on the BBC
1986 – November	Incorporation of the Foundation for Conductive Education
1987 – July	Call for 10 children to form first group
1987 – September	Opening of the Birmingham Institute for Conductive Education
1987 – November	First British trainees appointed go to Budapest
1989 – June	FCE conference held at University of Birmingham
1990 – September	First adult group for Parkinson's disease at the Institute
1990 – December	Princess of Wales visits and agrees to become Royal Patron
1991 – February	National Library of Conductive Education established
1992 – September	Start of Parent & Child Group
1993 – September	Conductors begin work at Hereward College
1995 – October	Princess of Wales formally opens the National Institute
1997 – May	Undergraduate training with Wolverhampton University announced
1999 – December	National Lottery award of £344,077 to refurbish Cannon Hill House
2000 – July	First graduates of undergraduate course in Conductive Education
2004 – September	Start of restoration of 1 st floor of Cannon Hill House
2005 – June	Official opening of the new library
2006 – February	Outreach work begins at Great Barr Primary School
2009 – June	Developing Stroke Care for Adults Grant awarded by Birmingham City Council

3) Achievements, performance and aims**Overview of Services – Children**

Parent & Child Programme – This service aims to provide a comprehensive early years education that is appropriate to the age, ability and needs of the child and leads to development of motor, social and educational skills. Parents/carers are given a greater understanding of how their children's conditions affect them and conductors help them to encourage their children to achieve greater independence. Through structured play using games, role-play, rhymes and songs, children can learn to overcome difficulties created by their conditions and be enabled to crawl, feed, interact with their parents and other children, use the toilet and in some cases walk, all activities that we take for granted.

41 children have attended over the year accessing a variety of provision: individual sessions, group sessions or fixed term blocks. This service continues to have strong demand and we aim to increase this service by 50% over the next two years.

This free service has been funded largely by Zurich Community Trust over a number of years.

Early Intervention Service – This service is designed to meet the needs of children aged 3 – 7 years. The Foundation Stage Curriculum is skilfully integrated with the requirements of Conductive Education. It is a non-compartmentalised approach to education where children can develop their movement skills, speech and communication skills, cognitive functions, intellectual skills and social skills.

School Group – At our specialist school, children with motor disorders are provided with a primary education incorporating the National Curriculum within a conductive framework and is inspected by Ofsted regularly. Children work towards their own particular set of goals within a group environment, learning to interact with each other and develop their control of movement, self-help abilities and daily living skills. At the same time, a broad and balanced curriculum is taught at appropriate levels of understanding.

TRUSTEES' REPORT

YEAR ENDED 31 JULY 2011

We provide full-time, part-time and fixed term placements for children in our early intervention and school services

Our School and Early Intervention Service received an Ofsted inspection in July 2010 and received an excellent report

We aim to maintain the numbers of full time equivalent children in both the Early Intervention and School Groups. In addition we want to build our relationships with Local Authorities to ensure that they continue to fund placements and recognise the National Institute as a service provider

Sessional Children's Services – Children who attend other schools may wish to attend occasional individual or weekly group sessions to complement the skills that they are learning to develop in other school environments. These sessions supplement other educational and therapy programmes

Working in Mainstream Education – Access to Conductive Education (ACE) has been operating as a project that works with children with motor disorders within a mainstream school environment. A Conductor is based full-time at a school in Birmingham and is working with children to enhance their access to the national curriculum while motivating them to acquire the skills they need and find their own solutions to the practical problems of daily living

We also deliver motor co-ordination groups at a north Worcestershire primary school to children with recognisable, but undiagnosed, difficulties with motor co-ordination. Some of these children are on the autistic spectrum. The groups focus on teaching skills that improve motor planning and control, sequencing, balance, attention, and co-operation with each other and fine manipulation skills. These newly learnt skills can then be generalised into classroom lessons

We aim to increase the recognition of our work in a mainstream environment by Local Authorities so that it can be extended to other schools and be funded by them

Overview of Services – Adults

Diagnosis Specific Weekly Groups All sessions take place in small groups of a maximum of six people. Groups are run according to diagnosis and where possible according to level of ability. Group work is seen as an essential component in Conductive Education as it enables people to work alongside others who share similar experiences. It also acts as a strong motivational force where each individual is able to learn strategies to assist with increasing confidence and level of movement control. Conductive Education offers positive help and hope for a better future

