

KRISHNAMURTI FOUNDATION TRUST LTD

(LIMITED BY GUARANTEE)

Company Number 1055588

Charity Number 312865

**REPORTS AND
FINANCIAL STATEMENTS**

For the year ended
31st JULY 2018

KRISHNAMURTI FOUNDATION TRUST LTD

(A company limited by guarantee)

CONTENTS

Reference and Administrative Information	1
Trustees' and Directors' Report	2 to 15
Auditor's Report	16 to 18
Statement of Financial Activities	19
Balance Sheet	20
Cash Flow Statement	21
Notes forming part of the Financial Statements	22 to 30

KRISHNAMURTI FOUNDATION TRUST LTD

Page 1

Report of the Trustees/Directors
For the year ended 31st July 2018

The Charity's governing document is its Memorandum and Articles of Association dated 23rd May 1972 as amended by resolutions since, the most recent being 2nd March 2013.

Charity Name: Krishnamurti Foundation Trust

Charity registration number 312865

Company registration number 1055588

Registered office and
Operational address Brockwood Park
Bramdean
Hampshire
SO24 OLQ

Directors/Trustees

Ms. G. A. Balleys
Mr. D. A. Hook
Mr. G. Primrose
Mrs. W. Smith
Mr V R Reddy
Mr A C Herron

Professional advisors and key personnel

Mr. A. Autor	Main School (Brockwood Park School)
Mina Masoumian	Bursar
Mr. B. Taylor	Development and Co-ordination
Mr. N. Shamim	Foundation (Krishnamurti Foundation Trust)
Ms. M-A. Ridgeway	Inwoods Small School

Solicitors - Paris Smith, 1 London Road, Southampton, SO15 2AE.

Auditor – Wilkins Kennedy Audit Services, Athenia House, 10-14 Andover Road, Winchester, SO23 7BS

Bankers – NatWest Bank Plc, Winchester Old Bank (A), 105 High St, Winchester Hants SO23 9AW

Websites

Main School	www.brockwood.org.uk
Small School	www.inwoods.org.uk
Foundation	www.kfoundation.org.uk
Centre	www.krishnamurticentre.org.uk
F.O.B	www.friendsofbrockwood.org.uk
Global	www.jkrishnamurti.org

The Trustees have satisfaction in presenting their Annual Report and the audited financial statements of the charity for the year ended 31 July 2018. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' (FRS 102) in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland UK published 16 July 2014 and updated bulletin 1.

Our Purposes, Activities, Aims and Objectives

Our Charity's purposes, as set out in the objects contained in the company's Memorandum of Association, are to advance the education of the public in philosophy, sociology, psychology and comparative religion and in particular to promote in those fields the study of the teachings of Jiddu Krishnamurti.

The Charity operates in four areas:

1. Brockwood Park School provides a general education for students aged 14 years and over;
2. Inwoods Small School also provides a general education, but for students up to the age of 11 years;
3. The Foundation maintains the archives of the works of Jiddu Krishnamurti and disseminates Krishnamurti's work via print and digital mediums;
4. The Krishnamurti Centre provides opportunities for the study of philosophy, sociology and comparative religion for adult members of the public.

Our Objectives

Our objectives are set to reflect the educational aims of our Schools, the preservation and dissemination of the works of Jiddu Krishnamurti by the Foundation and to provide a centre of quality to enable visitors to study these works.

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee-charging.

Our key objectives for the year included;

- To strengthen the charity financially by focusing on student recruitment and increasing the number of students in both main school and small school;
- Initiating a long term financial outlook and strategy for the charity;
- Initiating a more disciplined approach to our financial management taking into account provisions for a financial reserve;
- To devise an integrated strategy for outreach and development and defining multiple projects within this strategy;

- Initiating various outreach projects defined in our integrated outreach strategy such as a data-base project, digital strategy, creating quality marketing of videos, new websites for the charity and the foundation, launching a new international website (Jkrishnamurti.org);
- to continue to strengthen the charity with respect to compliance and health and safety by implementing and strengthening relevant procedures and processes;
- to continue to strengthen the existing curriculum at the main school by taking into account the feedback and outcome of the changes implemented in this area over the past 3 years;
- Increasing the number of pupils at the small school by 50% thus bringing more financial stability to the charity;
- to continue to improve the education of the students with an holistic approach and to provide the financial security to do so;
- to continue to protect the archived works and accelerate the transcription of various Krishnamurti talks and discussions, with the aim of making them available free;
- to continue to make available for free all the videos of Krishnamurti with their various subtitles on our official YouTube Channel;
- to produce audios of Krishnamurti's talks and discussions and make them available for free on our official Youtube channel;
- to continue to provide a quality centre for visitors to be able to study the works of Krishnamurti and other like-minded people, in quiet and peaceful surroundings;
- to improve the quality and number of the events organised at our Centre and provide free introduction days for the wider public;
- to continue to enable day visitors to visit our Centre and spend time there free of charge whilst accessing its various facilities.

Our Ethos and Public Benefit

Krishnamurti Foundation Trust is a registered charity and a company limited by guarantee. It operates two schools: a junior school for children up to the age of 11 and a senior school for students 14 years and over; a foundation; and an adult study centre to benefit the public through its stated aims.

Our school fees are set at the lowest level consistent with ensuring the financial stability of the schools and at a level consistent with providing the students with a high standard of academic and personal achievement (our fees are currently some £10,000 less than the average fees for independent secondary boarding schools in the UK);

In excess of 2,000 videos of Krishnamurti, meticulously subtitled in various languages, are available free of charge on our YouTube Channel; last year, we released 400 audios of Krishnamurti for free on our official Youtube channel and intend to continue to produce and make the remaining audios of Krishnamurti also available for free. We are making the transcripts of various talks of Krishnamurti available for free on our international website (jkrishnamurti.org). We have upgraded the design and content of our bulletin and continue to make it available for free to all.

Our charges for staying at the Centre are kept as low as possible to ensure that all who wish to attend can do so. For most of the year, the Centre is open to any visitor or day guest free of charge, wishing to make use of our facilities: library, video-room, audio and video players, thereby to encourage

people to visit regularly to research Krishnamurti's works. We welcome many guests from the surrounding area for day visits also at no cost to them.

