



ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

EPILEPSY SOCIETY is the working name of THE NATIONAL SOCIETY FOR EPILEPSY
(Registered charity number 206186)
(Company limited by guarantee number 492761)

EPILEPSY SOCIETY

**REPORT OF THE BOARD OF GOVERNORS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

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EPILEPSY SOCIETY

LEGAL AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 MARCH 2011

PATRON

Her Majesty The Queen

PRESIDENT

The Rt Hon the Earl Howe (until 30 September 2010)
The Rt Hon Countess Howe (from 30 September 2010)

BOARD OF GOVERNORS

Mrs E M Springford SRN RSCN CQSW (Chairman)
Mr H K Porter FCA FCMA (Vice Chairman)
Mr D Wilson BA Econ FCA (Honorary Treasurer)
Miss M L Boden OBE BA MA SRN SCM MAHM
(retired 31 March 2011)
Professor D Chadwick OBE BM BCh MRCP DM
Mr E L Datnow FRCS MA MBA
Mrs G Davies Ridgway DL FRSA (retired 30
September 2010)
Mr I Garlington BSc MRICS

Mrs S Gomersall
Mr A Hussain BA Hons
Mr R Knox-Johnston JP
Mr C Morris-Coole LLB BSc MIBiol FRSA
Ms K Munns BA Hons
Mrs N Murgatroyd (from 1 October 2010)
Ms H Pernelet Licence en droit (Paris); Dip. Law. Solicitor
Mr D S Sach BA MSc
Ms T Spensley

SENIOR MANAGEMENT TEAM

Chief Executive
Director of Finance & Admin/Company Secretary
Director of Fundraising & Marketing
Medical Director
Director of Services

Mr G J Faulkner BSc (Hons) CQSW M.Soc.Sci Dip SW RSW
Mr P Collins Bsc (Econ) FCA
Mrs B Gardiner BAHons, MCIM, MInst Fundraising
Prof J Duncan MA DM FRCP FMedSci
Ms K Lane RGN, RMN, BSc (Hons), MA

AUDITORS

haysmacintyre
Fairfax House
15 Fulwood Place
London WC1V 6AY

BANKERS

National Westminster Bank Plc
44 Packhorse Road
Gerrards Cross
Buckinghamshire SL9 8EA

SOLICITORS

Trowers & Hamlins
Sceptre Court
40 Tower Hill
London EC3N 4DX

B P Collins
Collins House
32-38 Station Road
Gerrards Cross
Buckinghamshire SL9 8EL

REGISTERED OFFICE

Chesham Lane
Chalfont St Peter
Buckinghamshire SL9 0RJ

EPILEPSY SOCIETY

CHAIRMAN'S REVIEW FOR THE YEAR ENDED 31 MARCH 2011

When I look back over the 2010/11 financial year, I am amazed at how much the Society was able to achieve, despite the continuing unfavourable economic climate. We made significant progress with a number of objectives in our 2010-15 strategic plan, as reported on pages 5-6.

One of the recommendations in the strategic plan was that we adopt the new working name, Epilepsy Society. In January 2011 we achieved this, and began a rollout of a new corporate identity to go with our new name. The rebrand has been very well received by our stakeholders, and has also enabled us to increase our profile in the media and on the internet, thereby attracting new supporters. Our official registered charity name remains unchanged as The National Society for Epilepsy.

Many exciting changes took place for service users at the Chalfont Centre in Buckinghamshire. In September we were delighted to welcome Her Royal Highness the Princess Royal to open officially Queen Elizabeth House. Residents, families, volunteers and staff were thrilled to see Her Royal Highness arrive and depart by helicopter. She spent over an hour chatting to Queen Elizabeth House residents, staff and volunteers, after which a royal-themed tea party took place in the Recreation Hall.

In March 2011 we completed the building and fitting out of Micholls House. Residents formerly living in Penn and Hampshire Houses have now moved on, some into Micholls House and some into The New House. I would like to thank all residents, families and staff for their cooperation with the final stages of the *Changing Lifestyles* programme, and wish all past and current residents great happiness in their new homes. I would also like to say an enormous thank you to those people (who wish to remain anonymous) who provided all the necessary funding and expertise to build The New House, which offers supported living at our Chalfont Centre for twelve people with complex epilepsy and other needs.

Our resident numbers are broadly in line with our previous strategic plan, and as at 31 March 2011 there were 92 clients receiving services. One of the biggest challenges we face, along with care providers throughout the country, is in negotiating fees for residents with local authorities. The use of the Care Funding Calculator, as reported on page 7, sits at the heart of our efforts to convince commissioners that we not only offer value for money, but that our residential, nursing and medical care includes added value and epilepsy expertise unlikely to be offered elsewhere.

A highlight of the year was the adoption of the Service Users' Bill of Rights. This ten point statement was written by residents for residents at the Chalfont Centre. It was my privilege to welcome Cheryl Gillan MP, a Society vice president and government minister, to the Chalfont Centre in March, at the launch of the Bill.

At the time of writing we have just heard the wonderful news that the Wolfson Foundation has pledged £1 million towards our appeal to build an epilepsy research centre in Buckinghamshire. This, added to funds already raised and pledged, means we hope to make a start on building the Centre in 2011/12. What a wonderful thing it would be if we could complete this project in 2012 – our 120th anniversary year! Demand for research funds is highly competitive, making the Society's contribution to research funding each year all the more important. You can read about some of our achievements in the field of medical research on page 5 of this report. A special thank you to the research associate members, who numbered 171 at the end of March, and who we are delighted to welcome each spring to an annual seminar, one of the benefits of membership.

We also held a lecture, the Earl Howe Research Lecture, in April 2010, and I am pleased to say that its success means this annual event will take place again in 2011. At the 2010 event we honoured Earl Howe's 25 years' service with the Society. Following his appointment as Parliamentary Under-Secretary of State for Quality at the Department of Health, Earl Howe has since stepped down as our president, his place being ably taken by Countess Elizabeth Howe, thereby keeping the presidency in the family as has been the case for many decades. We extend our grateful thanks to Earl Howe for his loyal and devoted service to the Society for so many years.

We said goodbye and thank you to Louise Boden and Gwyneth Davies Ridgway after years of loyal service as governors, and welcomed Nicola Murgatroyd to the Board. As always, I should like to record my thanks to all my fellow governors, as well as staff and volunteers, for their tremendous hard work and dedication.

Eileen Springford
Chairman

EPILEPSY SOCIETY

GOVERNORS REPORT FOR THE YEAR ENDED 31 MARCH 2011

OBJECTIVES and ACTIVITIES

The objects for which Epilepsy Society is established are:

- a) To provide for the maintenance, care, treatment and education of people with epilepsy.
- b) To provide facilities for recreation for people with epilepsy.
- c) To provide support, training and information for people with epilepsy, their families, carers and support groups.
- d) To carry out research into the causes, treatment and prevention of epilepsy.

Epilepsy Society aims to capture the essence of these objectives in its mission statement:

To enhance the quality of life of people affected by epilepsy by promoting public awareness and education, by undertaking research and by delivering specialist medical care and support services.

Our vision is: **A full life for everyone affected by epilepsy.**

The governors have complied with their duty set out in section 4 of the Charities Act 2006 to have due regard to the public benefit guidance published by the Charity Commission. They are satisfied that all the activities of the charity are for the public benefit.

The strategies the Society has adopted and the activities it carries out in working towards this vision are discussed below.

