

**The United World Colleges
(International)**

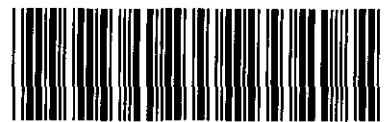
a company limited by guarantee

Annual Report and Accounts
for the year ended 30 June 2006

UK Company no. 908758

UK Registered Charity no. 313690

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Registered Office: 17-21 Emerald Street, London WC1N 3QN

The United World Colleges (International)

CONTENTS

Presidents, Patrons and Directors	1
Executive Committee, Management, Officers and Advisers	2
Statement of the Chair	3
Directors' Report	4
Statement of Directors' Responsibilities in relation to the Financial Statements	13
Report of the independent auditors to the members of The United World Colleges (International)	14
Statement of Financial Activities	15
Statement of Funds	16
Balance Sheet	17
Accounting Policies	18
Notes to the Financial Statements	20

The United World Colleges (International)
For the year ended 30 June 2006
Presidents, Patrons and Directors

President of the United World Colleges

Her Majesty Queen Noor

Honorary President

Nelson Mandela

International Patrons

Lord Richard Attenborough

Mr Shelby M C Davis

Mr W Galen Weston

Chair

Dr Christian H Hodeige

Germany

Until 31 December 2005

Professor Derek Blackman

UK

Appointed as Chair 1 January 2006

Directors

Dr Chelston Brathwaite

Barbados

Mr Vikram Chand

UK

Until 8 October 2005

Mr Arnaud Diemont

Netherlands

Until 31 December 2005

Mr Andres Franco

Colombia

Baroness Helena Kennedy QC

UK

Mr Rolf Kragerud

Norway

Until 1 July 2005

Mrs Maria Isabel Leon Gomez

Colombia

Ms Shareen Khattar

Singapore

From 17 March 2005

Mr Kwok-Leung Li

USA

Mr Yuet-ting Li

UK

Mr Peter Luerksen

Germany

Mr Keshub Mahindra

India

Dr Luis Marcano Gonzalez

Venezuela

Hon Ina Marciulionyte

Lithuania

Mr Joseph Malope Matome

Botswana

Until 31 December 2005

Ms Diana Maughan

Canada

Mr Masao Morita

Japan

Ms Shiru Mwangi

Kenya

Dr Margaret Musimbi Ondeko

Kenya

Lic Miriam Orellana Pena

Bolivia

Dr Anthony Richards

Canada

Mr Manfred Schepers

Netherlands

Mr Einar Steensnaes

Norway

From 1 July 2006

Mr James Taylor

USA

Mr Clark Thom

Swaziland

Professor Jeffrey Thompson

UK

Ms Tammy Margaret Wan

USA

Dr Abiodun Williams

USA

Mr Richard Wise

UK

Mr Wayne Yang

USA

Until 1 August 2005

Dott Michele Zanetti

Italy

The United World Colleges (International)
For the year ended 30 June 2006
Executive Committee, Management, Officers and Advisers

Executive Committee

Dr Christian H Hodeige	Chair until 31 December 2005
Prof Derek Blackman	Chair from 1 January 2006
Mr Arnaud Diemont	Until 31 December 2005
Mrs Maria Isabel Leon Gomez	
Ms Diana Maughan	
Ms Shiru Mwangi	
Mr James Taylor	From 27 January 2006
Ms Tammy Margaret Wan	
Mr Richard Wise	
Mr Laurence Nodder	

Executive Director

Keith Clark

Company Secretary

Robin Martin	Until 31 March 2005
Geoffrey Browne	From 1 April 2006

Auditors

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London EC1M 3AP

Solicitors

Allen & Overy
Russell Cooke

Bankers

Bank of Scotland
38 Threadneedle Street
London EC2P 2EH

Royal Bank of Scotland plc
127-128 High Holborn
London WC1H 9LT

Investment Managers

Merrill Lynch Investment Managers Limited
CCLA Investment Managers Limited

The United World Colleges (International)
For the year ended 30 June 2006
Statement of the Chair

I am pleased to introduce the Annual Report and Accounts of The United World Colleges (International) for the year ended 30 June 2006.

This has been a year of very considerable progress for UWC (International). The 14th International Council in October 2005, magnificently hosted by the United World College of South East Asia in Singapore, illustrated the spirit of unity and sense of purpose that is now present within the organisation: having spent several years focusing on structure and organisation, there was a sense of anticipation and excitement that UWC is now on the verge of a period of sustained development.

The most important outcome of the International Council was the endorsement of a 'Mission and Vision'. This embraces UWC's growth and development and sets the organisation some challenging objectives in the approach to our 50th anniversary in 2012. It looks beyond simply expansion in the number of United World Colleges and encompasses increased impact through our educational programmes, the work of our National Committees, an increased global profile and new forms of outreach.

The enthusiasm for the Mission and Vision was made more real by the prospect of new Colleges in Costa Rica and Bosnia and Herzegovina. UWC (International) was closely involved in the development of UWC Costa Rica which resulted from a partnership with the SOS Children's Villages organisation. UWC Mostar, which has come about thanks to a small team of committed individuals, is truly innovative and may be a model that can be used elsewhere in post-conflict areas. In a school, a city and a country that all remain deeply divided, it surely must make a positive difference. UWC Costa Rica was the first new United World College to open since 1997; it is the first time since 1982 that two colleges have opened in the same year.

I have been fortunate to gain an insight into most of our existing Colleges as part of the college self-evaluation process: what I have seen affirms my belief in the importance of UWC's work. The Colleges each have their own character, but all share a deep commitment to UWC's values. The students and staff are inspiring and the vibrancy, creativity and innovation of the campuses is remarkable. The National Committee system also continues to flourish. The ability to select students on merit from within their own communities and cultures in 131 countries is an important part of UWC's uniqueness and the commitment of the volunteers who make up the Committees is one of our greatest assets. It was a pleasure to see so many Committees at the Global National Committee Meeting following the 14th International Council.

The term of office of my predecessor, Dr Christian Hodeige, ended on 31 December 2005. UWC's position today is a credit to Christian's bold and brave leadership and we are enormously grateful to him. It has been an honour for me to fill the role of Chair before Tim Toyne Sewell takes up the post on 1 October. I look forward to returning to the role of Vice Chair and I thank all my colleagues for their great support.

Professor Derek Blackman
Chair

The United World Colleges (International)
For the year ended 30 June 2006
Directors' Report

The Directors of The United World Colleges (International) present their statutory report for the year ended 30 June 2006. The Directors, who are the charity trustees and the members of the company, comprise the International Board of Directors of the United World Colleges ('UWC') international movement.

Identity and constitution

The United World Colleges (International) ('the company') is a United Kingdom company limited by guarantee (Company Number 908758) and a United Kingdom registered charity (Charity Number 313690). The liability of members in the event of the company being dissolved is limited to not more than £1 per member. There is no share capital. The governing document of the company is the Memorandum and Articles of Association, dated 2 November 2000 and amended in 2001, 2002, 2004 and 2005.

Objects

The object of the company is to advance the purposes of the UWC international movement and its constituent parts in line with the UWC Mission. A new Mission statement was adopted in October 2005:

*UWC makes education a force to unite people, nations and cultures for peace
and a sustainable future.*

This new Mission focuses not on the intended impact on each individual who attends a United World College, as was the case previously, but on the overall aim of the UWC organisation. The Directors believe this to be much more forward-looking and to give a greater sense of purpose to the work of UWC (International).

The international movement seeks to achieve its mission through 10 UWC Colleges (12 from August/September 2006) and UWC National Committees, currently in 131 countries. There is also an individual membership of approximately 34,000 members, the majority of whom are UWC graduates.

The Statement of Values & Principles, adopted in 2003, moves beyond the Mission in defining the core values, key elements and organising principles of all UWC activities and programmes; this statement was also updated in October 2005.

Alongside the mission, the Directors also adopted a Vision – a set of strategic objectives for the period leading up to the organisation's 50th anniversary in 2012. This Vision focuses on the growth and development of the UWC international movement through UWC's position of leadership in international and multicultural education; the addition of new Colleges, including a specific commitment to a college in the Middle East; the development of other shorter-term programmes servicing new audiences; the enhancement of UWC's leadership in order to achieve greater global impact and a strengthened global presence through the National Committee system.

The United World Colleges (International)
For the year ended 30 June 2006
Directors' Report

Governance and Management

The International Board of Directors met twice in 2005-2006 – at the United World College of South East Asia (8-9 October 2005) and at Waterford KaMhlaba United World College of Southern Africa in Swaziland (17-18 March 2006). The Board's Executive Committee met on two further occasions and acted on behalf of the Board throughout the year.

The year saw the appointment of a new Chair in succession to Dr Christian H Hodeige whose two terms of office as Chair came to an end on 31 December 2005. The Board gave responsibility for the search process to its Nominating Committee and a London-based recruitment company with experience in the appointment of non-remunerated charity chairpersons, Odgers Rae and Berndtson, was engaged to assist. An extensive search was undertaken and resulted in the Nominating Committee recommending Timothy Toyne Sewell to the Board. Mr Toyne Sewell was elected as Chair on 17 March 2006 for a three-year term commencing on 1 October 2006. The Directors had previously agreed that the Vice Chair, Professor Derek Blackman, should assume the role of Chair until the start of the term of the new Chair. The Directors are extremely grateful to Professor Blackman for stepping up to this role, for assuming all the responsibilities of Chair so effectively and for ensuring a seamless transition.

Appointment and Induction of Directors

The Articles of Association provide for an International Board of Directors of up to 40 members. Of this number, 10 (12 from August 2006) shall be the Chairpersons of the governing bodies of the United World Colleges, 10 shall be from the National Committee system, and 10 shall be UWC graduates; a number of Directors fall into the graduate and National Committee categories, which also allows the nomination of Directors with no prior formal association with the organisation. The number of Directors in 2005-2006 ranged between 26 and 31. Two new Directors were elected in 2005-2006, both of them Chairs of Colleges. The full list of Directors is given on page 2.

The Nominating Committee is responsible for making recommendations for election to the Board, with an overall aim that there should be a Board whose diversity goes some way to reflecting the diversity of the UWC international movement.

When the Chair search process was concluded, the Nominating Committee was able to turn its attention to the wider issue of Board membership. As a result, it expects to be making a number of recommendations for election at the Board's meetings in 2006-2007.

Potential nominees to the Board are provided with appropriate information about the work of the Board and the responsibilities of Board membership; the Directors adopted a policy on the Board's expectations of its members in October 2005. Steps have also been taken to standardise the information sent to newly-elected Directors. The Nominating Committee will review the further steps that may be necessary to improve Director and Trustee training.

Constitutional Amendments

Several amendments to the Articles of Association were agreed by an Extraordinary General Meeting of the company on 9 October 2005. These had two aims: to revise the membership of the UWC international movement to include former members of College Boards, National Committees and the International Board and to revise the structure of the Board's Standing Committees which are now the Nominating Committee, Executive Committee, Finance Committee, Audit Committee and College Chairs Committee. Other Committees are

The United World Colleges (International)
For the year ended 30 June 2006
Directors' Report

established as a matter of policy – currently the Education Committee and pending confirmation at the Board's meeting in October 2006, the National Committee Development Committee.

