

**REGISTERED COMPANY NUMBER: 2083754 (England and Wales)**  
**REGISTERED CHARITY NUMBER: 295873**

**REPORT OF THE TRUSTEES AND  
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017  
FOR  
THE FOUNDATION FOR CONDUCTIVE EDUCATION**

**THE FOUNDATION FOR CONDUCTIVE EDUCATION**

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FOR THE YEAR ENDED 31 JULY 2017**

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**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 JULY 2017**

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The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 July 2017. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

**OBJECTIVES AND ACTIVITIES**

**Objectives and aims**

The Foundation for Conductive Education (the Foundation) aims to develop, advance and teach the science of Conductive Education.

Conductive Education originated in Hungary in the 1940s as a unique form of education and rehabilitation for people with neurological motor disorders such as cerebral palsy, stroke, multiple sclerosis and Parkinson's.

Conductive Education is based upon a "simple" concept of human potential which means that everyone has the capability to learn and develop irrespective of their starting point. Whilst most of us agree with this statement, in practice many systems place barriers and boundaries on this learning. People with disabilities frequently spend much of their time being assessed for what they "cannot do" rather than what potential they have. Conductors are highly trained to observe this potential in a person and to nurture their development and devise structured programmes to enable success. Conductive Education combines education, psychology and medical science and considers all aspects of the person simultaneously.

**Vision, Mission and Values**

Vision

Our vision is of a society where children and adults with neurological motor disorders are respected as having the potential to learn and are supported in achieving this.

Mission

Our mission can be summarised as follows.

1. To push the boundaries of human potential for children and adults with neurological movement disorders by teaching them, through Conductive Education, a range of skills which promote an active lifestyle and new opportunities in society.
2. To deliver training activities which challenge perceptions on the abilities of children and adults with neurological movement disorders and to ensure standards of excellence in Conductive Education.

Values

Our values can be summarised as follows.

1. Children and adults with neurological motor disorders have the right to highly specialised teaching relevant to their individual needs and values.
2. Conductive Education should be made more readily available and accessible as a choice for education and/or rehabilitation.
3. Families of children and adults with motor disorders should be viewed as experts and play a role in developing services to meet their needs.
4. To provide a safe environment in which children and adults can thrive, learn and develop, where all aspects of their welfare will be protected and where they feel valued and listened to.

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 JULY 2017**

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**OBJECTIVES AND ACTIVITIES**

**Significant activities**

Significant activities undertaken by the Foundation during the year ended 31 July 2017 to help children and adults who have a primary neurological movement disorder include the following.

- o The Milestone Club For children aged between 0 and 3 years of age working alongside parents/guardians.
- o The Red Boots Nursery For children aged between 3 and 5 years of age.
- o The Red Boots School For children aged between 5 and 11 years of age following a primary school curriculum.
- o Intensive movement training For children aged between 7 and 14 years of age receiving 2 or 3 week block placements.
- o Mainstream school sessions For children with developmental co-ordination disorders.
- o Adult Conductive rehabilitation and treatment Regular sessions for adults living with the effects of Parkinson's, strokes, multiple sclerosis, cerebral palsy and other neurological movement disorders.

**Public benefit**

Ensuring our work delivers our aims

We review our aims, objectives and activities each year. This review looks at what we achieved and the outcomes of our work in the previous 12 months. The review looks at the success of each key activity and the benefits they have brought to those groups of people we are set up to help. The review also helps us to ensure that our aims, objectives and activities remain focused on our stated purposes.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

The focus of our work

The focus of the Foundation continues to be the development, advancement and teaching of the science of Conductive Education.

All of our work is achieved through the practice of Conductive Education.

Who can benefit?

Conductive Education focuses on children and adults who have a primary neurological movement disorder.

In children this is typically cerebral palsy, global development delay or developmental co-ordination disorders. It does, however, not preclude children with genetic or rare conditions which present a primary movement problem.

In adulthood this will also include acquired conditions such as Parkinson's, multiple sclerosis or brain injury.

Alongside the person with the disability we believe that families also need support throughout their journey. With this in mind, we provide a range of additional workshops, support sessions and training for parents, carers, guardians and wider family members.

REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 JULY 2017

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**ACHIEVEMENT AND PERFORMANCE**

**Charitable activities**

How our activities deliver public benefit

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit, including the guidance on public benefit and fee charging.

All of our charitable activities focus on our ability to develop, advance and teach the science of Conductive Education and to ensure that we deliver benefit to the public not only to the children and adults that we help through Conductive Education but also to their families and carers who support them.

Key achievements and successes during the period include the following

**Red Boots Ball**

This year was marked by our 30 year anniversary celebration starting with our Red Boots Ball in September 2016 which raised an amazing **£34,287**. The Ball is our major fundraising event for the year and helps support our services. This year all proceeds went to supporting our pre-school services, ensuring that they were provided free of charge to parents.



**Contribution to Education Award**

In October 2016 our CEO received the Birmingham Award for Contribution to Education. This was given in recognition of her role in developing Conductive Education at both a service and training level. This is a great achievement for NICE and demonstrates city-wide recognition of the input in the wider educational field.



REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 JULY 2017

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**ACHIEVEMENT AND PERFORMANCE**

**Charitable activities**

**A NICE Mascot**

Mr NICE biscuit joined our team to support all of our fundraising activities. He also launched the new NICE biscuit wrapper to promote our work and help raise funds towards providing our services for children and adults.



**NICE Ambassador Scheme**

This year saw the launch of our new NICE Ambassador Scheme where we were proud to add two very distinguished people. Their role is to support the promotion of NICE and to support our activities. We are planning to appoint more ambassadors in the coming year.



*Sacha Brookes from Capital Radio, Birmingham*



*Mr Bryn Helliwell (stroke survivor who accessed NICE's services)*

REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 JULY 2017

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ACHIEVEMENTS AND PERFORMANCE

Charitable activities

**Fundraising Regulator**

We voluntarily joined the Fundraising Regulator to ensure that all of our work is of the highest possible standard.



**Service update**

Over the course of the year we provided services to 84 children and their families and 387 adults. Over this period we continued to work to develop our services for both our adults and our children. We provided these services at our Birmingham base, in Coventry, in Cheltenham and at a mainstream school in Worcestershire.

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 JULY 2017**

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**Service Update - continued**

The key highlights of the year included the following.

- We have been included in the register for Section 41 Secretary of State Approved Independent Schools. This enables us to be a part of the LA Offer for specialist school provision of children aged 3 to 11 years through our nursery and primary provision.
- We have developed a part-time route for pupils in our primary school enabling them to attend local schools alongside the expertise provided by NICE. This has enhanced their educational provision and also provides support for the mainstream schools.
- We have received pro bono legal support to help parents on their journey through the EHC Plan process giving them advice and information to ensure they receive the best possible provision for their child. This involved regular workshops for parents as well as one-to-one support as needed.
- 8 children graduated from our nursery, 7 of whom will move to part-time school placement with us from September 2017. Parents have largely been successful in gaining recognition of the need for Conductive Education on their child's EHC Plan.
- 1 pupil graduated from our primary school and has now successfully integrated into a mainstream primary school. We will continue to provide weekly block placements over the year to support their transition and ensure that they have the skills needed to fully integrate into their new environment.
- Adult services has continued to develop and now accounts for the largest number of families supported through Conductive Education. A focus on the aging population is at the forefront of our work at NICE.
- We continue to run reablement session for adults funded by the Big Lottery. These sessions are run free of charge and support people living with the effects of Parkinson's or stroke survivors, enabling them to work on their communication, speech, writing, dressing and use of the Nintendo Wii as a part of the rehabilitation process. We have met all of the agreed outcomes for this project and can see the benefit of these additional services.



"Conductive Education opens up opportunities to our child's physical development and assists on his journey to greater independence. Conductive Education reassures us that our child is working towards their maximum potential."

"My husband has a degenerative condition. His regular sessions help to keep him mobile and motivated. Whenever his condition has worsened the conductors have been quick to make suggestions to help him physically and support him emotionally too."





REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 JULY 2017

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**ACHIEVEMENTS AND PERFORMANCE**

**Charitable activities**

**Training update**



We provided accredited training for 43 students through Birmingham City University and a further 65 professionals accessed non-accredited training with us. This demonstrates the wider impact of NICE locally, nationally and internationally. We provided training and consultancy in Finland, Sweden and the UK.

