

COMPANY NUMBER : 2083754  
CHARITY NUMBER : 295873

**THE FOUNDATION FOR CONDUCTIVE  
EDUCATION**

**ANNUAL REPORT**

**YEAR ENDED 31 JULY 1999**



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**TRUSTEES' REPORT**

**YEAR ENDED 31 JULY 1999**

The trustees are pleased to present their report and financial statements for the year ended 31 July 1999.

**Introduction**

This annual report covers the period from August 1998 to July 1999.

The Foundation for Conductive Education ("the Foundation") is a company limited by guarantee. The charity registration number is 295873.

The registered office is:

Cannon Hill House  
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 in the United Kingdom of Conductive Education as has been developed at the Pető Institute in Hungary, and especially the teaching thereof.

**Trustees**

The trustees are the directors of the company. During the year 1998/99 the Foundation has maintained indemnity insurance for trustees and officers, currently under review following advice from the Charity Commission.

**Elected Trustees**

The following have been appointed to the Board of Trustees by election in accordance with the Foundation's Articles of Association:

Dr. Kate Whelan  
Paul Kelly  
David Wood (appointed Chairman in June 1998)  
Geoff Moss  
Alan Robertson  
Georgie Welch (elected June 1999)

## TRUSTEES' REPORT

YEAR ENDED 31 JULY 1999

**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.

**Appointing Body**

Peter Varcoe	Barnardo's
Paul Young	Barnardo's
Brian Fraser	University of Birmingham
Ronni Nanton	Parkinson's Disease Society (resigned 14.1.99)

**Company Secretary**

Catherine Baker

**Professional Advisors****Bankers**

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

**Auditors**

Pannell Kerr Forster  
New Guild House  
45 Great Charles Street  
Queensway  
Birmingham B3 2LX.

**Solicitors**

Martineau Johnson  
St. Phillips House  
St. Phillips Place  
Birmingham  
B3 2PP

**Organisation of the Charity**

The Trustee board met four times over the course of the year (15.10.98, 14.1.99, 15.4.99 and 1.7.99).

During the year the Trustees' Board was supplemented by three co-optees, two users of the Foundation's services (one adult disabled person, one parent of a disabled child), plus one member of the staff. The Foundation is managed, since reorganisation in May 1999, by a Director and two Assistant Directors who report directly to the Trustees' Board. One Assistant Director is responsible for Operations (conductive services and training) and one for Corporate Services (administration, fundraising and finance).

**TRUSTEES' REPORT****YEAR ENDED 31 JULY 1999****Staffing and Volunteers**

The bulk of the Foundation's practice depends upon professional services to national and international quality standards. The training of new professionals working with very vulnerable children and adults pre-empts the use of volunteers in the Foundation's direct client services. The Foundation is able to use volunteers in the following way:

Gifts-in-Time for professional projects (DfEE secondment and year-out undergraduate placements) and for general administrative support e.g. fundraising.

**Partnerships**

The Foundation has strong links with Barnardo's. It has a Memorandum of Agreement with Wolverhampton University with respect to training and a Grant Agreement with the City of Birmingham.

**Policies and Key Achievement for 1998-99**

- Financial result

The total incoming resources of the Foundation increased during the year to £1,357,652 (1998:- £1,066,492) mainly due to increased donations received to fund the refurbishment of Cannon Hill House.

At the balance sheet date the value of unrestricted funds, after the prior year adjustment (see note 16), has increased to £315,980 (1998 as restated:- £284,728). The trustees consider this to be a satisfactory position, consistent with the charitable objects of the Foundation.

- To develop and expand the National Institute of Conductive Education as the national centre of excellence, to demonstrate practice and serve as a training base.

In September 1998 the second cohort of degree students (15) commenced their studies and in the same month we began in-house staff-training at the Milestone School, Gloucester (20 staff trained to date). The second-year of staff-training at Birmingham Social Services Moseley Day Centre (mentally and physically disabled adults) was subject to formal evaluation.

Thanks to generous donations, Parent and Child services have been provided free-of-charge since January 1999 helping children under the age of three years, and from June services for children with Dyspraxia were also provided free. Also in January 1999 the Foundation recruited a second Senior Conductor as a curriculum specialist, charged to develop and formalise an integrated curriculum uniting the philosophy and practice of Conductive Education with the formal requirements of the National Curriculum. At the end of 1999 that task is almost complete. During 1998/99 the Foundation provided termly consultation to Heliomare School in Holland. The above developments are in addition to the continuation of existing services.