International Council

The International Council meets every five years and all members of the United World Colleges international movement are eligible to attend. The 14th International Council met on 6-8 October 2005 at the United World College of South East Asia, Singapore. More than 200 participants attended, augmented by members of the UWC South East Asia community. Among them were representatives of about 80 National Committees, many of whom were supported from the International Council designated fund which accumulates in the years between Council Meetings through an annual provision made by the Directors.

The Articles of Association state that the UWC International Council should review the purpose of the UWC movement, review the work of the International Board of Directors, propose constitutional amendments to the Board, and make recommendations to the Board. With these aims in mind, a challenging programme was put together which sought to combine challenge and inspiration from outside and within the UWC movement with sufficient time to address organisational business.

One of the most significant outcomes of the International Council was the enthusiastic endorsement of the Mission and Vision; minor changes were proposed which were subsequently incorporated by the Directors before formal adoption by the Board. The International Council was also an appropriate opportunity to express appreciation to Dr Christian Hodeige as he approached the conclusion of his term as Chair. The report of the International Council was published in magazine format and distributed to all members of the international movement.

Day-to-Day Management

The Directors have delegated day-to-day management to the Executive Director (with the approval of the Board, this title was changed from Executive Secretary mid-way through 2005-2006) based at the company's office ('the UWC International Office') in London. During 2005-2006, the Executive Director was supported by a staff of six full-time and one part-time employee. The lease on the International Office's premises expired shortly after the end of the financial year. New premises were secured, and a lease signed.

The International Office's functions fall broadly into three areas: a secretariat to the Board, including the strategic development of the UWC movement, communications and coordination.

The company's activities are funded in part through contributions from the colleges and in part through investment income and individual donations.

The United World Colleges (International)
For the year ended 30 June 2006
Directors' Report

Strategy and Development

Vision Implementation

The adoption of the Mission and Vision at the 14th International Council was the culmination of considerable work in recent years to strengthen the structure and foundations of the UWC international organisation, especially in terms of the relationships between the company and the constituent parts of the organisation. This work had been necessary to provide a platform for future development and the Vision, effectively a medium-term strategy, is intended to set a direction for this development.

Attention has since been focused on 'Vision Implementation' and the Directors have adopted a paper which outlines the scope of the issues that will need to be addressed in order to achieve the Vision objectives. In addition to the five specific objectives (educational leadership, new Colleges, outreach, organisational leadership and the National Committee system), the Board has identified the need for 'underpinning objectives' relating to the unity of the international movement, the importance of a public relations strategy and the need to identify specific funds for development purposes. The Directors recognise that the Vision will present many challenges and it will be important to maintain the objectives as items on the Board's agenda.

The Directors have not in the past set indicators against which to review the company's performance but it is anticipated that the Vision implementation process will be an important step in this direction; in some cases, for example in connection with UWC's educational leadership, work is under way to identify how performance might be measured. However, it will also be important that the Vision does not overshadow the need to maintain an effective coordinating function in relation to the normal operations of the UWC movement.

New College Developments

The Directors were very closely involved in the development of a new United World College in Costa Rica that opened shortly after the end of the financial year. In effect, the Directors took direct responsibility for the transition, over just one year, of a College previously operated by the SOS Children's Villages organisation. A Steering Committee was established and a Project Director appointed using funds specifically given for this purpose. The transition process was a great success and while it is likely that most new initiatives will continue to be driven from local level, it has given the Board important experience of such work. The Directors are extremely grateful for the efforts of all those involved in the Costa Rica project; they record their particular appreciation to Per Grieg, Sr and the Grieg Foundation whose donation of USD 6 million for scholarships over the course of the first five years of the College's operation, plus USD 100,000 for the transitional arrangements, have made the transition possible.

The Directors have also paid close attention to the developing UWC-IBO (International Baccalaureate Organisation) Programme in Bosnia-Herzegovina, a core part of which is the establishment of a United World Colleges programme within an existing school in Mostar. This is a highly innovative programme which seeks to make a direct and meaningful impact on its host community and the Directors are confident that it will make a significant difference in Mostar as well as contribute to the reconstruction of the educational system in Bosnia and Herzegovina. While less directly involved in its development than in the case of the new College in Costa Rica, the International Board was keen to understand fully and to be reassured about various aspects of this project before it approved the proposal as a United World College.

The United World Colleges (International)
For the year ended 30 June 2006
Directors' Report

The Board has a policy on the consideration of new Colleges which involves stages of preliminary and final approval. UWC Costa Rica and UWC Mostar were both given final approval at the Board meeting in March 2005. Proposals for Colleges in Kenya and the Netherlands were granted preliminary approval in 2005-2006. Other proposals continue to be monitored and where appropriate supported with a view to their formal presentation at a later date.

As part of the Vision objective on outreach, the Directors are keen to explore ways to develop and support a wide range of short-term programmes which will bring UWC's values to many more people. UWC Short Courses will remain an important part of this. In 2005-2006, Short Courses were held in Montenegro and Italy.

Statement of Mutual Responsibilities

The work of the Directors to bring more definition to the relationships within the UWC international organisation was taken a stage further with the adoption of the Statement of Mutual Responsibilities. This statement lays down the expectations that the constituent Colleges should have of UWC (International) and the expectations that UWC (International) should have of the Colleges.

Communications

An important focus of communications remains *United World* magazine. Published three times a year, *United World* is distributed to all members of the international movement. The 14th International Council also required significant communications support, not least the publication of the programme and final report.

The project to create a new UWC website and Global Intranet was subject to delays, partly due to the technical complexity of an intranet that can adequately serve the needs of the UWC movement. A Project Manager was contracted to oversee the project and by the end of 2005-2006 an important element of the online services (mail services) had been launched and the majority of technical and content issues had been addressed. The website and Global Intranet is greatly anticipated: it will be an important resource for the UWC international movement and the Directors are confident that it will facilitate new levels of connectedness across the organisation.

The Directors have noted the need to develop a coordinated public relations strategy. Hitherto, the main focus of the company's communications has been on producing resources and tools for use by entities and individuals within the UWC organisation and on internal communications – specifically encouraging a sense of association with a single, international movement. In this regard, the Directors have been pleased to note the success of a number of initiatives, including the resource packs sent to all graduating UWC students and the increased activity of the Linking Group which brings together students and staff from all the Colleges. Further such initiatives are planned and it is anticipated that the Global Intranet will also play a significant role.

The United World Colleges (International)
For the year ended 30 June 2006
Directors' Report

National Committee Development

The coordination of UWC's system of National Committees and Selection Contacts in 131 countries is a key function of the International Office. National Committees promote UWC in their countries and are responsible for the selection and preparation of students. They also raise funds to cover some scholarship costs and other costs such as travel and pocket money. A growing number are extending their scope through community service projects and their own courses and events.

Staff in the International Office work to maintain this system through its annual cycle and give support and guidance to many Committees throughout the year. Increasingly the emphasis is switching to the development of the system and capacity-building. An example of this was the support given to representatives of a small number of National Committees to attend a fundraising conference which was geared towards volunteer organisations seeking funds in an international context; the support was conditional on participants passing on their experiences and best practices within their regions and, even in the short-term, the initiative has resulted in some successful Committee fundraising activities. The Directors will seek to engage more with this development-centred approach through the formation, pending confirmation at the October 2006 Board meeting, of a National Committee Development Committee.

For the first time in 2005-2006, a detailed summary of data collected through National Committee Annual Reports to the International Board was produced. This was of great interest to the Directors and provides a data set on which to base strategies for future development of the Committee system.

Regional Meetings are an important tool for National Committee development and a successful Asia-Pacific Regional Meeting was held in June 2006 at Li Po Chun United World College of Hong Kong. Earlier in the year a Global National Committee Meeting was held immediately after the 14th International Council: this was the first such event and feedback and subsequent actions demonstrated its positive impact. One of its strengths was in bringing together Committees from different regions at similar stages of development.

In order to introduce more efficiency to the routine support and maintenance of the National Committee system, a contact management system is being introduced in the International Office. This will also partially automate the critical and complex annual process through which the offers of places and scholarships are made by the Colleges to National Committees.

Fundraising Development

The company supports fundraising across the UWC movement through the provision of communications resources to constituencies. In addition, the company has a number of fund development functions in its own right including the development and subsequent administration of funds which benefit more than one constituency or the movement as a whole. These include such funds as the Prince of Wales' International Scholarships and the Schlumberger Foundation Scholarships.

Support for the partnership with the Schlumberger Foundation remains an important activity for the National Committee development staff in the International Office. This partnership is unique in that it channels scholarship support through National Committees in designated countries where both UWC and Schlumberger are represented. It has become a useful focus for Committee development in those countries. In 2005-2006 the partnership supported five

The United World Colleges (International)
For the year ended 30 June 2006
Directors' Report

students at the Colleges and a further ten were selected for entry in 2006. The Directors are immensely grateful to the Schulmberger Foundation and to all donors who channel their scholarship and other funding through UWC (International).

The company processes some donations for constituencies of the UWC international organisation where donors prefer to give to the international organisation for onward distribution to a specified constituency. Most of these donors are small regular donors to the Colleges but there are also institutional and governmental donors; in some cases their own regulations require them to give on an international basis in the first instance.

An anonymous donor continued to support the work of the International Office with a donation of £100,000 and a further donor gave €50,000 for the same purpose. The Directors are extremely grateful to both for their generosity and in particular for recognising the importance of supporting the central office of the organisation.

Plans for Future Periods

The major challenge for the Directors in the 2006-2007 and thereafter will be the implementation of the Vision objectives; there is considerable enthusiasm for expansion but also an awareness that growth must be carefully managed to limit any adverse impact on the movement's existing constituencies. An important part of this will be to consider strategies for securing the necessary funds for achieving the objectives, as well as always seeking to exploit funding that may be available to support the Colleges and National Committees in their work.

The Directors will continue to keep under review their own structures and practices especially in relation to decision-making. As the organisation embarks on a period of development, the Board must be able to attract good quality Board members who collectively reflect the diversity of the UWC movement; consideration must also be given to the best methods of induction and training for a Board of such diversity and geographical spread.

The Board must also consider how it makes best use of and services its Presidents, Patrons and other key supporters.

It will be important to consolidate the current unity within the UWC movement by developing further initiatives to encourage a sense of identity with the UWC international organisation. The use of the new UWC website and Global Intranet will need to be fostered in order to make sure that it is playing a full role in building this identity.

A number of important communications projects are due to be completed and attention will be given to the sort of external public relations strategy that could be undertaken. There should be a continued emphasis on the development of the National Committee system supported, where appropriate, by the Board's National Committee Development Committee.

The International Office must take advantage of the benefits of its new office premises, adapting work patterns where necessary, seeking to maximise overall effectiveness and remaining open to reorganisation in line with the company's priorities.

The United World Colleges (International)
For the year ended 30 June 2006
Directors' Report

Statutory and Financial Information

Activities

The activities of the company did not change significantly during the year and all the activities reported in the financial statements are continuing activities.