Our schools welcome students from all backgrounds both nationally and internationally. To be accepted to the senior school, a prospective pupil must stay at the school for one week so that the pupil, staff and other students are satisfied that they will be able to achieve the desired whole education and the development of their individual potential whilst living in the community. Prospective students who, by reason of time, finance, visa, or distance, are not able to attend a prospective week, may be interviewed via Skype by the Principal, other staff and current students. A decision on acceptance is then taken by the Principal. An individual's economic status, gender, sexual orientation, ethnicity, race, religion, or disability, do not form part of the assessment procedures.

Our schools are committed to safeguarding and promoting the welfare of our students and expect all staff and volunteers to share this commitment.

Early in 2015 Brockwood Park School and Inwoods Small School joined the Independent Schools Association, whose member schools fall under the Independent Schools Inspectorate instead of Ofsted. The schools were inspected by ISI in March 2016 and their report is available on our website.

The school also offers an annual concert series featuring internationally renowned classical performers. These events are advertised locally and are open to the public.

Whilst continuing to preserve the archives in the most modern and efficient manner, the Foundation disseminates information about the charity, and its three international sister-foundations in USA, India and Spain, through its free publications, and also sells books and other material to all who express an interest.

We are an equal opportunity organisation and are committed to a working environment that is free from any form of discrimination as stated above. Wherever possible we will make the necessary adjustments to meet the needs of staff or students who are, or become, disabled.

Access Policy

It is important to us that access to the teachings of Jiddu Krishnamurti is open to all.

In particular, we wish to encourage all who wish to attend our schools irrespective of their financial means (see our Bursary Policy below). We believe that our schools and our students benefit from learning within a diverse community. The schools are small enough for students and staff to be able to begin the day together with a quiet period, as well as spending a short period of time ensuring that the premises are clean and tidy. We also have Inquiry Time where the senior school gathers to discuss a serious topical issue together, and many students and staff have a further class in which direct engagement with Jiddu Krishnamurti's teachings occur. Living together in a community offers shared experiences that enrich the education otherwise given.

Jointly with our three sister-foundations, we have set up the website www.jkrishnamurti.org which carries video and audio files of many of Krishnamurti's talks which are free to watch online.

Teaching Links and Sharing

Our staff visit schools and attend conferences to exchange information as to teaching approaches and the philosophy behind the works of Jiddu Krishnamurti. A kindergarten called 'Wildflowers' currently uses part of our grounds, particularly some of the woodland, free of charge for activities with its children.

The Brockwood Observer, the newsletter of the senior school, is sent out to all on our mailing list free of charge, with information on items of interest at the School and articles written by staff, students and trustees. The main school offers quality concerts organised and performed by award winning musicians free to the public.

Many teachers, unconnected with the Charity, visit the small school to view the teaching approaches and a group of university students from a college in Winchester visit yearly for a tour and other activities. Inwoods Small School also offers summer workshops during the holiday for local children. A weekly newsletter is created at Inwoods and sent by email to all parents and interested parties.

At the Krishnamurti Centre we have a brochure and various articles available which give information about the intentions of the Centre and which we send to anyone who contacts us and wishes to know more about us. We organise open dialogues for junior school parents, using our library as the meeting place and for furthering the intentions of the place. Articles, brochures, Foundation Bulletins, the Observer newsletter from the School and other information are available free in Reception to anyone who wishes to take them.

We make a charge for guests to stay overnight at the Centre, but the costs are deliberately kept low to encourage people from all walks of life to share our lovely facilities. However, if a guest cannot afford the full room rate, we may reduce the charge or, in some instances, allow a guest to stay free of charge.

The Foundation sends out a bulletin giving information about meetings of national and international committees, local events, theme weekends at the Centre and articles based upon the teachings. Copies of our most popular books are sent, free of charge, to individuals who cannot afford to purchase them. In addition the videos and audios of Krishnamurti are made available free of charge on our official YouTube channel.

Bursary Policy

As stated previously, the Trustees believe that it is important to make bursaries available to students from families who may not be in a position to pay all of the fees. In assessing their means we take many factors into consideration, including family income, investments, savings, etc. However we have no endowments and rely on the generosity of benefactors in order to offer any kind of bursary. With this in mind we must ensure that a balance is struck between fee-paying parents, many of whom make great personal sacrifices to do so, and those benefiting from the bursaries.

Bursaries range from 7% to 100% remission of fees. Information about fee assistance through bursaries is provided to all who request it. The success of our bursary scheme is explained in our review of activities and achievements section of this report. In the current year the school has made available 12% of its fee income for bursaries.

Other Policies on Assistance

We understand that some families need to budget carefully and therefore we offer the facility to pay fees on a termly basis.

In order to attract high calibre staff, we offer subsidised places for the children of residential staff if they would otherwise be accepted as a student in the usual way.

The Centre offers reduced rates for those wishing to stay overnight, but who struggle financially to meet the full rate.

Our Strategy and Policies

The Trustees are responsible for setting strategies for achieving the objectives determined for the particular areas of operation of each section of the Charity.

Our key objectives of the charity are listed below with strategies adopted to achieve those objectives also displayed;

- To strengthen the charity financially by focusing on student recruitment and increasing the number of students in both main school and small school:
 - Increasing the capacity of small school from 30 to 45;
 - Focusing on student recruitment by attending fairs, advertising in media and giving attention to prospective weeks for prospective students;
 - Improving the pastoral aspect of the school to create an atmosphere so that students feel at home and wish to return to school.
- Initiating a long term financial outlook and strategy for the charity:
 - Creating financial models for the next 5 years of the charity with various scenarios around the income and cost;
 - Reviewing our estates and lands and assessing areas for potential development.
- Initiating a more disciplined approach to our financial management, taking into account provisions for a financial reserve:
 - Considering the reserve as part of our financial strategy and long term financial planning;
 - Focusing on running a lean organisation by creating a budget, which includes just necessary costs or investments in areas with meaningful return on investment.
- To devise an integrated strategy for outreach and development and defining multiple projects within this strategy:
 - Thorough assessment of all the current outreach and development activities within the charity;
 - Research into other charitable organisations and learning about their outreach and development;
 - Defining separate projects and creating detailed plans of execution with consultation with other directors and senior staff.

