

The Foundation for Conductive Education

Report and Financial Statements

Year ended

31 July 2014

Company Number 2083754

Charity Number 295873

The Foundation for Conductive Education

Report and financial statements
for the year ended 31 July 2014

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The Foundation for Conductive Education

Report of the trustees for the year ended 31 July 2014

1) Summary of the year's performance:

The main focus of this year was to re-stabilise the financial position of the organisation and to develop a clearer strategy moving forward. Whilst adult services and training have continued to develop and grow greater reflection was needed for children's services. We have been able to sustain these services over the past year and now have a clear plan for growth over the next four years. Alongside this we have been working to increase and strengthen our partnerships with other schools, statutory bodies and relevant organisations.

In the year, we achieved a surplus of £174,436 after revaluation gains of £165,245, against a deficit of £205,956 in the previous year. The key factors were:

- Costs reduced by 17.4% to £1,039,999
- Income reduced by 0.3% - primarily due to a continued reduction in children's fees, which was offset by increases in adult fee and grant income. New strategy in place for children's services to change this trend over time
- Property revaluation confirmed at £1.4m resulting in a write back of depreciation of £165,245
- Reserves increase to £701,998 with unrestricted reserves of £414,089
- As indicated in the annual report 2012/13 we implemented a new structure in the organisation from September 2014. The purpose of this was to bring all services under one Director who would take responsibility for the strategic development of all services. In March 2014 the CEO retired and the Director of Services was appointed as the new CEO. As she was directly involved in services we appointed a Director of Fundraising and Marketing to complement the skill base across the management team. This has led to a revision of the strategic direction going forward in order to respond more directly to the needs of families and the necessity for future financial security. Throughout this process the trustees have had due regard to our public benefit and taken this into account in their planning and decision making.

2) Objectives and Activities:

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.

Mission, Vision and Values:

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

Our mission:

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 that 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 the ensure standards of excellence in Conductive Education.

Our values:

1. Children and adults with neurological motor disorders have the right to highly specialised teaching relevant to their individual needs and wishes
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.

The Foundation for Conductive Education

Report of the trustees for the year ended 31 July 2014 (*continued*)

How do we achieve this?

All our work is achieved through the practice of Conductive Education (CE). CE originated in Hungary in the late 1940's as a unique form of education and rehabilitation for people with neurological motor disorders (e.g. cerebral palsy, Parkinson's, stroke, multiple sclerosis). It is based on a belief of human potential where people with neurological motor disorders have the capacity to learn and develop skills, previously deemed impossible, through structured teaching and learning programmes designed and delivered by professionally trained conductors. Our conductors deliver specialised movement based programmes to teach people with disabilities the full range of skills required to promote an active lifestyle thus equipping them with the confidence, personality and motor skills to lead a lifestyle which reflects their abilities and opens up new opportunities for equality and inclusion within society.

Our services are structured in distinct departments in order to provide age appropriate sessions. We run a pre-school services which includes sessions for parents/guardians and young children up to the age of three years; we run nursery sessions for children aged 3 – 5 years; primary schooling for children aged 5 – 11 years; weekly sessional services for children up to the age of 18 years and then sessional services for adults. In addition we provide a range of informal and formal training to ensure standards of excellence within the profession as well as clear articulation of the system 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 developmental delay or developmental co-ordination disorders. It does however not preclude children with genetical or rare conditions which present a primary movement problem. In adulthood this will also include acquired conditions such as Parkinson's, stroke, 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.

Strategic Objectives:

As an organisation we have a commitment to providing conductive services for children and adults with neurological motor disorders and in developing and changing the attitudes of society through our training activities. In recognition of the changing needs of the families we serve and the necessity for building services we have revised our strategy for the period 2014-2018.

Our four main strategic aims are:

- 1. Ensuring financial sustainability for the continued delivery of high quality conductive services**
 - a. To work with statutory and voluntary partners to create a stable financial base
 - b. To establish a working strategy for developing appropriate resources through charitable activities
 - c. To ensure services are delivered in a cost effective manner whilst maintaining our integrity to the philosophy and values of Conductive Education

- 2. Promoting excellence and equality through our work with children, adults and their families**
 - a. To work closely with families to understand and respond to their needs
 - b. To provide a full range of flexible services to meet individual needs
 - c. To support families to access conductive services in accordance with their individual needs.
 - d. To link with relevant partners in the voluntary and statutory sector to ensure the quality of our services
 - e. To establish our national role in developing high quality conductive practice through the activities of the Conductive College.

