

HARMENY EDUCATION TRUST LIMITED
(Limited by guarantee)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000

Registration No. SCO162021
Registered Charity Number SCO24256



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HARMENY EDUCATION TRUST LIMITED

DIRECTORS

Gavin Reed
Alison Davies OBE
Kerr Cowan

CHIEF EXECUTIVE

Patrick Webb

COMPANY SECRETARY

Rosemary Fitch

AUDITORS

McCabe Partnership
Chartered Accountants
56 Palmerston Place
Edinburgh
EH12 5AY

BANKERS

The Royal Bank of Scotland plc
540 Lanark Road
Edinburgh
EH14 5DE

REGISTERED OFFICE

Harmeny School
Mansfield Road
Balerno
Midlothian
EH14 7JY

DIRECTORS' REPORT

The directors submit their report together with financial statements for the year ended 31 March 2000.

Company Law requires the directors 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 surplus or deficit of the company for that year. In preparing those financial statements, the directors are required to:

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

The directors are responsible for maintaining 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.

BUSINESS REVIEW

The principal activity of the company is to advance the education of children in Scotland with special educational needs, on a residential and day basis.

The company was incorporated on 6 December 1995 and the assets and liabilities of its predecessor organisation Harmeny School were transferred to the company on 21 December 1995 together with the responsibilities for members of staff.

The General Fund for the year shows a deficit of £41,615 and the directors of the company recommend that it is transferred to reserves. *The directors are satisfied with the results for the year and are confident that the school can maintain the current level of fees in the coming year.*

The school's present classroom block has been replaced, and the opportunity has been taken not only to replace the classroom facilities but to extend them and also to incorporate other features which are recognised as necessary in the education and care of children who are placed at Harmeny. It is also important to us to be recognised as a national resource. The capital cost of the development was £2,535,329. The project was given the blessing of the Scottish Executive who made a contribution of £1,280,906 towards the cost. The National Lottery Charities Board contributed £294,908 to the costs and the Lottery Sports Fund £131,893. We are deeply grateful to these bodies and so many other individuals and organisations who have supported us and who are named in the appendix to these accounts.

A wholly owned subsidiary company, Harmeny Education Services was created in November 1998 to conduct any school business, other than education, as considered appropriate.

STATUS

Harmeny Education Trust Limited is a company limited by guarantee and not having a share capital.

DIRECTORS

The directors are chosen for appointment with reference to their experience in the charity's line of work. The directors of the company, none of whom has a beneficial interest in the company are:

Gavin Reed
Alison Davies OBE
Kerr Cowan

HARMENY EDUCATION TRUST LIMITED

FIXED ASSETS

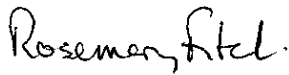
Details of movements on fixed assets are shown in note 7.

The directors are of the opinion that the market value of company's heritable properties is higher than the net book value shown in the accounts.

AUDITORS

A resolution to re-appoint McCabe partnership will be put to the members at the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read "Rosemary Fitch".

Rosemary Fitch
Secretary

Date: 7 July 2000

HARMENY EDUCATION TRUST LIMITED

BALANCE SHEET as at 31 March 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible assets	7	2,588,463	1,376,098
Investments	8	2	2
		<u>2,588,465</u>	<u>1,376,100</u>
CURRENT ASSETS			
Debtors	9	75,652	114,043
Cash at bank and in hand		194,917	743,150
		<u>270,569</u>	<u>857,193</u>
CREDITORS: amounts falling due within one year	10	196,823	267,308
		<u>73,746</u>	<u>589,885</u>
NET CURRENT ASSETS			
NET ASSETS	13	<u>2,662,211</u>	<u>1,965,985</u>
FUNDS			
Unrestricted - Revenue Fund	12	-	41,615
Reserves - Capital Development Fund	12	110,874	112,247
Restricted - New Building Capital Fund	12	2,515,603	1,776,389
Restricted - Other Capital Fund	12	35,734	35,734
		<u>2,662,211</u>	<u>1,965,985</u>