- Initiating various outreach projects defined in our integrated outreach strategy such as data-base project, digital strategy, creating quality marketing for videos, new websites for the charity and the Foundation, launching new international website (Jkrishnamurti.org):
 - Planning for each project and allocating staff to implement these projects;
 - Active management of each project considering the costs and limitations with the intention of moving them forward;
 - Consulting outside experts and consultants and utilising help of expert volunteers to proceed with projects in an efficient and financially managed way.
- to continue to strengthen the charity in respect of compliance and health and safety by implementing and strengthening relevant procedures and processes:
 - Responsible staff attending relevant training and conferences;
 - Ongoing review of the existing policies and updating them according to the latest regulations and legislations;
 - Strengthening in-house training of staff in relevant areas;
 - Use of external consultants and experts if and when necessary.
- Increasing the number of pupils at the small school by 50% bringing more financial stability to the charity:
 - Obtaining legal permission from the relevant authorities to increase the capacity at the small school;
 - Exploring a business model taking into account a higher capacity;
 - Increasing the staffing at the main school and focus on marketing to increase number of enrolments.
- To continue to improve the education of the students with an holistic approach and to provide the financial security to do so:
 - Reviewing the existing curriculum at the main school by taking into account the feedback and outcome of the changes implemented in this area over the past 3 years;
 - Allocating dedicated individual to initiate the review project;
 - Creating a thorough and meticulous plan of review;
 - Involvement of all the relevant staff and allocating extra time to attend to this project;
 - Documenting the review thoroughly with the intention of future reiterations and updates;
 - Restructuring the team responsible for curriculum and making relevant changes to senior staff in this area;
 - Strengthening this area by recruiting experienced staff;
 - To continue offering high level of bursary to students in need, regardless of their background.

- To continue to protect the archived works and accelerate the transcription of various Krishnamurti talks and discussions with the aim of making them available for free:
 - Raising donations to allocate to verification of transcripts;
 - Dedicated volunteers and staff attending to the verification of transcripts;
 - Working closely with Krishnamurti Foundation America and adopting new technologies in the field of archiving;
 - To continue with the on-going work of archiving;
- To continue to make available all the videos of Krishnamurti with their various subtitles on our official YouTube Channel for free:
 - Recruit new volunteers to assist with subtitling of various videos;
 - Continue to produce new subtitles and make them available online;
 - Refining and providing order to various playlists on our official Youtube Channel;
 - Obtaining Content-ID from YouTube for our official channel, thus providing the charity with unprecedented insight into statistics about Krishnamurti's videos on Youtube and making Krishnamurti's videos more widely accessible.
- To produce audios of Krishnamurti and make them available on our official Youtube channel for free:
 - Uploading 400 audios of Krishnamurti's talks and discussions on our official Youtube Channel for free public access;
 - Running digital campaigns around this event and bringing more awareness to the Teachings of Krishnamurti;
 - Having plans to produce a further 1,800 audios to prepare them to release on our Youtube Channel.
- To continue to provide the Centre as a venue of quality for visitors to be able to study the works of Krishnamurti and other like-minded people, in quiet and peaceful surroundings:
 - Providing more staffing for the Centre to improve the quality of service;
 - Initiating comprehensive reviews about staffing, volunteers and costs and income for the Centre with the aim of using the findings to improve our offerings;
 - Reviewing and updating the existing policies at the Centre to improve the quality of service.

Achievement and Performance

Both small school and main school saw an increase in the number of applications and students. At the schools there was an increased emphasis on the quality of pastoral care and there were many meetings and events organised to attend to this important aspect of school life. This in turn had an impact on the high number of students/pupils choosing to return to the schools to further their education.

The main school conducted a thorough review of its curriculum to learn from the past changes incorporated into the programme over the last 3 years in order to improve and refine the offerings

Achievement and Performance (continued)

in this area. Both main school and small school managed to recruit experienced and qualified staff with interest in the ethos of the charity and the teachings of Krishnamurti.

The main school received quality applicants for its Teacher Apprentice Programme which in turn provides the school with the opportunity to recruit from this programme, as by the time the participants have completed it, they are well acquainted with the ethos of Brockwood and the kind of education that is being offered in the schools.

The charity continued strengthening the policies and practices across all aspects of Health and Safety and Compliance with various regulations. The schools managed to incorporate necessary policies and train staff to comply with new regulations about data protection. Training and development of staff continued across the charity with respect to health and safety and a variety of compliance and child safety regulations, in order to keep abreast of recent changes in these areas.

The IT infrastructure continued to be upgraded to a state-of-the-art network providing the charity with high speed and reliable Internet network.

The grounds and gardens received extra human resources enabling the charity to manage them better and adding to the beauty of the estate, which is an integral part of the education and also the environs for retreats at the Krishnamurti Centre.

The charity devised an integrated outreach strategy defining specific projects in areas of the database, websites, social media, public relations, publications, fundraising, etc. These projects are now moving forward, creating a better outreach and development infrastructure for the charity to enhance its fundraising and development.

The Foundation managed to receive a Content-ID system from Youtube providing the charity with unprecedented insight into the usage of, and statistics for, the videos of Krishnamurti and enabling the charity to protect its assets automatically against any infringement of copyright. The Foundation continued with updating its Youtube channel with subtitles in many languages and also uploaded 400 audios on its Youtube channel. This has made the Youtube channel an important aspect of dissemination of the teachings of Krishnamurti, as statistics demonstrate that many videos watched by viewers are automatically suggested by Youtube itself. The number of subscribers of the official Youtube Channel also continued to increase.

The Foundation continued working with many publishers across the world in close partnership with its sister foundation in America. It managed to license one of Krishnamurti's book "What Are You Doing With Your Life?" with Penguin Rider and the initial sales of this title are impressive with thousands of people discovering Krishnamurti's work via this book.

A new version of our global website (jkrishnamurti.org) was launched which provides easier navigation and a better design for viewers, as well as an up-to-date content with thousands of new videos, audios and texts being offered free to the public.

At the Krishnamurti Centre, more human resources were allocated resulting in a better quality of service. There was an emphasis on quality of the events that has so far resulted in an increase in occupancy. There is also an emphasis on organising the volunteer programmes at the Centre better. On-going maintenance and upkeep of the Centre continued helping create a beautiful place to retreat for those interested.

With respect to fundraising, the charity saw from an historical perspective a high amount of contributions, thereby assisting the goals of financial sustenance and longevity.

Pupil Numbers, Visitors and Fees

The main School this year (academic year 2017-18) was able to fill 69 of the 75 available student places. The Small School is for day students only and finished the year with 42 students, of whom some were part-time. There were never more than 45 students in the small school at any one time. More enquiries are being received at the small school from parents with younger children who hope to secure a place when their children reach five years of age.

