

Lumos Foundation

Annual Report and Financial Statements

31 December 2012

Company Limited by Guarantee
Registration Number
05611912 (England and Wales)

Charity Registration Number
1112575

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Reference and administrative details of the charity, its trustees and advisors

Trustees	J K Rowling (Chair) B J Ellis (Treasurer) Dr K Behbehani Sir R Singleton CBE A H Loder L F Smith N L M Blair R L Wilson R Dattani N Crichton
Chief Executive Officer and Company Secretary	G Mulheir
Registered office	12-14 Berry Street London EC1V 0AU
Company registration number	05611912 (England and Wales)
Charity registration number	1112575
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	HSBC Bank plc 8 Victoria Street London SW1H 0NJ
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH
Investment managers	Close Brothers 10 Exchange Square Primrose Street London EC2A 2BY

Trustees' report Year ended 31 December 2012

The trustees present their statutory report with the financial statements of the charitable company for the year ended 31 December 2012

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a Directors Report for the purposes of the Companies Act 2006

The financial statements have been prepared in accordance with the accounting policies set out on pages 38 to 41 of the attached financial statements and comply with the charity's Memorandum and Articles of Association, applicable laws and the requirements of Statement of Recommended Practice on "Accounting and Reporting by Charities" (SORP 2005)

Lumos's work in 2012 – key facts and figures

Lumos's programmes, advocacy and campaigning work resulted in the following achievements

Achievements at the international level

- ◆ Guidelines and Toolkit on the use of European funds were launched and recommended by two European Commissioners
- ◆ As a result of the Turning Words Into Action project children with learning disabilities influence policy makers in three countries
- ◆ An easy read version of the Spidla report was published
- ◆ More than 4,000 people signed a Lumos petition to influence EC funding
- ◆ Lumos believes that a tipping point on deinstitutionalisation (DI) has been reached in Europe

Achievements at the national and local level

- ◆ Two institutions in Moldova's Floresti county have closed and been replaced with new services. This has led to a 90% reduction of children in institutions
- ◆ The mechanism on inter-sectoral cooperation in relation to infant mortality developed in Moldova was hailed as an example to be followed. Mortality rates began to reduce
- ◆ Inclusive education is now a mandatory module for teacher training in Moldova
- ◆ In Bulgaria 1,386 families of children in disability institutions were assessed and more than 50% want to rebuild relationships with their children
- ◆ A new law on child protection was passed in the Czech Republic. The Lumos team undertook significant advocacy work in relation to this
- ◆ In the Czech Republic a child and family assessment framework was developed and subsequently adopted by the government
- ◆ Ukraine asked Lumos to help develop a national action plan for deinstitutionalisation

Lumos's work in 2012 – key facts and figures (continued)

Achievements for individual children

- ◆ More than 70 children with hydrocephalus were given life saving treatment with government funds in Bulgaria since Lumos's intervention changed practice in 2011
- ◆ Lumos intervened and carried out life-saving work with children in two institutions in Bulgaria with high mortality rates and serious child abuse Mortality rates reduced by more than 90%
- ◆ 449 children with special educational needs (SEN) are now educated in mainstream schools, in their communities, alongside their peers
- ◆ 49 children and young people with intellectual disabilities formed child participation groups and influenced their governments

Lumos's awareness raising work resulted in the following achievements

Key messages about deinstitutionalisation have reached a wider international audience

- ◆ Lumos's new website was successfully launched together with an innovative animation depicting our work
- ◆ Lumos's CEO gave a TED talk that has now been viewed 269,719 times
- ◆ Three Lumos films have been viewed on Youtube 33,190 times
- ◆ Lumos now has over 7,000 followers on Twitter

Key financial information for 2012

Income	£3,759,294
Expenditure	£3,097,829
% of expenditure on programmes	88.5%
% of expenditure on fundraising and administration	11.0%
% of expenditure on governance	0.5%

Aims

Lumos Foundation (working name "Lumos") is concerned with the promotion of high standards of child health, welfare and education policies and services across Europe Lumos works with governments, institutions and professionals to further this objective in a number of European countries Its primary objective is the full implementation of the requirements of the United Nations Convention on the Rights of the Child

Public Benefit

The aims and benefits of Lumos are set out in detail in this Trustees' Report The trustees confirm that they have complied with the duty in the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission

Trustees' report Year ended 31 December 2012

Governance, Structure and Management

Constitution

Lumos was incorporated as a charitable company limited by guarantee with no share capital on 3 November 2005 and is based in London. It is registered in England under company number 05611912 and is registered with the Charity Commission under charity number 1112575.

Lumos is governed by its Memorandum and Articles of Association dated 3 November 2005 and as amended by Written Resolution dated 16 December 2005 and a special resolution to change the charitable company's name dated 14 February 2010. Lumos' objects per its Memorandum and Articles of Association are as follows:

- ◆ the relief of poverty and sickness, the promotion of education, the promotion of child health and development, and the prevention of cruelty to or maltreatment of children in any part of the world, and
- ◆ such other exclusively charitable objects as the trustees in their absolute discretion determine.

Trustees

The Board of Trustees administers the charitable company. The Board meets at least four times a year and provides strategic direction to the work of Lumos. The trustees make decisions by a majority vote.

Trustees give their time freely, receiving no remuneration or other financial benefit.

A trustee is a member of the Board of Trustees of Lumos and a director for the purposes of the Companies Act 2006. The trustees who held office during the year were as follows:

Trustee	Appointed/Resigned
J K Rowling (Chair)	
B J Ellis (Treasurer)	
Dr K Behbenani	
Sir R Singleton CBE	
N Blair	
R Dattani	
R L Wilson	
L F Smith	
A H Loder	
N Crichton	

Trustee appointment and training

All trustees must be members of the charitable company. The maximum number of trustees is twelve, who are recruited according to best practice. Lumos currently has ten trustees, selected to provide a mix of skills necessary to Lumos. All trustees were given an induction programme and are offered opportunities for appropriate training.

Trustees' report Year ended 31 December 2012

Governance, Structure and Management (continued)

Trustee appointment and training (continued)

During 2012, in addition to Board meetings, Lumos' trustees undertook considerable work through the following sub-committees and other groups

- ◆ Finance Committee
- ◆ Nominations and Remuneration Committee
- ◆ Programmes sub-group
- ◆ Fundraising sub-group

Organisational management

The Chief Executive provides the Board with advice on the strategic direction of the charity and manages operations on behalf of the Board and with the Board's guidance. The CEO is responsible for monitoring all aspects of Lumos' work and regularly reporting progress to the Board. Under the leadership of the CEO, the Head Office was reorganised, including significant recruitment to the Programmes team and the development of a fundraising function.

Statement of trustees' responsibilities

The trustees (who are also directors of Lumos Foundation for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the trustees are required to

- ◆ select suitable accounting policies and then apply them consistently,
- ◆ observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP),
- ◆ make judgements and estimates that are reasonable and prudent,

Statement of trustees' responsibilities (continued)

- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

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

Each of the trustees confirms that

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Objectives and activities

The United Nations Convention on the Rights of the Child clearly outlines a range of children's rights that, taken together, suggest that most children should live with and be cared for by their birth families¹. Nevertheless, across the world, approximately eight million children live in large residential institutions that cannot meet their needs. Sixty years of research demonstrates the harm caused to children by separating them from families and raising them in large institutions. The negative effects of institutionalisation include developmental delays, chronic health problems, challenging behaviours, and difficulties in forming relationships and integrating into the wider community².

¹ Articles 9 and 7

² See for example Bowlby J (1951) *Maternal care and mental health*. Geneva, World Health Organisation; Matějček Z, Langmeier J (1964) *Psychická deprivace v dětství* [Mental deprivation in childhood]. Prague, Avicenum; Nelson, C and Koga, S (2004) Effects of institutionalisation on brain and behavioural development in young children. Findings from the Bucharest early intervention project, paper presented at the International Conference

Objectives and activities (continued)

It is commonly believed that many of these children are 'orphaned' or 'abandoned'. Yet true 'orphanhood' and 'abandonment' accounts for a very small minority of children in institutions. Lumos's research in four countries of almost 3,000³ children found that only 2% were actually orphaned and had lost both their parents.

Table no. 1 Reason for admission to institutions in Lumos's target countries⁴

An analysis of the reasons behind institutionalisation demonstrates that a lack of support services in the community to respond to the needs of poor children and those with disabilities or from an ethnic minority, can result in abuse, neglect or behavioural problems. This results in the separation of children from their families and the placement of large numbers of children in institutions. Therefore, a number of key issues are fundamental to Lumos's work: poverty, disability, ethnicity, behavioural issues and child abuse and neglect.⁵ However, despite the similarities across countries relating to these underlying issues, their prominence, and how they manifest themselves in practice, differs from one country to another. Consequently, Lumos adapts its focus and approach according to the individual country's circumstances.

1. Vision, mission and purpose

Lumos's vision is a world in which all children have the opportunity to grow up in a safe and caring family setting or, where there is no alternative, in specialist placements that meet all their needs, respect their rights and ensure they can fulfil their potential.

