

INTERNATIONAL EXTENSION COLLEGE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002
CONTENTS AND COMPANY INFORMATION

CONTENTS:	PAGE:
Directors & Trustees Report	1 - 3
Auditors Report	4
Statement of Financial Activities	5
Balance Sheet	6
Notes to the Financial Statements	7 - 11

DIRECTORS AND TRUSTEES:

D Bridges
G Dhanarajan
M Harrison
R Morpeth
K Murray
G Rumble
D Sewart
P D Wright

SECRETARY: F Binns

REGISTERED OFFICE:

Michael Young Centre
Purbeck Road
Cambridge
CB2 2DS

REGISTRATION NUMBER: 2782791

REGISTERED CHARITY NUMBER: 1017317

AUDITORS:

Prentis & Co
Chartered Accountants
& Registered Auditors
115c Milton Road
Cambridge
CB4 1XE

BANKERS:

HSBC Bank Plc
Bethnal Green Branch
465 Bethnal Green Road
London
E2 9QW

SOLICITORS:

King & Co
238 High Street
Cottenham
Cambridge
CB4 8RX



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

DIRECTORS AND TRUSTEES' REPORT

The trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report and the audited financial statements for the year ended 31st December 2002. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000 in preparing the annual report and financial statements of the charity.

OBJECTS OF THE CHARITY, PRINCIPAL ACTIVITIES AND ORGANISATION OF OUR WORK

The charity is constituted as a company limited by guarantee, and is therefore governed by a memorandum and articles of association. An Executive Director who reports to the Board of Trustees, the Directors of the organisation, manages IEC. The Trustees meet on a quarterly basis.

The charity's objects are to encourage and support local initiatives in less developed countries to establish and sustain distance education programmes, to provide teachers, educators and policy makers with the skills needed to expand educational provision, to establish and test innovative distance education techniques to improve access to, and quality of, education and to raise awareness of distance education and its role in development.

IEC appointed a new Executive Director in 2002. Following this IEC undertook a process of strategic planning and developed business plans for its newly defined four main areas of activity. IEC's principal activities during 2002 are defined as learning programmes (22% of total income) through the provision of postgraduate courses at a distance, UK based short courses and workshops, overseas consultancy (21% of total income), education projects (43% of total income) and research projects (13% of total income).

Learning programmes: The MA and Diploma programme in Distance Education continued with 78 students enrolled for 2002, 51 MA, 16 Diploma and 11 Occasional. The Distance Education for Development course was run again at the Institute of Education, University of London. In Uganda 69 learners participated on the specially developed Introduction to Distance Education course that IEC ran at the University of Kyambogo. Learners enrolled on IEC courses come from around the world, 77% in 2002, from the developing countries. IEC is also developing MA and Diploma programme for the University of London. IEC also tutors course for the Institute of Education, London.

Overseas consultancy: IEC has provided the Vietnamese government with technical assistance on inservice teacher education through 11 weeks of short term consultancy during 2002. The secondary education project in Uzbekistan continued with IEC fielding a distance education specialist for nine months. The Mozambique ODL project started in late 2002 and IEC has a full time appointed member of staff working in country based in the Ministry of Education.

Education projects: Two education projects continued to run through the year. The post literacy project in Sudan and the human resource development project in Uganda have both been meeting their targets. One new project was established during the year. This was the women in fishing industry project set up in Kisumu, Kenya for the women around Lake Victoria.

Research projects: The ICT and gender research being undertaken with the University of Guyana was completed with the publication of a book. The Nomadic and teacher education in country research and workshops were completed in Nigeria, Uganda and Guyana and writing up is progress.

IEC has a small core staff, a network of associates, overseas project managers and a group of volunteers with whom it works to provide its specialist projects and programmes. Where appropriate IEC works in partnership with other organisations. In particular, in 2002, IEC has worked with University of London, Institute of Education and External Department, Cambridge Education Consultants, Save the Children, The Nuffield Foundation, Department for International Development, Institute of Research for Open Learning and the British Council. Overseas partners include University of Guyana, Guyana inservice distance education programme, Kyambogo University, Uganda, National Teacher Institute, Nigeria, Sudan Open Learning Organisation, Sudan, and Tropical Institute of Community Health, Kenya. Over 90% of IEC's expenditure was directly attributable to the fulfillment of IEC's charitable objectives. During 2002 IEC spent £5854 on fundraising and in support of volunteers. Income comes from a variety of sources, trusts (4%), government and development banks (34%), University of London (15%), student fees (7%), Community Fund (39%) and other (1%).