The fee structure for Inwoods was changed and parents had a choice of full-time or only Friday attendance. The fee for full-time attendance was increased to £5,630 and for one day attendance to £1,375. The main school fees were increased to £21,400.

The number of nights for which payment was received in the Centre was higher than last year. The normal room rate is reduced when several nights are booked together.

Co-curricular Activities

In addition to a full programme of academic courses, AS/A-level and non-exam, the main school continues to offer a wide range of co-curricular activities: these range from pottery and woodwork, through gardening and bush-craft, to a range of music-related tuition and a good selection of sports. There is a lot of interest in the performing arts, and two major concerts, or a concert and a play, are prepared each year and performed publicly. The School also organises a selection of trips for students during term-time to museums, galleries and theatres, outdoor activities, and some longer educational trips abroad during the winter or spring breaks. Over the years several students have spent time at our sister schools in India to enhance their educational programmes.

Details of Bursary Awards – Policy into Practice

Bursaries awarded were approximately 12% of our total expected fee income and amounted to £174,038. This provided assistance to 23 of our students at the main school. In addition, 8 children at the small school were awarded bursaries.

The Trustees review the provision of bursaries annually and delegate the responsibility of the offer of bursaries to the Principal, Head of Inwoods Small School and Bursar. The scheme widens access to the schools to people from all backgrounds and walks of life and allows suitable students, who would otherwise be unable to attend, to be part of the school community.

Teaching Links

Krishnamurti also founded six schools in India and one in the USA, which are the responsibility of sister foundations in those countries. The schools at Brockwood have on-going contact with all of these centres of learning. There is a teacher exchange programme and educational conferences are organised on a regular basis at which Brockwood staff are present. From time-to-time conferences or workshops are organised at Brockwood for teachers from mainstream schools and teachers often visit as day guests to learn more about the educational approach of the school.

Environmental Incentives – Cutting our “Carbon Footprint”

Concern for the environment is at the heart of living together at Brockwood. Both schools are vegetarian and grow a proportion of their own food organically in their kitchen gardens. A central part of the high school curriculum is Human Ecology, addressing environmental issues both practically and academically and Nature Study is a central part of the Inwood's curriculum.

Day-to-day activities such as re-using and re-cycling items have been standard practice for many years. Our buildings are now being upgraded with better insulation and more environmentally friendly heating systems. As part of our increased use of energy from renewable sources we have invested in a wood-chip boiler to heat the Centre building. The new student and staff accommodation is heated by a ground-source heat-pump.

Community Access

The schools regularly hold Open Days, which members of the local community are welcome to attend. Children and staff of the local Wildflowers Kindergarten—which is not a part of the Krishnamurti Foundation Trust—have been granted access to the grounds at Brockwood on a daily basis. The Centre is open to day-guests free of charge to study the teachings and spend time in this beautiful space. The main school organises music concerts free of charge accessible to public. Performers are award-winning musicians offering classical music to attendants.

Financial review

Last year the charity received more donation and legacies compared to the year before. The school fee income also increased as results of having more students both in main and small school.

Our Finances

One of our risk management policies is to create a budget each year for the coming year with planned income and expenditure for the ensuing three years. Quarterly reports are created comparing the actual income and expenditure with the budgets and forecasting the result for the year based upon the actual items. The Trustees consider these and take action if and when necessary.

Total income of the charity, excluding legacies, increased from £1,898,038 to £2,380,838 due to an increase in school fee, donations as well as board and lodge income from the Centre. The amount of donations being received in the year was £483,376 (compared to 2017 - £422,950). Legacies amounted to £118,357 (2017 – £25,966). After deducting expenses, the Net Incoming Resources for the charity amounted to £350,751 (2017 Net Outgoing Resources – £254).

The Charity continued to benefit from royalties received from the publications of its books around the world, and from the surplus on the sale of books, video and audio tapes, CD-ROMs and DVDs. The Charity publishes and distributes the bulletins as a free service to all who wish to receive it. The Charity appealed for funds for various purposes, some specific and others general.

The Trustees review the salaries of the staff regularly. Because of the way the school operates and its ethos, this major cost is considerably lower than staff in other schools. Thus we are able to offer lower fees and higher staff to student ratio to parents than would otherwise be the case. The staff and students are all part of a community living together and sharing

Our Finances (continued)

an interest in the philosophy of Jiddu Krishnamurti. As a charity, therefore, parents and donors have the assurance that all the income is used for the purposes of the charity. As a charity we enjoy tax exemption status which means that we pay no tax on our deposit interest which is applied to the charity's purposes, and we can reclaim tax suffered on gift aid donations made to us. We also benefit from an 80% reduction in the rates on the buildings we occupy for charitable purposes. However, we are unable to reclaim VAT on purchases and expenses used for educational purposes and we pay taxes as an employer through the national insurance contributions we make.

Employer staff pension fund contributions for the year amounted to £4,419.

Reserves and Financial Health

As can be seen from the balance sheet, the charity has £1,256,040 (2017 - £827,658) in net current assets. This will be used as working capital whilst the Charity rebuilds its reserves.

Future plans

The charity plans to continue to clarify and review its long term objectives and vision and align the internal operations with these objectives and devise strategies to achieve these objectives and vision.

In light of the above, the charity intends to initiate the following:

- Initiate and implement the projects defined in the integrated approach to outreach;
- Finalise setting up and the use of a modern data-base for collection of data and clear communication with various stakeholders;
- Review the fundraising process within the charity and enhance and improve the donor cultivation cycle and communication with prospective and existing donors;
- Review the legacy programme in the charity and find out ways to improve this aspect of fundraising;
- Finalise the updating of all the sections of the charity and create a seamless digital infrastructure to run social media and digital campaigns;
- Create marketing videos to bring more awareness to various activities of the charity;
- Finalise and implement a long-term financial strategy and business model for the long-term planning of the charity;
- Implement and introduce clear objectives for setting up financial reserves for the long-term financial health of the charity;
- Initiate an estate strategy and plan a survey identifying the areas for possible development and create a basis for a master plan for long-term use of the existing assets and estate of the charity; taking into account the long-term needs of the place;
- Strengthen and consolidate the curriculum at the main school, meeting the ethos and objectives of the charity;
- Emphasise outreach at the main school and bring more awareness about the type of education offered at school;
- Continue to place the audios of Krishnamurti online to enable free access to the public to his talks in audio format as was done with videos;

Future plans (continued)

- Finalise the project initiated at the Foundation to bring about clarity to the state of the existing contracts with publishers and devise strategies in the area of publications to enhance the sales;
- Monitor development with respect to Brexit as it is considered a major risk given the international nature of our main school and our charity;

Structure, Governance and Management***Governing Document***

Krishnamurti Foundation Trust Limited is a company limited by guarantee governed by its Memorandum and Articles of Association which were last altered in March 2013.