The Foundation for Conductive Education

Report of the trustees for the year ended 31 July 2014 (*continued*)

3. Increasing knowledge and understanding of Conductive Education as a model of education and rehabilitation

- a. Develop clear and concise marketing messages to increase awareness of the potential impact of Conductive Education for families living with neurological motor disorders
- b. Develop a marketing strategy, including use of social media, to reach potential families who may wish to access Conductive services.
- c. To provide a range of formal and informal training courses to place Conductive Education in a professional forum
- d. To work with CE partners across the UK to explain, promote and place CE in a wider context

4. Investing in the workforce and environment to ensure excellent standards of working practice

- a. To promote open and clear communication amongst staff, families, students and trustees
- b. To recognize and nurture potential in staff members by providing opportunities for professional development

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.

3) Achievements, performance and aims:

Our focus over this period was to provide a full menu of services with an increasing emphasis on flexibility to meet the needs and wishes of the families we serve.

Children

Pre-school services

We merged our Parent and Child and Early Intervention provision. This service integrates the prime areas of the Early Years Foundation Stage Curriculum to ensure that children receive a broad based education. The aim of this service is to develop the whole child through careful integration of physical development, communication and language development and personal, social and emotional development. Through the use of Conductive Education we have been able to focus on all aspects of development simultaneously providing a meaningful experience for the child. Our goal is for the child to enjoy learning by delivering all activities in a playful way.

We started the year with a relatively small number of children but through hosting open days and working in closer collaboration with children's centres we have begun the process of increasing the numbers of children attending. By the end of 2013 we had 20 families accessing this service on a weekly basis.

School Services

We continued to run our full-time primary school services and built on the success of our outstanding Ofsted report in July 2013. This service fully integrates the National Curriculum with Conductive Education thus enabling the children to follow an activity based learning approach. Over the year we saw the successful integration of one pupil into a mainstream school with another pupil leaving to join a secondary special school.

The numbers of children in school still remain quite low however the introduction of part-time placements, working alongside special and mainstream schools, has enabled us to start to build the provision. We have children attending who are funded by Birmingham, Solihull, Dudley and Worcestershire Local Authorities as well as one child attending through a generous bursary from The Blakemore Foundation and one child through parental support from Caudwell Children.

We developed closer links with a local special school as well as a neighbouring primary school. Conductors went to these schools to help with the transition of our pupils as well as supporting staff in the schools to ensure the best possible experience for the child.

The Foundation for Conductive Education

Report of the trustees for the year ended 31 July 2014 (*continued*)

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

Outreach services

We continued to provide a conductor to work at Great Barr Primary School, however this was reduced from a full-time to a part-time basis. Over the years, since this project began, the school has seen a reduced number of children with physical disability attending. The services remained very well respected within the school and the conductor was able to work closely with other staff to promote a more active learning experience for the children.

Sadly, following a meeting with the school they decided that as numbers were reducing so significantly that there would be no on-going need for our service. This service was therefore passed over to staff at the school from July 2013.

We will continue to have a close co-operation with the school and will be working in partnerships with them for staff development, Bocca sessions for children and shared activities for our children.

We run a motor co-ordination group in a North Worcestershire School which has proved very beneficial for the children and staff. We held an open event there to show staff and parents the achievements of the pupils and we will continue to run this service in the future.

Sessional Services for children

These sessions are aimed at providing a movement based session for children attending mainstream or special schools. They serve to complement their therapy programmes and help them to learn the essential skills needed for active participation in their wider social community. These services are generally run on a weekly basis.

Adults

Regular Weekly Services

Our adult services are all run on a sessional basis where participants can attend weekly, fortnightly or monthly according to their individual need. These services are in very high demand and over 2013-2014 we worked with over 450 people. 110 of these were new to the service over that period. We currently provide 120 places per week at our institute in Birmingham and a further 25 at our off-site provision.

