

Company No 05611912

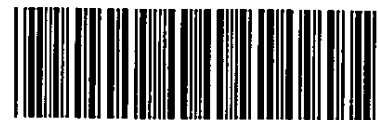
Charity No 1112575

Lumos Foundation
(formerly Children's High Level Group)

Report and Financial Statements
December 31, 2009

Davison and Shingleton
Chartered Accountants

MONDAY



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27/09/2010
COMPANIES HOUSE

LUMOS FOUNDATION

(formerly Children's High Level Group)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS**Current Trustees**

J K Rowling (Chair)
B J Ellis (Treasurer)
Dr K Behbehani
Sir R Singleton CBE

Secretary

S L Dunmore

Chief Executive Officer

Dr R Alderslade (to July 31, 2010)
S L Dunmore (from July 26, 2010)

Auditors

Davison and Shingleton
Boundary House
91-93 Charterhouse Street
London
EC1M 6HR

Bankers

HSBC Bank plc
8 Victoria Street
London
SW1H 0NJ

Solicitors

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

Principal and registered office

12-14 Berry Street
London
EC1V 0AU

Working name

Lumos

LUMOS FOUNDATION*(formerly Children's High Level Group)*TRUSTEES' REPORT

The trustees present their report and the audited financial statements for the year ended December 31, 2009. The reference and administrative details of the charitable company, its trustees and advisors set out on page 1 forms part of this report.

The charitable company has prepared its financial statements in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (revised 2005). The financial statements also comply with statutory requirements and the Foundation's Memorandum and Articles of Association.

Company registration and legal status

Lumos Foundation (working name "Lumos") was incorporated as a charitable company limited by guarantee with no share capital on November 3, 2005 and is based in London.

It is registered in England as company number 05611912 and is registered with the Charity Commission as charity number 1112575.

On February 23, 2010 the Children's High Level Group was renamed Lumos Foundation and a new logo and visual identity for the charitable company was launched.

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

Lumos is concerned with the promotion of high standards of child health, welfare and education policies and services in 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 section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission.

Post balance sheet events

In January 2010 the charity ceased to operate in Romania but made a grant of £2.1 million to the Romanian charity The Asociația Children's High Level Group to support its charitable work in the country.

LUMOS FOUNDATION

(formerly Children's High Level Group)

TRUSTEES' REPORT

(continued)

Objectives of Lumos

In 2009 Lumos achieved three major strategic goals in terms of its structure as an organisation, namely

- the significant expansion of Lumos' programmes,
- clarification of the strategic aims and mission of the organisation, and
- significantly improved efficiency in terms of outcomes achieved for resources invested in programmes

The Programmes team, together with the Board of Trustees, undertook work to develop the strategic framework through which to achieve the organisation's objects. On the basis of these discussions the following vision, mission, purpose and specific objectives were agreed

1 Vision, mission and purpose

Lumos' vision is a world in which all children have the opportunity to grow up in a safe, loving and stable family environment

Lumos' mission is to bring an end to the systematic institutionalisation of vulnerable and marginalised children

Lumos' purpose is to ensure that, by 2030, all children in Europe 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 Strategic objectives

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

- 1 To ensure better outcomes for children in public care by accelerating and improving the quality of the reform of education, health and social protection services for children across Europe,
- 2 To identify best practices in reform, creating opportunities to share practices across countries,
- 3 To support the development of improved and integrated social, health and education services in order to ensure that the most vulnerable and marginalised children can access the services they need, whilst remaining in families,
- 4 To empower children, families and communities to take a lead role in the development of services and structures that protect their rights and improve their health, development and safety,
- 5 To ensure the most efficient use of resources by connecting together and harmonising the reform actions of all those involved, and
- 6 To bring to an end the use of large institutions to care for children in Europe - developing a model approach for the continent

LUMOS FOUNDATION

(formerly Children's High Level Group)

TRUSTEES' REPORT

(continued)

Objectives of Lumos

(continued)

In order to measure how far these objectives are achieved over time, a series of **expected outcomes**, with specific targets were agreed, as follows

- Within 5 years, to assist at least 10,000 children to come out of institutions to more appropriate family and community based placements,
- A significant decrease in admissions to institutions in the countries where Lumos operates,
- Improved outcomes for children in care in all target countries, in terms of health, education, development and life chances,
- Within 5 years, to reduce infant mortality in Moldova, Bulgaria, Ukraine and other former Soviet Republics,
- A higher profile for institutionalised children on the political agenda of the European Union structures,
- A series of high quality publications on deinstitutionalisation, infant mortality reduction and development of specialised services, and
- A higher profile among the general public in Europe of the plight of institutionalised children

3 *Key activities in 2009*

During 2009, significant progress was made towards achieving Lumos' objectives. The following key activities were undertaken in this regard

3.1 *The expansion of Lumos' country programmes*

At the end of 2008, Lumos had nascent deinstitutionalisation programmes in Moldova and the Czech Republic. During 2009, these programmes developed significantly and additional country programmes were established

3.1.1 *Expanded Moldova programme*

Following comprehensive needs assessment and negotiations with six different ministries, Lumos identified three key projects which together will support the government in significant reform of the health, education and social protection system for vulnerable children and families

- **Deinstitutionalisation programme.** Together with the government, Lumos identified three pilot regions (Chisinau, Floresti and Ialoveni) in which to develop comprehensive deinstitutionalisation programmes. Building on the national strategy for the reform of residential care for children, Lumos assisted the local authorities to
 - carry out a comprehensive local needs assessment of vulnerable children in each region,
 - using Lumos' tools, to develop local action plans for the closure of institutions and the establishment of a range of community based services,
 - train local managers and senior personnel in the implementation of the local action plans, and
 - negotiate with the regional government authorities and national government in order to approve the local action plans for deinstitutionalisation

LUMOS FOUNDATION

(formerly Children's High Level Group)

TRUSTEES' REPORT

(continued)

Objectives of Lumos

(continued)

