

The Foundation for Conductive Education

Report and Financial Statements

Year ended

31 July 2013

Company Number 2083754

Charity Number 295873

The Foundation for Conductive Education

Report and financial statements
for the year ended 31 July 2013

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The Foundation for Conductive Education

Report of the trustees for the year ended 31 July 2013

1) Summary of the year's performance:

In the year, we incurred a deficit of £205,956. The key factors were:

- Voluntary income in the year was £182k lower compared to 2011/12 largely because we had received a large one off legacy £156k in 2011/12.
- Our major issue has been the fallback in fees £56k in 2012/13 and budget for the forthcoming year to fall a further £65k. This is largely because we are receiving fewer full time placements for children in the school.
- Exceptional costs of £44,514 for restructuring and reorganisation costs were incurred in the year.
- Adults and Training services continue to grow and this is partly reflected in the increase in grants in the coming year of £49,682.
- We are changing our service proposition for children to cater for more part time and sessional placings. This brings in a much lower average fee income.
- To make our children's services more cost effective and viable, we restructured the children's department by reducing staff and appointing one Service Director over adults and children's services together with training. This has brought about cost savings for the forthcoming year of £187,000.

We believe that the actions we have taken together with prudent budgeting will bring us back to break even this year.

We received an Ofsted inspection of the school in July 2013 and were classified as Outstanding in all areas.

2) Objectives and Activities:

Mission, Vision and Values:

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

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

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

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

Strategic Objectives:

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

Building Sustainability

We will focus the services provided by the Foundation at the National Institute and build financial sustainability by developing diverse sources of statutory and voluntary income.

Promoting Excellence

We will increase the awareness of Conductive Education amongst our key target audiences and exploit all opportunities to promote the Foundation and the work we do.

The Foundation for Conductive Education

Report of the trustees for the year ended 31 July 2013 (*continued*)

Success Through Partnerships

We will adopt a more dynamic approach to forming partnerships with organisations that have synergy with our own.

Investing in People

We will demonstrate how we value our people by improving the working environment.

Delivering Public Benefit

We have taken account of the Charity Commission guidance in our strategy to ensure that we deliver benefit to the public not only to the children and adults that we help through conductive education but also to their families and carers who support them. The numbers of people we help directly are set out in this report.

What is Conductive Education?

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

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

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

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

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

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

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

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

The Foundation for Conductive Education

Report of the trustees for the year ended 31 July 2013 *(continued)*

What is Conductive Education? *(continued)*

Beneficiaries of Conductive Education - The main beneficiaries will be the children or adults with neurological conditions however their families are also crucial in the learning and reablement process. As Conductive Education focuses on enhancing quality of life this must equally apply to all members of the family. Being diagnosed with a neurological condition or finding out that your child has cerebral palsy are life changing events. Parents of children need support and advice on how to integrate their child into the family and wider society; partners of adults with acquired conditions equally need support and practical strategies to deal with the situation they find themselves in. Conductors are trained to work with the whole family thus promoting development of the individual within a relevant context.

The key elements of Conductive Education make this a unique approach to teaching people to explore their own potential and achieve skills previously thought impossible. This approach embraces education, health and social welfare simultaneously thus making CE a real option for people with neurological motor disorders and for potential stakeholders.

3) Achievements, performance and aims:

Overview of Services – Children – Red Boots

The number of full time children coming to Children's Services has been decreasing for some years to the point where we have only a few full time children in our school service and mainly part time and sessional children starting in the autumn term 2013. This partly due to the lack of funding from Local Authorities but also an increasing wish by parents to be included in the maintained, mainstream sector wherever possible.

Therefore our strategy going forward is to provide a menu of children's services from a very early age to adulthood that more effectively meet the needs of both parents and children. For some children a shared place with a local mainstream school may offer the best opportunities whilst for others a full time placement may provide the optimal learning experience. In addition there are many children in both mainstream and special schools who would benefit from block placements to work at enhancing their physical skills as one way of accessing a broader curriculum. The development of our services will be considered in conjunction with the needs of parents and in line with the new SEN Code of Practice. We will consider how we can best support children and young people aged 0 – 25yrs. The ultimate goal of Conductive Education is to teach children the skills required to promote inclusion in society at the highest possible level; this can only be done if we ensure that our services meet the immediate and long term needs of each individual. By providing a wider range of services we can ensure that each individual can receive appropriate and timely services to ensure the successful transition into society.

To achieve this we are developing an improved connection with Local Authorities – most particularly Birmingham City Council to become an important part of their 'local offer' over the coming year.