Residential and Nursing Care Services

Under the Society's strategic plan 2010-15, the Society has confirmed its intention to focus its residential and nursing care services on those with the most complex and difficult to treat forms of epilepsy. As well as residential care, the Society provides specialist therapy and clinical nurse specialist services.

We have designed our latest care homes in order to provide accommodation that gives the best possible environment: en-suite bathrooms, generously proportioned bedrooms and small group living in flats of five people. Our newest home, Micholls House, opened in May 2011.

Since autumn 2007 the Society has been carrying out its *Changing Lifestyles* plan by which people with epilepsy living in residential care have been able to live more independently in the community if they choose to do so. This has led to a reduction in the number of people needing residential care. With the closure of two more care homes - Hampshire and Penn – this very successful project is now complete.

Domiciliary Care and Supported Living

Some people who have moved to more independent living chose to receive domiciliary care support from Epilepsy Society or to live in supported living accommodation provided by the Society. We also support people living in accommodation supplied by other housing providers

In 2010-11 we received from BBuild Aid for Epilepsy a major gift of a new building known as The New House. It was purpose built with supported living in mind, consisting of two and four bedroom flats and includes assistive technology to help people manage seizures. This project is a very good example of *The Big Society* in action, being the result of a magnificent collaboration of donors providing a mixture of money and time that led to our receiving the completed building as a gift.

Medical Services

The Sir William Gowers Assessment and Treatment Centre at Chalfont in Buckinghamshire provides a range of specialist services under a service level agreement with the University College London Hospitals NHS Foundation Trust. During 2010-11, 1,004 inpatients and 2,748 outpatients were seen at the Gowers Centre.

Underpinning these activities, there has been a growth in video telemetry, the capacity to record seizures simultaneously on video and EEG. Dr Shelagh Smith retired in December 2010 and was replaced by two Consultant Clinical

EPILEPSY SOCIETY

GOVERNORS REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2011

Neurophysiologists, Dr Suzanne O'Sullivan and Dr Tim Wehner. MRI has continued to develop the repertoire of clinical scan. Dr John Stevens retired and was replaced by Dr Caroline Micallef. All these consultants are employed by UCLH and work part of the week at Epilepsy Society.

The work of the Therapeutic Drug Monitoring Laboratory is growing in scope and extent, using the new technology for measuring drug concentrations that was installed during the year.

Information, Support and Helpline

Epilepsy Society provides care and support throughout the country to people with epilepsy and their families and carers, through a range of services:

- The Epilepsy Information Network (EIN), situated mainly in neurological clinics throughout England;
- The Epilepsy Helpline, offering a listening ear, information and emotional support to people with epilepsy, their families, carers and health professionals
- Epilepsy Information Services, including the production and distribution of over 70 factsheets, DVDs, and videos, as well as providing professional advice on epilepsy to the media and professional bodies
- Website and on-line services

Medical Research

The research activities of Epilepsy Society are undertaken in collaboration with the Department of Clinical and Experimental Epilepsy (DCEE) of the University College London (UCL) Institute of Neurology (ION) and of the National Hospital for Neurology and Neurosurgery (NHNN). This unique tripartite arrangement brings enormous value to the research work of the charity, enabling it to make the kind of advances that would otherwise simply not be possible. It means that a range of funding streams is open to Epilepsy Society, facilitating the integration of basic science with clinical application. This collaborative approach has been recognised by the World Health Organisation, which has designated it as a Centre of Excellence. The expenditure reported in the attached accounts therefore represents only a small proportion of the overall research activity undertaken by the Department.

We exist in a global society, and epilepsy touches all countries and societies. The epidemiological work is fundamental for planning optimal healthcare delivery both in developed and in resource-poor countries so that optimal healthcare and the best use of scarce resources are made.

Research funding has never been more difficult to obtain and we are exploring all potential sources from UK, EU and US, with applications made through Epilepsy Society and also our affiliated positions at UCLH and UCL. It is crucial to invest now in platforms needed to advance research that is globally relevant over the next 10 years.

Epilepsy Society's contribution to medical research continues to be vital. The charity and its supporters, including the research associate members, are committed to the epilepsy research programme and the new Epilepsy Society Research Centre will be an important provision for future research developments.

It is the unique combination of resources, scientists and medical staff, thousands of patients with epilepsy and our international reputation that enables Epilepsy Society to be at the cutting edge in carrying out research into the causes and treatment of epilepsy.

Campaigning

The Society's strategic plan identified campaigning as an area of increased focus. Our principle aims are to eliminate the stigma often associated with epilepsy and to campaign for more resources to be put into supporting those affected by the condition. The Objectives and Achievements section of this report discusses the campaigns we were involved in during the year.

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GOVERNORS REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2011

Training

The Society provides training in epilepsy awareness and in the administration of emergency medication to health professionals and care providers throughout the country.

ACHIEVEMENTS AND PERFORMANCE

The Society's business plan for 2010-2011 was based on its strategic plan covering the period 2010-2015 as adopted by the Board of Governors in March 2010. Key business plan objectives and our progress towards achieving them in 2010-2011 are set out below.

1. Provide up to 80 places of residential and nursing care to those with the most complex and difficult to treat forms of epilepsy.

A new 20 bed residential care home, Micholls House, was completed during the year and approved by the Care Quality Commission in April 2011. Micholls was opened in early May 2011 with places reserved for 15 clients. The home will also provide respite care.

2. Place greater priority on campaigning and grow our potential to mount effective campaigns.

Two major campaigns were launched during the year. The first, Count Epilepsy Out, a political campaign, ran alongside the efforts of other charities. It made a major contribution to the government's reluctant step-down on compulsory generic prescribing of NHS drugs. It is believed our expert report and related campaign tipped the scales, which shows the value of harnessing our medical expertise to the campaign work we undertake. University Challenge, a public awareness campaign, placed the information that potential and current students, their families and universities need about epilepsy on the internet. Whilst good resources were developed, and young people were attracted to our website, we were disappointed at how few universities linked to our website. So we will continue to target universities in the future as an ongoing piece of work.

3. The Society will continue to support research for the better diagnosis and treatment of epilepsy.

During the year members of the department published 143 peer-reviewed articles, 21 book chapters and 2 books.

The epilepsy genetics programme is identifying the genes that may malfunction to cause abnormalities of the eye and the brain. This is fundamental to understanding the mechanisms by which brain malformations may occur and will potentially lead to new treatment strategies.

We have developed imaging of language function in the brain and implemented this as a standard clinical test. This is most useful prior to neurosurgery and is being taken up by other Centres.

We can now image the parts of the brain that are involved in various memory processes so it is now possible to determine the effect of surgery in different parts of the brain on different aspects of memory. Also, for the first time we can use this technique to determine the effects of different medications on memory and other cerebral functions and anticipate that this will be most useful in predicting which drugs may cause particular side effects in some individuals but not in others. We have found a way to visualise this information in three dimensions, as we demonstrated in Lord Winston's programme on BBC 1 in December 2010 on the 10 Most Important Scientific Advances in the Last 50 years.

We have just completed an analysis of over 5,300 patient years of follow up after epilepsy surgery at the National Hospital leading to better definition of the prognosis, and the long term effects.

4. The Society will raise funds to enable the building of a new research centre.

In 2010-2011 great progress was made with our capital appeal, with over £2 million secured in cash and pledges towards the £4 million required. With a major bid in the pipeline, we hope to make a start on at least digging the foundations during 2011/12.