Results

The financial results for the year are set out in the Statement of Financial Activities on page 15.

Total income amounted to £1,214,400 compared with £948,600 in the previous year. College contributions accounted for 38.9% of the total; grants and other donations received 48.6%; and investment and other income 12.5%. College contributions amounted to £471,800, a net increase of £107,600 compared with 2005.

Scholarship and other grants made were £221,900. Total expenditure, including grants, was £992,900 compared with £837,300 in 2005.

Total funds increased by £284,200 to £3,498,900 reflecting, as in past years generous donations for general purposes and projects, amounting to £158,800 (2005 - £183,900).

The surplus for the year on the General Fund was £87,800 after transferring £20,000 to the designated fund for the International Conference meeting due to be held in 2010.

The designated fund of £74,600 for the International Council meeting was used in the year against total meeting costs of £140,500 including staff costs and other allocated costs.

The March 2006 meeting of the International Board approved a proposal from the Executive Committee that any surplus above the level of that needed to maintain the value of the company's reserves in real terms should be allocated to a new 'vision implementation fund', and that the October meeting each year should be asked to approve such an allocation to this fund.

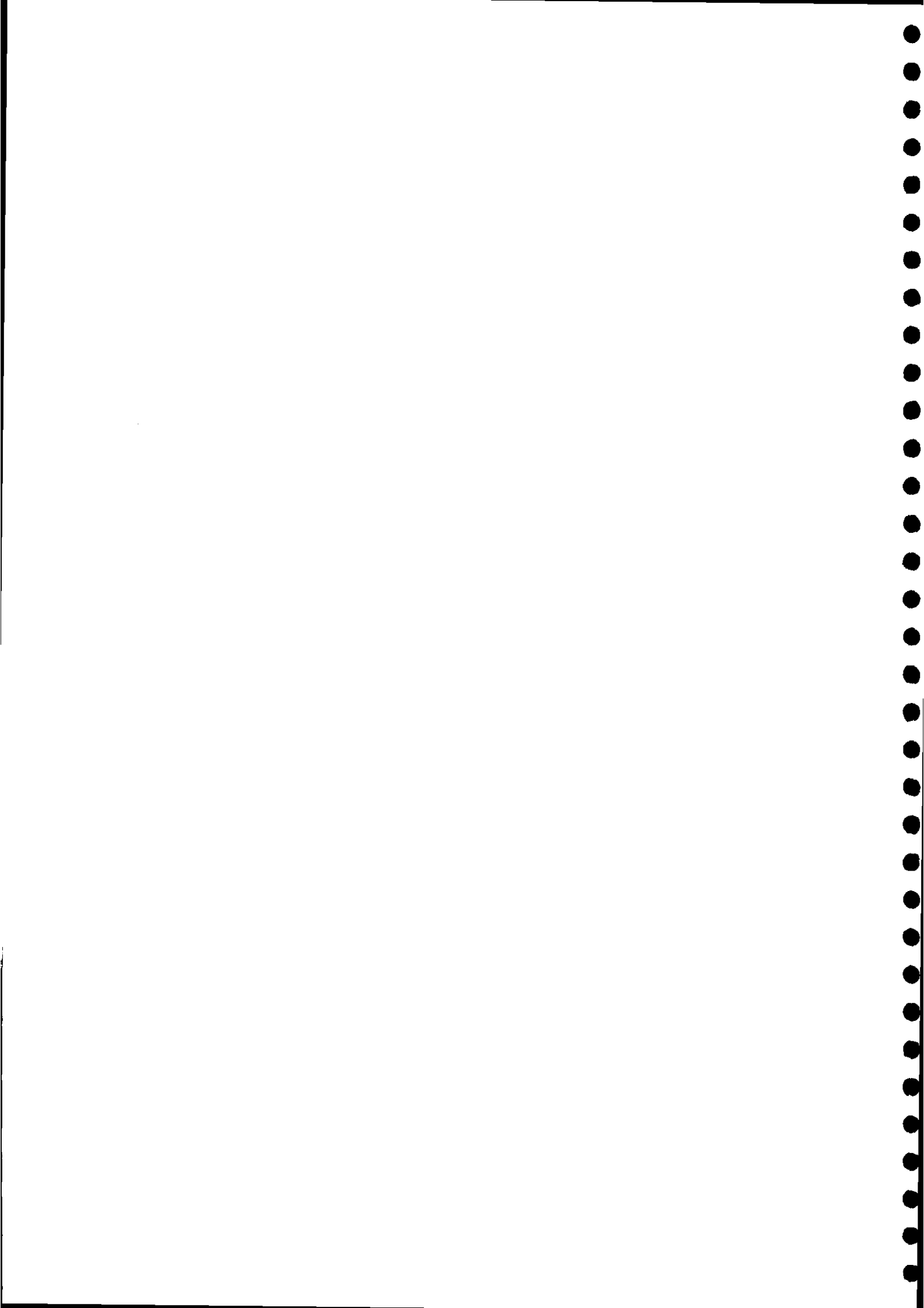
Reserves

The present policy is that the balance on the General Fund represents approximately six months' operating expenditure where operating expenditure is defined as unrestricted expenditure plus restricted expenditure other than restricted expenditure by way of grant.

The company's free reserves, which are represented by the balance on the General Fund less the net book value of the company's tangible fixed assets, stood at £573,000 (2005 - £457,200) at the year-end and this represents 8 months expenditure.

Audit Committee

An Audit Committee is established by the company's Articles of Association. The Auditors communicate with the Committee about their annual audit of the company and about any matters arising from their audit in respect of the company's financial controls and procedures.



The United World Colleges (International)
For the year ended 30 June 2006
Directors' Report

Risk management

The major risks to which the company is exposed have been identified by the Directors and are kept under regular review. A Risk Manager has been appointed to manage the mitigation of risk.

The company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with operations and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to material price risk or liquidity risk.

Management of Investments

Pursuant to the company's Memorandum of Association, management of investments, including cash deposits, is delegated to experienced investment managers on a non-discretionary basis. The delegation arrangements and investment policy are reviewed annually.

Directors' Interests

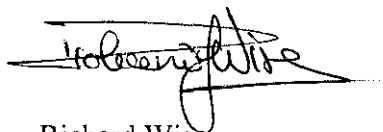
As mentioned above, Chairpersons of the governing bodies of the UWC colleges are Directors of the company *ex officio* and Chairpersons or other officers of National Committees may be elected to the Board. Accordingly, grants, donations and financial support provided by the company may be to organisations in which Directors may have an interest.

Information made available to auditors

Every Director has confirmed that so far as they are is aware, there is no relevant audit information of which the company's auditors are unaware and that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

PKF (UK) LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the annual general meeting.

On behalf of the Board



Richard Wise
Director
21 October 2006

The United World Colleges (International)
Statement of Directors' Responsibilities
for the Year Ended 30 June 2006

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- 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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE UNITED WORLD COLLEGES (INTERNATIONAL)

We have audited the financial statements of The United World Colleges (International) for the year ended 30 June 2006 which comprise the statement of financial activities, the balance sheet and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its incoming resources and resources expended, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

London, UK

Date 24 October 2006

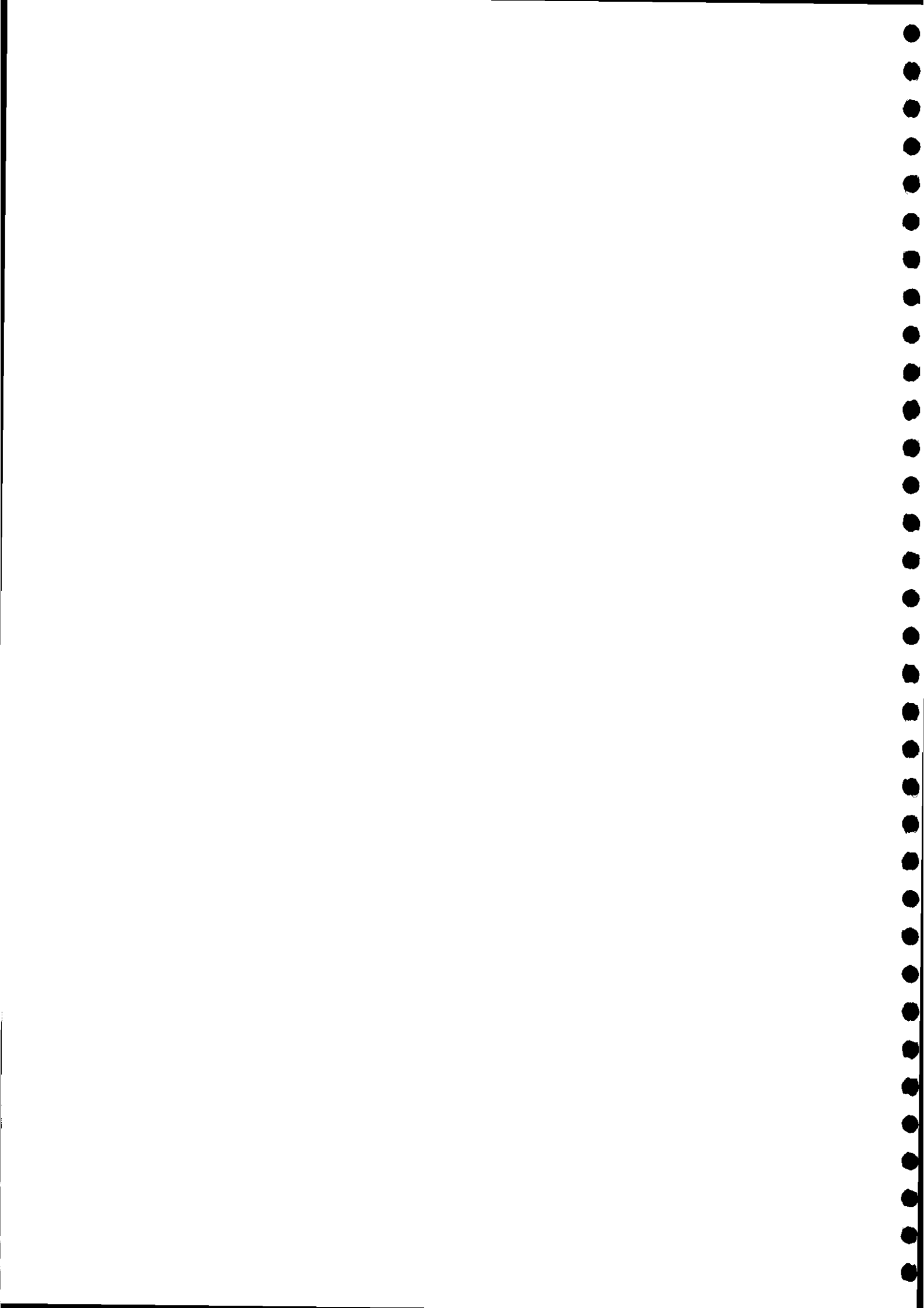

PKF (UK) LLP
Registered auditors

The United World Colleges (International)
For the year ended 30 June 2006
Statement of Financial Activities
incorporating an Income and Expenditure Account

