

**INTEGRATED SERVICES PROGRAMME
LIMITED BY GUARANTEE
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31ST AUGUST 2005**

Company Registered Number: 2820208



INTEGRATED SERVICES PROGRAMME LIMITED BY GUARANTEE
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31ST AUGUST 2005

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INTEGRATED SERVICES PROGRAMME LIMITED BY GUARANTEE

DIRECTORS' REPORT

YEAR ENDED 31ST AUGUST 2005

The directors present their annual report and the audited financial statements for the year ended 31st August 2005.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were that of the provision of fostering, social work, education, therapy and other services to children looked after by local authorities.

REVIEW OF BUSINESS

Turnover increased by £131,292 in 2004/2005, compared to the previous year enabling the company to continue to invest in its core services of fostering, education, social work and therapy.

During the year the company was inspected by the Commission for Social Care Inspection. The Commission confirmed in their Report that the company had received a satisfactory and positive inspection against the National Minimum Standards and were in accordance with the provisions of the Care Standards Act 2000.

The company continued to invest in the development of our new centres in Enfield and Sussex, that were opened in 2004.

The surplus before tax generated for the year was £109,914 (2004 - £134,413) on turnover of £11,374,684 (2004 - £11,243,392).

As a not for profit organisation the company is not permitted to distribute surpluses. Any surpluses generated will be used in the continuing improvement of our services.

FUTURE DEVELOPMENTS

The company will continue to invest in its core services with the continued recruitment of new carers in Kent, North of the Thames and in Sussex. In particular, our Watford centre will be relocated to Chesham in Buckinghamshire at the end of 2005, allowing ISP to extend its fostering services to local authorities north and west of London.

CHARITIES

The ISP Children's Foundation was formed in 2003. C.E.M. Cairns, B.G. Bishop and L.W. Algar, as well as being Directors of ISP, are also Trustees of the Foundation along with two other Trustees.

INTEGRATED SERVICES PROGRAMME LIMITED BY GUARANTEE

DIRECTORS' REPORT (continued)

YEAR ENDED 31ST AUGUST 2005

DIRECTORS

The directors who held office during the year were as follows:

I G Butler (Chairman)
C E M Cairns (Vice-Chair)
S Field
J H Whitwell
B G Bishop
L W Algar
R H L Long

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

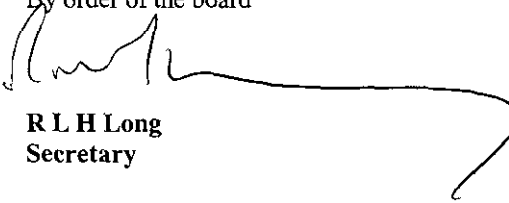
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and prevent and detect fraud and other irregularities.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of haysmacintyre as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


R L H Long
Secretary

Church Street
Sittingbourne
Kent
ME10 3EG

29 November 2005

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
INTEGRATED SERVICES PROGRAMME LIMITED BY GUARANTEE**

We have audited the financial statements of Integrated Services Programme Limited By Guarantee for the year ended 31st August 2005 which comprise the Profit and Loss Account, the Balance Sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the 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 company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

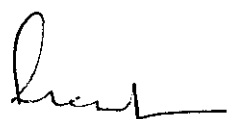
Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st August 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



haysmacintyre
Chartered Accountants
Registered Auditors

Fairfax House
15 Fulwood Place
London
WC1V 6AY

29 November 2005

INTEGRATED SERVICES PROGRAMME LIMITED BY GUARANTEE

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 2005

		2005		2004	
	Note	£	£	£	£
TURNOVER	2		11,374,684		11,243,392
EXPENDITURE					
Foster Care		3,777,770		3,614,523	
Respite & Holiday Allowance		250,817		257,916	
Social Work Services and Contact Support		1,887,220		1,893,764	
Education		2,021,107		1,880,248	
Therapy		587,020		548,935	
Transport and Escorts		465,199		546,155	
Property and Equipment		829,734		781,082	
Training, Research and Development		266,051		278,549	
Management Administration and Finance		1,437,912		1,355,918	
			(11,522,830)		(11,157,090)
OPERATING (LOSS)/SURPLUS			(148,146)		86,302
Profit on sale of property			279,232		70,674
Interest receivable and other income	6		10,762		15,287
Interest payable	7		(31,934)		(37,850)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	3		109,914		134,413
Tax on surplus on ordinary activities	8		(27,824)		(31,085)
SURPLUS FOR THE FINANCIAL YEAR	13		£82,090		£103,328

There were no acquisitions or discontinued operations within the company during the year or the previous year.

The company has no recognised gains or losses in the year other than the surplus for the year.