EPILEPSY SOCIETY

GOVERNORS REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2011

5. The Society will review its fundraising strategy

A new fundraising strategy was approved by the Board in January 2011, which will cover the period until 2015. A key area for development is donor stewardship, whilst we are planning activities to mark our 120th anniversary in 2012.

6. Information Support and Helpline

The Epilepsy Information Network (EIN) continued to develop during 2010/11. By the end of March 2011 we had established 191 services, working with 213 trained and supported volunteers. The services are mainly situated in neurological clinics and other healthcare settings. Volunteers work alongside NHS staff, providing information, a listening ear and support. Regional managers and volunteers also provide free sessions on epilepsy awareness to voluntary groups and charities, as well as running our schools awareness programme, predominantly targeting Year 8 students. 2,965 students took part in the schools awareness programme in 2010/11.

The Epilepsy Helpline operates five days a week from 10.00am to 16.00pm. It handled just under 5,000 calls in 12 months. 50% of our callers have epilepsy, whilst 26% care for someone with epilepsy. We provide Language Line (offering 150 languages) and Typetalk (for people with hearing difficulties) as part of the Helpline service, thereby improving our accessibility. We sent out 1,037 free information packs via the Helpline.

Our online Forum acts as a lifeline to many people with epilepsy, which can be an isolating condition. By the end of March 2011 the Forum had 7,500 users. We also had 2,800 Facebook fans and 327 followers on Twitter, a new service developed in late 2010. Our website had 230,000 unique visitors during the course of the year. We launched a new carers' section of the website in February 2011.

Another new development mid-year was our i-phone app, with over 3,000 downloads by the end of March. The app offers first aid advice as well as a seizure diary.

New information resources developed during the year included a carers' card, childhood syndromes factsheet and a training atlas for health professionals, whilst many other factsheets, leaflets and web downloads were updated during the course of the year, in line with changes in legislation and the classification of seizures. In all, we produce and distribute over 70 different resources, with the first five leaflets and factsheets free of charge to enquirers.

We provided professional advice to a range of media companies, including the production team on the BBC's *The Promise*; the crew of *What's the Time Mr Wolf*, a Wellcome Trust grant-funded art project, and the production teams on *Casualty* and *Coronation Street*. We continued to participate in Patients involved in NICE, a network of patient organisations with an interest in the work of NICE (National Institute for Health and Clinical Excellence). We attended the technology appraisal for the anti-epileptic drug retigabine. We commented on drafts one and two of NICE's update to Clinical Guideline 20 (treatment and management of epilepsy).

7. The Society will develop a volunteering strategy

A small working group representing different departments produced a volunteering strategy during the winter of 2010/11, including 11 practical recommendations which we will take forward during 2011 and beyond. The estimated value of volunteers to the Society during 2010/11 was at least £320,000.

8. The Society will develop and expand its external training activity.

During 2010/11 we undertook a review of our training work undertaken in the community. The service is deemed good or excellent by 97% of delegates who found the training to be very or acceptably relevant to their needs and produces a net surplus, making a valuable contribution to the Society's finances. In addition, we have launched a bursary scheme for the new multidisciplinary epilepsy care course, which the Society helped to establish, at the London Southbank University providing funding for ten placements.

Factors affecting achievement of objectives

There were a number of factors outside the charity's control that affected our performance this year.

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GOVERNORS REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2011

1. 2010/11 was our most successful fundraising year ever, with a 30% increase in voluntary income on the previous year. However, this was driven mainly by the success of the capital appeal to build the epilepsy research centre. Unrestricted fundraising income, including events, grants, donations, legacies and our modest trading in such things as Christmas cards, performed slightly lower than the previous year, and demonstrates how hard it has been to raise such income during the current difficult economic climate. According to the UK Giving Report December 2010, giving levels remained £700 million below pre recession levels. There are a high number of charities competing to raise voluntary income for epilepsy, many of which have seen downturns in their voluntary income.
2. Public sector cuts. Many local authorities and Primary Care Trusts have sought to reduce the amounts they pay for the services we provide on their behalf to people with epilepsy. This reduced our scope for achieving full cost-recovery in respect of these services.
3. The level of inflation. The rise in VAT, which is largely irrecoverable by the Society, to 20% and a general inflation rate of around 5% has increased the cost to the Society of carrying out its charitable activities. With a large estate, the huge rise in utility costs is particularly significant for us.
4. Planning restrictions affecting the re-use of redundant land and buildings. The Society owns a significant amount of land and buildings that have become surplus to its requirements. They are costly to maintain but which its opportunities to dispose of them are limited by planning restrictions arising from the Society's location in Buckinghamshire's Green Belt. The Society is seeking to influence the draft Core Development Strategy for the Chiltern District Council to facilitate disposal of the redundant buildings.

FINANCIAL REVIEW

This review relates to the Epilepsy Society Group of companies i.e. the main charity, Epilepsy Society, plus its two trading subsidiary companies, Epilepsy Enterprises Limited and NSE Facilities Limited.

Review of the year

Total incoming resources at £18.9 million increased by nearly £1 million during the year. Voluntary income was at an all-time high of £3.9 million with over £700K received for the Epilepsy Research Centre appeal and the gift in kind of a building valued at £1.5 million referred to earlier in this report. Aside from these highlights, raising funds was very challenging against the background of a difficult economic environment. The medical research we undertake and the information, support and helpline services we provide are funded by voluntary income and various other fundraising activities. Our expenditure on these activities fell in 2010-11, reflecting a lower level of income received compared with last year.

Income from our residential services fell by nearly 11% in line with the lower number of residents.

We achieved a net surplus for the year of £1.4 million, being a deficit of £0.9 million on unrestricted funds and a surplus of £2.3m on restricted funds. The surplus on restricted funds arose mainly from the £1.5 million gift in kind and the success of the Epilepsy Research Centre appeal, where income exceeded expenditure by £684K. The deficit on unrestricted funds arises mainly in residential services where we were unable to achieve our budgeted increase in fees as a result of the impact of spending cuts on social care budgets.

The most significant change in our balance sheet has been the increase in fixed assets and the fall in cash balances as we completed the building of our new 20 bed residential care home, Micholls House.

Financial Policies

Like many charities we have struggled in the past to get public sector funders to accept the principle of paying the full cost of the services that we provide for them. This challenge increased in 2010-2011 following the cuts in local authorities' budgets arising from the comprehensive spending review. Many funders have started to use a new tool, the Care Funding Calculator, to help them determine an appropriate fee for provision of care services. We support the use of this tool and have used it in our negotiations with local authorities in order to justify the fees we are charging and to illustrate the excellent value for money that we believe we provide.

EPILEPSY SOCIETY

GOVERNORS REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2011

During the year we carried out a thorough review of our overheads and the methodology for allocating them to the different areas of our organisation. We have made some changes to the way costs are allocated to enable us to measure more accurately the surplus or deficit arising from each of our main activities. We are committed to achieving full cost recovery and believe this can best be achieved by providing our funders with full details about our costs and how these are allocated. It was not considered worthwhile to recalculate allocations for the previous year so cost comparisons from one year to the other need to be made with caution.

Current position

Epilepsy Society is facing a very challenging environment. Over 80% of our income comes from public sector bodies. The income from the residential services we provide to those people with the most complex forms of epilepsy comes from a mixture of local authorities (social care) and primary care trusts (health care). All of these organisations have been set ambitious cost reduction targets by central government and are seeking to pass these onto service providers such as ourselves. Some local authorities in particular have been very aggressive in making cuts to our funding without discussion or negotiation. We have robustly resisted such behaviour and have instead sought to work in partnership with our funders, recognising the challenges they face and seeking to provide our services in the most cost effective way.