	Note	Unrestricted Funds (£'000)	Designated Funds	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2006 (£'000)	Total 2005 (£'000)
Incoming resources:							
<i>Contributions, grants and donations</i>							
College contributions	1	471.8	-	-	-	471.8	364.2
Grants and donations	2	133.8	-	457.0	-	590.8	451.4
<i>Other incoming resources</i>							
Interest and investment income	3	111.7	-	21.1	-	132.8	129.2
International Council Meeting		-	18.2	-	-	18.2	-
Other income		0.7	-	-	-	0.7	3.8
Total incoming resources		718.0	18.2	478.1		1,214.3	948.6
Resources expended:							
<i>Costs of generating resources</i>							
Funds management	4	26.6	-	-	-	26.6	26.1
<i>Costs of activities in furtherance of the company's objects:</i>							
Grants towards scholarships and other disbursements	5	18.7	-	221.9	-	240.6	255.1
Communications and publications	6	196.3	-	-	-	196.3	231.4
International Council meeting	7	48.3	92.2	-	-	140.5	-
Services to national committees and colleges	8	139.4	-	-	-	139.4	129.8
Programme and project administration	9	62.3	-	25.5	-	87.8	110.8
Strategy and development	10	60.8	-	43.1	-	103.9	53.1
<i>Other costs</i>							
Governance	11	57.8	-	-	-	57.8	31.0
Total resources expended		610.2	92.2	290.5		992.9	837.3
Net incoming resources before transfers, unrealised gains/(losses) on investments –Net Income							
		107.8	(74.0)	187.6	-	221.4	111.3
Transfers between funds	23	(20.0)	20.0	-	-	-	-
Gains / (losses) on revaluation of investments		-	-	-	62.8	62.8	174.40
Net movement in funds		87.8	(54.0)	187.6	62.8	284.2	285.7
Total funds, beginning of year		467.2	74.0	210.7	2,462.8	3,214.7	2,929.0
Total funds, end of year	23	555.0	20.0	398.3	2,525.6	3,498.9	3,214.7

All incoming resources and resources expended derive from continuing activities.

All gains and losses recognised in the year are included in the Statement of Financial Activities.



The United World Colleges (International)
Year ended 30 June 2006
Statement of Funds (forming part of the notes to the accounts)
for the year ended 30 June 2006

	Note	At 1 July 2005 (£'000)	Incoming Resources (£'000)	Outgoing Resources (£'000)	Transfers and other movements (£'000)	At 30 June 2006 (£'000)
Unrestricted Funds						
- <i>undesignated</i>						
General Fund		467.2	718.0	(610.2)	(20.0)	555.0
- <i>designated</i>						
International Council Fund		74.0	18.2	(92.2)	20.0	20.0
Total unrestricted funds		541.2	736.2	(702.4)	-	575.0
Restricted Funds						
- <i>scholarship funds</i>						
MECT fund		-	157.3	-	-	157.3
Schlumberger Foundation Fund		-	86.6	(71.0)	-	15.6
The Prince of Wales' Int'l fund		46.7	82.0	(80.5)	-	48.2
UWCI Scholarship Income Fund		32.2	7.7	-	-	39.9
Mountbatten Income fund		27.6	6.9	(19.5)	-	15.0
Kelly Income fund		19.6	3.6	-	-	23.2
H M Queen Noor fund		14.2	0.6	-	-	14.8
Gildred Income fund		10.1	2.4	(6.0)	-	6.5
MUWCI Scholarship funds		2.6	-	-	-	2.6
		153.0	347.1	(177.0)		323.1
- <i>project funds</i>						
Norsk Hydro Projects fund		7.8	0.3	-	-	8.1
Gourlay fund		9.3	0.4	-	-	9.7
UWC Bosnia Project		21.4	69.8	(24.6)	-	66.6
IT Project fund		11.8	25.0	(25.5)	-	11.3
New College Development (Costa Rica)		-	16.6	(43.1)	-	(26.5)
		50.3	112.1	(93.2)		69.2
- <i>other restricted funds</i>						
Donations for Colleges funds		13.7	16.4	(14.0)	-	16.1
Hardship fund		(14.1)	-	(4.8)	-	(18.9)
Area of Greatest Need fund		3.5	-	-	-	3.5
Funds with balances or movements < £2,000		4.3	2.5	(1.5)	-	5.3
		7.4	18.9	(20.3)	-	6.0
Total restricted funds		210.7	478.1	(290.5)	-	398.3
Endowment Funds						
UWCI Office Endowment fund		2160.7	-	-	78.4	2,239.1
UWCI Scholarship Capital fund		104.3	-	-	(5.4)	98.9
Mountbatten Capital fund		108.5	-	-	(5.6)	102.9
Gildred Capital fund		36.8	-	-	(1.9)	34.9
Kelly Capital fund		52.5	-	-	(2.7)	49.8
Total endowment funds		2,462.8	-	-	62.8	2,525.6
Total funds	23	3,214.7	1,214.3	(992.9)	62.8	3498.9

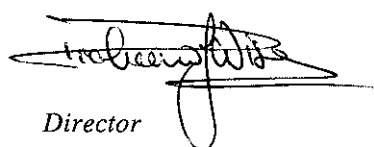
The United World Colleges (International)
Balance Sheet
at 30 June 2006

	Note	2006 (£'000)	(£'000)	2005 (£'000)	(£'000)
Fixed assets					
Tangible fixed assets	12		2.0		10.0
Investments	13		2,231.8		2,169.0
Current assets					
Debtors and prepayments	14	149.1		94.7	
Cash on deposit, at bank, and in hand	15	1,222.7		999.3	
		<u>1,371.8</u>		<u>1,094.0</u>	
Creditors: amounts falling due within one year	16	(80.2)		(44.2)	
Net current assets			<u>1,291.6</u>		<u>1,049.8</u>
Total assets less current liabilities			<u>3,525.4</u>		<u>3,228.8</u>
Provision for liabilities and charges	17		(26.5)		(14.1)
Net assets			<u>3,498.9</u>		<u>3,214.7</u>
Funds:					
Unrestricted funds			575.0		541.2
Restricted funds			398.3		210.7
Endowment funds			<u>2,525.6</u>		<u>2,462.8</u>
	23		<u>3,498.9</u>		<u>3,214.7</u>

Approved by the Directors and authorised for issue on 1 October 2006, and signed on their behalf by:



Chairman



Director

The United World Colleges (International)
For the year ended 30 June 2006
Accounting Policies

The following policies have been applied consistently in accounting for items which are considered material in relation to the financial statements:

Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Companies Act 1985, the Statement of Recommended Practice for Accounting and Reporting by Charities ("The Charities SORP 2005") and applicable accounting standards.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No.1 (Revised) ("Cash Flow Statements") to prepare a cash flow statement on the grounds that it is a small company under Sections 246 to 249 of the Companies Act 1985.

Income and expenditure account

To satisfy the requirements of Financial Reporting Standard No.3 ("Reporting Financial Performance"), an income and expenditure account has been incorporated in the Statement of Financial Activities (SOFA).

Incoming resources

All incoming resources are recognised in the SOFA. Incoming resources are recognised upon receipt or, if earlier, when the company has become legally entitled to, or can reasonably expect to, receive the income concerned, the income relates to the accounting period and the amount can be determined with reasonable accuracy.

Resources expended

All expenditure is recognised in the SOFA. Expenditure is recognised on an accruals basis and is categorised and aggregated under headings which reflect the nature of the expenditure and the activities of the company. Expenditure which cannot be attributed directly to a single heading is apportioned and allocated on a basis which reflects the use of the resources the expenditure represents. In most such instances, apportionment is by reference to head-count and employment cost.

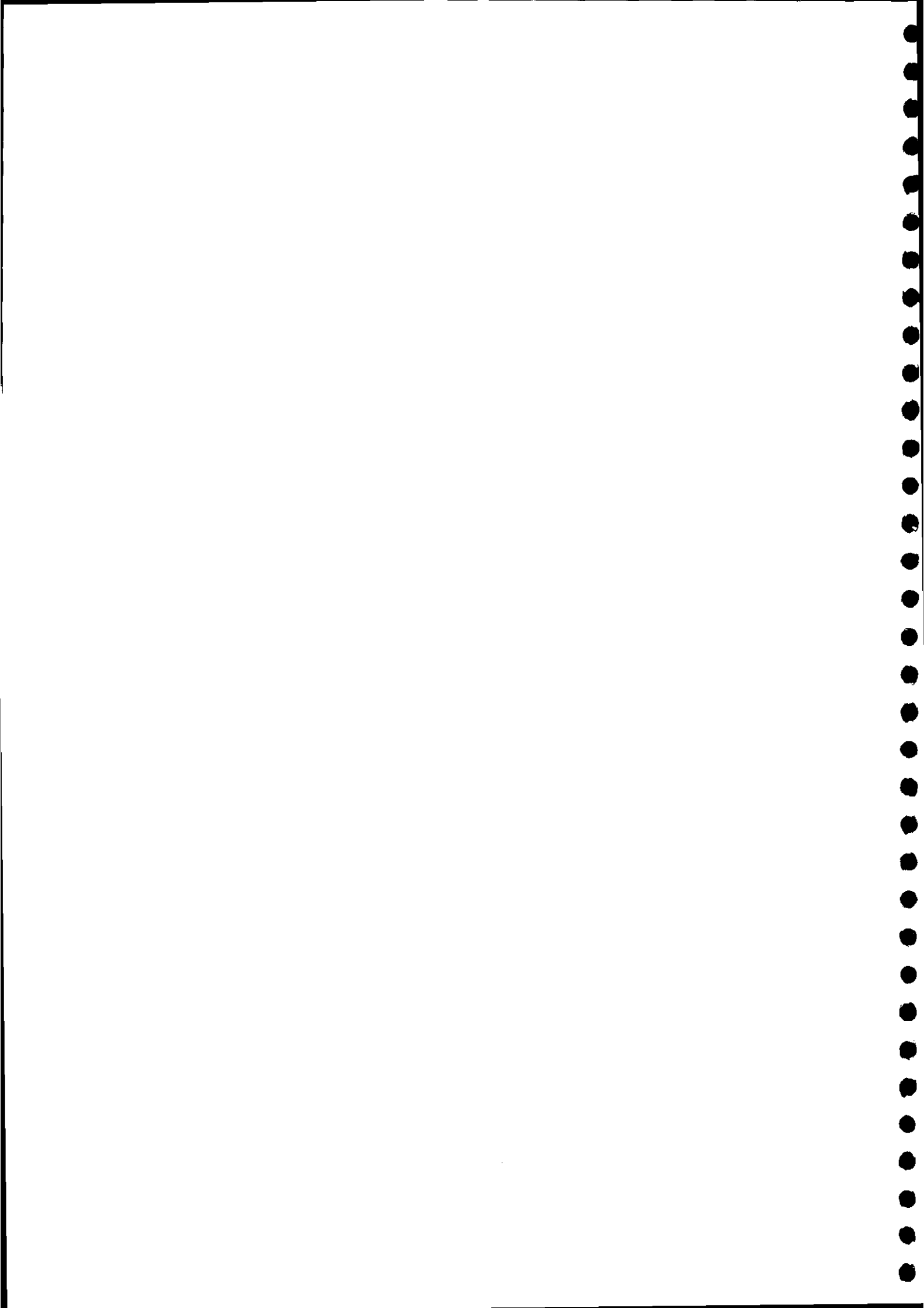
Categorisation of expenditure

Expenditure is categorised according to its nature and purpose having regard to the company's status as a charity:

- costs of generating resources
- payments in furtherance of the company's objects made voluntarily ("grants")
- costs of activities in furtherance of the company's objects ("activity costs")
- costs directly in support of the company's grant making and activities ("support costs")
- costs of governance and management and administration of the company.

