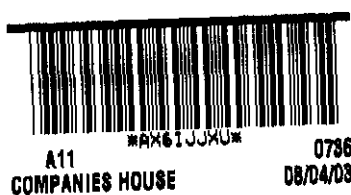


**The United World Colleges
(International)**

a company limited by guarantee

Annual Report and Accounts
for the year ended 30 June 2002



UK Company no. 908758

UK Registered Charity no. 313690

Registered Office: Lynton House, Tavistock Square, London WC1 9LT

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The United World Colleges (International) Presidents, Patrons and Directors

President of the United World Colleges

Her Majesty Queen Noor of the
Hashemite Kingdom of Jordan

Honorary President

Nelson Mandela

International Patron

Dr Thor Heyerdahl (died April 2002)

Lord Richard Attenborough

Chairman

Dr Christian H Hodeige Germany

Directors

Prof Derek Blackman	UK	from 9 October 2001
Mr Ghaleb Cachalia	South Africa	
Hon Greg Crafter	Australia	
Mr James Coutts	Canada	
Mr Arnaud Diemont	Netherlands	
Mr John Kirkham	Singapore	
Mrs Maria Isabel Leon Gomez	Colombia	from 9 October 2001
Mr Kwok-Leung Li	China	
Mr Yuet-Ting Li	UK	
Dr Leopoldo Lopez Gil	Venezuela	
Mr Keshub Mahindra	India	
Hon Ina Marciulionyte	Lithuania	from 15 July 2001
Mr Joseph Malope Matome	Botswana	
Mr Masao Morita	Japan	
Ms Claire Wanjiru Mwangi	Kenya	from 9 October 2001
Mr Lu Pat Ng	UK	
Mr Jorma Jaakko Ollila	Finland	until 31 December 2001
Dr Margaret Musimbi Ondeko	Kenya	
Lic Miriam Orellana Pena	Bolivia	
Ms Julie Payette	Canada	
Mr Mark Michael Reinecke	Germany	
Mr Bjorn Ronneberg	Norway	
Mr Scott M Spangler	USA	until 31 December 2001
Mr James Taylor	USA	
Mr Clark Thom	Swaziland	
Mr Vitthya Vejjajiva	Thailand	until 31 December 2001
Dr Bruce Walker	Canada	
Ms Tammy Margaret Wan	USA	
Hon W Galen Weston	Canada	
Dr Abiodun Williams	USA	
Mr Richard Wise	UK	
Dott Michele Zanetti	Italy	

The United World Colleges (International)
Management, Officers and Advisers

Director General
Elaine Hesse Steel

Deputy Director General
Keith Clark

Company Secretary
Elaine Hesse Steel

Auditors
KPMG LLP
8 Salisbury Square
London EC4Y 8BB

Solicitors
Allen & Overy
Sinclair, Taylor & Martin

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) Chairman's Statement

I am pleased to introduce the Annual Report and Accounts of The United World Colleges (International) for the year ending 30 June 2002.

This was another successful year for the United World Colleges international movement. More than 1,000 new students were selected through the system of UWC National Committees and Selection Contacts for entry into the United World Colleges, and a similar number graduated from the Colleges equipped for the next stage of their lives. These graduates are the test of the organisation's success – will they be prepared to use their UWC experience throughout their lives to make a difference in whatever they find themselves doing? The evidence of the 26,000 who have preceded them is that they will. However, the movement is not complacent and in the Colleges, National Committees and the International Board of Directors there is a constant quest to ensure the relevance and appropriateness of what we are doing.

There is currently a great energy in the UWC International Board of Directors, but the enthusiasm for progress has been tempered by an appreciation that further infrastructural work has been necessary in order to make progress. We have spent time this year addressing the question of the relationships between the International Board and the constituencies of the UWC international movement. The result is a Governance Document, adopted in March 2002, which, for the very first time, sets down the role of the Board in relation to the constituencies. I consider this to be a major step forward.

