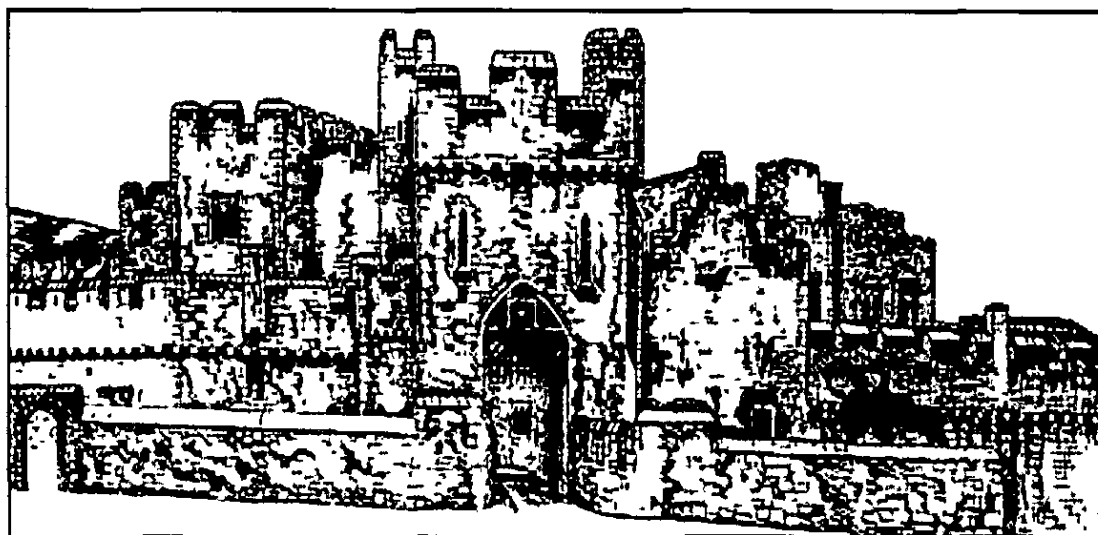


UNITED WORLD COLLEGE OF THE ATLANTIC LIMITED  
(limited by Guarantee and not having a Share Capital)

REPORT OF THE GOVERNING BODY  
AND FINANCIAL STATEMENTS  
31<sup>st</sup> JULY 2006



Registered Number 673076  
Registered Charity Number 525761

Registered Office  
St Donat's Castle, Llantwit Major  
Vale of Glamorgan, CF61 1WF

THURSDAY



A38      \*A17NPOUC\*      739  
19/04/2007  
COMPANIES HOUSE

**UNITED WORLD COLLEGE OF THE ATLANTIC LIMITED**

**REPORT OF THE GOVERNING BODY  
AND FINANCIAL STATEMENTS  
31<sup>st</sup> JULY 2006**

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**UNITED WORLD COLLEGE OF THE ATLANTIC LIMITED**  
(limited by Guarantee and not having a Share Capital)

**PATRONS, TRUSTEES, EXECUTIVES AND PROFESSIONAL ADVISORS**

**Patron**

Her Majesty The Queen

**Presidents**

HM Queen Noor of the Hashemite Kingdom of Jordan  
Mr Nelson Mandela, Former President, Republic of South Africa

**Honorary Fellows**

M Antonin Besse   Sir Maurice Laing   Mrs Phebe Maresi   Mr John Sunley

**Trustees**

Baroness Helena Kennedy QC (Chair)  
Miss Victoria Provis  
Mrs Alison Akant (appointed 3<sup>rd</sup> October 2006)  
Mr Richard Alford, CMG OBE (appointed 3<sup>rd</sup> October 2005)  
Mr Hakeem Belo-Osagie  
Mr Paul Crane (appointed 3<sup>rd</sup> October 2005)  
Mr George Kitching  
Miss Jill Longson  
Mr John Nickson  
Mrs Deborah Stewart Lewis  
Professor Jeffrey Thompson, CBE  
Mrs Janice Van Dyke Walden (resigned 28<sup>th</sup> October 2005)  
Mr David Vokes (appointed 3<sup>rd</sup> October 2005)

**Company Secretary & Bursar**

Mr Gareth Cheesman

**College Principal**

Mr Malcolm McKenzie

**Registered Office**

St Donat's Castle  
Llantwit Major  
Vale of Glamorgan  
CF61 1WF  
Registered in England No 673076  
Registered Charity No 525761

**Auditors**

Baker Tilly  
1 Georges Square  
Bristol  
BS1 6BP

**Bankers**

The Royal Bank of Scotland plc  
62-63 Threadneedle Street  
London EC2R 8LA

Lloyds Bank plc  
18 Wyndham Street  
Bridgend  
CF31 1EQ

**Solicitors**

Allen & Overy  
1 New Change  
London EC4M 9QQ

**Investment Managers**

Morgan Stanley & Co International Ltd  
20 Bank Street  
London E14 4AD

The Citibank Private Bank  
41 Berkeley Square  
London W1X 6NA

**Property Advisers**

Drivers Jonas, London  
6 Grosvenor Street  
London W1X 0DJ

**Insurance Brokers**

Holmwoods Insurance Services  
Rockwood House  
9-17 Perrymount Road  
Haywards Heath  
West Sussex RH16 3DU

## **UNITED WORLD COLLEGE OF THE ATLANTIC LIMITED**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31<sup>st</sup> JULY 2006**

The Trustees of the United World College of the Atlantic Limited (also known as Atlantic College) submit their report for the year ended 31<sup>st</sup> July 2006. This report is prepared in accordance with current statutory requirements, and the requirements of the Statement of Standard Recommended Practice "Accounting and Reporting by Charities"

Throughout the report, the term Trustees refers to those individuals listed on page 2 who have the following roles

Trustees of the Charity,  
Governors of the College, and  
Directors of the Company

#### **Governance**

The United World College of the Atlantic Limited is a registered company limited by guarantee, not having a share capital. It is also a registered charity.