Transactions in foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate prevailing at or about the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are dealt with in the SOFA.



The United World Colleges (International)
For the year ended 30 June 2006
Accounting Policies (contd).

Taxation

No provision is made for taxation as the company is a charity entitled to the exemption afforded by Section 505 of the Income and Corporation Taxes Act 1988.

Tangible fixed assets

Tangible fixed assets are stated at cost less provision for depreciation. Assets costing more than £1,000 are capitalised.

Depreciation is provided on cost in equal annual instalments over the estimated useful economic lives of the assets. The rates of depreciation are:

Office furniture and equipment	20%
Computer equipment and software	33%

Investments

Investments held as fixed assets are stated at market value at the balance sheet date.

Net gains and losses arising on revaluations and disposals are recognised in the SOFA.

Operating Leases

Operating lease rentals are charged in the SOFA on a straight line basis over the period of the lease.

Funds accounting

Funds held by the company are:

Unrestricted general funds -unrestricted general funds are funds which may be expended in the furtherance of the objects of the company at the discretion of the Directors.

Designated funds -designated funds are unrestricted general funds which have been identified by the Directors for specific purposes.

Restricted funds - restricted funds are funds subject to specific trusts and may only be used for particular purposes consistent with the trusts. Restrictions may arise, for example, when specified by a donor or when funds are being raised and a particular purpose is stated.

Endowment funds - endowment funds are restricted funds where the assets of the fund are required to be invested and only the resulting income may be expended in support of the purposes.

Further information about the aim and use of the company's funds is contained in Note 23.

The United World Colleges (International)
For the year ended 30 June 2006
Notes to the Financial Statements

1 College contributions:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2006 (£'000)	Total 2005 (£'000)
UWC of the Atlantic	85.2			85.2	82.4
UWC of South East Asia	88.0			88.0	79.1
Li Po Chun UWC of Hong Kong	61.1			61.1	57.9
Red Cross Nordic UWC	57.5			57.5	56.2
UWC of the Adriatic	43.5			43.5	44.4
Lester B. Pearson UWC of the Pacific	60.2			60.2	50.0
UWC -USA	38.4			38.4	36.8
Mahindra UWC of India	19.7			19.7	16.2
Waterford Kamhlaba UWC of Southern Africa	16.9			16.9	13.9
Simon Bolivar UWC of Agriculture	1.3			1.3	2.3
	471.8			471.8	439.2
Less:					
Waived					(21.4)
Outstanding					(53.6)
	471.8			471.8	364.2

Colleges make annual contributions calculated on bases which reflect numbers of students and other criteria. Last year one College informed the Directors that changed financial conditions had made it difficult for that College to make its annual contribution and this was taken into consideration in the accounts. The College's financial situation has improved to the extent that it was able to make its contribution due for 2005- 2006; the previous amount remains outstanding.

2 Grants and donations received:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2006 (£'000)	Total 2005 (£'000)
- <i>towards scholarships</i>					
UWC - USA Scholarships		157.4		157.4	164.6
The Prince of Wales International Scholarships		82.0		82.0	46.7
Schlumberger Foundation Fund		86.6		86.6	
Other		-		-	55.4
- <i>for other purposes</i>					
General fund	133.8			133.8	127.9
UWC Bosnia project		69.8		69.8	21.0
IT project		25.0		25.0	15.4
Costa Rica Development Fund		16.6		16.6	
Other		19.6		19.6	20.4
	133.8	457.0	-	590.8	451.4

The fund for the development of a new United World College in Costa Rica was in deficit pending the receipt of two instalments of funds, as agreed in a Memorandum of Understanding, from a partner organisation

The United World Colleges (International)
For the year ended 30 June 2006
Notes to the Financial Statements (contd)

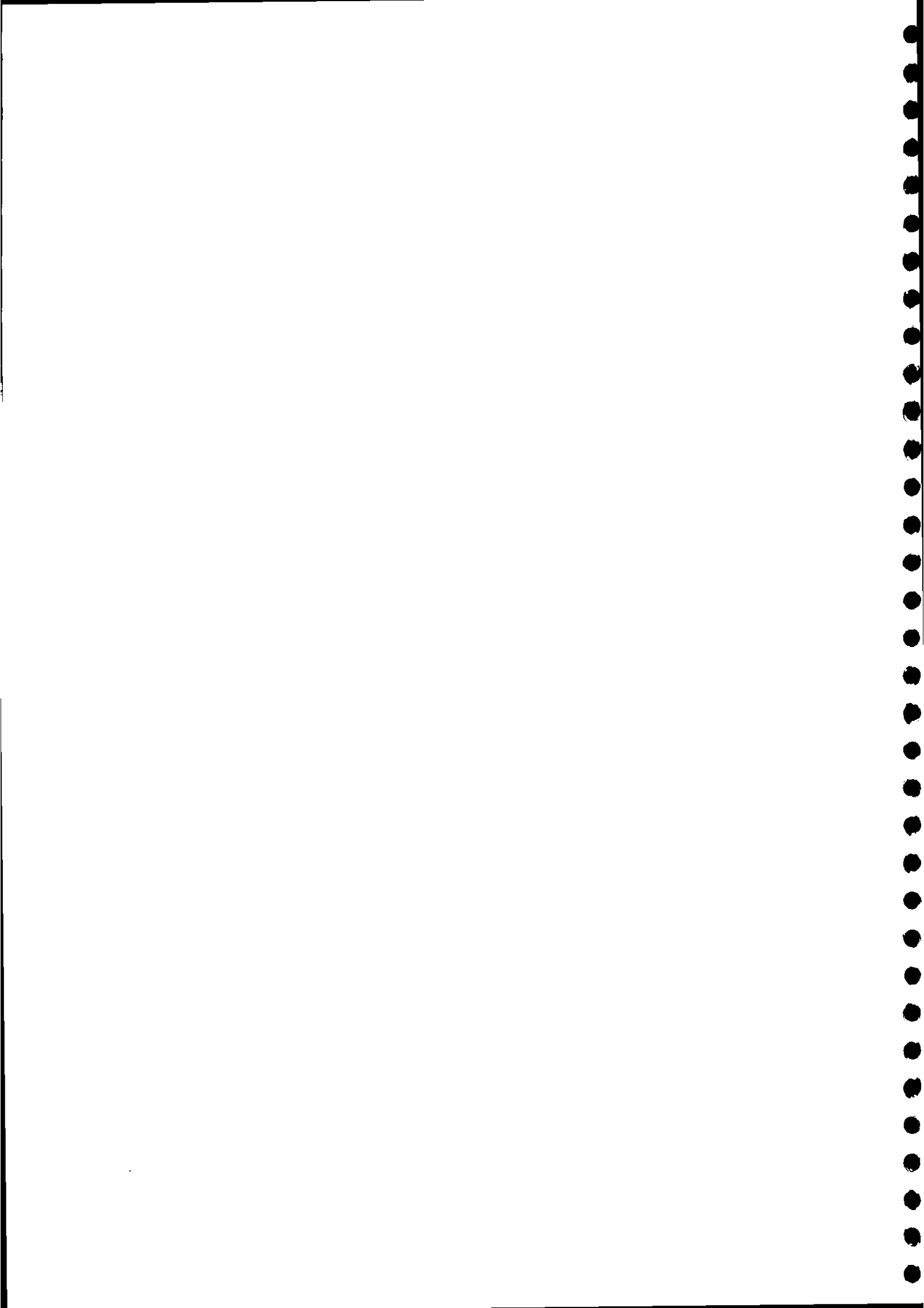
3 Interest and investment income:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2006 (£'000)	Total 2005 (£'000)
Dividends and distributions	78.1	15.6	-	93.7	92.5
Deposit fund and bank interest	33.6	5.5	-	39.1	36.7
	111.7	21.1	-	132.8	129.2

4 Funds management:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2006 (£'000)	Total 2005 (£'000)
Staff costs	18.8	-	-	18.8	17.1
Other allocated costs	7.8	-	-	7.8	7.0
Direct costs	-	-	-	-	2.0
	26.6	-	-	26.6	26.1

5 Grants and donations made:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2006 (£'000)	Total 2005 (£'000)
Scholarship grants	-	177.0	-	177.0	218.4
Donations to colleges for general purposes	-	14.0	-	14.0	7.9
Hardship grants	-	4.8	-	4.8	4.9
Bosnia Project	-	24.6	-	24.6	-
Other	-	1.5	-	1.5	1.4
Support costs					
Staff costs	10.9	-	-	10.9	13.5
Other allocated cost	7.8	-	-	7.8	9.0
	18.7	221.9	-	240.6	255.1

In accordance with the provisions of The Charities SORP, a record of the recipients of the grants and donations made by the company during the year is available for inspection at the company's offices.

6 Communications and publications:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2006 (£'000)	Total 2005 (£'000)
Staff costs	74.4	-	-	74.4	94.1
Other allocated costs	34.4	-	-	34.4	41.6
Design and production	33.8	-	-	33.8	49.2
Distribution	52.9	-	-	52.9	46.2
Other direct costs	0.8	-	-	0.8	0.3
	196.3	-	-	196.3	231.4



The United World Colleges (International)
For the year ended 30 June 2006
Notes to the Financial Statements (contd)