- **Infant mortality reduction project.** A joint project between Lumos, the Ministry of Health and the Ministry of Labour, Social Protection and Family, this aims to reduce infant mortality by addressing babies and infants at risk of dying at home. During 2009 the project
 - designed and carried out comprehensive research on the causes of infant mortality at home (one of the most significant reasons for a high infant mortality rate in Moldova),
 - reported to the government on the research findings, and
 - designed a mechanism for inter-agency cooperation between health workers (GPs and community nurses) and local social workers, which should result in early identification of children at risk, appropriate interventions and reduction in mortality in such cases
- **Project to develop a national Mechanism for the Accreditation, Licensing and Monitoring (MALM) of all social services.** In partnership with the Ministry of Labour, Social Protection and Family, Lumos
 - carried out research into appropriate monitoring and accreditation systems that would be effective and sustainable in Moldova,
 - provided international expertise on best practices in the development of such systems,
 - designed a mechanism, together with government authorities, and
 - drafted a law for the implementation of this mechanism

In order to facilitate this major expansion in the Moldova programme, Lumos

- Registered a branch office in Moldova, and
- Hired a skilled local director and team to lead the programme forward

3.1.2 Expanded Czech programme

During 2009, the programmes team worked on building relationships with the Czech government and raising awareness on the harm caused by institutions and the need for deinstitutionalisation. This resulted in significant progress, including

- **National Action Plan (NAP) on transforming residential services for children.** Lumos worked closely with the Ministry of Labour and Social Affairs (MOLSA) on the development of the NAP. Despite political upheaval due to a collapsed government, the NAP was approved by the interim government in the summer of 2009,
- **Social care homes deinstitutionalisation programme.** In close cooperation with the MOLSA, Lumos supported the development of a major EC-funded deinstitutionalisation programme. MOLSA had allocated 55 million Euro for refurbishing and 'improving' institutions for children and adults with disabilities. With Lumos' support, this money was redirected towards the systematic closure of 33 of the country's biggest social care homes,
- **Training and awareness raising.** Lumos organized monthly training programmes within the Czech Republic for county managers responsible for deinstitutionalisation programmes. In addition, a number of study visits to the UK were organised for key national and county government personnel,

LUMOS FOUNDATION

(formerly Children's High Level Group)

TRUSTEES' REPORT

(continued)

Objectives of Lumos

(continued)

- Identification of a pilot county for complete deinstitutionalisation Lumos recognised the need for piloting of complete deinstitutionalisation programmes (implementation of the NAP) and identified Pardubice as its pilot county By the end of 2009, the government adopted Pardubice as its pilot county for implementation of the NAP, and
- Supporting inter-ministerial cooperation in deinstitutionalisation The government established an inter-ministerial coordination body for the implementation of the NAP Lumos was invited to join this body to provide expert advice – the only non-governmental member of this committee

In order to facilitate this major expansion in the Czech Republic programme, Lumos

- Began the process of registering a branch office in the Czech Republic, and
- Hired a skilled local director and team to lead the programme forward

3 1 3 New Bulgarian programme

In expanding country programmes, Lumos identified Bulgaria as a priority country, for two reasons

- It has one of the highest rates of institutionalisation in the EU, and
- It appears to have been 'left behind', in that, during the pre-accession period, little external investment was made in Bulgaria's child protection system (in comparison with other EU candidate countries)

During 2009, Lumos' activities in building a programme included

- Needs assessment at the national level,
- Consultation with government, ministries and NGOs to identify Lumos' priorities, and
- Significant advice work for the European Commission's DG Regio and DG Empl officers in Brussels responsible for funding reform in Bulgaria (see point 3 2 3 below for details)

3 1 4 New Montenegrin programme

One of Lumos' aims is to accelerate reform of children's services across Europe by disseminating best practices in deinstitutionalisation as widely as possible (strategic objective 1) Lumos is aware that it is not feasible to run major programmes in every country in Europe As such, we plan to provide technical assistance to countries where other organisations (governments, NGOs, international organisations) are taking the lead role in the implementation of reform programmes, but require specific expertise, training and support

To this end, during 2009, Lumos established a number of support structures and these are outlined at sections 3 3 and 3 4 below

Montenegro is Lumos' first 'minor' programme, where Lumos is not the lead implementing agency, but rather provides targeted technical assistance and support, largely from a distance

LUMOS FOUNDATION

(formerly Children's High Level Group)

TRUSTEES' REPORT

(continued)

Objectives of Lumos

(continued)

UNICEF and the Montenegrin government requested technical assistance of Lumos in developing plans for a major deinstitutionalisation programme. During 2009, Lumos' technical assistance activities included

- Consultation on an emergency situation, where a group of children were living in an adult institution, where staffing levels and facilities were inadequate,
- Training and awareness raising for national government, local authorities and service managers on appropriate models of deinstitutionalisation,
- Consultation and advice on a joint government/UNICEF proposal to the European Commission for significant funding for deinstitutionalisation, and
- Development of a project, to be implemented in 2010, involving a national comprehensive analysis of the system of looking after vulnerable children. This analysis would be used as the basis for planning complete reform of the system.

3.2 International Advocacy

The year 2009 saw significant developments in Lumos' advocacy at the international level. There were three main foci for this work, each of which evidenced concrete results within their first year of operation.

3.2.1 WHO Declaration on Children with Intellectual Disabilities

Recognising the particular vulnerability of children with intellectual disabilities in Europe, the WHO, working with European NGO and Disabled Persons' Organisations (DPO) umbrella bodies, drafted a Declaration of the rights and health needs of these children. By the end of 2011, the WHO aims to have the Declaration signed by the governments of all countries across the European region (including the European Union and former Soviet countries). Across this region, Lumos estimates there are approximately 1 million children living in large residential institutions. Although accurate statistics are difficult to collect, it would appear that approximately 50% of these children are institutionalised because they have intellectual disabilities.

Lumos was asked by the WHO to coordinate formal consultation of NGOs/DPOs on the draft Declaration. This included

- Commenting on the draft Declaration,
- Organising a major consultation session with international NGO/DPO bodies (funded by WHO),
- Producing accompanying documentation in the form of expert papers to support the content of the Declaration, and
- Working with NGOs/DPOs on strategies to ensure implementation of the Declaration.

