

THE EXPERIENCE CORPS LIMITED
(A COMPANY LIMITED BY GUARANTEE)
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003



Horwath Clark Whitehill

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THE EXPERIENCE CORPS LIMITED
FOR THE YEAR ENDED 31 MARCH 2003

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**THE EXPERIENCE CORPS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 MARCH 2003**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Baroness Sally Greengross ✓
Brian Basham ✓
Sir Kenneth Calman ✓
Peter Davies ✓
Stuart Etherington ✓
Elizabeth Hoodless ✓
Gordon Lishman ✓
Anne Watts ✓
Mavis Stephenson Best ✓

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
25 New Street Square
London
EC4A 3LN

COMPANY NUMBER

4184699

THE EXPERIENCE CORPS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2003

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

The Experience Corps Limited, which is a not-for-profit company limited by guarantee, is funded principally by a grant-in-aid from the Home Office. This is its second year of operation. Planned funding for 2003/04 is £7.2m payable quarterly as in previous years.

The Company's agreement with the Home Office, which was concluded at the end of September 2001 and is lodged in the House of Commons Library, establishes the formal financial relationship between the Experience Corps and the Home Office, identifies the conditions on which grant is payable and the financial management and control required for the stewardship of the funds allocated to the company. The Board has designated the Chief Executive as the person responsible for that stewardship, and she is responsible to them for ensuring that the terms of the agreement are fulfilled.

The Experience Corps' financial management systems are formed around the requirements of the financial agreement with the Home Office. They include:

- regular reviews by the Chief Executive, with Company's senior management team and the Board, of monthly and annual financial reports;
- agreement of a detailed business plan by the Board and the Home Office for each year of operation, against which financial and other performance is measured and reviewed regularly;
- clear budget delegations and authorities;
- targets for performance, which have been delegated to regional and individual animator level and are reviewed weekly.

Policies have been designed and adopted to ensure that conflicts of interest are avoided and that adequate controls are in place to safeguard company funds.

During the company's second year, and its first full year of operations with the IT, accounting, HR and accommodation infrastructures in place, the regional staff base was brought to full strength by May 2002. During the financial year funds were expended as planned with uncommitted cash balances of £16,354 at 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. The company continues to maintain a sound financial and operating framework, and is currently exploring the potential for continuing operations beyond 31st March 2004. The result of this process is expected to be known during the third quarter of the financial year 2003/04.

**THE EXPERIENCE CORPS LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2003**

DIRECTORS AND THEIR INTERESTS

The directors are set out on page 1. Baroness Sally Greengross received £27,090 remuneration in the year.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the 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 the going concern basis unless it is inappropriate to presume that the company will continue in business.

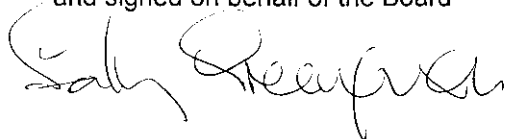
The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the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

The liability of the 9 directors in the event of the company being wound up is limited to a sum not exceeding £1 each.

AUDITORS

The board has exercised its powers to appoint Horwath Clark Whitehill as auditors of the company. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 24 September 2003
and signed on behalf of the Board



Director

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 2003 which comprise the Profit and Loss Account, 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 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.

Fundamental Uncertainty

In forming our opinion, we have considered the accuracy of the disclosure in note 1 (a) to the financial statements concerning the uncertainty over the possible funding of the organisation after 31 March 2004. In view of the significance of this uncertainty we consider that it should be brought to your attention, but our opinion is not qualified in this respect.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE EXPERIENCE CORPS LIMITED (CONTINUED)**

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

25 New Street Square
London EC4A 3LN

THE EXPERIENCE CORPS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2003

	Notes	2003 £	2002 £
TURNOVER	1(e)	7,176,737	5,292,000
Administrative expenses		(3,660,670)	(3,795,202)
Staff costs	2	<u>(3,429,205)</u>	<u>(964,508)</u>
OPERATING PROFIT		86,862	532,290
Interest receivable		<u>22,695</u>	<u>28,292</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		109,557	560,582
Tax on ordinary activities	5	<u>181,661</u>	<u>149</u>
RETAINED (LOSS)/PROFIT FOR THE YEAR		(72,104)	560,433
Retained profit brought forward		<u>560,433</u>	<u>-</u>
RETAINED PROFIT CARRIED FORWARD		<u>488,329</u>	<u>560,433</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.

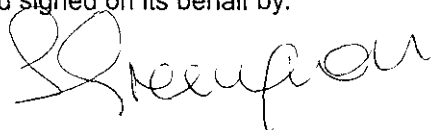
All operations are continuing.