The standard of our educational provision has recently been inspected by OfSTED where we were classed as 'outstanding' in all areas. This shows that not only can we provide specialist services to meet the physical needs of the children but that we can fully integrate this with our educational standards.

The Foundation for Conductive Education

Report of the trustees
for the year ended 31 July 2013 (*continued*)

3) Achievements, performance and aims: (*continued*)

Our main services are as follows:

Parent & Child Programme – This service aims to provide a comprehensive early years education that is appropriate to the age, ability and needs of the child and leads to development of motor, social and educational skills. Parents/carers are given a greater understanding of how their children's conditions affect them and conductors help them to encourage their children to achieve greater independence.

Through structured play using games, role-play, rhymes and songs, children can learn to overcome difficulties created by their conditions and be enabled to crawl, feed, interact with their parents and other children, use the toilet and in some cases walk. All these are activities that many people take for granted.

This free service had been funded largely by St James's Place Foundation, the grant making foundation of this major wealth management company.

Early Intervention Service – This service is designed to meet the needs of children aged 3 – 7 years. The Early Years Foundation Stage is skilfully integrated with the requirements of Conductive Education to build a complex curriculum. It is a non-compartmentalised approach to education where children can develop their movement skills, speech and communication skills, cognitive functions and personal, social and emotional skills. This service provides the benchmark for children accessing full time schooling when they reach the age of 5 years and can provide additional support for those who are starting on their educational journey.

School Group – At our specialist Primary school, children with motor disorders are provided with an education incorporating the National Curriculum within a conductive framework and is inspected by Ofsted as an independent special school. Children work towards their own particular goals within a group environment, learning to interact and communicate with each other, develop their control of movement, self-help abilities and daily living skills. At the same time, a broad and balanced, differentiated school curriculum is taught and assessed to meet children's individual needs.

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

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

Working in Mainstream Education – Access to Conductive Education (ACE) has been operating as a project that works with children with motor disorders within a mainstream school environment for the last 7 years. A Conductor is based at Great Barr Primary School in north Birmingham. He works with children to enhance their access to the national curriculum while motivating them to acquire the skills they need and find their own solutions to the practical problems of daily living. This is funded by Great Barr Primary School and a very generous donation from the Connie and Albert Taylor Charitable Trust.

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

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

The Foundation for Conductive Education

Report of the trustees for the year ended 31 July 2013 (*continued*)

3) Achievements, performance and aims: (*continued*)

Overview of Services – Adults – Cannon Hill House:

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

Carers Groups: When an individual receives a diagnosis, the impact of this is felt by family members as they too have to adapt to living with the condition. For this reason, family members are encouraged to come into the group sessions to observe the work and find out practical strategies to use in the home. We also run a range of condition specific carers groups to support carers in developing useful practical techniques to apply in their own homes. This group also acts as an emotional support network to help deal with the magnitude of challenges which face carers.

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

From June 2009 – 2012 we were awarded a major grant by Birmingham City Council for up to three years in order to research and develop stroke care for adults. This work has now been completed and the results analysed by an independent researcher from Birmingham City University. The results show that following only 15 hours of Conductive Education stroke survivors have been able to make significant improvements in areas such as: hand movements; activities of daily living; strength, mobility as well as reduced depression and anxiety. All of these results were shown to provide a cost-effective way of supporting stroke survivors living in the community. Each participant who took part in the research was considered a long term stroke survivor i.e. more than 2-3 years post stroke. These results show that people, no matter how long post-stroke – can make significant changes leading to an improved quality of life. . This project is a major breakthrough for conductive rehabilitation of adults. Following the success of the results we have been awarded further funding from Birmingham City Council to continue with this important service.

Nintendo Wii and Parkinson's: In 2010 we were successful in a bid to the Big Lottery (Reaching Communities) to provide conductive education sessions in conjunction with the use of the Nintendo Wii. This project has proven very successful with an increasing number of people showing improved movement, confidence and general activity level. We have produced condition specific guidance to help each person use the Nintendo Wii not as a game but as a tool for developing their base level of skill. This project has helped to close the generational gap in families with many participants playing with their grandchildren. We are aiming for the Wii-room facility to be available for a range of people over the coming years. This project is due to finish in November 2013 and we have been successful in meeting all the targets agreed at the point of funding and spent the grant awarded for this purpose. We are now aiming to apply for further funding to develop this work further with people with other neurological conditions. .

Off-site services: Due to an increasing demand for our services we now offer sessions in Coventry and Cheltenham. These sessions cover a range of diagnosis including Parkinson's, MS, stroke and cerebral palsy. In 2012/3 we provided services for over 450 adults and their families.

