

**COMPANY NUMBER:** 485057

**CHARITY NUMBER:** 306316

# Financial Statements

For the year ended 31 August 2021

## **Knighton House School Limited**



**KNIGHTON HOUSE SCHOOL LIMITED**  
**(LIMITED BY GUARANTEE)**  
**FOR THE YEAR ENDED 31st AUGUST 2021**

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## **GOVERNORS, DIRECTORS AND CHARITY TRUSTEES**

The Governors of Knighton House School are the School's charity trustees under charity law and the directors of the charitable company. The members of the Governing Body who served in office as Governors during the year and subsequently are detailed below

		(1)	(2)	(3)	(4)
Mr P Slight (Co-Chair)		•			
Mr I Weatherby (Co-Chair)					•
Mr J Grazebrook		•			
Mrs O Davies				•	
Mr S Davies	Appointed 26th February 2021		•		
Mr S Vincent	Appointed 26th February 2021		•		

(1) Finance and General Purposes Committee

(2) Education and Safeguarding Committee

(3) Health and Safety Committee

(4) Marketing Committee

During the year, the activities of the Governing Body were carried out through four committees. The membership of these committees is shown above for each Governor. All Governors attend Full Council meetings.

**OFFICERS AND ADVISERS (currently and throughout the year)**

**OFFICERS**

Acting Head:	Mrs H Dominey
Bursar/School Business Manager, Clerk to The Governors and Company Secretary:	Mrs J Twist
Principal address and Registered Office:	Knighton House School Durweston Blandford Forum Dorset DT11 0PY
Website:	<a href="http://www.knightonhouse.co.uk">www.knightonhouse.co.uk</a>

**ADVISERS**

Accountants:	Lee Stokes FCA Haysmacintyre LLP 10 Queen Street Place EC4R 1AG
Bankers:	Lloyds Bank 1 High Street West Dorchester Dorset DT1 1UG
Solicitors:	Humphries Kirk LLP 40 High West Street Dorchester Dorset DT1 1UR

The Governors present their annual report for the year ended 31 August 2021 under the Charities Act 2011 and the Companies Act 2006, together with the unaudited accounts for the year, and confirm that the latter comply with the requirements of the Acts, the Memorandum and Articles of Association and the Statement of Recommended Practice applicable to charities (SORP 2015) (Second edition, effective 1 January 2019).

The Governors confirm that they have complied with their duty under section 17 of the Charities Act 2011 to have due regard to the Charity Commission's guidance on public benefit.

## **REFERENCE AND ADMINISTRATIVE INFORMATION**

Knighton House School Limited was incorporated in 1950 and is a company limited by guarantee. The school is a registered charity number 306316 and the company is registered in England and Wales, number 485057. The Governors of the School, who are also the trustees of the Charity, who served during the year are listed on page 1.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Governing Document**

The Charity is governed by its Memorandum and Articles of Association. The Governors conduct themselves as a board in accordance with the manual of good practice for the Governors of Independent Schools - Guidelines for Governors - issued by the Independent Schools Council.

### **Governing Body**

The structure of the Charity consists of a governing body, the details of which are explained below. Governors are appointed for a term of three years and may then be re-elected.

### **Recruitment and Training of Governors**

The members of the Governing Body are recruited by the Chair with assistance from other members of the Board. A balance of Members is maintained between those with an academic, pastoral, medical, property, financial and legal background. New Governors are inducted into the working of the Charity and its school including Board Policy and Procedures, by the Chairman of the Governors. Training is made available to all Governors either through the attendance on relevant courses and seminars or specific training run in school.

Governors may receive payment for out of pocket expenses, but are not otherwise remunerated.

### **Organisational Management**

The Governors, as the trustees of the Charity, are legally responsible for the overall management and control and the general policy of the School, and meet at least three times a year. The day to day management of the school is delegated to the Head and the School Business Manager. The work to oversee the implementation of the Board's policies is carried out by the Finance and General Purpose Committee (F&GP) which meets termly before each meeting of the Full Governing Body. The F&GP carries out the detailed scrutiny of the accounts, budget, reports, proposals for expenditure, bursaries, risk management and other policy and makes recommendations for acceptance/amendment/ approval to the full Governing Body.

There are two Co-Chairs, Mr Paul Slight and Mr Iain Weatherby. The F&GP works under the chairmanship of Mr Paul Slight. The other principal sub-committees are the Marketing Committee chaired by Mr Iain Weatherby, the Health and Safety Committee chaired by Mrs Olivia Davies, and the Education and Safeguarding Committee chaired by Mr Iain Weatherby.

### **Pay policy for senior staff**

The pay of the senior staff is reviewed annually and normally increased in line with pay award levels in other schools of similar size.

### **Risk Management**

Risks are identified, assessed and controls established throughout the year by the School Senior Management Team. A formal review of risk is carried out by the Governing Body each year. The Governing Body are satisfied that the major risks to which the charity is exposed are reviewed at least annually and systems have been established to mitigate these risks. Key controls used by the charity to mitigate against the identified risks are:

- terms of reference for all Committees;
- formal agendas for all Committee and Board activity;
- formal minutes for all meetings, retained copies of all Board and Committee papers;
- comprehensive strategic planning, budgeting and management accounting;
- established organisational structure and lines of reporting;
- formal written policies;
- clear authorisation and approval levels, and
- vetting procedures including Disclosure and Barring Service to protect the vulnerable.