Early Diagnosis Advice Session: When an adult receives a diagnosis it is often devastating and leaves the individual and their family worrying about the future. At the point of coming for a two hour Advice Session, symptoms may not be having an impact on daily life and yet there are questions unanswered and concerns about what the future holds. Conductive Education is not a crisis care system but one which can offer hope for the future

We have completed 94 such consultations this year – only five of those not resulting in a placement

Individual Sessions: If an adult is new to Conductive Education or if the initial consultation indicates that his/her needs may not be fully met in a group setting, individual sessions may be an option

Carers Groups When an individual receives a diagnosis, the impact of this is felt by family members as they too have to adapt to living with the condition. For this reason, family members are encouraged to come into the group sessions to observe the work and find out practical strategies to use in the home

Developing Stroke Care for Adults: We are seeing an increasing demand for rehabilitation care for adults who have suffered a stroke. Our early evaluation study showed very encouraging results in terms of improvement in participants' mobility leading to greater confidence and independence in their lives

TRUSTEES' REPORT**YEAR ENDED 31 JULY 2011**

In September 2009, we were awarded a grant by Coventry City Council to develop our service for people who had suffered a stroke. This grant was for eighteen months with the intention that the service would be operated at Hereward College in Coventry where we have worked for a number of years. During the year this was extended for a further twelve months. In June 2009 we were awarded a major grant being by Birmingham City Council for up to three years in order to develop stroke care for adults. In this case we will also be undertaking a research project in conjunction with Birmingham University in order to measure the results of this work over a greater number of people and a longer period of time. This project is a major breakthrough for conductive rehabilitation of adults. After two years the interim results are positive.

Overall we have provided a service for over 400 adults in the year.

Our three key aims for Adult Rehabilitation are to extend our offsite services to participants most particularly in Hereward College, Coventry, to work with other centres to introduce Conductive Education for Adults and to develop the stroke care for adults through providing places for around 100 people for the first two years of the project and formally evaluating the results.

Overview of Services – Training:

The National Institute is both a service and a training base. Training is a key strategic priority for the Foundation as it maintains the integrity and continuity of the profession. By training Conductors, we facilitate the availability of Conductive Education world-wide for people living with motor disorders.

Training available

OCN Level 3 – Working with Motor Disordered Children or Adults – The aim of this course is to combine the theoretical understanding of the effects of motor disorders with practical skills to enhance everyday work. At the end of the course, the learner will be able to seek ways of improving the level of skill of people with motor disorders and move from the role of caring to enabling independence.

BA (Hons) Conductive Education – Qualified Conductor Status – The National Institute is the only centre outside of the Peto Institute in Hungary that offers extensive Conductor training. Validated by the University of Wolverhampton, the degree is a three year full-time training course that leads to conferment of Qualified Conductor Status. At the end of the course, this professional qualification enables individuals to work in Conductive Education settings world-wide.

Four new conductors qualified and joined the profession in June 2011. All have employment secured. This ranges from UK, US, Canada and Germany.

We have eight new students starting in September 2011.

One Day Workshops for Professionals – The National Institute runs a range of workshops suitable for all people working with children and adults with motor disorders. Specific workshops are also run for family members, partners and those living and caring for people with any of the above conditions.

Consultancy - We provide an opportunity for experienced conductors from the National Institute to support other Conductive Education centres across Europe. This is usually in the form of practical group support or professional development for conductors and other staff directly involved in Conductive Education.

Overview of Services – National Library:

The National Library of Conductive Education is the world's only open-access academic collection on Conductive Education and related issues. Located at the National Institute it holds an extensive collection of material on Conductive Education, disabilities, special education, adult rehabilitation and relevant issues. It is held in various forms, such as conference papers, student dissertations, journals, books, articles, videos and press clippings.

TRUSTEES' REPORT**YEAR ENDED 31 JULY 2011****Facts and Figures**

One in 400 children is affected by cerebral palsy

Approximately 120,000 people in the UK are living with cerebral palsy

One in every 20 children has dyspraxia with boys affected four times more frequently than girls

Multiple sclerosis is the most common neurological disorder among young adults and affects around 85,000 people in the UK

Approximately 120,000 people in the UK have Parkinson's disease and 10,000 people are diagnosed each year

Each year over 100,000 people in England and Wales have their first stroke, 10,000 of which are under the age of 55. Stroke is the largest single cause of severe disability, with over 300,000 people being affected at any one time.