The governance of the company is the responsibility of the Trustees, who are elected by the members in accordance with the terms of its Memorandum & Articles of Association dated October 1960 and amended in February 1990.

A sub-group of the Governors, the Nominations Committee, receives and prepares proposals for membership and places these proposals before the Governing Body. Trustees are elected to provide appropriate skills and reflect a variety of interests.

New Trustees are provided with a pack which outlines basic information about the charity. It includes the Memorandum and Articles of Association, a brief on the company and its governance, a list of trustees and members of the Advisory Council, Rules of Procedure and guidelines for the Board, rules of appointment and tenure of office and the Charity Commissioners' booklet CC3 The Essential Trustee. This pack is supplemented with details of future meetings, the minutes of the previous meeting and the latest annual report. Trustees are offered training and briefing courses provided by the College's auditors and legal advisors. They are encouraged to meet with senior management of the organization and receive minutes of the various committees.

The Trustees determine the strategy to fulfil the principal objectives of the Charity. While reserving certain responsibilities to the Trustees, they delegate the implementation of their strategy to the College Principal and the Company Secretary, monitoring and controlling the implementation process.

In addition, there are several committees enabling specialists to contribute to every aspect of the Charity's affairs. These include committees for Membership, Premises and Safety, Finance, Education, and Fundraising and Development. The Charity has taken action to maintain communication and consultation with, and involvement of, key stakeholders, including the College staff.

The Trustees have the power to borrow or raise money for the purposes of the objectives of the company. They also have the power to invest funds not immediately required for its purposes in or upon such investments, securities or property as may be thought fit in accordance with the Memorandum & Articles of Association.

The Charity is a member of the United World Colleges movement, which consists of 9 other Colleges in five continents and the United World Colleges International Office based in London.

#### **Charitable Objectives**

The United World College of the Atlantic Limited was formed in 1960 for the advancement of education and learning and, in particular, the education of youth in leadership, loyalty, responsibility, respect for, and understanding of, human dignity, life and rights.

## UNITED WORLD COLLEGE OF THE ATLANTIC LIMITED

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31<sup>st</sup> JULY 2006 continued

The Charity owns and administers Atlantic College, which is situated at St Donat's Castle in the Vale of Glamorgan. It is a co-educational V1th Form College and its students are selected on merit, regardless of race, religion, disability or social background, from around seventy countries on five continents. Most are financially assisted by scholarships or bursaries, which are donated by sponsors or provided through the College's scholarship funds.

#### **Review of Activities and Achievements**

The average number of fully boarding students at the College during the year was 327 (2005 324). In addition, there were 3 day students (2005 6).

High academic standards were maintained during the year with 93% (2005 95.24%) of the students obtaining the International Baccalaureate diploma. The average diploma score was 34.53 points whilst 18.4% (2005 20%) of students achieved 40 points or more compared with 6.5% worldwide. Almost 57% (2005 55%) of Atlantic College students achieved 35 points, a level managed by only 25.4% of the IB's 32,000 diploma candidates worldwide. One student achieved the 'perfect' IB score of 45 points.

The International Baccalaureate curriculum requires the students to give significant portions of their time to community service. Atlantic College students undertake this by manning a Royal National Lifeboat Institution station, providing cliff, surf and beach rescue patrols in the coastal area of the College, visiting and entertaining the elderly and housebound, and also working with disadvantaged children and adults. Under the auspices of a Community Education Programme, groups of students attend primary schools within the area to assist teachers in a numeracy and literacy programme. They also provide services to the College community through estate maintenance, library and audio-visual groups. In addition, they support the College and local community by working at front of house as well as behind the scenes at the St Donat's Arts Centre.

The Extramural Centre (EMC) at the College provides activity breaks for young children, the handicapped and the disadvantaged. College staff and students, past and present, assist the full time staff on a voluntary basis. During the summer, the number of directing staff is enhanced by former students and suitably qualified people giving their time for a minimum wage to run the courses at the Centre. The Centre is also equipped to provide team building activities and courses for junior and future managers in industry and commerce and is a venue for various associations and activity groups.

A sub-group of the EMC operates a two-year Integrated Development Programme (IDP) for post compulsory school age students with special needs. This programme is partly funded by the Welsh Assembly Government for post-16 education. Thirteen students completed the 2-year course in July 2006. Sixteen other students entered the course in September 2005, 12 of these completed the first year and 4 left early after completing some literacy and numeracy qualifications.

#### **Developments**

The Charity's Development Office is coming towards the end of a major fundraising campaign, the Atlantic Appeal, intended to boost endowed scholarship funds and enable major capital projects to improve the College's infrastructure. During the year, the Appeal received donations of £693,643 (2005 £1,068,709), bringing the total raised by the Appeal to £3,275,000.

Money raised through this Appeal has enabled the College to continue a programme of Castle restoration and refurbishment, to carry out improvements to Information & Communications Technology (ICT) systems, and to carry out planning and design for the construction of new Student Houses. Funds have also been raised for a Scholarship Endowment Fund.

#### **Financial Review**

The financial activities, financial position and cashflows of the College are set out in the accompanying financial statements.

