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Company Number: 4428382

**BIRMINGHAM INTERNATIONAL
STUDENT HOMES**

FINANCIAL STATEMENTS

**FOR THE
YEAR ENDED 31 AUGUST 2005**



J W Hinks
Chartered Accountants
19 Highfield Road
Edgbaston
Birmingham
B15 3BH

BIRMINGHAM INTERNATIONAL STUDENT HOMES

COMPANY INFORMATION

Directors and Trustees

Rev. D J Easton (Chair)
P J S Johansen (Hon. Treasurer)
Dr. S E Balmer
R O Dauncey
M W Fisher
H L Jones
C A Osborn

Secretary

M W Fisher

Registered Office

52 Oakfield Road
Selly Oak
Birmingham
B29 7EQ

Auditors

J W Hinks
Chartered Accountants
19 Highfield Road
Edgbaston
Birmingham
B15 3BH

Bankers

Lloyds TSB
Central Finance Board

Company Registration Number - 4428382

Charity Registration Number - 1095730

BIRMINGHAM INTERNATIONAL STUDENT HOMES

REPORT AND FINANCIAL STATEMENTS

31 AUGUST 2005

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BIRMINGHAM INTERNATIONAL STUDENT HOMES

DIRECTORS AND TRUSTEES' REPORT

The Directors (who are also Trustees) present their Annual Report and Financial Statements for the year ended 31 August 2005.

The Company is a Company limited by Guarantee and not having a share capital (Registration Number 4428382).

The Company is listed by The Charity Commission in the Central Register of Charities (Registration Number 1095730).

Directors and Trustees

The following served as Directors/Trustees during the year:

Rev. D J Easton	
Dr. S E Balmer	
R O Dauncey	
Prof. D W Edden	(resigned 1 December 2005)
M W Fisher	
H L Jones	
P J S Johansen	(appointed 27 May 2004)
C A Osborn	
J P Sinclair	(resigned 1 December 2005)

One third of the Trustees shall retire and seek re-election at every Annual General Meeting.

All Directors of the Company are also Trustees of the Charity and there are no other Trustees.

No Director has any beneficial interest in the Charitable Company. All Directors are members of the Company and guarantee to contribute up to £10 in the event of a winding up while he or she is a member or within one year after he or she ceases to be a member.

Objects of the Charity and Principal Activities

The Charity's objects are to:

Promote and provide for the advancement of education and training of students from overseas and the United Kingdom;

Provide or assist in the provision of facilities for recreation and other leisure time occupation; and

Promote the advancement of the Christian religion in the United Kingdom and overseas in connection therewith to provide residential accommodation.

The Charity was established to provide and manage accommodation in two residential houses in Birmingham – Wesley International House and Asbury Overseas House.

BIRMINGHAM INTERNATIONAL STUDENT HOMES

DIRECTORS AND TRUSTEES' REPORT

Organisation

The Charity is organised so that its Board of Directors/Trustees and Operations Committee meet regularly to manage its affairs and formulate policy. The Honorary Treasurer and Residential Managers are responsible for the day-to-day running and financial management of the respective houses.

Achievements during the year and Future Developments

The Board is satisfied that the objectives of the Charity in terms of providing accommodation for international students in Birmingham have been adequately met during the year.

Throughout the year there were around 200 people in residence at any one time, almost all from overseas. The average utilisation of the rooms over the two houses was 81% which was 3% below budget. Asbury Overseas House had excellent occupancy levels throughout the year of just under 90%. However, Wesley International House only achieved an average occupancy level of 70%. This was due to a higher proportion of students on shorter courses, which is more difficult to manage, together with difficulties in attracting and retaining students due to the poor state of some of the bathroom facilities. A programme of upgrading the bathroom facilities at Wesley International House is nearing completion and occupancy levels in the current academic year are at a much higher level than the same period last year. Given these circumstances the Board was satisfied with the overall occupancy levels achieved during the year.