Other key training highlights for the year are as follows.

- The establishment of a national Conductive Education Consortium for senior leaders across the UK to share advice, work together and help promote Conductive Education more widely.
- 8 BA Honours students graduated as qualified conductors and will go forward into the profession to spread the work of Conductive Education.
- We validated post-graduate modules and the first MA Conductive Education course in conjunction with Birmingham City University.
- Staff have presented at the World Congress in Conductive Education, regional conferences, colleges and in schools.



REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 JULY 2017

ACHIEVEMENTS AND PERFORMANCE

Charitable activities

Summary

The year ended 31 July 2017 was an excellent year for services and training. We were able to continue to develop the quality of our work in line with the needs of the families we serve. We have continued on the journey of the last 30 years by providing Conductive Education to those who need it the most. This has only been possible through the dedication, expertise and positivity of all of the staff and families associated with NICE.

We now look forward to the next 30 years.



“Raises expectations for our child and us as parents. Have provided greater hope and empowerment for now and for the future. Creatively inspiring. Increase confidence and independence for our daughter”



“NICE has helped to transform Barbara’s life. It has given her the skills and confidence to overcome her disability and, to a large extent, lead a normal life. Few people would now realise that when she left hospital three months ago after her stroke, she was told she would never walk again and would not regain any movement in her right arm”.

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 JULY 2017**

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**FINANCIAL REVIEW**

**Financial position**

We have taken advantage of the provisions within FRS 102 to revalue our property in the current year and include the market value as deemed cost at the date of transition. This has resulted in an increase in our reserves brought forward of £61,504 (see note 24 to the financial statements).

During the financial year we achieved a surplus of £42,691 compared to a surplus of £37,018 in the previous year. Excluding depreciation this represents a surplus of £58,110 for the year ended 31 July 2017.

Income for the year ended 31 July 2017 increased slightly at £1,080,255 compared to £1,079,058 last year, the only major variances being in Children's Services and Adult Services.

Voluntary income totalling £445,385 (consisting of donations, legacies and fundraising activities) showed a decrease of 2.4% compared to the year ended 31 July 2016.

Costs were well controlled during the year at £1,037,564 with a 0.4% decrease compared to the year ended 31 July 2016.

As at 31 July 2017 our total reserves now stand at £839,128 compared to £796,437 as at 31 July 2016.

Although we have net current liabilities of £195,446 as at 31 July 2017, this includes deferred income of £148,627, which will be available during the year ended 31 July 2018.

We also have fixed term loans outstanding totalling £410,508 as at 31 July 2017 with Lloyds Banking Group. All due repayments concerning these loans have been made during the year ended 31 July 2017 and total outstanding loans with Lloyds Banking Group reduced by £32,309 as at 31 July 2017 compared to as at 31 July 2016.

Lloyds Banking Group continue to give us ongoing support with an overdraft facility of £200,000.

**Reserves policy**

Reserves will be spent at the trustees' discretion in furtherance of the Foundation's objects.

The Foundation's policy on reserves includes detailed procedures and covers the following.

- o The reasons why the Foundation needs reserves.
- o The level of reserves which the trustees believe the Foundation needs.
- o The steps which the Foundation takes to establish/maintain its reserves at the agreed level.
- o The procedures to monitor and review the policy.

Unrestricted funds are required by the Foundation for the following reasons.

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

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 JULY 2017**

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**FINANCIAL REVIEW**

**Reserve policy continued**

The trustees have reviewed the Foundation's needs for reserves in line with the guidance issued by the Charity Commission and believe that the unrestricted reserve should be £1,033,000 which is calculated as follows.

|   |          |
|---|----------|
| o To cover a collapse in voluntary income over a three month period | £150,000 |
| o To cover a delay in fee payments                                  | £33,000  |
| o To fund unrestricted fixed assets less borrowings                 | £850,000 |

The trustees believe that reserves should be at least at this level to ensure that the Foundation can run efficiently and meet the needs of its beneficiaries.

As at 31 July 2017 unrestricted reserves stand at £798,745 and are, therefore, insufficient to satisfy our current reserve policy. Our unrestricted reserves also include significant illiquid assets in the form of our land and buildings.

Given our high dependency upon local authority fees and grant income, we are continually working to increase our reserves through voluntary income sources and by developing fee-paying services.

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

**Going concern**

Our forward financial projections show a positive cashflow position at the end of the next period.

No matters have come to the attention of the trustees which might suggest that the Foundation will not be able to maintain its current activities for the foreseeable future and, given that the bank have confirmed their ongoing support of the Foundation to July 2018 and have indicated that there is no reason for this support not continue on the same basis beyond that point, they have therefore considered that it is appropriate for the financial statements to be prepared on the going concern basis.

**FUTURE PLANS**

Each year we review our strengths and recognise our challenges. Going forward it is very important that the Foundation (also known as NICE) maintains a strong, positive relationship with all of our stakeholders.

We recognise that our primary stakeholders are comprised of the following.

1. Our children, adults and their families.
2. The local communities we work in and for.
3. Birmingham City University.
4. Local education and health authorities.
5. Local councils across education, health and social care.

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 JULY 2017**

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**FUTURE PLANS Continued**

6. Children's centres and midwives.
7. Specialist nurses and consultants.
8. General practitioners and therapists.
9. Other voluntary organisations eg Contact-A-Family, Parkinson's UK, the Stroke Association.
10. Corporate sponsors and supporters.
11. Individual supporters.
12. Conductive Education centres nationally and internationally.

Over the coming years we plan to proactively strengthen our relationships with all stakeholders by actively engaging with them through visits to observe our services, understanding the potential benefit of NICE, promoting the value that NICE can add to current services provision and in ensuring that we meet the highest standards of quality of provision by responding to feedback from our families about their needs and desires for our services.

Our strategic objectives for the next three years can be summarised as follows.

1. To ensure that all services delivered continue to understand and meet the needs of the families we work for.
2. To reach and engage with new families who may benefit from our services.
3. To position our services in statutory services and demonstrate the need, benefit and impact for NICE across children's and adults' services.
4. To ensure a clear strategy for raising sufficient charitable funds to enable us to provide free services at the point of entry through consultation to introductory sessions. We also pledge to provide free services to families of children under age of 5 years to give them the best start in life.
5. To maximise training opportunities and engage Conductive Education centres across the UK in promotion of the BA Honours course to train the next generation of qualified conductors.
6. To ensure sufficient service provision to meet demand across all age ranges from young children to older adults.
7. To promote our nursery and primary school services to local authorities as a part of the local offer for parents across the West Midlands.
8. To continue to reduce our liabilities and sustain our financial security.
9. To ensure buildings remain fit for purpose and in good working condition.

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 JULY 2017**

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing document**

The Foundation for Conductive Education (the Foundation) is a company limited by guarantee (company registration number 2083754) which was incorporated on 12 December 1986 and achieved charitable status on 10 February 1987 (charity registration number 295873).

The Foundation was established under a Memorandum of Association which established the objects and powers of the Foundation and is governed under its Articles of Association.

In the event of the Foundation being wound up members are required to contribute an amount not exceeding £1.

**Recruitment and appointment of new trustees**

We draw upon a wide range of skills mix for our Trustee Board ranging from specialist skills (such as education, local government), professional skills (such as law and accountancy) and broad commercial skills.

All of our trustees have current or past experience of being a trustee, director or partner in either a charity, commercial or professional organisation.

Furthermore, all of our trustees give their time voluntarily and receive no benefits from the Foundation. Any expenses reclaimed from the Foundation by trustees are set out in the notes to financial statements.

**Organisational structure**

Ultimate responsibility for the Foundation resides with the membership which exercises power through a Board of Trustees.

The Board of Trustees comprises both elected members and the nominees of certain institutions with elected members always in the majority.

The Board of Trustees meets routinely four times a year and is joined in its discussions by co-optees from users and staff and by the Foundation's directorate. A vital function of the Board of Trustees is to review at every meeting the progress of the Foundation's development plan.

A scheme of delegation is in place and day to day responsibility for the provision of the Foundation's services rests with the chief executive. The chief executive is responsible for ensuring that the Foundation delivers the services specified and that key performance indicators are met. The chief executive also has responsibility for the day to day operational management of the Foundation, individual supervision of the staff team and ensuring that the team continue to develop their skills and working practices in line with good practice.