All sessions are run in small diagnosis specific groups thus enabling us to focus the sessions to meet both the group and individual needs. As with all Conductive Education the focus is on the individual person, building their confidence and subsequently their movement skills and ability to integrate back into their own social circle. For some people, with a progressive condition, the focus is on maintaining skills and confidence to retain as high a quality of life as possible.

“Inside out Outside in: transforming the lives of older people with disabilities

In January 2013 we started a two year project which aimed to:

1. Provide direct rehabilitation services based on the concept of drawing human potential through conductive education for 60 people with Parkinson's or stroke.
2. Provide a new service for informal/family carers by teaching them how to enable their partner at home. This will be carried out at the same time as their partner thus promoting a learning partnership.
3. Use the learning from the carers and participant sessions to create a condition specific resource guide (one for Parkinson's and one for stroke) to help with enabling the person within their home environment.
4. Convert the resource guide into an Open College Network (OCN) Level 3 accredited course to create a new specialised home carer to support people in their homes across the UK.

This project was funded through generous donations from The Sobell Foundation, The Rayne Foundation and The James Tudor Foundation. The project will be completed in January 2015 however to date we have worked with 45 participants and 40 carers. The first draft of the resource guide has been completed and we are on target to achieve the aims within the time scale set

The Foundation for Conductive Education

Report of the trustees for the year ended 31 July 2014 (*continued*)

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

Conductive Wii-habilitation and Reablement

In November 2013 we successfully completed our Nintendo Wii project for people with Parkinson's. This had been fully funded by The Big Lottery (Reaching Communities). The project was very successful and met all of the targets. In order to build on the learning from this project we applied for a further grant to develop this work into a wider spectrum of activities. In March 2014 we were awarded a five year grant of £204,688 for a project which would provide a full range of reablement activities for the adult service users. The initial stage of this project involved ascertaining meaningful activities and starting the process of delivering towards the objectives set. We set up a programme of carers sessions, speech sessions for people who have Parkinson's or have suffered a stroke, writing sessions for people with Parkinson's, dressing sessions for a range of people as well as continuing with the Nintendo Wii across all conditions and ages.

Birmingham Stroke Services

We have continued to be awarded funding from Birmingham City Council to provide services for people, living within the city, who had suffered a stroke. Up to the end of March 2014 we had been able to provide an incremental increase in the numbers of weekly places offered up to 79. These places enabled stroke survivors, and their families, to access 18 free sessions of Conductive Education and 5 reablement sessions. Following the success of this we were awarded a continuation of funding from April 2014 with an increase to 90 places per week and the removal of the restriction for stroke survivors only. This has enabled us to provide 18 free sessions for any adult, living within the city of Birmingham, who has a neurological movement disorder. The service is exceptionally well attended and links with local hospitals, specialist nurses and other voluntary organisations e.g. The Stroke Association and Parkinson's UK have ensured appropriate information sharing for people to find out about the services.

This work complements the reablement work funded by the Big Lottery and has allowed us to provide a broader service to an increasing number of service users.

Off-site services

Due to the need to expand services and provide, where possible more local services we have continued to run weekly sessions in both Cheltenham and Coventry.

Conductive College

The Conductive College works in close collaboration with The Open College Network (West Midlands) and Birmingham City University and The University of Wolverhampton.

Conductor Assistant Training: this is a part-time course developed to provide a new professional in the field of Conductive Education. Many centres, across the UK, employ assistants to support their work. By providing a national qualification we have been able to ensure a standardisation of knowledge and parameters for high quality practice. This course is endorsed by Skills for Health. Over 2013-2014 10 assistants qualified and a further 9 enrolled on this 18 month course.

BA (Hons) Conductive Education and Qualified Conductor Status

This is the only course run in the UK to provide degree level trained conductors. There are over 30 centres in the UK who employ conductors and therefore a constant stream of new conductors is required. Globally there is a high demand for qualified conductors. This course is now validated by Birmingham City University (BCU) and in 2014 six students graduated. In September 2014 we are expecting a new cohort of 15 students to start the course and join a further 9 who are currently studying. Since starting the course in 1997 we have had over 100 students qualify and work across the UK or overseas.