Our major aims for adult services focus around developing a wide range of services to meet the changing needs of the population we serve. The average age of participants has increased significantly over the last few years and this has meant that we need to develop services in line with the ageing population.

The primary challenge always remains to develop services in a way which meets individual, local and political needs of the population we serve. By doing this we will be able to sustain financial security to continue to develop and expand the services we offer.

The Foundation for Conductive Education

Report of the trustees
for the year ended 31 July 2013 (*continued*)

3) Achievements, performance and aims: (*continued*)

Overview of Services – Training – Conductive College:

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

Training available:

OCN Level 3 – Conductor Assistant Course. This is a new course in its second year developed to support CE centres across the UK. In the first year 19 candidates achieved their certification and we have 16 new starters for this year. The aim of the qualification is to provide in-depth understanding of CE to help assistants, working alongside conductors, to understand the background and nature of this very special philosophy. We now have national recognition for this course. Successful learners can also then work towards entry criteria for the BA Hons course.

BA (Hons) Conductive Education – Qualified Conductor Status – The National Institute is one of the few centres outside of the Peto Institute in Hungary, and the only centre in the UK that offers extensive Conductor training. Originally validated by the University of Wolverhampton, the degree is a three year full-time training course that leads to conferment of Qualified Conductor Status. At the end of the course, this professional qualification enables graduates to work in Conductive Education settings world-wide. From September 2012 this course has been validated by Birmingham City University with whom we have established a formal partnership. This partnership will continue to develop beyond under-graduate level to post-graduate and research activities in the near future.

Six new conductors qualified and joined the profession in June 2013. All have secured employment either within the UK or overseas. We have now had 92 conductors qualify through the Honours degree course since the start of the course in 1997.

We have six new students starting in September 2013.

Consultancy - We provide an opportunity for experienced conductors from the National Institute to support other Conductive Education centres across Europe. This is usually in the form of practical group support or professional development for conductors and other staff directly involved in Conductive Education. We have continued to provide on-going support to a Special School in Helsinki which has involved both consultancy and post-graduate level staff training. Over the year 2012-13 29 staff completed formal courses taught by staff from the National Institute.

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

Management Restructure:

In order to provide a more cost effective range of services – particularly with the changes in children's services – we implemented a restructure and cost reduction programme in July 2013.

The restructure brings all the services and training under one Director of Services – Dr Melanie Brown.

This restructure is consistent with our strategy to provide a full menu of services, but with increasing emphasis on flexible services, as support throughout the whole life of people suffering neurological conditions.

The Foundation for Conductive Education

Report of the trustees for the year ended 31 July 2013 (continued)

4) Financial Review:

In the financial year, we incurred a deficit of £205,956 which is a significant deterioration on the previous year when we made a surplus of £78,674. The major factors causing this were:

- A decrease in voluntary income of £181,326. This was largely due to the fact that in 2012 we received a major legacy of £156,000.
- We saw a decline in fees of £56,126 – very largely in children's fees with the reduction in fulltime placements referred to earlier.
- We incurred exceptional reorganisation costs of £44,514 as one off redundancy payments as part of the restructuring programme.

Overall costs - other than exceptional reorganisation costs – were maintained almost at the previous year's level.

The reduction in children's fees – because of the reducing full time placements - has been an ongoing trend over some years and as referred to earlier, has led to us changing our children's service offering as well as implementing cost reductions to counter the reducing income.

To make our children's services more cost effective and remain viable, we restructured the children's department by reducing staff by five people and appointing one Service Director over both Adults and Training and Children's Services. This has brought about annual cost savings of £187,000 for the coming year.

Our Adults Services and Training continue to grow and this is partly evidenced in the fact that we will see an increase in grants in the coming year of £49,682.

We believe with the actions taken together with a prudent budget will bring us back to break even for 2013/14.

Our bankers, Lloyds Group, have been supportive through this difficult period with a temporary increase in overdraft facilities into the New Year. During the year we have continued our policy of reducing our overdraft facility and replacing it with fixed term loans over 15 years. At the year end we had fixed term loans outstanding of £525,000 and ongoing overdraft facilities of £75,000.

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

Reserves Policy

Reserves will be spent at the trustees' discretion in furtherance of any of the charity's objects. The Foundation's policy on reserves includes detailed procedures and covers the following:

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

Unrestricted funds are required by the Foundation to:

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

The trustees have reviewed the charity's needs for reserves in line with the guidance issued by the Charity Commission and believe that the unrestricted reserve should be £760k, made up as follows:

- | | |
|---|-------|
| - to cover a collapse in voluntary income over a six month period | £150k |
| - to cover a delay in fee payment of half a term | £ 50k |
| - to fund unrestricted fixed assets less borrowings | £560k |

The Foundation for Conductive Education

Report of the trustees for the year ended 31 July 2013 (*continued*)

4) Financial Review (*continued*):

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

Unrestricted reserves are currently just over £242k and are therefore insufficient to satisfy our current reserve policy.