## UNITED WORLD COLLEGE OF THE ATLANTIC LIMITED

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31<sup>st</sup> JULY 2006 continued

All incoming resources have been recorded in the Statement of Financial Activities

Donations, gifts and grants received during the year amounted to £1,403,000 (2005 £1,711,000)

Scholarships are awarded for the 2-year course to a number of students prior to their joining. Although the second-year's scholarship is subject to satisfactory completion of the first academic year, the Trustees have decided to recognize the full commitment in the year in which the scholarship is granted. Trustees consider that this presentation, which represents a change in policy from previous years, gives a fairer representation of the state of affairs of the College. In the accompanying financial statements the 2004-5 figures have been restated on a comparable basis.

In the year to 31<sup>st</sup> July 2006, concessions in the form of scholarships and bursaries within the College amounting to £1,493,000 (2005 £2,046,000) were awarded by the Charity. Of the 327 (2005 330) students in the College, 85% (2005 83%) received scholarships and bursaries ranging from 10% to 100% of the fees due. Twenty-five (2005 26) British students attended other United World Colleges and benefited from awards and scholarships amounting to £313,000 (2005 £370,000).

#### **Reserves Policy**

The Trustees review the reserves policy on an annual basis.

Free reserves are retained to enable the Trustees to ensure that the Charity is able to sustain its commitments. The Trustees wish to set the reserves at such a level as to withstand any short-term setback, whether in investment markets or in key sources of income. As such, they have set the reserve at a maximum of six months gross operating costs. This represents approximately one term's expenditure covering half of the academic year.

The Charity's free reserves are represented by the net assets plus the provision for future scholarship commitments, less restricted funds, endowment funds and tangible fixed assets. At the year-end the balance was £1,852,000 (2005 £1,469,000). The Trustees acknowledge that the reserve represents less than 4 months gross operating costs (2005 < 3 months). The policy is, therefore, to work towards building reserves by means of annual operating surpluses and judicious management of investments.

#### **Investments**

The Charity's investments generate income to provide scholarships and bursaries for current and future students and as a reserve for any future shortfall in income. The objective is to maintain and, if possible, enhance the real value of these investments in order to improve the provision of financial assistance to students. During the year, the investments under management had a total return of 9.5% (2005 8%) overall.

In June 2006, the Charity Commissioners gave approval for the funds to be invested on a "total return" basis. The Trustees' aim is to at least maintain the value of the real invested funds and they will develop a formula for the allocation of the total return between capital and income, having regard to this aim, commencing in 2006/7. They are mindful of the necessity to balance the needs of future, as well as current, beneficiaries.

#### **Risk Management**

The Trustees continue to examine the major risks that the Charity faces. This ongoing process is being carried out both as a 'top-down' and 'bottom-up' approach. The College is formalizing its extensive risk assessment process to physical, reputational and financial risk at an operational level and the Trustees intend to undertake a top-level strategic evaluation of these risks. This examination will be undertaken by the Governors' Committees which will be tasked to examine the

## UNITED WORLD COLLEGE OF THE ATLANTIC LIMITED

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31<sup>st</sup> JULY 2006 continued

strategic risks within their specific area of interest. A start has been made on having all of the operational risk assessments available on the College intranet, giving immediate access to all internal stakeholders.

#### **Directors' Interests**

The Chair of the Board of Governors is an ex-officio member of the United World Colleges (International) Board, which is the umbrella organization of the ten United World Colleges. Professor Jeffrey Thompson is also a member of the International Board. During the year, the United World Colleges of the Atlantic Limited made contributions of £85,190 (2005 £82,386) to this organization. (See Note 16 to the accounts.)

Mrs Janice Van Dyke Walden was Chairman of the Board of the US Foundation for the United World College of the Atlantic, a foundation set up to raise and receive charitable donations in the United States of America for the benefit of Atlantic College. Mrs Alison Akant has succeeded her in that appointment. The foundation retains a maximum of 7% of the funds raised to cover its operating expenses.

Mr George Kitching, a Director of the United World College of the Atlantic, is also a patron of the United World College of the Pacific, Pearson College. From time to time, in the normal course of its activities, the Charity provides grants, donations and financial support to Pearson College. He is also a Board member of the US Foundation for the United World College of the Atlantic.

#### **Political and Charitable Contributions**

The Charity made no political contributions during the year.

The St Donat's Arts Centre operates from premises within the College grounds, which it leases from the Charity at a peppercorn rent. The lease is due to expire in 2045. In addition, the Charity made a donation of £16,000 (2005 £16,000) to the Arts Centre during the year.

#### **Trustees**

Trustees do not receive remuneration. During the year, Trustees claimed £2,000 reimbursement of expenses in running the charity (2005 £2,000).

Public Liability insurance was purchased for the charity at a cost of £8,076 (£2005 £7,410). This insurance includes cover for the actions and omissions of Trustees, staff, students and volunteers. The sum directly attributable to the Trustees cannot be determined.

#### **Post Balance Sheet Events**

Since the year end, the Principal has announced that he will resign from his post with effect from the Summer of 2007. He is to take up a Headship post at a College in the USA.

#### **Auditors**

A resolution that Baker Tilly be re-appointed as auditors of the Charity will be presented at its next Annual General Meeting.