The Foundation for Conductive Education

Report of the trustees for the year ended 31 July 2014 (continued)

3) Achievements, performance and aims: (continued)

Student conductors undertake a high proportion of practical training during their course and we have developed strong links with a number of other centres, delivering Conductive Education, to enable this process. Over 2013-2014 we were grateful to The Rainbow Centre, Craig-y-Parc School, Villa Real School, The London Centre for CP; Legacy Rainbow House; Steps for providing practical bases for the students.

Post-graduate modules

In 2013-2014 we were successful in validating 8 post-graduate modules with Birmingham City University. These form a part of their MA course and will enable professionals working in, or interested in Conductive Education to further their knowledge and qualifications in this field. The first cohort of 7 post-graduate students enrolled in July 2014 to start their studies in September 2014. Over the coming year we hope to see this area of training develop further.

Consultancy

We have continued to provide regular consultancy support and staff training to a special school in Helsinki and The Dame Vera Lyn Trust.

European Project

In September 2013 we were awarded a Comenius Grant for a European Project "Evidence Base Conductive practice – Towards Whole School Improvement". This is a two year project with partners from Austria, Hungary, Germany, Belgium, Sweden and the UK. The aim of the project is to establish some measures for looking at how we can evidence the benefit of Conductive Education. This is an important project as it will enable us to have a more co-ordinated approach to research in the future. Staff from Children's services and training are directly involved.

Services General

We hosted the national conference for Conductive Education in March 2014, in conjunction with Conductive Education Professional Education group (CEPEG). This was attended by over 200 people from across the UK. We also hosted the annual professional workshop for conductors in conjunction with the Professional Conductor Association (PCA).

We are active members of ActionCP which is a consortium of CE centres who are focussing on political lobbying about the plight of families and young people with cerebral palsy. A Parliamentary Inquiry was launched and two parents and two staff went to the House of Commons to provide evidence.

4) Financial Review:

In the financial year, we achieved a surplus before revaluation gains of £9,191 against a deficit of £206,188 in the previous year. Excluding depreciation this represents a surplus of £56,557 in the year.

This was largely brought about by the cost reduction in the year of £218,866, which is a 17.4% reduction, as a result of the management restructure implemented in July 2013.

Income reduced by 0.3% from £1,052,909 to £1,049,190. Children's fees continued to reduce as has been the trend over the last few years but this was offset by continued increases in adult fees and in grant income. Voluntary income was slightly below the previous year.

This report outlines the strategy to develop our children's services and the appointment of a specialist Fundraising and Marketing Director in the year should produce increases in voluntary income over time.

The Foundation for Conductive Education

Report of the trustees for the year ended 31 July 2014 (continued)

4) Financial Review (continued):

During the year, a revaluation of the property was undertaken by Lambert Smith Hampton. This valued our property at £1.4m – the same as the previous valuation undertaken three years ago. As a result there is a write back in the accounts of £165,245 which will increase our reserves by the same amount.

Our total reserves now stand at £701,998 compared to £527,562 at July 2013. Within this unrestricted reserves are £414,089.

We have fixed rate term loans of £501,275 with Lloyds Banking Group. All due payments on these have been maintained.

Lloyds Banking Group continue to give us ongoing support with an overdraft facility of £100k.

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 £850k, made up as follows:

- | | |
|---|--------|
| - to cover a collapse in voluntary income over a six month period | -£175k |
| - to cover a delay in fee payment of half a term | -£ 50k |
| - to fund unrestricted fixed assets less borrowings | -£625k |

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 £414k 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.

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.

A 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.

The Foundation for Conductive Education

Report of the trustees for the year ended 31 July 2014 (*continued*)

4) Financial Review (*continued*):

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.

Voluntary Funding

The appointment of a Director of Marketing and Fundraising was made in May 2014. This was a new post in order to provide a more focussed approach to voluntary funding and a strategic marketing direction to help meet the aims set.

