

Company Number: 3688493
Registered Charity Number: 1075405

**UNIVERSITY OF CALIFORNIA TRUST (UK) LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

REPORT AND FINANCIAL STATEMENTS

30th JUNE 2002



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University of California Trust (UK) Limited
(Limited by Guarantee)

Trustees and Directors

| | |
|--------------------------|----------------------------|
| Dr. N.J. Mateer | (resigned 11th March 2002) |
| Professor D.W. Crawford | |
| Professor A. Zwerdling | (resigned 15th July 2002) |
| Professor S. Schwarz | |
| Professor J. L. Heilbron | |
| Dr. M.K. Duggan | (appointed 15th July 2002) |
| Mr. A. Buch | (appointed 15th July 2002) |
| Mr. B. Barber | (appointed 15th July 2002) |

Registered Office

8 St. James's Place, London SW1 1NP

Bankers

Barclays Bank Plc
31 St. James's Street, London SW1 4HE

Solicitors

Kingsley Napley
14 St. John's Lane, London EC1M 4AJ

Auditors

Moore Stephens
St. Paul's House, Warwick Lane, London, EC4P 4BN

University of California Trust (UK) Limited
(Limited by Guarantee)

Report of the Trustees and Directors

The Trustees present their report and accounts for the year ended 30 June, 2002.

Objects of the charity

The Trust is a company limited by guarantee.

The University of California Trust (UK) was incorporated in December 1998 for the purpose of furthering the mission of the University of California in the United Kingdom by (1) advancing the education of and providing assistance to University of California students in the United Kingdom, and students in the United Kingdom with which University of California has co-operative agreements, (2) maintaining and developing relations between institutions of higher education in the United Kingdom and the University of California, (3) planning and implementing joint academic programmes between University of California and institutions of higher education in the United Kingdom, and (4) enhancing relations with University of California alumni and friends in the United Kingdom.

In order to further these goals, the Office of Executive Director of the Trust was established in October 2000. The University of California has donated the services of one of its employees to the Trust during the year. In addition to consolidating the management and administration of the Trust, a number of activities have been undertaken: arranging receptions for and briefings by visiting University of California officials, developing relations with a large number of United Kingdom educational and research organisations, providing resources for University of California researchers to plan joint research activities, identifying "lost" University of California alumni and hosting a major award reception for alumni and special guests recognising special contributions by members of the University of California community in the United Kingdom.

Organisational structure

The Trust is a registered charity under the laws of England and Wales, which is overseen by the United Kingdom Charities Commission. A Management Board is responsible for the activities of the Trust. The Board ensures that the mission of the Trust is implemented and that the financial and management matters adhere to English and Welsh law.

The Executive Director serves as the secretary to the Management Board.

University of California Trust (UK) Limited
(Limited by Guarantee)

Report of the Trustees and Directors (continued)

Review of activities

Educational:

In accordance with the Trust's goals to develop academic relations in the United Kingdom the Trust has during the development phase of its operation (i) continued to develop relations with institutions that would be appropriate targets for University of California Trust and (ii) established contact with many governmental and non-profit organisations in the United Kingdom in order to better understand the total academic environment, funding, policies, regulations, politics and people.

The target institutions with which the University of California Trust (UK) has established relations include Glasgow, Durham, Oxford, Imperial College and University College London. The philosophy for the planned partnerships is to encourage and facilitate educational and research opportunities for students and their mentors, taking advantage of the United Kingdom's world class universities and their resources.

In addition to academic institution partnerships, the Trust has continued to develop relations with the Royal Society, the Royal Institution, the Department of Trade and Industry, H M Treasury, Scottish Enterprise, the Foreign and Commonwealth Office, the British American Business Inc., the United States Embassy, the Courtauld Institute of Art, the Jerwood Foundation, and the London Goodenough Trust. Relations with these institutions have been either through sharing information or through hosting joint events.

The Trust initiated and co-hosted an international conference at the Wilton Park Conference Centre on "Investing in Health for Economic Growth and Poverty Reduction", co-sponsored by the UK Department for International Development and the Norwegian Agency for Development Co-operation. This conference was attended by ministers and directors of NGOs from both the Developed and Developing World.

The Trust was instrumental in placing (with British Council sponsorship) and mentoring a Californian at the University of Glasgow to undertake a year-long study of California-Scottish business enterprise practices. In addition, this placement provided a thorough analysis of the existing research ties between the University of California and the University of Glasgow.

Alumni Development:

The Trust has hosted five events for alumni, comprising informative talks and briefings from Californians. The Trust hosted a major (180 guests) dinner celebrating Laura d'Andrea Tyson's move to London to become Director of the London Business School. The Trust also hosted a reception for the Chancellor of the Santa Cruz campus to announce a major (\$10M) science education research alliance with King's College and the San Francisco Exploratorium.