It is estimated that one million people in Britain attend hospital each year as a result of a head injury. Out of every 100,000 between 10 and 15 people suffer a severe head injury.

Objectives for 2011/12.

Our overall objective is to return the Charity to a break even position by the following key initiatives

- The Launch of our new branding giving Children's, Adults and training clear individual identities – namely Red Boots for Children, Cannon Hill House for Adults and Conductive College for Training – all under the overall brand of The National Institute of Conductive Education. This will enable us to promote greater awareness of each individual part of the organisation through our new website launched in September 2011 – www.conductive-education.org.uk and help strengthen our fundraising campaigns.
- The development of sessional services for Children to complement our school. This should widen the opportunities for more children to receive Conductive Education while still participating in mainstream schooling.
- To complete the third year of our research project demonstrating the benefits that we can achieve for adults who have suffered a stroke. We will also explore other possibilities for developing a model for adult services in the changing social care and health spending environment.
- Training is planned to become self-funding this next year.
- To develop strategic alliances with other charitable organisations that can help us spread our reach.

4) Financial Review

2010/2011 has been a very difficult year with our results showing a fallback on 2009/2010 but nevertheless still showing a much lower deficit than the two previous years in 2008/9 and 2007/8. Our deficit was £101,843 compared to £28,037 last year.

Total income was £1,080,934 which was a fall against the previous year of £46,038 (-4%)

- The main shortfall was in Fees earned from our services at £52,744 which was entirely in Children's Services where we are finding it increasingly difficult to secure full-time placements.
- Voluntary income was £21,547 (-7.2%) lower although we were able to show greatly improved performance in the latter part of the year and have also secured some excellent Trust donations which will support our activities in the coming year.
- Grants showed a very positive improvement of over £40,000 with the award of a Big Lottery Grant for Adults Services and EU grants for both Children and Adults.

TRUSTEES' REPORT

YEAR ENDED 31 JULY 2011

Costs at £1,182,777 were £27,768 (+2.4%) This increase was entirely in wages, where we needed to fund a research assistant for the Stroke project for the major part of the year and a limited number of salary adjustments for key staff

Lloyds TSB have continued their support to us. Given the financial difficulties facing us in the first half of the year, it became necessary for us to have an injection of extra working capital to enable us to work through the next two years. In May 2011, Lloyds TSB helped us restructure and increase our borrowings so that we are now working with a reduced overdraft facility at £300,000 and term loans on fixed interest rates of £300,000 repayable over 15 years. This has had the effect of giving us an extra £100,000 of working capital and the commitment through paying back the loans to reducing our debt over time. It also reduces our current liabilities in the balance sheet.

Going forward our financial projections project break even excluding depreciation and a positive cash flow position during the next period.

5) Structures, Governance and ManagementReserves 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 £735k, made up as follows:

- | | |
|---|--------|
| - to cover a collapse in voluntary income over a six month period | -£125k |
| - to cover a delay in fee payment of half a term | -£ 50k |
| - to fund unrestricted fixed assets less borrowings | -£560k |

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 just over £300k and are therefore insufficient to satisfy our current reserve policy.

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.

TRUSTEES' REPORT

YEAR ENDED 31 JULY 2011

5) Structures, Governance and Management (continued)

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. 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.

Basis of Preparation

The Trustees' Report is prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (revised 2005 and 2008).

Staff

Our thanks must go to all the staff for their loyalty and commitment during the year and their handling of a very heavy workload.

We now hope for a period of continued stability and growth in the organisation as we move through 2011/12 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.

Provision of Information to the Auditor

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that

- So far as that trustee is aware, there is no relevant audit information of which the company's auditor is unaware, and
- Each trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any information needed by the charity's auditor in connection with preparing its report and to establish that the charity's auditor is aware of that information.