## TRUSTEES' REPORT

YEAR ENDED 31 JULY 1999

- To develop the conductive community

Over 1998/99 the Foundation led detailed discussion with three Conductive Education centres about possible affiliation or association. By the end of the year discussion with two of these establishments were proving most promising, one had dropped out but approaches had been made to two others. In September 1998 the Foundation hosted a national conference on the future of education for children with physical disabilities and in May 1999 sponsored an international symposium on research and enquiry into Conductive Education. Over the year the Foundation played a leading role in the Conductive Education Higher Education Group (CEHEG) for which it organised a national Swapmeet in June 1999. The Group will prepare a formal report on the future of Conductive Education in the UK in 2000.

The Foundation's website launched at the end of 1997/98 grew and developed to become the major internet resource on Conductive Education. In October 1998 an Open Discussion Forum was introduced and other interactive features now include a job market for conductors and other staff.

- To strengthen the Foundation's business base

From November 1998 to March 1999 we enjoyed the secondment of a civil servant from the Department for Education and Employment to act as the Foundation's Business Manager. In January 1999 he presented the Trustees with a new model for annual operational planning which was adopted and now forms the basis for Trustees monitoring the work of the Foundation. He also proposed a new costing model for the Foundation's services.

A new strategy for voluntary fundraising was introduced in March 1999 to diversify the Foundation's appeal and strengthen income from voluntary sources. Additional fundraising staff were recruited towards the end of 1999 as part of this strategy.

- To develop Cannon Hill House and to secure freehold of the site

Work began on the first stage of refurbishing Cannon Hill House in August 1998, this work being completed in January 1999. In February 1999 the City of Birmingham agreed that the work done would qualify for completion of the Development Agreement on this site. As a result of this the freehold of the Cannon Hill site was transferred to the Foundation at the beginning of January 2000.

During the latter half of 1999 the Foundation commenced work to fund the remainder of the refurbishment as part of its new fundraising strategy.

## TRUSTEES' REPORT

YEAR ENDED 31 JULY 1999

**Future Development**

- Organisational - distinguishing the difference between the Foundation and NICE

Towards the end of 1999 we began to investigate the distinction between the Foundation for Conductive Education (FCE) and the National Institute of Conductive Education (NICE), and the advantages for costing and pricing, appeals, awareness and the administrative development of separating the two. A formal report with recommendations will be presented by the end of 1999 - 2000.

- Expanding the training course

The undergraduate training course will see its first graduates in June 2000. The Assistants' course will be revised and discussions will open on franchising assistants' training. Discussions with the Norwegian Board of Health may lead to a contract to train Norwegian conductors.

The Foundation took the leading role in the Conductive Education Higher Education Group (CEHEG) in 1999 and has produced the working papers from which CEHEG will develop a formal report on entry-level competencies for a UK conductor profession.

Jointly with institutions from Austria and Germany the Foundation has applied to take part in a three-year EU-funded project to establish European standards for conductor-training, due to commence in September 2000.

- Towards a national system

Discussion which began in 1999 with other Conductive Education organisations will bear fruit in formal associations/affiliations in 2000, as a basis for a national network of organisations working towards common standards.

In 1999 written evidence to the House of Lords Select Committee on Science and Technology stressed the need for the professionalisation of conductors, with specific proposals for the measures to be taken towards creating a recognised profession. In 2000 these proposals will be filled out through discussions within the Foundation, in CEHEG, with other professional bodies and possibly with the Department of Health.

In 2000 the Foundation will continue to expand its membership base.

- Undergoing an Ofsted inspection successfully

An Ofsted inspection has been notified. Necessary documentation and other preparation is already well in hand and will be completed early in 2000, with confident expectation of a successful result.

## TRUSTEES' REPORT

YEAR ENDED 31 JULY 1999

- Premises

Cannon Hill House will be completed for occupation in the Autumn term and detailed design will begin on the next phases of development in anticipation of finance being available to commence construction.

- Public awareness

In 1999 the Foundation re-entered the field of publication with a new newsletter, *The Leader*, and a biography of András Pető. It also developed a unique interactive and international website for Conductive Education.