**Induction and training of new trustees**

New trustees undergo an orientation day to brief them on legal obligations under charity law, the content of the Foundation's Memorandum and Articles of Association, the committee and decision-making process and the recent financial performance of the Foundation.

During the induction day they meet key employees and other trustees.

Trustees are encouraged to attend appropriate external training events where these will facilitate the understanding of their role.

**Key management remuneration**

In the trustees' opinion, the key management personnel of the Foundation responsible for the direction, control, running and operation of the Foundation on a day to day basis consists of the Board of Trustees and the Chief Executive.

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**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 JULY 2017**

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Key management remuneration – continued**

Key management personnel - trustees

All trustees give of their time freely and no trustee received remuneration during the year.

Details of trustees' expenses and related party transactions are disclosed in notes 11 and 22 to the financial statements.

Key management personnel - chief executive

The pay of the Foundation's senior staff is reviewed annually and normally increased based upon the position of the Foundation's finances and the cost of living in general.

**Risk management**

The trustees have a duty to identify and review the risks to which the Foundation is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

During the year the chief executive identifies the major risks facing the Foundation. These are assessed in terms of their likelihood of occurrence and potential impact. Corrective actions are set out to mitigate these risks and responsibility for their monitoring and implementation put in place. This is reviewed regularly at the quarterly trustees' meetings through the chief executive's report to the trustees.

A major risk to the Foundation is financial stability given our high dependency on voluntary income. This is monitored through rigorous cashflow forecasting on a weekly basis, regular meetings with our bank relationship manager and quarterly reports to the Board of Trustees. The chief executive meets monthly with a trustees finance sub-committee.

With reference to operational risk, we work with a wide range of operational policies (eg health and safety, safeguarding and POVA) which set out to identify potential risks and actions to mitigate them. Where necessary, we undertake individual risk assessments.

We also have full insurance cover for public, employer, product and professional liability.

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**

2083754 (England and Wales)

**Registered Charity number**

295873

**Registered office**

Cannon Hill House

Russell Road

Moseley

Birmingham

B13 8RD

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 JULY 2017**

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**REFERENCE AND ADMINISTRATIVE DETAILS - CONTINUED**

**Trustees**

**Elected trustees**

The following trustees have been appointed to the Board of Trustees by election in accordance with the Foundation's Articles of Association and, except where stated, have served throughout the period since 1 August 2016.

David Wood (Chairman)

Sarah Collett

Anthony Coombs

Graham Coombs

Keith Dudley

Les Lawrence

Kevin Mattinson

- appointed 27 April 2017

Andrew Moss

Ian Sharp

Jayne Titchener

**Appointed trustees**

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

Councillor Martin Straker Welds

Birmingham City Council

**Company secretary**

Marie McCann

**Chief executive**

Melanie Brown

**Senior Statutory Auditor**

Peter Smith ACA

**Independent auditors**

J W Hinks LLP

Chartered Accountants

and Statutory Auditors

19 Highfield Road

Edgbaston

Birmingham

B15 3BH

**Solicitors**

ShakespeareMartineau

No 1 Colmore Square

Birmingham

B4 6AA

**Banker**

Lloyds Bank plc

University of Birmingham Branch

142 Edgbaston Park Road

Birmingham

B15 2TY



**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 JULY 2017**

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**STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees (who are also the directors of The Foundation for Conductive Education for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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. In preparing those financial statements, the trustees are required to

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**AUDITORS**

The auditors, J W Hinks LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of trustees on 19 October 2017 and signed on its behalf by:

  
.....  
R D Wood - Trustee

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
THE FOUNDATION FOR CONDUCTIVE EDUCATION (REGISTERED NUMBER: 2083754)**

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**Opinion**

We have audited the financial statements of The Foundation for Conductive Education (the 'charitable company') for the year ended 31 July 2017 on pages eighteen to forty-two. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
THE FOUNDATION FOR CONDUCTIVE EDUCATION (REGISTERED NUMBER: 2083754)**

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**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

- adequate accounting records have not been kept 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees Responsibilities set out on page eleven, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so

**Our responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.



Peter Smith ACA (Senior Statutory Auditor)

for and on behalf of J W Hinks LLP

Chartered Accountants

and Statutory Auditors

19 Highfield Road

Edgbaston

Birmingham

B15 3BH

Date: 19 October 2017

THE FOUNDATION FOR CONDUCTIVE EDUCATION

STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 JULY 2017

|                                    | Note | Unrestricted fund<br>£ | Restricted funds<br>£ | 2017<br>Total funds<br>£ | 2016<br>Total funds restated<br>£ |
|------------------------------------|------|------------------------|-----------------------|--------------------------|-----------------------------------|
| <b>INCOME AND ENDOWMENTS FROM</b>  |      |                        |                       |                          |                                   |
| Donations and legacies             | 2    | 110,392                | 246,357               | 356,749                  | 357,503                           |
| <b>Charitable activities</b>       | 5    |                        |                       |                          |                                   |
| Children's services                |      | 111,609                | -                     | 111,609                  | 131,356                           |
| Adult services                     |      | 303,652                | 41,024                | 344,676                  | 324,722                           |
| Training services                  |      | 178,584                | -                     | 178,584                  | 166,307                           |
| Other trading activities           | 3    | 88,636                 | -                     | 88,636                   | 99,169                            |
| Investment income                  | 4    | <u>1</u>               | <u>-</u>              | <u>1</u>                 | <u>1</u>                          |
| <b>Total</b>                       |      | <b>792,874</b>         | <b>287,381</b>        | <b>1,080,255</b>         | <b>1,079,058</b>                  |
| <b>EXPENDITURE ON</b>              |      |                        |                       |                          |                                   |
| Raising funds                      | 6    | 102,046                | -                     | 102,046                  | 107,193                           |
| <b>Charitable activities</b>       | 7    |                        |                       |                          |                                   |
| Children's services                |      | 256,823                | 164,458               | 421,281                  | 421,269                           |
| Adult services                     |      | 181,457                | 112,503               | 293,960                  | 306,550                           |
| Training services                  |      | <u>220,277</u>         | <u>-</u>              | <u>220,277</u>           | <u>207,028</u>                    |
| <b>Total</b>                       |      | <b>760,603</b>         | <b>276,961</b>        | <b>1,037,564</b>         | <b>1,042,040</b>                  |
| <b>NET INCOME</b>                  |      | <b>32,271</b>          | <b>10,420</b>         | <b>42,691</b>            | <b>37,018</b>                     |
| <b>Transfers between funds</b>     |      | <u>5,217</u>           | <u>(5,217)</u>        | <u>-</u>                 | <u>-</u>                          |
| <b>Net movement in funds</b>       |      | <b>37,488</b>          | <b>5,203</b>          | <b>42,691</b>            | <b>37,018</b>                     |
| <b>RECONCILIATION OF FUNDS</b>     |      |                        |                       |                          |                                   |
| <b>Total funds brought forward</b> |      | <u>761,257</u>         | <u>35,180</u>         | <u>796,437</u>           | <u>759,419</u>                    |
| <b>TOTAL FUNDS CARRIED FORWARD</b> |      | <u><b>798,745</b></u>  | <u><b>40,383</b></u>  | <u><b>839,128</b></u>    | <u><b>796,437</b></u>             |

**CONTINUING OPERATIONS**

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

THE FOUNDATION FOR CONDUCTIVE EDUCATION (REGISTERED NUMBER: 2083754)