FUTURE DEVELOPMENTS

IEC will be maintaining its provision of courses, however the annual Distance Education for Development course will be delivered at a distance from 2003 onwards. The introduction to distance education course for teacher educators will be further developed. The MA in Distance Education will close enrolments to new students in the spring of 2002 and will be replaced by the redeveloped programme in the autumn.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

DIRECTORS AND TRUSTEES' REPORT(continued)

IEC will be undertaking consultancy in Mozambique, Uzbekistan, Nigeria, Rwanda, Kenya, Ghana and Vietnam during 2003.

Education projects continue in Sudan (literacy), Kenya (health and small business) and Uganda (human resource development) and two other projects, one for asylum seekers and refugees and another for child soldiers are being developed with a view to finding funds for implementation.

The volunteer programme will also continue, particularly in the area of project development.

TRANSACTIONS AND FINANCIAL POSITION

The Statement of Financial Activities shows net incoming resources for the year of £22855 and our reserves stand at £578264 in total.

RESERVES POLICY

It is the policy of IEC's Board of Trustees that the organisation's financial reserves be raised to and then maintained at the level that will:

- * include unrestricted funds to cover six months fixed core costs. That is to enable management, when looking forward for future work and funding, to have a degree of certainty that there are sufficient funds to consider options in the event of a downturn.
- * Include restricted funds to cover all commitments on specific projects for specific purposes

TANGIBLE FIXED ASSETS FOR USE BY THE CHARITY

Details of movements in fixed assets are set out in note 9 to the financial statements.

FUNDS AVAILABLE

The present level of funding is adequate to support the continuation of existing projects and courses and to take advantage of such new opportunities as are likely to occur in 2003.

FUNDRAISING

In the year 2002 there was some fundraising effort for new projects. The costs of salaries and overheads relating to this work are shown separately in note 5 to the financial statements.

RISKS POLICY STATEMENT

The trustees confirm that the major risks to which IEC is exposed, as identified by the trustees, have been reviewed and systems have been established to mitigate those risks.

DIRECTORS AND TRUSTEES

All directors of the company are also trustees of the charity and there are no other trustees. All of the trustees named below served throughout the year.

D Bridges
G Dhanarajan (until 5th July 2002)
M Harrison (from 12th September 2002)
R Morpeth
K Murray
G Rumble
D Sewart
P D Wright

The Board has the power to appoint additional trustees to a maximum of ten.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

DIRECTORS AND TRUSTEES' REPORT(continued)

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The trustees are required by company law to prepare financial statements for each financial year which give a true and fair view of the financial activities of the charity and of its financial position at the end of that year. In preparing those financial statements the trustees are required to:

- (a) select suitable accounting policies and apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether the policies adopted are in accordance with the Companies Act 1985 and with applicable accounting standards and statements of recommended practice, subject to any material departures disclosed and explained in the financial statements;
- (d) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the charity will continue in operation.

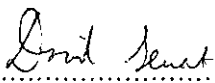
The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

AUDITORS

The Auditors, Prentis & Co will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

APPROVAL

This report, which has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, was approved by the Board on 6TH June 2003 and signed on its behalf.

 06/06/03.

D SEWART
DIRECTOR AND TRUSTEE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF INTERNATIONAL EXTENSION COLLEGE LIMITED

We have audited the financial statements of International Extension College Limited for the year ended 31st December 2002 on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 purposes. 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 TRUSTEES AND AUDITORS

As described on page 3 the charity's trustees who are also the directors of International Extension College Limited for the purposes of company law are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Report of the Trustees 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 transactions with the company is not disclosed.

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

BASIS OF OPINION

We conducted our audit in accordance with United Kingdom 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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 charitable company's affairs as at 31st December 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.



PRENTIS & CO

CHARTERED ACCOUNTANTS
& REGISTERED AUDITORS

17th June 2003
115c Milton Road
Cambridge
CB4 1XE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted £	Restricted £	Total 2002 £	Total 2001 £
INCOMING RESOURCES					
Grants receivable	3	-	488786	488786	464780
Consultancy fees		173139	-	173139	184537
Training		58168	-	58168	117806
Research		108241	-	108241	67855
Publication sales		114	-	114	162
Interest received		4788	-	4788	8313
TOTAL INCOMING RESOURCES		344450	488786	833236	843453
RESOURCES EXPENDED					
Direct charitable expenditure	4	285742	457439	743181	495723
Other expenditure:					
Fundraising costs	5	5854	-	5854	7644
Management and administration	6	61346	-	61346	101252
TOTAL RESOURCES EXPENDED		352942	457439	810381	604019
NET INCOMING RESOURCES	7	(8492)	31347	22855	238834
Funds brought forward		60126	435283	495409	256575
Funds carried forward	14	51634	466630	518264	495409

All of the above results are derived from existing activities.