Reserves

Total unrestricted reserves stood at £17.9 million at 31 March 2011, an increase of £1.7 million in the year. However, in calculating free reserves, it is normal to exclude fixed assets less any loans used to finance those assets. The governors also feel it is appropriate to exclude the pension scheme deficit as this is a long term liability and a schedule of additional contributions has been agreed to eliminate the deficit over a number of years. On this basis, free reserves at 31 March 2011 were £408,000 negative. Since the year end the sale of a property has reduced the deficit on free reserves by £190,000.

Under the organisation's strategic plan, the governors have set a target of establishing free reserves by 2015 equivalent to three months' unrestricted expenditure i.e. £4.2 million. The Society has a significant amount of land and buildings that are surplus to its requirements. We anticipate selling such property in order to build up our free reserves. A contract was signed in December 2010 for the sale of 15 acres to a company planning to build a care village. We expect that the sale, which depends on the granting of planning permission, will be completed in 2012-2013. Further land sales will be needed in order to achieve the target level of reserves and we are currently in close negotiations for the sale of another significant piece of land.

PLANS FOR FUTURE PERIODS

We have referred to the Charity Commission's guidance on public benefit when planning our future activities. The governors are satisfied that all the activities in the 2011-2012 business plan are in furtherance of the objects of the charity and are for the public benefit.

Major initiatives planned for 2011-12 include the following:-

1. Subject to achieving the necessary funding, to have started construction of a new Epilepsy Research Centre.
2. To carry out research in order to determine the long-term effects of neurosurgery on seizure control; to have ascertained the retention of individuals on new Anti Epileptic drugs (AEDs).
3. To make further progress towards achieving full cost recovery for all our fee-for-service activities.
4. To continue to pursue the campaign to persuade the government to retain the Disability Living Allowance for residents of care and nursing homes.
5. To work with Neurological Commissioning Support Limited to improve the quality and cost-effectiveness of services providing by the NHS to people with epilepsy.
6. To continue to undertake campaigning activities in order that people affected by epilepsy can lead a full life.

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GOVERNORS REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2011

7. To invest in social media in order that people with epilepsy and their carers are connected and supported.
8. To develop a new diagnosis pack for people with epilepsy, subject to achieving the necessary funding.
9. To look at the opportunities for merging with other epilepsy charities. We strongly believe that the proliferation of epilepsy focussed charities leads to duplication of activities and that those affected by epilepsy would be better served if the various epilepsy charities worked more closely together.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The official name of Epilepsy Society is The National Society for Epilepsy, a charitable company limited by guarantee. It is governed by its Memorandum and Articles of Association, which were adopted by special resolution on 31 July 2008. It is registered as a charity with the Charity Commission (charity number 206186). Members are appointed by the Board of Governors. People who support the objectives of the charity can be appointed as members of the Society, by the Governors, and there are currently 90 members (89 in 2010) each of whom agrees to contribute £1 in the event of the charity winding up.

Appointment of Trustees

The Governors (Trustees) are elected from among the Members of the Society at its Annual General Meeting. The Board is not less than nine or more than twelve elected Governors in number at any time. One third of the Governors retires by rotation at each AGM and can stand for re-election. The Board can appoint any Member to be a Governor where there are less than twelve Governors and the Member so appointed shall hold office until the next AGM.

Governors serve a term of three years and are eligible for re-election for a further two terms of 3 years. In exceptional circumstances a Governor's term of office may be extended beyond nine years but in such cases the Governor shall be subject to re-election every year at the AGM.

The Governors may at any time co-opt up to four additional Governors who do not have to be Members of the Society. The additional Governors retire at the AGM following their appointment but shall be eligible for further co-option by the Governors.

Committees of the Board and management

The Governors may appoint, for any specified purposes, Committees consisting primarily of Governors and may delegate to such committees any of the powers and duties of the governors. There are currently four committees – Finance & General Purposes, Services, Research and Medical, Nursing and Clinical Governance.

A Chief Executive is appointed by the Governors to manage the day-to-day operations of the charity. To facilitate effective operations the Chief Executive has delegated authority, within terms of delegation approved by the Governors, for operational matters including finance, employment and service provision.

Trustees Induction and Training

New Governors undergo an orientation day to brief them on their legal obligations under charity and company law, the contents of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction day they meet key employees and other Governors.

Several Governors have attended training courses provided by the Society's actuary on issues relating to occupational pensions.

The Governors are also encouraged to attend appropriate external training events where these will facilitate the undertaking of their role and periodically receive presentations from key members of staff at Board Meetings on aspects of the charity's work.

Collaborative Working

The Society is in a co-operative tripartite arrangement with The Institute of Neurology of University College London and The National Hospital for Neurology and Neurosurgery, part of UCLH NHS Foundation Trust, together referred to as the Epilepsy Group, to undertake an internationally recognised programme of research into epilepsy.

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GOVERNORS REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2011

The Society works with other epilepsy organisations via the Joint Epilepsy Council (JEC) through which discussion with Government Departments over policies for people with epilepsy is concentrated.

The Society has recently become an affiliate member of Neurological Commissioning Support Limited, a voluntary sector led organisation set up to influence NHS commissioning. We will be offering our expertise in epilepsy treatment and care to GP consortia procuring healthcare services.

The Society works closely with the group known as Parents and Friends of NSE and quarterly meetings are held between representatives of the group and the Society's senior management team.

Risk Management

Governors acknowledge their responsibility to assess and manage the risks the organisation faces and to review them at least annually. However, such systems can only provide reasonable and not absolute assurance against errors, fraud, operational failures and the impact of external events.

The Society has a comprehensive annual planning and budgeting process, which is approved by the Board of Governors. Monthly reports are prepared comparing actual results to budgets to enable corrective action to be taken as and when appropriate. A complete reforecast is carried out at least at once during the year. The Society has also developed key performance indicators that go beyond finance to provide a more extensive assessment of its effectiveness in meeting its aims.

The Society maintains a risk register identifying the major risks faced by the Society and the mitigating actions being taken in response to such risks. The register is reviewed by the Finance & General Purposes Committee twice year and by the Senior Management Team at least once a quarter.

The Society engages an independent firm to carry out regular internal audits covering all areas of the Society's operations. The internal auditors attend meetings of the Finance & General Purposes Committee twice year to explain their findings and recommendations.

