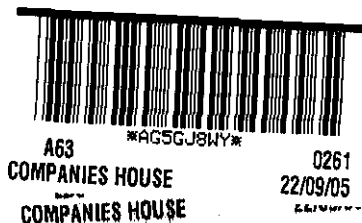


THE EXPERIENCE CORPS LIMITED
(A COMPANY LIMITED BY GUARANTEE)
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004



Horwath Clark Whitehill

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Chartered Accountants
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THE EXPERIENCE CORPS LIMITED
FOR THE YEAR ENDED 31 MARCH 2004

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THE EXPERIENCE CORPS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 MARCH 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

| | |
|---------------------------|---|
| Baroness Sally Greengross | |
| Brian Basham | (resigned 21 September 2004) |
| Sir Kenneth Calman | (resigned 21 October 2003) |
| Peter Davies | (resigned 31 March 2004) |
| Stuart Etherington | (resigned 31 March 2004) |
| Elizabeth Hoodless | (resigned 21 October 2003) |
| Gordon Lishman | (resigned 21 October 2003) |
| Anne Watts | |
| Mavis Stephenson Best | |
| John Wybrew | (appointed 5 June 2003 and resigned 21 September 2004) |
| Jeremy Marston | (appointed 5 June 2003) |
| Maggie Semple | (appointed 21 September 2004) |

SECRETARY

Temple Secretarial Limited

REGISTERED OFFICE

16 Old Bailey
London
EC4M 7EG

BANKERS

Lloyds TSB Bank
2nd Floor, 39 Threadneedle Street
London
EC2R 8AU

SOLICITORS

Withers Solicitors
16 Old Bailey
London
EC4M 7EG

AUDITORS

Horwath Clark Whitehill
St Bride's House
10 Salisbury Square
London EC4Y 8EH

COMPANY NUMBER

4184699

THE EXPERIENCE CORPS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2004

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year. The financial statements comply with current statutory requirements and the Memorandum and Articles of Association.

CONSTITUTION

The company is set up under its Memorandum and Articles of Association, registered as a company limited by guarantee, registration number 4184699.

PRINCIPAL ACTIVITY

The overall aim of The Experience Corps is to encourage people over 50 to offer their skills and experience to benefit local communities, with a view to getting 250,000 more people to be more active in their communities by 2004. This will make a significant contribution to the government's target of getting 1 million more people into volunteering by 2004.

FINANCIAL REVIEW

This Report covers the organisation's last full operating year as a not-for-profit company funded principally by grant-in-aid from the Home Office.

The company's agreement with the Home Office established the formal financial relationship between The Experience Corps and the Home Office, identified the conditions on which the grant was payable and the financial management and control required for the stewardship of the funds allocated to the company. As in previous years, the Board designated the Chief Executive as the person responsible for that stewardship, and she was responsible to them for ensuring that the terms of the agreement were fulfilled.

The Experience Corps' financial management systems continued to be formed around the requirements of the financial agreement with the Home Office. Policies were continued to be designed and adopted to ensure that conflicts of interest were avoided and that adequate controls were in place to safeguard company funds.

The period April 2003 to March 2004 was the company's third year, and its second full year of operations with the IT, accounting, HR and accommodation infrastructures all in place. During the financial year funds were expended as planned with sufficient resources allocated at the year end to allow the company an orderly transition from being government-funded to being privately funded. The process and the resources allowed were agreed with the Home Office prior to the year end.

The directors believe that significant progress was made during the year in further building The Experience Corps brand under the guidance of the Chief Executive, Maggie Semple, despite the need to commence the winding down of operations approximately four months before the end of the financial year. The company maintained a sound financial and operating framework whilst exploring the potential for continuing operations beyond 31st March 2004. Steps were taken to ensure that the company entered its third full year of operations adequately protected against possible actions from employees and creditors, and with sufficient agreed cash reserves to enable commercial business planning.

DIRECTORS AND THEIR INTERESTS

The directors are set out on page 1.

THE EXPERIENCE CORPS LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2004

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give true and fair view of the state of affairs of the company as at the end of the year? and a profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


The liability of the members in the event of the company being wound up is limited to a sum not exceeding £1 each.

AUDITORS

The directors have agreed to recommend to the members that Horwath Clark Whitehill should be retained as the Company's auditors until completion of the accounts for the year ended 31 March 2004, and that Baker Tilly be appointed as auditors for the company for the subsequent accounting period. The relevant resolution will be proposed at the company's forthcoming AGM.