Perhaps encouraged by this progress, the International Board has also engaged in some wide-ranging thinking about the future development of the movement. I am grateful to my Board colleagues both for their commitment and for entering into these discussions with such breadth of thinking. We held our March 2002 Board Meeting at Simón Bolívar UWC of Agriculture where we were convinced of the relevance of the vocational model. The Board's thinking is now characterised by a view that we should not necessarily be restricted to existing models of College and that further diversification may well be desirable, so long as UWC's core principles remain. These are exciting times.

Dr Christian H Hodeige
Chairman

The United World Colleges (International) Directors' Report

The Directors of The United World Colleges (International) present their statutory report for the year ended 30 June 2002. The Directors, who are the members of the company and charity trustees, also 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.

Objects, Activities and Policies

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:

Through international education, experience and community service, United World Colleges enable young people to become responsible citizens, politically and environmentally aware, and committed to the ideals of peace and justice, understanding and cooperation, and the implementation of these ideals through action and personal example.

The international movement seeks to achieve these objectives through the 10 UWC colleges and UWC National Committees, currently in 115 countries. There is also an individual membership which includes 27,000 UWC Graduates.

The company's activities are funded in part through contributions from the colleges and in part through investment income and donations. The Directors have delegated day-to-day management to the Director General based at the company's office ('the UWC International Office') in London.

Governance within the UWC International Movement

During the year the Directors drew up a Governance Document as a supplement to the company's Memorandum & Articles of Association and to define the role of the international movement and the relationships between the Board and the constituent parts, including, for example, affiliation and disaffiliation.

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.

External Recognition

The UWC movement, through the company, has been accepted as an NGO in Special Consultative Status with the Economic and Social Council of the United Nations. This status will provide UWC with access to the UN and its Agencies. UWC already has the status of an NGO in Operational Relations with UNESCO.

The United World Colleges (International) **Directors' Report *contd.***

Communications

Considerable time has been spent completing a review of the UWC visual identity following initial work at the UWC of South East Asia. Guidelines and support materials have been produced so that the identity can be adopted uniformly across the movement.

The company is in the process of entering into agreements to formalise the rights to use the UWC name and visual identity. International Trademark Registration is also to be undertaken.

Three editions of *United World* magazine, the main communications tool of the movement, were published along with three editions of the internal *UWC Bulletin*, the *UWC International Organisation Directory* and a volume summarising National Committee Annual Reports.

Completely new content has been written for the UWC website and a new site design for this content is progressing.

National Committee Support

The coordination of National Committees and Selection Contacts is an important area. 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. It is interesting that a growing number are extending their scope through community service projects or their own courses and events.

During the year the Directors recognised new National Committees in Bosnia-Herzegovina, Burkina Faso, Great Britain and Niger, bringing the number worldwide to one hundred and fifteen.

Regional meetings are important for the training and development of National Committees. During the year meetings were held at Waterford Kamhlaba UWC for the Africa Region and at Simón Bolívar UWC for Latin America.

Short Courses

UWC Short Courses extend UWC opportunities to a greater number of young people than can attend the colleges. Short Courses were held in Cyprus and Montenegro.

Fundraising Development

The company supports fundraising development across the 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 and the movement as a whole.

The Directors welcomed the renewal of the Starr Foundation's support for scholarships with a commitment of US\$ 500,000 over four years. Another success during the year was

The United World Colleges (International) **Directors' Report *contd.***

Fundraising Development contd.

cooperation with the UWC Norwegian Development Foundation leading to an agreement with the Norwegian company Norsk Hydro. The agreement, which makes UWC a Corporate Social Responsibility partner, benefits a number of parts of the UWC movement and includes some funding for infrastructural and National Committee development at an international level.

Academic Affairs

While the academic affairs of UWC colleges are the responsibility of college governing bodies the company has instigated a College Self-Evaluation system for the colleges. This process was undertaken at the UWC of South East Asia during the year.

Information Technology

The Information Technology Task Force continues to lead the volunteer effort to construct a Global Directory for the UWC international movement and develop related IT services. Progress was made on a number of fronts during the year, including the hosting of the UWC servers in San Francisco on a *pro bono* basis.

