



The United World Colleges (International) Limited

Directors' report and financial statements

Year to 30th June 2000

A Company Limited by Guarantee and not having a Share Capital
Registered number 908758 Registered Charity number 313690
Governing Document - Memorandum and Articles of Association

Principal and Registered Office

Lynton House, Tavistock Square, London WC1H 9LT, United Kingdom

Bankers

Royal Bank of Scotland plc, London
Bank of Scotland, Edinburgh

Solicitors

Allen & Overy, London
Sinclair Taylor & Martin, London

Auditors

KPMG, London

Investment Managers

Mercury Asset Management Limited, London

The United World Colleges (International) Limited

(Limited by Guarantee and not having a Share Capital)

Directors' report and financial statements

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The United World Colleges (International) Limited

(Limited by Guarantee and not having a Share Capital)

Report of the Directors

The Directors have pleasure in submitting their report together with the audited financial statements for the year to 30 June 2000.

The Company is a UK registered charity (No.313690) which administers the International Office of the United World Colleges movement together with its central scholarship funds and programmes, and attracts and encourages donations to the constituent Colleges and United World Colleges National Committees.

The Directors are the Chairman of the International Board of United World Colleges, the Chairpersons of the Boards of Governors (or the equivalent) for each of the Colleges, and such other individuals who are the Officers of the United World Colleges or members of the International Board of United World Colleges, who through residency in the United Kingdom may be available to facilitate the operation of the charitable company. The Directors are legally responsible for all decisions but take advice on all actions from the International Board of United World Colleges, and empower the Director General to act on that advice on behalf of the charitable company to carry out the work of The United World Colleges (International) Ltd on behalf of the Board.

Following a two-year consultative study process, a special resolution will be presented to the Annual General Meeting on 14 October 2000 proposing a new Memorandum and Articles of Association to take effect immediately that would increase the number of Directors to 40: the existing Chairpersons or their Deputies of the Boards of Governors (or the equivalent) for each of the Colleges, and the remainder to include at least ten Appointed Board Members from National Committees and at least ten Appointed Board Members who are UWC Graduates. The Articles also define the purpose of the UWC International Council and specify the categories of Listed Members of the International Movement. Thus with the acceptance of these new Memorandum and Articles of Association the International Board of United World Colleges will cease to exist and all of its functions will be the responsibility of the Board of Directors of the Company.

A detailed analysis of income and expenditure is given in the statement of financial activities on page 8. The surplus for the year on the general fund, after transfers and disposals, was £27,581 (1999: surplus £52,570). This result is after a transfer for a fourth year of £20,000 to the designated reserve established by the Board in April 1996 for the five-yearly International Council Meeting. The deficit on the restricted funds, after transfers and disposals, was £52,291 (1999: surplus £47,268). This is primarily due to 1998/99 grant from The Prince of Wales' International Scholarships being dispersed in 1999/2000, accumulated covenant funds disbursement, and the awarding of the first International Office Scholarship grant. Total income for the year was £912,629 (1999: £649,340). Total expenditure for the year was £937,339 (1999: £549,615). Expenditure has increased significantly, but is due in part to the tidying up of some funds and the timely transfer of funds that were overdue in 1998/99, as mentioned above.

Contributions to the International Office from the ten constituent Colleges during the year amounted to £372,105 (1999: £343,931). The increase is mainly due to the ability of all Colleges to make a payment for the current year, one to cover their subvention for 1998/99, and a supplemental payment from another for additional fee payments from 1998/99.

Donations and grants received amounted to £236,351 (1999: £167,813). Donations of £15,459 (1999: £56,703) are due mainly to covenants received. Other donations received by the International Office amounted to £3,996 (1999: £14,044). These donations were significantly below budget due to a delay in a prospective donor's agreement. This has subsequently been confirmed.

The United World Colleges (International) Limited

(Limited by Guarantee and not having a Share Capital)

Report of the Directors (continued)

The increase in grants received to £220,892 (1999: £111,110) is due solely to The Prince of Wales' International Scholarship funds being received for both 1998/99 and 1999/2000. Discussions have been finalised with the Deputy Treasurer of The Prince of Wales's Charitable Funds which will result in The United World Colleges (International) Ltd. being asked to manage the administration of these funds in future years.

The Directors wish to convey their thanks to all the donors who continue to support the charity so generously.

Grants made in turn totalled £304,723 (1999: £117,336); the majority being made possible by the funds received from The Prince of Wales's Charitable Funds and the Starr Foundation together with the transfer of covenants.

The Company's policy for managing its investments is to maximise the annual income obtained from investments while maintaining the value of investments in real terms and subject to prudent choice of investments, with a view to obtaining long-term growth of the underlying capital of the investment portfolio.

In respect of cash balances, the Company will attempt to obtain the maximum return consistent with the need both to maintain adequate liquidity and to ensure the security of the funds invested.

Investment income decreased overall to £123,198 (1999: £130,057). This mainly reflects lower interest income of £23,349 (1999: £25,332) and also a decrease of £4,876 in dividend income from interest-bearing investments held during the year.

With the new Memorandum and Articles of Association, the Company will constitute a Finance Committee to meet regularly with the investment brokers in order to monitor more closely the mix of investments and the Company's exposure.

The Company has classified its funds to comply fully with UK accounting standard SORP2 (Accounting by Charities). Details are to be found in the accounts and the notes to the accounts.

