

**ROUND SQUARE LIMITED**  
**(A Charitable Company Limited by Guarantee)**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2006**

WEDNESDAY



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COMPANIES HOUSE

haysmacintyre  
Chartered Accountants  
London WC1V 6AY

Company Registration No 2011514  
Registered Charity No 327117

# **THE ROUND SQUARE LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 JULY 2006**

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The Directors present their annual report and the company's financial statements for the year ended 31 July 2006

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

##### **Directors**

The directors who are also the charity trustees were as follows -

King Constantine	Mrs P Kumar	
Mrs T Balch		
Mr N Becker (resigned October 2005)	Mr J Long	
Mr B S Bhatnagar	Mr H Matthews	(appointed October 2005)
Miss W Ellis (resigned October 2005)	Mr H Macdonnell	
Ms T Fairbairn	Mr M McKenzie	
R Fraser	Mr G Mclean	
J Hamilton (resigned October 2005)	Mrs S Pollitt	(appointed October 2005)
Mrs E Dase (appointed October 2005)	Mr C Tudor	(appointed October 2005)

**Executive Director** J T M Guest

**Secretary and Treasurer** Mrs J Howison

**Registered Office** Braemer Lodge  
Castle Hill, Hartley  
Dartford DA3 7BH

**Auditors** haysmacintyre  
Fairfax House  
15 Fulwood Place  
London WC1V 6AY

**Bankers** Barclays Bank Plc  
24 Lowfield Street  
Dartford  
Kent DA1 1HE

**Solicitors** Farrer & Co  
66 Lincoln Inns Fields  
London WC2A 3LH

The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by charities" issued in March 2005, applicable law and the company's governing document

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing document**

The Round Square is a company limited by guarantee governed by its Memorandum and Articles of Association dated April 1986 and amended by special resolution September 2001

The Round Square is registered as a charity with the Charity Commission

##### **Appointment of Trustees**

The trustees have a detailed appointment process as outlined in the organisation's strategic plan

All members are circulated with terms and periods of office on an annual basis

Members are invited to nominate trustees twice annually and forward their nominations to the Chairman. The Board of Trustees, actively recruits to meet skill set needs with due regard to the need to increase the number of U K based Trustees

## **THE ROUND SQUARE LIMITED**

### **DIRECTORS' REPORT (continued)**

**FOR THE YEAR ENDED 31 JULY 2006**

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#### **Trustee induction and training**

New trustees are provided with an information pack detailing relevant information

This pack includes copies of governing documents, The Memorandum and Articles of Association, the Annual Report, Minutes of Trustee Meetings and reports including Committee reports, and budget information

Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role

#### **Organisation**

The Trustees, who can number up to twenty, operate a Committee Structure, the committees and their responsibilities are shown below

Executive and Governance Committee

Members Committee, school membership, management of school recruitment

External Operations Committee, projects, organisation and oversee

Finance Committee, budgeting and finance matters

Advancement Committee, raising profile and funds for the organisation

The full Board, meet at a minimum, three times a year, in addition Committees communicate by teleconference

The Executive Director is responsible for day to day management of the charity and reports directly to the Trustees

The Executive Director has powers which have been delegated by the Board of Trustees, these powers include employment matters, the visiting of prospective member schools, the organisation of the Annual Conferences and the administration of bursary funding for students attending both Round Square Conferences and Round Square projects

#### **Risk Review**

The Trustees manage the risks by employing the following strategies

- Regular review of operations surrounding student participation in project activity
- Documented risk assessment in respect of each project
- Clear advice to both Staff and students on all aspects of project participation
- There are a number of audit and training issues which are being further explored in the 'risk' arena

Financial risk management is over seen by The Finance Committee who have developed policies regarding financial control, internal audit and overall expenditure

The Finance committee will strengthen the financial controls following the appointment of the new Executive Director by introducing new banking arrangements

#### **Status and Administration**

The company is a registered charity and a company limited by guarantee The company registered number is 2011514

#### **OBJECTIVES AND ACTIVITIES**

The object of the charity is to advance education anywhere in the world Subscriptions are paid by each member school in proportion to the number of its pupils and are utilised to fund projects and to further the education of the participants - pupils, governors and staff to the member schools - and spread the Kurt Hahn philosophy

#### **ACHIEVEMENTS AND PERFORMANCE**

The organisation has had a particularly active period with the Trustees being involved in a world wide search to recruit a new Executive Director for the organisation

The new Executive Director commences his duties in October 2006

A strategic plan has been agreed by member schools which sets out a number of objectives over the next five years