Approved by the Trustees on 30<sup>th</sup> January 2007 and signed on their behalf by



Baroness Kennedy (Chair)

Date: 26.2.07

**UNITED WORLD COLLEGE OF THE ATLANTIC LIMITED**

**Statement of Trustees' Responsibilities**

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

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all of the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees 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.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
UNITED WORLD COLLEGE OF THE ATLANTIC LIMITED**

We have audited the financial statements on pages 9 to 20

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 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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The Trustees' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the 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 other information contained in the Trustees' Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' Report. We 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 opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion: In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 July 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY  
Registered Auditor  
Chartered Accountants  
1 Georges Square  
Bath Street Bristol  
BS1 6BP

*Baker Tilly*

Date 26 February 2007

**UNITED WORLD COLLEGE OF THE ATLANTIC LIMITED**  
(limited by Guarantee and not having a Share Capital)

**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 JULY 2006**  
**Incorporating an Income and Expenditure Account**

	Notes	Unrestricted Funds	Restricted Funds	Endowed Funds	2006 Total Funds	2005 Total Funds (Restated)
		£000	£000	£000	£000	£000
<b>Incoming Resources</b>						
<b>Income from Charitable Activities</b>						
College Fees	2	5,604	0	0	5,604	5,411
Less Scholarships Awarded		(1,165)	(328)	0	(1,493)	(2,046)
		4,439	(328)	0	4,111	3,365
Extramural Centre Courses		438	0	0	438	501
<b>Incoming Resources from Generated Funds</b>						
Donations, Gifts and Grants		217	1,133	53	1,403	1,711
Investment Income		21	61	0	82	125
Other Income		25	0	0	25	48
<b>Total Incoming Resources</b>		<b>5,140</b>	<b>866</b>	<b>53</b>	<b>6,059</b>	<b>5,750</b>
<b>Resources expended</b>						
<b>Costs of Generating Funds</b>						
Fundraising and Promotion		66	210	14	290	267
Investment Management Fees		11	8	23	42	12
		77	218	37	332	279
<b>Charitable Activities</b>						
College	3	5,247	0	0	5,247	5,038
Overseas Scholarships		313	0	0	313	370
<b>Governance Costs</b>		113	0	0	113	101
		5,673	0	0	5,673	5,509
<b>Total Resources Expended</b>	4	<b>5,750</b>	<b>218</b>	<b>37</b>	<b>6,005</b>	<b>5,788</b>
<b>Net incoming (outgoing) resources</b>		(610)	648	16	54	(38)
<b>Investment Gains/Losses</b>		112	91	246	449	632
<b>Transfer of Funds</b>	11	1,971	(1,942)	(29)	0	0
<b>Net movement in funds</b>		1,473	(1,203)	233	503	594
Fund Balances at 1 August 2005		3,041	1,407	3,115	7,563	9,679
Less Prior year adjustment	17					(2,710)
						6,969
<b>Fund balances at 31st July 2006</b>	11	<b>4,514</b>	<b>204</b>	<b>3,348</b>	<b>8,066</b>	<b>7,563</b>

The notes on pages 12 to 20 form part of these accounts

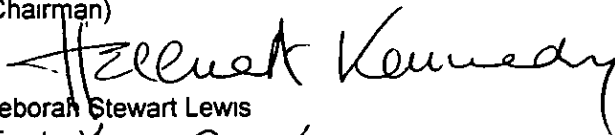
**UNITED WORLD COLLEGE OF THE ATLANTIC LIMITED**  
**(Limited by Guarantee and not having a Share Capital)**

**BALANCE SHEET**  
**AS AT 31 JULY 2006**

		<b>2006</b>		<b>2005</b>
	<b>Notes</b>	<b>£000</b>	<b>£000</b>	<b>(Restated)</b>
				<b>£000</b>
<b>FIXED ASSETS</b>				
Tangible Assets	<b>5</b>		5,651	4,892
Investment Assets	<b>6</b>		<u>5,492</u>	<u>5,823</u>
			<u>11,143</u>	<u>10,715</u>
<b>CURRENT ASSETS</b>				
Stocks	<b>7</b>	94		91
Debtors	<b>8</b>	233		300
Cash at bank and in Hand		<u>633</u>		<u>417</u>
		960		808
<b>CREDITORS: due within one year</b>	<b>9</b>	(1,048)		(640)
<b>PROVISION:</b>				
Scholarship commitments due within one year	<b>10a</b>	<u>(2,071)</u>		<u>(2,110)</u>
<b>NET CURRENT ASSETS (LIABILITIES)</b>			<u>(2,159)</u>	<u>(1,942)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			8,984	8,773
<b>PROVISION:</b>				
Scholarship commitments due after more than one year	<b>10b</b>		(918)	(1,210)
<b>TOTAL NET ASSETS</b>			<u>8,066</u>	<u>7,563</u>
<b>FUNDS</b>	<b>11</b>			
Endowment Funds			3,348	3,115
Restricted Funds			204	1,407
Unrestricted Funds				
Designated & General funds			<u>4,514</u>	<u>3,041</u>
<b>TOTAL FUNDS</b>			<u>8,066</u>	<u>7,563</u>

Approved by the Trustees on 30th January 2007  
and signed on its behalf by

Baroness Kennedy  
(Chairman)



Deborah Stewart Lewis  
(Trustee)



The notes on pages 12 to 20 form part of these accounts

**UNITED WORLD COLLEGE OF THE ATLANTIC LIMITED**  
**(Limited by Guarantee and not having a Share Capital)**

**CASHFLOW STATEMENT**  
**FOR THE YEAR ENDED 31 JULY 2006**

	Notes	2006 £000	2005 (Restated) £000
<b>Cash inflow/ (outflow) from operating activities</b>		396	710
<b>Returns on investments and servicing of finance</b>			
Dividends and Interest received		82	125
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets	5	(1,042)	
Proceeds from sale of tangible fixed assets		1	
Payments to acquire investments	6	(569)	
Proceeds from sale of investments		<u>1,348</u>	
		(262)	(634)
<b>Increase/(Decrease) in cash in the year</b>	<b>14</b>	<u>216</u>	<u>201</u>