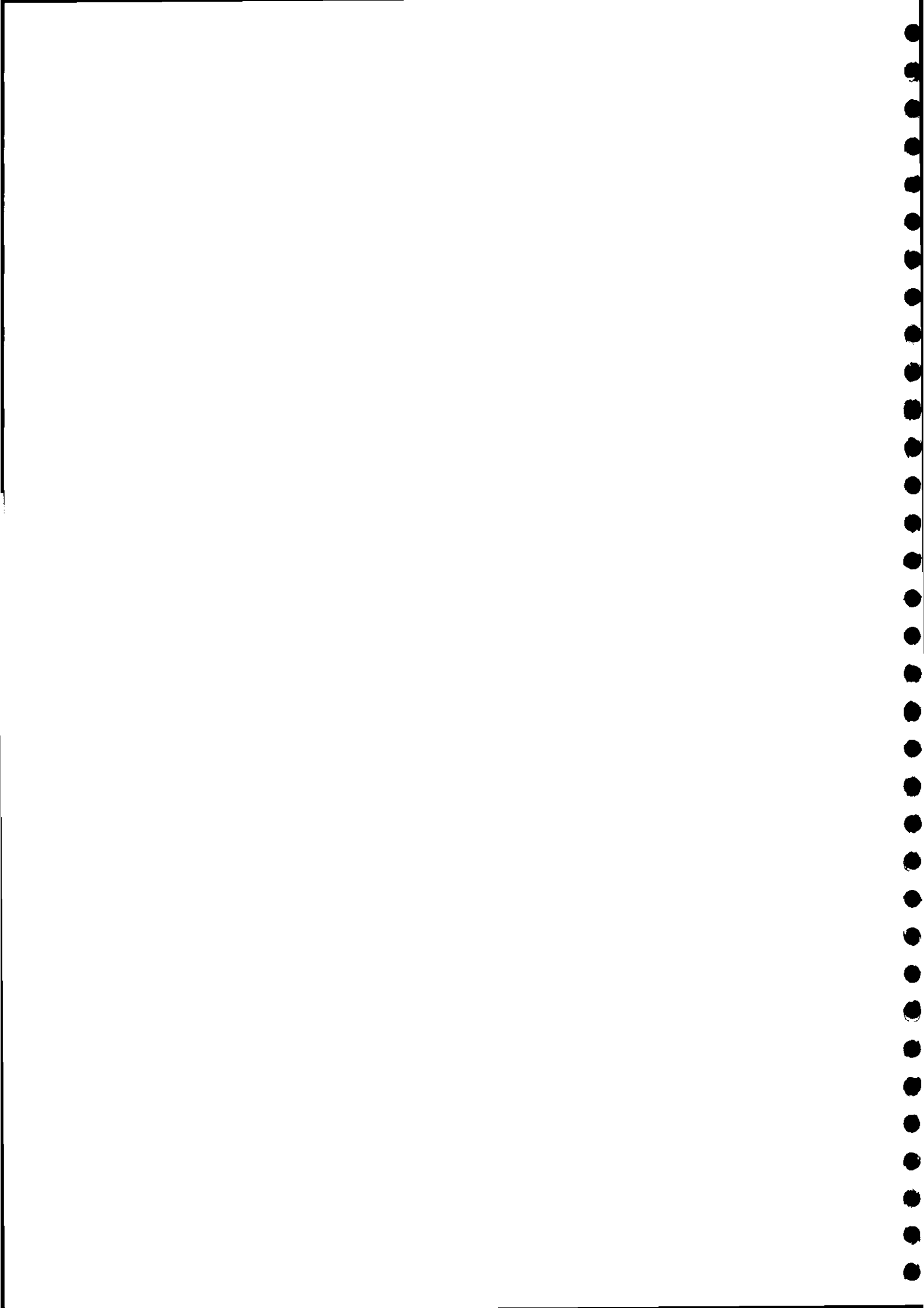
7 International Council meeting	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2006 (£'000)	Total 2005 (£'000)
Travel support	34.1	-	-	34.1	-
Publications	25.9	-	-	25.9	-
Cost of preparations	5.8	-	-	5.8	-
Costs in Singapore	41.9	-	-	41.9	-
Staff costs	23.2	-	-	23.2	-
Other allocated costs	9.6	-	-	9.6	-
	140.5	-	-	140.5	-

The International Council meeting was held in Singapore in October 2005. The above table summarises the costs of the meeting. The majority of the cost, other than staff and allocated costs, was funded from registration fee income (£18,200) and from the designated International Council Fund (£74,000).

8 Services to National Committees and Colleges:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2006 (£'000)	Total 2005 (£'000)
Staff costs	79.4	-	-	79.4	77.5
Other allocated costs	35.2	-	-	35.2	34.8
Database costs	1.3	-	-	1.3	-
Costs of meetings and travel	13.6	-	-	13.6	11.4
Regional representation	9.9	-	-	9.9	6.1
	139.4	-	-	139.4	129.8

9 Programme and project administration:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2006 (£'000)	Total 2005 (£'000)
Staff costs	41.5	-	-	41.5	45.2
Other allocated costs	20.8	-	-	20.8	21.8
IT Project	-	25.5	-	25.5	32.5
International Council Meeting	-	-	-	-	9.6
Other direct costs	-	-	-	-	1.7
	62.3	25.5	-	87.8	110.8

10 Strategy and development:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2006 (£'000)	Total 2005 (£'000)
Staff costs	27.3	-	-	27.3	35.3
Direct costs	-	43.1	-	43.1	-
Chairman's search expense	18.7	-	-	18.7	-
Other allocated costs	14.8	-	-	14.8	17.8
	60.8	43.1	-	103.9	53.1

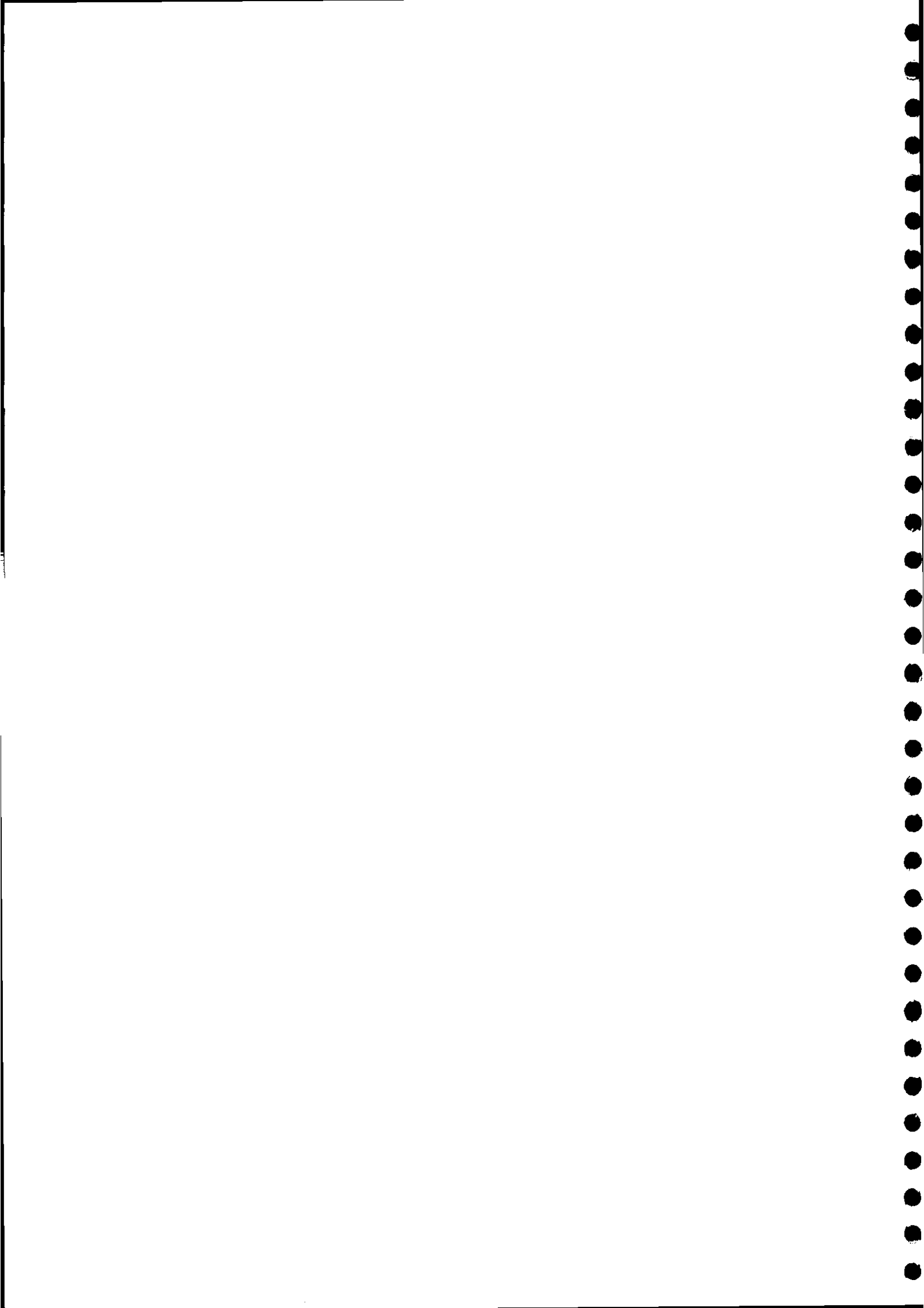


The United World Colleges (International)
For the year ended 30 June 2006
Notes to the Financial Statements (contd)

11 Governance of charity:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2006 (£'000)	Total 2005 (£'000)
Costs of Board meetings and Directors' expenses reimbursed	7.9	-	-	7.9	17.5
Chairman's search expense	10.8	-	-	10.8	-
Staff costs	17.3	-	-	17.3	-
Other direct costs	7.2	-	-	7.2	-
Audit fees and expenses	10.1	-	-	10.1	9.0
Indemnity insurance	4.5	-	-	4.5	4.5
	<u>57.8</u>	<u>-</u>	<u>-</u>	<u>57.8</u>	<u>31.0</u>

12 Tangible fixed assets:	(£'000)
<i>Cost</i>	
At 1 July 2005	41.8
Additions	-
Disposals	-
At 30 June 2006	<u>41.8</u>
<i>Accumulated depreciation</i>	
At 1 July 2005	(31.8)
Depreciation for the year	(8.0)
Depreciation on disposals	-
At 30 June 2006	<u>39.8</u>
<i>Net book value</i>	
At 30 June 2006	<u>2.0</u>
At 30 June 2005	<u>10.0</u>

Fixed assets comprise computer software and equipment and office furniture and equipment.



The United World Colleges (International)
For the year ended 30 June 2006
Notes to the Financial Statements (contd)