Lumos's mission is to end the systematic institutionalisation of disadvantaged children in Europe.

on 'Mapping the number and characteristics of children under three in institutions across Europe at risk of harm', 19 March 2004, EU Daphne Programme 2002/3 and WHO Regional Office for Europe, Copenhagen, Denmark.

³ A total of 2,864 children were studied across four Lumos's target countries.

⁴ The total percentage exceeds 100 as multiple answers were possible.

⁵ For more detailed information on all of these areas please visit www.wearelumos.org

Objectives and activities (continued)

1. Vision, mission and purpose (continued)

Lumos's purpose is to ensure that, by 2030, all children in the European region will be living in family settings or specialised placements that meet all their needs, respect their rights and ensure they can develop to their full potential

2. Lumos's unique approach

2.1 Five key considerations

All NGOs have limited resources and capacity. Lumos's mission is focused and achievable, but requires significant mobilisation of resources to translate our aims into real change for children. With this in mind, we take account of five key considerations in planning and executing all our work:

- ◆ **Impact.** We ensure that everything we do has a direct impact on children in institutions or at risk of institutionalisation. From assessing individual children, to chairing expert groups, to lobbying the European Commission, we ensure that our actions result in positive change for children.
- ◆ **Quality.** We work with senior professionals in a wide range of fields to ensure high quality in all programmes, particularly in the development of services for vulnerable children and their families.
- ◆ **Scale.** Our strategic partnerships influence the efforts of others to ensure resources are directed towards deinstitutionalisation. In this way, examples of good practice are brought to scale, engendering lasting change for thousands of children at local, national and international levels.
- ◆ **Sustainability.** We build exit strategies into all our work. We do not replace the function of the State authorities or local NGOs. Our support and guidance assists local actors to make change happen and to take ownership of that change.
- ◆ **Value for money.** We make every effort to deploy our finances strategically – influencing other donors and supporting governments to find innovative ways to release resources and direct them towards improved services for vulnerable children.

2.2 Work at seven levels

Lumos's key considerations involve working with stakeholders on seven levels. This ensures that programmes are constantly moving towards achieving Lumos's purpose.

Objectives and activities (continued)

2. Lumos's unique approach (continued)

2.2 Work at seven levels (continued)

[Insert – diagram]

This report provides examples of the way in which Lumos works at all seven levels to achieve its objectives

3. Strategic objectives – 2009 - 2014

In order to achieve its purpose, Lumos developed a set of strategic objectives for the five-year period 2009-2014, which include

- ◆ Better outcomes for children by accelerating and improving the quality of deinstitutionalisation in Europe
- ◆ Sharing best practices across countries
- ◆ Supporting the development of integrated health, education and social services, accessible to the most vulnerable children and families
- ◆ Empowering children and families to take a lead role in deinstitutionalisation
- ◆ Ensuring the most efficient use of resources for reform
- ◆ Developing a model approach to deinstitutionalisation, applicable across Europe

Objectives and activities (continued)

4. Risks and challenges

2012 was a year of considerable expansion of Lumos's activities. A number of programmes began to come to fruition and demonstrate significant results. These successes also bring with them their own challenges and risks. Lumos undertakes regular assessment of risk. The following list provides examples of some of the key risks and challenges identified by Lumos during 2012.

- ◆ **Child protection** As Lumos's work expands into more countries and as the organisation works with more institutions, it is likely that more child protection cases will appear that need to be addressed.
- ◆ **Personnel health and safety** As Lumos's work expands, the organisation is increasingly likely to address situations that may put the health and/or safety of personnel at risk.
- ◆ **Financial sustainability of the organisation** In 2011, Lumos introduced a fundraising strategy to secure the long-term future of the organisation. It will take some time for this strategy to generate significant funds. Nevertheless, in 2012, Lumos's income exceeded expenditure and reserves are healthy.
- ◆ **Project managing the development of the Common European Guidelines and Toolkit on the Use of European Funds for the Transition from Institutional to Community Based Care**⁶ Drafting and finalising the Guidelines and Toolkit involved consultation with hundreds of different organisations across Europe.
- ◆ **Continuing political and economic turmoil in all countries, particularly Moldova** In all countries where Lumos operates, the impact of the global financial crisis has increased significantly during 2012. This has a subsequent influence on political stability and the priorities of governments.
- ◆ **In order to facilitate Lumos's expanding activities and ensure that quality is maintained, the Programmes team has expanded.** As a result there was a need for a significant emphasis on team training and organisational development. Considerable effort was focused on ensuring the Lumos team structure is fit for purpose. Significant emphasis was also placed on the development of the Board of Trustees to ensure an appropriate mix of skills, to begin succession planning and ensure procedures in place relating to Trustees meet the standards of best practice outlined by the Charity Commission.

We have strategies in place aimed at mitigating all these risks, in particular Lumos's approach to working on all levels of political engagement (local, national, international) is paying dividends in the stability of the process of DI and in preventing harm to children.

⁶ The Common European Guidelines and Toolkit at <http://deinstitutionalisationguide.eu/>

Objectives and activities (continued)

5. Primary objectives for 2012

- 1 To empower children (particularly those who are disadvantaged), families and local civil society to take a greater role in the process of deinstitutionalisation
- 2 To increase awareness among, and involvement of, the general public and key target groups regarding deinstitutionalisation in the European region
- 3 To strengthen existing country programmes and develop new programmes, ensuring they are effective at all seven levels of influence, according to Lumos's approach to deinstitutionalisation
- 4 To exert greater influence on the flow of EC funds, to ensure the long-term sustainability of reform programmes in countries where Lumos operates
- 5 To influence and improve the coordination of major donors and international organisations to ensure consistency in approach to reforming systems of care for vulnerable children and their families
- 6 To increase the dissemination of good practices in deinstitutionalisation across Europe, continuing to improve the quality of the process and improved outcomes for children

5.1 Key activities and outcomes in 2012 in relation to each priority

Deinstitutionalisation is not merely the act of closing down institutions, the process is complex, involving legislative change, attitudinal change, complex communications, and the investment of significant resources in developing new services and training the workforce. Consequently, Lumos employ a holistic approach to deinstitutionalisation, undertaking activities which address all these key components whilst focusing on high quality outcomes for the children and the establishment of a sustainable system of services that ensure the care and protection of all vulnerable children

5.1.1 To empower children (particularly those who are disadvantaged), families and local civil society to take a greater role in the process of deinstitutionalisation

During 2012 Lumos has made significant progress in relation to the objective on empowering children, families and local civil society to take a greater role in the process of deinstitutionalisation, as the following examples demonstrate

Empowering children

Lumos's work on empowering children encompasses a broad definition of child participation, operating on two levels. The first level where children are being prepared for the changes in their life, increasing their capacity for participation, and the second level is where children act as advocates for themselves and other children, influencing directly decision-making and policy making relevant to them

Objectives and activities (continued)

5. Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.1 To empower children (particularly those who are disadvantaged), families and local civil society to take a greater role in the process of deinstitutionalisation (continued)

Empowering children (continued)

First level of participation

Preparing the children for major changes in their lives and empowering choice is the first level of child participation. These preparations have a direct impact on the health and development of some children and enable others to participate in the process of moving to their new home. This reduces anxieties and subsequent behavioural difficulties associated with major change in the children's lives. It improves the life chances of all children involved.⁷

Lumos is working in Bulgaria, the Czech Republic and Moldova to prepare the children at various stages of the deinstitutionalisation process.

Activity and number of children involved

Intensive interaction and feeding programme in Bulgaria	301
Children with challenging behaviour in Bulgaria	9
Children moving out of social care institutions in the Czech Republic	105
Children reintegrated to birth or foster family and Moldova	49
Total	464

Intensive Interaction and Feeding (IIF) in Bulgaria. An initial assessment of 1,800 children with disabilities in institutions identified a particularly vulnerable group of children and young people who were at risk of serious harm, or even death, as a result of malnutrition. The Bulgarian State Agency for Child Protection approached Lumos for support. As a result, Lumos consultants started to work closely with institutions for children with disabilities and baby institutions to develop and implement feeding recommendations and applying Intensive Interaction. Intensive Interaction is an approach to teaching the pre-speech fundamentals of communication to children and adults who have severe learning difficulties and/or autism and who are still at an early stage of communication development.⁸ The work has led to significant improvements in health and behaviour. In one institution the mortality rate was unusually high and many of the children were at the threshold of death. After Lumos's intervention the mortality rate reduced by more than 90%.

⁷ Mulheir, G and Browne, K (2007) *De-Institutionalising and Transforming Children's Services: A Guide to Good Practice*. Birmingham: University of Birmingham Press.

⁸ For more information please see the Intensive Interaction website <http://www.intensiveinteraction.co.uk/>

Objectives and activities (continued)

5 Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.1 To empower children (particularly those who are disadvantaged), families and local civil society to take a greater role in the process of deinstitutionalisation (continued)

Empowering children (continued)

First level of participation (continued)

Working with children with challenging behaviour in Bulgaria. Following a proposal by Lumos to the State Agency for Child Protection a training programme on working with children with challenging behaviour was organised for relevant professionals. Following this, experts are now supervising and consulting staff on nine specific cases. There are positive changes reported in the condition and behaviour of the children and young people involved. In addition, recommendations and explanations of behaviours are now detailed in the 'One Page Profile' for each of the children/young people.