LUMOS FOUNDATION*(formerly Children's High Level Group)*TRUSTEES' REPORT*(continued)*Objectives of Lumos*(continued)***3 2 2 *European 'Ad Hoc Group' of Experts on Deinstitutionalisation***

In coordination with the cabinet office of Commissioner Spidla in Brussels (then European Commissioner for Employment, Social Affairs and Equal Opportunities), Lumos explored ways in which to raise the profile of the institutionalisation of children up the political agenda in Europe. The results of this were

- Commissioner Spidla convened an 'Ad hoc Expert Group on Deinstitutionalisation', chaired and led by Lumos,
- The group carried out research on the institutionalisation of four groups of vulnerable people across Europe: children, persons with disabilities of all ages, adults facing mental health problems and older people,
- The group produced a report on deinstitutionalisation in Europe, including recommendations for the European Commission and for EU member States. Lumos personnel made a significant contribution to authoring the report, and
- The report was endorsed by Commissioner Spidla and welcomed by a group of MEPs and by senior EC officers

3 2 3 *Advice at Brussels level to the EC's Bulgaria programme*

Lumos senior programmes personnel were asked to advise EC officers responsible for funding reform of children's services in Bulgaria. Throughout 2009, regular advice and awareness raising sessions were provided by Lumos to the EC, resulting in

- Increased awareness of the harm caused by funding inappropriate and ill-planned reform programmes,
- Support in the organisation of a national seminar in Bulgaria. Government and NGO stakeholders met to develop a common vision, principles and model of deinstitutionalisation. Lumos took a lead role in supporting the EC on providing the content of this seminar,
- A redirection of 20 million Euro which was originally allocated to 'improving' large institutions, by the end of 2009. EC officers and Bulgarian government officials agreed this funding should be spent on deinstitutionalisation according to Lumos' best practice model. This model is based on child-centred planning, where the needs of each individual child are taken into account in the process of reform, and
- Agreement on the need for a National Action Plan for complete deinstitutionalisation, broadening out Bulgaria's reform programme to include all children resident in institutions

As a result of this work, the EC officers responsible for Bulgaria decided in 2010 to focus on broadening out Lumos' advice and training work to include colleagues responsible for reform programmes across the EU

LUMOS FOUNDATION

(formerly Children's High Level Group)

TRUSTEES' REPORT

(continued)

Objectives of Lumos

(continued)

3 3 *Establishment of the Remote Expert Support Service*

Lumos is dedicated to ensuring an efficient use of resources in order to achieve as great an impact as possible. In order to support this, and to ensure consistency and quality across all Lumos' programmes, a Remote Expert Support Service (RESS) was established in June 2009. Staffed by one part-time coordinator, with extensive international experience of deinstitutionalisation, the RESS achieved the following in its first 6 months of functioning:

- Developed toolkits and training programmes on various aspects of the deinstitutionalisation process, including assessment of children, preparation of children to move to new placements, retraining and redeployment of institution personnel,
- Organised a series of study visits to the UK for key government and local authority personnel from Moldova and the Czech Republic,
- Provided regular training and advice for Lumos teams in Moldova and the Czech Republic,
- Provided professional advice to UNICEF in Montenegro in planning placements for children with severe disabilities,
- Identified international experts in a number of fields to provide support to Lumos programmes in specialised areas, such as child and adolescent psychiatry, special educational needs and appropriate therapies for children with severe communication difficulties, and
- Initiated the development of a resource library on best practices in all aspects of deinstitutionalisation

3 4 *Development of toolkits, training programmes and professional materials*

The programmes team, with the support of the RESS, worked on the systematic development of support structures and materials, to ensure consistent and high quality deinstitutionalisation programmes across all Lumos country programmes. This included:

- The establishment of a pool of experts, to provide support on specific aspects of Lumos' programmes. Many of these experts provide their services pro bono or at a significantly reduced rate,
- Beginning the development of a complete deinstitutionalisation toolkit, covering all ten elements of deinstitutionalisation. It is anticipated this toolkit will be completed in 2010, for publication in early 2011,
- Development of training modules for each aspect of the deinstitutionalisation toolkit. It is anticipated that these training modules will be ready for testing in early 2011, and
- Planning for a number of publications including the DI toolkit and training programme, a report on infant mortality and outcomes of interventions and reports on analyses of systems in the Czech Republic, Moldova, Bulgaria and Montenegro. It is anticipated that these documents will be completed and published in 2011/2012.

LUMOS FOUNDATION*(formerly Children's High Level Group)***TRUSTEES' REPORT***(continued)***Objectives of Lumos***(continued)***3.5 Summary of achievements in 2009**

The following table summarises Lumos' achievements in 2009, against our strategic objectives

Objectives	Achievements due to Lumos' activities
1. To ensure better outcomes for children in public care by accelerating and improving the quality of the reform of education, health and social protection services for children across Europe	<ul style="list-style-type: none"> • Four countries in Central & Eastern Europe with large numbers of children in institutions now have comprehensive NAPs for complete deinstitutionalisation (or will have these plans completed in 2010) The Czech government in particular was completely resistant to reform until a year ago • The EC is taking steps to improve the way it delivers funding for reform of health, education and social services, in order to assist rather than hinder deinstitutionalisation • A new UN (WHO) Declaration on children with intellectual disabilities has a strong component on deinstitutionalisation, due to Lumos' involvement
2 To identify best practices in reform, creating opportunities to share practices across countries	<ul style="list-style-type: none"> • The RESS has drawn together a resource library including best practices in deinstitutionalisation • Expert consultants have provided advice and support on a whole range of issues related to best practices in service provision and reform • The programmes team is in the process of developing a toolkit for every aspect of the DI process, drawing on best practice from across the region (due to be completed in 2010)
3. To support the development of improved and integrated social, health and education services in order to ensure that the most vulnerable and marginalised children can access the services they need, whilst remaining in families	<ul style="list-style-type: none"> • The DI NAPs in all four countries have been developed by inter-ministerial groups, established with the support of Lumos • Inter-agency mechanisms for the delivery of joined up services have been developed in Moldova • The DI NAPs prioritise the development of services for the most vulnerable children – babies, disabled children and those suffering from discrimination (e.g Roma children)

LUMOS FOUNDATION*(formerly Children's High Level Group)***TRUSTEES' REPORT***(continued)***Objectives of Lumos***(continued)*