Operational expenditure on the unrestricted fund for the year was £487,942 (1999: £390,037). This increase is attributable to two main areas: staffing and the International Council Meeting (IC2000). The full staffing component for the UWC International Office was achieved with 7.7 full-time equivalent staff members; this included the addition of a full-time IT position with some specific responsibilities for IT developments in the wider UWC International Movement. The additional expenditure of £59,966 for the UWC International Council Meeting in March 2000 is a periodic and variable expense as the International Council Meeting occurs every five years. This line item reflects £54,376 provided to cover National Committees' travel and/or registration costs of which £33,906 was raised through donations from Colleges, National Committees, Board Members and other generous supporters and £20,000 was designated from the International Council Meeting Reserve Fund by a Board decision. Although £5,590 of the International Office costs were budgeted into the IC 2000 budget / financial accounts being managed by Pearson College, this was only a very small part of the total costs for IC 2000 carried by the Company as all staff costs (salary, travel, accommodation, registrations), Chairman's expenses and a significant percentage of postage, phone, fax and publications expenditure were absorbed. The International Council Meeting Reserve Fund should assist with meeting more of these "hidden" costs in the future.



The United World Colleges (International) Limited

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Report of the Directors (continued)

It is to be noted that during this period UWC Colleges have generously contributed directly to the work of the UWC International Movement through their annual payment of subventions as well as to two special requests for funds that were initiated by College Chairpersons: for the IC 2000 Travel Fund and for support for Simon Bolivar UWC of Agriculture. Some of the funds for the latter are being sent direct to the College and some to the Company to hold in a special project account until they are required.

The Directors are pleased that the International Office Scholarship Fund had grown sufficiently to permit the award of the first two-year scholarship for the academic years 2000 and 2001 for a Southern African student to attend Waterford Kamhlaba UWC (£11,406). This will now rotate to all UWCs and be given as a full scholarship every two years. All surplus income will continue to be added to the capital in anticipation of the Fund eventually being able to support a two-year scholarship being awarded every year.

In order to introduce more young people to the principles of the United World Colleges Movement, UWC Short Courses are held each summer in different parts of the world under direction of, and with planning and financial provision by the International Board. As well, many of the Colleges also utilise their premises to host a variety of teaching programmes for young people and teachers at the discretion of the individual College Boards, often producing valuable additional income for the Colleges. In 2000 UWC Short Courses were held in Cyprus, Montenegro, Latvia and Lithuania with the one in Turkey having to be cancelled at short notice, due to the financial restrictions of the Turkish partner organisation. Over 800 Short Course Graduates from 51 countries have benefited from the 20 Short Courses that have been run since the first was held in 1987 in Malta.

The development and strengthening of the 107 UWC National and Selection Committees remains a priority for the International Office. Although the majority of this support work is done on a bi-lateral basis through correspondence, telephone calls and occasional visits, UWC Regional Conferences and publications provide the most effective means to widely share experiences, best practices and growth through training. In this period the Americas Regional Conference was held in August 1999, and all National / Selection Committees were encouraged and financial support raised to enable them to participate in the International Council Meeting.

The Directors agreed that the 1998/99 surplus should be used in 1999/2000 for new publications to support the work of National Committees and Colleges. This surplus remained unspent due to the staff commitments associated with the International Council Meeting, and therefore the Directors have agreed that the net surplus from both 1998/99 and 1999/2000 should be carried forward and be utilised in 2000/2001 by the Director General to increase the budget provisions, especially in the areas of publications, communication materials and Regional Conferences.

At the request of the Auditors in 1999, the Board now has a Disaster Recovery Plan in place for International Office operations. As well considerable time was spent during the year to enable the Board to develop comprehensive IT Policies, now in effect for both the UWC International Movement and for the International Office. In the next year, the Board will develop a policy concerning its Intellectual Property Rights.

The United World Colleges (International) Limited

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Report of the Directors (continued)

The major challenges facing the Company in 2000/2001 will be to build upon the newly consolidated foundations of the Company to improve the communications and transparency of the decision-making process, so that policy and development are clearly reflective of UWC's Mission Statement in action. As well, it remains an objective of the Directors to enhance the International Office Endowment Fund to a level at which its investment income services an increasing portion of the costs of the International Office, as the Company continues to be dependent on voluntary donations from the Colleges and other benefactors.

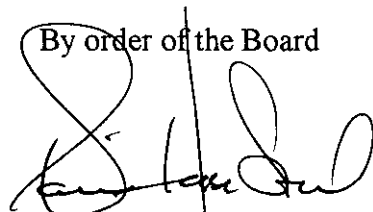
The Directors of the Company during the year ended 30 June 2000 were:

| | | |
|-----------------------------------|------------------|------------------------|
| Mrs Izamar Alvarez Albahaca | (Venezuela) | |
| Miss Joy-Isabelle Besse | (France) | until 13 March, 2000 |
| Mr James Coutts | (Canada) | |
| Sir Ian Gourlay | (UK) | |
| Dr Christian H. Hodeige, Chairman | (Germany) | |
| Mr W Thomas Hodgson | (Canada) | until 24 June, 2000 |
| Mr John Kirkham | (Singapore) | |
| Dr Quo-Wei Lee | (Hong Kong, SAR) | until 24 June, 2000 |
| Mr Jan Petit | (Netherlands) | |
| Lady Prior | (UK) | until 16 October, 1999 |
| Mr James Taylor | (USA) | |
| Mr Clark Thom | (Swaziland) | |
| Dott. Michele Zanetti | (Italy) | |
| Mr Lu Pat Ng | (UK) | from 16 October, 1999 |
| Mr Bjorn Ronneberg | (Norway) | from 16 October, 1999 |
| Mr Keshub Mahindra | (India) | from 16 October, 1999 |
| Mr Richard Wise | (UK) | from 24 June, 2000 |

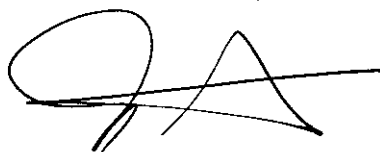
Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting on 14 October 2000.