**BALANCE SHEET**  
**AT 31 JULY 2017**

|  | Note | Unrestricted<br>fund<br>£ | Restricted<br>funds<br>£ | 2017<br>Total funds<br>£ | 2016<br>Total funds<br>restated<br>£ |
|--|------|---------------------------|--------------------------|--------------------------|--------------------------------------|
| <b>FIXED ASSETS</b>                          |      |                           |                          |                          |                                      |
| Tangible assets                              | 13   | 1,415,342                 | -                        | 1,415,342                | 1,421,635                            |
| Investments                                  | 14   | <u>1</u>                  | <u>-</u>                 | <u>1</u>                 | <u>1</u>                             |
|  |      | 1,415,343                 | -                        | 1,415,343                | 1,421,636                            |
| <b>CURRENT ASSETS</b>                        |      |                           |                          |                          |                                      |
| Debtors                                      | 15   | 94,164                    | 20,020                   | 114,184                  | 50,912                               |
| Cash at bank and in hand                     |      | <u>254</u>                | <u>40,383</u>            | <u>40,637</u>            | <u>11,411</u>                        |
|  |      | 94,418                    | 60,403                   | 154,821                  | 62,323                               |
| <b>CREDITORS</b>                             |      |                           |                          |                          |                                      |
| Amounts falling due within one year          | 16   | <u>(330,247)</u>          | <u>(20,020)</u>          | <u>(350,267)</u>         | <u>(277,015)</u>                     |
| <b>NET CURRENT ASSETS/(LIABILITIES)</b>      |      | <u>(235,829)</u>          | <u>40,383</u>            | <u>(195,446)</u>         | <u>(214,692)</u>                     |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |      | 1,179,514                 | 40,383                   | 1,219,897                | 1,206,944                            |
| <b>CREDITORS</b>                             |      |                           |                          |                          |                                      |
| Amounts falling due after more than one year | 17   | <u>(380,769)</u>          | <u>-</u>                 | <u>(380,769)</u>         | <u>(410,507)</u>                     |
| <b>NET ASSETS</b>                            |      | <u>798,745</u>            | <u>40,383</u>            | <u>839,128</u>           | <u>796,437</u>                       |
| <b>FUNDS</b>                                 |      |                           |                          |                          |                                      |
| Unrestricted funds                           | 21   |                           |                          | 798,745                  | 761,257                              |
| Restricted funds                             |      |                           |                          | <u>40,383</u>            | <u>35,180</u>                        |
| <b>TOTAL FUNDS</b>                           |      |                           |                          | <u>839,128</u>           | <u>796,437</u>                       |

The notes form part of these financial statements

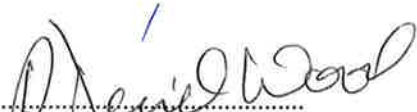
**THE FOUNDATION FOR CONDUCTIVE EDUCATION (REGISTERED NUMBER: 2083754)**


**BALANCE SHEET - CONTINUED  
AT 31 JULY 2017**

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

The financial statements were approved by the Board of Trustees on 19 October 2017 and were signed on its behalf by:

  
.....  
R D Wood -Trustee

  
.....  
G Sharp -Trustee

The notes form part of these financial statements

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**THE FOUNDATION FOR CONDUCTIVE EDUCATION**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 JULY 2017**

|   | Notes | 2017<br>£       | 2016<br>£       |
|---|-------|-----------------|-----------------|
| <b>Cash flows from operating activities:</b>                              |       |                 |                 |
| Cash generated from operations  | 1     | <u>50,107</u>   | <u>51,857</u>   |
| <b>Net cash provided by (used in) operating activities</b>                |       | <u>50,107</u>   | <u>51,857</u>   |
| <b>Cash flows from investing activities:</b>                              |       |                 |                 |
| Purchase of tangible fixed assets   |       | (9,126)         | -               |
| Interest received   |       | <u>1</u>        | <u>1</u>        |
| <b>Net cash provided by (used in) investing activities</b>                |       | <u>(9,125)</u>  | <u>1</u>        |
| <b>Cash flows from financing activities:</b>                              |       |                 |                 |
| New loans in year   |       | 9,126           | -               |
| Bank loan repayments in year  |       | (32,310)        | (34,212)        |
| Capital repayments in year  |       | <u>(3,306)</u>  | <u>(6,646)</u>  |
| <b>Net cash provided by (used in) financing activities</b>                |       | <u>(26,490)</u> | <u>(40,858)</u> |
| <b>Change in cash and cash equivalents in the reporting period</b>        |       |                 |                 |
| <b>Cash and cash equivalents at the beginning of the reporting period</b> | 2     | <u>(87,715)</u> | <u>(98,715)</u> |
| <b>Cash and cash equivalents at the end of the reporting period</b>       | 2     | <u>(73,223)</u> | <u>(87,715)</u> |

The notes form part of these financial statements

THE FOUNDATION FOR CONDUCTIVE EDUCATION

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 JULY 2017

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1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

|   | 2017                 | 2016                 |
|---|----------------------|----------------------|
|   | £                    | £                    |
| <b>Net income for the reporting period (as per the statement of financial activities)</b> | <b>42,691</b>        | 37,018               |
| <b>Adjustments for:</b>   |                      |                      |
| Depreciation charges  | 15,420               | 15,383               |
| Interest received   | (1)                  | (1)                  |
| (Increase)/decrease in debtors  | <b>(63,272)</b>      | 21,959               |
| Increase/(decrease) in creditors  | <b>55,269</b>        | <b>(22,502)</b>      |
| <b>Net cash provided by (used in) operating activities</b>                                | <b><u>50,107</u></b> | <b><u>51,857</u></b> |

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

|  | 2017                   | 2016                   |
|--|------------------------|------------------------|
|  | £                      | £                      |
| Cash in hand   | 106                    | 26                     |
| Notice deposits (less than 3 months)   | 40,531                 | 11,385                 |
| Overdrafts included in bank loans and overdrafts falling due within one year | <b>(113,860)</b>       | <b>(99,126)</b>        |
| <b>Total cash and cash equivalents</b>                                       | <b><u>(73,223)</u></b> | <b><u>(87,715)</u></b> |



**1. ACCOUNTING POLICIES**

**BASIS OF PREPARING THE FINANCIAL STATEMENTS**

**General information**

The Foundation for Conductive Education is a charity incorporated in England and Wales. The address of the Foundation's registered office is Cannon Hill House, Russell Road, Moseley, Birmingham, B13 8RD.

**Accounting convention**

The financial statements of the Foundation, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2015)", Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Companies Act 2006 and the Charities Act 2011.

The financial statements have been prepared using the historic cost convention as modified to include certain financial instruments at fair value and are presented in sterling which is the functional currency of the Foundation, rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

These financial statements are the first financial statements of the Foundation for Conductive Education prepared in accordance with FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The date of transition to FRS 102 was 1 August 2016. An explanation of how the transition to FRS 102 has affected the reported financial position and financial performance of the Foundation is given in note 24 to the financial statements.

**COMPANY STATUS**

The Foundation is a company limited by guarantee.

The Foundation had 120 members as at 31 July 2017 (2016 - 116) all of whom have given an undertaking to contribute up to £1 each if called upon to do so in the event of the Foundation being wound up.

**GOING CONCERN**

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The expected level of income and expenditure is sufficient with the level of reserves for the Foundation to be able to continue as a going concern.

**1. ACCOUNTING POLICIES - continued**

**INCOME**

All income is recognised in the Statement of Financial Activities once the Foundation has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

For donations to be recognised the Foundation will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the Foundation and it is probable that they will be fulfilled.

For legacies to be recognised, entitlement is the earlier of the Foundation being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the Foundation. However, it is not always possible to measure the amount expected to be distributed. On these occasions the legacy is treated as a contingent asset and disclosed.

Fees charged for services provided by the Foundation such as children's services, adult services and training services are recognised as the services are being performed. Income received in advance of the service being performed is deferred.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the Foundation. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred. Other income includes membership fees which are recognised evenly over the membership period and conferences and sales of merchandise which are accounted for when the conference takes place or when merchandise has been delivered to the purchaser.

The Foundation receives local authority grants and grants from other third parties in respect of its activities. Income from local authority grants and grants from other third parties are recognised at fair value when the Foundation has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

**GIFTS IN KIND**

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

Where the Foundation receives a donated fixed asset, the market value of the asset is treated as an incoming resource and capitalised as a fixed asset in the Balance Sheet.

Volunteers' time is not recognised in the financial statements.

Investment income is earned through holding assets such as cash on deposit. It includes interest receivable. Interest income is recognised using the effective interest rate method and is recognised as the Foundation's right to receive payment is established.

**THE FOUNDATION FOR CONDUCTIVE EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 JULY 2017**

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**1. ACCOUNTING POLICIES - continued**

**EXPENDITURE**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

It is categorised under the following headings.

- o Costs of raising funds.
- o Expenditure on charitable activities.

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

The cost of generating funds includes direct expenditure incurred on fundraising applications and activities and a proportion of management overheads.

Conductive services comprise all direct costs which have been incurred by the Foundation in providing conductive education services and meeting its charitable objects.