It is registered as a charity with the Charity Commission.

Each member agrees to contribute £1 in the event of the charity winding up.

Governing Body

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as the Governors. Under the requirements of the Memorandum and Articles of Association one third of them must retire at each Annual General Meeting.

The Governing body consists of the persons mentioned on page 1.

In accordance with the Articles of Association, Mr V R Reddy and Mr A C Herron retire by rotation and, being eligible, offer themselves for re-election.

The Governors meet as a body on at least three occasions in each year, the duration of each meeting being about four days. In addition there are various committees and working groups which meet more regularly throughout the year. Each Governor has specific responsibilities for particular areas of operation within the Charity.

All Governors give their time voluntarily as Trustees but are now able to receive payment for special services and goods supplied to the charity by written agreement in accordance with the Memorandum of Association.

Recruitment and Training of Governors/Trustees

In common with charities of a similar size, it is difficult to retain a full complement of governors covering the necessary range of skills and experience and, in particular, with a keen interest in Krishnamurti's teachings. The existing Governors seek new Governors through contacts with international committees and personal contacts. New Governors are mentored by more experienced Governors in the workings of the Charity and its procedures.

Organisational Management

The Governors (Trustees) are legally responsible for the overall management and control of the four areas of the Charity. These are the main school (referred to as Brockwood Park School), the small school (referred to as Inwoods Small School), the Foundation (referred to as Krishnamurti Foundation Trust) and the adult study centre (referred to as The Krishnamurti Centre). The Senior Management Team has day-to-day responsibility for the running of their respective areas and for implementing the policies set by the Governors.

Risk Management

The Governors are responsible for the management of the risks faced by the charity. Risks are identified and assessed and controls established throughout the year. A review of the charity's risks management processes is undertaken frequently and outside consultants undertake audits of procedures when necessary. There are also policies and procedures in place ensuring the charity complies with its responsibilities. Training of staff happens throughout the year so everyone is familiar with all the relevant policies and procedures and related tasks and responsibilities.

The key controls used by the charity include:

- formal agendas for all Committee and Governor Meetings;
- formal minutes taken at all meetings;
- comprehensive strategic planning, budgeting and management accounting;
- formal written policies;
- clear authorisation and approval levels;
- clear job descriptions of all staff;
- vetting procedures as required by law for the protection of the vulnerable.

Included within these controls are considerations of price, credit, liquidity and cash-flow risks.

Through the risk management processes established for the charity the Governors are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of Krishnamurti Foundation Trust Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

TRUSTEES' RESPONSIBILITIES (continued)

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

In so far as the Trustees are aware at the time of agreeing our Trustees' Annual Report:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees, having made enquiries of fellow Trustees and the Auditor, confirm that they have each taken all steps that they ought to have individually taken, to make themselves aware of any relevant audit information are obliged to take as a Trustee in order to establish that the Auditor is aware of that information.

AUDITOR

Wilkins Kennedy Audit Services were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.



SIGNED BY ORDER OF THE TRUSTEES

D. Hook

Trustee

1 November 2018

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF
KRISHNAMURTI FOUNDATION TRUST LTD**

Independent Auditor's Report to the members of Krishnamurti Foundation Trust Ltd

We have audited the financial statements of Krishnamurti Foundation Trust Ltd for the year ended 31 July 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2018 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Tizard (Senior Statutory Auditor)
For and on behalf of Wilkins Kennedy Audit Services
Statutory Auditor
Winchester, United Kingdom

1 November 2018

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating the Income and Expenditure Account)
Year ended 31st July 2018

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
INCOME					
Incoming resources from generating funds					
Donations and legacies	3	419,858	181,875	601,733	448,916
Investment income - Bank Deposit interest		1,749	-	1,749	5,457
Income from charitable activities	4	1,776,289	1,067	1,777,356	1,443,665
TOTAL INCOME		<u>2,197,896</u>	<u>182,942</u>	<u>2,380,838</u>	<u>1,898,038</u>
EXPENDITURE					
Costs of raising funds		-	-	-	-
Charitable Activities	8				
Conferences		9,521	-	9,521	5,500
Charitable Trading Costs		9,396	-	9,396	12,577
Publicity		37,267	-	37,267	38,315
Royalties payable (including KFA)		27,615	-	27,615	16,953
Irrecoverable School Fees and Bad Debts		21,974	-	21,974	-
Direct Costs		793,893	8,831	802,724	726,692
Food and Household Costs		184,732	-	184,732	169,644
Archive costs		136	6,378	6,514	8,306
Premises costs		363,621	-	363,621	336,463
Support costs		323,434	-	323,434	325,260
Depreciation		133,813	76,894	210,707	224,138
Governance costs	7	17,605	14,977	32,582	34,444
Total expenditure on charitable activities		<u>1,923,007</u>	<u>107,080</u>	<u>2,030,087</u>	<u>1,898,292</u>
Total expenditure		<u>1,923,007</u>	<u>107,080</u>	<u>2,030,087</u>	<u>1,898,292</u>
Net Income/(Expenditure) before transfers		<u>274,889</u>	<u>75,862</u>	<u>350,751</u>	<u>(254)</u>
Transfer between funds (Bursaries)	15	40,943	(40,943)	-	-
Transfer between funds (other)	15	2,261	(2,261)	-	-
Net movement in funds		<u>318,093</u>	<u>32,658</u>	<u>350,751</u>	<u>(254)</u>
Total funds brought forward		<u>3,664,652</u>	<u>1,757,168</u>	<u>5,421,820</u>	<u>5,422,074</u>
Total funds carried forward		<u>3,982,745</u>	<u>1,789,826</u>	<u>5,772,571</u>	<u>5,421,820</u>

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on pages 22 to 30 form part of these financial statements