In 2000 these developments will continue with consideration of the relaunch of *The Conductor* as a refereed, open-access, international journal for Conductive Education which will be available on the Internet. There will also be further development of the Conductive website.

In 1999 the Foundation sponsored an international instructional seminar on research in Conductive Education. In 2000 the Foundation will appoint a research co-ordinator and have an international conference on research and developments in Conductive Education. Initial exploration is in hand to create an international centre for Conductive Education research.

- Expansion of marketing and fundraising activities

There will be a general expansion, qualitative and quantitative, in our marketing and fundraising activities in the year 2000 and inauguration of a rolling capital appeal.

Developing the distinction between the activities of NICE (training and conductive provision) and the FCE (all other powers under the Foundation's Mems and Arts) will enable the Foundation to make a more varied appeal for funds from a wider range of donors.

- Year 2000

During 1999 we assessed and reduced any risks of the Millennium bug as far as is reasonable. During the year 2000 we shall seek to upgrade our IT systems to meet the new requirements and opportunities of new technology.

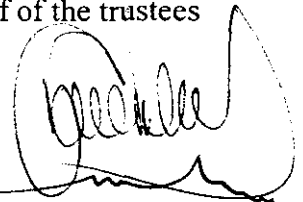
**Basis of preparation**

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

On behalf of the trustees

Trustee

20-1-2000





**TRUSTEES' RESPONSIBILITIES****YEAR ENDED 31 JULY 1999**

Law applicable to incorporated charities in England and Wales requires the trustees to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Foundation and of the surplus or deficit of the Foundation for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation and to enable them to ensure that the financial statements comply with the Companies Act 1985 and the Charities Act 1993. They are also responsible for such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud or other irregularities or errors.

## AUDITORS' REPORT TO THE MEMBERS

YEAR ENDED 31 JULY 1999

We have audited the financial statements on pages 9 to 19 which have been prepared under the accounting policies set out on pages 12 to 14.

**Respective responsibilities of trustees and auditors**

As described on page 7 the trustees are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards. 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 judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Foundation's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

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

**PANNELL KERR FORSTER****BIRMINGHAM****Chartered Accountants**

20-1-2000

**Registered Auditors**

## STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 JULY 1999

		<u>1999</u>			<u>1998</u>
		<u>Unrestricted</u>	<u>Restricted</u>	<u>Permanent</u>	<u>as restated</u>
		<u>funds</u>	<u>funds</u>	<u>Endowment</u>	
	<u>Note</u>	<u>£</u>	<u>£</u>	<u>Fund</u>	<u>Total</u>
				<u>£</u>	<u>£</u>
<b>Incoming Resources</b>					
Donations		289,746	457,463	-	747,209
(transfer from/(to) deferred income)		4,095	-	-	4,095
Subscriptions		570	-	-	570
Publications		819	-	-	819
Other sales		24,535	-	-	24,535
(transfer from/(to) deferred income)		1,805	-	-	1,805
Fee income		477,468	-	-	477,468
Interest receivable		17,367	-	-	17,367
Grants - Birmingham City Council		84,890	-	-	84,890
(transfer to deferred income)		(1,106)	-	-	(1,106)
<b>Total Incoming Resources</b>		<u>900,189</u>	<u>457,463</u>	<u>-</u>	<u>1,357,652</u>
<b>Resources Expended</b>					
Direct charitable expenditure:					
Conductive services	4	617,538	161,176	-	778,714
Promotion and publicity	4	48,683	-	-	48,683
		<u>666,221</u>	<u>161,176</u>	<u>-</u>	<u>827,397</u>
Indirect charitable expenditure:					
Fund raising	4	114,504	6,833	-	121,337
Management and administration	4	88,212	4,142	-	92,354
		<u>202,716</u>	<u>10,975</u>	<u>-</u>	<u>213,691</u>
<b>Total Resources Expended</b>	5	<u>858,937</u>	<u>172,151</u>	<u>-</u>	<u>1,041,088</u>
Net incoming resources and net movements in funds					
		31,252	285,312	-	316,564
Balances at beginning of year before prior year adjustment		(196,567)	-	1,525,880	1,329,313
Prior year adjustment	16	481,295	1,045,320	(1,525,880)	735
Balances at beginning of year as restated		<u>284,728</u>	<u>1,045,320</u>	<u>-</u>	<u>1,330,048</u>
<b>Balances at end of year</b>		<u>315,980</u>	<u>1,330,632</u>	<u>-</u>	<u>1,646,612</u>

The notes on pages 12 to 19 form part of these financial statements.

## INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 JULY 1999

	<u>1999</u>	<u>1998</u> as restated
	£	£
Income	1,340,285	1,052,854
Direct expenditure	<u>(827,397)</u>	<u>(730,733)</u>
Gross surplus	512,888	322,121
Administrative expenses	<u>(213,691)</u>	<u>(182,168)</u>
Operating surplus	299,197	139,953
Interest receivable	<u>17,367</u>	<u>13,638</u>
Surplus for the year	<u><u>316,564</u></u>	<u><u>153,591</u></u>

The surplus for the year comprises £285,312 in respect of restricted funds and £31,252 in respect of unrestricted funds.

All income and expenditure relates to continuing activities.

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

Movements on funds are shown in the Statement of Financial Activities on page 9.

The notes on pages 12 to 19 form part of these financial statements.

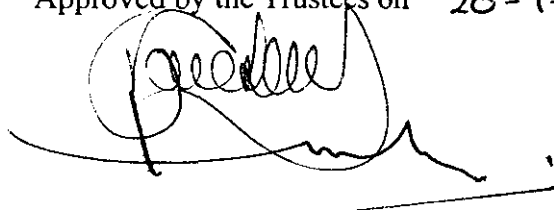
## BALANCE SHEET

31 JULY 1999

	Note	1999	1998 as restated
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	6	1,757,007	1,421,952
Investments	7	<u>1</u>	<u>1</u>
		1,757,008	1,421,953
<b>CURRENT ASSETS</b>			
Debtors	8	14,668	21,321
Cash at bank and in hand		<u>198,235</u>	<u>242,220</u>
		212,903	263,541
<b>CURRENT LIABILITIES</b>			
Creditors - amounts falling due within one year	9	109,992	77,345
Deferred income	10	<u>79,593</u>	<u>84,387</u>
		189,585	161,732
<b>NET CURRENT ASSETS</b>		<u>23,318</u>	<u>101,809</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,780,326	1,523,762
<b>CREDITORS - amounts falling due after more than one year</b>	9	133,714	193,714
<b>NET ASSETS</b>		<u>1,646,612</u>	<u>1,330,048</u>
<b>REPRESENTED BY:</b>			
Restricted funds	13	1,330,632	1,045,320
General fund	11	315,980	284,728
		<u>1,646,612</u>	<u>1,330,048</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 Trustees on 20 - 1 - 2000



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Trustees

The notes on pages 12 to 19 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 1999

**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 by Charities", issued by the Charity Commissioners for England and Wales. 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**

Fee income is accounted for on a receivable basis.

Donations are accounted for when received.

Grants are included in the accounts as they become receivable.

Membership fees represent monies received from members. Membership fees are taken to the income and expenditure account when received.

Other income includes conferences and fund raising.

**(c) Taxation**

The Foundation is a registered charity and is therefore not liable to United Kingdom taxes on its income.

**(d) 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.

**(e) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on fixed assets on a straight line basis at the following rates:

Leasehold buildings	-	2% per annum
Fixtures and fittings	-	20% per annum
Computer equipment	-	25% per annum
Motor vehicles	-	20% per annum

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 1999

## 1. ACCOUNTING POLICIES (CONTINUED)

## (f) Leasehold property

Building work on the National Institute commenced on 28 November 1994. Income received specifically for the purpose of developing and building the premises was previously treated in a Permanent Endowment fund and was recognised as so in the Statement of Financial Activities. As described in note 16 the trustees have decided it is more appropriate to treat the income as restricted funds through the Statement of Financial Activities. Income in respect of Cannon Hill House is also treated in the same manner. Depreciation of the Institute's buildings is apportioned between and charged to unrestricted and restricted funds as appropriate. No depreciation has been charged on the Cannon Hill House work, as the building is still under construction and not yet in use.

## (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

**Conductive services**

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.

**Fund raising**

This includes direct expenditure on fund raising applications and activities and is charged to the income and expenditure account when incurred.