**Reconciliation of net incoming / (outgoing) resources**

		2006 £000	2005 £000
Net incoming/(outgoing) resources		54	(38)
Investment income		(82)	(125)
Depreciation		283	236
(Increase)/Decrease in stocks	7	(3)	1
(Increase)/Decrease in debtors	8	67	(68)
Increase/(Decrease) in creditors	9	408	94
Increase/(Decrease) in scholarship provision	10	(331)	610
<b>Net cashflow from operating activities</b>		<u>396</u>	<u>710</u>

The notes on pages 12 to 20 form part of these accounts

**UNITED WORLD COLLEGE OF THE ATLANTIC**  
(Limited by Guarantee and not having a Share Capital)

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

**1. STATEMENT OF ACCOUNTING POLICIES**

**Basis of Accounts Preparation**

These accounts have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) and applicable accounting standards and under the historical cost convention, as modified by the adoption of current cost for investment assets

**College Fees and Scholarships**

Gross fees are accounted for in the period in which the related services are provided

Scholarships, which are generally granted for a two year period, are provided for in the financial year in which they are offered and accepted. Provision is made for the full two years financial commitment.

This represents a change of policy from previous years. In prior years scholarships were accounted for in the academic year to which they related. The trustees consider that this change gives a fairer presentation of the state of the charity's affairs at the balance sheet date. The effect of this change on the results for the year, and details of adjustments made to prior period figures, are set out in Note 17.

**Donations**

Donations are accounted for in the financial period during which they are received.

Donations receivable for the general purposes of the Charity are credited to Unrestricted Funds. Donations for purposes which are restricted by the wishes of the donor are taken to Restricted Funds, other than any amounts which the donor has stipulated should be retained as capital, which are accounted for as Endowment Funds, permanent or expendable, according to the nature of the restriction.

**Resources Expended**

Expenditure is accounted for on an accruals basis. Overhead and other costs not directly attributable to particular functional activity categories are apportioned over the relevant categories on the basis of management estimates of the amount attributable to that activity in the year, by reference to staff time or other cost drivers, as appropriate. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs comprise the costs of running the charity, including strategic planning for its future development, external audit, any legal advice for the governors, and all the costs of complying with the constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

**Funds**

Funds held are as follows:

Restricted Funds	Funds held in specific trusts which may only be used for particular purposes, as stated in the terms of the relevant trust deed.
Endowment Funds	Restricted funds where the capital of the fund is invested and only the resulting income may be expended by the Charity.
Expendable Endowment Funds	Endowment Funds which make provision for capital to be drawn down, as necessary, where the income proves insufficient to achieve the funds objectives.
Unrestricted and General Funds	Funds which may be expended, at the discretion of the Trustees, in furtherance of the objectives of the Charity.
Designated Funds	Unrestricted or general funds which have been identified, by the Trustees, for specific purposes.

**Operating Leases**

Operating lease rentals are charged in the Statement of Financial Activities on a straight line basis over the term of the lease.

**UNITED WORLD COLLEGE OF THE ATLANTIC**  
**(Limited by Guarantee and not having a Share Capital)**

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

**1. STATEMENT OF ACCOUNTING POLICIES (continued)**

**Pension Schemes**

The Charity contributes to the Teachers' Pension Defined Benefits Scheme at rates set by the Scheme Actuary and advised to the Board by the Scheme Administrator. The assets of the scheme are held separately from those of the College. The scheme is a multi employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the school. In accordance with Financial Reporting Standard 17 therefore, the scheme is accounted for as a defined contribution scheme.

Non-teaching staff are offered membership of a defined contribution scheme, the assets of which are held separately from those of the College.

Contributions to both schemes are charged in the Statement of Financial Activities as they become payable. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

**Tangible Assets**

Depreciation is provided on a straight line basis at such rates as to write off the cost of the assets over their estimated useful economic lives as follows:

Freehold Buildings	1.5%
Plant Fixtures and Fittings	4.0% - 33.3%
Motor Vehicles	25.0%

**Foreign Currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the Statement of Financial Activities.

**Investments**

Investments are valued in the balance sheet at market value at the balance sheet date. Net gains and losses arising on revaluations are recognized in the Statement of Financial Activities.

On 14 June 2006 the Trustees of the Charity obtained authorization from the Charity Commissioners to allocate part of the total return on investments to income, whether arising as capital appreciation or as income. This practice will be applied for the first time in the financial year to 31 July 2007.

**Stock**

Stock is stated at the lower of cost and net realizable value.

**Taxation**

No provision for Corporation Tax is made in these accounts as the Company is a registered charity and as such is entitled to the exemption afforded by Section 505 of the Income and Corporation Taxes Act 1988.

**2. COLLEGE FEES**

College fees as stated in the Statement of Financial Activities represents the value of fees receivable if all student places at the College were to be fully funded from external sources.