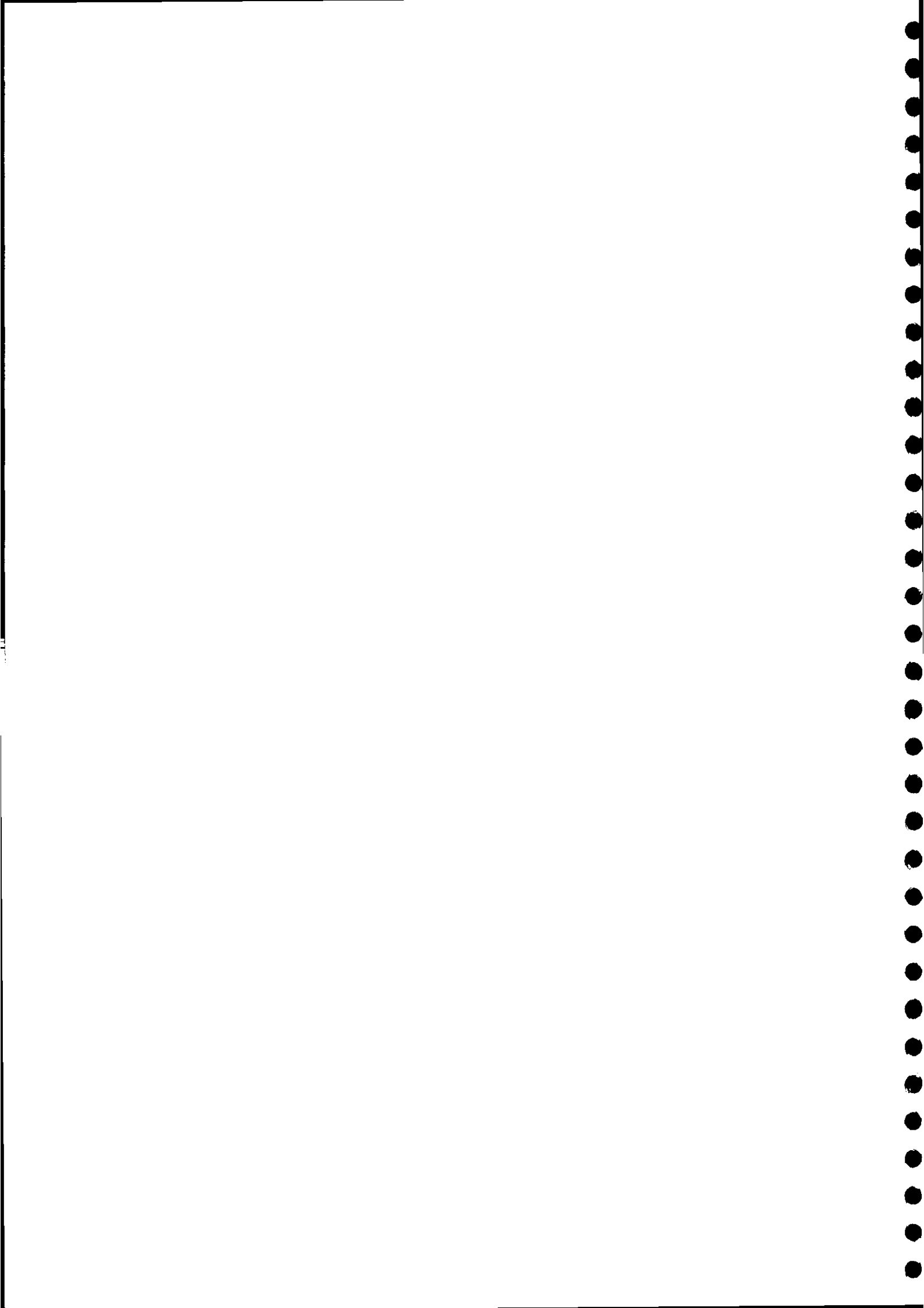
13 Investments:	(£'000)
<i>Cost</i>	
At 1 July 2005	1,742.9
Additions	-
Disposals	-
At 30 June 2006	<u>1,742.9</u>
 <i>Unrealised gains / (losses)</i>	
At 1 July 2005	426.1
Increase / (decrease) during the year	62.8
At 30 June 2006	<u>488.9</u>
 <i>Market value</i>	
At 30 June 2006	<u>2,231.8</u>
At 30 June 2005	<u>2,169.0</u>

Investments comprise units in Charinco Common Investment Fund and Charishare Common Investment Fund, both of which are investment funds for UK registered charities managed by Merrill Lynch Investment Managers Limited. At 30 June 2006 the company held 643,136 Charinco units and 238,970 Charishare units. The units were allocated to funds as follows:

	Holdings (fund units)		Value (£'000)
	Charinco	Charishare	
UWCI Office Endowment Fund	487,151	238,970	1,945.3
Mountbatten Capital Fund	56,038		102.9
UWCI Scholarship Capital Fund	53,828		98.9
Kelly Capital Fund	27,125		49.8
Gildred Capital Fund	18,994		34.9
	643,136	238,970	2,231.8

14 Debtors and prepayments:	2006 (£'000)	2005 (£'000)
Due from colleges	39.1	33.4
Donation in transit	70.9	27.9
Prepayments	14.8	17.2
Rental and other deposits	12.2	12.5
Other debtors	12.1	3.7
	<u>149.1</u>	<u>94.7</u>

In the case of three Colleges, annual contribution payments are settled after the year end from income collected on behalf of those Colleges by the company.



The United World Colleges (International)
For the year ended 30 June 2006
Notes to the Financial Statements (contd)

15	Cash on deposit, at bank and in hand:	2006	2005
		(£'000)	(£'000)
	Charities deposit fund	841.3	711.1
	Interest bearing accounts at banks	379.7	286.5
	Travellers cheques and cash on hand	1.7	1.7
		<u>1,222.7</u>	<u>999.3</u>

16	Creditors:	2006	2005
		(£'000)	(£'000)
	Trade and other creditors	65.7	25.8
	Accrued expenditure	14.5	18.4
		<u>80.2</u>	<u>44.2</u>

17	Provision for liabilities and charges:	2006	2005
		(£'000)	(£'000)
	Lease repairing obligations	26.5	14.1

A sum of £26,500 is provided in connection with tenant's repairing obligations under the lease of the company's premises, which ended in July 2006.

18 Indemnity insurance:

The company has purchased indemnity insurance on behalf of the Directors at a cost of £4,462. (2005 - £4,462).

19 Information about Directors and Employees:

Directors

Directors do not receive remuneration but they are entitled to reimbursement of expenses incurred in running the company. During the year four Directors received reimbursement of expenses amounting to £3,775 (2005 – five Directors and £6,058).

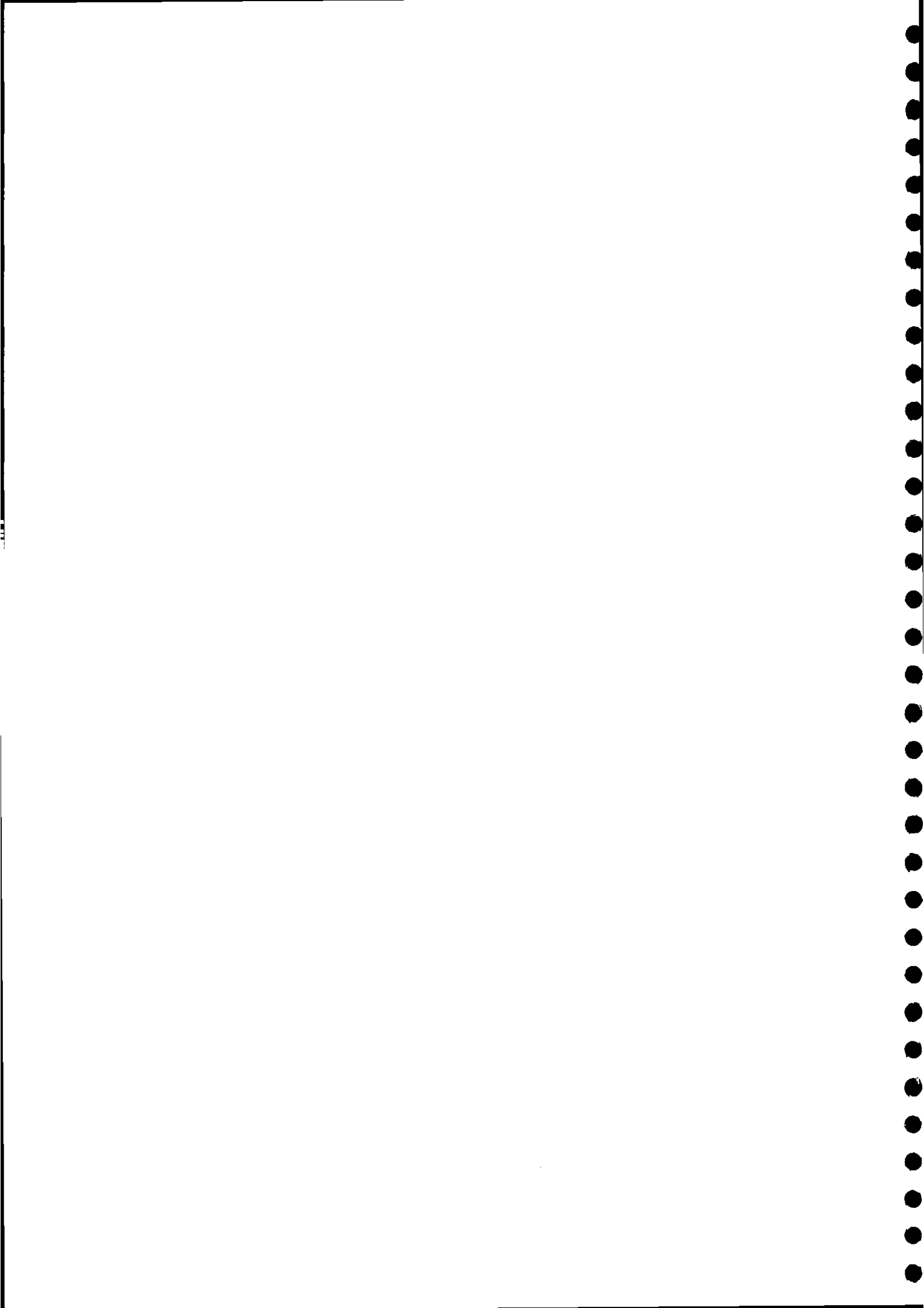
Employees

The average number of persons employed by the company during the year was:

2006	2005
8	8

The number of employees earning in excess of £60,000 during the year was:

1	1
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The United World Colleges (International)
For the year ended 30 June 2006
Notes to the Financial Statements (contd)

20 Information about Directors and Employees contd:

<i>Employees contd.</i>	2006 (£'000)	2005 (£'000)
Aggregate payroll costs were as follows:		
- salaries	261.7	248.7
- social security costs	22.7	27.0
- pension contributions	6.8	5.8
	291.2	281.5