Voluntary income was £375,123 in the year which was a very small decrease on 2012/13. The costs of generating funds was 36.7%, which while this was an increase on the previous year reflected the recruitment of the Director of Fundraising and Marketing part way through the year that we believe will increase voluntary funding over time.

Voluntary income from trusts still represents 57% of our total. While we wish to continue to increase that level of income, we will be focused going forward on increasing income from individuals, sponsorship events and corporate supporters.

We are very grateful to all our donors and the major donors are highlighted at the back of this report.

5) Structure, Governance and Management

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

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.

Trustees

All trustees are the directors of the company. During the year 2013/14 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 2014 (*continued*)

5) Structure, Governance and Management (*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 2013

Anthony Coombs
David Wood (elected April 2014)
Jayne Titchener
Lisa Jordan (resigned April 2014)
Keith Dudley
Andrew Moss
Lillemor Jernqvist
Les Lawrence
Ian Sharp
Graham Coombs
Sara Collett (elected April 2014)

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 (resigned April 2014)	The University of Birmingham
Barbara Williams	Parkinson's UK
Martin Straker Welds	Birmingham City Council
Karen Clarke	University of Wolverhampton

Company Secretary

Marie McCann	Company Secretary
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Senior Staff Members

David Wood	Chief Executive (retired April 2014)
Dr Melanie Brown	Director of Rehabilitation Services and Training Appointed Chief Executive in April 2014

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

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.

The Foundation for Conductive Education

Report of the trustees
for the year ended 31 July 2014 (*continued*)

5) Structure, Governance and Management (*continued*)

Staff

Our thanks must go to all the staff for their loyalty and commitment during this year of recovery.

Our thanks are also due to those staff involved in producing 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 2014/15 and that the Foundation can build on its reputation for excellence, continue to help people with movement disorders and support the development and advancement of Conductive Education.

6) 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 (revised 2005 and 2008).

This report was approved by the board of trustees on 6.11.2014 and signed on its behalf.


R. David Wood
Trustee

The Foundation for Conductive Education

Trustees' responsibilities for the year ended 31 July 2014 (*continued*)

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 are sufficient to show and explain the charity's transactions and 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 charity'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 2014 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 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 2014 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 or the exemption from the requirements to prepare a strategic report.



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

Date 10 November 2014

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 2014

	Note	Unrestricted 2014 £	Restricted 2014 £	Total 2014 £	Total 2013 £
Incoming resources from generated funds					
	6				
Voluntary income		160,671	196,040	356,711	363,399
Activities for generating funds		18,411	-	18,411	22,216
Investment income		1	-	1	1
		<u>179,083</u>	<u>196,040</u>	<u>375,123</u>	<u>385,616</u>
Incoming resources from charitable activities					
	4				
Fees		444,335	-	444,335	497,680
Grants and service contracts		154,186	55,805	209,991	159,895
Other income		19,741	-	19,741	9,718
		<u>618,262</u>	<u>55,805</u>	<u>674,067</u>	<u>667,293</u>
Total incoming resources		<u>797,345</u>	<u>251,845</u>	<u>1,049,190</u>	<u>1,052,909</u>
Resources expended					
Costs of generating funds	6	138,267	-	138,267	116,156
Charitable activities – normal	4	599,558	276,143	875,701	1,077,656
Charitable activities – exceptional	2	-	-	-	44,514
Governance costs	7	26,031	-	26,031	20,539
		<u>763,856</u>	<u>276,143</u>	<u>1,039,999</u>	<u>1,258,865</u>
Total resources expended		<u>763,856</u>	<u>276,143</u>	<u>1,039,999</u>	<u>1,258,865</u>
Net (outgoing)/incoming resources before transfers		33,489	(24,298)	9,191	(205,956)
Transfers	16	6,942	(6,942)	-	-
		<u>40,431</u>	<u>(31,240)</u>	<u>9,191</u>	<u>(205,956)</u>
Net (outgoing)/incoming resources before other recognised gains and losses		40,431	(31,240)	9,191	(205,956)
Revaluation gains		131,466	33,779	165,245	-
		<u>171,897</u>	<u>2,539</u>	<u>174,436</u>	<u>(205,956)</u>
Net movements in funds		<u>171,897</u>	<u>2,539</u>	<u>174,436</u>	<u>(205,956)</u>
Balances at beginning of year		<u>242,192</u>	<u>285,370</u>	<u>527,562</u>	<u>654,844</u>
Balances at end of year		<u>414,089</u>	<u>287,909</u>	<u>701,998</u>	<u>527,562</u>

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 17 to 27 form part of these financial statements.