### 3. EXPENDITURE

<b>EXPENDITURE</b>	<b>2006</b>	<b>2005</b>
<b>Charitable Activity Expenditure includes:</b>	<b>£000</b>	<b>£000</b>
Tuition	2,570	2,524
Boarding	1,090	1,007
Property maintenance and utilities	1,177	1,079
Support costs	300	311
Donation to St Donat's Art Centre	16	16
	<b>7,253</b>	<b>6,937</b>
<b>Governance Expenditure includes:</b>		
UWC subvention	85	83
UWC School inspection	6	0
Contribution to British National Committee	6	5
Trustees' expenses	2	2
Auditors' remuneration for audit services	11	11
for other services	3	0
	<b>113</b>	<b>101</b>
<b>Total Staff Costs comprised:</b>		
Wages and salaries	3,046	2,888
Social security costs	251	236
Pension contributions	244	220
	<b>3,541</b>	<b>3,344</b>
<b>The average number of employees during the year was</b>		
Tuition and boarding	114	114
Property maintenance and utilities	19	19
Fundraising and publicity	6	6
Management and administration	6	6
	<b>145</b>	<b>145</b>
<b>The number of higher paid employees was</b>		
Taxable emoluments band		
£50,001 - £60,000	4	4
£60,001 - £70,000	0	0
£70,001 - £80,000	0	1
£80,001 - £90,000	1	0
	<b>5</b>	<b>5</b>
<b>The number with retirement benefits accruing in</b>		
Money Purchase Schemes	2	2
Defined Benefit Scheme	3	3
	<b>5</b>	<b>5</b>
<b>Pension contributions made</b>	<b>£000</b>	<b>£000</b>
Money Purchase Schemes	25	24
Defined Benefit Scheme	43	42
	<b>68</b>	<b>66</b>

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<b>4. ANALYSIS OF TOTAL RESOURCES EXPENDED</b>	<b>Staff Costs £000</b>	<b>Other Costs £000</b>	<b>Depreciation £000</b>	<b>2006 Total £000</b>	<b>2005 Total £000</b>
<b>Cost of Generating Funds</b>					
Fundraising and Promotion	178	112	0	290	267
Investment Management	0	42	0	42	12
	<u>178</u>	<u>154</u>	<u>0</u>	<u>332</u>	<u>279</u>
<b>Charitable Activities</b>					
Tuition	1,965	520	85	2,570	2,524
Boarding	779	226	85	1,090	1,007
Property Maintenance and Utilities	422	669	86	1,177	1,079
Support costs	197	75	28	300	311
Provision for Uncollectible Fees	0	32	0	32	28
Unfunded Student Expenses	0	18	0	18	28
	<u>3,363</u>	<u>1,540</u>	<u>284</u>	<u>5,187</u>	<u>4,977</u>
IDP Training Allowances	0	44	0	44	45
Contribution to St Donat's Art Centre	0	16	0	16	16
	<u>3,363</u>	<u>1,600</u>	<u>284</u>	<u>5,247</u>	<u>5,038</u>
Overseas Scholarships Awarded	0	313	0	313	370
<b>Governance Costs</b>	0	113	0	113	101
	<u>3,363</u>	<u>2,026</u>	<u>284</u>	<u>5,673</u>	<u>5,509</u>
<b>Total Resources Expended</b>	<u>3,541</u>	<u>2,180</u>	<u>284</u>	<u>6,005</u>	<u>5,788</u>
<b>5. TANGIBLE FIXED ASSETS</b>					
	<b>Freehold Land &amp; Buildings £000</b>	<b>Plant Fixtures &amp; Fittings £000</b>	<b>Motor Vehicles £000</b>	<b>Assets in Course of Construction £000</b>	<b>Total £000</b>
<b>Cost</b>					
At 1 August 2005	4,952	2,047	159	42	7,200
Additions	0	200	25	817	1,042
Disposals	0	(80)	(25)	0	(105)
					<u>0</u>
At 31 July 2006	<u>4,952</u>	<u>2,167</u>	<u>159</u>	<u>859</u>	<u>8,137</u>
<b>Depreciation</b>					
At 1 August 2005	1,139	1,020	148	0	2,307
Charge for the Year	74	200	10	0	284
Disposals	0	(80)	(25)	0	(105)
					<u>0</u>
At 31 July 2006	<u>1,213</u>	<u>1,140</u>	<u>133</u>	<u>0</u>	<u>2,486</u>
<b>Net Book Value</b>					
At 31 July 2006	<u>3,739</u>	<u>1,027</u>	<u>26</u>	<u>859</u>	<u>5,651</u>
At 31 July 2005	<u>3,812</u>	<u>1,027</u>	<u>11</u>	<u>42</u>	<u>4,892</u>



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**6. INVESTMENTS**

	Total Funds 2006 £000	Total Funds 2005 £000
Market Value at 1 August 2005	5,823	4,896
Additions	569	793
Disposals	(1,307)	(486)
Management Fees	(42)	(12)
Investment Gains/Losses	449	632
Market Value at 31 July 2006	<u>5,492</u>	<u>5,823</u>
Historical cost at 31 July 2006	<u>4713</u>	<u>5356</u>
Historical cost at 1 August 2005	<u>5356</u>	<u>5049</u>

	2006 £000	%	2005 £000	%
The types of investment held at the year end were as follows				
Cash & short term investments	323	6	333	6
Fixed Income	1312	24	1920	33
Equities	2591	47	2568	44
Alternative investments	1177	21	917	16
Other	89	2	85	1
	<u>5492</u>	<u>100</u>	<u>5823</u>	<u>100</u>

Funds are pooled for investment. Each fund is allocated its proportion of investment income and gains and losses, and bears a proportion of expenses. The income earned from invested funds contributes to the wholly or partially free education of students.