By order of the Board



Elaine Hesse Steel
Director General / Company Secretary



Ian A. Steele
Financial Controller

Date 14 October 2000

14 OCTOBER 2000

The United World Colleges (International) Limited

(Limited by Guarantee and not having a Share Capital)

Statement of Directors' responsibilities

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

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

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



Report of the auditors to the members of the United World Colleges (International) Limited

We have audited the financial statements on pages 8 to 22.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 6, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

8 Salisbury Square
London
EC4Y 8BB

25 October 2000

The United World Colleges (International) Limited

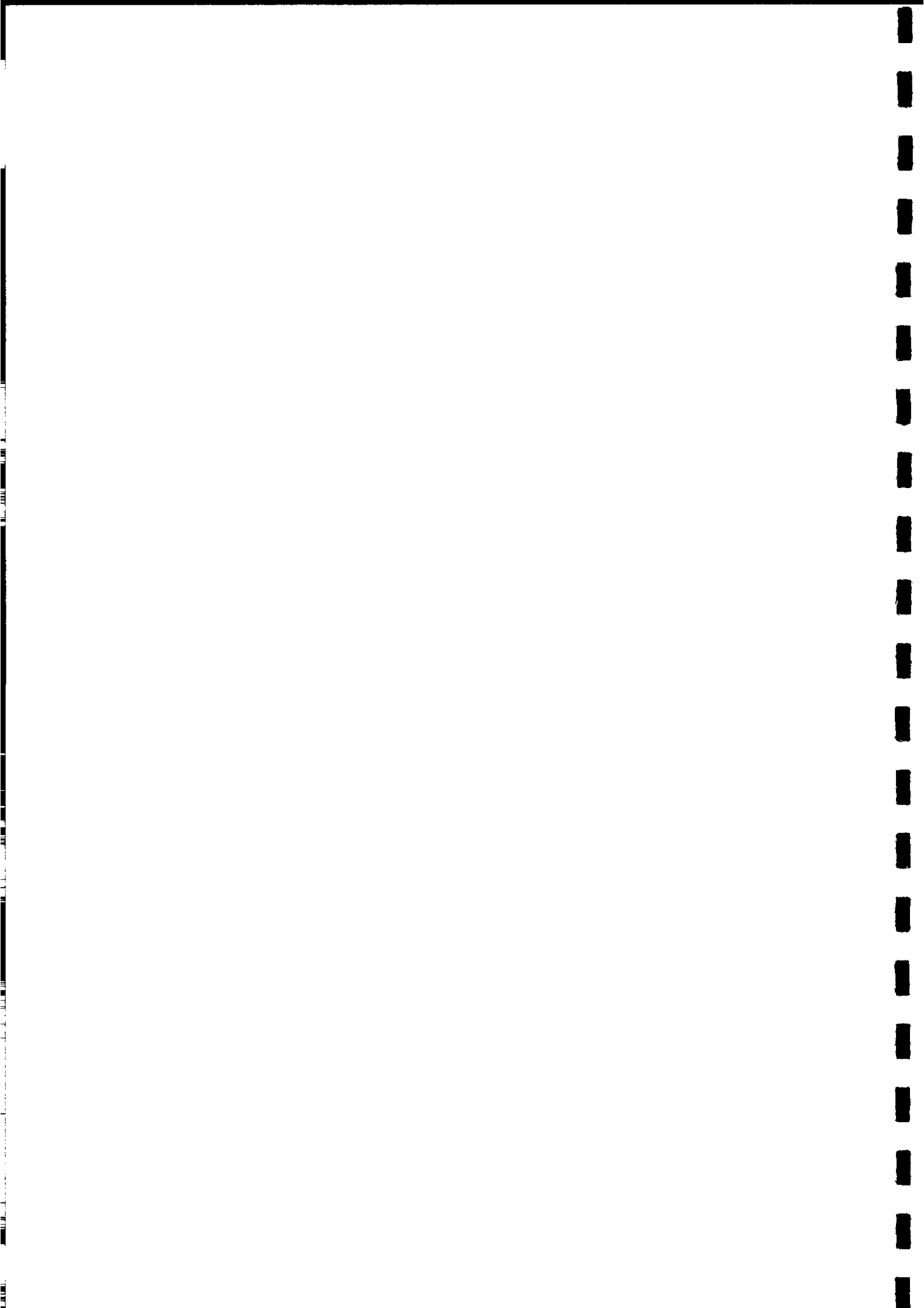
(Limited by Guarantee and not having a Share Capital)