The financial statements on pages 4 - 11 were approved by the board of directors on 7 July 2000

Gavin Reed



Chairman

HARMENY EDUCATION TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year to 31 March 2000

	Unrestricted Funds			Restricted Funds			
	General Fund		Designated	New Building Capital Fund	Other Capital Fund	Total 2000	Total 1999
	Notes	Income	Capital Development Fund				
Incoming Resources							
Local Authority fees		804,030	-	-	-	804,030	723,465
Scottish Executive maintenance grant		656,400	-	-	-	656,400	644,000
Scottish Executive capital grants		-	-	65,906	-	65,906	707,869
Bank interest		-	6,679	11,985	-	18,664	23,562
Donations		-	-	684,242	-	684,242	468,743
Other income		272	-	-	-	272	22,753
Total Incoming Resources		1,460,702	6,679	762,133	-	2,229,514	2,590,392
Resources Expended							
Direct charitable expenditure		1,399,233	-	-	-	1,399,233	1,340,129
Administration		108,007	-	-	-	108,007	149,990
Publicity and fundraising		3,129	-	22,919	-	26,048	21,561
Total Resources Expended	3	1,510,369	-	22,919	-	1,533,288	1,511,680
Net Incoming/(Outgoing) Resources before Transfers		(49,667)	6,679	739,214	-	696,226	1,078,712
Transfers between funds		8052	(8052)	-	-	-	-
Net Income/(Outgoing) Resources for the Year		(41,615)	(1,373)	739,214	-	696,226	1,078,712
Fund Balance brought forward		41,615	112,247	1,776,389	35,734	1,965,985	887,273
Fund Balances carried forward at 31 March 2000	11/12	-	110,874	2,515,603	35,734	2,662,211	1,965,985

HARMENY EDUCATION TRUST LIMITED

INCOME AND EXPENDITURE ACCOUNT for the year to 31 March 2000

	Note	Unrestricted Funds £	Restricted Funds £	Total 2000 £	Total 2000 £
Income					
Local authority fees	2	804,030	-	804,030	723,465
Scottish Executive maintenance grant	2	656,400	-	656,400	644,000
Other income		6,951	11,985	18,936	46,315
Total Income		1,467,381	11,985	1,479,366	1,413,780
Expenditure					
Direct charitable expenditure		1,399,233	-	1,399,233	1,340,129
Administration		108,007	-	108,007	149,990
Publicity and fund raising		3,129	22,919	26,048	21,561
Total Expenditure		1,510,369	22,919	1,533,288	1,511,680
Retained surplus/(deficit) for the year		(42,988)	(10,934)	(53,922)	(97,900)

- A detailed analysis of incoming and outgoing resources, providing full information on the movements during the year on all funds, is contained in the Statement of Financial Activities on page 5. In particular, all movements on capital funds, which are not included above, are disclosed therein.
- All income arose from continuing operations.

HARMENY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year to 31 March 2000

1. STATUS OF COMPANY

The company is limited by guarantee and does not have a share capital. The liability of each member is limited to £1. The company is a registered charity, number SC24256.

The financial statements cover the year to 31 March 2000.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice on accounting by Charities.

Accounting convention

The financial statements are prepared under the historical cost convention.

Grants receivable

Grants receivable are recognised as incoming resources when the conditions for their receipt have been satisfied. Grants received for specific purposes are accounted for as restricted funds. Any grants restricted to future accounting periods are deferred, and recognised in the periods to which they relate. Grants for capital projects are credited to a separate capital restricted fund, which is not included in the income and expenditure account.

Depreciation

Depreciation is provided at 2% on a straight line basis on all new property. The property acquired from Save the Children fund and included in these accounts at £39,456 represents land and buildings and the directors consider that no depreciation is appropriate. Depreciation is not charged on property which is still under development.