A fund was established to assist needy undergraduate students from both the UK and California to attend the University of California and, respectively, UK institutions in the UK with whom the University of California has exchange agreements. A seed amount has been provided from California-based donations, and it is hoped that UK-based funds will supplement this fund in order that awards may be made.

The database for alumni (a significant number of whom are United Kingdom citizens) continues to be updated as a result of frequent mailings.

University of California Trust (UK) Limited
(Limited by Guarantee)

Report of the Trustees and Directors (continued)

Alumni Development (continued):

United Kingdom students who enrol at the University of California pursuant to student exchange agreements between University of California and United Kingdom universities are valuable and enthusiastic supporters of University of California in the United Kingdom. Some contact with this group has been established and a database of 1500 individuals has been created to pursue activities with this group.

Management:

At two meetings of the Management Board of the Trust during the period at which all Directors were present (11 March, 2002 and 3 June, 2002). (The Annual General Meeting could only be scheduled immediately after the period ended, and will be reported in the Director's Report Year Ending 30 June, 2003.) The Executive Director, who stepped down as a Management Board member, prepared bi-weekly reports to the University of California representative who also is a member of the Management Board, recording in detail the activities and observations pertinent to the Trust's goals.

Plans for next academic year

In view of the intent expressed by the Management Board during their March and June meetings, and subsequently approved by the Members, the administrative and programmatic activities of the Trust will be reduced. This is due to the adverse economic situation in California from where a majority of the Trust's funds originate. At this time, the activities of the Trust will be limited to receiving funds for student exchange between the United Kingdom and California, hosting receptions for visiting Californian dignitaries, and maintaining a database of University of California alumni. The position of Executive Director will also be eliminated as part of the budget accommodation. The administration of the Trust will be overseen directly by the Management Board.

Trustees

The Trustees, who are also the directors for the purpose of company law, who served during the year, are:

D W Crawford
J L Heilbron
N J Mateer (Appointed 29 November 2000 and resigned 1 February 2002)
S Schwarz (Chair)
A Zwerdling

None of the Trustees has any beneficial interest in the company.

Review of financial position

The net expended resources for the year amounted to £7,004 (2001 resources retained: £36,527).

Management and administration expenditure has increased in the year to £304,013 (2001: £226,933) due to a full year of the Trust's activities at the intended fully operational level. The amount received in grants from the USA has increased commensurately.

University of California Trust (UK) Limited
(Limited by Guarantee)

Report of the Trustees and Directors (continued)

Tax status

The company has a charitable status and is exempt from corporation tax on its income arising from its activities.

Risk management

The Board of Trustees is responsible for the management of the risks faced by the Trust. Detailed consideration of such risks has been made with appropriate controls established to mitigate the risks identified. A review and assessment of these controls is undertaken on an annual basis.

Through risk management processes for the Trust, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Auditors

The auditors, Moore Stephens, are willing to continue in office. A resolution for their re-appointment and authorising the directors to fix their remuneration will be submitted to the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board



M.K. Duggan
Trustee

Dated: 24 November 2002

University of California Trust (UK) Limited
(Limited by Guarantee)

Statement of Directors' Responsibilities
For the year ended 30th June 2002

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 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;
- 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 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
University of California Trust (UK) Limited (Limited by Guarantee)**

We have audited the financial statements of University of California Trust (UK) Limited (Limited by Guarantee) for the year ended 30th June 2002 set out on pages 5 to 11. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the charitable company's directors are responsible for the preparation of 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' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable 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 judgements made by the directors 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.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th June 2002 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House,
London, EC4P 4BN

24/11/02


MOORE STEPHENS

Registered Auditor
Chartered Accountants

University of California Trust (UK) Limited
(Limited by Guarantee)

Statement of Financial Activities
Year ended 30th June 2002

| | <u>Note</u> | 2002 <u>Total</u> | 2001 <u>Total</u> |
|--|-------------|----------------------|----------------------|
| Incoming Resources | | | |
| Grants received | | 193,383 | 203,119 |
| Gifts and donations | | 735 | 1,222 |
| Reimbursed expenses | | 29,704 | 14,133 |
| Rents received | | 69,137 | 44,550 |
| Contributions towards events/activities | | 3,965 | - |
| Interest receivable and similar income | | 85 | 436 |
| Total Incoming Resources | | £ 297,009 | £ 263,460 |
| Resources Expended | | | |
| Other Expenditure | | | |
| Management and administration | | (304,013) | (226,933) |
| Total Resources Expended | | (210,013) | (226,933) |
| Net Resources (Expended)/Retained | | (7,004) | 36,527 |
| Funds at 1st July 2001 | | 61,426 | 24,899 |
| Funds at 30th June 2002 | 9 | £ 54,422 | £ 61,426 |

