

LEGAL AND ADMINISTRATIVE DETAILS

Trustees	Zia Arden (Chair) Dominic Byrne Elizabeth Llewellyn-Smith CB Elizabeth Mills OBE H A Swan Stephen W Woolgar
Secretary	Zia Arden
Director	Jacqueline Stokes
Company Number	04569764 (England and Wales)
Charity Number	1095133
Registered Office	91 Godstow Road Wolvercote Oxford Oxon OX2 8PF
Business Address	Bignell Park Barns Chesterton Oxon OX26 1TD
Bankers	Lloyds TSB Oxford
Auditors	Edmund Gibbs Oxford

Report of the Board of Trustees

STRUCTURE, GOVERNANCE and MANAGEMENT

The organisation is a company limited by guarantee and a registered charity. It is registered as The Auditory Verbal Centre and uses the working name, Auditory Verbal UK. The members of the company are the same as its trustees. The company is established under a memorandum of association, which sets out the objects and powers of the charitable company and is governed under its articles of association.

The board is responsible for oversight of the management of all the affairs of the charity. It seeks to ensure that all activities are within UK law and come within agreed charitable objectives. Our work includes setting strategic direction, agreeing the financial plan and ensuring that activities are carried out within agreed governance frameworks.

The charity is governed by its board of trustees who have met on average once every three months. These meetings comprise the trustees with the director and administrator in attendance. The meetings make decisions about the policies and strategic direction of the charity. The board delegates all other, operational and management, matters to the director. All decisions are recorded in the minutes of the meeting. We have this year also operated a separate remuneration committee which meets to discuss matters of employment and remuneration policy. In this we have benefited from the attendance and advice of Caroline Gray, Director of the ACE Centre (Aiding Communication in Education).

The trustees seek to act independently and impartially with their sole interest being the furtherance of the charity's objects. In addition, all trustees have declared that there is nothing that, to their knowledge, could conflict with trustee independence before they were appointed as a trustee. Any potential conflict of interest must be declared in advance of any agenda item and, in such an event, an individual trustee may be excluded from the decision-making process.

Jacqueline Stokes, the director of Auditory Verbal UK, is married to Stephen Woolgar who was until 31 December 2005 chair of the board of trustees. The board has ensured that Professor Woolgar does not participate, nor influence in any way, decision making for any matters affecting his wife's terms and conditions of employment. All such matters are governed by the remuneration committee. Professor Woolgar is not a member of this committee. Having successfully led the board through the initial period of establishment and growth of the charity, Professor Woolgar was succeeded as chair by Zia Arden.

Governance costs are kept to a minimum. Trustees do not draw any expenses for their attendance at meetings.

The Trustees have considered the major risks to which the charity is exposed. These have been reviewed and systems are in place to manage them.

OBJECTIVES and ACTIVITIES

Our vision is to give all children who could benefit from auditory verbal therapy (AVT) the chance to be able to do so. We will achieve this goal by establishing systems of training to create more qualified AV therapists allied with the provision of direct services for children and their families.

ACHIEVEMENTS AND PERFORMANCE

On the finance and funding front, Auditory Verbal UK has had a year of consolidation and modest growth. On the family and professional front, it has been a year of success and breakthrough:

- We successfully laid the groundwork for a major increase in the provision of AVT throughout the UK. Our collaboration with the School of Health and Life Sciences at the University of Aston will lead to the UK's first formal qualification in AVT and an increase in practitioner numbers. The first six entrants on this post-graduate diploma course will start in January 2007. The eventual impact of this first year of entry alone will be to treble the potential number of AV professionals that are available for families.
- Recognition of the benefit of auditory verbal therapy (AVT) is increasing in the UK and this was reflected in an increased number of referrals in the year from professionals in the statutory health and education services – audiologists, teachers of the deaf, speech and language therapists, cochlear implant centres.
- We had a caseload of between 40 and 50 families who attended for regular AVT sessions. In total during the year, we saw 89 children.
- We are working with many more very young children – babies younger than 6 months when they start AVT – and have built up a strong track record of successful experience with babies.
- We worked with more children with more complex needs. Children with additional needs alongside their hearing impairment make up around 30% of the caseload and these include two children who have dual sensory impairment.
- An analysis of outcomes for children on our caseload showed that 60% had a rate of language acquisition that was actually faster than normally hearing children and a further 10% gained language at the same rate as their hearing peers.
- A significant number of local educational authorities recognised the benefits of AVT and supported families by paying the costs of therapy. We were also pleased to get help during the year from the Round Table who supported some families who were not able to get fees paid from other sources and were unable to pay fees themselves.
- We continued to be seen by families from much further afield than our base in Oxfordshire. Geographical barriers in the way of access will only be resolved by training more therapists. Nonetheless, we worked with families from Eire and Scotland, and in England, from Greater Manchester to the Isle of Wight.
- We ran a number of in-house training courses for professionals, such as speech and language therapists and teachers of the deaf, on subjects that included

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'working with infants under 12 months', 'redirecting children's behaviour' and 'promoting conversational competence in pre-schoolers'.