All gains and losses recognised in the year are included above.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

BALANCE SHEET

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	9	56837	86159
CURRENT ASSETS			
Stocks		4148	5364
Debtors	10	108424	125798
Cash at bank and in hand		456894	390680
		<u>569466</u>	<u>521842</u>
CREDITORS: amounts falling due within one year	11	<u>108039</u>	<u>112592</u>
Net Current Assets		461427	409250
		<u>518264</u>	<u>495409</u>
CAPITAL AND RESERVES			
Unrestricted funds	14	51634	60126
Restricted funds	14	466630	435283
		<u>518264</u>	<u>495409</u>

The financial statements which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the Board on 6th June 2003, and signed on its behalf.

D. Sewart 06/06/03

 D SEWART
 DIRECTOR AND TRUSTEE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention and include the results of the charity's operations, which are described in the Directors and Trustees Report and all of which are continuing. The financial statements have been prepared in compliance with the Statement of Recommended Practice 'Accounting by Charities' (SORP) issued in October 2000, applicable accounting standards and the Companies Act 1985.

(b) PROJECT CONSULTANCY AND TRAINING INCOME

Turnover represents net invoiced sales of goods, excluding VAT, where appropriate.

(c) GRANTS RECEIVABLE

Grants receivable are accounted for as received.

(d) DEPRECIATION

Depreciation is provided on all tangible fixed assets at rates calculated to write-off the costs less estimated residual value of each asset over its expected useful life as follows:

Fixtures and fittings	- over 3 years straight line
Motor	- over 5 years straight line
Equipment	- over 5 years straight line

(e) STOCKS

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items. Cost includes all direct expenditure.

(f) OPERATING LEASES

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profit as incurred.

(g) PENSION CONTRIBUTIONS

The institution participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The liabilities are valued every three years by a professional qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services.

(h) CASH FLOW STATEMENTS

The charity, being a charity of small size within the meaning of the Companies Act 1985, has used the exemption provided by Financial Reporting Standard No: 1 under which they are not required to include a cash flow statement as part of their financial statements.

(i) DIRECT CHARITABLE COSTS

These include costs incurred directly on projects. The costs of employees is directly attributed to charitable costs as appropriate. Other costs are apportioned in accordance with the division of salary costs.

(j) MANAGEMENT AND ADMINISTRATION COSTS

Administration expenditure includes all expenditure not directly related to the charitable activity or fundraising. This includes costs of salaries for administrative staff on appropriate related purposes of support costs and specific administrative costs.

(k) FUNDRAISING COSTS

These include time costs and related overheads of time spent managing fundraising activities.

(l) FOREIGN CURRENCIES

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

2. PROJECT, CONSULTANCY AND TRAINING INCOME

Income from these sources represents work done in areas compatible with the charity's objectives.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

NOTES TO THE FINANCIAL STATEMENTS

3.	GRANTS RECEIVED	2002 £	2001 £
	The Nuffield Foundation	36461	44917
	Friends of DAAT	-	3467
	Community Fund	329296	84450
	UNAM	142	3660
	External programme	121431	328286
	Miscellaneous	1456	-
		<u>488786</u>	<u>464780</u>
4.	DIRECT CHARITABLE EXPENDITURE	2002 £	2001 £
	Accommodation costs	24298	29224
	Staff costs	217815	209969
	Books, journals and conferences	4098	4505
	Stationery	2742	3800
	Postage	5030	5098
	Telephone etc	4840	6629
	Fees	197843	84996
	Travel and subsistence	88332	47799
	Printing and publications	5697	14300
	Conferences and courses	1221	1539
	Local project costs	158466	55531
	Training	-	164
	Sundry	2521	2376
	Depreciation	30278	29793
		<u>743181</u>	<u>495723</u>
5.	FUNDRAISING COSTS	2002 £	2001 £
	Accommodation	803	736
	Staff costs	3962	6146
	Stationery	256	69
	Postage	124	36
	Telephone	297	200
	Printing	184	43
	Travel and subsistence	109	52
	Training	102	323
	Sundries	17	39
		<u>5854</u>	<u>7644</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

