

REGISTERED COMPANY NUMBER: 03636789 (England and Wales)
REGISTERED CHARITY NUMBER: 1074491

**REPORT OF THE TRUSTEES AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018
FOR**

**HMC PROJECTS IN CENTRAL AND EASTERN
EUROPE**

Bright Brown Limited
Chartered Accountants
Exchange House
St. Cross Lane
Newport
Isle of Wight
PO30 5BZ

**HMC PROJECTS IN CENTRAL AND EASTERN
EUROPE**

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FOR THE YEAR ENDED 31 AUGUST 2018**

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**HMC PROJECTS IN CENTRAL AND EASTERN
EUROPE**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

TRUSTEES

Mrs R Wilkinson (chairperson)
D J Knapman
Dr R J Maloney (resigned 14.11.17)
D N Morrison
Mrs R C F Owens
I M Small
P M de Voil
J D Lever
A W Mcphail
Mrs J Hopkinson
W M Phelan (appointed 14.11.17)
Ms J S Gandee (appointed 13.3.18)
Mrs N Dangerfield (appointed 13.3.18)

COMPANY SECRETARY AND ADMINISTRATOR

Dr E J Wolstenholme

EXECUTIVE

A G Boggis (operational director)
A N Lawrence (student co-ordinator) (resigned 1.9.18)
Mrs W McLachlan (student co-ordinator) (appointed
1.9.18)

REGISTERED OFFICE

12 The Point
Rockingham Road
Market Harborough
Leicestershire
LE16 7QU

REGISTERED COMPANY NUMBER

03636789 (England and Wales)

REGISTERED CHARITY NUMBER

1074491

INDEPENDENT EXAMINER

Bright Brown Limited
Chartered Accountants
Exchange House
St Cross Lane
Newport
Isle of Wight
PO30 5BZ

BANKERS

National Westminster Bank plc, Cambridge
Santander plc
Nationwide plc
Cambridge & Counties Bank

HMC PROJECTS IN CENTRAL AND EASTERN EUROPE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2018

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2018. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objective is to advance the education of foreign students in the United Kingdom, especially but not necessarily exclusively, students from Eastern Europe attending member schools of the Headmasters' and Headmistresses' Conference, the Girls' School Association and the Boarding School Association.

Public benefit

The trustees have complied with their duty to have due regard to the Charity Commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Interest in the scholarship programme seems as popular as ever both on the part of the schools generously offering places and also the applicants competing for them. For the scholarship year 2017 to 2018 a total of 54 schools offered scholarship places.

The interviews took place in 14 countries this year, and a total of 92 scholarships were awarded of which 59 were full scholarships and 33 were reduced fee (partial) scholarships. The number of full scholars increased by 2 over the previous year and number of reduced fee scholarships rose by 1 which is a marginal increase compared to the more significant rise in the number of reduced fee scholarships from 2015-16 to 2016-17. The table below gives the comparative number of scholarships awarded in 2015, 2016, 2017 and 2018 by country.

	2015-16		2016-17		2017-18		2018-19	
	FS	RF	FS	RF	FS	RF	FS	RF
Armenia	-	-	0	0	3	1	3	2
Bosnia Herzegovina	3	0	3	0	5	1	1	0
Bulgaria	4	0	5	1	5	1	4	2
Czech Republic	4	4	5	7	4	3	4	0
Estonia	2	0	2	1	2	0	2	1
Georgia	5	6	5	4	5	6	5	7
Croatia	2	1	5	3	4	1	5	1
Moldova	6	0	6	1	6	2	6	7
Montenegro	5	3	5	5	6	10	5	8
Poland	0	1	3	0	1	1	1	0
Romania	4	4	4	2	3	2	5	1
Serbia	7	3	5	2	5	3	5	4
Slovakia	6	2	5	3	7	2	5	4
Ukraine	4	1	4	3	3	0	4	1
Total	52	25	57	32	59	33	55	38

The table below shows the number of schools awarding full scholarships (FS) and those awarding reduced fee scholarships (RF). While the number of schools awarding full scholarships has remained largely constant the number of those awarding reduced fee scholarships has risen gradually year on year. Now that the scholarships essentially last for two years, a number of schools are opting to award scholarships biennially and so it is worthy of note that the total number of schools awarding full scholarships, from one year to the next, has remained essentially constant. The number of schools offering scholarships in 2018-19 is 50 which is a small reduction on the number for 2017-18 but the number of scholarships awarded has effectively remained constant.