University of California Trust (UK) Limited
(Limited by Guarantee)

Balance Sheet - 30th June 2002

| | <u>Note</u> | <u>2002</u> | <u>2001</u> |
|---|-------------|-----------------|-----------------|
| Fixed Assets | | | |
| Tangible assets | 6 | 46,473 | 56,195 |
| Current Assets | | | |
| Debtors | 7 | 39,201 | 25,130 |
| Cash at bank and in hand | | 4,231 | 7,974 |
| | | <u>43,432</u> | <u>33,104</u> |
| Creditors, amounts falling due within one year | 8 | <u>(35,483)</u> | <u>(27,873)</u> |
| Net Current Liabilities | | 7,949 | 5,231 |
| Net Assets | | £ <u>54,422</u> | £ <u>61,426</u> |
| Represented by: | | | |
| Unrestricted funds | 9 | 54,422 | 61,426 |
| | | £ <u>54,422</u> | £ <u>61,426</u> |

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

Approved by the board of directors on

24/11/02

Mary Kay Duggan
Steven E. Fry

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Directors

University of California Trust (UK) Limited
(Limited by Guarantee)

Financial Statements for the year ended 30th June 2002

Notes

1. Principle Accounting Policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and follow the recommendations in the Statement of Recommended Practice: Accounting and Reporting by Charities issued in 2000.

The comparative figures have been disaggregated to conform to the current year's classification of income.

(b) Revenue grants

Revenue grants receivable are credited to the Statement of Financial Activities when received, unless they are related to a specific future period, in which case they are deferred.

(c) Staff costs

Gifts in kind, representing services gifted by the University of California, have been accounted for on an actual basis.

(d) Staff costs

Staff costs and overhead expenses are allocated to activities on the basis of staff time spent on those activities.

(e) Categories of expenditure

Costs are allocated between the different categories of expenditure based on the nature of the expense, e.g. overheads, administration or professional and financial.

(f) Depreciation of tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

| | |
|---------------------------------|------------------------------|
| Leasehold property | - Over the period of lease |
| Computer equipment | - 33.33% straight line |
| Fixtures, fitting and equipment | - 25% reducing balance basis |

(g) Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

(h) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

University of California Trust (UK) Limited
(Limited by Guarantee)

Financial Statements for the year ended 30th June 2002

Notes (Continued)

2. Staff Costs and Numbers

| | <u>2002</u> | <u>2001</u> |
|---|-------------|-------------|
| Staff costs | | |
| Wages and salaries | 30,649 | 10,944 |
| Social security costs | 2,735 | 1,006 |
| | 33,384 | 11,950 |
| Services gifted (see detailed expenditure note) | 94,000 | 53,918 |
| | £ 127,384 | £ 65,868 |

Number of employees

The average monthly number of employees, during the year was:

| | <u>2002</u> | <u>2001</u> |
|----------------|-------------|-------------|
| Administration | 2 | 2 |
| | 2 | 2 |

3. Net Incoming/(Outgoing) Resources

(a) Net incoming/(outgoing) resources is stated after charging:

| | <u>2002</u> | <u>2001</u> |
|-------------------------|-------------|-------------|
| Auditors' remuneration | 4,030 | 3,500 |
| Depreciation (note 6) | 11,718 | 12,798 |
| Operating lease rentals | 87,000 | 87,000 |
| | 87,000 | 87,000 |

4. Taxation

No corporation tax is payable as the company is registered as a charity.

University of California Trust (UK) Limited
(Limited by Guarantee)

Financial Statements for the year ended 30th June 2002

Notes (Continued)

5. Fixed Assets - Tangible Assets

| | Leasehold Property | Computer Equipment | Fixtures, Fittings & Equipment | Total |
|-----------------------|-----------------------|-----------------------|--------------------------------------|----------|
| Cost | | | | |
| At 1st July 2001 | 33,730 | 10,704 | 38,568 | 83,002 |
| Additions | - | 1,997 | - | 1,997 |
| At 30th June 2002 | £ 33,730 | £ 12,701 | £ 38,568 | £ 84,999 |
| Depreciation | | | | |
| At 1st July 2001 | 5,620 | 3,567 | 17,620 | 26,807 |
| Charge for the year | 2,249 | 4,233 | 5,237 | 11,719 |
| At 30th June 2002 | £ 7,869 | £ 7,800 | £ 22,857 | £ 38,526 |
| Net book value | | | | |
| At 30th June 2002 | £ 25,862 | £ 4,901 | £ 15,711 | £ 46,473 |
| At 30th June 2001 | £ 28,110 | £ 7,137 | £ 20,948 | £ 56,195 |

The cost incurred for land and buildings is represented by an interest in short leasehold property at 8 St. James's Place, London SW1. A proportion of the space between is sub-let to the California Technology, Trade and Commerce Agency, University of California Education Abroad Program and The University Presses of California, Columbia and Princeton Limited, which also makes a contribution to the cost of other overheads. The remainder of the space is used by the trust for its own purposes.

