THE KNOWL HILL FOUNDATION
(Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2000

REGISTERED NUMBER: 2274166

CHARITY NUMBER: 299690

THE KNOWL HILL FOUNDATION

Principal Business Address	School Lane Pirbright Surrey GU24 0JN
Registered office	Greenwood House 4/7 Salisbury Court London EC4Y 8BT
Bankers	Midland Bank plc 6 Commercial Way Woking Surrey GU21 1EZ
Auditors	Groves & Co Dorthonion Pyrford Road Woking Surrey GU22 8UF
Company Registration Number	2274166
Registered Charity Number	299690

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For the year ended 31 July 2000

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THE KNOWL HILL FOUNDATION

REPORT OF THE TRUSTEES
For the year ended 31 July 2000

The Directors, who are the Trustees, present their Annual Report and the audited financial statements for the year ended 31 July 2000.

Legal and Administrative Information

The company is a registered charity, incorporated under the Companies Act 1985 as a company limited by guarantee, and its Memorandum and Articles of Association. Each of the members have undertaken to contribute the sum of £1 in the event of the company being insolvent on winding up. The company is managed on behalf of the members by a Board of Directors.

Details of the registered office the company's advisors and the company charity registration numbers are set out on page 1.

The directors/trustees who served during the year were as follows:-

N Todd
R Wallis
A P Hunt
P Delf Linden
B Harnett
J Capito

The company's Articles of Association require all serving directors to retire from office at each Annual General Meeting. The retiring directors are eligible for re-election. In accordance therewith, all directors have retired by rotation and, being eligible, offer themselves for re-election.

As the company is limited by Guarantee, no director 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/Trustees Responsibilities

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

THE KNOWL HILL FOUNDATION

REPORT OF THE TRUSTEES
For the year ended 31 July 2000

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Objects

The company is a non-political, non-religious, British charity engaged in promoting and providing for the advancement of the education of dyslexic children, who for one reason or another have been failed by mainstream schools, and who need the specialist teaching in a small caring environment, which can be provided at The Knowl Hill School in Pirbright, Surrey.

In addition, the foundation aspires to help educate teachers from the mainstream of education to recognise, and help children in their schools who may be dyslexic.

There has been no change in the declared policy of the Foundation. The Foundation continues to attract pupils, to the Knowl School, from both the private sector, and from ten different local authorities.

Review of Activities

The school continues to develop, and as we become well known, so we have more visits from interested professionals, who we hope are learning from our experience. We expect to have a very good set of GCSE results for this year.

With an extremely generous grant of funds from the Dill Faulkes Education Trust we will be installing a whole school wireless network, to be used with laptop computers for each child and member of staff, used in conjunction with interactive whiteboards. The children will be able to take their laptops home for homework and project work. Music and Drama too will benefit, with specialist computer equipment, and a digital video camera. All the equipment will be installed over the summer break.

For the future, we would like to rebuild the pottery/CDT block, to make it into a two storey building which would include an art room, thus freeing up space in the main building. We continue to actively pursue funding from various sources.

THE KNOWL HILL FOUNDATION

REPORT OF THE TRUSTEES
For the year ended 31 July 2000

Organisation

It is organised in the manner that the directors think most suitable at the time - currently with 23 staff members at The Knowl School including 2 staff members who carry out the management and administration of the Foundation.

Financial Review

The accounts of the Foundation can be found on pages 6 to 13. These accounts comply with current statutory requirements and the Foundation's governing document.

It is confirmed that on a fund by fund basis, the Foundation has sufficient assets available to enable it to meet its obligations as they fall due.

The directors consider that a significant reserve is required to meet the substantial programme of providing for a two storey classroom extension to the Knowl School.

The application of the Foundation funds is detailed in notes 4, 5 and 6 to the accounts.

Small Company Exemptions

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 for small companies.

Auditors

The auditors, Messrs Groves & Co were appointed in the previous year, and are will to be re-appointed in accordance with Section 384 of the Companies Act 1985.

This report was approved by the Board and signed on its behalf on 21 March 2001.