NOTES TO THE FINANCIAL STATEMENTS

6.	ADMINISTRATION EXPENDITURE	2002 £	2001 £
	Accommodation costs	7296	5764
	Staff costs	35974	75653
	Stationery	2328	522
	Postage	1130	279
	Telephone etc	2698	916
	Fees	1290	9995
	Travel and subsistence	989	405
	Printing and publications	1675	2067
	Audit and legal fees	4017	2300
	Bank charges	970	768
	Training and recruitment	1414	390
	Depreciation	500	1886
	Sundries	1065	307
		<u>61346</u>	<u>101252</u>
7.	NET INCOMING RESOURCES	2002 £	2001 £
	This is stated after charging:		
	Depreciation - owned assets	30779	31679
	Operating lease charges - land and buildings	32397	32704
	Auditors remuneration - audit	2300	2300
	- other services	270	750
		<u></u>	<u></u>
8.	STAFF COSTS		
	No remuneration was paid to trustees during the year. The staff costs of the salaried staff were:		
		2002 £	2001 £
	Wages	224728	252734
	Social security costs	18344	21051
	Employers pension contributions	14679	17983
		<u>257751</u>	<u>291768</u>
	Staff costs are included in the following expenditure:	£	£
	Direct charitable costs	217815	209969
	Fundraising costs	3962	6146
	Administration costs	35974	75653
		<u>257751</u>	<u>291768</u>
	The average weekly number of staff employed by the charitable company during the year was as follows:		
		2002	2000
	Direct charitable work	9.5	10
	Administration	1.5	2
	These include both full and part-time employees	<u>11</u>	<u>12</u>
	Full time equivalent employees	9.5	10

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

NOTES TO THE FINANCIAL STATEMENTS

9.	TANGIBLE FIXED ASSETS	Fixtures & Fittings £	Project Equipment £	Project Motor Vehicles £	Total £
	COST				
	Balance at 1.1.02	34728	109572	29732	174032
	Additions	-	1456	-	1456
	Balance at 31.12.02	34728	111028	29732	175488
	DEPRECIATION				
	Balance at 1.1.02	33803	42178	11892	87873
	Charge for year	500	24333	5945	30778
	Balance at 31.12.02	34303	66511	17837	118651
	NET BOOK VALUE at 31.12.02	425	44517	11895	56837
	NET BOOK VALUE at 31.12.01	925	67394	17840	86159

10.	DEBTORS	2002 Due within one year £	2001 Due within one year £
	Income receivable	85271	121058
	Prepayments and accrued income	23153	4740
		<u>108424</u>	<u>125798</u>

11.	CREDITORS	2002 Due within one year £	2001 Due within one year £
	Other creditors	76000	76000
	Accruals	32039	36592
		<u>108039</u>	<u>112592</u>

Other creditors include £76000 (2001 £76000) from UCLES for one particular project.

12. COMMITMENTS

(a) Pension Commitments

The institution participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus/deficit for the year in the income and expenditure account being equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the scheme was at 31st March 2002. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 5% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. In relation to future service liabilities it was assumed that the valuation rate of interest would be 6% per annum, including an additional investment return assumption of 1% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. The valuation was carried out using the projected unit method.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

NOTES TO THE FINANCIAL STATEMENTS

At the valuation date, the market value of the assets of the scheme was £19,938 million (including an estimated £55 million in respect of outstanding bulk transfer payments due) and the value of the past service liabilities was £19,776 million leaving a surplus of assets of £162 million. The assets therefore were sufficient to cover 101% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the institution contribution rate will be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years from the date of the valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £82.5 million of the surplus. This left a past service surplus of £79.5 million (including the Supplementary Section) to be carried forward.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. The next formal actuarial valuation is due as at 31st March 2005 when the above rates will be reviewed.

The total pension cost for the institution was £14679 (2001: £17983). There were no outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 14% of the pensionable salaries.

(b) Operating Lease Commitments

At 31st December 2002 the charity had annual commitments under non-cancellable operating leases as follows:

Land and Buildings	2002	2001
Expiry date:	£	£
After five years	28150	28148

13.	ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted Funds £	Restricted Funds £	Totals £
	Tangible Fixed Assets	425	56412	56837
	Net Current Assets	51209	410218	461427
		<u>51634</u>	<u>466630</u>	<u>518264</u>
14.	STATEMENT OF FUNDS	1st January 2002 £	Income £	31st December 2002 £
	General Reserve	60126	344450	352942
	Restricted Funds	435283	488786	457439
		<u>495409</u>	<u>833236</u>	<u>810381</u>
15.	TRANSACTIONS WITH TRUSTEES			

During the year to 31st December 2002, G Rumble a trustee was paid £83 for reimbursed expenses and £3300 for consultancy he provided on a specific charitable project.