In addition the new Development Director, appointed in August 2005, has been formulating a number of policies relating to the Friends of Round Square organisations located throughout the world, these organisations primary function being to support Round Square and provide financial assistance to students participating in Round Square activities

## **THE ROUND SQUARE LIMITED**

### **DIRECTORS' REPORT (continued)**

**FOR THE YEAR ENDED 31 JULY 2006**

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#### **ACHIEVEMENTS AND PERFORMANCE (continued)**

The programme of International projects has been extremely well supported with a number of projects being over subscribed

A very successful International Conference was held in September 2005, this was hosted by Ivanhoe Grammar School, Melbourne, Australia, over 600 people attended this event

Regional Conferences have taken place in India, Australia, the U K , and Africa, Young Round Square organisations have been set up in Canada and the U K

#### **FINANCIAL RESULTS AND RESOURCES**

The result of the year shows net outgoing resources of £41,479 (2005 £819 net incoming resources) The total unrestricted resources carried forward are held in order to ensure the continued ability to finance the charity's objectives including future international projects

These results reflect Round Square moving through a period of significant change coupled with rapid growth The Board made some clear decisions at the outset of the year to expend a portion of the reserves in order to meet longer term objectives

These plans included the following commitments

- Increased support for some schools attending the Round Square Conference
- Costs associated with the recruitment of a new Executive Director
- Increased travel costs for the retiring Executive Director and his office as he set up various strategies to help achieve a smooth transition to a new Executive Director
- Set up costs relative to the Development Department, including the costs associated with the Friends Organisations
- 'one off' expenditure developing the Website
- To maintain subscription levels at their existing rate until 2007/8

The operating deficit trend will, in all probability, continue through the next financial year 2006/7 and whilst these operating deficits are significant, the Board are fully cognisant of their spending decisions

#### **Investments Policy**

Round Square will endeavour to maximise investment income The policy of the Finance Committee will be to minimise risk, investing surplus funds only in a prudent fashion The Finance Committee will review its cash position at least annually and make decisions accordingly

#### **Reserves Policy**

Reserves built up in the organisation are intended to cover any period where due to the objectives of the Board, as a whole, decisions are taken which may involve using reserves It is not the intention of the Board to supplement normal operating expenditure through use of reserves Free reserves (unrestricted funds not tied up in fixed assets or designated) at the year end was £128,203 and this is considered as sufficient but not excessive for the on going work of the charity

Investment income may be used to support elements of Round Square work, especially in relation to projects where this is deemed appropriate

## THE ROUND SQUARE LIMITED

### DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2006

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#### PLANS FOR THE FUTURE

The Trustees have agreed that new schools will be sought in strategic areas which are currently either under represented or not currently represented at all within the Round Square community

The new Executive Director will under the direction of the Trustees conduct a review of all constitutional and policy documents, including the Memorandum & Articles, as they are aware that these need to be brought into line with the continued growth plans of the organisation

The project programme will continue to grow, bursary funds have been put in place to facilitate students from areas of the world who may not normally be able to attend overseas projects to take a full part in these activities

The growth of the organisation has meant that the International Conference, to be held at Gordonstoun in 2006, will need to take place over two sites from 2008, this will require much detailed planning

The Trustees are undertaking an evaluation of subscriptions, schools subscription rates have not been increased for a number of years, the current system is also considered unwieldy

#### STATEMENT OF DIRECTORS RESPONSIBILITIES

Law applicable to incorporated charities in England and Wales requires the directors for the purposes of company law, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the financial activities of the company for that year. In preparing those financial statements, the directors are required to

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

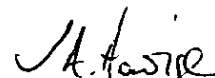
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting policies or practice

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and,
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Braemar Lodge  
Castle Hill, Hartley  
Kent DA3 7BH



BY ORDER OF THE BOARD  
J A HOWISON  
Secretary

10-10-  
J Howison

2006

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF  
THE ROUND SQUARE LIMITED**

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We have audited the financial statements of Round Square Limited for the year ended 31 July 2006 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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**

As described in the Statement of Directors' Responsibilities the charity's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Trustees are also directors of Round Square Limited for the purposes of company law.

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 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 trustees' 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.