The above budget occupancy levels at AOH have ensured that income exceeded budget and the Board was able to continue with the ongoing plan of infrastructure improvements. As the organisation is non-profit making, all available resources are channelled back into improving the facilities. In order to accelerate the pace of these improvements and to keep abreast of essential work necessary to meet statutory obligations, the Board authorised property repairs and improvements of £49,873 during the year, a large proportion of which was used to finance the bathroom improvements at Wesley International House. £29,505 of these improvements were capitalised, leaving £20,368 to be expended as repairs in the year. Asbury Overseas House also benefited from a range of repairs and improvements that were identified as being necessary following the quinquennial report on this property. With additional expenditure budgeted for the 2005/2006 financial year, the Board is satisfied that both houses are in a satisfactory state of repair.

Over the years the Charity has been able to provide accommodation for a number of people with disabilities but was previously unable to accommodate wheelchair users. The Board is committed to trying to meet the special needs of individuals where this can be reasonably and economically achieved. Unfortunately, the lift at Asbury Overseas House is too narrow for wheelchair access and it would be prohibitively expensive to replace it. This limitation restricts access for wheelchair users at Asbury Overseas House to the ground floor. A disability access audit has recently been carried out which has identified some minor improvements that will be made to both properties to further improve access for wheelchair users.

BIRMINGHAM INTERNATIONAL STUDENT HOMES

DIRECTORS AND TRUSTEES' REPORT

Staffing has been stable over the period in question and the Board is grateful to all its employees for their hard work and assistance which is invaluable in maintaining the smooth running of the houses. The pastoral care and cheerful attitude of the staff engenders a special warm and friendly atmosphere and a spirit of fellowship that is so appreciated by newly arrived overseas students.

2005 was the 75th Anniversary of the founding of Asbury Overseas House and the 50th Birthday for Wesley International House. A joint celebration was held in April to mark these two Jubilees which was well attended by local dignitaries, senior representatives from the Methodist Church, residents and staff both past and present. A service of thanksgiving was held at Selly Oak Methodist Church which included music performed by a group of residents drawn from all corners of the world representing many races and religions; a truly joyous event. To mark the Jubilee, the Board launched an appeal to raise £2 million which will be used to extend the accommodation and facilities available at both houses and to meet the cost of some major repairs and refurbishments that are planned for in the future. Sir Dominic Cadbury, Dr Stuart Burgess and Mr Pat Welsh have all agreed to be the Patrons of the BISH Jubilee Appeal and the Board is grateful for their support and assistance.

The Board looks forward to the future with confidence.

Financial Position

The Statement of Financial Activities shows an income for the year of £372,403 and expenditure of £300,971, thereby increasing total funds at 31 August 2005 to £184,074.

There was an overall surplus in income over expenditure before property and equipment repairs of £91,800. Expenditure on property maintenance and equipment repairs totalled £20,368, which left an overall surplus of £71,432. The total funds retained in the balance sheet are £184,078, with adequate liquid reserves being available to meet the day to day operations of the Charity and to provide a suitable level of security against any unexpected repairs or cost that might arise.

Risk Assessment

The Trustees have examined the major strategic, business and operational risks that the Charity faces and confirm that systems have been established to enable regular reports to be produced so that necessary steps can be taken to lessen these risks.

Reserve Policy

The policy of the Charity is to maintain unrestricted funds, not committed or invested in tangible fixed assets which are the free reserves of the Charity, at a level which equates to approximately three months unrestricted expenditure.

This should provide sufficient funds to cover management and administration costs, in addition to protecting the Charity against fluctuations in incoming resources caused by unforeseen vacancies in the residential houses, thereby enabling the Charity to develop all aspects of its activities.

Unrestricted funds were maintained at this level throughout the year.

BIRMINGHAM INTERNATIONAL STUDENT HOMES

DIRECTORS AND TRUSTEES' REPORT

Statement of Trustees Responsibilities

The Trustees are required by law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the Company and of its surplus or deficit for that period. In preparing those accounts, 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) follow applicable accounting standards subject to any material departures disclosed and explained in the accounts.
- d) prepare the accounts on a going concern basis unless it is appropriate to assume that the Company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the accounts 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.

Auditors

The auditors J W Hinks have indicated their willingness to accept re-appointment under Section 385 of the Companies Act 1985.