This report was approved by the board of trustees on 13 October 2011 and signed on its behalf



Anthony Coombs
Trustee

TRUSTEES' RESPONSIBILITIES

YEAR ENDED 31 JULY 2011

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and regulations and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including its income and expenditure, of the charity for the year. In preparing those 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 judgments and accounting 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 adequate accounting records that are sufficient to show and explain the charity's transactions and 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 requirements of the Companies Act 2006. 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 2011

		<u>2011</u>	<u>2010</u>		
	<u>Note</u>	<u>Un-restricted</u> <u>£</u>	<u>Restricted</u> <u>£</u>	<u>Total</u> <u>£</u>	<u>Total</u> <u>£</u>
Incoming resources from generated funds	6				
Voluntary income		134,654	143,773	278,427	299,974
Activities for generating funds		19,259	-	19,259	32,124
Investment income		1	-	1	15
		<u>153,914</u>	<u>143,773</u>	<u>297,687</u>	<u>332,113</u>
Incoming resources from charitable activities	4				
Fees		551,704	-	551,704	604,448
Grants		23,338	202,648	225,986	185,541
Other income		5,557	-	5,557	4,870
		<u>580,599</u>	<u>202,648</u>	<u>783,247</u>	<u>794,859</u>
Total incoming resources		<u>734,513</u>	<u>346,421</u>	<u>1,080,934</u>	<u>1,126,972</u>
Resources expended					
Costs of generating funds	6	121,200	-	121,200	114,843
Charitable activities	4	719,574	319,564	1,039,138	1,022,055
Governance costs		22,439	-	22,439	18,111
		<u>863,213</u>	<u>319,564</u>	<u>1,182,777</u>	<u>1,155,009</u>
Total resources expended		<u>863,213</u>	<u>319,564</u>	<u>1,182,777</u>	<u>1,155,009</u>
Net incoming/(outgoing) resources before transfers and revaluations		(128,700)	26,857	(101,843)	(28,037)
Net movements in funds		<u>(128,700)</u>	<u>26,857</u>	<u>(101,843)</u>	<u>(28,037)</u>
Balances at beginning of year		435,746	320,941	756,687	784,724
Balances at end of year		<u>307,046</u>	<u>347,798</u>	<u>654,844</u>	<u>756,687</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 2011

Registered number 2083754


	<u>Note</u>	<u>2011</u>	<u>2010</u>
		£	£
Fixed assets			
Tangible assets	7	1,349,061	1,382,027
Investments	8	<u>1</u>	<u>1</u>
		1,349,062	1,382,028
Current assets			
Debtors	9	15,626	19,671
Cash at bank and in hand		<u>1,534</u>	<u>447</u>
		17,160	20,118
Current liabilities			
Creditors - amounts falling due within one year	10	313,316	422,867
Deferred income	11	<u>109,070</u>	<u>126,205</u>
		422,386	549,072
Net current liabilities		(405,226)	(528,954)
Total assets less current liabilities		943,836	853,074
Non-current liabilities			
Long term loan	10	(288,992)	(96,387)
Net assets	12	654,844	756,687
Funds:			
Restricted funds	14	347,798	320,941
General fund		307,046	435,746
		654,844	756,687

These financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 applicable to small companies

Approved by the board of trustees and authorised for issue on 13 October 2011


Stephen Lewis

Trustees


Anthony Combs

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2011

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 as modified by the revaluation of fixed assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The Foundation has adopted the provisions of the Statement of Recommended Practice, "Accounting and Reporting by Charities" (revised 2005 and 2008).

The trustees consider the subsidiary undertaking as immaterial and so the Foundation has taken advantage of exemptions provided by section 405 of the Companies Act 2006 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 or valuation less accumulated depreciation. Depreciation is calculated to write off the cost or valuation 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 2011

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 2011

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 an unfunded 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 in accordance with FRS 17 as if it was a defined contribution scheme. The total pension 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 (2010 nil). The trustees received no reimbursement for expenses (2010 nil).