Statement of financial activities

for the year ended 30 June 2000

| | | Unrestricted funds | | Restricted funds | Endowment funds | Total 2000 | Total 1999 |
|--|--------|--------------------|------------------|------------------|------------------|------------------|------------------|
| | | General funds | Designated funds | | | | |
| | Note | £ | £ | £ | £ | £ | £ |
| Resources arising in the year, before transfers and revaluations | | | | | | | |
| Donations | 3 | 280 | - | 15,179 | - | 15,459 | 56,703 |
| Grants | 4 | - | - | 220,892 | - | 220,892 | 111,110 |
| College contributions | | 372,105 | - | - | - | 372,105 | 343,931 |
| Income from operations | 5 | - | - | - | - | - | 6,096 |
| Investment income | 6 | 102,731 | - | 20,467 | - | 123,198 | 130,057 |
| International Council Meeting 2000 | 8 | 53,907 | - | - | - | 53,907 | - |
| Sundry income | 7 | 6,500 | - | - | - | 6,500 | 1,443 |
| Resources before Transfers | A | 535,523 | - | 236,538 | - | 792,061 | 649,340 |
| Transfers from Funds | | 36,337 | 20,000 | 64,231 | - | 120,568 | - |
| Gross resources arising in the year | | 571,860 | 20,000 | 320,769 | - | 912,629 | 649,340 |
| Use of resources | | | | | | | |
| <i>Direct charitable expenditure</i> | | | | | | | |
| Grants | 11 | - | - | 304,723 | - | 304,723 | 117,336 |
| | | - | - | 304,723 | - | 304,723 | 117,336 |
| <i>Other expenditure</i> | | | | | | | |
| Staff costs | 10 | 279,658 | - | - | - | 279,658 | 250,580 |
| Finance & Administration | 12 | 79,602 | - | 4,106 | - | 83,708 | 120,461 |
| Fundraising | 14 | 4,226 | - | - | - | 4,226 | 3,752 |
| Publicity | 15 | 51,898 | - | - | - | 51,898 | 38,621 |
| Support & Development | 13 | 12,592 | - | - | - | 12,592 | 18,865 |
| International Council Meeting 2000 | 16 | 59,966 | - | - | - | 59,966 | - |
| | | 487,942 | - | 4,106 | - | 492,048 | 432,279 |
| Resources used before Transfers | B | 487,942 | - | 308,829 | - | 796,771 | 549,615 |
| Transfers to Funds | | 56,337 | 20,000 | 64,231 | - | 140,568 | - |
| Resources used in the year | | 544,279 | 20,000 | 373,060 | - | 937,339 | 549,615 |
| Surplus/(Deficit) before transfers and valuations | | 27,581 | - | (52,291) | - | (24,710) | 99,725 |
| Transfers between funds | 18 | - | - | - | - | - | - |
| Net (outgoing) incoming resources before revaluations and disposals | | 27,581 | - | (52,291) | - | (24,710) | 99,725 |
| Other recognised gains and losses | | | | | | | |
| Restricted Fixed Assets | | - | - | (9,689) | - | (9,689) | 20,113 |
| Unrealised gains on investment assets | 23 (b) | - | (299) | - | (39,099) | (39,398) | 74,141 |
| Net movement of funds in the year | | 27,581 | (299) | (61,980) | (39,099) | (73,797) | 193,979 |
| Net Funds brought forward, 1 July 1999 | | 138,945 | 159,243 | 154,546 | 2,275,713 | 2,728,447 | 2,534,468 |
| Net Funds carried forward, 30 June 2000 | | 166,526 | 158,944 | 92,566 | 2,236,614 | 2,654,650 | 2,728,447 |

Note: Notes A, B & C are cross-references to the Summary Income & Expenditure account



(Limited by Guarantee and not having a Share Capital)

for the year ended 30 June 2000

Note

Notes: notes A, B & C are cross-references to the Statement of Financial Activities

This Summary Income and Expenditure Account excludes capital movements which are required to be shown in the Statement of Financial Activities. It also does not differentiate between restricted and unrestricted funds.

This Summary Income and Expenditure Account is derived from the Statement of Financial Activities on page 8.

A detailed analysis of income and expenditure will be found in the Statement of Financial Activities on page 8 and notes 3 - 16.

Further details on the movement of funds will be found in the Reconciliation of Funds on page 10, together with notes 24-26.

The United World Colleges (International) Limited

(Limited by Guarantee and not having a Share Capital)

Reconciliation of funds for the year ended 30 June 2000

| | Note | Endowment funds | Restricted funds | Unrestricted funds | | Total |
|---|------|--------------------|---------------------|--------------------|---------------------|------------------|
| | | | | General fund | Designated funds | |
| | | 24 £ | 25 £ | 26 £ | 26 £ | £ |
| Balance of resources | | | | | | |
| Brought forward 1 July 1999 | | 2,275,713 | 154,546 | 138,945 | 159,243 | 2,728,447 |
| Movements in the year | | (39,099) | (61,980) | 27,581 | (299) | (73,797) |
| Balance of resources for future use as at 30 June 2000 | | <u>2,236,614</u> | <u>92,566</u> | <u>166,526</u> | <u>158,944</u> | <u>2,654,650</u> |
| Represented by | | | | | | |
| Tangible fixed assets | 19 | - | 10,424 | 2,953 | - | 13,377 |
| Investments | 23 | 2,043,629 | - | - | 88,565 | 2,132,194 |
| Net current assets: | | | | | | |
| cash | | 192,985 | 82,142 | 194,162 | 70,379 | 539,668 |
| debtors | 20 | - | - | 28,349 | - | 28,349 |
| creditors | 21 | - | - | (58,937) | - | (58,937) |
| Total net assets at 30 June 2000 | | <u>2,236,614</u> | <u>92,566</u> | <u>166,526</u> | <u>158,944</u> | <u>2,654,650</u> |

The United World Colleges (International) Limited


(Limited by Guarantee and not having a Share Capital)

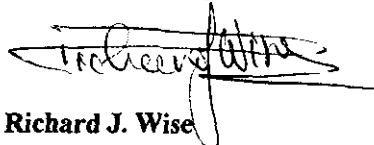
Balance Sheet

at 30 June 2000

| | Note | 2000 £ | 1999 £ |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 19 | 13,377 | 23,377 |
| Investments | 23 | 2,132,194 | 2,171,592 |
| Current assets | | | |
| Debtors | 20 | 28,349 | 81,247 |
| Cash at bank and in hand | | 539,667 | 501,816 |
| | | <u>568,016</u> | <u>583,063</u> |
| Creditors: amounts falling due within one year | 21 | (58,937) | (49,585) |
| Net current assets | | 509,079 | 533,478 |
| Net assets - total assets less current liabilities | | <u>2,654,650</u> | <u>2,728,447</u> |
| Funds | | | |
| Capital Funds | | | |
| Endowment fund | 24 | 2,236,614 | 2,275,713 |
| Income Funds | | | |
| Restricted funds | 25 | 92,566 | 154,546 |
| Unrestricted Funds | | | |
| Designated funds | 26 | 158,944 | 159,243 |
| General funds | | 166,526 | 138,945 |
| | | <u>2,654,650</u> | <u>2,728,447</u> |

These accounts were approved by the Board of Directors on 14 October 2000 and were signed on its behalf by:


Christian H. Hodeige
Chairman


Richard J. Wise
Director

The notes on pages 12 to 22 form part of these accounts.