Support costs are those that assist with the work of the Foundation but do not directly represent charitable activities and include office costs, governance costs and other administrative costs.

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

**TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated at cost or valuation less accumulated depreciation.

Depreciation is calculated to write off the cost or valuation of fixed assets to their estimated residual value on a straight line basis at the following rates.

|                       |                 |
|-----------------------|-----------------|
| Freehold property     | Not depreciated |
| Motor vehicles        | 20%             |
| Computer equipment    | 25%             |
| Fixtures and fittings | 20%             |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in net income/(expenditure) for the year.

Depreciation is not provided in respect of freehold property. The trustees consider that this policy is necessary in order for the financial statements to give a true and fair view because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation.

**TAXATION**

The Foundation is exempt from corporation tax on its charitable activities.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash in hand and deposits held at call with banks. Bank overdrafts are shown within borrowings in current liabilities.

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**1. ACCOUNTING POLICIES - continued**

**FUND ACCOUNTING**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the Foundation. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

**HIRE PURCHASE AND LEASING COMMITMENTS**

Leasing charges in respect of operating leases are recognised over the lives of the lease agreements using the straight line method. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period of the new lease.

Assets acquired under hire purchase contracts and finance leases are capitalised as tangible fixed assets.

Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives.

Obligations under such agreements are included in creditors net of the finance charge allocated to future periods.

**EMPLOYEE BENEFITS**

When employees have rendered service to the Foundation, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Foundation is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**INVESTMENTS**

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in "net gains/(losses) on investments" in the Statement of Financial Activities if the investments are publicly traded or their fair value can otherwise be measured reliably.

**PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS**

The Foundation makes contributions into two pension schemes, a defined benefit scheme and a defined contribution scheme, and the assets of both pension schemes are held separately from those of the Foundation in independently administered funds.

The defined benefit scheme, which is the Teachers' Pension Scheme, is an unfunded multi-employer scheme and the Foundation is unable to identify its share of the underlying assets and liabilities. Accordingly, the Foundation accounts for its contributions to this scheme as if it was a defined contribution scheme.

**1. ACCOUNTING POLICIES - continued**

**FINANCIAL INSTRUMENTS**

The Foundation has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102 to all of its financial statements.

Financial instruments are recognised in the Foundation's balance sheet when the Foundation becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

**Other financial assets**

Other financial assets are initially measured at fair value which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the income and expenditure account, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

**Impairment of financial assets**

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income and expenditure account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income and expenditure account.

**1. ACCOUNTING POLICIES - continued**

**FINANCIAL INSTRUMENTS**

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Foundation transfers the financial asset and substantially all of the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Foundation after deducting all of its liabilities.

**Basic financial liabilities**

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

**Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the income and expenditure account in finance costs or finance income as appropriate unless hedge accounting is applied and the hedge is a cash flow hedge.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the Foundation's contractual obligations expire or are discharged or cancelled.

**CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the application of the Foundation's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period or in the period of the revision and future periods where the revision affects both current and future periods.

THE FOUNDATION FOR CONDUCTIVE EDUCATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 JULY 2017

2. DONATIONS AND LEGACIES

|                     | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | 2017<br>Total<br>funds<br>£ | 2016<br>Total<br>funds<br>£ |
|---------------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Gifts and donations | 110,392                    | 246,357                  | 356,749                     | 327,303                     |
| Legacies            | -                          | -                        | -                           | 30,200                      |
|                     | <u>110,392</u>             | <u>246,357</u>           | <u>356,749</u>              | <u>357,503</u>              |

Gifts and donations receivable in excess of £3,000, included in the above, are as follows.

|   | 2017<br>£      | 2016<br>£      |
|---|----------------|----------------|
| The Alison Hillman Charitable Trust                 | 4,000          | -              |
| The Barbara Ward Children's Foundation              | 5,519          | 5,000          |
| The Allergan International Foundation               | 3,000          | -              |
| The Baron Davenport's Charity                       | -              | 5,000          |
| The Blakemore Foundation                            | 5,000          | -              |
| The Casey Trust                                     | 5,000          | -              |
| The Connie and Albert Taylor Charitable Trust       | -              | 20,000         |
| The D'Oyly Carte Charitable Trust                   | 3,000          | -              |
| The Edward Cadbury Charitable Trust                 | 6,000          | -              |
| The Edward and Dorothy Cadbury Trust                | 5,000          | -              |
| The Eveson Charitable Trust                         | 30,000         | 18,000         |
| The G J W Turner Trust                              | 3,000          | 3,000          |
| The Garfield Weston Foundation                      | -              | 15,000         |
| The George Perkins Charitable Trust                 | 5,000          | 5,000          |
| The Harborne Parish Lands Charity                   | -              | 8,983          |
| The Jordan Charitable Foundation                    | 10,000         | -              |
| The Keith Coombs Trust                              | 22,500         | -              |
| The Kleinwort Benson Charitable Trust               | -              | 5,000          |
| The Loppylugs and Barbara Morrison Charitable Trust | 4,000          | 3,400          |
| The Michael Marsh Charitable Trust                  | 3,000          | -              |
| The Ric-Sue Society                                 | 3,000          | 5,000          |
| The Roger and Douglas Turner Charitable Trust       | 6,000          | 5,000          |
| The Saintbury Trust                                 | 10,000         | 25,000         |
| The Santander Foundation UK                         | 4,918          | -              |
| The Sobell Foundation                               | 5,000          | -              |
| The Souter Charitable Trust                         | 3,000          | -              |
| The Steel Charitable Trust                          | -              | 7,500          |
| The Summerfield Charitable Trust                    | -              | 3,000          |
| CHK Charities Limited                               | 5,000          | -              |
| DAC Beechcroft                                      | 8,268          | -              |
| Didymus CIO   | 3,500          | -              |
| Office Agents Society                               | 5,000          | -              |
| Property for Kids                                   | 10,000         | -              |
| Mr Ron Cro (in memoriam)                            | 5,000          | -              |
| St James's Place Foundation                         | 42,929         | 44,587         |
| Balance - items less than £3,000 in value           | <u>131,115</u> | <u>148,833</u> |
|   | <u>356,749</u> | <u>327,303</u> |

THE FOUNDATION FOR CONDUCTIVE EDUCATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 JULY 2017

3. OTHER TRADING ACTIVITIES

|                    | Unrestricted funds<br>£ | Restricted funds<br>£ | 2017<br>Total funds<br>£ | 2016<br>Total funds<br>£ |
|--------------------|-------------------------|-----------------------|--------------------------|--------------------------|
| Fundraising events | <u>88,636</u>           | <u>-</u>              | <u>88,636</u>            | <u>99,169</u>            |

4. INVESTMENT INCOME

|                          | Unrestricted funds<br>£ | Restricted funds<br>£ | 2017<br>Total funds<br>£ | 2016<br>Total funds<br>£ |
|--------------------------|-------------------------|-----------------------|--------------------------|--------------------------|
| Deposit account interest | <u>1</u>                | <u>-</u>              | <u>1</u>                 | <u>1</u>                 |

5. INCOME FROM CHARITABLE ACTIVITIES

|                             | Children's services<br>£ | Adult services<br>£ | Training Services<br>£ | 2017<br>Total Activities<br>£ | 2016<br>Total Activities<br>£ |
|-----------------------------|--------------------------|---------------------|------------------------|-------------------------------|-------------------------------|
| Children's fees             | 106,603                  | -                   | -                      | 106,603                       | 125,460                       |
| Grants                      | -                        | 203,551             | -                      | 203,551                       | 198,654                       |
| Other income                | 5,006                    | 5,006               | 5,007                  | 15,019                        | 11,533                        |
| Rehabilitation fees         | -                        | 136,119             | -                      | 136,119                       | 124,274                       |
| Training & consultancy fees | -                        | -                   | 173,577                | 173,577                       | 162,464                       |
|                             | <u>111,609</u>           | <u>344,676</u>      | <u>178,584</u>         | <u>634,869</u>                |                               |
| 2016                        | <u>131,356</u>           | <u>324,722</u>      | <u>166,307</u>         |                               | <u>622,385</u>                |



THE FOUNDATION FOR CONDUCTIVE EDUCATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 JULY 2017

5. INCOME FROM CHARITABLE ACTIVITIES - continued

Grants received, included in the above, are as follows.