BALANCE SHEET

31st July 2018

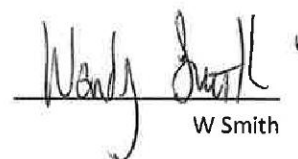
	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
FIXED ASSETS					
Tangible Assets		1,829,580	2,826,775	4,656,355	4,800,955
Investment in subsidiary	10	-	100	100	100
		<u>1,829,580</u>	<u>2,826,875</u>	<u>4,656,455</u>	<u>4,801,055</u>
CURRENT ASSETS					
Stock	11	28,482	-	28,482	26,223
Debtors	12	193,666	15,000	208,666	183,619
Bank & Cash Balances		2,945,723	(947,120)	1,998,603	1,320,606
		<u>3,167,871</u>	<u>(932,120)</u>	<u>2,235,751</u>	<u>1,530,448</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>874,782</u>	<u>104,929</u>	<u>979,711</u>	<u>702,790</u>
NET CURRENT ASSETS		<u>2,293,089</u>	<u>(1,037,049)</u>	<u>1,256,040</u>	<u>827,658</u>
NET ASSETS LESS CURRENT LIABILITIES		<u>4,122,669</u>	<u>1,789,826</u>	<u>5,912,495</u>	<u>5,628,713</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
Loan from AG Educational Trust	23	90,000	-	90,000	150,000
		<u>90,000</u>	<u>-</u>	<u>90,000</u>	<u>150,000</u>
PROVISION FOR LIABILITIES AND CHARGES					
Provision for leaving staff	14	49,924	-	49,924	56,893
		<u>3,982,745</u>	<u>1,789,826</u>	<u>£5,772,571</u>	<u>£5,421,820</u>
RESERVES					
Total funds		<u>3,982,745</u>	<u>1,789,826</u>	<u>£5,772,571</u>	<u>£5,421,820</u>

Approved by the Council of Management on 1 November 2018 and signed on its behalf.



D A Hook

TRUSTEES/DIRECTORS



W Smith

The notes on pages 22 to 30 form part of these financial statements

Company number 01055588

Year ended 31st July 2018**CASH FLOW STATEMENT**

	2018	2017
	£	£
Cash Generated From Operations		
Net Incoming/(Outgoing) resources for the year	350,751	(254)
Movement in provisions	13,123	5,107
Depreciation, less profit on sale of assets	210,706	224,137
Decrease/(Increase) in Stock	(2,259)	(2,754)
(Increase)//Decrease in Debtors	(25,047)	(79,187)
Increase/(Decrease) in Creditors	216,921	(118,235)
	<u>764,195</u>	<u>28,814</u>
Cash from Other Resources		
Proceeds from sale of fixed assets	-	-
	<u>764,195</u>	<u>28,814</u>
Application of Cash		
Purchase of Fixed Assets	(66,106)	(117,568)
Payments to Leaving Staff	(20,092)	(30,603)
	<u>£677,997</u>	<u>£(119,357)</u>
Net Movement in Cash Resources		
Increase in Bank and Cash Balances	<u>£677,997</u>	<u>£(119,357)</u>

The notes on pages 22 to 30 form part of these financial statements

**Notes forming part of the Financial Statements
for the year ended 31st July 2018**

1. ACCOUNTING POLICIES**a) Basis of Accounting**

The charity constitutes a public benefit entity as defined by FRS102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Charities Act 2011 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

b) Consolidation

The Charity has taken advantage of the exemption provided by Section 405 (2) of the Companies Act 2006 not to prepare group accounts on the basis that the transactions in the subsidiary company are not material compared with those of the Charity.

c) Going Concern

At the time of approving the financial statements, the trustees have reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

d) Incoming Resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. Incoming resources comprise the value of goods and services supplied by the company, net of Value Added Tax and trade discounts, plus donations when received and investment income receivable. Legacies are recognised when the amount and date of receipt are certain. Advance royalties are recognised when the agreement is signed and other royalties are recognised when the charity is notified of the amount receivable.

e) Resources Expended

Expenditure is accounted for on an accruals basis. Any irrecoverable element of VAT is included with the item of expense to which it relates. All direct and indirect costs are attributed to the areas to which they belong. All other costs are apportioned on a reasonable apportionment basis. Support costs are shown in note 6, and governance costs (note 7), which are charitable, relate to the stewardship of the charity's assets, organisational administration and compliance with constitutional and statutory requirements.

f) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost to the charity less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	2% straight line basis
Motor vehicles	25% straight line basis
Fixtures & fittings	15% straight line basis
Equipment	25% straight line basis

No depreciation is provided on the freehold land.

The charity reviews the carrying amount of its tangible and intangible assets at the end of each reporting period to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

g) Cash at bank and in hand

Cash at bank and in hand includes cash and short term liquidity investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar amount.

h) Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

i) Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities as incurred.

**Notes forming part of the Financial Statements
for the year ended 31st July 2018**

j) Funds Structure

The Charity has a number of restricted funds to account for situations where the donors require that a donation must be spent for a particular purpose or where funds have been raised for a specific purpose.

Designated funds have been created to receive legacies and other gifts to safeguard the future of the main operating areas within the Charity.

Unrestricted general funds – these are funds that can be used in accordance with the charitable objects at the discretion of the Trustees.

k) Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs but no appropriate proportion of fixed or variable overheads. Cost is computed on a first in first out basis

l) Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate on the day of the transaction. Exchange differences are taken into account in arriving at the operating surplus.

m) Irrecoverable VAT

The charity is partially exempt for VAT on its expenses. All of this VAT is accumulated and charged to Support Costs.

n) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

o) Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless the costs are required to be part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination payments are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

p) Pension Costs

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from the charity. The annual contributions payable are charged to the Income and Expenditure account.

q) Judgements and key sources of estimation uncertainty

In application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The main accounting estimates for the charity are depreciation, and debt recoverability

Notes forming part of the Financial Statements
for the year ended 31st July 2018

2. **TAXATION**

No taxation liability arises as the Company is a registered charity.

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
3. <u>DONATIONS AND LEGACIES</u>				
Donations	307,765	175,611	483,376	422,950
Legacies	112,093	6,264	118,357	25,966
	<u>419,858</u>	<u>181,875</u>	<u>601,733</u>	<u>448,916</u>

As noted in the accounting policies, legacies are only included in these accounts when the amount and date of receipt are probable.