### **Principal Risks and Uncertainties**

The Governors consider the economic turbulence of recent years and the affordability of fees by parents across the independent sector to be the principal risk faced by the school, the consequence of this is that we see falling pupil numbers and subsequently reduced fee income. The Governors see recruitment and pupil numbers as their top priority in the year ahead.

The board have taking a number of steps to reduce these risks, including;

- Reviewing fees and remission levels
- Investing in facilities and educational offering
- Appointment of a new Head
- Move to co-ed for all year groups.
- Investing in marketing to key target audiences
- Developing strategic partnerships

## **STRATEGIC REPORT**

### **OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES**

#### **Charitable Objects**

The Charity's objects, as set out in the Memorandum and Articles of Association, are to educate children up to the age of 13. The object is clearly for the public benefit. The School is also mindful of extending its charitable benefits to the wider community, through staff supporting teachers at the local state primary school and supporting local events and activities.

#### **Aims and Intended Impact**

The fundamental purpose of Knighton House is to provide excellence in all aspects of education for the children entrusted in our care. This is to be achieved through exemplary academic tuition and the development of skills, experience and enjoyment in a full range of sports and creative arts. A broad extra-curricular programme benefits the pupils and gives opportunity for personal discovery and developing individual strengths. This is underpinned by excellent pastoral and moral care. The Charity aims to provide an environment where each pupil can develop and fulfil their potential, build competence and self-confidence, and learn and practise working with others so as to prepare them for the opportunities, responsibilities and experience of secondary education, and to inculcate a desire to contribute to the wider community. Governors believe that education is not one dimensional and that the broader preparation, pastoral care and personal development that Knighton gives to its pupils for their next school and for life is essential.

### **Objectives for the Year**

The Board's overarching objectives are unchanged: to ensure the continual improvement of academic performance and to further the rolling programme of education, organisational and infrastructure

The overarching objectives are underpinned by a series of enduring objectives which include:

- maintaining and enhancing the high standard of pastoral care within the school community;
- strengthening the links with the community, especially the local village, and optimising public benefit appropriately;
- maintaining the expertise of the teaching staff and developing all staff;
- broadening the appeal of the school through wider marketing;
- maintaining the number of boarding pupils as a proportion of overall pupil numbers;
- reviewing and improving the infrastructure to support academic, pastoral, sporting, and other activity including an appropriate scale of e-facilities and IT.

### **Strategies to sustain performance against the enduring objectives**

- continue the rolling review of the timetable and the school's academic syllabus in order to optimise the breadth and relevance of the education we provide, benchmark academic standards against external public examinations and to provide a better balance within the school day;
- continue the programme of staff development, and broaden the programme to include support and administrative staff;
- facilitate community access to our school's facilities and offer the school choir etc. to local charitable causes;
- continue a rolling programme of maintenance and development to support the school's educational priorities and develop its facilities;
- focused marketing to increase the Charity's profile.

### **Principal activities of the year**

The Charity continues to provide education for boys & girls from age 3 to 13 years with full, weekly and flexi boarding for pupils 7 to 13 years. During the year the school continued its development programme in support of educational and welfare priorities and to lay the foundations for further progress in the future. Due to the impact of Covid-19 and the subsequent requirement for children and staff to remain at home where possible, the development of an online educational provision became a priority.

### **Grant making policy and Public Benefit Considerations**

This year the value of scholarships/bursaries and other awards was £502,638 (2020: £489,227). In line with that of other independent schools the School's policy is to award scholarships and other awards on the basis of the individual's educational potential informed by financial need. The policy for bursaries is to relieve hardship where the pupil's education and future prospects would otherwise be at risk. The awards range from 10% - 100% remission of fees.

### **Volunteers**

The Friends of Knighton House (FOKH) continue to help with school fundraising. The FOKH are very active in the wider life of the school, supporting fund raising and encouraging new families.

## **REVIEW OF ACHIEVEMENT AND PERFORMANCE FOR THE YEAR**

### **Operational performance of the school**

Pupil numbers remained stable averaging 94 pupils on roll. Pupil numbers have increased throughout the year with 98 enrolled by the end of the Summer Terms, and 101 pupils enrolled at the start of September 2021.

### **Curriculum development**

The development of our own KED Curriculum and KED at Home continued, focusing on further developing the learning at home product prior to (and during) the second national lockdown period. In addition to this work was undertaken to develop the assessment process further. In January the first boys were welcomed into the Prep school following the decision to move to co-education across the school. Forest School was introduced as a enrichment opportunity furthering our outdoor education programme.

### **Academic Achievement**

Our Alpha year achieved a record number of senior school scholarships, including Music scholarships to Wells Cathedral School, Bryanston and Clayesmore, Performing Arts to Bryanston and Clayesmore, Sport and Equestrian scholarships to Leweston and Clayesmore and Art scholarships to Milton Abbey and Clayesmore, a fantastic achievement from all the girls.

### **Boarding**

Boarding numbers remained stable in the early part of the year with a small contingent of full boarders, due to Covid-19 boarding was not open to flexi-boarding during the Autumn term. The boarding house was then closed for the duration of lockdown but re-opened in the Summer term when in addition to the usual full boarding contingent a number of international students joined the boarding house as well as the whole Alpha year who chose to either flexi or full board during the term.