**7. STOCKS**

	2006 £000	2005 £000
Consumables	44	47
Goods for resale	34	27
Livestock	16	17
	<u>94</u>	<u>91</u>

**8. DEBTORS**

	£000	£000
Trade Debtors	129	251
Income Tax Recoverable	27	19
Other Debtors	77	30
	<u>233</u>	<u>300</u>

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	2006	2005				
	£000	£000				
<b>9. CREDITORS: Amounts falling due within one year</b>						
Trade Creditors	204	125				
Fees Received in Advance	588	319				
Taxation and Social Security	87	82				
Other Creditors	169	114				
	<u>1,048</u>	<u>640</u>				
<b>10a PROVISION:</b>	£000	£000				
<b>Scholarship commitments due within one year</b>						
Balance at 1 August 2005	2,110	1,807				
Provision for Scholarships for the year to 31 July 2007	888	2,109				
Scholarships awarded Atlantic College	(744)	(1,488)				
Overseas	(183)	(318)				
Balance at 31 July 2006	<u>2,071</u>	<u>2,110</u>				
<b>10b PROVISION:</b>						
<b>Scholarship commitments due after more than one year</b>						
Balance at 1 August 2005	1,210	903				
Provision for Scholarships for the year to 31 July 2008	918	1,210				
Scholarships awarded Atlantic College	(1,022)	(744)				
Overseas	(188)	(159)				
Balance at 31 July 2006	<u>918</u>	<u>1,210</u>				
<b>11a NET ASSETS OF THE FUNDS</b>						
	Fixed Investments	Net				
	Assets	Current	Fund			
	£000	Assets	Balances			
		£000	£000			
Endowment Funds	0	0	3,348			
Restricted Funds	0	(544)	204			
Unrestricted Funds	5,651	(2,533)	4,514			
	<u>5,651</u>	<u>(3,077)</u>	<u>8,066</u>			
<b>11b ENDOWED FUNDS: MOVEMENTS IN THE YEAR</b>						
	Balance at	Incoming	Amounts	Investment	Transfer	Balance at
	31 July	Funds	Expended	Gains	of	31 July
	2005			and	Funds	2006
	£000	£000	£000	Losses	£000	£000
				£000		
<b>Permanent Endowments:</b>						
Hugo Gryn Fund	287	0	(2)	22	0	307
Duncan Turner Memorial Fund	1,197	0	(9)	94	0	1,282
Evergreen Scholarship Fund	283	0	(2)	22	0	303
London School of Foreign Trade F	169	0	(1)	13	0	181
Naomi & Desmond Hoare Fund	439	0	(3)	35	0	471
Atlantic Appeal Scholarship Fund	349	38	(17)	29	0	399
<b>Expendable Endowments:</b>						0
Dorothy Burns Trust	391	15	(3)	31	(29)	405
	<u>3,115</u>	<u>53</u>	<u>(37)</u>	<u>246</u>	<u>(29)</u>	<u>3,348</u>

During the year funds were transferred from the Dorothy Burns Trust to the Dorothy Burns Scholarship Fund which forms part of the Restricted Fund Balance, in order to cover the cost of a scholarship for the academic year 2006/7

This action is in accordance with the terms of the Trust Deed

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**11c RESTRICTED FUNDS. MOVEMENTS IN THE YEAR**

	Restated Balance at 31 July 2005 £000	Incoming Funds £000	Amounts Expended £000	Investment Gains and Losses £000	Transfer of Funds £000	Scholarship Provision £000	Balance at 31 July 2006 £000
Atlantic Appeal	1,538	716	(218)	91	(1,927)	0	200
Other Restricted Funds	(131)	478	0	0	(15)	(328)	4
	<u>1,407</u>	<u>1,194</u>	<u>(218)</u>	<u>91</u>	<u>(1,942)</u>	<u>(328)</u>	<u>204</u>

During the year funds were transferred from the Restricted funds to the General Fund in recognition of the expenditure incurred on specific projects intended to be paid for from Restricted Funds which had, to date, been borne by the General Fund

Transfers in respect of Atlantic Appeal Priority Projects	£000
Castle Refurbishment	730
Campus Heating System	672
New Dormitory House Development	275
ICT Development	250
	<u>1927</u>

**11d UNRESTRICTED FUNDS: MOVEMENTS IN THE YEAR**

	Restated Balance at 31 July 2005 £000	Incoming Funds £000	Amounts Expended £000	Investment Gains and Losses £000	Transfer of Funds £000	Scholarship Provision £000	Balance at 31 July 2006 £000
General Fund	1,952	6,102	(5,361)	0	1,971	(1,286)	3,378
Designated Funds							0
General Scholarship Fund	664	64	(71)	58	0	0	715
Named Funds	425	139	(5)	54	0	(192)	421
	<u>3,041</u>	<u>6,305</u>	<u>(5,437)</u>	<u>112</u>	<u>1,971</u>	<u>(1,478)</u>	<u>4,514</u>

Transfer of Funds see note 11c

**12. CAPITAL COMMITMENTS**

At 31 July 2006 the Charity had made contractual commitments, in respect of capital projects, totalling £117,000. These projects include refurbishment of parts of St Donat's Castle, rebuilding of the tennis courts and planning for the construction of new dormitory houses.

**13. PENSION SCHEMES**

**Teaching Staff**

The Charity participates in a multi employer defined benefits pension scheme, The Teachers' Pension Scheme (England and Wales) (the Scheme), for its teaching staff.

In accordance with the Teachers' Pension (Amendment) Regulations based on the latest actuarial valuation of the scheme, issued in March 2003, the scheme has been attributed with notional assets equal to the actuarial value of the scheme liabilities as at 31 March 2001. Following this valuation the standard contribution rate was raised from 14.35% to 19.5% from 1 April 2003. 6% to be paid by the teachers and the remaining 13.5% to be borne by the Charity.

The charge for the year represents contributions payable to the scheme of £198,057 (2005 - £193,800), which includes contributions due, but not yet paid, at the year end, amounting to £26,867 (2005 - £25,200).