	FS	RF
2015-16	43	16
2016-17	47	18
2017-18	47	21
2018-19	42	19

Reduced scholarships are awarded to those very able applicants who could not be awarded a full scholarship simply due to lack of availability of places. Reduced fee scholars typically pay between 20% and 25% of full fees. The placement fee, paid by schools in respect of each reduced fee scholar, has remained the same as last year at £1,250 and this is an essential component of the income of the charity. Part of this fee covers the cost of attendance for reduced fee scholars at the residential Orientation course.

There has been a decline in the number of applicants from some countries, Bosnia in particular, and so HMC Projects has continued to invest in publicity to increase awareness of the scholarship programme through printed literature. This is reflected in the accounts. Interviewers are quite active in receiving feedback from country coordinators on the success of publicity campaigns and in some countries have contacted the local offices of the British Council to elicit more support in getting the message out about the scholarship programme to potential applicants.

Financial developments

The administration fee charged to scholars this year was £1,750 and £1,250 for those holding an EU passport and those with a non-EU passport respectively. The majority of scholars from Moldova hold dual citizenship and travel on a Romanian (EU) passport. The cost to scholars with non-EU passports and thus requiring a Tier 4 visa continues to be high and is probably a deterrent to many potential applicants. In addition to the cost of the visa, healthcare surcharge and document submission fees totalling in excess of £700, in three countries, namely Moldova, Georgia and Armenia there is the additional cost and inconvenience of a TB test required by the UKVI at a designated clinic in each of these countries. The apparent lack of accountability of the UKVI, the centralised processing of visa applications and the lack of any effective channel of communication makes resolving visa problems almost impossible. The rejection of a visa application necessarily results in the need for a fresh application to be made by the scholar as the appeal process simply takes too long and is very likely to be unsuccessful. In such cases the visa application fee needs to be paid again. Attempts in the past to use a company specialising in Tier 4 visa applications to expedite a second visa application for a scholar, following rejection of the first, have resulted in very marginal benefit for the cost incurred and such initiatives, if deemed helpful, will now be left to schools.

The number of donations received by regular payments directly into the bank account, qualifying for Gift Aid, has reduced significantly during 2017-18. However, regular donations through the PayPal account have accumulated and a transfer to the bank account of £2050 was made just before the year end. A very generous donation of £13,709 was received just before the year end from Orbis Investments via their employee directed philanthropic programme, the Buchanan Programme following the nomination of HMC Projects as a beneficiary by one of our alumni. All donations are used to provide additional support for our scholars on a discretionary basis to allow them to benefit from opportunities at their schools where financial constraints may not allow this. In this way donated funds will ensure that all our scholars can maximise their opportunities.

ACHIEVEMENT AND PERFORMANCE

The donation of £2,250 received from the Elworthy Trust to offset the administration fees of the scholar selected from Kirovograd and other associated administration costs also qualifies for Gift Aid. The total sum received through Gift Aid in 2017-18 was £563.

The total cost of insurance for public and professional liability has risen only marginally over the previous year and cost £1,374 in 2017-18. Insurance does not fall in line with the accounting year, so as a result of accounting adjustments the accounts show a fall in insurance compared to the year ending 31 August 2017.

FINANCIAL REVIEW

Financial position

The reserves of the Trust have increased and at the close of this financial year (2017-18) the reserves amounted to £108,020 compared to £82,030 at the end of the previous financial year.

Incoming resources were £163,730 (2017 - £135,466). Prepaid fees and other prepaid income amounted to £119,330 (2017 - £117,772). Resources expended were £137,740 (2018 - £128,748) of which bursaries and grants to students amounted to £17,207 (2017 - £16,900). Prepaid expenditure on student half terms amounted to £1,238 (2017 - £6,107). Net surplus for the year was £25,990 (2017 - £6,718).

Reserves policy

The policy of holding a sum of at least 50% of the annual turnover in reserve has been maintained. The distribution of reserves across accounts with four different banks limits the risk of any loss in the event the failure of any of these. This arrangement also ensures that these reserves generate a satisfactory rate of return.

FUTURE PLANS

For the next year the administration fees will reduce to £1,400 for scholars holding a passport from an EU country and £900 for those who do not. The bursary paid to each full scholar will remain at £300. The substantial reduction in the administration fee is due to the discontinuation of the Orientation course and the reduction in the provision of supervised half-term breaks in 2018-19.