The United World Colleges (International) Limited

(Limited by Guarantee and not having a Share Capital)

Notes to the accounts

1 Company status

The Company is limited by guarantee. The liability of its members is limited, in the event of the Company being wound up, to £1 per member.

2 Accounting policies

[a] Basis of preparation

These accounts are prepared under the historical cost accounting rules and in accordance with applicable accounting standards and with the requirements of the Statement of Recommended Practice, "Accounting by Charities" (SORP2).

In order to meet the requirements of FRS3 (Financial Reporting Standard No. 3, "Reporting Financial Performance"), a Summary Income and Expenditure Account is included in the accounts.

All donations, other income, and profits and losses on the sale of investments are recorded in the Statement of Financial Activities. Any funds given for restricted purposes together with the income arising therefrom, where appropriate, and profits and losses on the sale of related investments are accounted for as restricted income on receipt.

Scholarship grants and expenditure on such designated purposes are normally paid from these funds and are recorded in the Statement of Financial Activities.

Donations made directly to the constituent Colleges and which arise as a result of the work of the Company's officers and employees are not reflected in these accounts.

[b] Donations

Income from donations represents donations received by the Company during the period, together with those donations received after the balance sheet date which are identified as being applicable to the period.

[c] Depreciation

The Company makes provision for depreciation of tangible fixed assets on a straight line basis as follows:

| | |
|-------------------------------|---------|
| Computer equipment | 3 years |
| Computer software | 2 years |
| Other furniture and equipment | 5 years |

[d] Foreign currency transactions

Foreign currency transactions are translated into sterling using the exchange rate prevailing at the date of the transaction, where currency is converted, or at the average rate for the period where no currency conversion takes place. Assets and liabilities denominated in foreign currency are translated into sterling using the exchange rate prevailing at the Balance Sheet date.

[e] Post Retirement Benefit

The Company makes contributions of 2% of salary to a personal pension scheme on behalf of 2 employees.

The United World Colleges (International) Limited

(Limited by Guarantee and not having a Share Capital)

Notes (continued)

[f] *Funds*

Incoming resources received as endowments are to be held on a permanent basis for continuing use by the charity, usually as tangible fixed assets or investments. These funds constitute the capital of the charity. Incoming resources received for specific purposes within the objects of the charity are classified as restricted income and may only be applied to those purposes. These funds, which are to be expended, are restricted income funds. The corresponding application of restricted funds is shown as restricted expenditure.

Other incoming resources are available for the general purposes of the charity. If the Directors specifically allocate any portion of the general reserves for some specific purpose which they intend should proceed, then that portion becomes a designated fund. The Directors do not have an express power to declare restricted trusts, so such a decision can be revoked by the Board at any future time, provided the designated fund has not been expended. Designated funds continue until such time as they are applied for the purpose for which they are established or the Board resolves to amend the designation. Unrestricted funds are analysed and divided into general funds and designated funds in the accounts.

[g] *Other recognised gains or losses*

Changes in the market values, other than a permanent diminution in value, of assets held for continuing use by the charity, are shown under this heading. Any realised gains or losses arising from disposals of fixed assets are also recorded here.

[h] *Valuations*

In accordance with SORP2 and FRS3, investment assets are stated in the Balance Sheet at market value at close of business on the balance sheet date. Tangible fixed assets are stated at historical cost or revalued amount, less an appropriate provision for depreciation. Stock and other current assets are stated at the lower of cost or net realisable value.

[i] *Transfers*

Most movements in the funds are properly accounted for either as incoming resources or use of resources. Transfers are, therefore, reserve movements, except where endowed capital is released as income. Because of the obligations implicit in the holding of restricted and endowment funds, transfers from these funds are normally not permitted and transfers to these funds, where there is no prior restriction, would introduce unnecessary controls. Therefore, the only normal use of transfers is to show the designation of a portion of the general fund for a more specific purpose within the objects of the charity or, a corresponding undesignation of previously designated funds to return these to the general fund. Transfers from restricted and endowment funds may be made only with the donor's express permission, or, in exceptional cases, with the express authorisation of the Charity Commissioners.

The United World Colleges (International) Limited

(Limited by Guarantee and not having a Share Capital)

Notes (continued)

| 3 | Donations | General £ | Restricted £ | 2000 £ | 1999 £ |
|---|-----------------------|--------------|-----------------|---------------|---------------|
| | Covenant income | 100 | 11,363 | 11,463 | 12,938 |
| | Leif Hoegh Foundation | - | - | - | 29,721 |
| | Other donations | 180 | 3,816 | 3,996 | 14,044 |
| | | <u>280</u> | <u>15,179</u> | <u>15,459</u> | <u>56,703</u> |

| 4 | Grants | £ | £ | 2000 £ | 1999 £ |
|---|--|----------|----------------|----------------|----------------|
| | Prince of Wales' International Scholarship - 1998/99 & 1999/00 | - | 147,570 | 147,570 | 27,613 |
| | Scholarship funds for UWC colleges | - | - | - | 10,735 |
| | Starr Foundation Scholarships 1999/00 | - | 72,099 | 72,099 | 71,547 |
| | Reitzke Award (library resources) | - | 1,223 | 1,223 | 1,215 |
| | | <u>-</u> | <u>220,892</u> | <u>220,892</u> | <u>111,110</u> |

The Prince of Wales' International Scholarships are received from two sources; payment from the primary source for 1998/99 and both sources for 1999/2000 were received in 1999/2000.