Statutory and Financial Information

Directors

The names of the Directors who served during the year and in office at the date of this report are listed on page 2. There are currently thirty Directors and there may be up to forty. The Chairpersons of the governing bodies of the ten UWC colleges are appointed to the Board *ex officio* and the remaining Directors are elected having been recommended by the Board's Nominating Committee. Of the elected members, ten or more must have experience of National Committees and ten or more must be UWC graduates.

Results

The results for the year are set out in the Statement of Financial Activities on page 11. After taking investment income into account and making a transfer of £20,000 to the International Council Meeting Fund, the surplus on the General Fund amounted to £42,200 compared with £159,900 in the previous year. Total funds fell by £99,300 to £2,768,500, largely as a consequence of unrealised revaluation losses on investments at the year-end. Revaluation losses amounted to £107,800.

Unrestricted income totalled £507,600 and college contributions accounted for 82% of this. Total income amounted to £1,042,600 comprising: grants and donations received 47%; college contributions 40%; and investment and other income 13%.

Grants made amounted to £465,300, an increase of £67,900 over the previous year. The increase reflected the disbursement of the Simon Bolivar UWC Emergency Reserve during the year.

Total outgoings increased by £238,700 to £1,032,400. In addition to the increase in grants made, there were increases in rent at the company's office and an increase in employment

The United World Colleges (International) **Directors' Report *contd.***

Results *contd.*

costs. Premises costs increased by £30,900 because of a new lease and employment costs by £64,200. The increase in employment costs reflected staffing at the planned level throughout most of the year in contrast to the previous year. Use of temporary staff reduced considerably and temporary staff and staff recruitment costs fell by £31,600.

Reserves

The company's reserves are represented by the balance on the General Fund. At the year-end the balance stood at £368,600 (2001 - £326,400). The Directors consider that reserves of this level are adequate for the company's foreseeable needs and are not excessive.

Audit Committee

An Audit Committee is established by the company's Articles of Association. The Committee meets with the Auditors annually to receive a report on the company's financial position and its financial controls and procedures.

Risk Assessment

During the year the Directors adopted a report which identified and reviewed the risks to which the company is exposed and made recommendations regarding risk mitigation. The Directors are satisfied that there are procedures in place within the company to manage the mitigation of risk and to keep them informed regularly. A member of staff has been appointed Risk Manager.

Directors' Interests

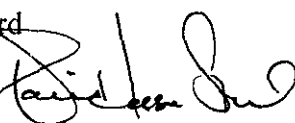
As mentioned above, Chairpersons of the governing bodies of the UWC colleges are Directors of the company *ex officio* and Chairpersons or other officers of National Committees may be elected to the Board. Accordingly, grants, donations and financial support provided by the company may be to organisations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

Auditors

KPMG were re-appointed Auditors at the Annual General Meeting in 2001. However the business of KPMG has since been transferred to a limited liability partnership, KPMG LLP, and KPMG have resigned the appointment. KPMG having resigned, the Directors have appointed KPMG LLP to fill the vacancy.

KPMG LLP will serve until the forthcoming Annual General Meeting when a resolution for their re-appointment will be proposed.

By Order of the Board
Elaine Hesse Steel
Company Secretary
15th September 2002



The United World Colleges (International)
Statement of Directors' responsibilities
in relation to the Financial Statements

Law applicable to charities in England and Wales 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 excess of income over expenditure 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 required to keep 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 applicable law. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



PO Box 695
8 Salisbury Square
London EC4Y 8BB
United Kingdom

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

We have audited the financial statements on pages 11 to 25.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 9, 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 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the charitable 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 charitable 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 affairs of the charitable company as at 30 June 2002 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'KPMG LLP', written over a horizontal line.