|   | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | 2017<br>£      | 2016<br>£      |
|---|----------------------------|--------------------------|----------------|----------------|
| Big Lottery Fund -<br>Rehabilitation fund | -                          | 41,024                   | 41,024         | 40,332         |
| Birmingham City Council -<br>General fund | 162,527                    | -                        | 162,527        | 156,271        |
| British Council -<br>Rehabilitation fund  | -                          | -                        | -              | 2,051          |
|   | <u>162,527</u>             | <u>41,024</u>            | <u>203,551</u> | <u>198,654</u> |

6. RAISING FUNDS

Raising donations and legacies

|                            | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | 2017<br>Total<br>funds<br>£ | 2016<br>Total<br>funds<br>£ |
|----------------------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Staff costs                | 63,048                     | -                        | 63,048                      | 57,346                      |
| Insurance                  | 1,015                      | -                        | 1,015                       | 965                         |
| Electricity, gas and water | 1,677                      | -                        | 1,677                       | 1,936                       |
| Telephone                  | 399                        | -                        | 399                         | 476                         |
| Postage and stationery     | 390                        | -                        | 390                         | 339                         |
| Sundry expenses            | 7,825                      | -                        | 7,825                       | 7,652                       |
| Depreciation               | 1,139                      | -                        | 1,139                       | 1,142                       |
|                            | <u>75,493</u>              | <u>-</u>                 | <u>75,493</u>               | <u>69,856</u>               |

Fundraising activities

|                            | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | 2017<br>Total<br>funds<br>£ | 2016<br>Total<br>funds<br>£ |
|----------------------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Fundraising event expenses | <u>26,553</u>              | <u>-</u>                 | <u>26,553</u>               | <u>37,337</u>               |
| Total                      | <u>102,046</u>             | <u>-</u>                 | <u>102,046</u>              | <u>107,193</u>              |

THE FOUNDATION FOR CONDUCTIVE EDUCATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 JULY 2017

6. RAISING FUNDS - continued

A review of the allocation of fundraising expenses has been undertaken during the year ended 31 July 2017 and, as a result, fundraising expenses for the year ended 31 July 2016 have been restated. The total net assets of the Foundation as at 31 July 2016 remain unchanged.

7. CHARITABLE ACTIVITIES COSTS

|                     | Direct Costs<br>(See note 8) | Support costs<br>(See note 9) | Governance<br>costs<br>(See note 9) | Totals         |
|---------------------|------------------------------|-------------------------------|-------------------------------------|----------------|
|                     | £                            | £                             | £                                   | £              |
| Children's services | 264,785                      | 152,670                       | 3,826                               | 421,281        |
| Adult services      | 220,503                      | 71,661                        | 1,796                               | 293,960        |
| Training services   | 150,012                      | 68,546                        | 1,719                               | 220,277        |
|                     | <u>635,300</u>               | <u>292,877</u>                | <u>7,341</u>                        | <u>935,518</u> |

A review of the allocation of support costs and governance costs has been undertaken during the year ended 31 July 2017 and, as a result, support costs and governance costs for the year ended 31 July 2016 have been restated. The total net assets of the Foundation as at 31 July 2016 remain unchanged.

8. DIRECT COSTS OF CHARITABLE ACTIVITIES

|                            | Children's<br>services | Adult<br>services | Training<br>Services | 2017<br>Total<br>Activities | 2016<br>Total<br>Activities |
|----------------------------|------------------------|-------------------|----------------------|-----------------------------|-----------------------------|
|                            | £                      | £                 | £                    | £                           | £                           |
| Staff costs                | 250,720                | 208,324           | 137,849              | 596,893                     | 605,468                     |
| Travel expenses            | 539                    | 728               | 4,386                | 5,653                       | 4,101                       |
| Accommodation and catering | 3,985                  | 2,951             | 1                    | 6,937                       | 7,988                       |
| Staff training             | -                      | 4,000             | 7,494                | 11,494                      | 5,640                       |
| Recruitment                | -                      | -                 | -                    | -                           | 304                         |
| Advertising                | 9,000                  | 4,500             | -                    | 13,500                      | 15,075                      |
| Sundry expenses            | 541                    | -                 | 282                  | 823                         | 2,816                       |
|                            | <u>264,785</u>         | <u>220,503</u>    | <u>150,012</u>       | <u>635,300</u>              | <u>641,392</u>              |

THE FOUNDATION FOR CONDUCTIVE EDUCATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 JULY 2017

9. SUPPORT COSTS

Support costs

|  | 2017<br>Total<br>activities<br>£ | 2016<br>Total<br>activities<br>£ |
|--|----------------------------------|----------------------------------|
| Wages                                    | 99,979                           | 93,493                           |
| Social security                          | 9,522                            | 8,160                            |
| Pensions                                 | 5,976                            | 5,292                            |
| Postage and stationery                   | 5,645                            | 4,895                            |
| Insurance                                | 14,663                           | 13,919                           |
| Electricity, gas and water               | 24,260                           | 27,942                           |
| Telephone                                | 5,764                            | 6,875                            |
| Professional fees                        | 12,474                           | 4,503                            |
| Sundry expenses                          | 5,142                            | 4,813                            |
| Maintenance expenses                     | 24,335                           | 21,366                           |
| Equipment rental charges                 | 17,801                           | 28,094                           |
| Motor and travel expenses                | 2,067                            | 2,494                            |
| Staff training                           | 505                              | 494                              |
| Recruitment charges                      | 935                              | 44                               |
| IT support and<br>maintenance            | 11,799                           | 8,909                            |
| Bank interest and charges                | 8,561                            | 5,920                            |
| Bank loan interest                       | 24,443                           | 25,762                           |
| Payroll and other charges                | 4,632                            | 6,073                            |
| Hire purchase interest<br>charges        | 94                               | 1,504                            |
| Depreciation of tangible<br>fixed assets | 14,280                           | 14,241                           |
|  | <u>292,877</u>                   | <u>284,793</u>                   |

Governance costs

|                           | 2017<br>Total<br>activities<br>£ | 2016<br>Total<br>activities<br>£ |
|---------------------------|----------------------------------|----------------------------------|
| Auditors' remuneration    | 6,960                            | 8,431                            |
| Professional fees         | 273                              | 98                               |
| Payroll and other charges | 108                              | 133                              |
|                           | <u>7,341</u>                     | <u>8,662</u>                     |

THE FOUNDATION FOR CONDUCTIVE EDUCATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 JULY 2017

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**10. NET INCOME/(EXPENDITURE)**

Net income/(expenditure) is stated after charging/(crediting):

|   | <b>2017</b>   | 2016         |
|---|---------------|--------------|
|   | <b>£</b>      | £            |
| Auditors' remuneration  | <b>6,960</b>  | 8,431        |
| Depreciation - owned assets   | <b>14,963</b> | 8,703        |
| Depreciation - assets on hire purchase contracts and finance leases | <b>456</b>    | <u>6,680</u> |

**11. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31 July 2017 nor for the year ended 31 July 2016.

**TRUSTEES' EXPENSES**

During the year ended 31 July 2017 trustees' expenses totalling £nil (2016 - £294) was reimbursed by the Foundation.

**12. STAFF COSTS**

|                       | <b>2017</b>           | 2016           |
|-----------------------|-----------------------|----------------|
|                       | <b>£</b>              | £              |
| Wages and salaries    | <b>659,747</b>        | 654,591        |
| Social security costs | <b>58,015</b>         | 52,425         |
| Other pension costs   | <b>57,656</b>         | <u>62,743</u>  |
|                       | <b><u>775,418</u></b> | <u>769,759</u> |

The average monthly number of employees during the year was as follows:

|             | <b>2017</b>      | 2016      |
|-------------|------------------|-----------|
| Conductors  | <b>20</b>        | 20        |
| Other staff | <b>11</b>        | <u>13</u> |
|             | <b><u>31</u></b> | <u>33</u> |

No employees received emoluments in excess of £60,000.

