THE KNOWL HILL FOUNDATION
(Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 1995

REGISTERED NUMBER: 2274166

CHARITY NUMBER: 299690

MESSRS. HUGHES ALLEN
WATERMAN HOUSE
101 - 107 CHERTSEY ROAD
WOKING
SURREY
GU21 1LJ

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 JULY 1995

The Directors present their annual report and the financial statements for the year ended 31 July 1995.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company is to promote and provide for the advancement of education for the benefit of the public, in particular for those suffering from dyslexia.

The Company is a Company Limited by Guarantee and is a registered charity and as such is not liable to Corporation Tax.

FUTURE DEVELOPMENTS

The directors foresee an increased level of activity for the next accounting period.

RESULTS AND DIVIDENDS

The results for the year are set out in detail on Page 4.

The Directors do not recommend payment of a dividend.

It is proposed that the retained surplus of £54,928 is transferred to reserves.

FIXED ASSETS

Details of movements in fixed assets during the year are set out in Note 7 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year and their interests in the company were as stated below:

N. Todd
D.G. Elsmore (resigned 31.8.94)
G. Cuttle
A.P. Hunt (appointed 7.11.94)
R. Wallis
P. Delf
B. Harnett

As the company is Limited by Guarantee, no Directors held any shares in the company, and none had any interest in any contracts or arrangements, entered into by the company during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by law to prepare financial statements each year, of which the form and content is prescribed by the Companies Act 1985, which gives a true and fair view of the state of affairs of the Company, at the end of the financial year and of the profit or loss for that year.

The Directors are responsible for maintaining adequate accounting records, safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.

The Directors confirm that the above requirements have been complied with and that the financial statements have been prepared using suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also confirm that the financial statements have been prepared on the going concern basis following applicable accounting standards.

This report was approved by the Board of Directors and signed on its behalf on: 15 January 1996.

Norma Todd

MRS. N. TODD
Secretary

THE KNOWN HILL FOUNDATION

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements on page 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Directors' Report, the company directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 assurances that the financial statements are free from material mis-statement, 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 of the state of the company's affairs at 31 July 1995 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hughes Allen

HUGHES ALLEN
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR

WATERMAN HOUSE
101/107 CHERTSEY ROAD
WOKING
SURREY.
GU21 1LJ.

DATE: 15 January 1996

THE KNOWL HILL FOUNDATION

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 1995

	NOTES	1995 £	1994 £
INCOME	2	314,946	231,231
ADMINISTRATIVE EXPENSES		(246,021)	(217,829)
OPERATING PROFIT	3	68,925	13,402
OTHER INTEREST RECEIVABLE AND SIMILAR INCOME	5	576	225
INTEREST PAYABLE AND SIMILAR CHARGES	6	(4,573)	(4,676)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		64,928	8,951
TRANSFER TO BURSARY RESERVE		(10,000)	-
		54,928	8,951
RETAINED SURPLUS BROUGHT FORWARD		35,827	26,876
RETAINED SURPLUS CARRIED FORWARD		£ 90,755	£ 35,827

No statement of recognised gains and losses has been prepared as there are no recognised gains or losses in the period other than the profit and loss for the period (1994 : NIL).

The notes on pages 6 to 9 form an integral part of the financial statements.

THE KNOWL HILL FOUNDATION

BALANCE SHEET AS AT 31 JULY 1995

	NOTES	1995 £	1995 £	1994 £	1994 £
FIXED ASSETS					
Tangible Assets	7		123,918		131,005
CURRENT ASSETS					
Stocks	8	3,000		2,000	
Debtors	9	871		894	
Cash at Bank and in Hand		40,228		7,464	
		44,099		10,358	
CREDITORS: Amounts falling due within one year	10	(33,743)		(45,625)	
NET CURRENT LIABILITIES			10,356		(35,267)
TOTAL ASSETS LESS CURRENT LIABILITIES			134,274		95,738
CREDITORS: Amounts falling due after more than one year	11		(33,519)		(59,911)
			£ 100,755		£ 35,827
CAPITAL AND RESERVES					
Income and Expenditure Account			90,755		35,827
Bursary Reserve	12		10,000		-
COMPANY FUNDS	13		£ 100,755		£ 35,827

The financial statements were approved by the Board of Directors on 15 January 1996 and signed on its behalf by

Director

The notes on pages 6 to 9 form an integral part of the financial statements.

THE KNOWL HILL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 1995

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards. A summary of the principal accounting policies is set out below;

1.1 Accounting Convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption from preparing a cash flow statement on the grounds that it qualifies as a small company.