Given our high dependency upon local authority fees and grant income, we are continually working to increase our reserves through voluntary income sources.

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

5) Structure, Governance and Management

Governance

Ultimate responsibility for the Foundation resides with the membership, which exercises its power through a Board of Trustees. The Board comprises both elected members and the nominees of certain institutions with elected members always in the majority. The Board meets routinely four times a year and is joined in its discussion by co-optees from users and staff and by the Foundation's directorate. A vital function of the Board is to review at every meeting the progress of the Foundation's development plan.

Statement on Risk

During the year the CEO 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 CEO's report to the Trustees.

The major risk to the organisation is financial stability, given our high dependency on voluntary income. This is monitored through rigorous cash flow forecasting on a weekly basis, regular meetings with our bank relationship manager and quarterly reports to the Trustee Board. When necessary the CEO meets with the Chairman of Trustees on an interim basis.

With reference to operational risk, we work with a wide range of operational policies (eg Health and Safety and Child Protection) 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.

The Foundation for Conductive Education

Report of the trustees for the year ended 31 July 2013 (*continued*)

6) Reference and Administrative Details:

The Foundation for Conductive Education ("the Foundation") is a company limited by guarantee. Its governing document is the Memorandum of Articles and Association. The charity registration number is 295873. The company registration number is 2083754.

The registered office is:
National Institute of Conductive Education
Russell Road
Moseley
Birmingham
B13 8RD

Charitable objects

The objects for which the Foundation is established, all of which shall be exclusively charitable, are for the development and advancement of the science and skill of Conductive Education and especially the teaching thereof.

Trustees

All trustees are the directors of the company. During the year 2012/13 the Foundation has maintained indemnity insurance for trustees and officers.

Recruitment, Induction and Training of Trustees

We draw on a wide range of skills mix for our Trustee Board ranging from specialist skills (education, local government, working with partner charities such as Parkinson's UK), professional skills (law and accountancy) and broad commercial skills.

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

The Foundation for Conductive Education

Report of the trustees for the year ended 31 July 2013 (*continued*)

6) Reference and Administrative Details: (*continued*)

Elected trustees

The following have been appointed to the Board of Trustees by election in accordance with the Foundation's Articles of Association and except where stated have served throughout the period since 1 August 2012

Anthony Coombs
Stephen Lewis (resigned August 2012)
Jayne Titchener
Neil Whitehouse (resigned August 2012)
Keith Dudley
Lisa Jordan
Lillemor Jernqvist
Ruth Sutherland (resigned August 2012)
Andrew Moss (elected November 2012)
Ian Sharp (elected November 2012)
Graham Coombs (elected November 2012)
Les Lawrence (elected November 2012)

Appointed trustees

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

Christopher Robertson	The University of Birmingham
Rachel Raymond (resigned August 2012)	Parkinson's UK
Barbara Williams (appointed September 2012)	Parkinson's UK
Les Lawrence	Birmingham City Council
Martin Straker Welds	Birmingham City Council
Karen Clarke	University of Wolverhampton

Company Secretary

David Wood Company Secretary

Senior Staff Members

David Wood	Chief Executive
Wendy Baker	Director of Children's Services
Dr Melanie Brown	Director of Rehabilitation Services and Training

Professional advisors

Bankers

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

Auditors

BDO LLP
125, Colmore Row
Birmingham
B3 3SD

Solicitors

Martineau Johnson
No 1 Colmore Square
Birmingham
B4 6AA

The Foundation for Conductive Education

Report of the trustees for the year ended 31 July 2013 (continued)

6) Reference and Administrative Details: (continued)

Volunteers

Volunteers assist with Fundraising and support work. No volunteers take part in the delivery of services. The Foundation is very fortunate to have a dedicated set of volunteers who provide an invaluable resource - our thanks go to all of them.

Staff

Our thanks must go to all the staff for their loyalty and commitment during a very difficult year when we had to face some very hard decisions in restructuring the organisation.

Our thanks are also due to those staff involved in ensuring the receipt of such an outstanding report from the Ofsted inspection.

We now hope for a period of continued stability and growth in the organisation as we move through 2013/14 and that the Foundation can build on its reputation for excellence, continue to help people with motor disorders and support the development and advancement of Conductive Education.

7) Other matters

Provision of Information to the Auditor

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

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

Basis of Preparation

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

This report was approved by the board of trustees on

7/4/13

and signed on its behalf.