Approved by the Board of Directors on
and signed on behalf of the Board

Director

 22/9/05

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE EXPERIENCE CORPS LIMITED

We have audited the financial statements of The Experience Corps Limited for the year ended 31 March 2004 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement 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 opinion we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and 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 Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

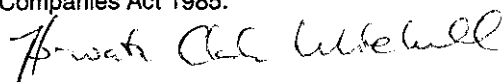
Basis of audit opinion

We conducted our audit in accordance with 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations 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.

Unqualified Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Horwath Clark Whitehill

Chartered Accountants and Registered Auditors

22/5/05

St Bride's House
10 Salisbury Square
London EC4Y 8EH

THE EXPERIENCE CORPS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2004

| | Notes | 2004 £ | 2003 £ |
|--|-------|---------------------------|---------------------------|
| TURNOVER | 1(e) | 7,210,415 | 7,176,737 |
| Administrative expenses | | (3,527,285) | (3,660,670) |
| Staff costs | 2 | <u>(3,361,426)</u> | <u>(3,429,205)</u> |
| OPERATING PROFIT | | 321,704 | 86,862 |
| Interest receivable | | <u>36,742</u> | <u>22,695</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 358,446 | 109,557 |
| Tax on ordinary activities | 5 | <u>161,879</u> | <u>(181,661)</u> |
| RETAINED PROFIT/(LOSS) FOR THE YEAR | | 520,325 | (72,104) |
| Retained profit brought forward | | <u>488,329</u> | <u>560,433</u> |
| RETAINED PROFIT CARRIED FORWARD | | <u>1,008,654</u> | <u>488,329</u> |

There are no recognised gains or losses for the current or preceding year other than those recorded in the profit and loss account above.

All operations are continuing.

The notes on pages 8 to 11 form part of these financial statements

THE EXPERIENCE CORPS LIMITED
BALANCE SHEET
AS AT 31 MARCH 2004

| | Notes | 2004 £ | 2003 £ |
|---|-------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible fixed assets | 6 | <u>329,628</u> | <u>857,649</u> |
| CURRENT ASSETS | | | |
| Debtors | 7 | <u>154,074</u> | <u>127,302</u> |
| Cash at bank and in hand | | <u>796,886</u> | <u>169,636</u> |
| | | 950,960 | 296,938 |
| CREDITORS: Amounts falling due within one year | 8 | <u>(271,934)</u> | <u>(666,258)</u> |
| NET CURRENT ASSETS/(LIABILITIES) | | <u>679,026</u> | <u>(369,320)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>1,008,654</u> | <u>488,329</u> |
| RESERVES | | | |
| Profit and loss account | | <u>1,008,654</u> | <u>488,329</u> |

These financial statements were approved by the Board of Directors on
and signed on its behalf by:

- Director

Shearman 22/9/05

The notes on page 8 to 11 form part of these financial statements

THE EXPERIENCE CORPS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2004

| | Note | 2004 £ | 2003 £ |
|--|------|----------------|----------------|
| Net cash inflow from operating activities | 10 | 796,724 | 806,822 |
| Returns on investments and servicing of Finance | | | |
| Interest received | | 36,742 | 22,695 |
| Taxation | | | |
| Corporation tax paid | | (84,503) | - |
| Capital expenditure and financial Investment | | | |
| Purchase of tangible fixed assets | | (125,121) | (709,170) |
| Proceeds from sale of fixed assets | | 3,408 | - |
| Increase in cash in the year | 11 | <u>627,250</u> | <u>120,347</u> |

The notes on pages 8 to 11 form part of these financial statements

THE EXPERIENCE CORPS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

b) Tangible fixed assets

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

Office equipment - over three years

c) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

d) Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

e) Turnover

Turnover comprises government grants, which are accounted for in the year in which they are receivable. The Experience Corps is not a registered charity but in the opinion of the directors it is more appropriate to follow the recommendations of the Statement of Recommended Practice (SORP), Accounting and Reporting by Charities, in relation to the treatment of government grants.

All activities arise in the United Kingdom.

THE EXPERIENCE CORPS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2004

| 2. STAFF COSTS (INCLUDING DIRECTORS) | 2004 | 2003 |
|---|-------------------------|-------------------------|
| | £ | £ |
| Wages and salaries | 3,113,233 | 3,188,955 |
| Social security costs | 248,193 | 240,250 |
| | <u>3,361,426</u> | <u>3,429,205</u> |

The average number of employees during the year was as follows:

| | 2004 | 2003 |
|----------------|------------------|-------------------|
| | No. | No. |
| Administration | <u>92</u> | <u>112</u> |

| 3. EMOLUMENTS OF DIRECTORS | 2004 | 2003 |
|-----------------------------------|----------------------|----------------------|
| | £ | £ |
| Emoluments | <u>35,241</u> | <u>27,090</u> |

No director was a member of a pension plan and no amounts have been paid by the company for such a purpose during the year.