Preparing children moving out from institutions in the Czech Republic. The RESS team arranged two training programmes on preparing children during 2012. One programme was focused on children moving into small group homes and included an element on preparing children with severe communication difficulties. The second training covered preparing children going into foster care or to their birth family of all ages and of those with challenging behaviour. Participants included institution personnel, including Directors and other key stakeholders.

Preparation for children being reintegrated into their birth family or going to foster care in Moldova. 29 children were integrated into their birth family during 2012, and 191 children since the start of the DI project in Moldova. 21 children went into foster care and 32 since the start of the project. The substantial prevention work undertaken has also ensured that 114 children were prevented from entering institutions. Despite the precarious economic situation in Moldova and other risk factors, careful preparation and follow-up has ensured a low level of placement breakdown of less than 1%⁹.

A young person moving out from an institution into foster care in Moldova shared their thoughts on the preparation.

⁹ Three cases out of 305 preventions and reintegrations

Objectives and activities (continued)

5. Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.1 To empower children (particularly those who are disadvantaged), families and local civil society to take a greater role in the process of deinstitutionalisation (continued)

Empowering children (continued)

First level of participation (continued)

"When specialists came to the institution and started to talk to me and to other children about the possibility to return into a family, I felt that this was my hope for the future. The specialists came often to talk to us, to explain what was going to happen to us. Those discussions were very helpful for me and for other children from the institution, because they prepared us for the move to a new environment. When I came to live with my foster family, I felt that this was the best thing that could happen to me after the years spent in an institution. I received a lot of help, and so did my foster family. Now I understand how much the specialists worked with me and with other children who moved from that institution. I decided for myself that I will study as much as I can in order to become a social worker and help other children too."

Deinstitutionalisation Book for children. The RESS team continued their work on the two DI books for children, one for younger children and one for older children. Both books are being developed into Easy Read by CHANGE to ensure that they are accessible for children with learning disabilities. Following consultations with focus groups involving young people who have left institutions on their opinion on the content, the books will address children's concerns and worries. It will give them a better understanding regarding the institution closure process, how it will affect them and the roles of people involved.

Second level of participation

The second level of participation involves empowering children to participate and influence decisions which will affect them.

Turning Words Into Action project. The EC funded Turning Words Into Action project (TWIA) is empowering children to take charge in their own lives and empowering them to advocate on behalf of themselves and others. The project is founded on the ten priorities of the WHO Declaration 'Better Health, Better Lives'. The project has made some key achievements during 2012, which has resulted in children with learning disabilities influencing policy makers in three countries.

During 2012 child participation activities have taken place in all three target countries: Bulgaria, the Czech Republic and Serbia. Around 50 children and young people with learning disabilities were regularly involved in the groups and the work is receiving positive feedback from families and parents of the children. One of the parents of a child involved in the child participation activities in one country noted:

Objectives and activities (continued)

5. Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.1 To empower children (particularly those who are disadvantaged), families and local civil society to take a greater role in the process of deinstitutionalisation (continued)

Empowering children (continued)

Second level of participation (continued)

"These child participation activities are changing our mindset too. At first I was shocked when I was asked what my child can do. It had never occurred to me that I did not consider what he could do, I only thought about the things he couldn't do."

Activities in each of the countries varied according to the wishes of the young people, but all focused on influencing decision makers and on changing attitudes of politicians, parents, professionals and the public to children with learning disabilities.

Empowering families

Lumos's holistic approach to deinstitutionalisation includes empowering families to take a greater role in the process. Many parents have been forced to give up their children due to unfortunate circumstances. Some may be able to look after their children again with appropriate support, others may not. Regardless, they are an essential part in the transformation of the system of care for vulnerable children.

Family assessments in Bulgaria. Consultants hired by Lumos assessed 1,386 families of children with disabilities in institutions, using Lumos's methodology and tools, adapted to the local situation. This information will form part of the basis of planning services required to replace the institutions. The results clearly demonstrated the importance of including the families in the DI process.

The research found that 53% of families wanted to rebuild their relationship with the children. Only 33% did not wish to maintain contact. This came as a surprise to the authorities, prior to the assessment they had believed that most families would not be found or would not be interested in the situation of their children.

Objectives and activities (continued)

5. Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.1 To empower children (particularly those who are disadvantaged), families and local civil society to take a greater role in the process of deinstitutionalisation (continued)

Empowering families (continued)

Case study – ‘abandoning’ a child with Down’s syndrome. Following the birth, the mother was informed that the child had a very severe disability, may not live long, would not be able to speak, and would have a significant developmental delay. Everyone at the Obstetrics & Gynaecology clinic – doctors, nurses, orderlies – told her that she should abandon the child, as he would not live long and she would not be able to take care of him, while she and her husband were young and could have other children. When the mother was visited as part of the family assessment and was told that in fact her child was alive, in an institution, she said: “Had somebody, anybody, of all those doctors and nurses and the rest at the clinic told me that I would be able to take care of him myself, I would never have given him up!”

Civil society

Lumos’s activities include work with and support of a number of non-State actors. Through this work we encourage the sharing of good practice and ensure that our efforts are maximised rather than duplicated. Examples include the following:

CHANGE – People with learning disabilities working for equal rights. Lumos provided a grant to the human rights organisation CHANGE to enhance the inclusion of people with disabilities in our work. CHANGE is led by disabled people and employs people with learning disabilities, who work alongside people without learning disabilities. Joint activities included CHANGE training key stakeholders on the social model of disability and person-centred planning during study visits. For most people this was the first time that they had been trained by someone with a learning disability and the feedback has been positive. They have also trained Lumos on developing easy read and accessible materials and been involved in developing the easy read publication of the Spidla report and the two DI books for children. In addition, CHANGE representatives have played a pivotal role in ensuring that the TWIA meetings and materials are accessible and acting as role models for young self-advocates.

Partnership with Rinat Akhmetov Development of Ukraine Foundation. Lumos entered a fixed term partnership with the Ukrainian NGO ‘Rinat Akhmetov Development of Ukraine Foundation’ to support the planning and implementation of a DI strategy in Dnepropetrovsk region in partnership with regional and local authorities. Joint activities will include a Strategic Review of 10 institutions, development of an action plan, and social work and DI training programmes for local decision makers and practitioners.

Objectives and activities (continued)

5. Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.2. To increase awareness among, and involvement of, the general public and key target groups regarding deinstitutionalisation in the European region

The primary aim of Lumos's advocacy is to increase the importance and awareness of deinstitutionalisation amongst decision makers on all levels, key target groups and the general public. Notwithstanding the global financial crisis, Lumos believes that a 'tipping point' on DI has been reached in Europe.

Advocacy - key target groups

Lumos advocates through awareness raising, training, and sharing expertise and proven solutions. We also work to make sure that all countries fulfil their international commitments to uphold the rights of children, demonstrated by the following examples:

Children with hydrocephalus in Bulgaria Lumos's awareness-raising in relation to children with untreated hydrocephalus culminated in a conference in 2011 where the government committed to meet the medical costs of treating this condition. During 2012 Lumos has continued to work on this issue to ensure that the government fulfil their commitment. The government's Children's Treatment Fund has been used to fund shunts for life saving medical treatment of more than 80 children.

Amendment to the law on child protection in the Czech Republic In the Czech Republic Lumos was part of the successful advocacy for the approval of the amendment to the law on child protection, which is a significant step towards the transformation of the system of care of disadvantaged children.

Awareness raising - General public

During 2012 Lumos developed a new communications strategy with key messages describing Lumos's work. Included in the strategy was awareness raising through social and other media to involve the general public, which has had some early success:

- ♦ **Lumos website and social media** Towards the end of 2012 Lumos launched our new website, to work in conjunction with social media tools for campaigning and awareness raising. Lumos has had a steady increase of followers, 'likes' and views.
- ♦ **Youtube Channel** Two short films were developed and disseminated on our website and Youtube. The first film 'This is Lumos' is an animation describing Lumos's work, on 20 November it had had 569 views, on 22 November 2,423 views. At the time of writing, the films have had more than 19,000 views.

Objectives and activities (continued)

5. Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.2. To increase awareness among, and involvement of, the general public and key target groups regarding deinstitutionalisation in the European region (continued)

Awareness raising - General public (continued)

- ♦ **TED Ideas worth spreading** Lumos CEO Georgette Mulheir held a talk describing the tragedy of orphanages and urged us to end reliance on them, by finding alternate ways of supporting children in need. The talk has received numerous comments on the TED website and on Youtube and Lumos has been contacted by several people as a direct response to the talk. To date more than 265,000 people have viewed the TED talk. It has resulted in numerous contacts to the organisation and a significant increase in requests for Lumos's support in various parts of the world.
- ♦ **Conferences** Lumos personnel are invited to attend and speak at numerous conferences each year, both in our target and other countries. This is a good opportunity for awareness raising of the issues and of Lumos's work.
- ♦ **Campaigning** Lumos continued to develop its campaigning function during 2012 with the recruitment of an experienced campaigns officer and the launch of its first web-based campaign. The campaign is a call to action with a petition calling on EU decision makers to ensure that structural funds are used in line with deinstitutionalisation principles featuring on the new web site from launch date. This campaign is tied in with the launch of the European Guidelines and Toolkit.