Objectives	Achievements due to Lumos' activities
4. To empower children, families and communities to take a lead role in the development of services and structures that protect their rights and improve their health, development and safety	<ul style="list-style-type: none"> • The DI process in Moldova is developing services based on comprehensive assessments which involve proper consultation of children and their families, to design the best services for them • The WHO Declaration has been developed in consultation with DPOs and parents organisations across Europe – Lumos led this consultation process
5. To ensure the most efficient use of resources by connecting together and harmonising the reform actions of all those involved	<ul style="list-style-type: none"> • The Lumos Czech team has assisted the government to redirect 55 million Euro, originally earmarked for renovating institutions, towards a programme that will close 33 institutions and develop a broad range of community services • The Programmes Team has supported the EC in Brussels and the Bulgarian government to redirect 20 million Euro, originally earmarked for renovating institutions, towards a programme that will close 28 institutions for 2,000 children with severe disabilities • The four NAPs assist the government to plan the transfer of their resources from their current institutional system to a range of family and community based services, minimising waste and ensuring financial sustainability
6 To bring to an end the use of large institutions to care for children in Europe - developing a model approach for the continent	<ul style="list-style-type: none"> • The EC officers in Brussels responsible for Bulgaria have asked Lumos to assist them in training officers responsible for other countries across the EU, in order to broaden the commitment to deinstitutionalisation at the level of the EC and member states • The four NAPs should between them help approximately 45,000 children come out of institutions over the next decade

LUMOS FOUNDATION*(formerly Children's High Level Group)***TRUSTEES' REPORT***(continued)***Objectives of Lumos***(continued)***3.6 Assessment of how far Lumos attained its target outcomes in 2009**

The following table summarises Lumos' progress in 2009 towards achieving its target outcomes. It should be noted that the outcomes and targets outlined are to be fully achieved over the five-year period 2009 – 2014. Therefore it is expected that during 2009, targets will only be partially achieved.

Expected outcomes	Outcomes to date
<i>Within 5 years, to assist at least 10,000 children to come out of institutions to more appropriate family and community based placements</i>	<p>Lumos' action plans for the four countries envisage the transfer from institutions to family/community based care of at least</p> <ul style="list-style-type: none"> • 1,500 children in Moldova, • 2,500 children in the Czech Republic, • 600 in Montenegro, and • 3,500 in Bulgaria <p>In a 5-year period, a total of 8,100 children are on target to be moved as a direct result of Lumos' programmes. It is highly probable that other programmes in these countries will result in deinstitutionalisation, influenced by Lumos' work. It is therefore likely this target will be met.</p>
<i>A significant decrease in admissions to institutions in the countries where Lumos operates</i>	<p>Although the programmes have as yet had no significant impact on the numbers of admissions to institutions, they have put in place structures that will begin to reduce admissions from 2010 onwards</p> <ul style="list-style-type: none"> • The Czech NAP should result in complete deinstitutionalisation in 4 counties within 5 years, reducing admissions by approximately 3,000 children, • In Moldova, the three pilot projects should reduce admissions by about 1,000 children over 5 years, and • In Montenegro, the NAP should prevent admissions of about 100 children over 5 years

LUMOS FOUNDATION*(formerly Children's High Level Group)***TRUSTEES' REPORT***(continued)***Objectives of Lumos***(continued)*

Expected outcomes	Outcomes to date
<i>Improved outcomes for children in care in all target countries</i>	<ul style="list-style-type: none"> • This outcome cannot be measured until significant numbers of children have moved from institutions to the new services. Data on this outcome should begin to become available by the end of 2011 • However the NAPs all foresee a significant decrease in overall numbers of children in residential care and a significant improvement in staff to child ratios for those in residential care. These are both indicators of improved quality of care, likely to improve outcomes for children
<i>Within 5 years, to reduce infant mortality in Moldova, Bulgaria, Ukraine and other former Soviet Republics</i>	<ul style="list-style-type: none"> • This outcome cannot be measured until the mechanism for mortality reduction has been implemented. Data to measure the outcomes for Moldova should begin to become available by mid-2011
<i>A higher profile for institutionalised children on the political agenda of the European Union structures</i>	<ul style="list-style-type: none"> • The Ad Hoc Group Report on Deinstitutionalisation (50% of which was authored by Lumos personnel) is being used by MEPs, EC officers and NGOs to raise the profile of DI in Europe
<i>A series of high quality publications on deinstitutionalisation, infant mortality reduction and development of specialised services</i>	<ul style="list-style-type: none"> • No significant outcomes as yet. These activities should come on-stream in 2010/2011
<i>A higher profile among the general public in Europe of the plight of institutionalised children</i>	<ul style="list-style-type: none"> • No significant outcomes as yet. These activities should come on-stream in 2011

LUMOS FOUNDATION*(formerly Children's High Level Group)*TRUSTEES' REPORT*(continued)*Objectives of Lumos*(continued)**Priorities for 2010*

Building on the significant achievements of 2009, Lumos' major plans for 2010 include

- To begin implementation of deinstitutionalisation programmes in Moldova and the Czech Republic,
- To assist Bulgaria, the Czech Republic and Montenegro to carry out comprehensive analyses of the current systems of looking after children. These will be used as a basis for comprehensive action plans for complete deinstitutionalisation,
- To expand our international advocacy work, with a particular focus on improving the way EC funding is used for reforming institutional systems,
- To provide comprehensive training for EC officers for EC funding,
- To begin the development of guidance on deinstitutionalisation, towards the implementation of key recommendations of the Spidla report, and
- To raise the profile of the WHO Declaration on children with intellectual disabilities, to support the WHO to ensure the Declaration is signed by all governments in the European region and to work towards its practical implementation at country level

Structure, governance and management*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:

J K Rowling (co-Chair)

Baroness Nicholson of Winterbourne (co-Chair)

B J Ellis (Treasurer)

Dr K Behbehani

Sir R Singleton CBE

Dr P Southern

LUMOS FOUNDATION

(formerly Children's High Level Group)

TRUSTEES' REPORT

(continued)

Structure, governance and management

(continued)

Trustee appointment and training

All trustees must be members of the charitable company with the minimum number of trustees being two and the maximum being five (unless otherwise determined by ordinary resolution). The members authorised the number of trustees during the year to exceed the maximum. The existing trustees, following consultation and lengthy consideration, must be satisfied of the eligibility of new trustees before appointment to the Board.

Prospective trustees will be provided with an induction pack that provides background to the organisation, copies of Lumos' accounts and minutes of previous trustees' meetings as well as Charity Commission guidance on the role of the trustee. They will be given an induction programme during which they can meet key members of staff and are given the opportunity of additional training where necessary or desired.