### **Charitable Giving/out-reach at Knighton**

We have extended our charitable reach this year with Julia's House (a local children's hospice) being our chosen charity as well as supporting a number of local and national charities throughout the year.

The Booker Scholarship award continued to attract talented local children, with boys being invited to apply for the first time. Four boys and four girls, were given places based on their performance and potential to start at Knighton in September 2021 or sooner.

### **Sport/Riding**

Within the confines of the Covid-19 regulations the children participated in inter-bubble matches during the early part of the year. Following lockdown and the easing of restrictions inter school athletic, rounders and cricket matches resumed seeing the first mixed teams being successfully fielded,

Riding continued to grow with an increasing number of riders. The riding team achieved some exceptional results both individually and as a team and continued to compete in the virtual environment during lockdown.



## **FINANCIAL REVIEW AND RESULTS FOR THE YEAR**

The loss of £1.361m has arisen for a number of reasons; reduced fee income that could not be offset by reducing the cost of running the school, sale of the Land and buildings to Bryanston School for the sum of £2.16m, which generated a book loss of £382,840. As a direct result of this sale the bank mortgage had to be cleared which resulted in an early settlement charge of £180,303.

Income was up by £41,753 on prior year, however for a second year running the impact of COVID19 has been devastating. Income has been lost partly due to fewer overseas pupils and fewer boarding pupils. The lettings income during the school in holidays has also been restricted. Total income is over £500K down from pre-covid levels.

## **GOING CONCERN AND POST BALANCE SHEET EVENTS**

In September 2020, the school entered into a sale and leaseback agreement of its premises and land with Bryanston School, releasing internal capital whilst ensuring a sympathetic landlord and strong strategic ally to aid in the further development of the KED curriculum and outstanding offering to students at Knighton House.

In response to the unexpected 2nd and 3rd lockdowns, in June 2021 Knighton House announced its intention to merge with Bryanston School Incorporated, the merger was completed on 1 September 2021.

## **KEY MANAGEMENT**

The Trustees determined that key management personnel (those having the authority and responsibility for planning, directing and controlling the school's activities) are the Headmaster and the School Business Manager.

## **RESERVES POLICY**

The Governors' policy on the funding of reserves is based on the Charity Commission document CC19 and therefore recognises the need to build reserves in order to deal with adverse changes in the levels of income and expenditure in future years. The Charity does not currently carry free reserves, with the Balance Sheet showing a deficit. The net liabilities at 31 August 2021 were incorporated in the merger with Bryanston School on 1 September 2021.

## **INVESTMENT POLICY AND OBJECTIVES**

These are set out in the Memorandum and Articles of Association, whereby the school may invest monies not immediately required for its purpose in or upon such investments, securities or property as may be thought fit.

## **FUTURE PLANS**

Following the merger with Bryanston School on 1 September 2021, the Governors will continue to support the transition to and development of the combined School.

## **GOVERNOR RESPONSIBILITIES**

The Governors, as trustees and directors of the company, are responsible for preparing the Governors' Report and accounts each financial year in accordance with applicable law and regulations and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice). The law applicable to charitable companies in England and Wales requires the trustees to prepare accounts each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing the accounts, the governors are required to:

1. select suitable accounting policies and then apply them consistently;
2. observe the methods and principles in the Charities SORP;
3. make judgements and accounting estimates that are reasonable and prudent;
4. state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
5. prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the position of the Charitable Company and enable them to ensure that the accounts comply with the Companies Act 2006 and Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Governors at its meeting on

and signed on its behalf by:

.....  
Paul Slight

Co-Chair of Governors

**KNIGHTON HOUSE SCHOOL LIMITED**  
**(LIMITED BY GUARANTEE)**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31st AUGUST 2021**

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	<u>Note</u>	<u>Unrestricted Fund</u>	<u>Restricted Funds</u>	<u>Year to 31/08/2021</u>	<u>Year to 31/08/2020</u>
<b>INCOME FROM:</b>					
<b>Charitable activities</b>					
Fees receivable	2	612,530	-	612,530	557,974
Other income	3	48	-	48	734
<b>Other trading activities</b>					
Property holiday lettings		18,583	-	18,583	4,261
Uniform shop sales		8,467	-	8,467	6,905
<b>Investments</b>					
Bank and other interest	4	13	-	13	52
Rental income		2,100	-	2,100	2,275
<b>Donations and legacies</b>					
Donations	5	-	21,009	21,009	281
<b>Grant income</b>					
Government grants	6	64,136		64,136	112,649
<b>Total Income</b>		<u>705,877</u>	<u>21,009</u>	<u>726,886</u>	<u>685,133</u>
<b>EXPENDITURE ON:</b>					
<b>Trading Activities</b>					
School shop		7,225	-	7,225	4,657
<b>Charitable activities</b>					
School Operating Costs		1,673,992	-	1,673,992	1,402,820
Loss on disposal of fixed assets		407,046	-	407,046	-
<b>Total Expenditure</b>	7-9	<u>2,088,263</u>	<u>-</u>	<u>2,088,263</u>	<u>1,407,476</u>
Net income/(expenditure) from operations		(1,789,433)	21,009	(1,768,424)	(722,344)
<b>Net income/(expenditure) for the year</b>		<u>(1,382,386)</u>	<u>21,009</u>	<u>(1,361,378)</u>	<u>(722,344)</u>
Transfers between funds		34,994	(34,994)	-	-
<b>Net movement in funds</b>		(1,347,392)	(13,986)	(1,361,378)	(722,344)
Total funds brought forward	16	579,181	107,009	686,189	1,408,533
<b>Total funds carried forward</b>	16	<u>(£768,211)</u>	<u>£93,023</u>	<u>(£675,188)</u>	<u>£686,189</u>

The notes on pages 13 to 20 form part of these accounts.