No note of historical cost profit or loss is given as there are no differences between the results as set out in the profit and loss account and their historical cost equivalents.

INTEGRATED SERVICES PROGRAMME LIMITED BY GUARANTEE

BALANCE SHEET

AT 31ST AUGUST 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	9	5,576,408	5,597,210
CURRENT ASSETS			
Debtors:	10		
Amounts falling due within one year		877,165	1,079,018
Amounts falling due after one year		525,579	96,811
		<u>1,402,744</u>	<u>1,175,829</u>
Cash at bank and in hand		43,874	512,418
		<u>1,446,618</u>	<u>1,688,247</u>
CREDITORS: amounts falling due within one year	11	(908,170)	(1,012,691)
NET CURRENT ASSETS		<u>538,448</u>	<u>675,556</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,114,856</u>	<u>6,272,766</u>
CREDITORS: Amounts falling due after more than one year	12	(340,000)	(580,000)
NET ASSETS		<u>£5,774,856</u>	<u>£5,692,766</u>
TOTAL RESERVES	13	<u>£5,774,856</u>	<u>£5,692,766</u>

These financial statements were approved by the board of directors on the 29 November 2005 and were signed on its behalf by:



J.H. Whitwell
Director

INTEGRATED SERVICES PROGRAMME LIMITED BY GUARANTEE

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST AUGUST 2005

	Note	2005 £	2004 £
Reconciliation of operating surplus to net cash flow from operating activities			
Operating surplus		(148,146)	86,302
Depreciation charges		232,177	303,841
(Profit)/loss on disposal of other fixed assets		(6,237)	15,142
(Increase) in debtors		(226,915)	(63,055)
(Decrease)/increase in creditors		(97,742)	82,960
Net cash (outflow)/inflow from operating activities		£(246,863)	£425,190
Cash flow statement			
Cash flow from operating activities		(246,863)	425,190
Return on investments and servicing of finance	14	(21,172)	(22,563)
Taxation		(30,511)	(36,825)
Capital expenditure	14	74,094	39,676
Financing	14	(244,092)	(279,875)
(Decrease)/increase in cash		£(468,544)	£125,603
Reconciliation of net cash flow to movement in net/(debt) funds			
(Decrease)/increase in cash in the year		£(468,544)	125,603
Cash outflow from decrease in debt		244,092	279,875
Change in net (debt)/funds	15	(224,452)	405,478
Net (debt)/funds at beginning of year		(311,674)	(717,152)
Net (debt)/funds at end of year	15	£(536,126)	£(311,674)

INTEGRATED SERVICES PROGRAMME LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2005

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared, on the going concern basis, in accordance with applicable accounting standards and under the historical cost accounting rules.

Fixed assets and depreciation

Fixed assets are stated at cost.

Depreciation is provided by the company at rates calculated to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	- straight line over 50 years
Fixtures, fittings & equipment	- at the rate of 25% per annum on the reducing balance
Plant and machinery	- at the rate of 25% per annum on the reducing balance
Property improvements	- straight line over 50 years
Motor vehicles	- at the rate of 25% per annum on the reducing balance
Motor vehicles held under finance leases	- over the lease term

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Taxation

Deferred tax is provided using the full provision method. Deferred tax is recognised in respect of all material timing differences which have originated but not reversed at the balance sheet date. It is the company's policy not to discount deferred tax to reflect the time value of money.

Pensions

The company operates a defined contribution pension scheme for all employees.

Turnover

Turnover represents the value of sales invoiced.

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

2. TURNOVER

The total turnover of the company for the year has been derived from its principal activities wholly undertaken in the United Kingdom.

INTEGRATED SERVICES PROGRAMME LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST AUGUST 2005

3. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	2005	2004
	£	£
Surplus on ordinary activities before taxation is stated after charging/(crediting)		
Auditors' remuneration	13,160	14,128
Depreciation	232,177	303,841
Loss/(profit) on disposal of fixed assets	(285,469)	(55,532)
Research		-
Operating lease rentals:		
Plant & Machinery	7,065	6,236
Other	63,767	31,558
	<u> </u>	<u> </u>
4. REMUNERATION OF DIRECTORS		
Directors' emoluments:		
Emoluments for qualifying services	178,446	140,166
Directors fees	89,895	81,419
Pension contributions	14,255	10,327
	<u> </u>	<u> </u>
	<u>£282,596</u>	<u>£231,912</u>
The number of directors for whom benefits are accruing under the defined contribution pension scheme is 2 (2004: 2).		
5. STAFF NUMBERS AND COSTS		
The average number of persons employed by the company (including directors) during the year was 167 (2004: 148).		
The aggregate payroll costs of these persons were as follows:	2005	2004
	£	£
Wages and salaries	3,639,013	3,471,028
Social security costs	399,749	370,958
Other pension costs	225,964	212,787
	<u> </u>	<u> </u>
	<u>£4,264,726</u>	<u>£4,054,773</u>
6. INTEREST RECEIVABLE AND OTHER INCOME		
Bank interest	-	-
Other income	10,762	15,287
	<u> </u>	<u> </u>
	<u>£10,762</u>	<u>£15,287</u>
7. INTEREST PAYABLE		
Interest payable:		
On bank loans wholly repayable within 5 years	31,934	35,822
Under finance lease agreements	-	2,028
	<u> </u>	<u> </u>
	<u>£31,934</u>	<u>£37,850</u>