- We were pleased to host visits from the chief executives of other major voluntary organisations in the field of hearing impairment during the course of the year.
- We have been invited to contribute to the work of a range of influential organisations over Informed Choice, Neonatal Screening and Cochlear Implants. These agencies include the NDCS (National Deaf Children's Society), the Medical Research Council Newborn Hearing Screening Programme and NICE (National Institute for Health and Clinical Excellence).
- The international reputation of AVUK was reflected in invitations to speak during the year at conferences in Canada, Portugal, Spain, Bulgaria, Poland, Hungary and Denmark.
- These achievements were made possible, in part, by a broadening of our support from trusts and an increase in the number of individual supporters.

We seek to go further than the minimum reporting required by the Charity Commission. We have produced our activity report 'Let's Talk' which is published both on the charity's web site (www.auditoryverbal.org.uk) and in paper format.

FINANCIAL REVIEW

Trustees seek to maximise funds spent in direct furtherance of the charity's objects and keep the proportion of charitable funds spent on administration and fundraising to a prudent minimum level commensurate with the effective and professional operation of the charity and its future financial sustainability.

In the first three years of its life, the charity will keep expenditure on fundraising and administration to a maximum of 25 % of total expenditure. Thereafter, it is expected that it will fall to a maximum of 20% in any rolling three-year period.

In fact, spending on costs of generating funds represented less than 6.3% of expenditure for the year compared with 3.8% in the previous reporting period.

In the event of the charity carrying reserves forward, the board of trustees will maintain two reserves funds – restricted and unrestricted. Restricted reserves are those funds that are earmarked by donor's wishes for specific future uses. The level of restricted reserves will vary from year to year in accordance with the amount of restricted funds raised. We also seek to build a level of unrestricted reserves that will be sufficient to protect our programme of work from unexpected variances in income and to allow time for fundamental restructuring in the event of a major downturn in income. The level of unrestricted reserves is reviewed each year by the board of trustees by considering the financial risks associated with our various income streams, expenditure types and balance sheet items. We apply funds solely for the purpose for which they are intended by the donor. We distinguish in both our management and publicly reported financial accounts between such restricted funds and unrestricted funds.

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Restricted funds are those funds that are earmarked by donors' wishes for specific future uses. The level of restricted funds will vary from year to year in accordance with the amount of restricted funds raised. At 31 March 2006 all restricted funds had been fully spent. Unrestricted funds are those funds that are not tied to a specific donor wish.

Designated funds are funds earmarked for a specific purpose by the organisation. At 31 March 2006 designated funds carried forward for training development stood at £12,000, and unrestricted funds carried forward stood at £95,794. This latter figure accounts for about 75 % (nine months) of the charity's projected 12 month unrestricted fund expenditure. The trustees consider this figure to be a satisfactory amount as it should allow the charity to meet its contractual commitments in the event of a downturn in income.

Little of our future funding is guaranteed and, thus, continued fund raising is vital to the charity's continued financial welfare.

Plans for Future Periods

Despite our achievements this year, there is still much to do. We are only reaching a small fraction of those families in the UK who could benefit. The 89 children who accessed our service this year represents 2% of pre-school children with hearing impairment in the UK. The post-graduate diploma is designed to increase significantly the number of trained AV therapists who can meet this need. The speed of success of this strategy, however, will be dependent on a continued growth in funds. At the same time there are many other challenges. We need support to spread knowledge and awareness, both among families and professionals. There are special challenges that low income families face and families whose circumstances constrain their time and commitment. We want to reach more 'hard to reach' families and increase their access to AVT. Again, success on these fronts will be, in part, dependent on future funding growth.

Responsibilities of the Directors

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the charitable company as at the balance sheet date and of the incoming resources and the application of resources, for the year then ended.

In preparing those financial statements, which give a true and fair view, the directors should follow best practice and:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue on that basis

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The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

Edmund Gibbs have expressed their willingness to be re-appointed as auditors and a resolution to this effect will be proposed at the Annual General Meeting.