**KNIGHTON HOUSE SCHOOL LIMITED**  
**(LIMITED BY GUARANTEE)**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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	Unrestricted Fund	Restricted Funds	Year to 31/08/2020	Year to 31/08/2019
<b>INCOME FROM:</b>				
<b>Charitable activities</b>				
Fees receivable	578,427	(20,453)	557,974	1,078,101
Other income	734	-	734	1,906
<b>Other trading activities</b>				
Rental income	2,275	-	2,275	3,500
Property holiday lettings	4,261	-	4,261	44,736
Uniform shop sales	6,905	-	6,905	7,439
<b>Investments</b>				
Bank and other interest	52	-	52	72
<b>Donations and legacies</b>				
Donations	281	-	281	108,675
<b>Grant income</b>				
Government grants	112,649		112,649	-
<b>Total Income</b>	<u>705,586</u>	<u>(20,453)</u>	<u>685,133</u>	<u>1,244,429</u>
<b>EXPENDITURE ON:</b>				
<b>Raising funds</b>				
Property holiday letting expenditure	-	-	-	8,848
School shop	4,657	-	4,657	6,235
<b>Charitable activities</b>				
Teaching costs	759,054	-	759,054	753,595
Welfare	224,947	-	224,947	288,991
Premises	155,919	-	155,919	189,473
Support costs	262,900	-	262,900	295,750
<b>Total Expenditure</b>	<u>1,407,476</u>	<u>-</u>	<u>1,407,476</u>	<u>1,542,892</u>
Net income/(expenditure) from operations	(701,891)	(20,453)	(722,344)	(298,463)
Gains on the revaluation of fixed assets	-	-	-	-
<b>Net income / (expenditure) for the year</b>	<u>(701,891)</u>	<u>(20,453)</u>	<u>(722,344)</u>	<u>(298,463)</u>
Transfers between funds	-	-	-	-
<b>Net movement in funds</b>	(701,891)	(20,453)	(722,344)	(298,463)
Total funds brought forward	1,281,072	127,461	1,408,533	1,706,996
<b>Total funds carried forward</b>	<u>£579,181</u>	<u>£107,009</u>	<u>£686,189</u>	<u>£1,408,533</u>

	Note	2021	2020
<b>FIXED ASSETS</b>			
Tangible assets	10	18,818	2,548,936
<b>CURRENT ASSETS</b>			
Stock	11	7,272	10,116
Debtors	12	19,768	31,776
Cash at bank and in hand	13	34,290	84
		<u>61,330</u>	<u>41,975</u>
<b>CREDITORS:</b>			
Amounts falling due within one year	14	<u>(581,643)</u>	<u>(1,726,189)</u>
NET CURRENT LIABILITIES		(520,314)	(1,684,213)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(501,496)</u>	<u>864,723</u>
<b>CREDITORS:</b>			
Amounts falling due after one year	15	<u>(173,693)</u>	<u>(178,533)</u>
<b>NET ASSETS</b>		<u><u>(£675,188)</u></u>	<u><u>686,189</u></u>
<b>CAPITAL AND RESERVES</b>			
Restricted Funds	16	93,023	107,009
Revaluation reserve		-	823,284
General funds		(768,211)	(244,103)
Unrestricted funds	16	(768,211)	579,181
<b>TOTAL FUNDS</b>	17	<u><u>(£675,188)</u></u>	<u><u>686,189</u></u>

For the year ended 31 August 2021 the company was entitled to exemption from audit under Section 477 of the Companies Act 2006 relating to small companies;

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006,

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the special provisions relating to the small companies regime.

Approved by the Board of Governors on \_\_\_\_\_, and signed on its behalf by:

.....

Co-Chair of Governors

The notes on pages 13 to 20 form part of these accounts

**(LIMITED BY GUARANTEE)****CASH FLOW STATEMENT****FOR THE YEAR ENDED 31st AUGUST 2021**

	Note	2021	2020
<b>Net cash used in operating activities</b>	a	(546,152)	(375,947)
<b>Cash provided by/ (used in) investing activities</b>			
Proceeds from sale of property, plant & equipment		2,117,160	-
Purchase of property, plant & equipment		(7,971)	-
		2,109,189	-
<b>Cash provided by/ (used in) financing activities</b>			
Cash inflows from new borrowing		-	50,000
Overdraft		(419,129)	379,242
Repayment of loans		(919,552)	(26,009)
Interest paid		(190,150)	(42,951)
Net cash provided by (used in) financing activities		(1,528,831)	360,283
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>			
<b>IN THE REPORTING PERIOD</b>	b	<u>£34,206</u>	<u>£(15,664)</u>

**NOTES TO THE CASH FLOW STATEMENT****a. Reconciliation of net income/(expenditure) with net cash flow from operating activities**

	2021	2020
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(1,361,378)	(722,344)
Adjustments for:		
Depreciation charges	13,883	14,736
Loss on disposal of assets	407,046	-
Interest on loans	190,150	42,951
Decrease in stock	2,844	1,200
Decrease in debtors	12,008	64,673
Increase/(decrease) in creditors	189,294	222,838
Net cash flow from operating activities	<u>(£546,152)</u>	<u>(£375,947)</u>

Net cash flow from operating activities includes investment income as this forms part of the Charity's operating income.