INTEGRATED SERVICES PROGRAMME LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST AUGUST 2005

8.	TAXATION	2005 £	2004 £			
a)	Analysis of tax charge for the year:					
	UK corporation tax at 19% (2004: 19%)					
	- Current period charge	28,398	31,085			
	- Prior period (over provision)/under provision	(574)	-			
	Total current tax (note (b))	<u>£27,824</u>	<u>£31,085</u>			
b)	Factors affecting tax charge for the year					
	The corporation tax provision for the year is different from the full rate of corporation tax in the UK of 19% (2004: 19%) for the following reasons.					
	Profit on ordinary activities before tax	<u>£109,914</u>	<u>£134,413</u>			
	Profit on ordinary activities before tax multiplied by the full rate of corporation tax in the UK of 19% (2004: 19%)	20,884	25,538			
	Expenses not deductible for tax purposes	751	119			
	Capital allowances less than depreciation	16,245	15,979			
	Under/(over) provision in prior years	(574)	-			
	Fixed asset profit on disposal	(9,482)	(10,551)			
		<u>£27,824</u>	<u>£31,085</u>			
9.	TANGIBLE FIXED ASSETS					
	Land and buildings freehold	Improvements to freehold buildings	Plant and machinery	Fixtures, Fittings and Equipment	Motor Vehicles	Total
COST	£	£	£	£	£	£
At 1st September 2004	2,505,942	3,169,818	745,977	416,610	539,889	7,378,236
Additions	-	145,097	33,689	66,958	103,582	349,326
Disposals	(123,654)	-	(39,104)	(17,624)	(94,743)	(275,125)
At 31st August 2005	<u>2,382,288</u>	<u>3,314,915</u>	<u>740,562</u>	<u>465,944</u>	<u>548,728</u>	<u>7,452,437</u>
DEPRECIATION						
At 1st September 2004	176,359	316,347	566,083	342,071	380,166	1,781,026
Charge for year	33,642	64,559	52,971	27,350	53,655	232,177
On disposals	(9,172)	-	(39,019)	(17,624)	(71,359)	(137,174)
At 31st August 2005	<u>200,829</u>	<u>380,906</u>	<u>580,035</u>	<u>351,797</u>	<u>362,462</u>	<u>1,876,029</u>
NET BOOK VALUE						
At 31st August 2005	<u>£2,181,459</u>	<u>£2,934,009</u>	<u>£160,527</u>	<u>£114,147</u>	<u>£186,266</u>	<u>£5,576,408</u>
At 31st August 2004	<u>£2,329,583</u>	<u>£2,853,471</u>	<u>£179,894</u>	<u>£74,539</u>	<u>£159,723</u>	<u>£5,597,210</u>

Included within motor vehicles are assets bought under finance leases with cost of £ 161,984 (2004: £161,984) and net book value of £ Nil (2004: £Nil).

INTEGRATED SERVICES PROGRAMME LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST AUGUST 2005

10. DEBTORS	2005 £	2004 £
Trade debtors	659,157	771,608
Other debtors	620,854	203,781
Prepayments and accrued income	122,733	200,440
	<u>£1,402,744</u>	<u>£1,175,829</u>
Amounts falling due after more than one year included above are:		
Other debtors	131,575	96,811
Proceeds from disposal of property (note 21)	394,004	-
	<u>£525,579</u>	<u>£96,811</u>
11. CREDITORS: Amounts falling due within one year		
Bank loans (note 18)	240,000	240,000
Trade creditors	428,582	541,522
Corporation tax	28,398	31,085
Other taxes and social security costs	132,018	102,632
Other creditors	14,101	16,281
Obligations under finance leases	-	4,092
Accruals and deferred income	65,071	77,079
	<u>£908,170</u>	<u>£1,012,691</u>
12. CREDITORS: Amounts falling due after more than one year		
Bank loans (note 18)	340,000	580,000
Obligations under finance leases	-	-
	<u>£340,000</u>	<u>£580,000</u>
Analysis of loans		
Amounts falling due:		
In one year or less	240,000	240,000
Between one & two years	240,000	240,000
Between two & five years	100,000	340,000
	<u>£580,000</u>	<u>£820,000</u>
13. RECONCILIATION OF MOVEMENTS IN RESERVES		
Opening reserves	5,692,766	5,589,438
Surplus for financial year	82,090	103,328
Closing reserves	<u>£5,774,856</u>	<u>£5,692,766</u>