The Trustees and executive are proactive in approaching suitable schools to secure further offers of full and reduced fee scholarships. They also keep under constant review the questions of whether the charity should continue to operate in each of the present 14 target countries or investigate opportunities in other European countries.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its memorandum and articles of association and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The charity was established to take over the activities of the HMC Foreign Students Fund, a charitable trust, and the assets and liabilities of that trust were transferred to the charity on 30 April 1999 by way of a donation.

Key management remuneration

The charity reimbursed expenses totalling £13,171 in respect of mid-term holiday costs, Working Group expenses, orientation expenses, agents fees, interviewing expenses and publicity to 4 key management personnel.

In addition, consultancy fees were paid to key management personnel during the year, as follows:

A G Boggis £5,000

A N Lawrence £7,500

Dr E J Wolstenholme £8,000

HMC PROJECTS IN CENTRAL AND EASTERN
EUROPE

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

Approved by order of the board of trustees on 13 November 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'R. Wilkinson', written in a cursive style.

Mrs R Wilkinson - Trustee

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF HMC PROJECTS IN CENTRAL AND EASTERN EUROPE

Independent examiner's report to the trustees of HMC Projects in Central and Eastern Europe ('the Company')

I report to the charity trustees on my examination of the accounts of the Company for the year ended 31 August 2018.

Responsibilities and basis of report

As the charity's trustees of the Company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

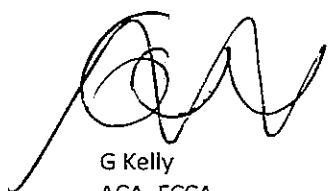
Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached



G Kelly
ACA, FCCA
Bright Brown Limited
Chartered Accountants
Isle of Wight

Date: 14/12/18

**HMC PROJECTS IN CENTRAL AND EASTERN
EUROPE**

**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2018**

		2018 Unrestricted fund £	2017 Total funds £
	Notes		
INCOME AND ENDOWMENTS FROM			
Donations and legacies		18,638	3,545
Charitable activities			
Teaching		144,446	131,413
Investment income	2	646	508
Total		163,730	135,466
 EXPENDITURE ON			
Charitable activities			
Teaching		137,740	128,748
NET INCOME		25,990	6,718
 RECONCILIATION OF FUNDS			
Total funds brought forward		82,030	75,312
 TOTAL FUNDS CARRIED FORWARD		108,020	82,030

The notes form part of these financial statements

**HMC PROJECTS IN CENTRAL AND EASTERN
EUROPE (REGISTERED NUMBER: 03636789)**

**BALANCE SHEET
AT 31 AUGUST 2018**

	Notes	2018 Unrestricted fund £	2017 Total funds £
CURRENT ASSETS			
Debtors	7	17,382	12,495
Cash at bank		<u>211,857</u>	<u>188,748</u>
		229,239	201,243
CREDITORS			
Amounts falling due within one year	8	(121,219)	(119,213)
NET CURRENT ASSETS		<u>108,020</u>	<u>82,030</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		108,020	82,030
NET ASSETS		<u>108,020</u>	<u>82,030</u>
FUNDS	9		
Unrestricted funds		<u>108,020</u>	<u>82,030</u>
TOTAL FUNDS		<u>108,020</u>	<u>82,030</u>

The notes form part of these financial statements

BALANCE SHEET - CONTINUED
AT 31 AUGUST 2018

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 August 2018.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 August 2018 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved by the Board of Trustees on 13 November 2018 and were signed on its behalf by:



Mrs R Wilkinson -Trustee

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Income received in relation to student placements is deferred where it relates to a term or period taking place after the year end. In previous years this income was shown under donations, however for the year to 31 August 2018 it has been included as income from charitable activities, and the income relating to the year ending 31 August 2017 has also been restated under this heading. There is no effect on reserves or net income for either year as a result of this restatement.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings - Straight line over 5 years

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

2. INVESTMENT INCOME

	2018	2017
	£	£
Deposit account interest	646	508

**HMC PROJECTS IN CENTRAL AND EASTERN
EUROPE**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

3. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2018	2017
	£	£
Independent examiners' fee	<u>1,560</u>	<u>1,440</u>

4. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2018 nor for the year ended 31 August 2017.

Trustees' expenses

The charity incurred expenses of £254 (2017 - £248) in respect of trustees' liability insurance.

In addition, the charity reimbursed expenses totalling £8,647 in respect of Working Group expenses, orientation expenses, interviewing expenses and publicity to 8 trustees.

5. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £
INCOME AND ENDOWMENTS FROM	
Donations and legacies	3,545
Charitable activities	
Teaching	131,413
Investment income	508
Total	<u>135,466</u>
EXPENDITURE ON	
Charitable activities	
Teaching	128,748
Total	<u>128,748</u>
NET INCOME	<u>6,718</u>
RECONCILIATION OF FUNDS	
Total funds brought forward	75,312
TOTAL FUNDS CARRIED FORWARD	<u><u>82,030</u></u>

**HMC PROJECTS IN CENTRAL AND EASTERN
EUROPE**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018**

5. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

Unrestricted
fund
£

6. TANGIBLE FIXED ASSETS

Fixtures and
fittings
£

COST

At 1 September 2017 and 31 August 2018

1,728

DEPRECIATION

At 1 September 2017 and 31 August 2018

1,728

NET BOOK VALUE

At 31 August 2018

-

At 31 August 2017

-

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

2018

£

2017

£

Prepayments

17,382

12,495

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

2018

£

2017

£

Accrued income

119,330

117,773

Accrued expenses

1,889

1,440

121,219

119,213

9. MOVEMENT IN FUNDS

Net movement

At 1.9.17

£

in funds

£

At 31.8.18

£

Unrestricted funds

General fund

82,030

25,990

108,020

TOTAL FUNDS

82,030

25,990

108,020

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

9. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	163,730	(137,740)	25,990
TOTAL FUNDS	<u>163,730</u>	<u>(137,740)</u>	<u>25,990</u>

Comparatives for movement in funds

	At 1.9.16 £	Net movement in funds £	At 31.8.17 £
Unrestricted Funds			
General fund	75,312	6,718	82,030
TOTAL FUNDS	<u>75,312</u>	<u>6,718</u>	<u>82,030</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	135,466	(128,748)	6,718
TOTAL FUNDS	<u>135,466</u>	<u>(128,748)</u>	<u>6,718</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.9.16 £	Net movement in funds £	At 31.8.18 £
Unrestricted funds			
General fund	75,312	32,708	108,020
TOTAL FUNDS	<u>75,312</u>	<u>32,708</u>	<u>108,020</u>

9. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	299,196	(266,488)	32,708
TOTAL FUNDS	<u>299,196</u>	<u>(266,488)</u>	<u>32,708</u>

10. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 August 2018.

**HMC PROJECTS IN CENTRAL AND EASTERN
EUROPE**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

	2018 £	2017 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Donations	18,075	2,895
Gift aid tax	563	650
	<u>18,638</u>	<u>3,545</u>
Investment income		
Deposit account interest	646	508
Charitable activities		
Students (Bosnia)	6,250	3,000
Students (Bulgaria)	8,750	8,763
Students (Croatia)	7,000	8,750
Students (Czech Republic)	7,000	8,750
Students (Estonia)	3,500	3,500
Students (Georgia)	6,250	5,000
Students (Moldova)	9,500	9,750
Students (Montenegro)	7,500	5,000
Students (Poland)	1,750	5,250
Students (Romania)	5,250	7,000
Students (Serbia)	6,250	5,750
Students (Slovakia)	12,250	8,750
Students (Ukraine)	2,500	2,000
Students (Armenia)	3,750	-
Schools (students)	40,000	40,000
Contributions received in respect of mid-term holidays	13,398	7,907
Working Group expenses reimbursed	3,412	2,098
Sales	136	145
	<u>144,446</u>	<u>131,413</u>
Total incoming resources	163,730	135,466
EXPENDITURE		
Charitable activities		
Insurance	1,371	1,922
Executive expenses	1,943	2,599
Bursaries	17,207	16,900
Grants and awards	955	1,268
Orientation expenses	29,732	27,464
Carried forward	51,208	50,153

This page does not form part of the statutory financial statements

**HMC PROJECTS IN CENTRAL AND EASTERN
EUROPE**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

	2018 £	2017 £
Charitable activities		
Brought forward	51,208	50,153
Interviewing expenses	14,031	9,959
Working Group expenses	3,406	5,100
Agents fees	15,500	15,000
Mid-term holiday costs	28,539	24,265
Administration fees	22,000	18,000
Bank charges	193	221
Publicity	1,303	4,610
	<hr/>	<hr/>
	136,180	127,308
Support costs		
Governance costs		
Independent examiners' remuneration	1,560	1,440
	<hr/>	<hr/>
Total resources expended	137,740	128,748
	<hr/>	<hr/>
Net income	<u>25,990</u>	<u>6,718</u>

This page does not form part of the statutory financial statements