**b. Analysis of cash and cash equivalents**

	At 01/09/20	Cashflows	At 31/08/21
Cash at bank and in hand	84	34,206	34,290
Overdraft	(419,129)	419,129	-
	(419,045)	453,335	34,290
Debt due within one year	(938,712)	914,712	(24,000)
Debt due after one year	(178,533)	4,840	(173,693)
	<u>(£1,536,290)</u>	<u>£1,372,888</u>	<u>(£163,403)</u>

The notes on pages 13 to 20 form part of these accounts

## **CHARITY INFORMATION**

The school is a charitable company limited by guarantee, and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. At the Balance Sheet date there were 6 members (2020 : 4).

### **1. ACCOUNTING POLICIES**

#### **a. Basis of Preparation**

The financial statements have been prepared on the historical cost basis of accounting, unless otherwise stated in the relevant notes, and in accordance with the Statement of Recommended Practice applicable to charities (SORP 2015) (Second edition, effective 1 January 2019), the Companies Act 2006, Charities Act 2011 and the accounting policies set out below.

#### **b. Going Concern**

In light of the losses in recent years, the Governors have been looking into opportunities for a sustainable long-term solution to the School's finances. With effect from 1 September 2021 the School merged with Bryanston School and the net liabilities were transferred into Bryanston School on that date. The accounts have therefore been prepared on a basis other than going concern.

#### **c. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the accounting policies, the Governors are required to make judgements, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the School's financial statements.

#### **d. School fees and similar earned income**

Fees receivable and charges for services and use of the premises, less any allowances, scholarships, bursaries granted by the School against those fees, but including contributions received from restricted funds, are accounted for in the period in which the services are provided.

#### **e. Investment income**

Interest on bank balances is accounted for in the period in which the interest is earned.

#### **f. Donations, legacies, grants and other voluntary income**

Voluntary income is accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable.

Voluntary income for the School's general purposes is accounted for as unrestricted and is credited to the General Fund. Where through the terms of an appeal or from the donor there is a trust law restriction on the use of any voluntary income, the income is credited to the relevant restricted funds or endowment. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption, or at the value to the School in the case of donated services or facilities.

**1. ACCOUNTING POLICIES (CONTINUED)****g. Expenditure**

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been attributed to one of the functional categories of resources expended in the SOFA in accordance with its purpose. Certain expenditure is directly attributable to specific activities and other expenditure is apportioned on the basis of time spent on those activities. Support costs are the administrative costs incurred to enable the school to carry out its charitable activity. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements. Exceptional costs are charged to their normal expense category. The School is not registered for VAT and all costs include input VAT where this has been charged.

**h. Tangible Fixed Assets**

Depreciation is provided on all other tangible fixed assets in use at rates and bases calculated to write off the cost less the estimated residual value of each asset evenly over its expected useful life, as follows:

Furniture and Fittings	10%
Equipment	10%
Motor Vehicles	20%
Computer Equipment	25%

Fixed Assets costing less than £1,000 are not capitalized. The values of fixed assets are reviewed annually for possible impairment.

**i. Pension Costs**

Retirement benefits to employees of the School are provided through two pension schemes, one defined benefit and one defined contribution. The pension costs charged in the Statement of Financial Activities are determined as follows:

- The Teachers' Pension Scheme - This scheme is a multi-employer pension scheme. It is not possible to identify the School's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS102, the scheme is accounted for as if it were a defined contribution scheme. Accordingly, the School's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable.
- The Knighton House School Work save Pension Plan - This is a defined contribution group personal pension plan with Legal and General. Employer's pensions costs are charged in the period in which the salaries to which they relate are payable.

**j. Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.



**1. ACCOUNTING POLICIES (CONTINUED)****k. Financial instruments**

The school only holds basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost.

Financial assets held at amortised cost comprise cash at bank and in hand, together with all debtors other than prepayments and tax recoverable. A specific provision is made for any debts for which recoverability is in doubt. Prepayments are valued at the amount prepaid net of trade discount.

Financial liabilities held at amortised cost comprise all creditors, except social security and other taxes and fees received in advance.

**l. Funds**

Funds held by the charity fall into the following categories:

- Unrestricted funds - Funds which can be used, at the discretion of the governors, in accordance with the charitable objects of the charity.
- Restricted Funds - These are funds which can only be used for particular purposes within the objects of the charity. Restrictions arise when funds are raised for a specific purpose.

**m. Stock**

Stocks are stated at the lower of cost and net realisable value.