5.1.3. To strengthen existing country programmes and develop new programmes, ensuring they are effective at all seven levels of influence, according to Lumos's approach to deinstitutionalisation

During 2012 Lumos achieved several key milestones, significantly strengthened existing country programmes, as well as launching a new programme in Ukraine. The following section provides summaries for each project.

Moldova

Lumos's projects in Moldova have made significant progress and had some major successes during the year, despite continuous political change and worsening impact of financial crisis. Table 2 demonstrates how in the Floresti region there has been an increase in need since the start of the DI project, but the number of children in institutions has still been reduced.

Objectives and activities (continued)

5 Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.3. To strengthen existing country programmes and develop new programmes, ensuring they are effective at all seven levels of influence, according to Lumos's approach to deinstitutionalisation (continued)

Moldova (continued)

Table no. 2 Children at risk in Floresti region

These circumstances do increase the risk of numbers of children being placed in institutions increasing. To ensure that the children do not re-enter institutions Lumos continues to work with each child reintegrated into their biological or extended family as well as with each case of where a child had been prevented from entering an institution. This demonstrates an opposite trend to other European countries, such as Greece, where the impact of the global financial crisis and cuts in community services are resulting in an increase of admissions to residential care.¹⁰

Moldova Deinstitutionalisation programme

The deinstitutionalisation programme in Moldova achieved a number of important milestones in 2012:

- ◆ Two institutions closed and two new small group homes being opened
- ◆ Other services were also developed further such as foster care and the Centre for Child and Family Welfare, with corresponding regulatory frameworks

¹⁰ See for example Quinn, G. 'Impact of cutbacks on the disabled' The Irish Times 4/06/2013 and Lumos's website at <http://wearelumos.org/stories/economic-crisis-bites-children-pay-price>

Objectives and activities (continued)

5. Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.3. To strengthen existing country programmes and develop new programmes, ensuring they are effective at all seven levels of influence, according to Lumos's approach to deinstitutionalisation (continued)

Moldova (continued)

Moldova Deinstitutionalisation programme (continued)

- ◆ The team made a significant contribution towards prevention of institutionalisation
There was an 82% reduction in the number of children in Lumos's target institutions
- ◆ 50 children were reintegrated back into the community, either to their family or to foster care, and the team continue to work with them and with the services created to support them
- ◆ All children are part of comprehensive preparation programmes and follow-up work which has ensured a level of placement breakdown of less than 1%

Mechanism for the Accreditation, Licensing and Monitoring (MALM)

As a result of Lumos's close cooperation with the government of Moldova the law on accreditation of service providers was approved and published in 2012. The law is a key component in the development and implementation of a legal and policy framework for the development of the inspection system for social services. The team is also working on the development of a regulatory framework. The first draft regulations for the accreditation of social services providers was developed in 2012. A Government decision was also passed to establish a National Council of Accreditation of providers of social services.

Here is an example of a diagram which Lumos use to assess progress. Each diagram identifies key milestones and actions that must be achieved in order to ensure progress, which can be compared to the previous year's diagrams. Areas of significant achievement during 2012 are highlighted ¹¹

NB The colours red, amber and green are used as follows

- ◆ - red identifies an area where action has yet to begin or where little progress has been made
- ◆ - amber identifies an area where progress has been made but considerable work is still required
- ◆ - green identifies an area where excellent progress has been made and little additional work is required for progress to continue

¹¹ Diagrams of Lumos's projects can be found on the website www.wearelumos.org

Trustees' report Year ended 31 December 2012

Objectives and activities (continued)

5. Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.3. To strengthen existing country programmes and develop new programmes, ensuring they are effective at all seven levels of influence, according to Lumos's approach to deinstitutionalisation (continued)

Moldova (continued)

Mechanism for the Accreditation, Licensing and Monitoring (MALM) (continued)

[Insert – diagram]

Objectives and activities (continued)

5. Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.3. To strengthen existing country programmes and develop new programmes, ensuring they are effective at all seven levels of influence, according to Lumos's approach to deinstitutionalisation (continued)

Moldova (continued)

Infant Mortality reduction programme

Lumos's work on reducing infant mortality continues

- ◆ This includes the provision of specialists in pilot regions to work closely with social workers and medical personnel in the community
- ◆ Work continued on the development of the regulatory framework¹² and of human resources
- ◆ Significantly the mechanism of inter-sectorial cooperation to prevent infant mortality was hailed as an example to be followed at a workshop organised by the Ministry of Health and the WHO office in Moldova, it was also recommended that existing practices are extended in order to prevent maternal mortality rate
- ◆ There has been a 4% reduction in infant mortality of those dying at home or within the first 24 hours of admission to hospital, since Lumos started the project. However data is needed over a number of years to determine whether this is a downward trend

Inclusive Education

The development of inclusive education is an essential part of the reform of the residential child-care system and is an excellent example of Lumos's influence and work with key stakeholders on all seven levels in Moldova. Activities during 2012 contributed to improved life chances for children with special educational needs

- ◆ Lumos worked with the Ministry of Education to redirect the money from institutions towards funding inclusive education services
- ◆ As a result 40% of schools in the country have thus far received funding for support teachers and the development of resource centres for inclusive education. Prior to this, no government funding was available for inclusive education

¹² Standards outpatient medical supervision of children optimized with the inclusion of the category of children under 5 years of at-risk families "Booklet developing child, optimized variant what's this about?"

Objectives and activities (continued)

5. Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.3. To strengthen existing country programmes and develop new programmes, ensuring they are effective at all seven levels of influence, according to Lumos's approach to deinstitutionalisation (continued)

Moldova (continued)

Inclusive Education (continued)

- ◆ Six inclusive education resource centres were opened in partnership with Lumos
- ◆ The mandatory module on inclusive education, proposed and developed by Lumos, for teacher training was implemented in 2012. From now on, all future teachers of all disciplines will receive a module in SEN and inclusive education as part of their training for a teaching qualification
- ◆ In total, 449 children with SEN were supported by Lumos during 2012

Czech Republic Deinstitutionalisation Programme

Lumos provides advice and support for the entire deinstitutionalisation process in the Czech Republic, working closely with the Ministry of Labour and Social Affairs (MOLSA), as well as relevant departments within the Ministry of Education. Lumos received numerous requests for our expertise from other stakeholders

- ◆ Key achievements in the Czech Republic during 2012 include the family assessment framework developed by Lumos, which was adopted by the government
- ◆ Lumos also played a key lobbying role regarding the new law on child protection which was finally passed after a long negotiation process, including two vetoes by the Czech President

Bulgaria Deinstitutionalisation Programme

During 2012 Lumos strengthened its cooperation with both national and regional partners

- ◆ The family assessments were completed and the second detailed assessment of children began under the EC funded programme to transform institutions with disabilities. Lumos provided the tools for this assessment and trained hundreds of local social workers to carry out the assessment
- ◆ The work on intensive interaction continued with impressive results in terms of reduced child mortality and significant improvements in health and development

Objectives and activities (continued)

5. Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.3. To strengthen existing country programmes and develop new programmes, ensuring they are effective at all seven levels of influence, according to Lumos's approach to deinstitutionalisation (continued)

Bulgaria Deinstitutionalisation Programme (continued)

- ◆ The programme has become more sustainable. Lumos is also supporting the development of new services, for example the small group homes, to ensure that they meet the children's needs.

Ukraine Deinstitutionalisation Programme

Lumos's new country programme in Ukraine made significant progress during 2012

- ◆ Key NGOs and state partners in three regions of Eastern Ukraine having been identified
- ◆ Two study visits were arranged, one focusing on babies and children with HIV and one on social care services for children and families in general, with the outcome that two Strategic Reviews using Lumos method and tools will be carried out, as a basis for planning complete DI
- ◆ In addition, Lumos met with the Deputy Minister of Social Policy to discuss Lumos plans in Ukraine, who asked if Lumos could assist in drafting their national action plan for DI

5.1.4. To exert greater influence on the flow of EC funds, to ensure the long-term sustainability of reform programmes in countries where Lumos operates

Lumos continued to expand on its EU advocacy work during 2012. The main aim is to ensure that funding is directed towards deinstitutionalisation programmes and is not used to renovate or build new institutions.

- ◆ **EC Structural Funds.** In 2012 the EC published its draft Regulations for the next EU funding period (2014 – 2020). Lumos's advocacy work focused on ensuring that specific articles relevant to DI are included in the draft regulations.
- ◆ **European Expert Group.** Lumos continued to provide the secretariat to the European Expert group on deinstitutionalisation, which brings together umbrella organisations representing thousands across Europe. As a result of Lumos's work, deinstitutionalisation was included in the European Union's Disability Strategy and Anti-Poverty strategy.