Anthony Coombs
Trustee

The Foundation for Conductive Education

Trustees' responsibilities for the year ended 31 July 2013 (*continued*)

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The Trustees are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity, and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Foundation for Conductive Education

Independent auditor's report to the members of The Foundation for Conductive Education

We have audited the financial statements of The Foundation for Conductive Education for the year ended 31 July 2013 which comprise the statement of financial activities, the income and expenditure account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2013 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

The Foundation for Conductive Education

Independent auditor's report to the members of The Foundation for Conductive Education *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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;
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.

BDO LLP

*Tobias Stephenson (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom*

Date *8 November 2013*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Foundation for Conductive Education

Statement of financial activities for the year ended 31 July 2013

	Note	Unrestricted 2013 £	Restricted 2013 £	Total 2013 £	Total 2012 £
Incoming resources from generated funds					
	6				
Voluntary income		146,117	217,282	363,399	544,725
Activities for generating funds		22,216	-	22,216	23,770
Investment income		1	-	1	2
		<hr/>	<hr/>	<hr/>	<hr/>
		168,334	217,282	385,616	568,497
Incoming resources from charitable activities					
	4				
Fees		497,680	-	497,680	553,806
Grants and service contracts		134,943	24,952	159,895	149,179
Other income		9,718	-	9,718	7,798
		<hr/>	<hr/>	<hr/>	<hr/>
		642,341	24,952	667,293	710,783
		<hr/>	<hr/>	<hr/>	<hr/>
Total incoming resources		810,675	242,234	1,052,909	1,279,280
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Resources expended					
Costs of generating funds	6	116,156	-	116,156	125,743
Charitable activities – normal	4	782,419	295,237	1,077,656	1,056,310
Charitable activities – exceptional	2	44,514	-	44,514	-
Governance costs	7	20,539	-	20,539	18,553
		<hr/>	<hr/>	<hr/>	<hr/>
Total resources expended		963,628	295,237	1,258,865	1,200,606
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net (outgoing)/incoming resources before transfers		(152,953)	(53,003)	(205,956)	78,674
Transfers between funds	16	(22,962)	22,962	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Net movements in funds		(175,915)	(30,041)	(205,956)	78,674
		<hr/>	<hr/>	<hr/>	<hr/>
Balances at beginning of year		418,107	315,411	733,518	654,844
		<hr/>	<hr/>	<hr/>	<hr/>
Balances at end of year		242,192	285,370	527,562	733,518
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All income and expenditure relates to continuing activities.
The Foundation has no recognised gains or losses other than the result for the year.

The notes on pages 18 to 27 form part of these financial statements.

The Foundation for Conductive Education

Income and expenditure account for the year ended 31 July 2013

	2013 £	2012 £
Income	1,052,909	1,247,538
Operating expenses	<u>(1,228,217)</u>	<u>(1,176,203)</u>
Operating surplus	(175,308)	71,335
Interest payable	<u>(30,648)</u>	<u>(24,403)</u>
Deficit/(surplus) for the year	<u><u>(205,956)</u></u>	<u><u>46,932</u></u>

All amounts relate to continuing operations.

The income and expenditure account is prepared under the Companies Act 2006 which requires grants received for capital expenditure, including donated assets, to be deferred and amortised over the life of the asset. In 2013, donated assets with a market value of £Nil were received (2012 - £26,400).

The notes on pages 18 to 27 form part of these financial statements.

The Foundation for Conductive Education

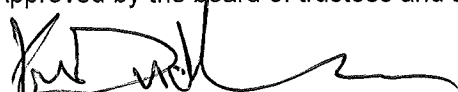
Balance sheet at 31 July 2013

<i>Registered number 2083754</i>	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	8		1,306,346		1,340,200
Investments	9		1		1
			<hr/>		<hr/>
			1,306,347		1,340,201
Current assets					
Debtors	10	19,143		14,574	
Cash at bank and in hand		694		1,984	
		<hr/>		<hr/>	
		19,837		16,558	
Current liabilities					
Creditors - amounts falling due within one year	11	211,295		118,782	
Deferred income	13	85,142		80,801	
		<hr/>		<hr/>	
		296,437		199,583	
Net current liabilities			(276,600)		(183,025)
Total assets less current liabilities			<hr/> 1,029,747		<hr/> 1,157,176
Creditors: amounts falling due after more than one year	12		(502,185)		(423,658)
Net assets	14		<hr/> 527,562		<hr/> 733,518
Funds					
Restricted funds	16		285,370		315,411
General fund			242,192		418,107
			<hr/>		<hr/>
			527,562		733,518

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

Approved by the board of trustees and authorised for issue on

7/11/2013


Keith Dudley
Trustee


Anthony Coombs
Trustee

The notes on pages 18 to 27 form part of these financial statements.