4. **INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

School fees	1,413,935	-	1,413,935	1,133,596
Board & lodging	178,687	-	178,687	155,202
Royalties	73,144	-	73,144	46,515
Trading activities	15,076	1,067	16,143	18,866
Recoveries from staff and students	56,444	-	56,444	56,429
Other income	39,003	-	39,003	33,057
	<u>1,776,289</u>	<u>1,067</u>	<u>1,777,356</u>	<u>1,443,665</u>

5. **COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE**

Main School	1,231,267	78,699	1,309,966	1,222,629
Inwoods Small School	179,703	3,996	183,699	175,128
Foundation	217,923	24,391	242,314	232,224
Adult Study Centre	294,108	-	294,108	268,311
	<u>1,923,001</u>	<u>107,086</u>	<u>2,030,087</u>	<u>1,898,292</u>

6. **SUPPORT COSTS**

Staff	99,515	-	99,515	88,570
Communications	13,984	-	13,984	15,340
Travelling and motor	34,078	-	34,078	35,489
Insurance	27,662	-	27,662	26,284
Irrecoverable VAT	49,100	-	49,100	59,076
Stationery and office costs	58,882	-	58,882	70,268
Other costs	40,213	-	40,213	30,233
	<u>323,434</u>	<u>-</u>	<u>323,434</u>	<u>325,260</u>

**Notes forming part of the Financial Statements
for the year ended 31st July 2018**

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
7. <u>GOVERNANCE COSTS</u>				
Audit and accountancy	14,392	-	14,392	10,689
Legal and professional fees	3,213	14,977	18,190	23,755
	<u>17,605</u>	<u>14,977</u>	<u>32,582</u>	<u>34,444</u>
8. <u>CHARITABLE EXPENSES</u>				
Charitable expenditure includes:				
Auditor's remuneration				
for audit services			9,350	9,125
for other services			2,050	2,000
Total staff costs:				
Salaries			751,403	683,006
Social security costs			42,696	31,981
Provision for leaving staff			6,280	8,046
Pension contributions			4,419	2,516
			<u>804,798</u>	<u>725,549</u>
The number of staff of the charity analysed by areas of responsibility, including the trustees, was:				
Teaching and support			63	62
Promotion and publicity			1	1
Management and administration			11	11
Trustees			6	6
			<u>81</u>	<u>80</u>

No employee earned £60,000 or more (2017 – Nil).

The key management of the charity comprise the Trustees and the Senior Management Team. The total employee benefits of the key management personnel were £63,613 (2017 £61,274).

Notes forming part of the Financial Statements
for the year ended 31st July 20189. **TANGIBLE FIXED ASSETS**

	Land & buildings £	Plant & machinery £	Total £
Cost			
At 1 st August 2017	7,099,895	677,186	7,777,081
Additions	31,469	34,637	66,106
Disposals	-	-	-
At 31 st July 2018	7,131,364	711,823	7,843,187
Depreciation			
At 1 st August 2017	2,470,674	505,452	2,976,126
Charge for the year	141,360	69,346	210,706
Relating to disposals	-	-	-
At 31 st July 2018	2,612,034	574,798	3,186,832
Net Book Value			
At 31 st July 2018	£4,519,330	£137,025	£4,656,355
At 31 st July 2017	£4,629,221	£171,734	£4,800,955

The directors are of the opinion that the value of the Freehold Property is in excess of its book value based on the comments in a valuation carried out several years ago. In the opinion of the directors the cost of having a professional revaluation outweighs its benefits.

10. **INVESTMENT IN SUBSIDIARY**

The objects of the charity's subsidiary company, Brockwood Park Estates Ltd Reg Number (06703625), are the development and building of properties. The charity owns the whole of the 100 shares of £1 each issued by the subsidiary. The turnover of the subsidiary amounted to £18,550 (2017 - £-). The deficit of the subsidiary amounted to £644 (2017 - £nil) and the aggregate capital and reserves were £(739) (2017 - £(95)).

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
11. STOCKS				
Stock of fuel	13,582	-	13,582	11,323
Goods for resale	14,900	-	14,900	14,900
	£28,482	-	£28,482	£26,223

Notes forming part of the Financial Statements
for the year ended 31st July 2018

12.	<u>DEBTORS</u>	2018	2017
	Due within one year	£	£
	School fees recoverable	102,018	72,139
	Trade debtors	13,680	38,927
	Owing from KFA	41,286	22,781
	Amount owing from subsidiary	1,158	1,158
	Other debtors	50,524	48,614
		<u>£208,666</u>	<u>£183,619</u>

13. **CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

Trade creditors	73,516	40,059
Taxes and social security	11,957	15,495
School fees in advance	637,332	414,957
Fee and text book deposits	120,050	127,111
Loan from A G Educational Trust	60,000	60,000
Other creditors and accruals	76,856	45,168
	<u>£979,711</u>	<u>£702,790</u>

The loan from A G Educational Trust is the current portion of the loan as shown in note 23.

14.	<u>PROVISION FOR LIABILITIES AND CHARGES</u>	2018	2017
	Provision for staff leaving	£	£
	Balance at 1 st August 2017	56,893	82,389
	Used in the year	(20,092)	(30,603)
	Charge for the year – Gross amounts	13,123	5,107
	Balance at 31 st July 2018	<u>49,924</u>	<u>56,893</u>

The trustees have agreed that when a residential member of staff leaves with more than 3 years' service, they will be entitled to receive a lump sum equivalent to 5% of annual salary for each completed year, subject to a maximum service of 15 years.

Notes forming part of the Financial Statements
for the year ended 31st July 201815. RECONCILIATION OF MOVEMENTS IN THE FUNDS