The Starr Foundation Scholarship Grant is given in part in shares requiring the Securities Exchange Commission (USA) approval for sale.

| 5 | Income from operations | £ | £ | 2000 £ | 1999 £ |
|---|-------------------------------------|----------|----------|-----------|--------------|
| | Atlantic College Development Office | - | - | - | 3,011 |
| | Cost recoveries & fees | - | - | - | 3,085 |
| | | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,096</u> |

| 6 | Income from investments and similar income | £ | £ | 2000 £ | 1999 £ |
|---|--|----------------|---------------|----------------|----------------|
| | Dividend income | 87,836 | 12,013 | 99,849 | 104,725 |
| | Bank interest | 14,895 | 8,454 | 23,349 | 25,332 |
| | | <u>102,731</u> | <u>20,467</u> | <u>123,198</u> | <u>130,057</u> |

| 7 | Sundry income | £ | £ | 2000 £ | 1999 £ |
|---|---------------|--------------|----------|--------------|--------------|
| | Video Sales | 34 | - | 34 | - |
| | Other income | 6,466 | - | 6,466 | 1,443 |
| | | <u>6,500</u> | <u>-</u> | <u>6,500</u> | <u>1,443</u> |

| 8 | International Council Meeting 2000 | £ | £ | 2000 £ | 1999 £ |
|---|--|---------------|----------|---------------|-----------|
| | Travel Fund Donations | 28,317 | - | 28,317 | - |
| | Transfer from IC Reserve | 20,000 | - | 20,000 | - |
| | UWCIO partial costs covered by IC budget | 5,590 | - | 5,590 | - |
| | | <u>53,907</u> | <u>-</u> | <u>53,907</u> | <u>-</u> |

9 Related Party Disclosures

The number of Directors who served during the year was 17 (1999: 15), with four retiring during the year.

The majority of the Directors are members of the UWC International Board and members of a board of one of the 10 United World Colleges or members of a UWC National Committee.

No Director received any remuneration from the charity.

Two Directors received reimbursement of IC 2000 meeting expenses - Mr Hodeige was reimbursed £2721.37 and Ms Alvarez £815.63 (1999: one Director - total expenses £62)

The United World Colleges (International) Limited

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Notes (continued)

10 Staff numbers and costs

The aggregate payroll costs were as follows:

| | 2000 | 1999 |
|--|----------------|----------------|
| | £ | £ |
| Wages and salaries | 204,650 | 185,648 |
| Social Security costs | 18,398 | 19,502 |
| Pensions costs | 11,765 | 11,000 |
| Temporary staff, recruitment & consultancy | 16,772 | 17,080 |
| Staff Travel & other costs | 28,073 | 17,350 |
| | <u>279,658</u> | <u>250,580</u> |

11 Grants

| | 2000 | 1999 |
|---|----------------|----------------|
| | £ | £ |
| The Prince of Wales' International Scholarship Fund | 164,934 | 11,705 |
| Starr Foundation | 73,076 | 84,580 |
| International Scholarship Fund | 11,406 | - |
| Mountbatten Memorial Trust Fund | 12,320 | - |
| Gildred Fund | 3,680 | - |
| Atlantic UWC - covenant donations | 25,272 | - |
| Scholarship funds for UWC colleges | 1,896 | 10,371 |
| Other grants | 12,139 | 10,680 |
| | <u>304,723</u> | <u>117,336</u> |

12 Other Finance & Administration costs

| | General | Restricted | 2000 | 1999 |
|-------------------------------|---------------|--------------|---------------|----------------|
| | £ | £ | £ | £ |
| Fixed Assets | - | 941 | 941 | 23,357 |
| Project staff | - | 1,254 | 1,254 | 3,594 |
| Audit & Legal | 7,893 | - | 7,893 | 5,446 |
| Depreciation | 2,438 | - | 2,438 | 3,355 |
| Equipment & Maintenance costs | 7,259 | 1,732 | 8,991 | 21,143 |
| Postage, phone, fax, email | 11,303 | - | 11,303 | 13,965 |
| Premises | 35,985 | - | 35,985 | 40,294 |
| Printing & Stationery | 7,045 | - | 7,045 | 5,169 |
| Other costs | 7,679 | 179 | 7,858 | 4,138 |
| | <u>79,602</u> | <u>4,106</u> | <u>83,708</u> | <u>120,461</u> |

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Notes (continued)

| | | | |
|----|--|---------------|---------------|
| 13 | Support & Development | 2000 | 1999 |
| | | £ | £ |
| | Regional Conferences | 1,394 | 7,736 |
| | Regional Representation | 3,574 | 2,049 |
| | UWC Short Courses | 7,624 | 8,689 |
| | Other National Committee development expenses | - | 391 |
| | | <u>12,592</u> | <u>18,865</u> |
| | | 2000 | 1999 |
| | | £ | £ |
| 14 | Fundraising costs | <u>4,226</u> | <u>3,752</u> |
| 15 | Publicity costs | 2000 | 1999 |
| | | £ | £ |
| | Publications - Distribution | 21,819 | 18,615 |
| | Publications - Bulletins | 626 | 515 |
| | Publications - Journals | 27,402 | 16,299 |
| | Publications - Other | 584 | 3,117 |
| | UWC Video | 1,467 | - |
| | Miscellaneous | - | 75 |
| | | <u>51,898</u> | <u>38,621</u> |
| 16 | International Council Meeting 2000 | 2,000 | 1,999 |
| | | £ | £ |
| | National Committees Travel & Registration | 54,376 | - |
| | UWCIO partial costs | 5,590 | - |
| | | <u>59,966</u> | <u>-</u> |
| 17 | Bad Debt Provision | | |
| | There is no Bad Debt Provision this year (1999: nil) | | |

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Notes (continued)

18 Transfers between funds

International Council Meeting Reserve

The annual transfer from the general fund to establish a contingency reserve against the costs of the five-yearly International Council Meeting.