Organisational management

The Chief Executive manages the day-to-day operations of Lumos under the strategic direction of, and with accountability to, the Board. In March 2009, the Board established a Finance Committee, which consists of the Treasurer, the Chief Executive and the Director of Operations to ensure that sufficient controls are in place to ensure the good governance and safe application of charity assets. The Finance Committee meets at least twice a year.

Our Supporters

Thank you to all our supporters who have given so generously throughout the year. In particular, we would like to mention

- The Monica Rabagliati Trust
- Patrick Malone
- Heather Taylor
- Yukiko Ohama
- Josiah Menzies
- Ben McKay
- Willa Bouwens
- Kingfield School
- Lisa Robinson
- Petra Helm
- Brenda Clegg
- Sandra Mills
- Clare Harns
- Mr R Bidwell
- Mrs E Hilton-Gardner
- Mrs E Beaton

LUMOS FOUNDATION*(formerly Children's High Level Group)*TRUSTEES' REPORT

(continued)

Financial review and reserves policy

The results for the year and Lumos' financial position at the end of the year are set out in detail in the following financial statements. The Statement of Financial Activities and the Balance Sheet for the prior year have been restated as a result of certain changes in accounting policies and presentational changes. These are set out in note 2 to the financial statements.

Lumos' incoming resources (after restatements) totalled £2,373,762 (2008 £14,557,799). Its principal source of income arose from advances and royalties on sales of the book, *The Tales of Beedle the Bard*, the rights to which it acquired for a period of five years from December 2008. Income from this source amounted to £2,262,453 (2008 £14,459,628). In addition, Lumos received grants totalling £94,033 (2008 £Nil) from the Department of Children, Schools and Families and the World Health Organization. For further details of these grants see note 15.

Total outgoing resources fell slightly from the previous year to £1,626,941 (2008 £1,712,041). Resources expended on charitable activities amounted to 86% (2008 89%) of total resources expended.

Fundraising costs amounted to £192,451 (2008 £164,334), the increase being partly attributable to the appointment of a Head of Fundraising and a Communications Officer during the year.

Net income for the year (after restatements) was £746,821 (2008 £12,845,758). Unrestricted reserves carried forward amounted to £16,490,331 (2008 £15,764,430) and restricted reserves carried forward amounted to £20,920 (2008 £Nil). 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. Budgeted expenditure for the next 18 months amounts to some £4.5 million and the need to continue to fund the ongoing overseas projects and potential new projects means that significant inroads will be made into these reserve balances over the next three years.

It is hoped that the appointment of fundraising and communications staff during the year will assist Lumos in acquiring alternative sources of funding going forwards, with a view to longer term funding sustainability.

Donations payable

During the year Lumos made donations and grants amounting to £99,012 (2008 £433,107) to various causes as set out in note 6 to the financial statements.

Risk policy

The trustees of Lumos have considered the major risks to which the company is exposed and the opportunities available to the company. The risks identified and subject to mitigation fall into four areas:

- strategic,
- governance and compliance,
- operational, and
- financial

LUMOS FOUNDATION*(formerly Children's High Level Group)*TRUSTEES' REPORT

(continued)

Investment powers and restrictions

Under the 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. The trustees have appointed Investment Managers to manage Lumos' surplus cash.

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.

Statement of trustees' responsibilities

The trustees 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 year. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 business.

The trustees confirm that the financial statements comply with the above requirements.

The trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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.

LUMOS FOUNDATION

(formerly Children's High Level Group)

TRUSTEES' REPORT

(continued)

Auditors

Rickard Keen LLP resigned as the charitable company's auditors during the year and Davison and Shingleton were appointed as auditors to fill the casual vacancy

Davison and Shingleton have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

So far as each trustee is aware, there is no information relevant to the audit of which the charitable company's auditors are unaware. Each trustee has taken all steps that he or she ought to have taken as a trustee in order to make himself or herself aware of any information relevant to the audit and to establish that the charitable company's auditors are aware of that information.

Approved and authorised for issue by the Board of Trustees
on September 24, 2010 and signed on its behalf by



S L Dunmore
Secretary

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LUMOS FOUNDATION**

(formerly Children's High Level Group)

We have audited the financial statements of Lumos Foundation for the year ended December 31, 2009 which comprise the statement of financial activities (including an income and expenditure account), the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of trustees' responsibilities on page 17 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 the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LUMOS FOUNDATION***(formerly Children's High Level Group)*

(continued)

Basis of audit opinion

(continued)

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

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the charitable company's affairs as at December 31, 2009, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees' Report is consistent with the financial statements

Roger Davison
Senior Statutory Auditor
For and on behalf of Davison and Shingleton
Statutory Auditors

September 24, 2010

LUMOS FOUNDATION*(formerly Children's High Level Group)***STATEMENT OF FINANCIAL ACTIVITIES (including an income and expenditure account)
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<i>Notes</i>	<i>Unrestricted</i> £	<i>Restricted</i> £	2009 £	<i>Restated</i> 2008 £
Incoming resources					
Incoming resources from generated funds					
Royalty income	3	2,262,453	-	2,262,453	14,459,628
Donations and gift aid		9,898	-	9,898	24,527
Interest receivable		7,378	-	7,378	73,644
Incoming resources from charitable activities					
Grant income	15	-	94,033	94,033	-
Total incoming resources		2,279,729	94,033	2,373,762	14,557,799
Resources expended					
Costs of generating funds					
Costs of generating voluntary income and communication and publicity costs	4	192,451	-	192,451	164,334
Charitable activities	5	1,328,890	63,102	1,391,992	1,532,030
Governance costs	8	42,498	-	42,498	15,677
Total resources expended		1,563,839	63,102	1,626,941	1,712,041
Net income for the year		715,890	30,931	746,821	12,845,758
Transfer between funds	15	10,011	(10,011)	-	-
Net movement in funds		725,901	20,920	746,821	12,845,758
Total funds brought forward	14	15,764,430	-	15,764,430	2,918,672
Total funds carried forward	14	£16,490,331	£20,920	£16,511,251	£15,764,430

The net incoming resources for the current and preceding year derive from the continuing operations of the charitable company

The comparatives have been restated as set out in note 2 to the financial statements

The notes on pages 25 to 38 form part of these financial statements

LUMOS FOUNDATION***(formerly Children's High Level Group)*****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	2009 £	<i>Restated</i> 2008 £
Net income for the year	746,821	12,845,758
Prior year adjustment (note 2)	14,677,505	-
Total recognised gains and losses recognised since the last annual report	<u>£15,424,326</u>	<u>£12,845,758</u>