KPMG LLP
Chartered Accountants
Registered Auditors

19 December 2002

The United World Colleges (International)
Statement of Financial Activities
incorporating an Income and Expenditure Account
for the year ended 30 June 2002

	Note	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2002 (£'000)	Total 2001 (£'000)
Incoming resources:						
<i>Contributions, grants and donations</i>						
College contributions	1.	417.5			417.5	397.7
Grants and donations	2.	76.2	418.6		494.8	545.6
<i>Other incoming resources</i>						
Interest and investment income	3.	12.4	4.5	103.8	120.7	128.2
Other income	4.	1.5	8.1		9.6	24.3
Total incoming resources		507.6	431.2	103.8	1,042.6	1,095.8
Resources expended:						
<i>Costs of generating resources</i>						
Funds management	5.	20.0			20.0	16.1
<i>Direct charitable expenditure</i>						
Grants towards scholarships and other disbursements	6.		465.3		465.3	397.4
<i>Costs of activities in furtherance of the company's objects</i>						
Communications and publications	7.	179.6			179.6	106.0
Services to national committees and colleges	8.	115.8			115.8	82.0
Programme and project administration	9.	30.3	30.1		60.4	29.9
<i>Other costs</i>						
Support costs, management and administration	10.	191.3			191.3	162.3
Total resources expended		537.0	495.4	0.0	1,032.4	793.7
Net incoming / (outgoing) resources before transfers, unrealised gains and (losses) and movements on capital funds –						
Net Income		(29.4)	(64.2)	103.8	10.2	302.1
Transfers between funds		91.6	12.2	(103.8)	0.0	0.0
Gains / (losses) on revaluation of investments				(107.8)	(107.8)	(83.1)
Other gains / (losses) recognised			(1.7)		(1.7)	(5.9)
Net movement in funds		62.2	(53.7)	(107.8)	(99.3)	213.1
Total funds, beginning of year		326.4	156.4	2,385.0	2,867.8	2,654.7
Total funds, end of year	21.	388.6	102.7	2,277.2	2,768.5	2,867.8

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 Notes on pages 14 to 25 form part of these financial statements.

The United World Colleges (International)
Statement of Funds
for the year ended 30 June 2002

	Note	At 1 July 2001 (£'000)	Incoming Resources (£'000)	Outgoing Resources (£'000)	Transfers and other movements (£'000)	At 30 June 2002 (£'000)
<i>Unrestricted Funds</i>						
- <i>undesignated</i>						
General Fund		326.4	507.6	(537.0)	71.6	368.6
- <i>designated</i>						
International Council Fund		0.0			20.0	20.0
Total unrestricted funds		326.4	507.6	(537.0)	91.6	388.6
<i>Restricted Funds</i>						
- <i>scholarship funds</i>						
MECT fund		0.0	171.5	(171.5)		0.0
The Prince of Wales Int'l fund		2.7	101.2	(102.2)	(1.7)	0.0
Sarr Foundation fund		1.4	71.1	(71.1)	(1.4)	0.0
UWCI Scholarship Income fund		18.4	9.6	(9.1)	3.7	22.6
H M Queen Noor fund		12.4	0.5			12.9
Mountbatten Income fund		8.7	0.2	(6.5)	6.2	8.6
Gildred Income fund		3.4	0.1	(2.0)	2.1	3.6
Kelly Income fund		6.5	0.3	0.0	3.0	9.8
		53.5	354.5	(362.4)	11.9	57.5
- <i>project funds</i>						
UWCSB Emergency Reserve		78.9	4.2	(83.1)		0.0
Norsk Hydro Projects fund		0.0	28.8	(7.0)		21.8
Short Courses (Cyprus) fund		3.0	20.0	(22.3)		0.7
Gourlay fund		8.2	0.3			8.5
MUWCI Project fund		(5.2)	8.1	(2.9)		0.0
		84.9	61.4	(115.3)	0.0	31.0
- <i>other restricted funds</i>						
Donations for Colleges funds		8.9	8.7	(8.6)		9.0
Funds with balances or movements < £5,000		9.1	6.6	(9.1)	(1.4)	5.2
		18.0	15.3	(17.7)	(1.4)	14.2
Total restricted funds		156.4	431.2	(495.4)	10.5	102.7
<i>Endowment Funds</i>						
UWCI Office Endowment fund		2,098.4	88.9		(203.4)	1,983.9
UWCI Scholarship Capital fund		98.9	3.7		(1.4)	101.2
Mountbatten Capital fund		102.9	6.2		(3.7)	105.4
Gildred Capital fund		34.9	2.1		(1.3)	35.7
Kelly Capital fund		49.8	3.0		(1.8)	51.0
Total endowment funds		2,385.0	103.8	0.0	(211.6)	2,277.2
Total funds	21.	2,867.8	1,042.6	(1,032.4)	(109.5)	2,768.5