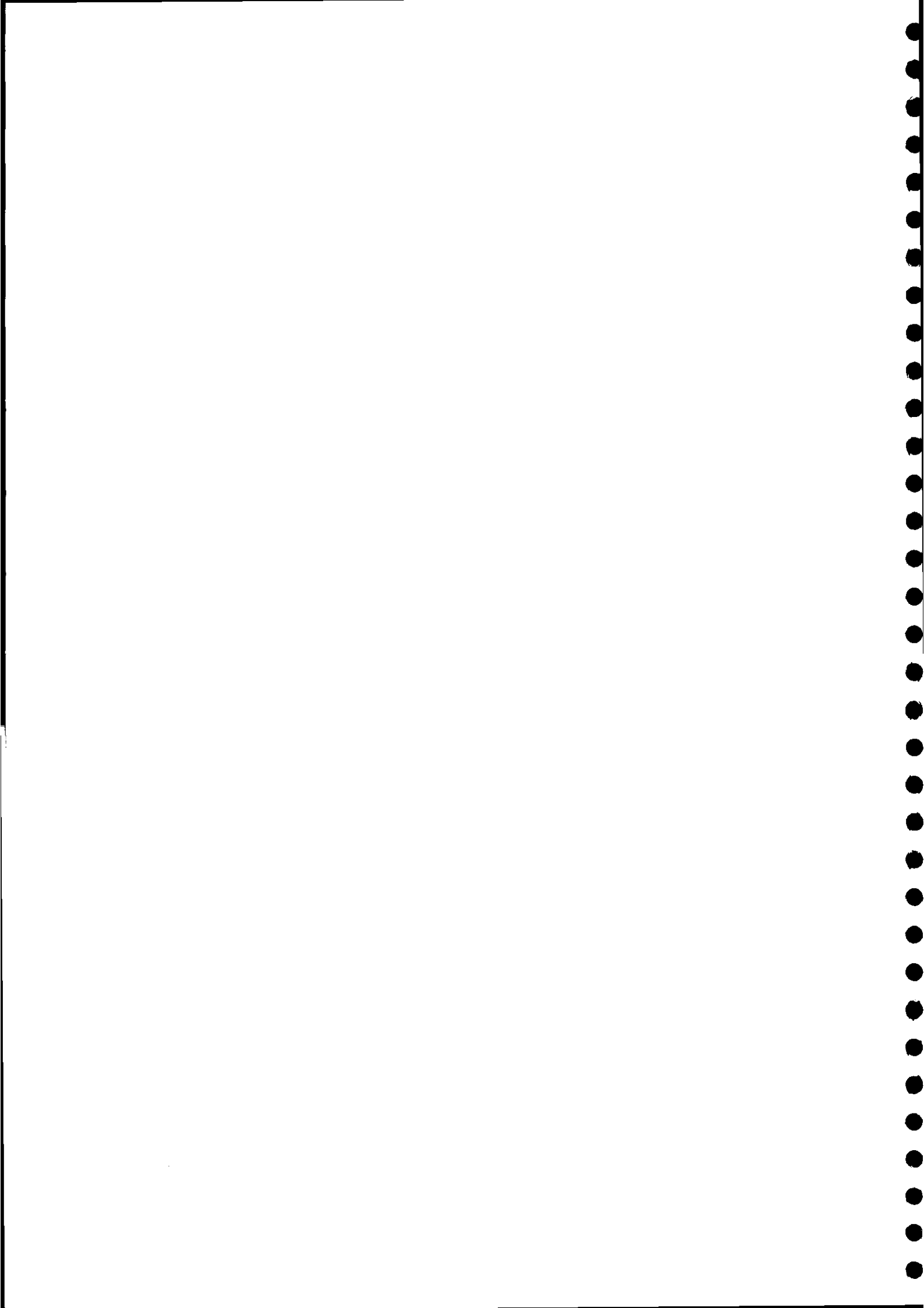
Employees may join a defined contribution pension scheme which the company has sponsored. The cost of contributions by the company to the scheme during the year is shown above. The employee earning in excess of £60,000 received pension contributions of £2,100 during the year (2005 - £1,750).

21 Movement in total funds:	2006 (£'000)	2005 (£'000)
The movement in total funds for the year is stated after charging:		
- operating lease rentals of land and buildings	60.1	61.0
- depreciation	8.0	8.0
- operating lease rentals of equipment	2.3	7.6
- auditors' remuneration	9.5	8.2

22	Lease commitments:	2006		2005	
		Land and Buildings (£'000)	Other (£'000)	Land and Buildings (£'000)	Other (£'000)
	Annual commitments under non-cancellable operating leases are:				
	- leases expiring within one year	-	6.7	-	-
	- leases expiring in the second to fifth years, inclusive	32.2	-	60.8	7.1
	- leases with more than five years unexpired	-	-	-	-
		32.2	6.7	60.8	7.1

23 Information about funds:

<i>Analysis of net assets by fund category:</i>	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total (£'000)
Funds at 30 June, 2006	575.0	398.3	2,525.6	3,498.9
Represented by:				
Tangible fixed assets	2.0			2.0
Investment fixed assets	-	-	2,231.8	2,231.8
Net current assets and provisions	573.0	398.3	293.8	1,265.1
	575.0	398.3	2,525.6	3,498.9



The United World Colleges (International)
for the year ended 30 June 2006
Notes to the Financial Statements (contd)

23 Information about funds contd.:

Unrestricted Funds

Unrestricted funds may be applied at the discretion of the Directors in furtherance of the objects of the company.

The General Fund is available to finance the day to day operations of the company.

At present there is one designated fund for the purpose of funding the quinquennial International Council meeting which holds monies transferred from the General Fund at the approximate rate of £20,000 each year. The next International Council meeting is due to be held in 2010.

Restricted Funds

Restricted funds are subject to trusts and may be used only for purposes consistent with those trusts. Restricted funds are classified in the Statement of Funds according to their principal purposes.

The scholarship funds hold monies to be disbursed to colleges as scholarship awards. In the case of the scholarship income funds, the monies held are the investment earnings on the capital of the related scholarship endowment funds. All the other scholarship funds hold donated monies. The principal such funds are MECT Fund, The Prince of Wales' International Scholarships Fund, The Schlumberger Foundation Fund.

Project funds hold donated monies towards the costs of projects. The Norsk Hydro Projects Fund holds monies to finance costs related to the development of National Committees and the company's support capabilities. The Gourlay Fund is available to meet emergency needs of National Committees and UWC graduates. The IT Project Fund and UWC Bosnia Fund hold donations received to assist with the development of more advanced IT communications facilities available throughout the movement and with the UWC Bosnia project, respectively.

Endowment Funds

The company owns, and is the beneficiary of, the UWC Office Endowment Fund. The capital of the fund may not be expended. The investment earnings on the capital are transferred to the General Fund and are utilised to finance day to day operations. The company's other endowment funds are the scholarship endowment funds. The capital may not be used and the investment earnings are credited to the related scholarship income funds, as mentioned above.

Funds in deficit

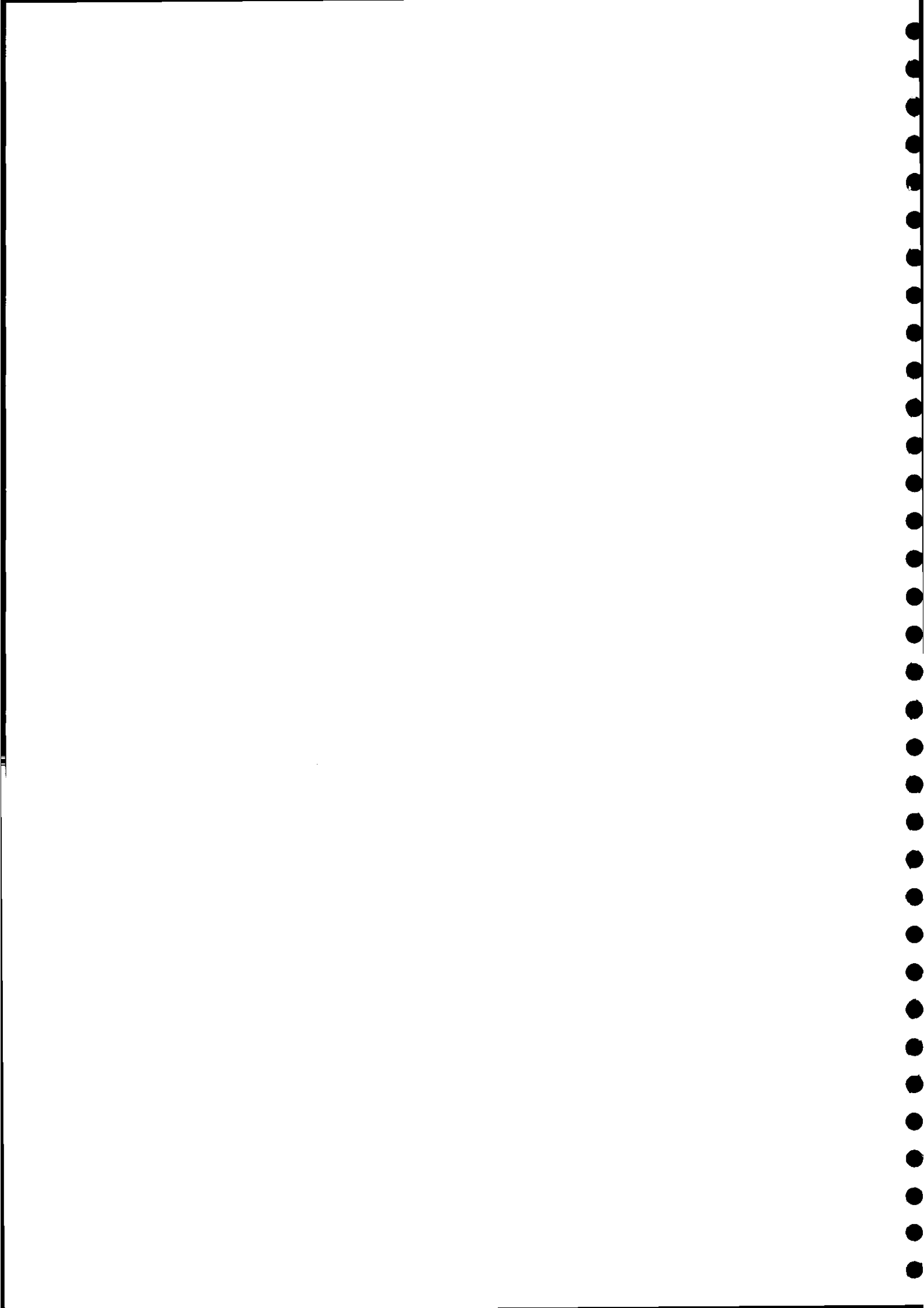
The Hardship Fund, a restricted fund, was in deficit to the extent of £18,900 at the year-end (2005 - £14,076). The fund is expected to continue to attract donations from time to time and the deficit is not considered to be significant. The fund for the development of a new United World College in Costa Rica was in deficit pending the receipt of two instalments of funds, as agreed in a Memorandum of Understanding, from a partner organisation.

Transfers between funds

As noted above approximately £20,000 is transferred annually to the International Council Fund for the purpose of funding the quinquennial International Council meeting which is due to be held in 2010.

Dormant funds

Funds on which no movement has occurred for a period of one year or longer are reviewed to determine whether or not they could have become dormant. There were no funds classified dormant at the year-end.



The United World Colleges (International)
For the year ended 30 June 2006
Notes to the Financial Statements (contd)

24 Information about allocated costs:	2006	2005
	(£'000)	(£'000)
<i>allocated costs</i>		
Payroll and other staff costs	292.8	282.7
Other costs		
rent	50.1	50.1
other premises costs	39.0	21.9
computer and equipment costs	19.0	23.0
telephone, post and other communication costs	12.1	13.4
travel and subsistence	8.6	6.1
Recruitment costs	5.8	8.2
(gains)/losses on exchange	3.0	(3.6)
Other management and Administration		12.7
	430.4	414.7

	Staff costs	Other costs	Total 2006	Total 2005
	(£'000)	(£'000)	(£'000)	(£'000)
<i>allocation</i>				
Funds management	18.8	7.8	26.6	24.1
Grants and Donations	10.9	7.8	18.7	22.5
Communications and publications	74.4	34.4	108.8	135.7
Services to national committees and colleges	79.4	35.2	114.6	112.3
International Council meeting	23.2	9.6	32.8	-
Programme and project administration	41.5	20.8	62.3	67.0
Strategy and development	27.3	14.8	42.1	53.1
Governance	17.3	7.2	24.5	-
	292.8	137.6	430.4	414.7

25 Business names:

The company carries on business in its own name and other names which include "UWC International Office", "UWCIO", and "UWCI". None of the names is registered whether in the United Kingdom or elsewhere.

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