On behalf the Board of Trustees

Zia Arden
Chair

XX October 2006

Auditor's Report to the Trustees of THE AUDITORY VERBAL CENTRE

We have audited the financial statements of The Auditory Verbal Centre for the year ended 31 March 2006 which comprise the principal accounting policies, the statement of financial activities, the balance sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company'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 that we have formed.

Respective responsibilities of the trustees and auditors

As described in the Statement of Directors' Responsibilities the trustees (who are also the directors of The Auditory Verbal Centre) are responsible for the preparation of the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements. We also report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

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

Basis of opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charity's affairs at 31 March 2006 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Edmund Gibbs
Chartered Certified Accountants
Registered Auditors

Kingsgate, 4610 Cascade Way
Oxford Business Park South
OXFORD OX4 2SU

2006

Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31 March 2006

Incoming resources from generated funds		2006		2005
	Note	Unrestricted	Restricted	Total
		£	£	£
Voluntary income				
Donations	2	43,937	78,470	122,407
Gift Aid recovered		1,297		1,297
Activities for generating funds				
Direct services to families		82,890	-	82,890
Training and development		6,007	-	6,007
Education and outreach		16,090	-	16,090
Investment income - Bank interest		1,213	-	1,213
		<u>151,434</u>	<u>78,470</u>	<u>229,904</u>
Resources expended	3			
Costs of generating voluntary income		7,808	-	7,808
Charitable activities				
Staff costs	4	58,505	79,455	137,960
Travel		2,196	-	2,196
Premises		24,659	-	24,659
Communications and advertising		1,788	-	1,788
Legal and professional		120	-	120
Annual report		-	-	(4,878)
Depreciation		2,981	3,088	6,069
Training and courses		1,334	-	1,334
Toys/books		773	-	773
Bookkeeper/admin & secretarial services		-	-	2,466
Consumables		3,080	-	3,080
Repairs/maintenance		1,455	-	1,455
Insurances		786	-	786
General expenses		6,123	-	6,123
Governance costs		4,050	-	4,050
		<u>115,658</u>	<u>82,543</u>	<u>198,201</u>
Surplus/(deficit) for the year, being net movement in funds		<u>35,776</u>	<u>(4,073)</u>	<u>31,703</u>
				<u>159,413</u>

The notes on pages 11 to 14 form part of these financial statements

Balance Sheet 31 March 2006

	Note	2006 £	2005 £
Tangible fixed assets	7	12,978	18,852
Current assets			
Debtors	8	33,373	34,468
Bank and cash balances		<u>62,660</u>	<u>24,206</u>
		96,033	58,674
Sundry creditors payable within one year		1,217	1,435
Net current assets		94,816	57,239
Net assets		<u>107,794</u>	<u>76,091</u>
Financed by			
Unrestricted funds	9	95,794	47,018
Restricted funds	10	-	4,073
Designated fund	11	12,000	25,000
		<u>107,794</u>	<u>76,091</u>

These financial statements were approved by the Trustees on 16th October 2006

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Trustee

The notes on pages 11 to 14 form part of these financial statements

Notes forming part of the financial statements for the year ended 31st March 2006

1. Accounting policies

The financial statements are prepared under the historic cost convention and include the results of the charity's operations which are described in the trustees' Report and in accordance with the Financial Reporting Standard for Smaller Entities, the Companies Act 1985 and follow the recommendations in Accounting and reporting by charities: Statement of Recommended Practice ("SORP") issued in March 2005.

Voluntary income is received by way of donations and gifts, and is included in full in the Statement of Financial Activities when receivable. The value of services provided by volunteers is not included.

Grants, including grants for the purchase of fixed assets, are included in full in the Statement of Financial Activities in the year in which they are receivable

Incoming resources from Direct services to families and investments are included when receivable.

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However the cost of overall direction and administration on each activity, comprising the salary and overhead costs of the central function, is apportioned based on an estimate of staff time attributable to each activity.

Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, which in all cases is estimated at 4 years.

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specific purpose and are available as general funds.

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs.