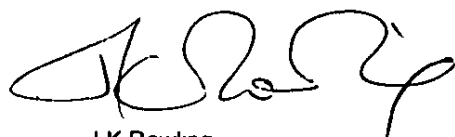
The comparatives have been restated as set out in note 2 to the financial statements

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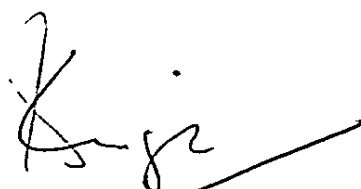
LUMOS FOUNDATION*(formerly Children's High Level Group)*BALANCE SHEET AT DECEMBER 31, 2009

	Notes	£	2009 £	Restated 2008 £
Fixed assets				
Tangible fixed assets	11		108,232	31,900
Current assets				
Debtors	12	2,131,359		14,803,478
Cash at bank and in hand		14,545,203		1,058,944
		16,676,562		15,862,422
Creditors amounts falling due within one year	13	(273,543)		(129,892)
Net current assets			16,403,019	15,732,530
Total assets less current liabilities	14		£16,511,251	£15,764,430
			=====	=====
Funds				
Unrestricted funds	14		16,490,331	15,764,430
Restricted funds	15		20,920	-
Total funds	14		£16,511,251	£15,764,430
			=====	=====

Approved and authorised for issue by the Board of Trustees
on September 24, 2010 and signed on its behalf by



J K Rowling
Trustee



Sir R Singleton CBE
Trustee

The comparatives have been restated as set out in note 2 to the financial statements

The notes on pages 25 to 38 form part of these financial statements

LUMOS FOUNDATION*(formerly Children's High Level Group)***CASH FLOW STATEMENT****FOR THE YEAR ENDED DECEMBER 31, 2009**

	<i>Notes</i>	2009 £	<i>Restated</i> 2008 £
Net cash inflow/(outflow) from operating activities	17(a)	13,571,734	(1,346,105)
Returns on investments and servicing of finance			
Interest received		7,378	73,644
Capital expenditure			
Purchase of fixed assets		(92,853)	(21,289)
Increase/(decrease) in cash in the year	17(b)	<u>£13,486,259</u>	<u>£(1,293,750)</u>

The comparatives have been restated as set out in note 2 to the financial statements

The notes on pages 25 to 38 form part of these financial statements

LUMOS FOUNDATION*(formerly Children's High Level Group)***NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009****1 Accounting policies****Basis of preparation**

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 and with 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 (revised 2005) – "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 branch in the Republic of Moldova have been consolidated within the financial statements.

Restatement of comparatives

The Statement of Financial Activities and the Balance Sheet for the prior year have been restated as a result of certain changes in accounting policy and changes to the presentation of the financial statements. These are set out in note 2 to 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, bad debt provisions and any related exchange adjustments.

LUMOS FOUNDATION*(formerly Children's High Level Group)*NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009

(continued)

1 Accounting policies

(continued)

Donations

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

Interest receivable

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

Grant income

Where a grant has been received for a specific purpose it is recognised as incoming resources in the Statement of Financial Activities when receivable and held in a restricted reserve. Income would be 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.

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 and 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. It also includes an allocation of residual support costs that could not be directly attributed.

Governance costs

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

Support costs

Support costs are those incurred in connection with the administration and operation of the charitable company.

LUMOS FOUNDATION*(formerly Children's High Level Group)*NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009

(continued)

1 Accounting policies

(continued)

Volunteers and donated services

With the exception of the trustees (who are not remunerated) and a small number of advisors who provide their services on a pro bono or significantly reduced cost basis, the charitable company does not use volunteers nor rely upon their contribution or other donated services in delivering its activities. Accordingly, no financial value for such services is recognised in these financial statements.

Capitalisation and depreciation of fixed assets

The charitable company capitalises all assets with a cost in excess of £150 that are to be held for continuing use in accordance with Financial Reporting Standard 15 ("Tangible Fixed Assets"). Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Office equipment	-	5 to 10 years straight line
Fixtures and fittings	-	5 to 7 years straight line
Computer equipment	-	3 to 5 years straight line
Leasehold improvements	-	over the term of the lease
Motor vehicles	-	7 years straight line

During the current year the depreciation policy for certain office equipment was amended from a reducing balance to a straight line basis to bring the depreciation policies at all locations in line. The effect of this change has not been quantified, as it is not material.

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

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

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.

LUMOS FOUNDATION*(formerly Children's High Level Group)*NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009

(continued)

2 Prior year adjustments

During the year the charitable company undertook a review of its accounting policies, particularly those relating to revenue recognition. Prior to 2009, all income had been recognised on a receipts basis but the trustees are of the opinion that the financial statements would give a more true and fair view if the accounting policies for royalty income and gift aid recognition were amended.

Gift aid

The policy for the recognition of gift aid was amended so that gift aid is accounted for in the year in which the related donation is recognised. This change in accounting policy has resulted in the brought forward reserves as at January 1, 2008 being restated to include gift aid of £550,000 which related to a donation received in 2007.

Royalty income and other

The trustees consider that royalty income should be 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. This change in accounting policy has necessitated recognition in 2008 of royalty income and advances amounting to £13,985,646, as set out below, and has resulted in £1,165,720 of net royalty income being accrued in the current period.

	2008 £
Adjustments to 2007	
Brought forward reserves as at January 1, 2008 restated to include gift aid relating to a donation received in 2007	550,000
Adjustments to 2008	
Accrued interest relating to gift aid balance above	9,674
Income from advances and royalties relating to 2008	13,985,646
Foreign exchange gains relating to the above	193,851
Accrual for legal costs relating to 2008 not included in the 2008 financial statements	(61,666)
Overall increase in reserves at December 31, 2008 (note 14)	£14,677,505

Presentational changes

The comparatives in the 2009 Statement of Financial Activities have been restated following the adoption of certain presentational changes that have not had any overall impact on the 2008 results.