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**Other staff**

Other staff are members of a scheme operated by The Pensions Trust, which is a defined contributions scheme. The charge for the year represents the Charity's contributions to that scheme of £45,566 (2005 - £49,650) which includes contributions due to the fund, at the year end, of £7,535 (2005 - £6,586).

The Charity has received notification from the Scheme Actuary for the Pensions Trust that, as at 30 September 2005, the estimated debt for which the Charity would become liable, were it to withdraw from the scheme on that date, was £583,920. This debt will not crystallize until and unless the Charity withdraws from the scheme and as, at this time, the Governors have no plans to do so, no provision has been made in these accounts for this contingency.

During the year the Charity paid £1,246 (2005 - £1,133) to the private pension fund of one member of staff. This is in accordance with an arrangement which pre-dates the employee being eligible to join The Pensions Trust scheme.

**14. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 August 2005 £000	Cash Flow £000	At 31 July 2006 £000
Cash at Bank and in Hand	417	216	633

**15. LEASE COMMITMENTS**

	2006 £000	2005 £000
Annual commitments under non-cancellable leases are		
Leases expiring within 1 year	2	8
Leases expiring in 2 to 5 years	9	2
Leases with more than 5 years unexpired	0	0
	<u>11</u>	<u>10</u>

**16. TRANSACTIONS INVOLVING TRUSTEES AND OFFICERS OF THE CHARITY**

The United World College of the Atlantic is one of ten colleges worldwide that operate within the organization of United World Colleges International. Atlantic College is represented on the Board of this organization by the Chair of its Trustees. Professor Jeffrey Thompson is also a member of both Boards. During the year the charity contributed £85,190 (£2005-£82,000) to this organization.

The US Foundation for the United World College of the Atlantic was established, in the United States of America, to raise and receive charitable donations for the benefit of Atlantic College. The Foundation retains up to 7% of funds raised to pay for its' operating costs. In the year to 31 July 2006 it retained £4,300 (2005-£3500). Mrs Janice Van Dyke Walden who was a Trustee of the Charity during the year (resigned 28 10 2005), was also Chair of the Board of the US Foundation. She is replaced by Mrs Alison Akant.

Mr George Kitching, a Trustee of the Charity, is a member of the board of the U S Foundation for the United World College of the Atlantic. Mr Kitching is also a patron of the United World College of the Pacific, Pearson College. Atlantic College and Pearson College have a reciprocal arrangement in respect of an exchange of students, fees due to each of the colleges being waived.

St Donat's Arts Centre operates from premises within the College grounds, which it leases from the Charity at a peppercorn rent. During the year to 31 July 2006, the Charity made a contribution to the Arts Centre of £16,000 (2005 - £16,000). Mr Malcolm McKenzie, Principal of the College, and Mr Gareth Cheesman, Bursar of the College and Company Secretary to the Charity, are both members of the Board of the Arts Centre.

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**17. PRIOR PERIOD ADJUSTMENTS**

The charge for scholarships awarded in the Statement of Financial Activities recognizes the two year financial commitment made by the Charity in respect of those scholarships not externally funded. This represents a change in treatment from previous years which the Trustees consider gives a fairer presentation of the state of the Charity's affairs at the balance sheet date, and gives a more prudent view of the Charity's available funds at that date.

Comparative figures and appropriate opening balances have been restated to reflect this change in accounting policy. The effect of this change on the results for the year ended 31 July 2006 and on those of the preceding period are as follows:

	<b>Impact of Prior Year Adjustment</b>		<b>As Restated</b>	<b>As Previously Reported</b>	<b>Impact of Prior Year Adjustment</b>	<b>As Restated</b>
	<b>2005/6</b>		<b>2005/6</b>	<b>2004/5</b>		<b>2004/5</b>
	£000	£000	£000	£000	£000	£000
<b>Statement of Financial Activities</b>						
Underwritten Scholarships	(1,766)	273	(1,493)	(1,488)	(558)	(2,046)
Overseas Scholarships	(371)	58	(313)	(318)	(52)	(370)
<b>Fund Balances brought forward</b>	<b>10,883</b>	<b>(3,320)</b>	<b>7,563</b>	<b>9,679</b>	<b>(2,710)</b>	<b>6,969</b>
		<u>(2,989)</u>			<u>(3,320)</u>	
<b>Balance Sheet</b>						
<b>Net Assets</b>	<b>11,055</b>	<b>(2,989)</b>	<b>8,066</b>	<b>10,883</b>	<b>(3,320)</b>	<b>7,563</b>
Endowment Funds	3,349	0	3,349	3,115	0	3,115
Restricted Funds	715	(543)	172	2,022	(615)	1,407
Unrestricted Funds	6,991	(2,446)	4,545	5,746	(2,705)	3,041
<b>Total Funds</b>	<b>11,055</b>	<b>(2,989)</b>	<b>8,066</b>	<b>10,883</b>	<b>(3,320)</b>	<b>7,563</b>

**18. POST BALANCE SHEET EVENT**

During severe storms at the beginning of December 2006 the seawall, protecting the southern boundary of the College estate, sustained major structural damage.

A temporary barrier has been put in place in an effort to minimise any further damage whilst a permanent engineering solution is sought. No reliable estimate of the cost of reinstatement is yet available.

The Charity is in negotiation with its' insurers, and is hopeful of an early resolution. The current insurance policy which covers the Charity against structural damage, throughout the estate, carries an excess of £500. It is anticipated that the cost to the College, net of insurance recoveries, will be limited to this amount but this has yet to be formally confirmed by the insurers.