6. Debtors

| | <u>2002</u> | <u>2001</u> |
|--------------------------------|-------------|-------------|
| Trade debtors | 13,333 | - |
| Other debtors | - | 2,812 |
| Prepayments and accrued income | 25,868 | 22,318 |
| | £ 39,201 | £ 25,130 |

7. Creditors: amounts falling due within one year

| | <u>2002</u> | <u>2001</u> |
|------------------------------------|-------------|-------------|
| Bank overdraft | 1,487 | - |
| Trade creditors | 10,817 | 658 |
| Other taxation and social security | 2,872 | - |
| Accruals and deferred income | 20,307 | 9,235 |
| Other creditors | - | 17,980 |
| | £ 35,483 | £ 27,873 |

Other creditors of £17,980 due to University of California Education Abroad Program were waived in the year.

University of California Trust (UK) Limited
(Limited by Guarantee)

Financial Statements for the year ended 30th June 2002

Notes (Continued)

8. Movement on Funds

| | <u>Net Resources</u> £ |
|------------------------------|---------------------------|
| Balance at 1st July 2001 | 61,426 |
| Net resources for the period | (7,004) |
| | _____ |
| Balance at 30th June 2002 | £ 54,422 |

9. Operating Lease Commitments

At 30th June 2002 the company had annual commitments under non-cancellable operating leases as follows:

| | <u>2003</u> | <u>2002</u> |
|---------------|-------------|-------------|
| Within 1 year | 87,000 | 87,000 |

10. Limited by Guarantee

The company is limited by guarantee and does not have a share capital. Each member gives a guarantee to contribute a sum, not exceeding £1, to the company should it be wound up. At 30th June 2002 there were 3 members.

11. Related Parties

The University of California Education Abroad Program utilises space in the Trust offices to advance the objects of the Trust.

Expenses reimbursed to Trustees in the year amounted to £1,200 (2001: £2054)

University of California Trust (UK) Limited
(Limited by Guarantee)

Detailed Expenditure
For the year ended 30th June 2002

| | 2002 | 2001 |
|--|-----------|-----------|
| Management and Administration Expenditure | | |
| Overheads | | |
| Rent | 87,000 | 66,669 |
| Rates | 5,787 | 4,633 |
| Light and heat | 2,855 | 2,066 |
| Telephone | 1,952 | 4,076 |
| Insurance | 2,853 | 2,152 |
| Cleaning | 5,923 | 5,713 |
| Amortisation of short leasehold computer | 2,249 | 2,248 |
| Depreciation of computer equipment | 4,233 | 3,567 |
| Depreciation of fixtures and fittings | 5,237 | 6,983 |
| Repairs and maintenance | 8,434 | 6,518 |
| Computer and running costs | 9,551 | 2,609 |
| Management charges | 6,000 | 4,518 |
| | 142,074 | 111,752 |
| Administration | | |
| Salaries and fees | 124,649 | 64,862 |
| Social security costs | 2,735 | 1,006 |
| Printing, postage and stationery | 4,195 | 6,213 |
| Entertainment and sponsorship | 1,083 | 3,068 |
| Staff training | 1,852 | - |
| Travelling expenses | 1,520 | 2,054 |
| Recruitment | 3,330 | - |
| Sundry expenses | 2,838 | 3,800 |
| Advertising | (105) | 11,924 |
| Reception, conferences and events | 14,351 | 13,475 |
| | 156,448 | 106,402 |
| Professional and Financial | | |
| Legal and professional | 6,823 | 2,827 |
| Audit and accountancy | 16,072 | 5,690 |
| (Profit)/loss on foreign exchange | 236 | 28 |
| Bank charges | 340 | 234 |
| | 23,471 | 8,779 |
| Creditor balance waived (note 7) | (17,980) | - |
| | £ 304,013 | £ 226,933 |

The University of California has gifted the services of one of its employees to the Trust. The cash equivalent of this benefit has been included within the employee costs. The value of the services gifted in the current year was £94,000 (2001: £53,918)