	Balance 1 st Aug 17	Movement in Resources			Balance 31 st July 18
		Incoming	Outgoing	Transfers	
UNRESTRICTED					
GENERAL					
Foundation	758,999	223,581	171,088	-	811,492
Main School	1,411,601	1,283,702	1,231,268	41,100	1,505,135
Study Centre	554,434	220,551	294,108	-	480,877
Small School	244,656	227,849	179,703	(1,228)	291,574
TOTAL GENERAL	2,969,690	1,955,683	1,876,167	39,872	3,089,078
DESIGNATED					
Foundation	541,556	224,688	46,840	3,332	722,736
Brockwood Park Fund	153,406	17,525	-	-	170,931
TOTAL DESIGNATED	694,962	242,213	46,840	3,332	893,667
TOTAL UNRESTRICTED	3,664,652	2,197,896	1,923,007	43,204	3,982,745
RESTRICTED					
MS Bursary Fund	-	40,943	-	(40,943)	-
Almuni Bursary Fund	36,912	27,406	-	-	64,318
Small School Bursary Fund	-	-	-	-	-
Music Fund	5,159	2,692	-	(157)	7,694
Inwoods Nature	2,768	-	3,996	1,228	-
J K Online	46,390	16,423	4,393	(6,391)	52,029
Archive Exchange	3,738	9,993	3,686	-	10,045
Pavilions	1,568,042	-	76,888	-	1,491,154
Infrastructure	67,620	-	-	-	67,620
Website	1,902	5,000	13,294	6,392	-
Mobile Apps	3,333	-	-	(3,333)	-
Subtitles	12,646	-	3,012	-	9,634
Sundry main school	8,658	7,500	1,811	-	14,347
Jean-Michel	-	72,985	-	-	72,985
TOTAL RESTRICTED	1,757,168	182,942	107,080	(43,204)	1,789,826
TOTAL FUNDS	5,421,820	2,380,838	2,030,087	-	5,772,571

As stated in the Accounting Policies on page 23, the Designated Funds hold amounts received from legacies and other gifts and are used as part of the reserves to safeguard the future of the main operating areas within the Charity.

A description of the nature and purpose of the restricted funds are shown below:

MS Bursary Fund – Donations to be used for Bursaries in the main school.

SS Bursary Fund – Donations to be used for Bursaries in the Inwoods Small School.

Alumni Bursary Fund – Donations to be used for Bursaries including for Alumni children.

Music Fund – Donations to be used for Music in the main school.

Inwoods Nature – Donations to be used for nature and education in nature in Inwoods Small School.

J K Online – Donations to be used towards the development of the JKO website.

Archive exchange – Donations to be used for archive exchange between the three foundations.

Pavilions – Donations to be used for pavilions in the main school

15. RECONCILIATION OF MOVEMENTS IN THE FUNDS (continued)

School development – Donations to be used for development and advertising of the main school.
 Infrastructure – Donations to be used for upgrading the infrastructure of the main school.
 Website – Donations to be used for the development of the website.
 Mobile Apps – Donations to be used for building a mobile app in the Foundation.
 Subtitles – Donations to be used for subtitling the videos of Krishnamurti.
 Sundry main school – Other sundry donations received for specific purposes.
 Jean-Michel – Donations to be used for bursaries and teacher recruitment

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £	Net Current Assets £	Long Term Liabilities & Provisions £	Total £
RESTRICTED FUNDS				
Alumni Bursary Fund	-	64,318	-	64,318
Small School Bursary	-	-	-	-
Jean Michel Bursary Fund	-	72,985	-	72,985
Music Fund	-	7,694	-	7,694
J K Online	-	52,029	-	52,029
Archives/Exchange	-	10,045	-	10,045
Pavilions	2,817,522	(1,326,368)	-	1,491,154
Infrastructure	9,353	58,267	-	67,620
Mobile Apps	-	-	-	-
Subtitles	-	9,634	-	9,634
Sundry main school	-	14,347	-	14,347
TOTAL RESTRICTED FUNDS	2,826,875	(1,037,049)	-	1,789,826
UNRESTRICTED FUNDS				
DESIGNATED FUNDS				
Foundation	-	722,736	-	722,736
Brockwood Park Fund	-	170,931	-	170,931
TOTAL DESIGNATED FUNDS	-	893,667	-	893,667
GENERAL FUNDS				
Foundation	3,214	822,962	(14,684)	811,492
Main School	839,942	766,626	(101,433)	1,505,135
Study Centre	924,372	(430,031)	(13,464)	480,877
Small School	62,052	239,865	(10,343)	291,574
TOTAL GENERAL FUNDS	1,829,580	1,399,422	(139,924)	3,089,078
TOTAL UNRESTRICTED FUNDS	1,829,580	2,293,089	(139,924)	3,982,078
TOTAL FUNDS	4,656,455	1,256,040	(139,924)	5,772,571

17. CONTINGENT LIABILITIES

The Trustees do not consider there to be any significant contingent liabilities not disclosed in these accounts.

18. CAPITAL COMMITMENTS

At the year end the charity had no capital commitments (2017 – Nil).

In accordance with one of the charity's policies as noted in the Trustees' report, the charity commissioned a report from a firm of surveyors six years ago about the condition of the premises and the best method of structuring repairs and maintenance over the ensuing 20 years. Whilst this has been costed on an annual basis, the Trustees have not committed funds for this particular item.

19. RELATED PARTIES

The charity has a 100% subsidiary company, Brockwood Park Estates Ltd, whose objects are the design and construction of buildings. Its entire turnover has been capitalised in the charity's fixed assets. The company has a related company under common control named Brockwood Park Krishnamurti Educational Centre Limited. Krishnamurti Foundation Trust Ltd took over the undertaking of the related company on 1st August 2001. The company was a registered Charity until it became dormant. Similar foundations exist in other countries throughout the world including Spain, India and USA. These foundations have joined together to create a global website the costs of which are to be shared between them. The charity and the American foundation (KFA) have made a Joint Representation Agreement whereby all royalties receivable on books by the two organisations are shared equally between them and they will be jointly represented to all trade partners (publishers, literary agents, committees, online channels etc.) to avoid duplication of representation. The amount of royalties to be paid to KFA amounts to £48,025 (2017 – £17,609) and the amount calculated as due from KFA amounts to £41,286 (2017 - £22,781), both of which sums are included in these accounts. Several Trustees have donated money to the charity for various purposes throughout the year.

20. TRUSTEES' LIABILITY INSURANCE

An insurance policy exists, as part of the Charity's normal insurance policy, indemnifying any insured individual for any wrongful act (as defined in the policy) in their capacity as a governor, principal, officer or employee.

21. ULTIMATE CONTROLLING ENTITY

In the opinion of the Trustees (Directors) the Charity is controlled by the Trustees (Directors).

22. LONG TERM LOAN

In 2014 the Trustees negotiated a long term loan of £300,000 from a charitable trust. The loan is secured on the freehold land and buildings and was due for repayment on 31st January 2016 and was interest free. However this loan has been renegotiated and the new terms commenced on 1st February 2016. From that date the loan has been repayable by quarterly instalments of £15,000 and carries interest of 2% above LIBOR six month rate.