EPILEPSY SOCIETY

GOVERNORS REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2011

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under that law the Governors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Governors 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 charitable company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- apply the methods and principles of the Charities Statement of Recommended Practice;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Governors is aware at the time the report is approved: there is no relevant audit information of which the company's auditors are unaware, and the Governors have each taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

BY ORDER OF THE BOARD OF GOVERNORS

E M Springford
Chairman

28 July 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EPILEPSY SOCIETY

We have audited the financial statements of Epilepsy Society for the year ended 31 March 2011 which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 11, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2011 and of the group's 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
EPILEPSY SOCIETY (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:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Adam Halsey (Senior Statutory Auditor)
for and on behalf of haysmacintyre, Statutory Auditor**

**Fairfax House
15 Fulwood Place
London
WC1V 6AY**

28 July 2011

EPILEPSY SOCIETY

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2011**

		Unrestricted Funds £'000	Restricted Funds £'000	Total 2011 £'000	Restated 2010 £'000
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income					
Donations and legacies	2	992	1,611	2,603	960
Grants from trusts and other bodies		80	1,224	1,304	768
		<u>1,072</u>	<u>2,835</u>	<u>3,907</u>	<u>1,728</u>
Total Voluntary Income					
Activities for generating funds					
Fundraising events and similar activities		294	35	329	428
Income from rents		559	-	559	561
Other	3	412	-	412	537
		<u>1,265</u>	<u>35</u>	<u>1,300</u>	<u>1,526</u>
Total Activities for Generating Funds					
Investment Income	4	33	-	33	7
Incoming Resources from Charitable Activities					
Residential and nursing care services		9,362	-	9,362	10,486
Medical Services	5	2,612	-	2,612	2,633
Other Charitable Activities	6	1,368	-	1,368	1,211
		<u>13,342</u>	<u>-</u>	<u>13,342</u>	<u>14,330</u>
Total incoming resources from Charitable Activities					
Other Incoming Resources					
Gain on disposal of fixed assets		292	-	292	313
		<u>16,004</u>	<u>2,870</u>	<u>18,874</u>	<u>17,904</u>
Total Incoming Resources					
RESOURCES EXPENDED					
Cost of generating funds					
Fundraising	7	830	49	879	659
Cost of trading - rents	7	376	-	376	-
Other	7	97	-	97	-
		<u>1,303</u>	<u>49</u>	<u>1,352</u>	<u>659</u>
Total Cost of Generating Funds					
Charitable Activities					
Residential Services	7	10,349	32	10,381	10,976
Domiciliary Care	7	1,281	-	1,281	1,226
Medical Services	7	3,101	-	3,101	2,751
Information, support & helpline	7	611	115	726	1,027
Medical Research	7	227	393	620	1,232
		<u>15,569</u>	<u>540</u>	<u>16,109</u>	<u>17,212</u>
Total Charitable Activities					
Governance Costs	7	36	-	36	30
		<u>16,908</u>	<u>589</u>	<u>17,497</u>	<u>17,901</u>
Total resources expended					
NET INCOME/(DEFICIT) FOR THE YEAR					
Transfers between funds		(101)	101	-	-
Gain/(loss) on investments		(3)	-	(3)	-
Actuarial gain/(loss) on defined benefit scheme		2,756	-	2,756	(2,707)
		<u>(904)</u>	<u>2,281</u>	<u>1,377</u>	<u>3</u>
NET MOVEMENT IN FUNDS					
Fund Balances as at 1 April 2010		<u>16,204</u>	<u>1,101</u>	<u>17,305</u>	<u>20,009</u>
Fund Balances at 31 March 2011		<u>17,952</u>	<u>3,483</u>	<u>21,435</u>	<u>17,305</u>

EPILEPSY SOCIETY

**GROUP AND SOCIETY BALANCE SHEETS
FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	Group 2011 £'000	Group 2010 £'000	Society 2011 £'000	Society 2010 £'000
FIXED ASSETS					
Tangible assets	9	30,005	27,374	28,435	25,735
Investments	10	10	118	2,456	2,564
		<u>30,015</u>	<u>27,492</u>	<u>30,891</u>	<u>28,299</u>
CURRENT ASSETS					
Stocks		40	64	34	54
Debtors	13	1,208	1,151	1,261	1,229
Cash at bank and in hand	14	2,386	4,197	2,313	4,096
		<u>3,634</u>	<u>5,412</u>	<u>3,608</u>	<u>5,379</u>
CREDITORS: amount falling due within one year	15	<u>2,127</u>	<u>2,363</u>	<u>2,430</u>	<u>2,666</u>
NET CURRENT ASSETS		<u>1,507</u>	<u>3,049</u>	<u>1,178</u>	<u>2,713</u>
CREDITORS: amount falling due after one year					
Loans	16	<u>7,471</u>	<u>7,472</u>	<u>7,471</u>	<u>7,472</u>
NET ASSETS EXCL PENSION SCHEME DEFICIT		<u>24,051</u>	<u>23,069</u>	<u>24,598</u>	<u>23,540</u>
Pension Scheme Deficit	19	<u>2,616</u>	<u>5,764</u>	<u>2,616</u>	<u>5,764</u>
NET ASSETS		<u>21,435</u>	<u>17,305</u>	<u>21,982</u>	<u>17,776</u>
FUNDS					
General fund	18	20,568	21,968	21,115	22,439
Pension Fund		(2,616)	(5,764)	(2,616)	(5,764)
Unrestricted Funds		<u>17,952</u>	<u>16,204</u>	<u>18,499</u>	<u>16,675</u>
Restricted Funds	17	<u>3,483</u>	<u>1,101</u>	<u>3,483</u>	<u>1,101</u>
TOTAL FUNDS		<u>21,435</u>	<u>17,305</u>	<u>21,982</u>	<u>17,776</u>

The financial statements were approved and authorised for issue by the Board of Governors on 28 July 2011 and signed on its behalf by:

E Springford
Chairman

D R Wilson
Honorary Treasurer

EPILEPSY SOCIETY

**GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011**

	2011	2010	
	£'000	£'000	
a) NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	135	915	
RETURNS ON INVESTMENTS			
Dividends from listed investments	3	7	
Bank deposit interest received	28	-	
CAPITAL INVESTMENT & FINANCIAL EXPENDITURE			
Purchase of tangible fixed assets	(2,539)	(3,146)	
Disposal of tangible fixed assets	458	-	
Disposal of investments	108		
(Increase)/Decrease in investments	(3)	(26)	
MANAGEMENT OF LIQUID RESOURCES			
(Increase)/Decrease in short term deposits	1,000	(955)	
FINANCING			
Increase/(decrease) in debt	(1)	4,959	
INCREASE/(DECREASE) IN CASH IN THE YEAR	<u>(811)</u>	<u>1,754</u>	
b) Reconciliation of net incoming/(outgoing) resources for the year to net cash inflow/(outflow) from operating activities			
Net incoming/(outgoing) resources for the year	1,377	3	
Interest from deposits and investment income	(31)	(7)	
Donation of The New House	(1,500)	-	
Movement on pension scheme deficit	(392)	(59)	
Depreciation charges	950	780	
Decrease in stocks	24	1	
(Increase)/decrease in Debtors	(57)	(134)	
Increase/(decrease) in Short Term Creditors	(236)	331	
Net cash inflow/(outflow) from operating activities	<u><u>135</u></u>	<u><u>915</u></u>	
c) Reconciliation of group net cash flow to movement in net funds			
Increase/(decrease) in cash	(811)	1,754	
Cash inflow/(outflow) from increase in short term deposits	(1,000)	955	
Cash inflow from (increase)/decrease in debt	1	(4,959)	
Movement in net debt for year	<u>(1,810)</u>	<u>(2,250)</u>	
Net funds at 1 April	<u>(3,275)</u>	<u>(1,025)</u>	
Net funds at 31 March	<u><u>(5,085)</u></u>	<u><u>(3,275)</u></u>	
d) Analysis of net funds/(debt)	1 April 2010	Cashflow	31 March 2011
	£'000	£'000	£'000
Cash at bank and in hand	4,197	1,811	2,386
Loans	(7,472)	(1)	(7,471)
	<u>(3,275)</u>	<u>(1,810)</u>	<u>(5,085)</u>

EPILEPSY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared under the historical cost convention, with the exception of investments, and land and buildings which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005 and applicable accounting standards.