The Foundation for Conductive Education

Income and expenditure account for the year ended 31 July 2014

	2014 £	2013 £
Income	1,038,200	1,052,909
Operating expenses	<u>(1,004,569)</u>	<u>(1,228,217)</u>
Operating surplus	33,631	(175,308)
Interest payable	<u>(35,430)</u>	<u>(30,648)</u>
(Deficit)/surplus for the year	<u><u>(1,799)</u></u>	<u><u>(205,956)</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.

The notes on pages 17 to 27 form part of these financial statements.

The Foundation for Conductive Education

Balance sheet at 31 July 2014

<i>Registered number 2083754</i>	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	8		1,455,660		1,306,346
Investments	9		1		1
			<hr/>		<hr/>
			1,455,661		1,306,347
Current assets					
Debtors	10	33,364		19,143	
Cash at bank and in hand		409		694	
		<hr/>		<hr/>	
		33,773		19,837	
Current liabilities					
Creditors - amounts falling due within one year	11	179,420		211,295	
Deferred income	13	127,344		85,142	
		<hr/>		<hr/>	
		306,764		296,437	
Net current liabilities			(272,991)		(276,600)
Total assets less current liabilities			<hr/> 1,182,670		<hr/> 1,029,747
Creditors: amounts falling due after more than one year	12		(480,672)		(502,185)
Net assets	14		<hr/> 701,998		<hr/> 527,562
Funds					
Restricted funds	16		287,909		285,370
General fund			414,089		242,192
			<hr/>		<hr/>
			701,998		527,562

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 6 November 2014

D Wood
Trustee

I Sharp
Trustee

The notes on pages 17 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 2014

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.

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.

Leases

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 obtained 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. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

The Foundation for Conductive Education

Notes forming part of the financial statements for the year ended 31 July 2014 (*continued*)

1 Accounting policies (*continued*)

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.

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

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

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

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 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 2014 (continued)

2 Employees

	2014 £	2013 £
Wages and salaries	655,699	819,353
Social security costs	53,455	56,178
Other pension costs	53,104	63,331
	<u>762,258</u>	<u>938,862</u>
Redundancy costs - exceptional	-	44,514
	<u>762,258</u>	<u>983,376</u>
Average number of employees	Number	Number
Conductors	21	28
Other staff	10	9
	<u>31</u>	<u>37</u>

No employee earned more than £60,000 during the year (2013 - Nil).

3 Trustees' emoluments

The trustees did not receive any remuneration during the year (2013 - £Nil). The trustees received £323 reimbursement for expenses (2013 - £402).

4 Analysis of incoming and outgoing resources from normal charitable activities

	Children £	Conductive services Rehabilitation £	Training £	Total 2014 £	Total 2013 £
Income					
Fees	184,747	144,338	115,250	444,335	497,680
Grants	10,281	199,710	-	209,991	159,895
Other	6,580	6,580	6,581	19,741	9,718
Total incoming resources	<u>201,608</u>	<u>350,628</u>	<u>121,831</u>	<u>674,067</u>	<u>667,293</u>
Expenditure					
Direct costs	263,231	267,742	126,959	657,932	851,393
Support costs (note 5)	88,627	88,627	40,515	217,769	226,263
Outgoing resources	<u>351,858</u>	<u>356,369</u>	<u>167,474</u>	<u>875,701</u>	<u>1,077,656</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 2014 (continued)

5 Support costs	Conductive services				Total relating to activities £	Fund-raising £	Governance £	Total 2014 £	Total 2013 £
	Children £	Rehabilitation £	Training £						
IT costs	4,738	4,738	2,166	11,642	1,624	271	13,537	17,278	
Overdraft interest	14,710	14,710	6,724	36,144	5,043	841	42,028	40,144	
Salary costs	16,509	16,509	7,547	40,565	5,660	943	47,168	47,682	
Office costs	52,670	52,670	24,078	129,418	18,148	2,921	150,487	144,692	
Total	88,627	88,627	40,515	217,769	30,475	4,976	253,220	249,796	