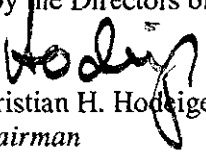
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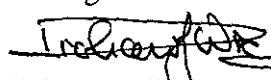
The United World Colleges (International)
Balance Sheet
at 30 June 2002

		2002	2001
	Note	(£'000)	(£'000)
Fixed assets			
Tangible fixed assets	11.	8.8	5.5
Investments	12.	1,984.2	2,092.0
Current assets			
Debtors and prepayments	13.	119.1	148.3
Cash on deposit, at bank, and in hand	14.	702.7	783.7
		<u>821.8</u>	<u>932.0</u>
Creditors: amounts falling due within one year	15.	(39.4)	(159.4)
Net current assets		<u>782.4</u>	<u>772.7</u>
Total assets less current liabilities		<u>2,775.4</u>	<u>2,870.2</u>
Provision for liabilities and charges	16.	(6.9)	(2.4)
Net assets		<u>2,768.5</u>	<u>2,867.8</u>
Funds:			
Unrestricted funds		388.6	326.4
Restricted funds		102.7	156.4
Endowment funds		<u>2,277.2</u>	<u>2,385.0</u>
	21.	<u>2,768.5</u>	<u>2,867.8</u>

The Notes on pages 14 to 25 form part of these financial statements.

Approved by the Directors on 15 September 2002 and signed on their behalf by:


Christian H. Hodeige
Chairman


Richard J. Wise
Treasurer

The United World Colleges (International)

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 Financial Reporting Standard for Smaller Entities, the Companies Act 1985, the Statement of Recommended Practice for Accounting by Charities ("The Charities SORP 2000") 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 under headings that aggregate the costs relating to the category. Where costs cannot be attributed directly to a particular category they are attributed on a basis consistent with the use of the resources they represent. In most such instances costs are allocated 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 funds
- 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 management and administration of the company

The United World Colleges (International) **Accounting Policies *contd.***

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. 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.

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.

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 21.

The United World Colleges (International)

Notes to the Financial Statements

1. College contributions:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2002 (£'000)	Total 2001 (£'000)
UWC of South East Asia	83.8			83.8	84.8
UWC of the Atlantic	72.7			72.7	77.1
Li Po Chun UWC of Hong Kong	70.6			70.6	62.3
UWC of the American West	42.9			42.9	44.6
Lester B. Pearson UWC of the Pacific	30.6			30.6	32.6
UWC of the Adriatic	39.8			39.8	36.1
Red Cross Nordic UWC	37.2			37.2	33.6
Waterford Kamhlaba UWC of Southern Africa	19.9			19.9	7.7
Mahindra UWC of India	18.9			18.9	17.9
Simon Bolivar UWC of Agriculture	1.1			1.1	1.0
	417.5	0.0	0.0	417.5	397.7

Colleges make annual contributions calculated on a basis which reflects numbers of students and other criteria. Two contributions for 2002 amounting to £70,363 (2001 – two amounting to £40,267) not received by the year-end have been accounted for as amounts receivable.