The group statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the Society and its subsidiaries. The results of the subsidiaries are consolidated on a line-by-line basis.

No separate SOFA has been presented for the Society alone as permitted by the Companies Act 2006 and the Charities SORP.

(b) Company status

The Society is a company limited by guarantee. The directors of the company are the Governors named on page 1. In the event of the Society being wound up, the liability in respect of the guarantee is limited to £1 for each member of the Society.

(c) Fund accounting

The General Fund is an unrestricted fund which is available for use at the discretion of the Governors in furtherance of the general objects of the Society and which has not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Society for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of the major restricted funds are set out in the notes to the financial statements.

(d) Incoming resources

All incoming resources are included in the SOFA when the Society is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, probate having been granted, entitlement is the earlier of the publication of estate accounts or the legacy being received.

(e) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Overheads have been allocated on the basis of either square footage, staff numbers or income, as appropriate.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Within Support costs, central services comprise the costs of those departments involved in management, finance, administration, ICT and personnel.

EPILEPSY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES (continued)

(f) Tangible fixed assets and depreciation

Where depreciation is charged, the cost or valuation of fixed assets is written off by equal annual instalments over their expected useful lives at the rates set out below.

Within the category of land & buildings are the following classes of assets:-

1. Freehold land. This is not depreciated.
2. Buildings used in the Society's operations. Depreciated at 2% per annum.
3. Buildings held for resale. These are not depreciated as the expected sale proceeds are in excess of the net book value.

Other assets are depreciated at the following rates:-

Fixtures and Fittings	10% - 25% per annum
IT equipment and software	25% per annum
Other equipment	10% - 25% per annum
Vehicles	20% per annum

(g) Investments

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

(h) Stocks

Stocks are valued at the lower of cost or net realisable value after making due allowance for obsolete or slow moving items.

(i) Pension Costs

The charity operates a defined benefit pension scheme for permanent employees. The surplus or deficit of the scheme is recognised on the balance sheet. Changes in the assets and liabilities of the scheme in the year are disclosed and allocated as follows:

Changes relating to current or past service costs and gains and losses on settlements and curtailments, and pension finance costs arising from changes in the net of the interest costs and expected return on assets, are allocated to the relevant activity heading based on staff costs of employees within the scheme.

Pension finance income arising from similar changes is recognised as an incoming resource and actuarial gains and losses arising are recognised as other recognised gains and losses.

The assets, liabilities and movements in the surplus or deficit of the scheme are calculated by qualified independent actuaries as an update to the latest full actuarial valuation.

Details of the scheme assets and liabilities and major assumptions are shown in note 19.

EPILEPSY SOCIETY

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2011**

2. DONATIONS AND LEGACIES	Unrestricted 2011 £'000	Restricted 2011 £'000	Total 2011 £'000	Total 2010 £'000
Donations	457	111	568	495
Gifts in kind – donation of The New House	-	1,500	1,500	-
Legacies	535	-	535	465
	<u>992</u>	<u>1,611</u>	<u>2,603</u>	<u>960</u>
	<u><u>992</u></u>	<u><u>1,611</u></u>	<u><u>2,603</u></u>	<u><u>960</u></u>
3. OTHER ACTIVITIES FOR GENERATING FUNDS	Unrestricted 2011 £'000	Restricted 2011 £'000	Total 2011 £'000	Total 2010 £'000
Research scans for other organisations	178	-	178	232
Epilepsy Enterprises Ltd	-	-	-	50
Training	131	-	131	130
Miscellaneous	103	-	103	125
	<u>412</u>	<u>-</u>	<u>412</u>	<u>537</u>
	<u><u>412</u></u>	<u><u>-</u></u>	<u><u>412</u></u>	<u><u>537</u></u>
4. INVESTMENT INCOME	Unrestricted 2011 £'000	Restricted 2011 £'000	Total 2011 £'000	Total 2010 £'000
Dividends	3	-	3	5
Bank and other interest	30	-	30	2
	<u>33</u>	<u>-</u>	<u>33</u>	<u>7</u>
	<u><u>33</u></u>	<u><u>-</u></u>	<u><u>33</u></u>	<u><u>7</u></u>
5. MEDICAL SERVICES	Unrestricted 2011 £'000	Restricted 2011 £'000	Total 2011 £'000	Total 2010 £'000
Assessment services	2,342	-	2,342	2,345
Prescriptions	270	-	270	288
	<u>2,612</u>	<u>-</u>	<u>2,612</u>	<u>2,633</u>
	<u><u>2,612</u></u>	<u><u>-</u></u>	<u><u>2,612</u></u>	<u><u>2,633</u></u>
6. OTHER RESOURCES FROM CHARITABLE ACTIVITIES	Unrestricted 2011 £'000	Restricted 2011 £'000	Total 2011 £'000	Total 2010 £'000
Domiciliary Care	1,259	-	1,259	1,166
Information, support and helpline	40	-	40	45
Other	69	-	69	-
	<u>1,368</u>	<u>-</u>	<u>1,368</u>	<u>1,211</u>
	<u><u>1,368</u></u>	<u><u>-</u></u>	<u><u>1,368</u></u>	<u><u>1,211</u></u>

EPILEPSY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2011

7. RESOURCES EXPENDED

a)	Staff Costs £'000	Other Direct Costs £'000	Support Costs £'000	2011 Total £'000	Restated 2010 £'000
Cost of generating funds:					
Fundraising	357	257	265	879	659
Cost of trading - rents	46	60	270	376	-
Other costs	72	11	14	97	-
Total cost of generating funds	475	328	549	1,352	659
Charitable Activities:					
Residential and nursing care svcs	6,358	1,676	2,347	10,381	10,976
Domiciliary Care	929	81	271	1,281	1,226
Medical Services	1,181	1,236	684	3,101	2,751
Information, support & helpline	454	125	147	726	1,027
Medical Research	525	95	-	620	1,232
Total Charitable Activities	9,447	3,213	3,449	16,109	17,212
Governance	-	36		36	30
Total Resources Expended	9,922	3,577	3,998	17,497	17,901

b)	Estates £'000	Central Services £'000	Marketing & Comms £'000	Depreciation and VAT £'000	2011 Total £'000	2010 Total £'000
ANALYSIS OF SUPPORT COSTS						
Cost of generating funds:						
Fundraising	26	57	136	46	265	105
Cost of trading - rents	126	25	-	119	270	-
Other	1	10	-	3	14	-
Total Cost of generating funds	153	92	136	168	549	105
Charitable Activities						
Residential and nursing care svcs	475	1,249	64	559	2,347	1,949
Domiciliary Care	45	160	9	57	271	218
Medical Services	189	268	17	210	684	489
Information, support & helpline	24	64	37	22	147	375
Medical Research	-	-	-	-	-	185
Total Charitable Activities	733	1,741	127	848	3,449	3,215
Governance	-	-	-	-	-	-
Total Resources Expended	886	1,833	263	1,016	3,998	3,320

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2011

8. GOVERNORS AND EMPLOYEES

Governors are not remunerated. Reimbursement of travel expenses for five Governors attending meetings amounted to £1,728 (2010: £1,152).