Depreciation of all other assets is provided on the straight line method at the rate of 25% per annum.

Local Authority fees

This represents amounts receivable against the school's net costs for the period.

Pension Costs

Pension contributions are charged to the income and expenditure account in the year in which they become payable.

Restricted funds

Restricted funds are to be used for specified purposes laid down implicitly or explicitly by the donor. Expenditure which meets these criteria is identified to the fund.

Unrestricted funds

Unrestricted funds comprise donations and other incoming resources received or generated for charitable purposes.

Designated funds

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

Donations

Donations are generally recognised on a cash basis.

HARMENY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.) for the year to 31 March 2000

3. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff Costs	Other	Depreciation	Consumables	Total 2000	Total 1999
	£	£	£	£	£	£
Direct charitable expenditure	1,010,996	251,498	67,294	69,445	1,399,233	1,340,129
Administration	83,655	24,352	-	-	108,007	149,990
Publicity and fund-raising	-	26,048	-	-	26,048	21,561
	<u>1,094,651</u>	<u>301,898</u>	<u>67,294</u>	<u>69,445</u>	<u>1,533,288</u>	<u>1,511,680</u>

4. STAFF COSTS

	Total 2000 £	Total 1999 £
Wages and salaries	970,710	909,399
Social security costs	66,326	66,822
Pension costs	57,615	49,457
	<u>1,094,651</u>	<u>1,025,678</u>

The average weekly number of persons (including part-time employees) employed by the company during the year, analysed by the category, was as follows:

	Total 2000 No.	Total 1999 No.
Teaching staff	20	18
Care staff	39	37
Domestic staff	11	10
Administrative staff	6	6
Estate	2	2
	<u>78</u>	<u>73</u>

Members of the teaching staff participate in the Scottish Office Teachers' Superannuation Scheme. A number of non-teaching staff are members of the SCVO Staff Final Salary Scheme. The pension costs shown above represent contributions payable by the company.

HARMENY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.) for the year to 31 March 2000

5. TAXATION

The company, being a charity, is exempt from tax under Section 505 Income and Corporation Taxes Act 1988.

6. OPERATING SURPLUS

The operating deficit is stated after charging/crediting:

	Total 2000 £	Total 1999 £
Directors' emoluments	-	-
Trustee Indemnity Insurance Premium	240	240
Audit fee	4,818	4,707
Operating lease rentals - equipment	4,047	4,047
Property rental - paid	-	27,738
Property rental - received	-	(22,483)

7. TANGIBLE FIXED ASSETS

	Property Under Construction £	Heritable Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or Valuation					
Cost or value brought forward	653,879	659,612	88,733	63,809	1,466,033
Additions	1,208,741	-	66,389	4,529	1,279,659
Transfers	(1,862,620)	1,862,620	-	-	-
At 31 March 2000	-	2,522,232	155,122	68,338	2,745,692
Depreciation					
Brought forward	-	15,025	44,022	30,888	89,935
Charge for period	-	12,403	38,781	16,110	67,294
At 31 March 2000	-	27,428	82,803	46,998	157,229
Net book value					
At 31 March 1999	653,879	644,587	44,711	32,921	1,376,098
At 31 March 2000	-	2,494,804	72,319	21,340	2,588,463

The Save the Children Fund, which previously controlled Harmeny School, has been granted a Standard Security over the whole of the heritable property transferred to the company on 21 December 1995.

The proceeds from heritable property if sold can only be applied to further the objectives of the school. Otherwise the Save the Children Fund may require consideration to be paid in exchange for their consent to the disposals.

The company has received a capital grant which has been spent on building the new education block.

HARMENY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.) for the year to 31 March 2000

CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £ NIL (1999 - £1,186.26)

8. INVESTMENTS

	Total 2000	Total 1999
	£	£
Investment in subsidiary company, Harmeny Services Limited	<u>2</u>	<u>2</u>

Harmeny Services Limited is a company registered in Scotland for the purpose of conducting school business, other than education, as considered appropriate.