**n. Government grants**

Grant funding, including discretionary grants and the Government's Coronavirus Job Retention Scheme, are accounted for under the accrual model. These are considered revenue grants and are recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

<b>2. FEES RECEIVABLE</b>	2021	2020
Net Pupils' fees	581,462	524,986
Pupils' extras	31,068	32,988
	<u>£612,530</u>	<u>£557,974</u>
	2021	2020
Gross pupil Fees	1,122,373	1,017,229
Remissions	505,916	471,790
Greenwood Bursaries	34,994	20,453
	<u>£581,462</u>	<u>£524,986</u>
<b>3. OTHER INCOME</b>	2021	2020
Registration fees	48	257
Interest charged on debtors	-	477
	<u>£48</u>	<u>£734</u>
<b>4. UK INVESTMENT INCOME</b>	2021	2020
Rental income	2,100	2,275
Bank interest	13	52
	<u>£2,113</u>	<u>£2,327</u>
<b>5. DONATIONS</b>	2021	2020
Voluntary donations	21,009	281
	<u>£21,009</u>	<u>£281</u>

**(LIMITED BY GUARANTEE)****NOTES TO THE FINANCIAL STATEMENTS (Cont'd)****FOR THE YEAR ENDED 31st AUGUST 2021****6. GOVERNMENT GRANTS**

	2021	2020
Coronavirus Job Retention Scheme	38,907	105,149
Dorset County Council - COVID support grant	23,229	7,500
Apprenticeship Incentive Scheme	2,000	-
	<u>£64,136</u>	<u>£112,649</u>

**7. EXPENDITURE**

	2021	2020
Direct charitable expenditure includes:		
Depreciation	13,883	14,736
Loss on disposal of assets	407,046	-
Interest payable	190,150	42,951
Management and administration expenditure includes:		
Auditor's remuneration - for audit	-	6,600
- for accountancy	5,959	2,160
- for payroll	68	2,428

**8. STAFF COSTS**

	2021	2020
Wages and salaries	910,026	877,885
Social security costs	71,184	68,594
Pension contributions	116,908	121,057
	<u>£1,098,118</u>	<u>£1,067,537</u>

The average number of employees in the year was:

	2021	2020
Teaching	29	28
Welfare	12	16
Premises	1	1
Administration	6	6
	<u>48</u>	<u>51</u>

The number of employees whose emoluments exceeded £60,000 was:

£60,000 - £70,000	<u>1</u>	<u>1</u>
-------------------	----------	----------

The School considers its key management personnel to be the Headmaster and School Business Manager, who were paid £107,612 (2020: £105,045) in the year. The Governors received no remuneration in either of these years.

**PENSIONS**

Unless they opt out, teaching staff belong to the Teachers' Pension Scheme (TPS) which is operated by the Government for school teachers in England and Wales. In accordance with FRS102 the contributions have been accounted for as if this were a defined contribution scheme. During the year to 31 August 2021, the total contributions to the general fund were £150,341 (2020 - £158,152). Contributions totalling £113,073 (2020 - £64,799) were payable to the scheme at the year end.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pension Scheme Regulations 2014. Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary's Department. The latest actuarial valuation of the TPS was prepared as at 31 March 2016 and the valuation report, which was published in March 2019, confirmed an employer contribution rate for the TPS of 23.6% from 1 September 2019. Previously the rate was 16.48% of pensionable salary. Employers are also required to pay a scheme administration levy of 0.08% giving a total contribution rate of 23.68%.

A defined contribution scheme operates for support staff, total contributions for the year were £13,626.

## (LIMITED BY GUARANTEE)

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## FOR THE YEAR ENDED 31st AUGUST 2021

## 9. ANALYSIS OF EXPENDITURE

	2021				2020
	Staff costs	Other costs	Depreciation	Total	Total
<u>Raising funds</u>					
Holiday letting costs	-	-	-	-	-
School shop costs	-	7,225	-	7,225	4,657
	-	7,225	-	7,225	4,657
<u>Direct charitable expenditure</u>					
Teaching	742,172	30,183	4,705	777,060	759,054
Welfare	179,503	45,524	-	225,028	224,947
Premises	30,387	209,023	6,577	245,987	155,919
	952,062	284,731	11,282	1,248,075	1,139,920
<u>Support costs</u>					
School administration	146,056	64,212	2,600	212,868	195,288
Finance costs	-	190,150	-	190,150	42,951
Governance costs	-	22,899	-	22,899	24,661
	146,056	277,262	2,600	425,917	262,900
<b>TOTAL EXPENDITURE</b>	<b>£1,098,118</b>	<b>£569,217</b>	<b>£13,882</b>	<b>£1,681,217</b>	<b>1,407,476</b>

GOVERNANCE COSTS		2021	2020
Auditors' remuneration: Audit		-	6,600
Other		6,027	4,588
Legal and professional fees		16,872	13,473
		<u>£22,899</u>	<u>£24,661</u>

## ANALYSIS OF EXPENDITURE

	2020				2019
	Staff costs	Other costs	Depreciation	Total	Total
<u>Raising funds</u>					
Holiday letting costs	-	-	-	-	8,848
School shop costs	-	4,657	-	4,657	6,235
	-	4,657	-	4,657	15,083
<u>Direct charitable expenditure</u>					
Teaching	729,609	23,885	5,559	759,054	753,595
Welfare	187,173	37,775	-	224,947	288,992
Premises	34,459	114,884	6,577	155,919	189,473
	951,241	176,543	12,136	1,139,920	1,232,060
<u>Support costs</u>					
School administration	116,296	76,392	2,600	195,288	206,488
Finance costs	-	42,951	-	42,951	43,878
Governance costs	-	24,661	-	24,661	45,384
	116,296	144,004	2,600	262,900	295,750
<b>TOTAL EXPENDITURE</b>	<b>£1,067,537</b>	<b>£325,204</b>	<b>£14,736</b>	<b>£1,407,476</b>	<b>1,542,892</b>