Staff	2011 £'000	2010 £'000
Staff costs:		
Salaries	10,485	10,528
Social security costs	942	939
Pension costs	705	640
	<u>12,132</u>	<u>12,107</u>

The number of higher paid staff whose taxable emoluments falling into higher salary bands were:

	2011 Number	2010 Number
£60,001 to £70,000	3	3
£70,001 to £80,000	-	-
£80,001 to £90,000	1	1
	<u>4</u>	<u>4</u>

The average number of employees, in terms of full time equivalents and analysed by activity:	Number	Number
Residential and nursing care services	264	275
Support services	17	19
Supported housing	10	17
MRI Facility and Research	1	1
Information, education & external training	16	15
Communications	5	4
Fundraising	9	9
Administration	23	24
	<u>345</u>	<u>364</u>

EPILEPSY SOCIETY

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2011**

9. TANGIBLE FIXED ASSETS	Land/ Buildings £'000	Fixtures & Fittings £'000	IT & Other Equipment £'000	Vehicles £'000	Total £'000
Group					
Cost or valuation					
At 1 April 2010	25,255	1,425	4,636	264	31,580
Additions	3,824	79	136	0	4,039
Disposals	(272)	(169)	(1,335)	(28)	(1,804)
Balance at 31 March 2011	28,807	1,335	3,437	236	33,815
Accumulated depreciation					
Balance at 1 April 2010	832	696	2,476	202	4,206
Depreciation charge for year	356	164	412	18	950
Disposals	(10)	(94)	(1,214)	(28)	(1,346)
Balance at 31 March 2011	1,178	766	1,674	192	3,810
Net book value					
At 31 March 2011	27,629	569	1,763	44	30,005
At 31 March 2010	24,513	731	2,065	65	27,374
Society					
Net book value					
At 31 March 2011	26,085	547	1,760	43	28,435
At 31 March 2010	22,836	680	2,157	62	25,735

A valuation of the Group's land and buildings was carried out as at 31 March 2006. Subsequent additions have been at cost.

The Society has land and buildings that are surplus to its requirements and is in the process of selling off. It also has planning permission to build a new Epilepsy Research Centre. The Directors have therefore decided to delay a formal revaluation of its land & buildings until this restructuring of the estate has been completed. The Directors are satisfied that an up to date valuation would not be less than the net book value shown above.

EPILEPSY SOCIETY

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2011**

10. FIXED ASSET INVESTMENTS	2011		2010	
	Market Value £'000	Cost £'000	Market Value £'000	Cost £'000
Group				
Brought forward 1 April	118	16	92	16
Revaluation to market value	(3)		26	-
Sales	(105)	(14)		
	—	—	—	—
At 31 March	10	2	118	16
	—	—	—	—
<u>Represented by:</u>				
Investment in the UK:				
Charifund Fund	1	1	108	15
Charinco Fund	9	1	9	1
Computershare Gov Securities	-	-	21	1
	—	—	—	—
	10	2	118	17
	—	—	—	—
Society				
Brought forward 1 April	2,564	2,462	2,538	2,462
Additions	-	-	-	-
Revaluation	(3)		26	-
Capital contribution repaid	(105)	(14)	-	-
	—	—	—	—
At 31 March	2,456	2,448	2,564	2,462
	—	—	—	—
<u>Represented by:</u>				
Investment in the UK:				
Charifund Fund	1	1	108	15
Charinco Fund	9	1	9	1
Computershare Gov securities	-	-	1	1
	—	—	—	—
	10	2	118	17
	—	—	—	—
Subsidiary companies:				
Ordinary shares	2,446	2,446	2,446	2,446
	—	—	—	—
	2,456	2,448	2,564	2,463
	—	—	—	—

The company owns 100% of the issued share capital of the subsidiary companies, Epilepsy Enterprises Ltd and NSE Facilities Ltd.

EPILEPSY SOCIETY**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2011****11. SUBSIDIARIES****Epilepsy Enterprises Ltd**

The company continues to carry on the trade of renting out the farmlands and buildings.

A summary of its income, expenditure and profit is shown below together with a summarised balance sheet.

	2011	2010
	£'000	£'000
<u>Income & Expenditure</u>		
Income	177	149
Expenditure	51	(47)
	<hr/>	<hr/>
Net Profit before covenant	126	102
Gift aid payment to Society	(126)	(102)
	<hr/>	<hr/>
Net Profit after gift aid payment	-	-
	<hr/> <hr/>	<hr/> <hr/>
<u>Balance Sheet</u>		
Fixed Assets	1	2
Stocks	6	10
Debtors	7	16
Cash	65	90
	<hr/>	<hr/>
	79	118
Less		
Holding company current account	(61)	(102)
Creditors	(10)	(8)
	<hr/>	<hr/>
Net assets	8	8
	<hr/> <hr/>	<hr/> <hr/>
Reserves	8	8
	<hr/> <hr/>	<hr/> <hr/>

NSE Facilities Ltd

This company is inactive other than owning the building, the Gowers Centre, from which medical services are provided to the UCLH NHS Foundation Trust. A summary of its income, expenditure and profit is shown below together with a summarised balance sheet.

	2011	2010
	£'000	£'000
<u>Income & Expenditure</u>		
Income	-	-
Expenditure	(71)	(75)
	<hr/>	<hr/>
Net Profit/(Loss)	(71)	(75)
	<hr/> <hr/>	<hr/> <hr/>
<u>Balance Sheet</u>		
Fixed Assets	1,569	1,638
Debtors	317	316
Cash	8	11
	<hr/>	<hr/>
	1,894	1,965
Less		
Creditors	(2)	(2)
	<hr/>	<hr/>
Total Net assets	1,892	1,963
	<hr/> <hr/>	<hr/> <hr/>
Reserves	1,892	1,963
	<hr/> <hr/>	<hr/> <hr/>

EPILEPSY SOCIETY

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2011**

12. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS	Unrestricted Funds £'000	Restricted Funds £'000	Total 2011 £'000	Total 2010 £'000
Fund balances at 31 March are represented by				
Tangible Fixed assets	28,437	1,568	30,005	27,374
Investments	10	-	10	118
Loans	(7,471)	-	(7,471)	(7,472)
Pension Fund Deficit	(2,616)	-	(2,616)	(5,764)
Current assets	1,719	1,915	3,634	5,150
Current liabilities	(2,127)	-	(2,127)	(2,101)
Total net assets	17,952	3,483	21,435	17,305
13. DEBTORS	Group		Society	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Residential, Domiciliary Care and Medical Services	836	721	836	721
Other debtors	130	216	122	195
Prepayments and accrued income	242	214	242	214
Intercompany	-	-	61	99
	1,208	1,151	1,261	1,229
14. CASH AT BANK AND IN HAND	Group		Society	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank Short Term Deposits	-	1,000	-	1,000
Cash at Bank and in Hand	2,386	3,197	2,313	3,096
	2,386	4,197	2,313	4,096
15. CREDITORS: amounts falling due within one year	Group		Society	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Suppliers	1,134	526	1,133	526
Taxation (PAYE)	238	259	238	259
Other creditors	134	138	130	133
Accruals and prepaid income	621	1,440	614	1,433
Intercompany	-	-	315	315
	2,127	2,363	2,430	2,666

EPILEPSY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2011

16. CREDITORS: amounts falling due after one year

	Group		Society	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank loans	7,471	7,472	7,471	7,472

There are 3 loans.

There is an unsecured loan facility of £2 million provided by National Westminster Bank Plc. The loan has to be repaid by August 2013.

There is a second loan provided by the National Westminster Bank of £5m and is secured against some of the Society's properties and has to be repaid by August 2013.

The third loan was for the purchase of Croft Cottage, one of the Society's Care Homes, by a mortgage from the Allied Irish Bank (UK) who have a charge over that property. It is repayable by 2027.