2. Grants and donations received:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2002 (£'000)	Total 2001 (£'000)
- <i>towards scholarships</i>					
UWC of the American West Scholarships		171.5		171.5	177.0
The Prince of Wales International Scholarships		101.2		101.2	86.9
Starr Foundation Scholarships		71.1		71.1	86.3
Other		9.0		9.0	7.8
- <i>for other purposes</i>					
Anonymous	75.0			75.0	75.0
UWC Norwegian Development Foundation		28.7		28.7	0.0
UN Peacekeeping Force in Cyprus		20.0		20.0	0.0
The Leadership Trust Foundation		3.0		3.0	3.0
Colleges' donations to Simon Bolivar UWC of Agriculture Emergency Reserve		1.9		1.9	77.0
Other	1.2	12.2		13.4	32.6
	76.2	418.6	0.0	494.8	545.6

In the financial statements for 2001 a donation of £176,955 included in the above table was accounted for by set-off against a grant of an equal amount made in that year. In the current year these amounts have been reflected separately and the prior year adjusted accordingly.

The United World Colleges (International)
Notes to the Financial Statements *contd.*

3. Interest and investment income:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2002 (£'000)	Total 2001 (£'000)
Dividends and distributions			92.7	92.7	100.3
Deposit fund and bank interest	12.4	4.5	11.1	28.0	27.9
	12.4	4.5	103.8	120.7	128.2

4. Other income:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2002 (£'000)	Total 2001 (£'000)
MUWCI project		8.1		8.1	2.1
Affinity credit card royalties	0.7			0.7	1.2
Other	0.8			0.8	21.0
	1.5	8.1	0.0	9.6	24.3

5. Funds management:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2002 (£'000)	Total 2001 (£'000)
Staff costs	14.4			14.4	10.9
Other allocated costs	5.4			5.4	3.6
Direct costs	0.2			0.2	1.6
	20.0	0.0	0.0	20.0	16.1

6. Grants and donations made:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2002 (£'000)	Total 2001 (£'000)
Scholarship grants		362.4		362.4	361.0
Simon Bolivar UWC of Agriculture					
Emergency Reserve		83.7		83.7	
Hardship grants		5.3		5.3	4.5
Donations to colleges for general purposes		11.6		11.6	12.0
Other		2.3		2.3	19.9
	0.0	465.3	0.0	465.3	397.4

In the financial statements for 2001 a grant of £176,955 included in the above table was accounted for by set-off against a related donation received in that year. See Note 2.

The United World Colleges (International)
Notes to the Financial Statements *contd.*

7. Communications and publications:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2002 (£'000)	Total 2001 (£'000)
Staff costs	76.5			76.5	58.1
Other allocated costs	28.8			28.8	19.4
Design and printing	35.1			35.1	10.1
Distribution	24.3			24.3	16.4
Other costs	14.9			14.9	2.0
	179.6	0.0	0.0	179.6	106.0
8. Services to National Committees and Colleges:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2002 (£'000)	Total 2001 (£'000)
Staff costs	62.6			62.6	47.6
Other allocated costs	27.4			27.4	22.1
Regional representation	17.2			17.2	6.2
Meetings costs	8.6			8.6	6.1
	115.8	0.0	0.0	115.8	82.0
9. Programme and project administration:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2002 (£'000)	Total 2001 (£'000)
Staff costs	21.1			21.1	16.1
Other allocated costs	9.2			9.2	7.4
Short courses costs		23.1		23.1	6.4
Other direct project costs		7.0		7.0	0.0
	30.3	30.1	0.0	60.4	29.9

The United World Colleges (International)
Notes to the Financial Statements *contd.*

10. Support costs, management and administration:	Unrestricted Funds (£'000)	Restricted Funds (£'000)	Endowment Funds (£'000)	Total 2002 (£'000)	Total 2001 (£'000)
Staff costs	93.4			93.4	71.0
Other allocated costs	40.8			40.8	32.9
Temporary staff and staff recruitment costs	15.1			15.1	46.7
Board meetings costs and Directors' expenses reimbursed	12.5			12.5	9.1
Audit and professional fees	17.1			17.1	8.6
Insurance	5.1			5.1	1.5
Losses / (gains) on exchange	2.3			2.3	(11.4)
Bank charges and interest paid	0.9			0.9	0.3
Other	4.1			4.1	3.6
	191.3	0.0	0.0	191.3	162.3

11. Tangible fixed assets:

	(£'000)
<i>Cost</i>	
At 1 July 2001	66.1
Additions	10.2
Disposals	(20.5)
At 30 June 2002	55.8
<i>Accumulated depreciation</i>	
At 1 July 2001	(60.6)
Depreciation for the year	(6.9)
Depreciation on disposals	20.5
At 30 June 2002	(47.0)
Net book value at 30 June 2002	8.8
Net book value at 30 June 2001	5.5

Fixed assets comprise computer software and equipment and office furniture and equipment. Certain purchases of computer equipment and software financed by a donation given for that purpose are classified as restricted.