3. Staff costs

	<u>2011</u> £	<u>2010</u> £
(a)		
Wages and salaries	780,764	760,272
Social security costs	67,784	64,996
Other pension costs	54,091	47,746
	<u>902,639</u>	<u>873,014</u>
(b)		
Average number of employees	<u>2011</u>	<u>2010</u>
Conductors	27	26
Other staff	9	10
	<u>36</u>	<u>36</u>
(c)		
No employee earned more than £60,000 during the year (2010 nil)		

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2011

4. Analysis of incoming and outgoing resources from charitable activities

	-----Conductive services-----			Promotion and publicity £	Total 2011 £	Total 2010 £
	Children £	Rehabilitation £	Training £			
<u>Income</u>						
Fees	277,205	133,052	141,447	-	551,704	604,448
Grants	9,296	216,690	-	-	225,986	185,541
Other (note 4a)	1,852	1,852	1,853	-	5,557	4,870
Total incoming resources	288,353	351,594	143,300	-	783,247	794,859
<u>Expenditure</u>						
Direct costs	428,991	283,609	131,570	-	844,170	821,806
Support costs (note 5)	90,683	58,944	34,006	11,335	194,968	200,249
Outgoing resources	519,674	342,553	165,576	11,335	1,039,138	1,022,055

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

4 (a) Analysis of other income

	<u>2011</u> £	<u>2010</u> £
Subscriptions	15	45
Other sales	5,542	4,825
	<u>5,557</u>	<u>4,870</u>

NOTES TO THE FINANCIAL STATEMENTS

5. Support costs

Auditors' remuneration was £7,750 (2010 – £7,050) of which £nil (2010 – £nil) related to non-audit services

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2011

6 Analysis of income and expenditure from generated funds

	<u>2011</u> £	<u>2010</u> £
Income		
Gifts and donations	278,427	299,974
Fundraising events	19,259	32,124
Interest	1	15
	<u>297,687</u>	<u>332,113</u>
Expenditure		
Direct expenditure of generating voluntary income	67,699	61,125
Direct costs of organising fundraising events	28,563	28,105
Support costs	24,938	25,613
	<u>121,200</u>	<u>114,843</u>

7. Fixed assets for the charity's use

	<u>Land & buildings</u> £	<u>Motor vehicles, computers fixtures & fittings</u> £	<u>Total</u> £
Cost or valuation			
Beginning of year	1,400,000	188,819	1,588,819
Additions	2,837	6,824	9,661
End of year	<u>1,402,837</u>	<u>195,643</u>	<u>1,598,480</u>
Accumulated depreciation			
Beginning of year	33,572	173,220	206,792
Charge for year	33,667	8,960	42,627
End of year	<u>67,239</u>	<u>182,180</u>	<u>249,419</u>
Net book amount			
End of year	<u>1,335,598</u>	<u>13,463</u>	<u>1,349,061</u>
Beginning of year	<u>1,366,428</u>	<u>15,599</u>	<u>1,382,027</u>

The land and buildings were revalued on 18 June 2009 at an amount of £1,400,000, by Lambert Smith Hampton, chartered surveyors, on an existing open market basis

In the opinion of the trustees, there is no material difference between this value and that as at 31 July 2011

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2011

7. Fixed assets for the charity's use (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

	<u>2011</u> £	<u>2010</u> £
Cost	2,666,581	2,656,922
Accumulated depreciation	<u>(677,530)</u>	<u>(619,015)</u>
	<u>1,989,051</u>	<u>2,037,907</u>

Land and buildings comprised

	<u>2011</u> £	<u>2010</u> £
Freehold land	190,000	190,000
Freehold buildings	<u>1,145,598</u>	<u>1,176,428</u>
	<u>1,335,598</u>	<u>1,366,428</u>

8. Investments

Shares in subsidiary undertaking

	<u>Unlisted</u> £
Cost	
Beginning and end of year	<u>1</u>

The investment comprises of a 50% holding of the ordinary shares of Petō (UK) Limited, a dormant company registered in England and Wales, whose net assets total £1

9 Debtors

Debtors comprised amounts falling due within one year as follows

	<u>2011</u> £	<u>2010</u> £
Fees and grants due	10,224	8,203
Prepayments and accrued income	<u>5,402</u>	<u>11,468</u>
	<u>15,626</u>	<u>19,671</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2011

10. (a) Creditors – amounts falling due within one year

	<u>2011</u> £	<u>2010</u> £
Bank loans and overdraft	261,335	374,088
Amounts owed to suppliers	11,653	14,635
Social security and other taxation	26,786	19,473
Amounts owed to subsidiary undertaking	1	1
Accruals	13,541	14,670
	<u>313,316</u>	<u>422,867</u>

The bank overdraft is secured by a first legal charge over part of the freehold property