13. TANGIBLE FIXED ASSETS

|                        | Freehold<br>property<br>£ | Motor<br>vehicles,<br>computers<br>and fixtures<br>and fittings<br>£ | Totals<br>£      |
|------------------------|---------------------------|--|------------------|
| <b>COST</b>            |                           |  |                  |
| At 1 August 2016       | 1,400,000                 | 86,587   | 1,486,587        |
| Additions              | -                         | 9,126  | 9,126            |
| Disposals              | -                         | (3,071)  | (3,071)          |
| At 31 July 2017        | <u>1,400,000</u>          | <u>92,642</u>  | <u>1,492,642</u> |
| <b>DEPRECIATION</b>    |                           |  |                  |
| At 1 August 2016       | -                         | 64,952   | 64,952           |
| Charge for year        | -                         | 15,419   | 15,419           |
| Eliminated on disposal | -                         | (3,071)  | (3,071)          |
| At 31 July 2017        | <u>-</u>                  | <u>77,300</u>  | <u>77,300</u>    |
| <b>NET BOOK VALUE</b>  |                           |  |                  |
| At 31 July 2017        | <u>1,400,000</u>          | <u>15,342</u>  | <u>1,415,342</u> |
| At 31 July 2016        | <u>1,400,000</u>          | <u>21,635</u>  | <u>1,421,635</u> |

Included within motor vehicles, computers and fixtures and fittings are assets with a net book value of £8,670 (2016 - £nil) held under finance leases. The depreciation charged on these assets amounted to £456 (2016 - £6,680).

On 6 October 2017 Lambert Smith Hampton, chartered surveyors, revalued the Foundation's freehold property at an amount of £1,400,000 on an existing use open market basis.

In the opinion of the trustees, there is no material difference between this value and that as at 31 July 2017.

THE FOUNDATION FOR CONDUCTIVE EDUCATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 JULY 2017

14. FIXED ASSET INVESTMENTS

|                                   | Shares in<br>group<br>undertakings<br>£ |
|-----------------------------------|---|
| <b>MARKET VALUE</b>               |   |
| At 1 August 2016 and 31 July 2017 | <u>1</u>                                |
| <b>NET BOOK VALUE</b>             |   |
| At 31 July 2017                   | <u><u>1</u></u>                         |
| At 31 July 2016                   | <u><u>1</u></u>                         |

There were no investment assets outside the UK.

The Foundation's investments consist of a 50% holding of the ordinary £1 shares of Peto (UK) Limited, a dormant company registered in England and Wales (company registered number 02582147), whose net assets totalled £2 as at 31 July 2017.

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|               | 2017<br>£             | 2016<br>£            |
|---------------|-----------------------|----------------------|
| Other debtors | 101,867               | 47,162               |
| Prepayments   | <u>12,317</u>         | <u>3,750</u>         |
|               | <u><u>114,184</u></u> | <u><u>50,912</u></u> |

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|   | 2017<br>£             | 2016<br>£             |
|---|-----------------------|-----------------------|
| Bank loans and overdrafts (see note 18) | 148,195               | 131,436               |
| Hire purchase (see note 19)             | 1,224                 | -                     |
| Trade creditors                         | 6,883                 | 594                   |
| Amounts owed to group undertakings      | 1                     | 1                     |
| Social security and other taxes         | 14,147                | 12,010                |
| Other creditors                         | 6,291                 | 9,977                 |
| Deferred income                         | 148,627               | 102,830               |
| Accrued expenses                        | <u>24,899</u>         | <u>20,167</u>         |
|   | <u><u>350,267</u></u> | <u><u>277,015</u></u> |

THE FOUNDATION FOR CONDUCTIVE EDUCATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 JULY 2017

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

**Deferred income**

A summary of movements in deferred income during the year is as follows.

|                      | 2017             | 2016             |
|----------------------|------------------|------------------|
|                      | £                | £                |
| Beginning of year    | 102,830          | 112,209          |
| Received during year | 177,028          | 102,830          |
| Released during year | <u>(131,231)</u> | <u>(112,209)</u> |
| End of year          | <u>148,627</u>   | <u>102,830</u>   |

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|                             | 2017           | 2016           |
|-----------------------------|----------------|----------------|
|                             | £              | £              |
| Bank loans (see note 18)    | 376,173        | 410,507        |
| Hire purchase (see note 19) | <u>4,596</u>   | <u>-</u>       |
|                             | <u>380,769</u> | <u>410,507</u> |

18. LOANS

An analysis of the maturity of loans is given below:

|   | 2017           | 2016           |
|---|----------------|----------------|
|   | £              | £              |
| Amounts falling due within one year on demand:  |                |                |
| Bank overdraft                                  | 113,860        | 99,126         |
| Bank loans                                      | <u>34,335</u>  | <u>32,310</u>  |
|   | <u>148,195</u> | <u>131,436</u> |
| Amounts falling between one and two years:      |                |                |
| Bank loans - 1-2 years                          | <u>36,503</u>  | <u>34,334</u>  |
| Amounts falling due between two and five years: |                |                |
| Bank loans - 2-5 years                          | <u>123,896</u> | <u>116,491</u> |
| Amounts falling due in more than five years:    |                |                |
| Repayable by instalments:                       |                |                |
| Bank loans - more than 5 years by instalments   | <u>215,774</u> | <u>259,682</u> |

**19. LEASING AGREEMENTS**

|                            | <b>Hire purchase contracts</b> |             |
|----------------------------|--------------------------------|-------------|
|                            | <b>2017</b>                    | <b>2016</b> |
|                            | <b>£</b>                       | <b>£</b>    |
| Net obligations repayable: |                                |             |
| Within one year            | <b>1,224</b>                   | -           |
| Between one and five years | <b>4,596</b>                   | -           |
|                            | <u><b>5,820</b></u>            | <u>-</u>    |

At 31 July 2017 the Foundation had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows.

|                            | <b>Operating leases</b> |                |
|----------------------------|-------------------------|----------------|
|                            | <b>2017</b>             | <b>2016</b>    |
|                            | <b>£</b>                | <b>£</b>       |
| Within one year            | <b>26,741</b>           | 27,184         |
| Between two and five years | <b>73,864</b>           | 100,605        |
| In more than five years    | -                       | -              |
|                            | <u><b>100,605</b></u>   | <u>127,789</u> |

**20. SECURED DEBTS**

The following secured debts are included within creditors:

|                         | <b>2017</b>           | <b>2016</b>    |
|-------------------------|-----------------------|----------------|
|                         | <b>£</b>              | <b>£</b>       |
| Bank overdraft          | <b>113,860</b>        | 99,126         |
| Bank loans              | <b>410,508</b>        | 442,817        |
| Hire purchase contracts | <b>5,820</b>          | -              |
|                         | <u><b>530,188</b></u> | <u>541,943</u> |

The Foundation's bank overdraft and bank loans are secured by a first legal charge over part of the Foundation's freehold property.

The Foundation's bank loans are repayable by monthly instalments over 15 years at fixed interest rates of between 5.73% and 7.28%.

Amounts payable under hire purchase contracts are secured on the related assets.



21. MOVEMENT IN FUNDS

|                                       | At 1.8.16<br>£        | Net<br>movement in<br>funds<br>£ | Transfer<br>between<br>funds<br>£ | At 31.7.17<br>£       |
|---------------------------------------|-----------------------|----------------------------------|-----------------------------------|-----------------------|
| <b>Unrestricted funds</b>             |                       |                                  |                                   |                       |
| General fund                          | 761,257               | 32,271                           | 5,217                             | 798,745               |
| <b>Restricted funds</b>               |                       |                                  |                                   |                       |
| Children's Services fund              | 10,548                | 21,471                           | -                                 | 32,019                |
| Rehabilitation fund                   | 20,709                | (20,709)                         | -                                 | -                     |
| Fixtures, Fittings and Equipment fund | <u>3,923</u>          | <u>9,658</u>                     | <u>(5,217)</u>                    | <u>8,364</u>          |
|                                       | <u>35,180</u>         | <u>10,420</u>                    | <u>-</u>                          | <u>40,383</u>         |
| <b>TOTAL FUNDS</b>                    | <u><u>796,437</u></u> | <u><u>42,691</u></u>             | <u><u>-</u></u>                   | <u><u>839,128</u></u> |

Net movement in funds, included in the above are as follows:

|                                       | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Movement in<br>funds<br>£ |
|---------------------------------------|----------------------------|----------------------------|---------------------------|
| <b>Unrestricted funds</b>             |                            |                            |                           |
| General fund                          | 792,874                    | (760,603)                  | 32,271                    |
| <b>Restricted funds</b>               |                            |                            |                           |
| Children's Services fund              | 185,587                    | (164,116)                  | 21,471                    |
| Rehabilitation fund                   | 91,794                     | (112,503)                  | (20,709)                  |
| Fixtures, Fittings and Equipment fund | <u>10,000</u>              | <u>(342)</u>               | <u>9,658</u>              |
|                                       | <u>287,381</u>             | <u>(276,961)</u>           | <u>10,420</u>             |
| <b>TOTAL FUNDS</b>                    | <u><u>1,080,255</u></u>    | <u><u>(1,037,564)</u></u>  | <u><u>42,691</u></u>      |

THE FOUNDATION FOR CONDUCTIVE EDUCATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 JULY 2017

21. MOVEMENT IN FUNDS - continued

**Purpose of Unrestricted Funds**

General fund

This fund represents the free funds of the Foundation that are not designated for particular purposes.