The Foundation for Conductive Education

Notes forming part of the financial statements for the year ended 31 July 2013

1 Accounting policies

The principal accounting policies of the Foundation are as follows:

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and the Companies Act 2006. The Foundation has adopted the provisions of the Statement of Recommended Practice, "Accounting and Reporting by Charities" (revised 2005 and 2008).

The trustees consider the subsidiary undertaking as immaterial and so the Foundation has taken advantage of exemptions provided by section 405 of the Companies Act 2006 not to prepare group accounts. The financial statements present information about the Foundation as an individual undertaking and not about its group.

Income

Fees and grants for services are recognised as the services are being performed. Income received in advance of the service being performed is deferred.

Voluntary income is accounted for on the earlier of when it is received or at the time the Foundation receives a legally binding promise of a donation. Income is deferred where there is a pre-condition to spend the grant in a future period.

Legacy income is accounted for on the earlier of when it is received or when it is reasonably certain that income will be received and its amount can be estimated with sufficient reliability.

Other income includes membership fees, which are recognised evenly over the membership period, conferences and sales of merchandise, which are accounted for when the conference takes place or merchandise has been delivered to the purchaser.

Leases

Leasing charges in respect of operating leases are recognised over the lives of the lease agreements using the straight line method.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation. Depreciation is calculated to write off the cost or valuation of fixed assets to their estimated residual value on a straight line basis at the following rates:

Freehold buildings	-	2 - 6.67%
Fixtures and fittings	-	20%
Computer equipment	-	25%
Motor vehicles	-	20%

Freehold land is not depreciated.

Freehold property

Depreciation of the buildings is charged to unrestricted and restricted funds in proportion to the element of costs funded by restricted and unrestricted income.

Investments

Investments are stated at cost less provision for permanent diminution in value.

The Foundation for Conductive Education

Notes forming part of the financial statements for the year ended 31 July 2013 (*continued*)

1 Accounting policies (*continued*)

Restricted funds

Where income is received for purposes specified by the donor or by the terms of appeal under which it was raised, that income is shown as restricted in the Statement of Financial Activities. Expenditure for the specified purposes is shown as restricted fund expenditure. Any unexpended balances at the balance sheet date are carried forward as restricted funds.

Explanation of the categories of expenditure

Allocation of costs

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

Cost of generating funds

This includes direct expenditure incurred on fund-raising applications and activities and a proportion of management overheads.

Conductive services

This comprises all direct costs which have been incurred by the charity in providing Conductive Education services and meeting its charitable objects.

Promotion and publicity

This includes expenditure incurred in promoting the work of the charity and generally raising awareness of Conductive Education.

Support costs

Support costs represent the costs of supporting, monitoring and controlling the specialist services provided by the charity along with the central and core administrative activities of the Foundation. Support costs are analysed to the activities in proportion to the direct salary costs of each activity.

Governance costs

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

Pension costs

The charity makes contributions into two pension schemes, a defined benefit scheme and a defined contribution scheme, the assets of both are held separately from those of the charity in independently administered funds. The defined benefit scheme, which is the Teachers' Pension Scheme, is an unfunded multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities and so accounts for the contributions to the scheme in accordance with FRS 17 as if it was a defined contribution scheme. The total pension contributions for the year are given in note 2.

Gifts in kind

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

Where the charity 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 accounts.

The Foundation for Conductive Education

Notes forming part of the financial statements
for the year ended 31 July 2013 (continued)

2 Employees

	2013 £	2012 £
Wages and salaries	819,353	772,233
Social security costs	56,178	59,194
Other pension costs	63,331	58,778
	<u>938,862</u>	<u>890,205</u>
Redundancy costs - exceptional	44,514	-
	<u>983,376</u>	<u>890,205</u>
Average number of employees	Number	Number
Conductors	28	25
Other staff	8	9
	<u>36</u>	<u>34</u>

No employee earned more than £60,000 during the year (2012 - Nil).

3 Trustees' emoluments

The trustees did not receive any remuneration during the year (2012 - £Nil). The trustees received £402 reimbursement for expenses (2012 - £Nil).