**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 judgements made by the trustees 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 July 2006 and of its incoming resources and application of resources in the year then ended,
- have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees' Report is consistent with the financial statements

haysmacintyre  
Chartered Accountants  
Registered Auditors

6 October

*haysmacintyre*

2006

Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

**THE ROUND SQUARE LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 JULY 2006**

	Notes	Unrestricted Funds £	Restricted Funds £	2006 Total £	2005 Total £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds:</b>					
<i>Voluntary income:</i>					
Donations		7,169	31,213	38,382	20,365
Subscriptions		151,377	-	151,377	127,973
<i>Activities for generating funds:</i>					
Bank interest received		7,495	-	7,495	8,848
<b>Incoming resources from charitable activities:</b>	2	126,688	-	126,688	111,793
Other income		1,698	-	1,698	1,013
		<u>294,427</u>	<u>31,213</u>	<u>325,640</u>	<u>269,992</u>
<b>RESOURCES EXPENDED</b>					
<i>Costs of generating funds:</i>					
Fundraising and publicity		-	-	-	7,296
<i>Charitable activities:</i>		334,770	22,560	357,330	255,479
<i>Governance costs:</i>		9,789	-	9,789	6,398
	3	<u>344,559</u>	<u>22,560</u>	<u>367,119</u>	<u>269,173</u>
Net (outgoing)/incoming resources		(50,132)	8,653	(41,479)	819
Balance brought forward at 1 August 2005		<u>186,068</u>	<u>34,184</u>	<u>220,252</u>	<u>219,433</u>
Balance carried forward at 31 July 2006		<u>£135,936</u>	<u>£42,837</u>	<u>£178,773</u>	<u>£220,252</u>

No summary income and expenditure account has been prepared because this information is clearly identified in the above statement

The accompanying notes form part of these financial statements



**THE ROUND SQUARE LIMITED**

**BALANCE SHEET**

**AS AT 31 JULY 2006**

	Notes	2006 £	2005 £
<b>FIXED ASSETS</b>			
Office equipment at cost		5,676	4,590
Less depreciation		(4,862)	(4,142)
		<u>814</u>	<u>448</u>
<b>CURRENT ASSETS</b>			
Debtors	5	38,062	7,060
Stock		2,078	3,900
Cash at bank		223,117	268,333
		<u>263,257</u>	<u>279,293</u>
<b>CREDITORS: Amounts falling due within one year</b>	6	<u>(85,298)</u>	<u>(59,489)</u>
<b>Net Current Assets</b>		<u>177,959</u>	<u>219,804</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>£178,773</u></u>	<u><u>£220,252</u></u>
<b>FUNDS</b>			
Unrestricted			
General Funds	9	129,017	186,068
Designated Funds	9	6,919	-
Restricted	9	42,837	34,184
		<u>£178,773</u>	<u>£220,252</u>

Approved by the Board of Directors on 6 October 2006

  
King Constantine - Director

The accompanying notes form part of these financial statements

# THE ROUND SQUARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2006

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### 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005, the Companies Act 1985 and applicable accounting standards. Following the adoption of SORP 2005, the presentation of certain income streams and expenditure have changed. Comparative amounts have accordingly been restated.

The particular accounting policies adopted are described below.

#### Accounting Basis

The financial statements are prepared under the historical cost convention.

#### Income

Incoming resources are included on a receivable basis.

#### Expenditure

Expenditure is accounted for on an accruals basis and is allocated to expense headings either on a direct cost basis, or apportioned according to time spent. The irrecoverable element of VAT is included with the item of expense to which it relates.

Costs of generating funds are those costs incurred to raise voluntary income and costs of trading activities for the purpose of raising funds. Charitable activities relates to costs incurred in delivering the charity's activities and services to its beneficiaries. Governance costs are costs incurred in meeting the constitutional and statutory requirements.

#### Depreciation

Depreciation on fixed assets is charged so as to write off their full cost over their expected useful lives at the following rates: Office equipment – 25% on cost.

#### Cash Flow Statement

In accordance with the exemption allowed for small companies under Financial Reporting Standard No. 1, the company has not prepared a cash flow statement.

#### Funds

Unrestricted funds are funds that can be used in accordance with the charitable objects at the discretion of the trustees. Designated funds are funds set aside by the trustees out of unrestricted general funds for specific future purposes.

Restricted funds arise when funds can be used only for a specific purpose, either as specified by the donor or in accordance with the terms for which they were raised.

### 2. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2006 £	2005 £
Project monies received	118,688	107,800
Conference	8,000	3,993
	<u>£126,688</u>	<u>£111,793</u>

**THE ROUND SQUARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 JULY 2006**

**3. ANALYSIS OF RESOURCES EXPENDED**

Direct and allocated costs	Direct Costs £	Allocated Costs £	Total 2006 £	Total 2005 £
<i>Cost of generating funds:</i>				
Fundraising and publicity	-	-	-	7,296
<i>Charitable activities:</i>				
Conference expenditure	21,864	43,776	65,540	16,354
Project costs	111,680	180,010	291,690	239,125
<i>Governance costs</i>	8,450	1,339	9,789	6,398
	<u>£141,994</u>	<u>£225,125</u>	<u>£367,119</u>	<u>£269,173</u>