Small Companies Exemptions

The financial statements and Directors and Trustee's Report have been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board

S. E. Balmer

Dr S E Balmer
Director

1 December 2005

BIRMINGHAM INTERNATIONAL STUDENT HOMES

AUDITORS REPORT TO THE MEMBERS OF BIRMINGHAM INTERNATIONAL STUDENT HOMES

We have audited the financial statements of Birmingham International Student Homes for the year ended 31 August 2005, which comprise the Statement of Financial Activities, Balance Sheet, and related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) and under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Charity Trustees' 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 Charity Trustees' those matters we are required to state to them in an auditors' 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 Charity Trustees 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 Trustees' Responsibilities, the Trustees (who are also the Directors of Birmingham International Student Homes for the purposes of company law) are responsible for the preparation of the Directors and Trustees' Report and the 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 Directors and Trustees' 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' and Trustees' Report, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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.

BIRMINGHAM INTERNATIONAL STUDENT HOMES

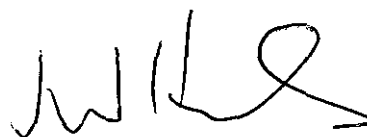
AUDITORS REPORT TO THE MEMBERS OF BIRMINGHAM INTERNATIONAL STUDENT HOMES

We planned and performed our audit so as to obtain all 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 31 August 2005, 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.

J W Hinks
Chartered Accountants and Registered Auditors
19 Highfield Road
Edgbaston
Birmingham
B15 3BH



1 December 2005

BIRMINGHAM INTERNATIONAL STUDENT HOMES

STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 AUGUST 2005

	Notes	Unrestricted General funds £	Unrestricted Designated funds £	Restricted funds £	Total funds 2005 £	Total funds 2004 £
INCOME AND EXPENDITURE						
Incoming Resources						
Donations	2	668	-	54,305	54,973	1,173
<i>Activities in furtherance of the Charity's objects:</i>						
Accommodation charges		312,297	-	-	312,297	316,528
Interest		4,625	-	508	5,133	4,082
Total Incoming Resources		317,590	-	54,813	372,403	321,783
RESOURCES EXPENDED						
<i>Costs of activities in furtherance of the Charity's objects:</i>						
Accommodation expenditure	5	243,615	-	1,648	245,263	281,138
Management and administration	5	53,395	-	2,313	55,708	50,269
Total Resources Expended		297,010	-	3,961	300,971	331,407
Net Incoming/(Outgoing) Resources		20,580	-	50,852	71,432	(9,624)
Total funds at 31 August 2004		45,678	50,000	16,964	112,642	122,266
Total funds at 31 August 2005		66,258	50,000	67,816	184,074	112,642

Income and Expenditure Account

As the Statement of Financial Activities is equivalent to an Income and Expenditure Account and complies with Financial Reporting Standard Number 3 "Reporting Financial Performance", a separate Income and Expenditure Account has not been prepared.

The notes on pages 9 to 14 form part of these financial statements.

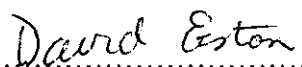
BIRMINGHAM INTERNATIONAL STUDENT HOMES

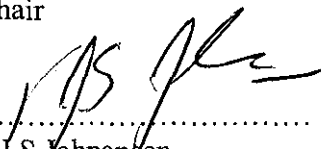
BALANCE SHEET 31 AUGUST 2005

	Notes	2005 £	2004 £
Fixed Assets			
Tangible fixed assets	6	<u>36,433</u>	<u>11,643</u>
Current assets			
Stocks		1,520	1,689
Debtors and prepayments	7	5,096	10,457
Central Finance Board - Deposit account		155,862	76,976
Lloyds TSB - Current account		11,516	44,988
Cash in hand		<u>450</u>	<u>450</u>
		174,444	134,560
Creditors - amounts falling due within one year	8	<u>26,803</u>	<u>33,561</u>
Net current assets		<u>147,641</u>	<u>100,999</u>
Total assets less current liabilities		<u>184,074</u>	<u>112,642</u>
Represented by:			
FUNDS	9		
Unrestricted funds - General		66,258	45,678
Unrestricted funds - Designated		50,000	50,000
Restricted funds - Redevelopment Scheme		<u>67,816</u>	<u>16,964</u>
Total funds		<u>184,074</u>	<u>112,642</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the Directors on 1 December 2005 and signed on their behalf by:


.....
Rev. D J Easton
Chair


.....
P J S Johnansen
Hon. Treasurer

The notes on pages 9 to 14 form part of these financial statements.