- 1) Royalty income had previously been included in donations. These two types of income are now shown separately on the face of the Statement of Financial Activities and in the notes to the financial statements,
- 2) Some account balances have been analysed in more detail than was presented in the prior year, with costs being allocated on a more detailed basis across the projects, and

LUMOS FOUNDATION*(formerly Children's High Level Group)***NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009**

(continued)

2 Prior year adjustments

(continued)

- 3) Residual "management and administration costs" have been treated as support costs and allocated between the charitable company's activities as required by SORP 2005. Governance costs have also been identified as a separate category of expenditure as required by SORP 2005.

3 Royalty income

	2009	<i>Restated</i> 2008
	£	£
Royalty income net of returns	3,333,984	14,238,373
Foreign exchange (losses) and gains arising on royalty income	(1,071,531)	221,255
	<u>£2,262,453</u>	<u>£14,459,628</u>

Royalty income by geographical market is as follows

	2009	<i>Restated</i> 2008
	£	£
United Kingdom	1,395,227	2,768,429
Europe	1,450,948	4,695,743
Rest of World	487,809	6,774,201
	<u>£3,333,984</u>	<u>£14,238,373</u>

4 Fundraising and publicity

	2009	<i>Restated</i> 2008
	£	£
Fundraising costs	57,723	69,397
Publicity costs	85,857	94,937
Support costs (note 7)	48,871	-
	<u>£192,451</u>	<u>£164,334</u>

LUMOS FOUNDATION*(formerly Children's High Level Group)***NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009***(continued)***5 Charitable activities**

	2009	<i>Restated</i>
	£	2008
		£
Direct project expenditure		
Republic of Moldova	391,170	276,039
Czech Republic	154,163	110,356
Donations and grants payable (note 6)	99,012	433,107
Georgia Community Action	59,354	56,984
Armenia Community Action	56,396	44,569
UK Community Action	41,693	10,011
Remote Expert Support Service	20,991	-
Other direct project costs	3,936	140
Bulgaria deinstitutionalisation	3,141	-
Montenegro deinstitutionalisation	326	-
Brussels office	147,823	116,417
Direct travel costs	83,850	141,713
Legal and professional fees	64,013	81,714
WHO conference costs	25,953	-
Support costs (note 7)	240,171	260,980
	<u>£1,391,992</u>	<u>£1,532,030</u>
	=====	=====

6 Donations and grants payable

	2009	<i>Restated</i>
	£	2008
		£
The Asociația Children's High Level Group (Romania)	57,396	361,623
UK staff cost allocation – Romania	34,127	53,949
Grant towards children with Spina Bifida in Romania	2,719	-
Grant towards book publishing for Edelweiss prize winner	2,396	-
Karin Dom Foundation - Bulgaria	2,374	-
Royal Holloway	-	11,750
Other	-	5,785
	<u>£99,012</u>	<u>£433,107</u>
	=====	=====

LUMOS FOUNDATION*(formerly Children's High Level Group)***NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009**

(continued)

7 Support costs

Support costs have been allocated based on the activities of staff working from the UK office

	<i>Fundraising and publicity (note 4)</i>	<i>Charitable activities (note 5)</i>	<i>Total</i>	<i>Restated Fundraising and publicity (note 4)</i>	<i>Restated Charitable activities (note 5)</i>	<i>Restated Total</i>
	2009	2009	2009	2008	2008	2008
	£	£	£	£	£	£
Management and administration staff costs	22,899	112,539	135,438	-	134,757	134,757
Rent and service charges	12,195	59,931	72,126	-	62,649	62,649
Office costs	2,919	14,348	17,267	-	23,839	23,839
Telephone and fax	2,370	11,649	14,019	-	22,086	22,086
Consultancy fees	2,007	9,862	11,869	-	-	-
Depreciation	1,849	9,085	10,934	-	5,629	5,629
HR services	1,097	5,389	6,486	-	-	-
Loss on disposal of fixed assets	945	4,642	5,587	-	-	-
Bank charges	732	3,596	4,328	-	4,064	4,064
IT services	669	3,287	3,956	-	3,760	3,760
Management meetings	627	3,083	3,710	-	-	-
Accountancy fees	562	2,760	3,322	-	4,196	4,196
	<u>£48,871</u>	<u>£240,171</u>	<u>£289,042</u>	<u>£Nil</u>	<u>£260,980</u>	<u>£260,980</u>

8 Governance costs

	2009	Restated 2008
	£	£
Legal fees	27,810	8,627
Audit fees (note 9(a))	14,688	7,050
	<u>£42,498</u>	<u>£15,677</u>

LUMOS FOUNDATION*(formerly Children's High Level Group)***NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009**

(continued)

9 Net income for the year

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

	2009 £	2008 £
Auditors' remuneration – audit services	14,688	7,050
– non-audit services (accountancy and payroll)	-	2,522
Depreciation of owned fixed assets	10,934	5,629
Loss on disposal of fixed assets	5,587	-
Operating lease rentals – land and building	69,702	81,804
– plant and machinery	69	-
	=====	=====

(b) Employees

The average monthly number of persons employed by the charitable company (including overseas staff on local contracts and excluding trustees) during the year was

	2009 No	2008 No
Management and administrative staff	2	3
Fundraising and publicity staff	1	-
Field staff	27	23
	-----	-----
	30	26
	=====	=====

Staff costs relating to the above persons are as follows

	2009 £	2008 £
Wages and salaries	889,114	708,465
Social security costs	38,292	30,683
Other pension costs	-	-
	-----	-----
	£927,406	£739,148
	=====	=====

During the year two members of staff (2008 two) were seconded from an independent third party to co-ordinate the Community Action programmes for the charitable company. Payments made to the independent third party in respect of these services totalled £105,987 (2008 £116,743).

LUMOS FOUNDATION*(formerly Children's High Level Group)***NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009**

(continued)

9 **Net income for the year**
(continued)

(b) **Employees**
(continued)

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

	2009 No	2008 No
£90,001 - £100,000	1	2
£100,001 - 110,000	1	-
	<u>2</u>	<u>2</u>
	=====	=====

The number of staff earning in excess of £60,000 to whom retirement benefits are accruing

2009 No	2008 No
-	-
=====	=====

- (c) None of the trustees nor any persons connected with them received any remuneration from the charitable company during the current or preceding year. Expenses incurred by the trustees and reimbursed by the charitable company amounted to £1,112 (2008 £3,780). The expenses relate mainly to travel and subsistence costs incurred by trustees and were paid to four trustees (2008 two trustees).