International Council Meeting Fund

During this financial year £20,000 was transferred out of the IC Meeting Reserve and used for the IC2000 Meeting.

The effect of these transfer is as follows:

| | General fund £ | Restricted fund £ | Endowment fund £ | Designated fund £ |
|--------------------------------------|----------------------|-------------------------|------------------------|-------------------------|
| <u>International Council Meeting</u> | | | | |
| Allocation of reserves | (20,000) | - | - | 20,000 |
| Transfer re: IC2000 | 20,000 | | | (20,000) |
| TOTAL | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

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Notes (continued)

19 Tangible Fixed Assets

| | Cost | Depreciation | Net book value |
|---------------------------------------|---------------|-----------------|----------------|
| | £ | £ | £ |
| <i>Office furniture and equipment</i> | | | |
| Balance at 1 July 1999 | 78,029 | (54,652) | 23,377 |
| Additions during the year | 2,126 | - | 2,126 |
| Disposals during the year | - | - | - |
| Depreciation charged in the year | 3,244 | (15,370) | (12,126) |
| Balance at 30 June 2000 | 83,399 | (70,022) | 13,377 |

20 Debtors

| | 2000 | 1999 |
|----------------------|---------------|---------------|
| | £ | £ |
| Constituent Colleges | 1,094 | 17,211 |
| Other debtors | 19,257 | 16,227 |
| Prepayments | 7,998 | 8,196 |
| Accrued income | - | 39,613 |
| | 28,349 | 81,247 |

21 Creditors: amounts falling due within one year

| | 2000 | 1999 |
|----------------------|---------------|---------------|
| | £ | £ |
| Constituent Colleges | 2,370 | - |
| Trade creditors | 3,943 | 3,937 |
| Other creditors | 5,530 | 10,828 |
| Accrued expenditure | 47,094 | 34,820 |
| Provisions | - | - |
| | 58,937 | 49,585 |

22 Charges

(i) Rent deposit

A sum equal to 6 months' rental for office accommodation at Lynton House is held by the landlord's solicitors as a security for liabilities under the lease agreement for office accommodation. The amount secured is £12,013 and is held on deposit in a UK sterling money market account. The charity receives the interest earned, gross, at full money market rates.

(ii) Cash-backed company VISA debit card facility

As a security for a total facility of £17,000 available on VISA debit cards issued to officers of the charity by the Bank of Scotland, the Bank has a charge on £12,000 cash placed in a blocked money market cheque account opened by the Bank for this purpose. The Bank has undertaken to ensure that the charity does not suffer any reduction in interest income thereby.

Both charges are registered with Companies House under Section 395 of the Companies Act (1985).

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Notes (continued)

23 Investments

| | Market value £ | Book cost £ |
|---|-------------------|------------------|
| (a) Movements during the year | | |
| International Office Endowment Fund | | |
| (i) <i>Charishare Common Investment Fund</i> | | |
| brought forward, 1 July 1999 | 666,424 | 375,850 |
| revaluation loss in the year | (2,246) | - |
| carried forward, 30 June 2000 | 664,178 | 375,850 |
| (ii) <i>Charinco Common Investment Fund</i> | | |
| brought forward, 1 July 1999 | 1,244,948 | 1,053,396 |
| revaluation loss in the year | (32,394) | - |
| carried forward, 30 June 2000 | 1,212,554 | 1,053,396 |
| | 1,876,732 | 1,429,246 |
| International Office Scholarship Fund | | |
| <i>Charishare Common Investment Fund</i> | | |
| brought forward, 1 July 1999 | 88,864 | 50,000 |
| revaluation loss in the year | (299) | - |
| carried forward, 30 June 2000 | 88,565 | 50,000 |
| International Scholarship Funds | | |
| <i>Charinco Common Investment Fund</i> | | |
| brought forward, 1 July 1999 | 171,356 | 172,816 |
| revaluation loss in the year | (4,459) | - |
| carried forward, 30 June 2000 | 166,897 | 172,816 |
| Total carried forward, 30 June 1999 | 2,132,194 | 1,652,062 |
| (b) Revaluation reserve | | |
| Revaluation reserve brought forward, 1 July 1999 | | 519,530 |
| net revaluation loss in the year | | (39,398) |
| Revaluation reserve carried forward, 30 June 2000 | | 480,132 |

(c) Disposition of investments

| | 30 June 2000 | | 30 June 1999 | |
|---------------------------------------|-------------------|----------------|-------------------|----------------|
| | Market value £ | Book cost £ | Market value £ | Book cost £ |
| International Office Endowment Fund | 1,876,732 | 1,429,246 | 1,911,372 | 1,429,246 |
| International Scholarship Funds | 166,897 | 172,816 | 171,356 | 172,816 |
| | 2,043,629 | 1,602,062 | 2,082,728 | 1,602,062 |
| International Office Scholarship Fund | 88,565 | 50,000 | 88,864 | 50,000 |
| | 2,132,194 | 1,652,062 | 2,171,592 | 1,652,062 |

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Notes (continued)