GOVERNANCE COSTS		2020	2019
Auditors' remuneration: Audit		6,600	5,100
Other		4,588	4,686
Legal and professional fees		13,473	35,598
		<u>£24,661</u>	<u>£45,384</u>

## (LIMITED BY GUARANTEE)

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## FOR THE YEAR ENDED 31st AUGUST 2021

## 10. TANGIBLE FIXED ASSETS

	Land & Buildings	Plant & Equipment	Furniture & Fittings	Computer Equipment	Motor Vehicles	TOTAL
<u>COST</u>						
At 01/09/2020	2,500,000	160,324	149,955	149,757	13,000	2,973,036
Additions	-	-	-	7,971	-	7,971
Disposals	(2,500,000)	(138,946)	(143,689)	(148,581)	-	(2,931,217)
At 31/08/21	-	21,378	6,266	9,147	13,000	49,790
<u>DEPRECIATION</u>						
At 01/09/2020	-	145,011	119,769	146,320	13,000	424,100
Charge for the year	-	3,136	5,622	5,124	-	13,882
Disposals	-	(135,556)	(122,885)	(148,570)	-	(407,011)
At 31/08/21	-	12,591	2,506	2,874	13,000	30,971
<u>NET BOOK VALUE</u>						
At 31 August 2021	£ -	£ 8,786	£ 3,760	£ 6,272	£ -	£ 18,819
At 31 August 2020	£ 2,500,000	£ 15,313	£ 30,186	£ 3,437	£ -	£ 2,548,936

## 11. STOCK

	2021	2020
Finished goods for re-sale	7,272	10,116

## 12. DEBTORS

	2021	2020
Fees and extras	15,346	25,615
Prepayments and accrued income	4,422	6,161
	<u>£19,768</u>	<u>£31,776</u>

## 13. CASH AT BANK AND IN HAND

	2021	2020
Bank current and deposit accounts	34,057	14
Cash in hand	233	70
	<u>£34,290</u>	<u>£84</u>

## 14. CREDITORS: Amounts falling due within one year

	2021	2020
Bank overdraft	-	419,129
Bank loans	10,000	924,712
Other loans	14,000	14,000
Trade creditors	4,312	21,594
Tax & social security	152,755	164,128
Accruals	95,458	29,682
Deferred income (fees and deposits received in advance)	71,101	65,649
Other creditors	234,017	87,294
	<u>£581,643</u>	<u>£1,726,189</u>

Movements on the deferred income account:

	B/F	Released	Added	Carried forward
Fees	41,209	(41,209)	48,404	48,404
Deposits	24,440	(10,829)	9,086	22,697
	<u>65,649</u>	<u>(52,038)</u>	<u>57,490</u>	<u>71,101</u>

**(LIMITED BY GUARANTEE)****NOTES TO THE FINANCIAL STATEMENTS (Cont'd)****FOR THE YEAR ENDED 31st AUGUST 2021**

<b>15. CREDITORS: Amounts falling due after one year</b>	<b>2021</b>	<b>2020</b>
Bounce Back Loan Scheme		
Between one and two years	10,000	10,000
Between two and five years	29,167	30,000
After 5 years	-	8,334
	<u>£39,167</u>	<u>48,334</u>
Other loans		
Between one and two years	14,000	14,000
Between two and five years	42,000	42,000
After 5 years	78,526	74,200
	<u>£134,526</u>	<u>130,200</u>
<b>TOTAL</b>	<u><u>£173,693</u></u>	<u><u>£178,534</u></u>

The bank loan is a 25 year fixed interest loan (4.57%pa), expiring May 2041, secured by a legal charge on the school's freehold property. This loan was paid back in full in April 20020 upon sale of the building to Bryanston School incurring a early payment charge of £180,303 which has been recognised in the income statement.

The Coronavirus Bounce Back Loan Scheme is an unsecured fixed interest loan (2.5%pa) over 6 years. The first 12 months' interest will be covered by the UK Government's Business Interruption Payment. The Other loans are 10 year fixed interest loans (3%pa) secured against the school's balance sheet.

**16. FUNDS**

<u>RESTRICTED FUNDS</u>	<u>At 01/09/20</u>	<u>Income</u>	<u>Expenditure</u>	<u>Transfers</u>	<u>At 31/08/21</u>
Jubilee Appeal	12,771	-	-	-	12,771
Greenwood Bursary Fund	94,238	-	-	(34,994)	59,244
Old Knightonians	-	21,009	-	-	21,009
	<u>£107,009</u>	<u>£21,009</u>	<u>-</u>	<u>(34,994)</u>	<u>£93,023</u>
	<u>At 01/09/19</u>	<u>Income</u>	<u>Expenditure</u>	<u>Transfers</u>	<u>At 31/08/20</u>
Jubilee Appeal	12,771	-	-	-	12,771
Greenwood Bursary Fund	114,690	-	(20,453)	-	94,238
	<u>£127,461</u>	<u>£0</u>	<u>(£20,453)</u>	<u>-</u>	<u>£107,009</u>

The Jubilee Appeal is an 'All Rounder Appeal' and all funds raised will be directed towards five particular areas that typify the breadth of a Knighton House School education.