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

Auditors' remuneration was £8,200 (2013 - £8,000) for audit services and £Nil (2013 - £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 2014 (*continued*)

6 Analysis of income and expenditure from generated funds		
	2014	2013
	£	£
Income		
Gifts and donations	331,608	355,105
Legacies	25,103	8,294
Fundraising events	18,411	22,216
Interest	1	1
	<hr/>	<hr/>
	375,123	385,616
	<hr/>	<hr/>
Expenditure		
Direct expenditure of generating voluntary income	85,294	77,519
Direct costs of organising fundraising events	22,498	17,602
Support costs	30,475	21,035
	<hr/>	<hr/>
	138,267	116,156
	<hr/>	<hr/>
7 Governance costs		
	2014	2013
	£	£
Audit and professional fees	11,095	11,200
Governance salary cost	9,960	6,814
Support costs	4,976	2,498
	<hr/>	<hr/>
	26,031	20,512
	<hr/>	<hr/>

The Foundation for Conductive Education

Notes forming part of the financial statements
for the year ended 31 July 2014 (*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 2013	1,402,837	238,918	1,641,755
Additions	-	31,439	31,439
Disposals	-	(183,770)	(183,770)
Revaluation	(2,837)	-	(2,837)
	<hr/>	<hr/>	<hr/>
At 31 July 2014	1,400,000	86,587	1,486,587
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>			
At 1 August 2013	134,762	200,647	335,409
Charge for year	33,320	14,046	47,366
Disposals	-	(183,770)	(183,770)
Revaluation	(168,082)	-	(168,082)
	<hr/>	<hr/>	<hr/>
At 31 July 2014	-	30,923	30,923
	<hr/>	<hr/>	<hr/>
<i>Net book amount</i>			
At 31 July 2014	1,400,000	55,664	1,455,664
	<hr/>	<hr/>	<hr/>
At 31 July 2013	1,268,075	38,271	1,306,346
	<hr/>	<hr/>	<hr/>

Included within computers are assets with a net book value of £25,051 (2013 - £nil) held under finance leases. The depreciation charged on these assets was £1,670 (2013 - £nil).

The land and buildings were revalued on 22 May 2014 at an amount of £1,400,000, by Lambert Smith Hampton, chartered surveyors, 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 2014.

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:

	2014 £	2013 £
Cost	2,666,581	2,666,581
Accumulated depreciation	(842,719)	(789,377)
	<hr/>	<hr/>
	1,823,862	1,877,204
	<hr/>	<hr/>

The Foundation for Conductive Education

Notes forming part of the financial statements for the year ended 31 July 2014 (continued)

9 Investments

	Shares in subsidiary undertakings £
Cost	
At 1 August 2013 and 31 July 2014	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:

	2014 £	2013 £
Fees and grants due	26,812	14,511
Prepayments	6,552	4,632
	<u>33,364</u>	<u>19,143</u>

11 Creditors - amounts falling due within one year

	2014 £	2013 £
Bank loans and overdraft	94,081	90,633
Amount payable under finance leases	8,571	-
Amounts owed to suppliers	23,601	24,927
Social security and other taxation	14,244	39,993
Amounts owed to subsidiary undertaking	1	1
Accruals	38,922	55,741
	<u>179,420</u>	<u>211,295</u>

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

Amounts payable under finance leases are secured on the related assets.

The Foundation for Conductive Education

Notes forming part of the financial statements for the year ended 31 July 2014 (continued)

12 Creditors - amounts falling due after more than one year

	2014 £	2013 £
Bank loans	473,737	502,185
Amounts payable under finance leases (between one and five years)	6,935	-
	<u>480,672</u>	<u>502,185</u>

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

Bank loans include £340,674 which is repayable after more than five years. The bank loans are secured by a first legal charge over part of the freehold property.

Finance lease creditors are secured on the related assets.