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

THE EXPERIENCE CORPS LIMITED
BALANCE SHEET
AS AT 31 MARCH 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible fixed assets	6	<u>857,649</u>	<u>769,740</u>
CURRENT ASSETS			
Debtors	7	<u>127,302</u>	<u>51,112</u>
Cash at bank and in hand		<u>169,636</u>	<u>49,289</u>
		296,938	100,401
CREDITORS: Amounts falling due within one year	8	<u>(666,258)</u>	<u>(309,708)</u>
NET CURRENT LIABILITIES		<u>(369,320)</u>	<u>(209,307)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>488,329</u>	<u>560,433</u>
RESERVES			
Profit and loss account		<u>488,329</u>	<u>560,433</u>

These financial statements were approved by the Board of Directors on 24 September 2003 and signed on its behalf by:


 - Director

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 2003

	Note	2003 £	2002 £
Net cash inflow from operating activities	10	806,822	1,175,607
Returns on investments and servicing of finance			
Interest received		22,695	28,292
Capital expenditure and financial investment			
Purchase of tangible fixed assets		<u>(709,170)</u>	<u>(1,154,610)</u>
Increase in cash in the year	11	<u>120,347</u>	<u>49,289</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 2003

1. ACCOUNTING POLICIES

a) Basis of accounting

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

Going concern

The company has received funding from the Home Office for the past three years. This funding finishes on 31 March 2004. After this date, the company will have to enter a competitive tendering process with other charitable organisations to receive further funding from this source. It is the directors' intention to participate in this process.

The directors have a number of alternative plans should they be unsuccessful in the competitive tendering process. However, the company has yet to submit tenders for these alternative sources.

The directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. The directors have prepared cashflow forecasts for the year ended 31 March 2004. Due to the uncertainty regarding the future it is not possible to produce any meaningful forecasts beyond this date. On this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis. This assumes either the tender is awarded to the company or that the directors' alternative plans are successful. The financial accounts do not include any adjustments that would result if the tender were not awarded to the company and the directors' alternative plan were not successful.

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.

All activities arise in the United Kingdom.

THE EXPERIENCE CORPS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2003

2. STAFF COSTS (INCLUDING DIRECTORS)	2003 £	2002 £
Wages and salaries	3,188,955	956,682
Social security costs	<u>240,250</u>	<u>7,826</u>
	<u>3,429,205</u>	<u>964,508</u>

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

	2003 No.	2002 No.
Administration	<u>112</u>	<u>50</u>

3. EMOLUMENTS OF DIRECTORS	2003 £	2002 £
Emoluments	<u>27,090</u>	<u>15,000</u>

The remuneration of the highest paid director was £ 27,090 (2002: £15,000).

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	7,700	7,070
Depreciation	<u>621,261</u>	<u>384,870</u>

5. TAXATION

Current year taxation

Uk corporation tax	97,405	149
Deferred Tax: Obligation and reversal of timing differences	<u>84,256</u>	<u>-</u>
	181,661	-

Prior years

Uk corporation tax	<u>-</u>	<u>-</u>
	<u>181,661</u>	<u>149</u>

THE EXPERIENCE CORPS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2003

Factors affecting tax charge for the year

The tax assessed for the year is more than the standard rate of corporation tax in the United Kingdom (30%). The differences are explained below:

Profit before tax	<u>109,557</u>	<u>560,582</u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the United Kingdom 30% (2002: 30%)	<u>32,867</u>	168,175
Effects of:		
Permanent differences	7,997	2,081
Timing differences	86,148	(170,405)
Small company relief	<u>(29,607)</u>	<u>-</u>
Current tax charge for year (see note above)	<u>97,405</u>	<u>149</u>

There were no factors that may affect future tax charges.

5. TAXATION (CONTINUED)

Deferred tax

The deferred tax liability is analysed as follows:

	Provided 2003 £'000	Not Provided 2003 £'000	Provided 2002 £'000	Not Provided 2002 £'000
Accelerated capital allowances	<u>84,256</u>	<u>-</u>	<u>-</u>	<u>170,405</u>

6. FIXED ASSETS

	Office equipment £
Cost	
At 31 March 2002	1,154,610
Additions	<u>709,170</u>
At 31 March 2003	<u>1,863,780</u>
Depreciation	
At 31 March 2002	384,870
Charge for the year	<u>621,261</u>
At 31 March 2003	<u>1,006,131</u>
Net book value	
At 31 March 2003	<u>857,649</u>
At 31 March 2002	<u>769,740</u>

THE EXPERIENCE CORPS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2003

7. DEBTORS

	2003 £	2002 £
Other debtors	84,928	57
Prepayments	<u>42,374</u>	<u>51,055</u>
	<u>127,302</u>	<u>51,112</u>

8. CREDITORS: amounts falling due within one year

Trade creditors	231,588	302,489
Other taxes and social security	152,644	-
Corporation tax due	181,661	149
Accruals	<u>100,365</u>	<u>7,070</u>

9. LEASING COMMITMENTS

	2003 £	2002 £
Annual operating lease commitments in respect of buildings were as follows:		
Two to five years	<u>10,255</u>	<u>10,255</u>

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

	2003 £	2002 £
Operating profit	86,862	532,290
Depreciation	621,261	384,870
(Increase) in debtors	(76,190)	(51,112)
Increase in creditors	<u>174,889</u>	<u>309,559</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>806,822</u>	<u>1,175,607</u>

11. ANALYSIS OF CHANGES IN NET CASH RESOURCES

	2002 £	Cash flows £	2003 £
Cash at bank and in hand	<u>49,289</u>	<u>120,347</u>	<u>169,636</u>
NET FUNDS	<u>49,289</u>	<u>120,347</u>	<u>169,636</u>