**Management and administration**

This includes expenditure incurred by corporate services, which manage the central and core administrative activities of the Foundation.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 1999

## 1. ACCOUNTING POLICIES (CONTINUED)

## (i) Pension costs

The Foundation operates a defined contribution scheme and the pension charge in the income and expenditure account represents the amounts payable by the Foundation to the scheme in respect of the year.

## (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 (1998:- £nil).

Travel and accommodation expenses incurred by two of the trustees on behalf of the company have been reimbursed. The total expenses reimbursed were £1,271 (1998:- £nil).

## 3. STAFF COSTS

	<u>1999</u>	<u>1998</u>
	£	£
(a)		
Wages and salaries	694,578	634,041
Social security costs	63,834	57,764
Other pension costs	29,723	30,465
Gifts in kind	27,370	-
	<u>815,505</u>	<u>722,270</u>
(b)		
Average number of employees		
	<u>1999</u>	<u>1998</u>
Conductors	18	17
Other staff	20	20
	<u>38</u>	<u>37</u>
(c)		
The number of employees who earned more than £40,000 during the year by band was:		
£40,000 - £49,999	<u>1</u>	<u>-</u>



## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 1999

## 4. ANALYSIS OF RESOURCES USED

	<u>Staff Costs (Note 3)</u>	<u>Other Expenses</u>	<u>Depreciation</u>	<u>1999 Total</u>	<u>1998 as restated Total</u>
	£	£	£	£	£
<b>Direct charitable expenditure</b>					
Conductive services	634,458	121,508	22,748	778,714	672,627
Promotion and publicity	43,996	4,687	-	48,683	58,106
	<u>678,454</u>	<u>126,195</u>	<u>22,748</u>	<u>827,397</u>	<u>730,733</u>
<b>Other expenditure</b>					
Fund raising	86,460	24,973	9,904	121,337	84,873
Management and administration	50,591	22,742	19,021	92,354	97,295
	<u>137,051</u>	<u>47,715</u>	<u>28,925</u>	<u>213,691</u>	<u>182,168</u>
<b>Resources used in the year</b>	<u>815,505</u>	<u>173,910</u>	<u>51,673</u>	<u>1,041,088</u>	<u>912,901</u>

The explanation of the categories of expenditure is given in note 1(h).

## 5. ANALYSIS OF TOTAL EXPENDITURE

	<u>1999 £</u>	<u>1998 as restated £</u>
Salaries and wages	815,505	722,270
Travel and accommodation	19,587	6,370
Professional fees	14,504	26,265
Maintenance and materials	29,579	31,344
Other sundries	90,629	50,646
Auditors' remuneration (including VAT)	4,583	4,630
Printing, stationery and publications	15,028	20,392
Depreciation	51,673	50,984
	<u>1,041,088</u>	<u>912,901</u>

Professional fees include £881 (1998:- £nil) paid to the auditors for other services.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 1999

## 6. FIXED ASSETS FOR THE CHARITY'S USE

	<u>Leasehold Buildings</u>	<u>Motor Vehicles, Computers Fixtures &amp; Fittings</u>	<u>Total</u>
	£	£	£
<b>COST</b>			
Beginning of year	1,451,515	117,686	1,569,201
Additions	373,566	13,162	386,728
End of year	<u>1,825,081</u>	<u>130,848</u>	<u>1,955,929</u>
<b>ACCUMULATED DEPRECIATION</b>			
Beginning of year (as restated)	82,381	64,868	147,249
Charge for year	28,296	23,377	51,673
End of year	<u>110,677</u>	<u>88,245</u>	<u>198,922</u>
<b>NET BOOK AMOUNT</b>			
End of year	<u>1,714,404</u>	<u>42,603</u>	<u>1,757,007</u>
Beginning of year (as restated)	<u>1,369,134</u>	<u>52,818</u>	<u>1,421,952</u>

On 31 July 1999 the Foundation's buildings were situated on land owned by Birmingham City Council. Under the original terms of a Development Agreement, the Foundation was to be granted a lease for 125 years, with the option to purchase the freehold for £10,000, provided that it had undertaken refurbishment of a listed building on the land within two years of the start of the Agreement on 25 January 1994. In January 1997 Birmingham City Council granted two years' extension to the Agreement.