2 Donations	2006			2005
	Unrestricted	Restricted	Total	Total
	£	£	£	£
The Gatsby Charitable Foundation	-	64,600	64,600	49,583
Lloyds TSB Foundation for England and Wales	-	13,870	13,870	-
James Fund	-	-	-	6,000
The Dulverton Trust	15,000	-	15,000	-
Merrill Lynch Investment Managers	5,000	-	5,000	-
Essex Fairway Charitable Trust	5,000	-	5,000	5,000
Esmée Fairbairn	-	-	-	5,000
Other	18,937	-	18,937	8,237
Total	43,937	78,470	122,407	73,820

3 Resources expended	2006	2005
	£	£
Costs of generating voluntary income	7,808	6,000
Charitable activities		
Direct services to families	146,517	117,741
Training and development	24,420	19,624
Education and outreach	16,906	13,586
Governance costs	2,550	2,462
Total	198,201	159,413

4 Expenditure incurred	2006	2005
	£	£
Expenditure incurred includes the following amounts		
Staff costs		
Wages and salaries	125,700	104,780
Social security costs	13,299	12,055
Other pension costs	8,461	3,713
	147,460	120,548
Audit fee	1,050	1,028
Depreciation	6,069	2,933

Included in the staff costs of £147,460 is £6,500 (2005 £5,000) allocated to costs of generating voluntary income and £3,000 (2005 £1,000) allocated to governance costs.

The average weekly number of employees (FTE) during the year was 3 (2005: 3)

No employee earned more than £60,000 in the current or preceding year.

5 Payments to Trustees and connected persons

During the year the daughter of a trustee, Stephen Woolgar, was paid £360 for her services in maintaining the charity's website. Apart from this, and the connection between Professor Woolgar and the Director already noted (page 2), no trustee or person with a family or business connection received any remuneration in the year, directly or indirectly, from the charity.

No expenses were reimbursed to trustees during this or the preceding accounting period.

6. Taxation

The charitable company is exempt from corporation tax for its charitable activities

7. Tangible fixed assets

	Training Equipment £	Office Equipment £	Total £
Cost			
At 1 April 2005	12,350	11,730	24,080
Additions	-	195	195
At 31 March 2006	<u>12,350</u>	<u>11,925</u>	<u>24,275</u>
Depreciation			
At 1 April 2005	-	5,228	5,228
Charge for the year	3,088	2,981	6,069
At 31 March 2006	<u>3,088</u>	<u>8,209</u>	<u>11,297</u>
Written down value			
At 31 March 2006	<u>9,263</u>	<u>3,716</u>	<u>12,978</u>
At 31 March 2005	<u>12,350</u>	<u>6,502</u>	<u>18,852</u>

All tangible fixed assets were used for charitable purposes

8. Debtors	2006	2005
	£	£
Rent deposit	3,500	3,500
Grant receivable	4,183	7,083
Trade debtors	18,858	15,583
Gift aid	180	1,752
Prepayments	6,652	6,550
Total	33,373	34,468

9. Unrestricted funds	
	£
At 1 April 2005	47,018
Surplus for the year	35,776
Transfer from Designated fund (Note 11)	13,000
At 31 March 2006	95,794

10. Restricted funds				
	At 1 April 2005	Incoming resources	Resources expended	At 31 March 2006
	£	£	£	£
The Gatsby Charitable Foundation	-	64,600	64,600	-
James Fund	4,073	-	4,073	-
Lloyds TSB Foundation for England and Wales	-	13,870	13,870	-
Total	4,073	78,470	82,543	-

Monies received from the **Gatsby Charitable Foundation** are to be spent on salary costs for the director and therapists plus rent of premises.

The **James Fund** comprises money from several sources all of which is to be spent on establishing training for auditory verbal therapists.

Lloyds TSB Foundation for England and Wales have provided funds for core costs such as rates, cleaning, insurance, heating and lighting, telephone, website and internet costs, professional fees and professional development of staff.

11. Designated Fund

	£
At 1 April 2005	25,000
Expenditure during the year	13,000
At 31 March 2006	12,000

This fund was established to provide additional funding for the training of auditory verbal therapists.

12 Leasing commitments

The charity has entered into a lease, terminating in November 2007, in respect of its premises at an annual rental of £21,000.

Our supporters

AVUK is pleased to acknowledge the wonderful support it has received during the year from its various supporters. We enjoy an increasing amount of support of many kinds and amounts. Of the major contributors this year we would especially like to thank:

Dragon School, Oxford
Essex Fairway Charitable Trust
Ian Exall
Imants & Anna Auzins
John Tyszkiewicz
Liontrust
Lloyds TSB Foundation for England and Wales
Meningitis Trust
Merrill Lynch Investment Managers
Oxford High School
Round Table
Steinberg Family Charitable Trust
Steve Rayner & Heather Katz
The Gatsby Charitable Foundation
The Dulverton Trust
The Hedley Foundation