BIRMINGHAM INTERNATIONAL STUDENT HOMES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2005

1. Accounting Policies

a) Accounting Convention

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), the Companies Act 1985 and the Statement of Recommended Practice (SORP), "Accounting and Reporting to Charities" published in October 2000.

b) Company Status

The Charity is a Company limited by Guarantee. The members of the Company are the Trustees named on page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

c) Fund Accounting

The following types of funds are maintained:

General funds are retained to the extent that they are considered necessary to ensure that adequate funds are retained to cover further expenditure of both a capital nature and those revenue costs that may not be covered by incoming resources.

Designated funds are set aside by the Trustees towards future Health and Safety and other essential property repairs necessary at the two residential houses.

Restricted funds are funds which are to be used in accordance with any specific restriction imposed by donors or which have been raised by the Charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of any restricted fund is set out in the notes to the financial statements.

d) Incoming Resources

All incoming resources are included in the Statement of Financial Activities when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

BIRMINGHAM INTERNATIONAL STUDENT HOMES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2005

e) Resources Expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Staff costs have been allocated based on an estimate of the time spent by each member of staff working in each of these areas.

Management and administration costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

f) Pension Costs

Contributions have been made to two personal pension policies during the year and the pension charge represents the amounts payable by the Company to the fund in the year. The assets of the schemes are held separately from those of the Company in independently administered funds.

g) Gifts in Kind

The Trustees recognise that several parties have donated their time and resources in respect of assisting the operations of the residential homes, but are unable to estimate a monetary value for their assistance.

h) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, less depreciation or in cases where fixed assets have been donated, at valuation at the time of acquisition. Depreciation has been provided on tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its estimated useful life at the following rate:

Property improvements	- 10% per annum
Furniture and equipment	- 20% per annum

i) Stocks

Consumable stocks are valued at the lower of cost and net realisable value.

BIRMINGHAM INTERNATIONAL STUDENT HOMES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2005

2. Donations

	Unrestricted funds 31 August 2005 £	Restricted funds 31 August 2005 £	Total funds 31 August 2005 £	Total funds 31 August 2004 £
Appeal fund	-	54,305	54,305	50
Others under £200	<u>668</u>	<u>-</u>	<u>668</u>	<u>1,123</u>
	<u>668</u>	<u>54,305</u>	<u>54,973</u>	<u>1,173</u>

3. Net incoming/(outgoing) resources before transfers

	2005 £	2004 £
This is stated after charging:		
Depreciation of owned assets	4,715	3,881
Auditors remuneration	1,700	1,500
Charity professional liability insurance	<u>779</u>	<u>872</u>

4. Staff Costs

Staff costs were as follows:

	2005 £	2004 £
Wages and salaries	139,968	119,444
Social security costs	5,951	4,567
Pension costs	<u>4,026</u>	<u>3,182</u>
	<u>149,945</u>	<u>127,193</u>
Average number of persons employed during the year:	2005 Number	2004 Number
Wardens and staff	<u>18</u>	<u>17</u>

None of the Directors/Trustees received any remuneration or reimbursement of expenses during the year.

No employee earned over £50,000 during the year.