The United World Colleges (International)

Notes to the Financial Statements *contd.*

12. Investments:

	(£'000)
<i>Cost</i>	
At 1 July 2001 and 30 June 2002	<u>1,695.0</u>
There were no investment transactions during the year.	
<i>Unrealised gains / (losses)</i>	
At 1 July 2001	397.0
Increase / (decrease) during the year	(107.8)
At 30 June 2002	<u>289.2</u>
<i>Market value</i>	
At 30 June 2002	<u>1,984.2</u>
At 30 June 2001	<u>2,092.0</u>

Investments comprise units in the 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. The company holds 563,477.708 Charinco units and 275,843.827 Charishare units allocated to funds as follows:

	holdings (fund units)		value (£'000)
	Charinco	Charishare	
UWCI Office Endowment Fund	407,493	275,844	1,690.9
Mountbatten Scholarship Endowment Fund	56,038		105.4
UWCI Scholarship Endowment Fund	53,828		101.2
Kelly Scholarship Endowment Fund	27,125		51.0
Gildred Scholarship Endowment Fund	18,994		35.7
	<u>563,478</u>	<u>275,844</u>	<u>1,984.2</u>

13. Debtors and prepayments:

	2002 (£'000)	2001 (£'000)
College contributions	70.4	40.3
Rental and other deposits	25.5	12.5
Prepayments	14.9	3.3
Staff loans	3.2	2.3
Other amounts due from colleges	3.0	0.7
Due from national committees	2.1	0.0
Accrued income	0.0	87.2
Other debtors	0.0	2.0
	<u>119.1</u>	<u>148.3</u>

The United World Colleges (International)
Notes to the Financial Statements *contd.*

14. Cash on deposit, at bank and in hand:	2002	2001
	(£'000)	(£'000)
Charities deposit fund	562.9	687.4
Interest bearing accounts at banks	138.2	92.2
Travellers cheques, foreign currency and cash on hand	1.6	4.1
	702.7	783.7

15. Creditors:	2002	2001
	(£'000)	(£'000)
Accrued expenditure	20.2	47.7
Trade and other creditors	16.1	24.8
Credit card balances	2.2	0.0
Due to colleges	0.9	86.9
	39.4	159.4

16. Provision for liabilities and charges:	2002	2001
	(£'000)	(£'000)
Lease repairing obligations	6.9	2.4

A sum of £2,400 is provided annually in connection with the cost of tenant's repairing obligations which will arise when the lease of the company's premises ends in 2006. During the year, in addition to this sum, a rebate of £2,056 received from the landlord was added to the provision.

17. Indemnity insurance:

The company has purchased indemnity insurance on behalf of the Directors at a cost of £3,607 (2001 - £nil).

18. Information about Directors and Employees:

Directors

Directors do not receive remuneration. During the year nine Directors received reimbursement of expenses incurred in running the company amounting to £8,872 (2001 - four and £3,793).

The United World Colleges (International)

Notes to the Financial Statements *contd.*

18. Information about Directors and Employees *contd.*

<i>Employees</i>	2002	2001
The average number of persons employed by the company during the year was:	8	8
The number of employees earning in excess of £50,000 during the year was:	1	1
The aggregate payroll costs were as follows:	(£'000)	(£'000)
- salaries	229.1	203.3
- social security costs	22.7	17.8
- pension contributions	15.0	12.0
	<u>266.8</u>	<u>233.1</u>

Employees have access to one of two defined contribution pension schemes. The pension contributions shown above represent the contributions by the company to the schemes during the period. Creditors include pension contributions, including employee contributions, amounting to £2,323 (2001 - £117) awaiting Direct Debit collection by the managers of the schemes.