Objectives and activities (continued)

5. Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.5. To influence and improve the coordination of major donors and international organisations to ensure consistency in approach to reforming systems of care for vulnerable children and their families

The Common European Guidelines on Deinstitutionalisation and the Toolkit on the Use of European Union Funds for the Transition from Institutional to Community Based Care

- ◆ These publications are the product of a year-long drafting consultation process, project managed and funded by Lumos. They were launched in Brussels in 2012, with high level engagement of the European Commission
- ◆ Lumos has set up a web site to host these two publications where it will be available in eleven languages¹³
- ◆ The Guidelines provide detailed advice on developing DI programmes for children, persons with disabilities, persons with mental health problems and older persons in Europe
- ◆ The Toolkit is aimed at those responsible for EC funding (at Brussels level and in member-State governments), it provides detailed advice on how DI programmes can best be developed within EC regulations

The Guidelines and Toolkit were warmly welcomed by the EC at the highest level. The foreword was written by the two EC Commissioners responsible for the Structural Funds, László Andor, European Commissioner for Employment, Social Affairs and Inclusion and Johannes Hahn, European Commissioner for Regional Policy and Urban Policy, who said *"We congratulate the authors on this very welcome publication which will serve as an extremely useful input as regards the use of structural funds for de-institutionalisation both in the current and also in the new 2014-20 programming period"*

5.1.6 To increase the dissemination of good practices in deinstitutionalisation across Europe, continuing to improve the quality of the process and improved outcomes for children

Lumos significantly expanded the provision of training and technical assistance during 2012 to improve the quality of deinstitutionalisation programmes and to disseminate good practices. The Remote Expert Support Service (RESS) provided regular advice to country teams on professional and practical aspects of the deinstitutionalisation process. Some examples follow

¹³ The Common European Guidelines and Toolkit at <http://deinstitutionalisationguide.eu/>

Objectives and activities (continued)

5. Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.6. To increase the dissemination of good practices in deinstitutionalisation across Europe, continuing to improve the quality of the process and improved outcomes for children (continued)

International Exchange of Experience

Study visits During 2012 14 study visits were organised to the UK from Lumos's target countries, with a total of 136 participants. Lumos's study visits provide an opportunity for key stakeholders in the DI process to see how the community based services work in practise

"It was very useful to see all services in practice because Bulgaria will be establishing similar practices in the near future" Study visit participant from Bulgaria

The study visits aim to share and spread good practise, and the impact is assessed both in terms of direct impact and indirect. For example, in Ukraine prior to a study visit to the UK, children with disabilities were not specifically included in the regional DI plan. Following the study visit local stakeholders decided to include all children in the process of reform.

The feedbacks from the study visits have been positive, with most participants rating their experience 'Very good' or 'Excellent', examples from two study visits are below in table 3

Table no 3 Feedback from participants from a Bulgarian study visit¹⁴

¹⁴ 14 Participants surveyed

Objectives and activities (continued)

5. Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.6 To increase the dissemination of good practices in deinstitutionalisation across Europe, continuing to improve the quality of the process and improved outcomes for children (continued)

Training of Professionals

Training Programme on Intensive Interaction. Some children in institutions with severe disabilities, including those who are cot-bound are often difficult to feed and as a result they are undernourished and at times suffer from malnutrition¹⁵

- ◆ In Bulgaria, Lumos with the support of an international expert has trained and supervised local consultants and also some institution personnel on Intensive Interaction
- ◆ The feeding in particular has improved which has led to improvement in the health and general physical condition of the children. In one institution seven children were severely malnourished and on the threshold of death when Lumos intervened as a matter of emergency

National level training in physiotherapy and occupational therapy Lumos organised a training programme for physiotherapists, rehabilitators and Occupational Therapists working in the institutions for children with disabilities and for babies. The training was organised following a request as the personnel in the institutions needed support to work with the children on the right positioning and vertical posture of the children.

Training of judges in the Czech Republic In relation to the amendment of the law on child protection, Lumos organised a training programme for judges regarding alternative care, short-term foster care and case conferences.

Training programmes in Moldova. The projects in Moldova have a strong focus on strengthening human resources capacity. During 2012 the teams organised 262 training programmes, seminars, workshops and conferences. A total of 6,078 participants ranged from officers and employees of relevant departments, other NGOs, specialists, teachers, mayors, health and social service professionals, and parents.

Project	Number of events	Participants
Deinstitutionalisation	55	1,414
Infant mortality	32	840
MALM	12	25
Inclusive education	163	3,799
Total	262	6,078

¹⁵ Mulheir, G. and Browne, K. (2007) *Op at*

Objectives and activities (continued)

5. Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1 6 To increase the dissemination of good practices in deinstitutionalisation across Europe, continuing to improve the quality of the process and improved outcomes for children (continued)

Training of Professionals (continued)

Partnership to develop DI Manager Training In partnership with a number of organisations in the Czech Republic and Hungary, and with funding from the Lifelong Learning Programme (Leonardo), Lumos is working on the development of training for those who manage the deinstitutionalisation programme

Lumos first two small group homes were opened in Moldova in 2012

- ◆ The RESS team supported the local Lumos team with the development and implementation of preparation programmes for the 20 children moving to small group homes, the development of care plans and brief profiles
- ◆ Initial and follow-up training was organised for the personnel on child protection, understanding children's behaviour and responding to difficult behaviour
- ◆ RESS also supported the development of standards and regulations for the small group homes and of policies and procedures

Development of tools and good practice

Core Assessment Tools framework

- ◆ Following training by experts organised by the RESS team, the team in the Czech Republic developed a Core Assessment Tools framework with accompanying manual and questionnaire
- ◆ The assessment tools are now going to be used by most of the 2,000 child protection departments in the country

The second detailed evaluation under the Childhood for All project

- ◆ During 2012, 30 consultants were appointed in Bulgaria to finalise the second assessments of the children, develop placement plans and facilitate case conferences. Lumos RESS team developed the Comprehensive Assessment Tool to assess the needs of the children and information underpinning the work of the consultants. By the end of the year a total of 405 assessments and case conferences were completed

Objectives and activities (continued)

5. Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.6. To increase the dissemination of good practices in deinstitutionalisation across Europe, continuing to improve the quality of the process and improved outcomes for children (continued)

Expert advice

Emergency assessment in Czech Republic Lumos undertook a comprehensive assessment of the situation of 42 children with foreign citizenship. The children were placed in a children's home for foreign nationals, which has been fast tracked for closure due to poor conditions. The assessment was carried in cooperation with the Ministry of Labour and Social Affairs (MOLSA) as a matter of emergency.

Emergency intervention in Bulgaria Following the urgent recommendations from Lumos in relation to the children who were at risk of dying, the personnel at one institution for children with disabilities have started working on improvements of the care – in relation to feeding, hygiene and general quality of life.

Research and Publications

Lumos research and publications function continued to develop during 2012 with a number of research pieces published.

- ♦ **Easy read Spidla Report** The easy read version of the Spidla report was finalised by Lumos together with CHANGE and printed in 2012.
- ♦ **Strategic Review in Bulgaria** Lumos is managing a strategic review in two regions, Varna and Dobrich. The data collection, analysis and drafting of the report will ensure that the plans for deinstitutionalisation will be evidence based and cover the relevant areas and involve all relevant stakeholders.
- ♦ **Deinstitutionalisation of people in the UK** Lumos and CHANGE developed a project on documenting the process of DI in the UK. CHANGE conducted interviews with people who previously lived in institutions or long stay hospitals and in parallel Lumos focused on research into overall system change. The initial outputs of this research have been materials for training. A publication will be developed in 2013.
- ♦ **'Deinstitutionalisation – A Human Rights Priority for Children with Disabilities'** Lumos CEO authored an article on the rights of children with disabilities, which was published in the peer review journal *The Equal Rights Review*.

Objectives and activities (continued)

5 Primary objectives for 2012 (continued)

5.1 Key activities and outcomes in 2012 in relation to each priority (continued)

5.1.6. To increase the dissemination of good practices in deinstitutionalisation across Europe, continuing to improve the quality of the process and improved outcomes for children (continued)

Research and Publications (continued)

- ♦ **The Common European Guidelines on Deinstitutionalisation and the Toolkit on the Use of European Union Funds for the Transition from Institutional to Community Based Care** Following a comprehensive consultation process, the Common European Guidelines and Toolkit were published by Lumos at the end of 2012. A website has been set up to host the publications, which will be available in English and ten other languages.
- ♦ **Website launch and animation** Lumos developed and launched a new website in 2012, with new content reflecting the work and views of Lumos <http://wearelumos.org/>. The website outlines the problem, backed up with Lumos's own research, and details how we are working towards a solution. An innovative animation was created to demonstrate this work visually.