BIRMINGHAM INTERNATIONAL STUDENT HOMES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2005

5. RESOURCES EXPENDED

Accommodation expenditure

	Unrestricted funds 31 August 2005 £	Restricted funds 31 August 2005 £	Total funds 31 August 2005 £	Total funds 31 August 2004 £
Staff costs, NI and pension	108,982	-	108,982	89,159
Rates and water	25,548	-	25,548	23,571
Insurance	15,536	-	15,536	13,998
Heat and light	32,550	-	32,550	27,893
Laundry	6,899	-	6,899	6,320
Cleaning	8,628	-	8,628	7,656
Equipment replacements and repairs	6,690	13	6,703	9,871
Property maintenance and repairs	20,368	-	20,368	87,698
Professional	10,116	1,305	11,421	8,284
Newspapers	1,585	-	1,585	1,467
Sundries	1,998	330	2,328	1,340
Depreciation	<u>4,715</u>	<u>-</u>	<u>4,715</u>	<u>3,881</u>
TOTAL	<u>243,615</u>	<u>1,648</u>	<u>245,263</u>	<u>281,138</u>

Management and administration

	Unrestricted funds 31 August 2005 £	Restricted funds 31 August 2005 £	Total funds 31 August 2005 £	Total funds 31 August 2004 £
Warden costs, NI and pension	40,963	-	40,963	38,034
Computer, postage, telephone and courses	8,232	2,313	10,545	8,690
Audit and accountancy	<u>4,200</u>	<u>-</u>	<u>4,200</u>	<u>3,545</u>
TOTAL	<u>53,395</u>	<u>2,313</u>	<u>55,708</u>	<u>50,269</u>

BIRMINGHAM INTERNATIONAL STUDENT HOMES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2005

6. Tangible Fixed Assets

	Property Improvements £	Furniture & Equipment £	Total 2005 £	Total 2004 £
Cost/valuation				
As at 1 September 2004	-	19,404	19,404	19,404
Additions	<u>29,505</u>	<u>-</u>	<u>29,505</u>	<u>-</u>
As at 31 August 2005	<u>29,505</u>	<u>19,404</u>	<u>48,909</u>	<u>19,404</u>
Depreciation				
As at 1 September 2004	-	7,761	7,761	3,880
Charge for year	<u>834</u>	<u>3,881</u>	<u>4,715</u>	<u>3,881</u>
As at 31 August 2005	<u>834</u>	<u>11,642</u>	<u>12,476</u>	<u>7,761</u>
Net book value				
As at 31 August 2005	<u>28,671</u>	<u>7,762</u>	<u>36,433</u>	<u>11,643</u>

The Birmingham Methodist District Trustees for Wesley House and The Methodist Council for Asbury House ratified management agreements authorising Birmingham International Student Homes to be responsible for all aspects of the properties, except final ownership.

7. Debtors and Prepayments

	2005 £	2004 £
Taxes and social security	-	5,045
Prepayments	<u>5,096</u>	<u>5,412</u>
	<u>5,096</u>	<u>10,457</u>

All the above amounts are due within one year.

8. Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	5,243	11,618
Room deposits	14,780	15,350
Taxes and social security	231	-
Accruals	<u>6,549</u>	<u>6,593</u>
	<u>26,803</u>	<u>33,561</u>

BIRMINGHAM INTERNATIONAL STUDENT HOMES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2005

9. Funds

	Unrestricted General funds £	Unrestricted Designated funds £	Restricted funds £	Total funds 2005 £	Total funds 2004 £
Funds at 1 September 2004	45,678	50,000	16,964	112,642	122,266
Net incoming/(outgoing) resources for year	20,580	-	50,852	71,432	(9,624)
Transfer between funds	-	-	-	-	-
Funds at 31 August 2005	<u>66,258</u>	<u>50,000</u>	<u>67,816</u>	<u>184,074</u>	<u>112,642</u>

The Unrestricted Designated Fund balance represents monies set aside by the Trustees towards future Health and Safety and other essential property repairs necessary at the two residential houses.

The Restricted Fund balance represents monies received for the Redevelopment Scheme Appeal.

Analysis of Net Assets Between Funds

	Unrestricted General funds £	Unrestricted Designated funds £	Restricted funds £	Total funds 2005 £	Total funds 2004 £
Tangible fixed assets	36,433	-	-	36,433	11,643
Current assets	56,641	50,000	67,803	174,444	134,560
Current liabilities	(26,816)	-	13	(26,803)	(33,561)
Total Net Assets	<u>66,258</u>	<u>50,000</u>	<u>67,816</u>	<u>184,074</u>	<u>112,642</u>

10. Control

The company is controlled by the Directors/Trustees.