The donations to the Greenwood Bursary Fund are shown in the SOFA net of bursaries awarded and paid out in the year, as these are deducted from fee income and not shown separately. Greenwood Awards are offered to support pupils joining in Year 3 and 4.

The Old Knightonians held a auction in May 2021 and raised a sum of £21,009, these funds are to be awarded as Scholarships to pupils in the next school year.

**(LIMITED BY GUARANTEE)****NOTES TO THE FINANCIAL STATEMENTS (Cont'd)****FOR THE YEAR ENDED 31st AUGUST 2021****16. FUNDS (Cont'd)**

<u>UNRESTRICTED FUNDS</u>	At 01/09/20	Income	Expenditure	Transfers	At 31/08/21
Revaluation reserve	823,284	-	-	(823,284)	-
General funds	(244,103)	705,877	(2,088,263)	858,278	(768,211)
	<u>£579,181</u>	<u>£705,877</u>	<u>(£2,088,263)</u>	<u>£34,994</u>	<u>(£768,211)</u>
	At 01/09/19	Income	Expenditure	Revaluation	At 31/08/20
Revaluation reserve	823,284	-	-		823,284
General funds	457,788	705,585	(1,407,476)	-	(244,103)
	<u>£1,281,072</u>	<u>£705,585</u>	<u>(£1,407,476)</u>	<u>-</u>	<u>£579,181</u>

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted Funds	Restricted Funds	2021 Total Funds
Tangible fixed assets	18,818	-	18,818
Net current assets	(613,336)	93,023	(520,313)
Long term liabilities	(173,693)	-	(173,693)
	<u>(£768,211)</u>	<u>£93,023</u>	<u>(£675,188)</u>
	Unrestricted Funds	Restricted Funds	2020 Total Funds
Tangible fixed assets	2,441,927	107,009	2,548,936
Net current assets	(1,684,213)	-	(1,684,213)
Long term liabilities	(178,533)	-	(178,533)
	<u>£579,181</u>	<u>£107,009</u>	<u>£686,189</u>

**18. OPERATING LEASES**

At 31 August 2021 the School had future minimum lease payments under non-cancellable operating leases as follows:

	Equipment 2021	Equipment 2020	Motor Vehicles 2021	Motor Vehicles 2020
Amounts due within one year	-	201	1,338	6,829
	<u>£0</u>	<u>£201</u>	<u>£1,338</u>	<u>£6,829</u>

The total amount charged as an expense during the year for operating leases was £5,945 (2020: £7,030).

**19. CAPITAL COMMITMENTS and CONTINGENT LIABILITIES**

As at 31 August 2021 there were no capital commitments (2020: £-)

**20. RELATED PARTY TRANSACTIONS**

During the current and previous year, no Governor received any remuneration or reimbursed expenses.

Three governors made loans to the school in 2018/19, totalling £95,000, which were outstanding at the year end. The loans are secured on the net assets of the School and attract interest at 3% per annum.

**21. POST BALANCE SHEET EVENTS**

On 1 September 2021 Knighton House School merged with Bryanston School Incorporated (Company registration number 226143, registered charity number 306210). As a result of the merger the net liabilities of Knighton House School have been incorporated in to the combined

**22. COVID-19**

During the academic year the school and country have felt the continued impact of the COVID-19 pandemic and the assorted measures put in place by Government to control its transmission through the population, including two further lock-downs in the Autumn and Spring of 2020 and 2021. While the school remained open to the children of key workers, it was otherwise closed for these periods and was substantially unable to benefit from the government furlough schemes as all teaching staff were required to remain on the payroll for either home schooling or onsite teaching for key workers children.

Fees were held at prior year levels to reflect the impact on normal school life for parents and pupils. In addition the usual overseas boarders and summer term visiting pupils from overseas were unable to travel to the UK, causing addition loss of revenue.

While most of the support staff were furloughed, the majority of the academic staff continued to work throughout the assorted lockdowns. CJRS grants were applied for, but despite the clear impact on the school from COVID-19 a CBILS loan was not forthcoming from the school's bankers. However, the the school applied for, and received, a 'Bounce Back' loan to help with its cashflow.

The loss of revenue due to Covid-19 has been estimated to be approximately £500,000.

**(LIMITED BY GUARANTEE)****INDEPENDANT EXAMINERS REPORT TO THE GOVENORS OF KNIGHTON HOUSE SCHOOL LIMITED  
FOR THE YEAR ENDED 31st AUGUST 2021**

I report to the Governors on my examination of the accounts of Knighton House School Limited for the year ended 31 August 2021 which are set out on pages XX.

**Respective responsibilities of trustees and examiner**

The governors (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ("the 2006 Act"). The governors are satisfied that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and have chosen instead to have an independent examination

Having satisfied myself that the accounts of the charitable company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charitable company's accounts as carried out under section 145 of the 2011 Act. In carrying out my examination I have followed the requirements of the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

**Independent examiner's statement**

I can confirm that I am qualified to undertake the examination because I am a registered member of the Institute of Chartered Accountants in England and Wales which is one of the listed bodies

I have completed my examination. I confirm that no matters have come to my attention giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached. However I draw your attention to accounting policy 1b of the financial statements which describes the School's merger and transfer of net liabilities to Bryanston School on 1 September 2021.

Lee Stokes  
FCA

Haysmacintyre LLP  
10 Queen Street Place  
London  
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26-May-22