....
Mrs R McGuire
Secretary

Registered Number: 2274166

Charity Number: 299690

THE KNOWL HILL FOUNDATION

AUDITORS' REPORT TO THE MEMBERS OF THE KNOWL HILL FOUNDATION

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Statement of Auditor's Responsibilities

As described on page 2, the company's 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 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 an 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 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 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 of the state of the company's affairs as at 31 July 2000 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Groves & Co

GROVES & CO
Chartered Accountants
Registered Auditors

Date: 21 March 2001

Dorthonion
Pyrford Road
Woking
Surrey GU22 8UF

THE KNOWL HILL FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 July 2000

		Continuing Operations			
			2000		1999
	Note	General Funds £	Restricted Funds £	Total Funds £	Total Funds £
Incoming Resources					
Fees	2	461,419	-	461,419	451,851
Fund Raising		-	-	-	-
Donations		2,167	5,000	7,167	231
Investment income	7	3,549	-	3,549	3,819
Other income		29	-	29	398
Total incoming resources		467,164	5,000	472,164	456,299
Resources expended					
Direct charitable expenditure	4	432,560	1,000	433,560	427,589
Management and administration of the charity	5	40,241	-	40,241	40,160
Provision in year	15	30,000		30,000	23,500
Total resources expended	6	502,801	1,000	503,801	491,249
Net incoming/(outgoing) resources for the year	3	(35,637)	4,000	(31,637)	(34,950)
Transfer between funds	15	-	-	-	-
Net movement in funds		(35,637)	4,000	(31,637)	(34,950)
Fund balances brought forward at 1 August 1999		253,333	-	253,333	288,283
Fund balances carried forward at 31 July 2000	17	£217,696	£4,000	£221,696	£253,333

Designated funds are included in General Funds (see Note 15)

The notes on pages 8 to 13 form an integral part of these financial statements.

THE KNOWL HILL FOUNDATION

BALANCE SHEET

As at 31 July 2000

	Notes	2000		1999	
		£	£	£	£
Fixed assets					
Tangible assets	10		163,556		229,954
Current assets					
Stocks	11	3,000		3,000	
Debtors	12	667		9,120	
Cash at bank and at hand		105,588		91,896	
		109,255		104,016	
Creditors (Amounts falling due within one year)	13	(34,615)		(45,593)	
Net current assets			74,640		58,423
Total assets less current liabilities			238,196		288,377
Creditors (Amounts falling due after more than one year)	14		(16,500)		(35,044)
			£221,696		£253,333
Funds					
- General	15		217,696		253,333
- Restricted			4,000		-
Company Funds	17		£221,696		£253,333

The financial statements were approved by the Board of Directors and signed on its behalf on 21 March 2001

.... Mrs N Todd

Director/Trustee

The notes on pages 8 to 13 form an integral part of these financial statements.

THE KNOWL HILL FOUNDATION
NOTES TO THE ACCOUNTS
For the year ended 31 July 2000

1. Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards and the Statement of Recommended Practice Accounting by Charities. 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 and in accordance with the Financial Reporting Standard for Small Entities.

1.2 Value Added Tax

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

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 land and buildings	-	Nil
Freehold Refurbishment	-	Straight line over 5 years
Equipment	-	Straight line over 5 years

No depreciation has been charged on freehold buildings because in the opinion of the Trustees the open market value of the buildings is greater than cost.

1.6 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 UK.

NOTES TO THE ACCOUNTS
For the year ended 31 July 2000 (Continued)

3. Operating Profit

	2000 £	1999 £
Operating profit is stated after charging:		
Depreciation of tangible assets	72,550	81,396
Auditors' remuneration	800	800

4. Direct Charitable Expenditure
- (includes restricted funds £1,000)

	2000	1999
Provision of educational services	£433,560	£427,589

5. Management and Administration of the Charity
All unrestricted funds

	2000 £	1999 £
Salaries and office costs	32,713	31,766
Audit and accountancy	273	255
Depreciation	7,255	8,139
	£40,241	£40,160

6. Total Resources Expended

	Staff Costs £	Depreciation £	Other Costs £	Total 2000 £	Total 1999 £
Educational services	311,692	65,295	86,573	463,560	451,089
Management and administration	31,147	7,255	1,839	40,241	40,160
	£342,839	£72,550	£88,412	£503,801	£491,249

Staff Costs:	2000 £	1999 £
Wages and salaries	316,678	280,100
Social security costs	26,161	24,388
	£342,839	£304,488

THE KNOWL HILL FOUNDATION
NOTES TO THE ACCOUNTS
For the year ended 31 July 2000 (Continued)

6. Total Resources Expended (Continued)

	2000 Number	1999 Number
Number of employees		
The average monthly number of employees during the year was		
Teachers	21	21
Administration and Trustees	8	8
	29	29

No employees earned £40,000 p.a. or more.

No remuneration or expenses have been paid to trustees in the year (1999: NIL).

Other Costs:	2000 £	1999 £
Bursary reserve provision	30,000	23,500
Training	819	4,322
Tutoring	876	2,595
Premises and insurance	5,518	5,442
Educational supplies	10,016	17,322
Clubs and school outings	8,322	604
Repairs and cleaning	7,830	15,499
Other	25,031	36,081
	£88,412	£105,365

7. Income from Investments

	2000	1999
Other interest receivable	£3549	£3,819

8. Interest Payable

	2000	1999
On bank loans and overdrafts	682	1,619
On other loans	2,526	4,250
	£3,208	£5,869

9. Taxation

The company is a registered charity and has exemption from corporation tax.