(b) Creditors – amounts falling due after more than one year

	<u>2011</u> £	<u>2010</u> £
Bank loans	<u>288,992</u>	<u>96,387</u>

Bank loans are repayable by monthly instalments over 15 years at a fixed interest rate of 5.73%

Bank loans of £228,835 are repayable after more than five years. The bank loan is secured by a first legal charge over part of the freehold property

11. Deferred income

	<u>2011</u> £	<u>2010</u> £
Beginning of year	126,205	118,966
Received during year	84,725	118,392
Released during year	(101,860)	(111,153)
End of year	<u>109,070</u>	<u>126,205</u>

12. Analysis of assets and liabilities between funds

	Unrestricted funds £	Restricted Funds £	Total £
Fixed assets	1,111,767	237,295	1,349,062
Net current (liabilities)/assets	(515,729)	110,503	(405,226)
Long term liabilities	(288,992)	-	(288,992)
	<u>307,046</u>	<u>347,798</u>	<u>654,844</u>

13. Member's guarantee

The Foundation is a company limited by guarantee and as such does not have share capital. The Foundation has 72 members (2010: 86) all of whom have given an undertaking to contribute up to £1 each if called upon to do so.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2011

14. Restricted funds

	<u>Beginning of year</u> £	<u>Received during year</u> £	<u>Expensed during year</u> £	<u>End of year</u> £
Children's services	8,584	103,077	(100,984)	10,677
Rehabilitation	70,300	232,319	(208,369)	94,250
Fixtures, fittings & equipment	-	8,188	(3,358)	4,830
Freehold property	236,480	2,837	(6,853)	232,464
Garden project	5,577	-	-	5,577
	<u>320,941</u>	<u>346,421</u>	<u>(319,564)</u>	<u>347,798</u>

Included above are restricted funds received from the Big Lottery Fund of £22,949. A sum of £6,998 has been spent on capital equipment, and £15,951 spent on adult's sessions. The capital equipment has been capitalised in the balance sheet and depreciation of £832 charged to the restricted fund.

15. Key donations and grants received

Voluntary income consists of the following grants, legacies and donations

	<u>2011</u> £	<u>2010</u> £
The Langdale Trust	11,000	-
Alison Hillman	3,500	-
Big Lottery	22,949	-
EU Grants	15,699	-
Bartle Bogle Hegarty	-	3,357
P & C Bursary	6,000	-
Connie & Albert Taylor	5,000	5,000
Douglas Turner Trust	3,000	3,000
Garfield Weston Foundation	5,000	-
Donald Forrester Foundation	5,000	-
G J W Turner	-	3,000
Zurich Community Trust	-	40,000
Grantham Yorke Trust	5,000	-
Harborne Parish	4,942	-
Harold Hyam Wingate Foundation	3,600	-
Par Charitable Trust	-	15,560
Sir William Coxen Trust	3,500	-
Souter Charitable Trust	5,000	-
The Blakemore Foundation	10,000	10,000
Anonymous donor	65,000	100,000
Zurich broker sales team	-	9,000
Other, less than £3,000	92,737	111,057
Ratcliff Foundation	3,500	-
The Sainsbury Trust	8,000	-
	<u>278,427</u>	<u>299,974</u>

Grants for services includes the following

Birmingham City Council – stroke support	164,000	164,000
Coventry Stroke support (net of deferred income)	<u>23,338</u>	<u>21,541</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2011

16. Operating lease commitments

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

	<u>2011</u>	<u>Other</u>	<u>2010</u>
	£		£
Due within one to five years	<u>18,840</u>		<u>13,517</u>

17. Related party transactions

During the year, £nil (2010 £12,845) was charged for accounting services by Mazars LLP, a firm of accountants of which Stephen Lewis is a partner

YEAR ENDED 31 JULY 2011

We have audited the financial statements of The Foundation for Conductive Education for the year ended 31 July 2011 which comprise the statement of financial activities (incorporating the income and expenditure account), the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charity'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 charity'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 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 auditor

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charity's affairs as at 31 July 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

YEAR ENDED 31 JULY 2011

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept in respect of the charity, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements do not accord with the accounting records, or
- certain disclosures of trustee's remuneration specified by law are not made, or
- any information or explanation to which we are entitled has not been afforded to us, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees report

PKF(UK)LLP

Howard Voisey (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor

Birmingham

10 November 2011