24 Endowment Funds

| | | International Scholarship Funds | International Office Endowment Fund | TOTAL |
|---|------|---------------------------------------|--|-----------|
| | | £ | £ | £ |
| Balance of resources brought forward at 1 July 1999 | Note | 171,356 | 2,104,357 | 2,275,713 |
| Movements in the year: | | | | |
| unrealised gains on investment assets | 23 | (4,459) | (34,640) | (39,099) |
| Balance of resources for future use as at 30 June 2000 | | 166,897 | 2,069,717 | 2,236,614 |
| <hr/> | | | | |
| Represented by: | | | | |
| Investments | 23 | 166,897 | 1,876,732 | 2,043,629 |
| Current assets: | | | | |
| cash | | - | 192,985 | 192,985 |
| | | 166,897 | 2,069,717 | 2,236,614 |
| <hr/> | | | | |

Endowment (capital) funds

1. International Office Endowment Fund

This fund consists of a capital sum invested in order to provide income to finance the operation of the International Office. It comprises £1,876,732 of investments, plus £192,985 of cash on deposit in UK Money Market accounts.

2. International Scholarship Funds

These are the capital of 3 endowed funds:

- a) Mountbatten Memorial Trust Fund - £96,561 (1999: £99,142) held as investments
- b) V&A Gildred Foundation Fund - £28,968 (1999: £29,742) held as investments
- c) John Patrick Kelly Fund - £41,368 (1999: £42,473) held as investments

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Notes (continued)

25 Restricted Funds

| | UWC IT Fund £ | Other Restricted Funds £ | UWC Fixed Assets Fund £ | International Scholarship Funds £ | Short-term Scholarship Funds £ | TOTAL |
|---|------------------------|-----------------------------------|----------------------------------|--|---|-----------|
| <i>Note</i> | | | | | | |
| Balance of resources brought forward at 1 July 1999 | (2,026) | 25,926 | 20,113 | 47,356 | 63,177 | 154,546 |
| Movements in the year | | | | | | |
| transfers | 5,939 | (5,939) | - | - | - | - |
| income | 146 | 65,037 | - | 11,653 | 243,866 | 320,702 |
| outgoing | (4,106) | (86,558) | (9,688) | (16,000) | (266,330) | (382,682) |
| Balance of resources for future use as at 30 June 2000 | (47) | (1,534) | 10,425 | 43,009 | 40,713 | 92,566 |
| | | | | | | |
| Represented by: | | | | | | |
| Current assets | | | | | | |
| fixed assets | - | - | 10,425 | - | - | 10,425 |
| cash | (47) | (1,534) | - | 43,009 | 40,713 | 82,141 |
| | (47) | (1,534) | 10,425 | 43,009 | 40,713 | 92,566 |

Notes: Note C is a cross-reference to the Statement of Financial Activities

Restricted (Income) Funds

Restricted funds are shown under 4 major headings as follows:

1. UWC IT Fund

This fund was established by a donation from Nokia Corporation during the year to 30 June 1997 and further donations have been received to date including - £9,000 (\$15,000) given by anonymous donor, £29,721 (\$50,000) by the Leif Hoegh Foundation and bank interest. The fund has been used to meet the expenses of the IT Task Force which is developing various IT strategies on behalf of United World Colleges. During this financial year the Network Project Fund balance of £5,939 was transferred to this fund.

2. Other Restricted Funds

These consist of funds donated to the United World Colleges movement for specific purposes within the objects of The United World Colleges (International) Limited.

3. International Scholarship Funds

This comprises the accumulated investment income generated from the invested capital of 3 funds which have been established with endowments from benefactors:-

- a) Mountbatten Memorial Trust Fund - £18,975
- b) V&A Gildred Foundation Fund - £10,342
- c) John Patrick Kelly Fund - £13,692

The investment income alone from these funds is available for disbursement as scholarships.

4. Short-term Scholarship Funds

This consists of other funds donated for scholarships to constituent Colleges.

Restricted (Asset) Fund

Restricted Fixed Asset Fund Account Additions

These assets are depreciated at the same rates as other fixed assets however the depreciation is charged against the Restricted Fixed Asset Fund, rather than the income and expenditure account. Depreciation for the year on these assets amounts to £9688.

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Notes (continued)

26 Designated Funds

| | | International Council Meeting Fund £ | International Office Scholarship Fund £ | TOTAL |
|--|------|--|---|---------|
| Balance of resources brought forward at 1 July 1999 | Note | 60,000 | 99,243 | 159,243 |
| Movements in the year | | | | |
| unrealised gains on investment assets | 23 | - | (299) | (299) |
| Balance of resources for future use as at 30 June 2000 | | 60,000 | 98,944 | 158,944 |
| | | | | |
| Represented by: | | | | |
| Investments | 23 | - | 88,565 | 88,565 |
| Current assets | | | | |
| cash | | 60,000 | 10,379 | 70,379 |
| | | 60,000 | 98,944 | 158,944 |

Designated Funds

1. International Council Meeting Fund

This consists of annual transfers of £20,000 from the general fund, to provide a contingency reserve. During this financial year £20,000 was used from the reserve for the IC2000 Meeting; however, with the annual transfer to the reserve, the net movement in the year was nil and the Fund remains at £60,000. There were additional sources of funding for the IC2000 Meeting totalling £34,000, therefore a total of £54,000 was spent by the UWC (International) Ltd. for IC 2000.

2. International Office Scholarship Fund

The total value of the fund is £112,360 and comprises investments valued at 30 June 2000 at £88,565, accumulated income at June 2000 of £10,379, together with a further £13,416 (shown as Restricted Income) and held as cash on deposit in UK Money Market accounts. This balance is after the first Scholarship Grant was awarded to Waterford KaMhlaba UWC for the year 2000 and 2001.