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

13 Deferred income

	2014 £	2013 £
Beginning of year	85,142	80,801
Received during year	124,361	96,564
Released during year	(82,159)	(92,223)
	<u>127,344</u>	<u>85,142</u>

14 Analysis of assets and liabilities between funds

	Unrestricted funds £	Restricted funds £	Total £
Fixed assets	1,199,923	255,738	1,455,661
Net current (liabilities)/assets	(305,162)	32,171	(272,991)
Long term liabilities	(480,672)	-	(480,672)
	<u>414,089</u>	<u>287,909</u>	<u>701,998</u>

The Foundation for Conductive Education

Notes forming part of the financial statements for the year ended 31 July 2014 (continued)

15 Member's guarantee

The Foundation is a company limited by guarantee and as such does not have share capital. The Foundation has 113 members (2013 - 75) 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 2013	Received during the year	Expensed during the year	Transfers and Revaluations	At 31 July 2014
Children's services	43,687	106,463	(141,110)	-	9,040
Rehabilitation	12,171	79,197	(91,368)	-	-
Big Lottery	-	45,524	(22,393)		23,131
Fixtures, fittings and equipment	5,418	20,661	(8,726)	(6,942)	10,411
Freehold property	218,517	-	(6,969)	33,779	245,327
Garden project	5,577	-	(5,577)	-	-
	<u>285,370</u>	<u>251,845</u>	<u>(276,143)</u>	<u>26,837</u>	<u>287,909</u>

The transfer of £6,942 to unrestricted funds relates to grant income for fixed assets where no further restrictions on the use of the funds remain.

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.

Big Lottery – to fund our conductive Nintendo Wii and re-enablement project and to support our Wii project to help people with Parkinson's.

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 Foundation for Conductive Education

Notes forming part of the financial statements
for the year ended 31 July 2014 *(continued)*

17 Key donations and grants received (continued)

Voluntary income consists of the following grants and donations:

	2014	2013
	£	£
The Langdale Trust	-	3,000
Alison Hillman Charitable Trust	3,000	3,000
The Lopylugs and Barbara Morrison Charitable Trust	3,400	3,400
Connie & Albert Taylor Charitable Trust	12,000	32,000
The Goldmark Trust	-	50,000
The Douglas Turner Trust	-	5,000
Garfield Weston Foundation	-	15,000
Harborne Parish Lands Trust	2,550	3,400
Harold Hyam Wingate Foundation	-	3,000
Souter Charitable Trust	2,000	-
Mr Robert Andrews	-	3,000
SFIA Educational Trust Limited	25,000	10,000
The Blakemore Foundation	10,000	10,000
The Keith Coombs Trust	5,000	-
The Ratcliff Foundation	-	3,750
The Sobell Foundation	-	10,000
29 May 1961 Charitable Trust	3,500	3,500
Ric-Sue Society	5,000	3,000
The Albert Hunt Trust	-	3,000
St James Place Foundation	35,000	35,000
The Equitable Trust	10,000	10,000
Eveson Charitable Trust	15,000	15,000
The Clothworkers Foundation	10,000	-
The Rayne Foundation	10,000	-
Donald Forrester Trust	5,000	-
Gateley LLP	-	4,000
Mary Marston -Cheltenham Conductive Education	-	3,000
The George Perkins Charitable Trust	5,000	-
The James Tudor Foundation	7,043	-
Sir John Fisher Foundation	6,000	-
Mr B Helliwell	5,000	-
Mr Greg Evans	7,500	-
R H Scholes Charitable Trust	3,000	-
Other, less than £3,000	141,615	124,055
	331,608	355,105
	331,608	355,105

Grants for services includes the following:

	2014	2013
	£	£
Big Lottery (restricted funds)	45,524	21,178
Birmingham City Council - stroke support	154,186	108,405
Coventry Stroke support (net of deferred income)	-	15,000
	199,710	244,583
	199,710	244,583

The Foundation for Conductive Education

Notes forming part of the financial statements
for the year ended 31 July 2014 (*continued*)

18 Operating lease commitments

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

	2014 £	2013 £
Due within one to five years	22,446	20,664