4 Analysis of incoming and outgoing resources from normal charitable activities

	Conductive services			Total 2013 £	Total 2012 £
	Children £	Rehabilitation £	Training £		
Income					
Fees	237,581	126,943	133,156	497,680	553,806
Grants	-	159,895	-	159,895	149,179
Other	3,240	3,239	3,239	9,718	7,798
Total incoming resources	<u>240,821</u>	<u>290,077</u>	<u>136,395</u>	<u>667,293</u>	<u>710,783</u>
Expenditure					
Direct costs	417,196	296,378	137,819	851,393	844,367
Support costs (note 5)	113,855	77,437	34,971	226,263	211,943
Outgoing resources	<u>531,051</u>	<u>373,815</u>	<u>172,790</u>	<u>1,077,656</u>	<u>1,056,310</u>

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

The Foundation for Conductive Education

Notes forming part of the financial statements
for the year ended 31 July 2013 (*continued*)

5 Support costs

	Conductive services			Total relating to activities £	Fund- raising £	Governance £	Total 2013 £	Total 2012 £
	Children £	Rehabilitation £	Training £					
IT costs	7,775	5,356	2,419	15,550	1,555	173	17,278	17,608
Overdraft interest	18,065	12,445	5,620	36,130	3,613	401	40,144	40,819
Salary costs	21,457	14,781	6,675	42,913	4,292	477	47,682	41,527
Office costs	66,558	44,855	20,257	131,670	11,575	1,447	144,692	132,951
Total	113,855	77,437	34,971	226,263	21,035	2,498	249,796	232,905

The explanation of the categories of expenditure and the basis of allocation is given on page 19.

Auditors' remuneration was £8,000 (2012 - £8,000) for audit services and £Nil (2012 - £Nil) in respect of non-audit services.

The Foundation for Conductive Education

Notes forming part of the financial statements
for the year ended 31 July 2013 (continued)

6	Analysis of income and expenditure from generated funds	2013	2012
		£	£
	Income		
	Donated assets	-	26,400
	Gifts and donations	355,105	361,705
	Legacies	8,294	156,620
	Fundraising events	22,216	23,770
	Interest	1	2
		<hr/>	<hr/>
		385,616	568,497
		<hr/>	<hr/>
	Expenditure		
	Direct expenditure of generating voluntary income	77,519	69,097
	Direct costs of organising fundraising events	17,602	38,014
	Support costs	21,035	18,632
		<hr/>	<hr/>
		116,156	125,743
		<hr/>	<hr/>
7	Governance costs	2013	2012
		£	£
	Audit and professional fees	11,200	9,490
	Governance salary cost	6,841	6,734
	Support costs	2,498	2,329
		<hr/>	<hr/>
		20,539	18,553
		<hr/>	<hr/>

The Foundation for Conductive Education

Notes forming part of the financial statements
for the year ended 31 July 2013 (*continued*)

8 Fixed assets for the charity's use

	Freehold land and buildings £	Motor vehicles, computers fixtures and fittings £	Total £
<i>Cost or valuation</i>			
At 1 August 2012	1,402,837	228,442	1,631,279
Additions	-	10,476	10,476
	1,402,837	238,918	1,641,755
At 31 July 2013	1,402,837	238,918	1,641,755
<i>Accumulated depreciation</i>			
At 1 August 2012	101,001	190,078	291,079
Charge for year	33,761	10,569	44,330
	134,762	200,647	335,409
At 31 July 2013	134,762	200,647	335,409
<i>Net book amount</i>			
At 31 July 2013	1,268,075	38,271	1,306,346
At 31 July 2012	1,301,836	38,364	1,340,200

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

In the opinion of the trustees, there is no material difference between this value and that as at 31 July 2013.

Included within freehold land and buildings is land with a value of £190,000 which is not depreciated.

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

	2013 £	2012 £
Cost	2,666,581	2,666,581
Accumulated depreciation	(789,377)	(736,045)
	1,877,204	1,930,536

The Foundation for Conductive Education

Notes forming part of the financial statements
for the year ended 31 July 2013 (continued)

9 Investments

	Shares in subsidiary undertakings £
Cost	
At 1 August 2012 and 31 July 2013	1

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

10 Debtors

Debtors comprised amounts falling due within one year as follows:

	2013 £	2012 £
Fees and grants due	14,511	9,428
Prepayments	4,632	5,146
	<u>19,143</u>	<u>14,574</u>

11 Creditors - amounts falling due within one year

	2013 £	2012 £
Bank loans and overdraft	90,633	58,344
Amounts owed to suppliers	24,927	21,524
Social security and other taxation	39,993	25,010
Amounts owed to subsidiary undertaking	1	1
Accruals	55,741	13,903
	<u>211,295</u>	<u>118,782</u>

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

12 Creditors - amounts falling due after more than one year

	2013 £	2012 £
Bank loans	502,185	423,658

Bank loans are repayable by monthly instalments over 15 years at fixed interest rates of between 5.73% and 7.28%.