3. Allocated costs	Office Costs £	Management Costs £	Total 2006 £	Total 2005 £
<i>Cost of generating funds:</i>				
Fundraising and publicity	-	-	-	-
<i>Charitable expenditure:</i>				
Conference expenditure	25,785	17,991	43,776	9,990
Project costs	106,031	73,979	180,010	146,072
<i>Governance costs</i>	1,339	-	1,339	772
	<u>£133,155</u>	<u>£91,970</u>	<u>£225,125</u>	<u>£159,522</u>

Support costs are allocated on the basis of direct costs under each activity heading

The costs include salaries totalling £66,126 (2005 £39,468) to employees who carry out significant work on behalf of the charity (see note 4)

	2006 £	2005 £
Net incoming/(outgoing) resources is stated after charging		
Auditor's remuneration (excl VAT)		
- Audit fees	2,600	2,500
- Other services	-	-
Depreciation	720	224
	<u>2,600</u>	<u>2,500</u>

**4. STAFF COSTS AND DIRECTORS EMOLUMENTS**

	2006 £	2005 £
Wages and salaries	62,896	37,016
Social security costs	3,230	2,452
	<u>£66,126</u>	<u>£39,468</u>

# THE ROUND SQUARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2006

### 4. STAFF COSTS AND DIRECTORS EMOLUMENTS (continued)

The directors received no emoluments during the year, they received reimbursed expenses relating to the work of the charity which totalled £5,395 (2005 £2,688) The executive director received emoluments of £55,046 (2005 £55,100) during the year

5. DEBTORS	2006 £	2005 £
Outstanding subscriptions	6,330	2,580
Director's expenses – float	796	4,480
Other debtors	22,847	-
Prepayments	8,089	-
	<u>£38,062</u>	<u>£7,060</u>

6. CREDITORS: Amounts falling due within one year	2006 £	2005 £
Subscriptions received in advance	17,205	22,984
Other creditors	-	1,145
Accruals	39,775	12,408
Project monies in advance	28,318	23,042
	<u>£85,298</u>	<u>£59,579</u>

### 7. TAXATION

The company is a registered Charity (No 327117) and is not liable to tax on its surpluses

### 8. CONSTITUTION

The company is limited by guarantee The maximum liability of each member is £1

9. FUNDS	Balance at 1 August 2005 £	Income £	Expenditure £	Balance at 31 July 2006 £
<b>Unrestricted funds:</b>				
General funds	186,068	287,508	344,559	129,017
Designated funds				
Governors Bursary Fund	-	3,760	-	3,760
Peter Pelham Bursary	-	3,159	-	3,159
<b>Restricted funds:</b>				
Hill Trust	7,286	-	875	6,411
Prince Alexander	26,898	31,213	21,685	36,426
Balance at 31 July 2006	<u>£220,252</u>	<u>£325,640</u>	<u>£367,119</u>	<u>£178,773</u>

# THE ROUND SQUARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 JULY 2006

#### 9. FUNDS (continued)

##### Restricted Funds:

The Hill Trust relates to donations received towards the Scottish environmental project which normally takes place annually in June/July. There was no project in the year.

The Prince Alexander fund has been created to generate funds for the building materials (bricks and mortar) element of the Round Square International Service (RSIS) projects. It is not used for administrative purposes.

##### Designated Funds:

The following designations were agreed by the directors during the year.

This fund represents monies donated by Member schools governors who have kindly supported the initiative by contributing to this designated fund used to fund student bursaries on RSIS projects. The recipients are students who could otherwise not afford this opportunity and who are in geographic areas where Friends of Round Square is not established. This fund is administered by the Executive Director and the Secretary/Treasurer.

The Peter Pelham fund represents monies donated by the Board of Directors and set aside to fund student bursaries on RSIS projects. The recipients are students from financially disadvantaged RS member schools. This fund is administered by the Executive Director and the Secretary/Treasurer.

Since the company is a Charitable Trust, the accumulated funds do not belong to the members. If, upon the winding up or dissolution of the Trust there remains, after satisfaction of all debts and liabilities, any property whatsoever, then, under the terms of the company's memorandum, this must be transferred to some other charitable institution having similar charitable objects to the company. All unrestricted reserves are held for supporting the charitable objectives of the company.

#### 10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed assets £	Net current Assets £	Total £
Unrestricted funds			
General	814	128,203	129,017
Designated funds	-	6,919	6,919
Restricted funds	-	42,837	42,837
	<u>£814</u>	<u>£177,959</u>	<u>£178,773</u>