19. Movement in total funds:

	2002 (£'000)	2001 (£'000)
The movement in total funds for the year is stated after charging:		
- operating lease rentals of land and buildings	56.0	32.0
- operating lease rentals of equipment	6.7	6.5
- depreciation	7.0	10.6
- auditors' remuneration	10.3	5.5

20. Lease commitments:

	2002		2001	
	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			32.0	
- leases expiring in the second to fifth years, inclusive	58.7	6.9		6.9
- leases with more than five years unexpired				
	<u>58.7</u>	<u>6.9</u>	<u>32.0</u>	<u>6.9</u>

The United World Colleges (International) Notes to the Financial Statements *contd.*

21. 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, 2002	388.6	102.7	2,277.2	2,768.5
Represented by:				
Tangible fixed assets	8.8			8.8
Investment fixed assets			1,984.2	1,984.2
Net current assets and provisions	379.8	102.7	293.0	775.5
	388.6	102.7	2,277.2	2,768.5

Unrestricted Funds

Unrestricted funds may be applied at the discretion of the Directors in furtherance of the objects of the company. The UWCI Scholarship Endowment Fund, which had been classified as an unrestricted fund, was reclassified as an endowment fund with effect from the beginning of the year.

The company has two unrestricted funds – the General Fund and the International Council Fund. The General Fund is available to finance the day to day operations of the company. The International Council Fund, which is funded from the General Fund at the approximate rate of £20,000 p.a., holds monies to go towards the costs of arranging the quinquennial International Council Meetings of the United World Colleges movement including the International Council Travel Fund. The next International Council meeting is due by October 2005.

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 The MECT Fund, The Starr Foundation Fund and The Prince of Wales International Scholarships Fund.

Project funds hold donated monies. The UWCSB Emergency Reserve is a fund of monies donated by the colleges to be made available to the Simon Bolivar UWC of Agriculture in case of need. The fund was disbursed during the year. The Norsk Hyrdro Projects Fund holds monies to finance costs of projects related to the development of National Committees and the company's support capabilities.

Endowment Funds:

The company owns and is the beneficiary of the UWCI Office Endowment Fund, a major donation enabling the company to be formed. 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 transferred to the related scholarship income funds, as mentioned above.

The United World Colleges (International)

Notes to the Financial Statements *contd.*

21. Information about funds *contd.*

Funds in deficit:

The Hardship Fund, a restricted fund, was in deficit to the extent of £3,988 at the year-end and the company has received written confirmation that a donation at least sufficient to cover the deficit is in transit.

Transfers between funds:

Transfers between funds comprise, in the case of scholarship endowment funds, transfers of investment earnings to the related restricted scholarship income funds and, in the case of the UWCI Office Endowment Fund, transfer of investment earnings, including interest, to the General Fund. Transfers from The Prince of Wales International Scholarships Fund and the Starr Foundation Scholarships Fund to the General Fund remove from those two funds minor balances representing differences on exchange which had accumulated over a number of years, no administrative costs having been recognised.

22. Information about allocated costs:

	2002 (£'000)	2001 (£'000)
<i>allocated costs</i>		
Staff costs	267.9	203.8
Other costs		
rent	52.2	24.0
other premises costs	19.1	16.5
computer and equipment costs	14.7	14.2
communications costs	15.0	13.1
travel and subsistence	10.7	17.5
	379.6	289.1

	Staff costs (£'000)	Other costs (£'000)	Total 2002 (£'000)	Total 2001 (£'000)
<i>allocation</i>				
Funds management	14.4	5.4	19.8	14.5
Communications and publications	76.5	28.8	105.3	77.5
Services to national committees and colleges	62.6	27.4	90.0	69.7
Programme and project administration	21.1	9.2	30.3	23.5
Support costs, management and administration	93.3	40.8	134.2	103.9
	267.9	111.7	379.6	289.1

The United World Colleges (International)
Notes to the Financial Statements *contd.*

22. 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.