The results of the subsidiary company's activities have not been consolidated as the amounts involved are not material. Any surplus for the year has been covenanted to Harmeny Education Trust Limited leaving no reserves except for the issued share capital of £2.

9. DEBTORS

	Total 2000	Total 1999
	£	£
Fees	9,159	46,658
Insurance recovery	-	1,207
Scottish Office maintenance grant	66,000	64,000
Sundry	493	2,178
	<u>75,652</u>	<u>114,043</u>

10. CREDITORS: amounts falling due within one year

	Total 2000	Total 1999
	£	£
Other taxes and social security	21,161	22,667
Trade creditors	131,144	208,457
Other creditors	37,216	26,011
Accruals	7,300	8,850
Amounts due to subsidiary company	2	1,323
	<u>196,823</u>	<u>267,308</u>

11. OBLIGATIONS UNDER OPERATING LEASES

The company had annual commitments under non-cancellable equipment leases as set out below.

	Total 2000	Total 1999
	£	£
Operating leases which expire: In the second to fifth years	4,047	4,047

HARMENY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
for the year to 31 March 2000

12. MOVEMENT IN RESERVES

	Unrestricted Revenue Fund Income £	Designated Capital Development Fund £	New Building Capital Fund £	Other Capital Fund £	Total £
Balance of funds brought forward	41,615	112,247	1,776,389	35,734	1,965,985
Incoming resources	1,460,702	6,679	762,133	-	2,229,514
Expenditure, gains, losses	(1,510,369)	-	(22,919)	-	(1,533,288)
Transfers	8,052	(8,052)	-	-	-
Balance at 31 March 2000	-	110,874	2,515,603	35,734	2,662,211

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Revenue Fund Income £	Designated Capital Development Fund £	New Building Capital Fund £	Other Capital Fund £	Total £
Fixed Assets	-	-	2,552,731	35,734	2,588,465
Current Assets	-	110,874	(37,128)	-	73,746
	-	110,874	2,515,603	35,734	2,662,211

HARMENY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
for the year to 31 March 2000

Analysis of Costs (per General Fund)

	Total 2000 £	Total 1999 £
Consumables		
Food	33,214	33,750
Kitchen supplies	559	1,545
Resources - Activities/care	16,969	9,741
- Activities/education	15,453	10,238
Principal - Outdoor education	132	3,821
- Management resources	3,118	5,469
	69,445	64,564
	Total 2000 £	Total 1999 £
Other operating charges		
Laundry and cleaning	5,789	3,669
Insurance	12,571	16,589
Council tax	3,089	3,021
Rental	-	27,738
Heat and light	26,432	22,754
Motor and vehicle costs and travel	10,389	11,757
Maintenance	148,408	121,427
Printing, postage and stationery	7,057	7,066
Miscellaneous costs	4,341	4,898
Telephone	7,125	19,876
Audit	4,818	4,707
Professional fees	7,898	16,663
Fire/security	5,032	4,272
Chemist/medical	3,377	2,298
Training/resources etc.	13,292	9,092
Recruitment	11,532	3,957
Publicity/fund raising	26,048	21,561
Profit on sale of vehicle	-	(2,150)
Children's expenditure	3,689	8,740
Legal and professional	1,011	62,965
	301,898	370,900

HARMENY EDUCATION TRUST LIMITED

AUDITORS' REPORT

to the members of Harmeny Education Trust Limited (by guarantee)

We have audited the financial statements on pages 4 to 12 which have been prepared on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of 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 examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It 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 assurance 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 charitable company's affairs as at 31 March 2000 and of its incoming resources and application of resources, including income and expenditure in the year then ended and have been properly prepared in accordance with Companies Act 1985.



McCABE PARTNERSHIP
Chartered Accountants and
Registered Auditor

Date: 7 July 2000