Work on the first phase of the refurbishment of the building commenced in August 1998 and this was completed in January 1999, at a cost of £410,302. At 31 July 1999 trustees estimated that a further £550,000 would be required to complete the interior fitting-out of the building.

In February 1999 the City of Birmingham agreed that work to date was sufficient to meet the conditions of the Development Agreement and the formal process to purchase the freehold of the site was commenced. The freehold of the site was transferred to the Foundation at the beginning of January 2000.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 1999

## 7. INVESTMENTS

Shares in subsidiary undertaking

Unlisted  
£

**COST**

Beginning and end of year

1

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

## 8. DEBTORS

Debtors comprised amounts falling due within one year as follows:

	<u>1999</u> £	<u>1998</u> £
Trade debtors	5,051	6,401
Prepayments and accrued income	9,617	14,920
	<u>14,668</u>	<u>21,321</u>

## 9. CREDITORS

a) Amounts falling due within one year.

	<u>1999</u> £	<u>1998</u> as restated £
Loan	60,000	60,000
Trade creditors	25,603	9,378
Amounts owed to subsidiary undertaking	1	1
Other creditors	2,430	-
Accruals	21,958	7,966
	<u>109,992</u>	<u>77,345</u>

b) Amounts falling due after more than one year.

	<u>1999</u> £	<u>1998</u> £
Loan	<u>133,714</u>	<u>193,714</u>

The loan from Barnardo's is interest free and unsecured and is repayable at £5,000 per month.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 1999

## 10. DEFERRED INCOME

	<u>1999</u> £	<u>1998</u> £
Beginning of year	84,387	80,396
Received during year	106,048	110,937
Released during year	(110,842)	(106,946)
End of year	<u>79,593</u>	<u>84,387</u>

## 11. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	<u>Unrestricted</u> <u>funds</u> £	<u>Restricted</u> <u>fund</u> £	<u>Total</u> £
Fixed assets	447,765	1,309,242	1,757,007
Current assets	177,066	35,837	212,903
Liabilities	(308,851)	(14,447)	(323,298)
	<u>315,980</u>	<u>1,330,632</u>	<u>1,646,612</u>

## 12. CALLED-UP SHARE CAPITAL

The Foundation is a company limited by guarantee and as such does not have share capital. The Foundation has 71 members (1998:- 75) which have given an undertaking to contribute up to £1 each if called upon to do so.

## 13. RESTRICTED RESERVES

	<u>Beginning</u> <u>of year</u> as restated £	<u>Received</u> <u>during</u> <u>year</u> £	<u>Expended</u> <u>during</u> <u>year</u> £	<u>End</u> <u>of year</u> £
Children's services	-	150,228	(128,838)	21,390
Minibus	13,737	-	(3,434)	10,303
Equipment	-	1,775	(355)	1,420
Training	-	20,000	(20,000)	-
Leasehold property	1,031,583	285,460	(19,524)	1,297,519
	<u>1,045,320</u>	<u>457,463</u>	<u>(172,151)</u>	<u>1,320,632</u>

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 1999

**14. KEY DONATIONS AND GRANTS RECEIVED**

Donations and grants include the following:	<u>1999</u>	<u>1998</u>
	£	£
Anonymous	200,000	-
Birmingham City Council	84,890	83,230
Princess Diana Memorial fund	-	57,538
Children-In-Need	50,000	50,000
Linbury Trust	50,000	50,000

**15. OTHER COMMITMENTS**

At 31 July 1999 the Foundation had annual commitments under operating leases as follows:

	<u>Other</u>	
	<u>1999</u>	<u>1998</u>
	£	£
Expiry:		
Within one year	6,189	-
Between 1 and 5 years	-	12,378

**16. PRIOR YEAR ADJUSTMENT**

During the year the trustees reviewed the documentation pertaining to the income for the development of the National Institute and Cannon Hill House buildings. Their conclusion was that the incoming resources did not constitute a permanent endowment fund and consequently a prior year adjustment has been made transferring £1,045,320 to restricted funds and £481,295 to unrestricted funds. At the same time, the trustees decided that it was not appropriate to charge depreciation on the Cannon Hill House building until it is in use. The depreciation charge of £735 made in 1998 has been reserved as a prior year adjustment.

The financial statements have also been restated to include the 50% holding in Petō (UK) Limited, which had been omitted in prior years.