17. RESTRICTED FUNDS

The Movement on restricted Funds is summarised below:-

	Brought Forward £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Carried Forward £'000
Endowment Fund - The New House	-	1,500	-	-	1,500
<u>Other Restricted Funds</u>					
Epilepsy Research Centre	150	733	(49)	335	1,169
Research Funds					
Pregabalin Retention Study	109	194	(263)	-	40
EISAI Research Fellowship	120	-	-	-	120
UCB LO 59 Research	126	50	-	-	176
Genomics of levetiracetam	-	63	-	64	127
Miscellaneous research funds	250	97	(111)	(64)	172
Medical department	163	-	-	(163)	-
Training & Teaching Weekends	86	74	(3)	(20)	137
Restricted House Funds	27	10	(13)	-	24
Miscellaneous non-research funds	70	148	(149)	(51)	18
Total Restricted Funds	1,101	2,869	(588)	101	3,483

Restricted Funds represent grants and other monies received and expended on specific projects, in particular:-

New House

We were donated a building on our land at Chalfont St Peter to be used to provide supported housing for people with epilepsy.

Epilepsy Research Centre

The Society is seeking to raise funds in order to build a new research facility at its site at Chalfont St Peter,

Research Funds

The research carried out by the Society is described in the Objectives and Activities section of the Annual Report.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2011**

18. RESERVES – GENERAL

The rest of the reserves are classed as General and have no restrictions upon them.

19. FINAL SALARY PENSION SCHEME COMMITMENTS

- (a) The Society operates a defined benefit scheme based on final pensionable pay. The Scheme's assets are administered by Trustees, invested by professional fund managers in the Managed Pension Funds and are wholly independent of the Society's finances.

The Society complies with Financial Reporting Standard (FRS) 17 and the subsequent amendment dated December 2009 which aligns the disclosure and accounting requirements to that of IAS 19 "Employee Benefits". The valuation set out below has been based on the triennial valuation at 31 March 2010, as updated by a qualified actuary, in order to assess the assets/(liabilities) of the scheme on the FRS 17 basis at 31st March 2011.

The principal actuarial and main financial, assumptions used to calculate the scheme liabilities under FRS 17 (as amended) are:

	2011	2010	2009
Rate of increase in salaries	3.25%	3.25%	4.50%
Rate of increase of pensions in payment fixed at 3%	3.00%	3.00%	3.00%
Rate of increase of pensions in payment (LPI between 3% and 5%)	3.00%	3.25%	3.00%
Rate of increase of pensions in payment (LPI maximum 5%)	2.50%	3.25%	3.00%
Rate of increase of pensions in payment (LPI maximum 2.5%)	2.50%	2.50%	2.50%
Discount rate	5.50%	5.50%	7.00%
RPI Inflation rate	3.25%	3.25%	3.00%
Rate of revaluation for pensions in deferment	2.50%	3.25%	3.00%

- (b) The discount rate is based on an AA rated UK Corporate bond, iBoxx over 15 years.

The assumption for mortality rates is based on the table PCXL00 rated by 84% - 156% long cohort min 1% p.a. The proposed mortality tables are the same as those adopted for the 2010 actuarial valuation of the Scheme.

- (c) **The assets in the scheme and the expected long term rate of return were:**

	2011	2011	2010	2010	2009	2009
	%	£'000	%	£'000	%	£'000
Equities	7.50%	14,956	8.50%	12,444	8.00%	8,201
Property	7.00%	963	8.00%	628	8.00%	555
Bonds	5.00%	6,226	5.00%	6,862	5.00%	7,256
Cash	4.00%	149	4.00%	1,050	4.00%	1,202
Total market value of assets		22,294		20,984		17,214
Defined benefit obligation		(24,910)		(26,748)		(20,330)
Net pension liability		(2,616)		(5,764)		(3,116)

EPILEPSY SOCIETY

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2011**

19. FINAL SALARY PENSION SCHEME COMMITMENTS (continued)	2011	2010
	£'000	£'000
(d) Movement in scheme's assets during the year:		
Assets at beginning of the year	20,984	17,214
Expected return on the assets	1,481	1,098
Actuarial gains/(losses)	176	3,069
Contributions received	752	701
Benefits paid	(1,099)	(1,098)
	<u>22,294</u>	<u>20,984</u>
(e) Movement in the defined obligation (i.e. liabilities) during the year:		
Defined benefit obligation at beginning of year	26,748	20,330
Current service cost	260	204
Member Contributions	129	139
Interest on obligation	1,452	1,397
Actuarial losses/(gains)	(2,580)	5,776
Benefits paid	(1,099)	(1,098)
Defined benefit obligation at the end of year	<u>24,910</u>	<u>26,748</u>
(f) Components of the defined benefit cost:		
Amounts charged to operating profit		
Current service cost	260	204
Amounts credited to return on investments		
Expected return on assets	1,481	1,098
Interest on liabilities	(1,452)	(1,397)
Net financial return	<u>29</u>	<u>(299)</u>
Amounts recognised in the Statement of Total Gains and Losses		
Actual return less expected return on assets	176	3,069
Experience gains on the liabilities	808	(448)
Change in assumptions	1,772	(5,328)
Actuarial loss	<u>2,756</u>	<u>(2,707)</u>
(g) Five year history		

The following disclosures will be built up over time as a five year history:

	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000
Difference between the actual and expected return on assets	176	3,069	(2,133)	(832)	(18)
- percentage of scheme assets	1%	15%	(12)%	(5)%	(0)%
Experience gains/(losses) on liabilities	808	(448)	(327)	2,550	251
- percentage of scheme liabilities	3%	(2)%	(2)%	12%	1%
Total amount recognised in the Statement of Total Recognised Gains and Losses	2,756	(2,707)	(917)	4,358	1,467
- percentage of scheme liabilities	11%	(10)%	(5)%	21%	6%

Donors and Supporters

We are extremely grateful to all our supporters. These include:

Companies & Organisations

BBuild Aid for Epilepsy
B P Collins
Barnett Waddingham
British Telecom
Citrix
Credit Suisse
EISAI UK Ltd
GlaxoSmithKline
Janssen
sanofi-aventis
Special Products
UCB Pharma
Warner/Chapell Music Ltd
X1 Ltd

In addition to cash donations and grants, we received an estimated £31,245 in-kind support, including meeting rooms, auction prizes and professional services from corporate partners.

Statutory Bodies

Department of Health Carers' Innovation Fund

Trusts and Foundations

The ACT Foundation
Alison Hillman Charitable Trust
Ardwick Trust
Big Lottery Fund Awards for All
D'Oyly Carte Charitable Trust
Edwin George Robinson Charitable Trust
Elizabeth and Edward Guinness Charitable Trust
The Eveson Charitable Trust
The Friarsgate Trust
Garfield Weston Foundation
The Henry Smith Charity
Lady Hind Trust
Lennox & Wyfold Foundation
Losely and Guildford Charitable Trust
Media Trust
Michael Shanly Trust
The Rank Foundation
Reuben Foundation
The Scouloudi Foundation
Stanley Foundation
The Walter Guinness Charitable Trust
The Welton Foundation
The White Family Trust

We are grateful to all those individuals who have generously supported Epilepsy Society as well as those who remembered us in their wills.

A huge thank you, also, to everyone who has volunteered their time to Epilepsy Society, whether in raising funds or in helping the Society to carry out its charitable activities.