INTEGRATED SERVICES PROGRAMME LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST AUGUST 2005

14. GROSS CASH FLOWS	2005 £	2004 £
Returns on investments and servicing of finance		
Interest received and other income	10,762	15,287
Interest paid on bank loans	(31,934)	(35,822)
Interest element on finance lease rental payment	-	(2,028)
	<u>£(21,172)</u>	<u>£(22,563)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(349,326)	(117,281)
Receipts from sales of tangible fixed assets	423,420	156,957
	<u>£74,094</u>	<u>£39,676</u>
Financing		
New bank loan	-	-
Repayment of long term bank loan	(240,000)	(240,000)
Repayment of capital element of finance leases	(4,092)	(39,875)
	<u>£(244,092)</u>	<u>£(279,875)</u>
15. ANALYSIS OF CHANGE IN NET FUNDS	At 1st September 2004 £	At 31st August 2005 £
Cash in hand and at bank	512,418	(468,544)
Bank loan	(820,000)	43,874
Finance leases	240,000	(580,000)
	<u>(4,092)</u>	-
	<u>£(311,674)</u>	<u>£(224,452)</u>
		<u>£(536,126)</u>

INTEGRATED SERVICES PROGRAMME LIMITED BY GUARANTEE**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 31ST AUGUST 2005****16. COMMITMENTS**

(i) Capital commitments at the end of the financial year for which no provision has been made.

	2005 £	2004 £
Authorised, but not contracted for, and not provided for in the financial statements	£500,000	£ -

(ii) Annual commitments under non-cancellable operating leases

	2005 Land and Buildings £	2005 Other £	2004 Land and Buildings £	2004 Other £
Operating leases which expire:				
Within one year	-	-	5,950	1,743
Within two to five years	-	6,571	-	-
After five years	57,000	-	57,000	-
	<u>£57,000</u>	<u>£6,571</u>	<u>£62,950</u>	<u>£1,743</u>

17. PENSIONS

The company operates a defined contribution pension scheme for all employees. In addition, members of the teaching staff may elect to join the teachers pension scheme to which the company will contribute instead of their own scheme. Contributions made by the company during the year were £ 225,964 (2004: £212,787). Contributions payable to the scheme at the end of the year amounted to £ 24,532.86 (2004: £ 27,792).

18. FIXED ASSETS – PLEDGED SECURITY

The following are held as security on the bank loan:

1. Freehold of ISP Centre, Church Street, Sittingbourne, Kent.
2. Freehold of ISP Centre, Regent Street, Whitstable, Kent.
3. Freehold land and buildings on south side of Church Street, Sittingbourne, Kent.
4. Freehold of Victoria House and 49 Vicarage Road, Watford, Hertfordshire.
5. Fixed and floating charges over the undertaking and all property and assets present and future including Goodwill, Book debts, uncalled capital, Buildings, Fixtures, Fixed Plant & Machinery.

19. OBLIGATIONS UNDER FINANCE LEASES

	2005 £	2004 £
Amounts due within one year	-	4,092
	<u>£-</u>	<u>£4,092</u>

20. RELATED PARTY TRANSACTIONS

There were no related party transactions.

INTEGRATED SERVICES PROGRAMME LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST AUGUST 2005

21. CONTINGENT LIABILITY

On 25th October 2001 notice was served on the company that it had been named as joint defendant, together with Canterbury Diocesan Board of Finance, in respect of a claim made under Part 8 of the Civil Procedure Rules. The claim for £121,000 represents the purchase cost to the company of St. Philip's Church of England School, Melville Road, Maidstone, Kent paid to Canterbury Diocesan Board in June 1995 to which the claimants claim beneficial entitlement.

The claimants won the case in the House of Lords.

The company sold the property in April 2005 for £394,004 and the profit of £279,232 is disclosed in the accounts. These sale proceeds are currently being held on a treasury bond deposit account awaiting the outcome of the legal dispute between the claimants and the Canterbury Diocesan Board of Finance.

The company is confident it will receive the full proceeds of the sale but further legal costs may arise out of settling the dispute.