**Purpose of Restricted Funds**

Children's Services fund

This fund represents primary funding received by the Foundation for the provision of pre-school and child services and also bursaries.

Rehabilitation fund

This fund represents funds used by the Foundation for the provision of free and subsidised services used by adults.

Fixtures, fittings and equipment fund

This fund represents funding received by the Foundation to enable the Foundation to purchase equipment which is used across all of the services provided by the Foundation.

**Transfers between funds**

Transfers between funds as at 31 July 2017 represent a re-analysis undertaken by the Foundation of unrestricted and restricted fixed assets.

22. RELATED PARTY DISCLOSURES

**Tangible gifts and donations**

The Keith Coombs Trust

During the year ended 31 July 2017 the Foundation received income totalling £22,500 (2016 - £2,900) from the Keith Coombs Trust, a registered charity, in which Anthony Coombs and Graham Coombs, trustees of the Foundation, also serves as trustees

23. MEMBERS' GUARANTEE

The Foundation is a company limited by guarantee and, as such, does not have share capital.

The Foundation had 120 members as at 31 July 2017 (2016 - 116) all of whom have given an undertaking to contribute up to £1 each if called upon to do so

24. RECONCILIATION ON ADOPTION OF FRS 102

RECONCILIATION OF SURPLUS

|   | 2015   | 2016   | Total  |
|---|--------|--------|--------|
|   | £      | £      | £      |
| Surplus as reported under previous UK GAAP  | 26,669 | 6,266  | 32,935 |
| Adjustments arising from transition to FRS102:<br>Income and expenditure reserves | 30,752 | 30,752 | 61,504 |
| Surplus reported under FRS102   | 57,421 | 37,018 | 94,439 |

NOTES TO RECONCILIATIONS ON ADOPTION OF FRS 102

(1) CHANGE IN CARRYING VALUE OF FREEHOLD PROPERTY

Prior to the adoption of FRS 102, depreciation was charged by the Foundation concerning its freehold property on its revalued amount.

Following the Foundation's adoption of FRS 102, the carrying value of the Foundation's freehold property as at 01 July 2016 and 31 July 2017 has not been subject to depreciation. This is because the trustees consider that this is necessary in order for the financial statements to give a true and fair view because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation.

24. RECONCILIATION ON ADOPTION OF FRS 102 - continued

RECONCILIATION OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 JULY 2016

|                                    | Note | Total funds previous UK GAAP £ | Effect of transition £ | FRS102 £         |
|------------------------------------|------|--------------------------------|------------------------|------------------|
| <b>INCOME AND ENDOWMENTS FROM</b>  |      |                                |                        |                  |
| Donations and legacies             | 2    | 357,503                        | -                      | 357,503          |
| Charitable activities              |      |                                |                        | -                |
| Children's services                | 5    | 131,356                        | -                      | 131,356          |
| Adult services                     |      | 324,722                        | -                      | 324,722          |
| Training services                  |      | 166,307                        | -                      | 166,307          |
| Other trading activities           | 3    | 99,169                         | -                      | 99,169           |
| Investment income                  | 4    | 1                              | -                      | 1                |
| <b>Total</b>                       |      | <b>1,079,058</b>               | <b>-</b>               | <b>1,079,058</b> |
| <b>EXPENDITURE ON</b>              |      |                                |                        |                  |
| Raising funds                      | 6    | 109,039                        | (1,846)                | 107,193          |
| <b>Charitable activities</b>       | 7    |                                |                        |                  |
| Children's services                |      | 436,337                        | (15,068)               | 421,269          |
| Adult services                     |      | 313,623                        | (7,073)                | 306,550          |
| Training services                  |      | 213,793                        | (6,765)                | 207,028          |
| <b>Total</b>                       |      | <b>1,072,792</b>               | <b>(30,752)</b>        | <b>1,042,040</b> |
| <b>NET INCOME/(EXPENDITURE)</b>    |      | <b>6,266</b>                   | <b>30,752</b>          | <b>37,018</b>    |
| <b>RECONCILIATION OF FUNDS</b>     |      |                                |                        |                  |
| Total funds brought forward        |      | 728,667                        | 30,752                 | 759,419          |
| <b>TOTAL FUNDS CARRIED FORWARD</b> |      | <b>734,933</b>                 | <b>61,504</b>          | <b>796,437</b>   |

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 JULY 2017

24. RECONCILIATION ON ADOPTION OF FRS 102 - continued

RECONCILIATION OF FUNDS

|  | At 1 August 2015         |                              |                  | At 31 July 2016          |                              |                  |
|--|--------------------------|------------------------------|------------------|--------------------------|------------------------------|------------------|
|  | Previous<br>UK GAAP<br>£ | Effect of<br>Transition<br>£ | FRS102<br>£      | Previous<br>UK GAAP<br>£ | Effect of<br>transition<br>£ | FRS102<br>£      |
| <b>FIXED ASSETS</b>                              |                          |                              |                  |                          |                              |                  |
| Tangible assets                                  | 1,406,266                | 30,752                       | 1,437,018        | 1,360,131                | 61,504                       | 1,421,635        |
| Investments                                      | 1                        | -                            | 1                | 1                        | -                            | 1                |
|  | <u>1,406,267</u>         | <u>30,752</u>                | <u>1,437,019</u> | <u>1,360,132</u>         | <u>61,504</u>                | <u>1,421,636</u> |
| <b>CURRENT ASSETS</b>                            |                          |                              |                  |                          |                              |                  |
| Debtors  | 72,871                   | -                            | 72,871           | 50,912                   | -                            | 50,912           |
| Cash at bank and in hand                         | 12,810                   | -                            | 12,810           | 11,411                   | -                            | 11,411           |
|  | <u>85,681</u>            | <u>-</u>                     | <u>85,681</u>    | <u>62,323</u>            | <u>-</u>                     | <u>62,323</u>    |
| <b>CREDITORS</b>                                 |                          |                              |                  |                          |                              |                  |
| Amounts falling due within<br>one year           | (319,891)                | -                            | (319,891)        | (277,015)                | -                            | (277,015)        |
| <b>NET CURRENT LIABILITIES</b>                   | <u>(234,210)</u>         | <u>-</u>                     | <u>(234,210)</u> | <u>(214,692)</u>         | <u>-</u>                     | <u>(214,692)</u> |
| <b>TOTAL ASSETS LESS CURRENT<br/>LIABILITIES</b> | 1,172,057                | 30,752                       | 1,202,809        | 1,145,440                | 61,504                       | 1,206,944        |
| <b>CREDITORS</b>                                 |                          |                              |                  |                          |                              |                  |
| Amounts falling due after more<br>than one year  | (444,390)                | -                            | (443,390)        | (410,507)                | -                            | (410,507)        |
| <b>NET ASSETS</b>                                | <u>728,667</u>           | <u>30,752</u>                | <u>759,419</u>   | <u>734,933</u>           | <u>61,504</u>                | <u>796,437</u>   |
| <b>FUNDS</b>                                     |                          |                              |                  |                          |                              |                  |
| Unrestricted funds                               | 451,881                  | 30,752                       | 482,633          | 699,753                  | 61,504                       | 761,257          |
| Restricted funds                                 | 276,786                  | -                            | 276,786          | 35,180                   | -                            | 35,180           |
|  | <u>728,667</u>           | <u>30,752</u>                | <u>759,419</u>   | <u>734,933</u>           | <u>61,504</u>                | <u>796,437</u>   |