10 **Taxation**

The charitable company is exempt from the liability to taxation by virtue of Section 505(1) Income and Corporation Taxes Act 1988.

LUMOS FOUNDATION*(formerly Children's High Level Group)***NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009**

(continued)

11 Tangible fixed assets

	Office equipment £	Fixtures and fittings £	Computer equipment £	Leasehold improvements £	Motor vehicles £	Total £
Cost						
As at January 1, 2009	41,629	-	-	-	-	41,629
Additions	2,919	19,778	12,331	23,085	34,740	92,853
Disposals	(9,182)	-	-	-	-	(9,182)
As at December 31, 2009	35,366	19,778	12,331	23,085	34,740	125,300
Accumulated depreciation						
As at January 1, 2009	9,729	-	-	-	-	9,729
Charge for the year	6,517	847	2,760	810	-	10,934
Disposals	(3,595)	-	-	-	-	(3,595)
As at December 31, 2009	12,651	847	2,760	810	-	17,068
Net book value						
As at December 31, 2009	£22,715	£18,931	£9,571	£22,275	£34,740	£108,232
As at January 1, 2009	£31,900	£Nil	£Nil	£Nil	£Nil	£31,900

Included within fixed assets above are certain vehicles and equipment with a net book value of £53,854 (2008 £12,205) 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.

12 Debtors

	2009 £	Restated 2008 £
Other debtors	18,950	47,479
Prepayments	48,630	16,828
Accrued income (gift aid)	-	559,674
Accrued advances and royalty income	2,595,088	17,226,893
Returns provision	(531,309)	(3,047,396)
	£2,131,359	£14,803,478

LUMOS FOUNDATION*(formerly Children's High Level Group)*NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009

(continued)

13 Creditors amounts falling due within one year

	2009	<i>Restated</i> 2008
	£	£
Trade creditors	121,547	35,985
Taxation and social security	45,074	11,004
Accruals	106,922	82,903
	<u>£273,543</u>	<u>£129,892</u>

14 Movements on funds

	<i>Unrestricted</i> <i>funds</i>	<i>Restricted</i> <i>funds</i> <i>(note 15)</i>	<i>Total</i> <i>funds</i>
	£	£	£
Balance as at December 31, 2008 as previously reported	1,086,925	-	1,086,925
Prior year adjustment (note 2)	14,677,505	-	14,677,505
Balance as at December 31, 2008 as restated	15,764,430	-	15,764,430
Net income for the year	715,890	30,931	746,821
Transfer between funds (note 15)	10,011	(10,011)	-
At December 31, 2009	<u>£16,490,331</u>	<u>£20,920</u>	<u>£16,511,251</u>

15 Restricted funds

	<i>Balance at</i> <i>January 1,</i> <i>2009</i>	<i>Incoming</i> <i>resources</i>	<i>Outgoing</i> <i>resources</i>	<i>Transfer</i> <i>between</i> <i>funds</i>	<i>Balance at</i> <i>December 31,</i> <i>2009</i>
	£	£	£	£	£
Department for Children, Schools and Families - (1st grant)	-	25,000	(4,230)	(10,011)	10,759
Department for Children, Schools and Families - (2nd grant)	-	47,056	(36,895)	-	10,161
The World Health Organization	-	21,977	(21,977)	-	-
	<u>£Nil</u>	<u>£94,033</u>	<u>£(63,102)</u>	<u>£(10,011)</u>	<u>£20,920</u>

LUMOS FOUNDATION*(formerly Children's High Level Group)*NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009

(continued)

15 Restricted funds

(continued)

The transfer between funds has arisen due to the grant being received in the year after a proportion of the expenditure was incurred, which was included in unrestricted funds in the prior year

The funds are restricted as follows

Department of Children, Schools and Families (first grant)

Seed funding for UK Community Action

Department of Children, Schools and Families (second grant)

To be used for the UK Community Action Pilot Study 2009-2011

The World Health Organization

To be used to fund a joint meeting of NGO's working in the field of intellectual disability, and the project's Steering Group held in London on 15-16 December 2009

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

16 Analysis of net assets between funds

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Balance at December 31, 2009</i>
	£	£	£
Tangible fixed assets	108,232	-	108,232
Current assets	16,655,198	21,364	16,676,562
Current liabilities	(273,099)	(444)	(273,543)
	<u>£16,490,331</u>	<u>£20,920</u>	<u>£16,511,251</u>
	=====	=====	=====

LUMOS FOUNDATION*(formerly Children's High Level Group)*NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009

(continued)

17 Cash flow statement

(a) Reconciliation of net incoming resources to net cash flow from operating activities

	2009	<i>Restated</i> 2008
	£	£
Net incoming resources	746,821	12,845,758
Depreciation	10,934	5,629
Loss on disposal of fixed assets	5,587	5,280
Decrease/(increase) in debtors	12,672,119	(14,217,286)
Increase in creditors	143,651	88,158
Interest received	(7,378)	(73,644)
	<u>£13,571,734</u>	<u>£(1,346,105)</u>

(b) Reconciliation of net cash flow to movement in net funds

	2009	<i>Restated</i> 2008
	£	£
Increase/(decrease) in cash in the year	13,486,259	(1,293,750)
Net funds at January 1	1,058,944	2,352,694
	<u>£14,545,203</u>	<u>£1,058,944</u>

(c) Analysis of changes in net funds

	<i>Balance at</i> <i>January 1</i> 2009	<i>Cash flows</i>	<i>Balance at</i> <i>December 31,</i> 2009
	£	£	£
Cash at bank and in hand	<u>£1,058,944</u>	<u>£13,486,259</u>	<u>£14,545,203</u>

LUMOS FOUNDATION*(formerly Children's High Level Group)***NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009**

(continued)

18 Financial commitments

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

	<i>Land and buildings</i>		<i>Other</i>	
	2009	2008	2009	2008
	£	£	£	£
Within one year	3,589	8,287	69	-
Between two and five years	36,480	-	-	-
	<u>£40,069</u>	<u>£8,287</u>	<u>£69</u>	<u>£Nil</u>

In addition to the above, the charitable company had committed to pay £17,250 under a contract for Public Relations services during the next financial year

19 Post balance sheet events

In January 2010 the charity ceased to operate in Romania but made a grant of £2.1 million to the Romanian charity The Asociația Children's High Level Group to support its charitable work in the country

20 Control

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