Plans for future periods

In 2013, Lumos reaches the mid-point of its five-year strategy. A mid-term review will be undertaken as a basis for planning for the next five years. Key areas of work for development in 2013 and beyond are likely to include:

- ♦ **Expanding Lumos's work beyond the European region** During 2012, a 'tipping point' was reached in the European region, where most countries in Central and Eastern Europe now demonstrate the political will to develop and implement plans for deinstitutionalisation. In addition, the EC funding is being redirected towards deinstitutionalisation. As such there is now an opportunity for Lumos to reach out beyond the European region.
- ♦ **Expanding the provision of training and technical assistance** In this way, Lumos can achieve impact at greater scale, without having to expand the organisation significantly. Lumos has been building up its team providing professional and technical assistance, as well as developing a range of training programmes and professional materials related to DI.
- ♦ **Using the example of Lumos's successful influencing of EC funding to target other major donors internationally** The aim is to ensure that all major funders focus their efforts on deinstitutionalisation and allocate sufficient funds to this priority. In 2013, work will begin to negotiate with the US government and other major funders, such as the World Bank.

Trustees' report Year ended 31 December 2012

Plans for future periods (continued)

- ◆ Increased campaigning, in particular to influence donors who are aiming to support the development of 'orphanages' (institutions), to persuade them to divert funds towards family and community based services
- ◆ The development of the Communications function, including the recruitment of a Head of Communications. This role will assist in awareness raising, dissemination of best practices in DI and fundraising
- ◆ Within the organisation, a review of the Human Resources function, to ensure that structures and policies within Lumos are fit for purpose to support the supervision and development of an expanding team of professionals

Fundraising

In 2011, Lumos identified the need to develop and implement a strategy that would ensure financial sustainability for the organisation for the long-term. In 2012, key activities were implemented in this regard

- ◆ An independent expert undertook a rapid review of Lumos's fundraising plans and assisted the CEO and Board in the development of a 5-year strategy for fundraising. The plan focuses on three key areas of fundraising: grants from trusts, foundations and statutory bodies, a High Net Worth (HNW) individual strategy, a strategy for digital fundraising. This was approved by the Board of Trustees
- ◆ An experienced Head of Fundraising was recruited and began implementation of the fundraising strategy. A temporary consultant to begin implementation of grants applications was engaged
- ◆ A number of fundraising activities began in 2012, which are expected to begin to generate income in 2013

JK Rowling has agreed that the money Lumos holds in reserves, primarily royalties from the sales of the *Tales of Beedle the Bard*, will be used to fund Lumos's core costs of administration and fundraising. In this way, 100% of money donated to Lumos, or raised through fundraising activities, will go directly to Lumos's programmes

Investment performance

Due to the success of sales of *The Tales of Beedle the Bard*, Lumos has a significant reserve (£9.97m including cash of £2m held for investment at the end of 2012 (2011 - £9.43m)). Lumos must draw on this reserve to fund activities whilst the fundraising strategy builds up other sources of income. Nevertheless, it was expedient to invest a significant proportion of Lumos' reserve with a view to increasing income. Lumos' reserve has been invested since January 2011.

Trustees' report Year ended 31 December 2012

Financial Review

A summary of the year's results can be found on page 36 of the attached accounts

Lumos' incoming resources totalled £3,759,294 (2011 – £794,922) Funds from individual giving amounted to £3,166,196 (2011 – £20,806), including Gift Aid Royalties income amounted to £269,349 (2011 – £491,575) In addition, Lumos received grants totalling £63,142 (2011 – £58,826), and investment income of £253,853 (2011 – £223,715) Foreign exchange gains amounted to £6,754 (2011 – loss of £11,586)

Total outgoing resources increased from the previous year to £3,097,829 (2011 – £2,427,383) Resources expended on charitable activities amounted to £2,741,151 (2011 – £2,189,334), 88.5% (2011 – 90.2%) of total resources expended

Costs of generating voluntary income, communication and donor communication costs amounted to £341,413 (2011 – £195,070)

Net incoming resources for the year were £661,465 (2011 – outgoing resources of £1,632,461) Unrestricted reserves carried forward amount to £11,901,488 (2011 – 10,544,459) and restricted reserves carried forward amount to £5,987 (2011 – 38,718) These reserve balances may seem large in comparison with annual outgoing resources However, a high level of royalty income was generated on the initial publication of the book and this income is expected to tail off significantly over the remaining period of ownership Planned activity for the next five years requires at least £18 million and therefore existing funds are already allocated to planned programmes Budgeted expenditure for the next 12 months amounts to £3.6 million

Risk Policy

The trustees have considered the major risks to which the charity is exposed and the opportunities available to the charity The risks identified and subject to mitigation fall into four areas

- ◆ Strategic,
- ◆ Governance and compliance,
- ◆ Operational, and
- ◆ Financial

Examples of the risks and the strategies adopted to mitigate them are set out under objectives and activities above

Investment policy

During the year, the charity invested surplus cash in a portfolio of listed investments, which had a market value of £7,545,536 at 31 December 2012, and which are held with Investec Bank Plc

Trustees' report Year ended 31 December 2012

Financial Review (continued)

Investment policy (continued)

The investment strategy is set by the trustees and takes into account income requirements, the risk profile and, in respect to listed investments, the investment managers' views of the market prospects in the medium term. The overall policy with regard to listed investments is to maximise total return through a diversified portfolio, aiming to provide the level of income advised by the trustees and, at the same time, with a view to ensuring that the real capital value of the fund exceeds inflation over any five year period. The investment policy requires the investment manager to take account of the ethical, social and environmental concerns of the trustees as expressed in the policy.

The trustees, or representatives of the trustees, meet with the investment managers regularly to review the performance of the portfolio and the investment strategy.

The trustees are satisfied that the charity's investment objectives are being met.

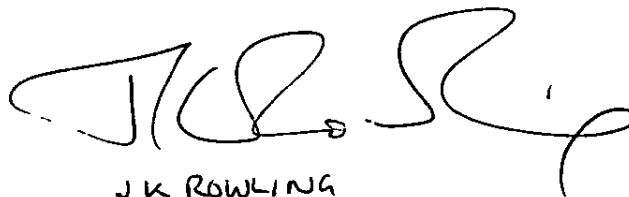
Investment powers and restrictions

Under its Memorandum and Articles of Association, Lumos has the power to invest in ways that the trustees see fit. The trustees, having regard to liquidity requirements have previously operated a policy of keeping available funds in an interest bearing deposit account. As set out above, the trustees have appointed investment managers to manage Lumos' surplus funds.

Trustee indemnity provisions

Lumos has made qualifying third party indemnity provisions for the benefit of its trustees or other officers that remain in force at the date of this report.

Signed for and on behalf of the trustees of Lumos Foundation



J K ROWLING
Chairman of the Board of Trustees

Trustee



N L M BLAIR

Approved on 21 JUNE 2013

Independent auditor's report Year ended 31 December 2012

Independent auditor's report to the members of Lumos Foundation

We have audited the financial statements of Lumos Foundation for the year ended 31 December 2012, which comprise the statement of financial activities, the balance sheet, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

The trustees are also the directors of the charitable company for the purposes of company law. As explained more fully in the statement of trustees' responsibilities set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 (APB'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 charitable company'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 trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material 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 charitable company's affairs as at 31 December 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,

Independent auditor's report Year ended 31 December 2012

Opinion on financial statements (continued)

- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

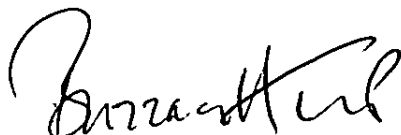
In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

The Companies Act 2006 requires us to report to you if, in our opinion

- ◆ adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- ◆ the financial statements are not in agreement with the accounting records and returns, or
- ◆ certain disclosures of trustees' remuneration specified by law are not made, or
- ◆ we have not received all the information and explanations we require for our audit

We have nothing to report in respect of these matters



Edward Finch, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

28/8/13

Statement of financial activities Year ended 31 December 2012

	Notes	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
Income and expenditure					
Incoming resources					
Incoming resources from generated funds					
Royalty income from published books	1	260,907	—	260,907	491,575
Other royalty income		8,442	—	8,442	—
Donations and gift aid	2	3,166,196	—	3,166,196	20,806
Investment income and interest receivable	3	253,853	—	253,853	223,715
Incoming resources from charitable activities					
Grant income	15	—	63,142	63,142	58,826
Foreign exchange gains		6,754	—	6,754	—
Total incoming resources		3,696,152	63,142	3,759,294	794,922
Resources expended					
Cost of generating funds	4				
Costs of generating voluntary income and communication and donor communication costs		301,429	—	301,429	152,594
Investment management costs		39,984	—	39,984	42,476
Charitable activities	5	2,645,278	95,873	2,741,151	2,189,334
Governance costs	8	15,265	—	15,265	31,393
Foreign exchange losses		—	—	—	11,586
Total resources expended		3,001,956	95,873	3,097,829	2,427,383
Net incoming (outgoing) resources before revaluations of investment assets		694,196	(32,731)	661,465	(1,632,461)
Other recognised gains and losses					
Gains (losses) on investments	12	662,833	—	662,833	(500,643)
Net movement in funds		1,357,029	(32,731)	1,324,298	(2,133,104)
Total funds brought forward	15	10,544,459	38,718	10,583,177	12,716,281
Total funds carried forward	16	11,901,488	5,987	11,907,475	10,583,177