Bank loans include £377,061 which is repayable after more than five years. The bank loans are secured by a first legal charge over part of the freehold property.

The Foundation for Conductive Education

Notes forming part of the financial statements
for the year ended 31 July 2013 (continued)

13 Deferred income

	2013 £	2012 £
Beginning of year	80,801	109,070
Received during year	96,564	74,427
Released during year	(92,223)	(102,696)
End of year	85,142	80,801

14 Analysis of assets and liabilities between funds

	Unrestricted funds £	Restricted funds £	Total £
Fixed assets	1,082,415	223,932	1,306,347
Net current (liabilities)/assets	(338,038)	61,438	(276,600)
Long term liabilities	(502,185)	-	(502,185)
	242,192	285,370	527,562

A second charge is in place as security against the freehold property.

15 Member's guarantee

The Foundation is a company limited by guarantee and as such does not have share capital. The Foundation has 75 members (2012 - 72) all of whom have given an undertaking to contribute up to £1 each if called upon to do so.

16 Restricted funds

	At 1 August 2012	Received during the year	Expensed during the year	Transfer to restricted funds	At 31 July 2013
Children's services	5,000	141,206	(125,480)	22,962	43,688
Rehabilitation	69,894	99,008	(156,730)	-	12,172
Fixtures, fittings and equipment	9,364	2,020	(5,967)	-	5,418
Freehold property	225,576	-	(7,060)	-	218,517
Garden project	5,577	-	-	-	5,577
	315,411	242,234	(295,237)	22,962	285,370

Transfers to restricted funds relate to the funding of a historical deficit and is made from unrestricted reserves.

The purposes of each restricted fund are:

Childrens services – primary funding for our Parent and child services and also bursaries.

Rehabilitation – funds comprising of part funding of our Cheltenham outreach sessional services and the balance of the EU grant which will be used in the coming year.

The Foundation for Conductive Education

Notes forming part of the financial statements
for the year ended 31 July 2013 (continued)

16 Restricted funds (continued)

Fixtures, fittings and equipment – funds given towards the purchase of equipment used during the adults sessions both on site and in our outreach sessions, and undepreciated costs of fixtures bought by the Big Lottery project funds

Freehold property – grants given towards the refurbishment of the Cannon Hill House

Garden Project – funds give to prepare the playground and for specialist conductor support for the children while in the play area

The Big Lottery has supported our Nintendo Wii project to help people with Parkinson's with a grant over three years. This year's grant was £21,178.

17 Key donations and grants received

Voluntary income consists of the following grants and donations:

	2013 £	2012 £
The Langdale Trust	3,000	3,000
Alison Hillman	3,000	7,410
The Lopylugs and Barbara Morrison Charitable Trust	3,400	-
Connie & Albert Taylor	32,000	26,000
The Goldmark Trust	50,000	-
Douglas Turner Trust	5,000	3,000
Garfield Weston Foundation	15,000	5,000
Harborne Parish Lands Trust	3,400	4,118
Harold Hyam Wingate Foundation	3,000	5,636
Souter Charitable Trust	-	5,000
Mr Robert Andrews	3,000	-
SFIA Educational Trust Limited	10,000	-
The Blakemore Foundation	10,000	10,000
Anonymous donor	-	35,000
Ratcliff Foundation	3,750	3,250
Sobel Foundation	10,000	-
29 May 1961 Charitable Trust	3,500	-
Ric Sue Society	3,000	-
Albert Hunt Trust	3,000	-
St James Place	35,000	35,000
Equitable Trust	10,000	10,000
Eveson Trust	15,000	15,000
Rowlands Trust	-	4,000
Ryne Foundation	-	15,000
N Power	-	6,934
Gateley LLP	4,000	27,544
Mary Malston -Cheltenham Conductive Education	3,000	8,000
Janet Nash Charitable Trust	-	3,000
Birmingham University Students Rag	-	3,440
Noon Foundation -release of deferred income	-	4,000
Other, less than £3,000	124,055	118,873
	355,105	361,705

The Foundation for Conductive Education

Notes forming part of the financial statements
for the year ended 31 July 2013 (continued)

17 Key donations and grants received (continued)

Grants for services includes the following:

	2013 £	2012 £
Big Lottery (restricted funds)	21,178	26,179
Birmingham City Council - stroke support	108,405	123,000
Coventry Stroke support (net of deferred income)	15,000	15,000
	<u> </u>	<u> </u>

18 Operating lease commitments

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

	2013 £	2012 £
Due within one to five years	20,664	20,901
	<u> </u>	<u> </u>