THE KNOWL HILL FOUNDATION
NOTES TO THE ACCOUNTS
For the year ended 31 July 2000 (Continued)

10. Tangible Assets

	Land and Buildings Freehold £	Equipment £	Total £
Cost			
At 1 August 1999	474,824	120,652	595,476
Additions	-	6,152	6,152
At 31 July 2000	474,824	126,804	601,628
Depreciation			
At 1 August 1999	296,345	69,177	365,522
Charge for year	51,668	20,882	72,550
At 31 July 2000	348,013	90,059	438,072
Net book values			
At 31 July 2000	£126,811	£36,745	£163,556
At 31 July 1999	£178,479	£51,475	£229,954

All the above assets are used for direct charitable purposes.

11. Stocks

	2000 £	1999 £
Stock of stationery and teaching materials	£3,000	£3,000

12. Debtors

	2000 £	1999 £
Trade debtors	140	7,153
Prepayments and accrued income	527	1,967
	£667	£9,120

13. Creditors (Amounts falling due within one year)

	2000 £	1999 £
Bank loans and overdrafts	1,226	8,562
Taxes and social security costs	8,347	7,452
Other creditors	16,500	20,000
Accruals and deferred income	8,542	9,579
	£34,615	£45,593

NOTES TO THE ACCOUNTS
For the year ended 31 July 2000 (Continued)

14. **Creditors (Amounts falling due after more than one year)**

	2000 £	1999 £
Bank loans	-	2,044
Other loans	16,500	33,000
	£16,500	£35,044

Bank loans and Other Loans

	2000	1999
Repayable within 1 year	17,726	28,562
Repayable within 1 and 2 years	16,500	18,544
Repayable between 2 and 5 years	-	16,500
	34,226	63,606
Included in current liabilities	(17,726)	(28,562)
	£16,500	£35,044

The bank loan is secured by a legal mortgage over the freehold property, a fixed charge over book assets and a floating charge over other assets of the School. The bank loan is repayable by monthly instalments of £838.50 inclusive of interest. Interest is charged at 10.44% per annum. The bank loan at 31 July 2000 amounted to £1,266 which represents 0.9% of the net book value of the freehold property.

The other loan from August 1996 is secured by a legal mortgage over the freehold property and is repayable by annual instalments, inclusive of interest, of £21,800, £22,600 and £24,240 respectively for the first 3 years, with the remaining balance split equally in years 4 and 5. Interest is charged at 8% per annum for the first three years and at 2% above base rate thereafter.

15. **Designated Funds**

The income funds of the Charity include the following designated funds which have been set aside out of unrestricted funds by the Trustees for specific purposes:

	Balance 1 August 1999 £	New designations £	Utilised/ Released £	Balance 31 July 2000 £
Bursary Reserve	15,000	30,000	(30,000)	15,000
School extension	86,776	-	(43,387)	43,389
	£101,776	£30,000	£(73,387)	£58,389

The bursary reserve fund is to be used to assist in providing bursaries for children in need.

The School extension fund has been established to provide for the two storey classroom extension.

NOTES TO THE ACCOUNTS
For the year ended 31 July 2000 (Continued)

16. **Analysis of Net Assets between Funds**

	Tangible Fixed Assets £	Net Current Assets £	Long-term Creditors £	2000 Total £
Restricted Funds	4,000	-	-	4,000
General Funds				
General (non designated)	116,167	59,640	(16,500)	159,307
Designated (see note 15)	43,389	15,000	-	58,389
	£163,556	£74,640	£(16,500)	£221,696

17. **Company Funds**

	2000 £	1999 £
Retained surplus at 1 August 1999	253,333	288,283
Retained surplus for the year	(31,637)	(34,950)
Retained surpluses at 31 July 2000	£221,696	£253,333

As the company is limited by guarantee, the movement of funds for the year is represented by the retained (loss)/surplus for the year.

18. **Capital Commitments**

Details of capital commitments at the accounting date are as follows:

	2000 £	1999 £
Capital expenditure contracted for but not provided	£ -	£ -
Capital expenditure authorised but not contracted for	£163,000	£50,000

19. **Summary of Income and Expenditure**

In accordance with the Statement of Recommended Practice for Charities no separate Summary of Income and Expenditure is given due to all relevant information being disclosed elsewhere in the financial statements

20. **Ultimate Controlling Party**

The company is controlled by the Trustees.