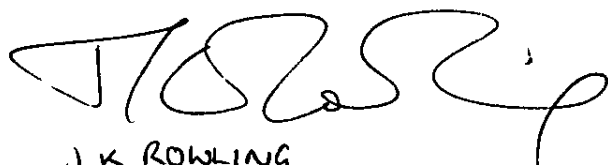
All of the charity's activities derived from continuing operations during the two financial periods

The charity has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented

Balance sheet 31 December 2012

	Notes	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	11		399,184		114,164
Investments	12		7,969,660		9,433,432
			<u>8,368,844</u>		<u>9,547,596</u>
Current assets					
Debtors	13	820,841		344,265	
Cash at bank and in hand		<u>2,833,854</u>		<u>765,034</u>	
		<u>3,654,695</u>		<u>1,109,299</u>	
Creditors amounts falling due within one year	14	(116,064)		(73,718)	
Net current assets			<u>3,538,631</u>		<u>1,035,581</u>
Total assets less current liabilities			<u>11,907,475</u>		<u>10,583,177</u>
Funds					
Unrestricted funds	16		11,901,488		10,544,459
Restricted funds	15		<u>5,987</u>		<u>38,718</u>
Total funds			<u>11,907,475</u>		<u>10,583,177</u>

Approved by the Board of Trustees on
and signed on their behalf by



J K ROWLING
Chairman of the Board of Trustees

Trustee

Date 21 JUNE 2013



NLM BLAIR

Lumos Foundation
Registered Company Number 05611912 (England and Wales)

Principal accounting policies 31 December 2012

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, in accordance with the Companies Act 2006 and with the applicable United Kingdom Accounting Standards. The financial statements also follow the recommendations set out in the Statement of Recommended Practice: Accounting and Reporting by Charities – “SORP 2005”.

Branches and overseas operations

The financial statements incorporate the results of all material activities overseas where the charitable company has operational responsibility. The results and net assets of the charitable company's branches in the Republic of Moldova, Bulgaria and the Czech Republic have been consolidated within the financial statements.

Company status

The charitable company is a company limited by guarantee and has no share capital. In the event of the charitable company being wound up, the liability in respect of the guarantees is limited to £1 per member of the charitable company. The members of the charitable company are the trustees set out on page 1.

Fund accounting

Unrestricted funds are funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charitable company and which have not been designated for other purposes.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by the donors. The aim and use of each restricted fund is set out in the notes to the financial statements.

Incoming resources

Incoming resources are included in the Statement of Financial Activities when the charitable company is legally entitled to the income, when it is virtually certain that the incoming resources will be received and when the monetary value of the incoming resources can be measured with sufficient reliability.

Royalty Income

Royalty income is recognised on an accruals basis in the period to which the earnings relate, provided that notification has taken place prior to the date of approval of the financial statements and the notification clearly states the amounts earned in specific accounting periods. Otherwise royalty income is recognised upon receipt. Royalty income is stated net of value added tax, overseas withholding taxes, returns provisions and bad debt provisions.

Principal accounting policies 31 December 2012

Incoming resources (continued)

Donations

Donations are credited to incoming resources when receivable. Gift aid in respect of donations is accounted for the year in which the related donation is recognised.

Investment income

Interest receivable from cash at bank and dividends receivable from the investment portfolio are included in the Statement of Financial Activities in the period in which the charitable company is entitled to receipt.

Grant income

Grants are recognised as incoming resources in the Statement of Financial Activities when receivable. Income is deferred only if the grant was subject to donor imposed conditions that specified a future time period when the expenditure of the resources should take place.

Where grants are received for specific purposes, they are credited to restricted funds. Costs up to the value of the grant relating to this restricted income are allocated against the income when the expenditure is incurred. Unspent balances are carried forward to subsequent years within the relevant fund.

Resources expended

Expenditure is accounted for on an accruals basis. The majority of costs are directly attributable to the specific activities of the charitable company. The residual support costs have been allocated between costs of generating funds and charitable activities on the basis of time spent by individuals in the relevant departments.

Costs of generating voluntary income

These include the direct costs associated with fundraising and publicising the work of the charitable company plus the salary and overhead costs of staff in the UK office who are engaged in fundraising promotional activities.

Cost of charitable activities

Resources expended on charitable activities comprise expenditure related to the furtherance of the charitable company's objects and include the direct costs relating to the overseas operations, branches and related projects. They also include an allocation of residual support costs that could not be directly attributed.

Grants payable

Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all related conditions. Grants approved but not paid at the end of the financial year are accrued for. Grants where the beneficiary has not been informed or has to meet certain conditions before the grant is released are not accrued for.

Principal accounting policies 31 December 2012

Resources expended (continued)

Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charitable company and include audit fees, costs linked to the strategic management of the charitable company and other compliance costs

Support costs

Support costs are those incurred in connection with the administration and operation of the charitable company. They do not relate directly to one of the activities described above, but are apportioned between activities based on estimated time spent by staff.

Pension costs

Contributions by the charity in respect of the group personal pension scheme are included in the statement of financial activities when they are payable.

Tangible fixed assets

The charitable company capitalises all assets with a cost in excess of £150 that are to be held for continuing use. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings	-	30 to 50 years
Office equipment	-	5 to 10 years
Fixtures and fitting	-	5 to 7 years
Computer equipment	-	3 to 5 years
Leasehold improvements	-	over the term of the lease
Motor Vehicles	-	7 years

It is the intention of the charitable company to donate the vehicles, equipment, land and buildings and assets under construction used in overseas operational programmes to the relevant local authorities when the various projects come to an end (note 11).

Investments

Investments are included on the balance sheet at their market value at the end of the financial period. Investments are continually revalued for accounting purposes and therefore all gains on investments recorded in the Statement of Financial Activities are unrealised.

Principal accounting policies 31 December 2012

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

Lease commitments

Rentals payable under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

Irrecoverable VAT

Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset.

Cash flow statement

The financial statements do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "cash flow statements".

Notes to the financial statements 31 December 2012

1 Royalty income from published books

	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
Royalty income net of returns	260,907	—	260,907	491,575

Royalty income by geographical market is as follows

	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
United Kingdom	69,275	—	69,275	44,461
Europe	25,255	—	25,255	66,761
Rest of World	166,377	—	166,377	380,353
	260,907	—	260,907	491,575

2 Donations and gift aid

	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
Donations	2,541,162	—	2,541,162	20,806
Gift aid	625,034	—	625,034	—
	3,166,196	—	3,166,196	20,806

Notes to the financial statements 31 December 2012

3 Investment income and interest receivable

	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
Income from listed investments				
UK fixed interest	20,828	—	20,828	25,591
Common investment funds	24,883	—	24,883	15,168
UK equities	92,228	—	92,228	70,370
UK unit trusts	16,741	—	16,741	4,340
Overseas equities	80,162	—	80,162	77,128
Overseas fixed interest	14,960	—	14,960	22,515
	<u>249,802</u>	<u>—</u>	<u>249,802</u>	<u>215,112</u>
Interest receivable				
Bank interest	1,892	—	1,892	—
Interest on cash held by investment managers	2,159	—	2,159	8,603
	<u>4,051</u>	<u>—</u>	<u>4,051</u>	<u>8,603</u>
Total	<u>253,853</u>	<u>—</u>	<u>253,853</u>	<u>223,715</u>

4 Cost of generating funds

	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
Cost of generating voluntary income and communication and donor communication costs				
Fundraising costs	122,949	—	122,949	78,376
Donor communication costs	143,727	—	143,727	43,999
Support costs (note 7)	34,753	—	34,753	30,219
	<u>301,429</u>	<u>—</u>	<u>301,429</u>	<u>152,594</u>
Investment management fees	39,984	—	39,984	42,476
Total	<u>341,413</u>	<u>—</u>	<u>341,413</u>	<u>195,070</u>

Notes to the financial statements 31 December 2012

5 Charitable activities

	Activities undertaken directly £	Grant funding of activities £	Support costs £	2012 Total funds £	2011 Total funds £
Moldova					
Deinstitutionalisation and services development	746,012	—	5,591	751,603	480,228
Quality assurance	38,632	—	5,591	44,223	26,983
Reducing infant mortality	31,753	—	5,591	37,344	91,013
Inclusive education	107,139	—	5,591	112,730	110,810
Czech Republic					
Deinstitutionalisation – National Level Assistance	158,099	—	11,182	169,281	137,858
Pardubice Pilot Deinstitutionalisation	41,843	—	11,182	53,025	86,896
Bulgaria					
Deinstitutionalisation – National Level Assistance	349,328	—	11,182	360,510	339,042
Deinstitutionalisation – Regional Level Assistance	100,458	—	11,182	111,640	87,818
Emergency feeding programme	—	—	—	—	72,242
Montenegro					
Deinstitutionalisation – National Level Assistance	48,702	—	7,454	56,156	51,122
Ukraine					
Deinstitutionalisation – National Level Assistance	83,229	—	21,742	104,971	73,148
Multi-country activities					
Advocacy and campaigning	225,154	83,147	43,484	351,785	265,198
Turning Words Into Action (TWIA) project	98,774	16,315	—	115,089	5,439
Remote expert support services	176,295	97,873	65,226	339,394	208,109
Research and publications	89,916	—	43,484	133,400	100,266
Community action	—	—	—	—	53,162
	2,295,334	197,335	248,482	2,741,151	2,189,334

6 Grants payable

	Grants to institutions 2012 Total £	Grants to institutions 2011 Total £
CHANGE Project	97,873	46,617
ENIL Project	83,147	—
TWIA Project	16,315	—
	197,335	—

The CHANGE project aims to improve and accelerate the quality of the deinstitutionalisation and reform process for children with learning disabilities across Europe and to empower children with learning disabilities to take part in changing their lives

The ENIL project aims to develop the Guidelines and the Toolkit for the use of structural funds in Europe. This is a large scale and high impact project in collaboration with the European Expert Group to provide documents to guide decision makers in EU, EC and national governments around the use of funds during transition from institutional to community and family based care. The documents are the result of collaboration across over 50 agencies and are available in 13 different languages to date. The funding covered the project coordinator, working meetings, proof reading, publication and translation.