1.2 Value Added Tax

The company is not registered for Value Added Tax (V.A.T.) and accordingly, where relevant, capital and revenue expenditure includes V.A.T.

1.3 Income

Income represents amounts receivable for services provided and receipts from charitable activities.

1.4 Stock

Stock is valued at the lower of cost and net realisable value.

1.5 Depreciation

Depreciation is provided to write off the cost less estimated residual value of each asset over its expected useful life, using the following bases and rates:

Freehold Refurbishment	-	Straight line over 5 years
Portacabin	-	Straight line over 10 years
Equipment	-	Straight line over 5 years

1.7 Charitable Status

The company is a registered charity (number 299690).

2. INCOME

The total income of the company for the year has been derived from its principal activity wholly undertaken in the U.K.

THE KNOWL HILL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 JULY 1995

3. OPERATING PROFIT/(LOSS)

	1995	1994
	£	£
Operating profit/(loss) is stated after charging:-		
Amortisation of intangible assets	-	375
Depreciation of tangible assets	33,736	25,159
Auditors' remuneration	600	-

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1995	1994
Directors		
Emoluments	£ -	£ -

Employees including directors

Employment Costs	1995	1994
	£	£
Wages and salaries	137,211	116,027
Social security costs	10,813	10,313
	£ 148,024	£ 126,340

Number of employees

The average weekly number of employees during the year was:

	1995	1994
	No.	No.
Administration	23	20

5. INCOME FROM INVESTMENTS

	1995	1994
	£	£
Other interest receivable	£ 576	£ 225

6. INTEREST PAYABLE

	1995	1994
	£	£
On bank loans and overdrafts	100	159
On bank loan repayable after 5 years	4,473	4,517
	£ 4,573	£ 4,676

7. TANGIBLE ASSETS

	FREEHOLD LAND AND BUILDINGS	PORTACABIN	EQUIPMENT	TOTAL
	£	£	£	£
COST				
At 1 August 1994	196,442	4,645	15,776	216,863
Additions	20,038	-	6,611	26,649
At 31 July 1995	216,480	4,645	22,387	243,512
DEPRECIATION				
At 1 August 1994	71,951	1,659	12,248	85,858
Charge for Year	30,297	465	2,974	33,736
At 31 July 1995	102,248	2,124	15,222	119,594
NET BOOK VALUES				
At 31 July 1995	£ 114,232	£ 2,521	£ 7,165	£ 123,918
At 31 July 1994	£ 124,491	£ 2,986	£ 3,528	£ 131,005

8. STOCKS

	1995	1994
	£	£
Stocks of stationery and teaching materials	£ 3,000	£ 2,000

9. DEBTORS

	1995	1994
	£	£
Prepayments and accrued income	£ 871	£ 894

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995	1994
	£	£
Bank loans and overdrafts	6,185	12,207
Taxes and social security costs	3,412	2,302
Other creditors	20,666	17,500
Accruals and deferred income	3,480	13,616
	£ 33,743	£ 45,625

THE KNOWL HILL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 JULY 1995

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

	1995	1994
	£	£
Loans		
Wholly repayable within five years	-	37,500
Bank loan not wholly repayable within five years	39,704	45,293
	39,704	82,793
Included in current liabilities	(6,185)	(22,882)
	£ 33,519	£ 59,911

Included in creditors is an interest-free loan amounting to £20,000 over which there is a first charge on the freehold property of the Old School, Pirbright. The bank loan and overdraft is secured by a fixed and floating charge over the assets of the School. The bank loan is repayable by monthly instalments by a period greater than 5 years, of which £831 will be due after 5 years. Interest is at 10.44%.

12. BURSARY RESERVE

The Bursary Reserve fund is to be used to assist in providing busaries for children in need.

	£
Balance at 1 August 1994	-
Transfer from Income and Expenditure Account	10,000
Balance at 31 July 1995	£ 10,000

13. COMPANY FUNDS

	1995	1994
	£	£
Retained surpluses at 1 August 1994	35,827	26,876
Retained surplus for the year	64,928	8,951
RETAINED SURPLUSES AT 31 JULY 1995	£100,755	£ 35,827

As the company is limited by guarantee, the movement on funds for the year is represented by the retained profit for the year.

14. CONTINGENT LIABILITIES

There were no contingent liabilities outstanding against the company as at 31 July 1995 (1994 : NIL).

15. CAPITAL COMMITMENT

	1995	1994
Capital expenditure contracted for but not provided	£ -	£ 20,163