4. OPERATING PROFIT

Operating profit is stated after charging:

| | | |
|------------------------|-----------------------|-----------------------|
| Auditors' remuneration | 8,500 | 7,700 |
| Depreciation | <u>640,181</u> | <u>621,261</u> |

5. TAXATION

Current year taxation

| | | |
|---|----------------------|-----------------------|
| UK corporation tax | 11,594 | 97,405 |
| Deferred Tax: Obligation and reversal of timing differences | - | 84,256 |
| | <u>11,594</u> | <u>181,661</u> |

Prior years

| | | |
|----------------------------------|-------------------------|-----------------------|
| UK corporation tax overprovision | (89,217) | - |
| Deferred tax overprovision | <u>(84,256)</u> | <u>-</u> |
| | <u>(161,879)</u> | <u>181,661</u> |

THE EXPERIENCE CORPS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2004

5. TAXATION (CONTINUED)

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom (19%). The differences are explained below:

| | | |
|---|----------------------|----------------------|
| Profit before tax | <u>358,446</u> | <u>109,557</u> |
| Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the United Kingdom 19% (2003: 30%) | 68,105 | 32,867 |
| Effects of: | | |
| Permanent differences | - | 7,997 |
| Profits not chargeable to corporation tax | (56,376) | - |
| Timing differences | - | 86,148 |
| Small company relief | <u>(135)</u> | <u>(29,607)</u> |
| Current tax charge for year (see note above) | <u>11,594</u> | <u>97,405</u> |

There were no factors that may affect future tax charges.

Deferred tax

The deferred tax liability is analysed as follows:

| | Provided | Not | <i>Provided</i> | <i>Not</i> |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2004 | Provided | <i>2003</i> | <i>Provided</i> |
| | £'000 | 2004 | <i>£'000</i> | <i>2003</i> |
| | | £'000 | | <i>£'000</i> |
| Accelerated capital allowances | <u>-</u> | <u>-</u> | <u>84,256</u> | <u>-</u> |

6. FIXED ASSETS

| | Office |
|-------------------------|-------------------------|
| | Equipment |
| | £ |
| Cost | |
| At 31 March 2003 | 1,863,780 |
| Additions | 125,121 |
| Disposals | <u>(76,034)</u> |
| At 31 March 2004 | <u>1,912,867</u> |
| Depreciation | |
| At 31 March 2003 | 1,006,131 |
| Charge for the year | 640,181 |
| Disposals | <u>(63,073)</u> |
| At 31 March 2004 | <u>1,583,239</u> |
| Net book value | |
| At 31 March 2004 | <u>329,628</u> |
| <i>At 31 March 2003</i> | <u><i>857,649</i></u> |

THE EXPERIENCE CORPS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2004

7. DEBTORS

| | 2004 £ | 2003 £ |
|---------------------|----------------|----------------|
| Other debtors | 89,353 | 84,928 |
| Corporation tax due | 64,721 | - |
| Prepayments | - | 42,374 |
| | <u>154,074</u> | <u>127,302</u> |

8. CREDITORS: amounts falling due within one year

| | | |
|---------------------------------|----------------|----------------|
| Trade creditors | 53,908 | 231,588 |
| Other taxes and social security | 61,798 | 152,644 |
| Corporation tax due | - | 181,661 |
| Other creditors | 1,994 | - |
| Accruals | 154,234 | 100,365 |
| | <u>271,934</u> | <u>666,258</u> |

9. LEASING COMMITMENTS

| | 2004 £ | 2003 £ |
|---|-----------|---------------|
| Annual operating lease commitments in respect of buildings were as follows: | | |
| Less than one year | 1,150 | - |
| One to two years | 52,900 | - |
| Two to five years | - | 10,255 |
| | <u>-</u> | <u>10,255</u> |

10. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2004 £ | 2003 £ |
|--|----------------|----------------|
| Operating profit | 321,704 | 86,862 |
| Depreciation | 640,181 | 621,261 |
| Loss on disposal of fixed assets | 9,553 | - |
| Decrease/(Increase) in debtors | 37,949 | (76,190) |
| (Decrease)/Increase in creditors | (212,663) | 174,889 |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | <u>796,724</u> | <u>806,822</u> |

11. ANALYSIS OF CHANGES IN NET CASH RESOURCES

| | 2003 £ | Cash flows £ | 2004 £ |
|--------------------------|----------------|-----------------|----------------|
| Cash at bank and in hand | <u>169,636</u> | <u>627,250</u> | <u>796,886</u> |
| NET FUNDS | <u>169,636</u> | <u>627,250</u> | <u>796,886</u> |