The TWIA project, funded by the European Commission, aims to ensure that a World Health Organisation Declaration, signed by 53 European countries, for the social inclusion of children with intellectual disabilities across the European region, achieves real impact by demonstrating how it can be used to improve governments' and societies' approaches to caring for children with intellectual disabilities. The project supports young people to become self-advocates and gives them the opportunity to influence and advise on how to implement the declaration in their own countries. It also, for the first time, provides these young people with the opportunity to interact with policy makers and discuss issues around their disabilities as equal partners.

Notes to the financial statements 31 December 2012

7 Support Costs

	Fundraising and donor communication (note 3) £	Charitable activities (note 4) £	2012 Total funds £	2011 Total funds £
Management and administration staff costs	16,705	119,438	136,143	132,754
Rent and service charges	6,410	45,832	52,242	56,802
Office costs	2,178	15,573	17,751	15,426
Telephone and fax	512	3,658	4,170	7,784
Professional fees	596	4,261	4,857	7,345
Depreciation	4,849	34,669	39,518	28,133
HR Professional services	963	6,887	7,850	7,848
Bank charges	157	1,124	1,281	4,349
IT services	2,236	15,987	18,223	9,407
Management meetings	147	1,053	1,200	4,321
	34,753	248,482	283,235	274,169

The above costs have been apportioned between activities based on an estimate of time spent by staff on them. No allocation is made to governance costs as the amounts would be immaterial.

8 Governance costs

	2012 £	2011 £
Legal fees	780	20,378
Audit fees (note 9(a))	12,500	10,500
Other costs	1,985	515
	15,265	31,393

9 Net income for the year

(a) Net income for the year is stated after charging

	2012 £	2011 £
Auditor's remuneration		
Audit services – current year	12,500	10,500
Depreciation of owned fixed assets	39,518	28,103
Operating lease rentals		
Land and building	90,612	73,279

9 Net income for the year (continued)

(b) Employees

	2012 No	2011 No
Management and administrative staff	11	8
Fundraising and donor communication staff	5	1
Programmes staff	44	34
	60	43

Staff costs relating to the above persons are as follows

	2012 £	2011 £
Wages and salaries	1,110,354	857,692
Social security costs	145,397	119,995
Pension costs	12,194	—
	1,267,945	977,687

The number of employees who received remuneration in the following ranges were

	2012 No	2011 No
£60,001 - £70,000	1	—
£70,001 - £80,000	—	1
£80,001 - £90,000	1	—
	2	1

Pension costs totalling £3,826 (2011 - nil) were paid in respect to the above employees. None of the trustees, nor any persons connected with them received any remuneration from the charitable company during the year (2011 - nil). Expense incurred by the trustees and reimbursed by the charitable company amounted to £496 (2011 - £1,701). The expenses related mainly to travel and subsistence costs incurred by trustees and were paid to three trustees (2011 - two trustees). During 2012, no expenses were paid on behalf of trustees in respect of travel costs to overseas projects (2011 - £1,808 paid to one trustee).

10 Taxation

Lumos Foundation is a registered charity and, therefore, is not liable to income tax or corporation tax on income and gains derived from its charitable activities as they fall within the various exemptions available to registered charities.

Notes to the financial statements 31 December 2012

11 Tangible fixed assets

	Land and buildings £	Assets under construction £	Leasehold improve- ments £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2012	—	—	23,085	125,338	34,740	183,163
Additions	269,894	36,223	780	17,641	—	324,538
At 31 December 2012	269,894	36,223	23,865	142,979	34,740	507,701
Depreciation						
At 1 January 2012	—	—	10,530	48,543	9,926	68,999
Charge for the year	—	—	5,289	29,267	4,962	39,518
At 31 December 2012	—	—	15,819	77,810	14,888	108,517
Net book value						
At 31 December 2012	269,894	36,223	8,046	65,169	19,852	399,184
At 31 December 2011	—	—	12,555	76,795	24,814	114,164

Included within fixed assets above are certain vehicles and equipment with a net book value of £60,762 (2011 - £70,124) used in overseas programmes. The charitable company intends to donate these assets to the relevant local authorities when the related projects come to an end. The same is true of the land and buildings and assets under construction. The land and buildings were first ready for use in September 2012, and will be depreciated from their first full year of use.

Capital commitments

As at 31 December, the charity had the following capital commitments in respect of constructing specialised homes in Moldova:

	2012 £	2011 £
racted for but not provided for in the accounts	120,091	332,682

12 Investments

	2012 £	2011 £
Listed investments		
Market value at 1 January 2012	8,654,564	—
Additions at cost	8,421	14,834,300
Disposals proceeds	(1,780,282)	(5,725,124)
Net investment gains (losses)	662,833	(454,612)
Market value at 31 December 2012	7,545,536	8,654,564
Cash held by investment managers for reinvestment	424,124	778,868
	7,969,660	9,433,432

Notes to the financial statements 31 December 2012

12 Investments (continued)

Listed investments held at 31 December 2012, all of which were dealt in on a recognised stock exchange, comprised the following

	2012 £	2011 £
UK fixed interest	1,430,675	1,414,421
UK equity	4,066,076	4,283,919
Common investment funds	336,394	—
Overseas fixed interest	666,005	696,000
Overseas equity	1,046,386	2,260,224
	7,545,536	8,654,564
Cost of listed investments at 31 December 2012	7,331,264	9,109,176

13 Debtors

	2012 £	2011 £
Other debtors	58,583	117,250
Prepayments	14,647	13,562
Accrued advances and royalty income	107,773	197,977
Accrued GiftAid	625,034	—
Accrued investment income	14,804	15,476
	820,841	344,265

14 Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	79,149	41,947
Taxation and social security	8,770	5,654
Accruals	25,264	21,496
Other creditors	2,881	4,621
	116,064	73,718

15 Restricted funds

	At 1 January 2012 £	Incoming resources £	Outgoing resources £	At 31 December 2012 £
EC grant	38,718	56,927	(95,645)	—
Leonardo grant	—	6,215	(228)	5,987
	38,718	63,142	(95,873)	5,987

The funds are restricted as follows

◆ **European Commission grant**

This pioneering project aims to empower children with intellectual disabilities and their families to participate in the development of government policies and local services that affect them. It provides countries with opportunities to share experience and ideas on the development of services that prevent the institutionalisation of children with intellectual disabilities.

◆ **Leonardo grant**

The Leonardo grant is for specific collaboration between multi-national partners, the aim is to share learning across countries with a specific focus in mind. This project is a collaboration between Lumos, the Czech Republic based agency 3Pconsulting and Fogytékos Személyek Esélyegyenlőségéért Közalapítvány (Public Foundation for Equal Opportunities of People with Disabilities) from Hungary.

The objective of the Partnership is to develop a concept for further development and training of people who deal with or manage the deinstitutionalisation (DI) process in social services. The concept will set out how to demonstrate the knowledge and competences which managers and decision makers must have to be able successfully to manage and complete the DI process in their organisations. The concept will also describe other ways of effective vocational education and training of DI managers. Because the focus of the Leonardo grant is overseas cooperation, demonstration of this is linked to meetings with partners and travel (known as mobilities). Finance is strictly allocated to mobilities of partners.

Sufficient resources are held in an appropriate form to enable each fund to be applied in accordance with the restrictions.

Notes to the financial statements 31 December 2012

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
Tangible fixed assets	399,184	—	399,184	114,164
Investments	7,969,660	—	7,969,660	9,433,432
Current assets	3,648,708	5,987	3,654,695	1,109,299
Current liabilities	(116,064)	—	(116,064)	(73,718)
	11,901,488	5,987	11,907,475	10,583,177

Included within investments above are cumulative unrealised gains of £214,272

17 Financial commitments

At 31 December 2012 the charitable company has annual commitments under non-cancellable leases as follows

	Land and buildings	
	2012 £	2011 £
Within one year	—	—
Between two and five years	43,776	43,776
	43,776	43,776

18 Control

Control of the charitable company lies with the Board, who are the members of the charitable company