

# **2006–2007 ASEICA BUDGET FORECAST**

## **Commentary from the finance committee**

### **OVERALL**

ASEICA is pleased to present a budget demonstrating a turning point for the association. After a challenging few years, your association is different, more focused on the needs of its members, and confident about the ability to operate a balanced budget going forward.

ASEICA provides English language education in six establishments: the lycée at the CIV, three collèges (Nikki de St Phalle, L'Eganaude and CIV) and two primary schools in Valbonne and Mougins. Our costs are mainly composed of teacher's salaries. We employ 26 teachers who work with their French colleagues to deliver parts of the French curriculum in the English language. Some of our teachers also work in coordinating roles, necessitated by the demands of following a curriculum in a foreign language and teaching in so many different places.

In addition to our teaching staff we employ a finance director (who manages human resources, bookkeeping and collection) and the equivalent of one full time secretary. Going forward, our other costs (15% of total) consist primarily of teaching materials, office rental (for the administrative staff), recruitment and training costs and provisions.

The past couple of years have been tumultuous with a combination of fast expansion and the challenging separation from the International Baccalaureate programme (IB). The exceptional costs were largely paid out of the Euros 850 K of reserves that ASEICA had built up until 2004. Without these exceptional costs, ASEICA would have operated with a small surplus in each of the past three years.

The only costs relating to the IB programme that remain relate to the lease of some computer and telecoms equipment (approx Euros 24 K).

Although the outlook going forward is positive, some risks remain. Reserves have been eroded and the association must run a tight budget. We will start the year with cash of about Euros 60 K and have budgeted to make a net income nearly Euros 40 K. Cash flow is projected to be positive. As ASEICA now manages the budget on a balanced basis (the fees for each year cover the expenses for that year), the association no longer offers discounts for payment of multiple years in advance.

In addition, the Board is pursuing a number of initiatives to raise cash to support the continued high quality and expansion of the programmes. One of the primary objectives for the new Board will be to create a sustainable structure, including rebuilding an amount of reserves which is common practice for the management of an association such as ours.

Regarding our risks ahead, outstanding litigation is detailed below but lawyers are confident that ASEICA's win in the first hearing will be held up on appeal. Other risks are presented in the budget forecast assumptions.

In addition to the budget, we have attached a reconciliation of the June 2005 and projected June 2006 results. These include substantial exceptional costs resulting in losses over the two years of a combined Euros 826 K. This includes costs relating to the bankruptcy of the IB programme and provisions that should have been made in earlier years (for example unpaid school fees). We have shown a rectification of the profit and loss excluding the exceptional costs, which highlight that the normal operations of the school were operating at a small surplus.

As with any association, ASEICA depends on its members to make it work well. The Board asks you for continuing support for the high quality educational programme that your children enjoy.

## 2006 – 2007 BUDGET FORECAST

		<b>TOTAL</b>	
EFFECTIFS	No. of pupils	<b>1,057</b>	
Salaires brut+charges	Salaries gross incl. taxes and social charges	<b>1,549,539</b>	85%
Dépenses de fonctionnement	Operating expenses	<b>90,000</b>	5%
Livres, materiaux pedagogiques et frais examens	Books, teaching materials and exam costs	<b>65,000</b>	4%
Frais de location	Office rental	<b>35,000</b>	2%
Frais deménagement et contrats herites	Moving costs and inherited costs	<b>30,000</b>	2%
Dotation amortissements	Additions to provisions	<b>46,000</b>	3%
<b>TOTAL CHARGES D'EXPLOITATION</b>		<b>1,815,539</b>	
<b>Frais de scolarité (Euros)</b>	<b>School fees (Euros)</b>		
Recettes frais de scolarité	School fee receipts	<b>1,809,786</b>	
Remises	Discounts	<b>-15,000</b>	
Impayés diverses	Bad debts	<b>-5,000</b>	
Cotisation annuelle par famille (Euros)	Annual membership fee per family	<b>15</b>	
Recettes cotisations	Membership fee receipts	<b>13,482</b>	
Frais d'administration (nouveaux élèves)	Administrative fees (new pupils)	<b>250</b>	
Recettes frais d'administration	Administrative fee receipts	<b>52,000</b>	
Revenus Financiers	Financial revenues	<b>0</b>	
<b>TOTAL RECETTES</b>		<b>1,855,268</b>	
		<b>100%</b>	
<b>BENEFICE PREVISIONNEL 2006/2007</b>		<b>39,729</b>	

# BUDGET PREVISIONNEL 2006/2007

## EFFECTIFS DES PRIMAIRES

	Budget 2005	Réél 2005	Budget 2006	
CP Haut Sartoux	22	23	23	
CE1 Haut Sartoux	25	23	23	
CE2 Haut Sartoux	25	27	25	
CM1 Haut Sartoux	25	24	27	
CM2 Haut Sartoux	25	24	25	
<b>Total Haut Sartoux</b>	<b>122</b>	<b>121</b>	<b>123</b>	
Class1 Les 3 Collines CP/CE1	17	24	24	
Class 2 Les 3 Collines CE2	24	24	20	
Class 3 Les 3 Collines CM1/CM2	24	22	20	
<b>Total Les 3 Collines</b>	<b>65</b>	<b>70</b>	<b>64</b>	Ajustement 2%
<b>Total Primaire</b>	<b>187</b>	<b>191</b>	<b>187</b>	<b>183</b>

## EFFECTIFS DES COLLEGES

	Budget 2005	Réél 2005	Budget 2006	
6eme L'Eganaude	25	26	25	
6eme L'Eganaude	25	26	25	
5eme L'Eganaude	19	18	26	
5eme L'Eganaude			26	
4eme L'Eganaude			18	
3eme L'Eganaude				
<b>Total L'Eganaude</b>	<b>69</b>	<b>70</b>	<b>120</b>	
6eme Nikki de St Phalle	25	23	25	
6eme Nikki de St Phalle	25	22	25	
5eme Nikki de St Phalle	23	21	23	
5eme Nikki de St Phalle			22	
4eme Nikki de St Phalle			21	
3eme Nikki de St Phalle				
<b>Total Nikki de St Phalle</b>	<b>73</b>	<b>66</b>	<b>116</b>	
6eme CIV	95	98	98	
5eme CIV	84	92	98	
4eme CIV	110	88	92	
3eme CIV	101	102	88	
<b>Total Collège CIV</b>	<b>390</b>	<b>380</b>	<b>376</b>	Ajustement 2%
<b>TOTAL 3 COLLEGES</b>	<b>532</b>	<b>516</b>	<b>612</b>	<b>600</b>

## EFFECTIFS DU LYCEE

	Budget 2005	Réél 2005	Budget 2006	
2nde OIB	114	111	102	
1 OIB	73	78	100	
T OIB	66	70	78	Ajustement 2%
<b>Total Lycée CIV</b>	<b>253</b>	<b>259</b>	<b>280</b>	<b>274</b>

<b>TOTAL GENERAL</b>	<b>972</b>	<b>966</b>	<b>1079</b>	<b>1057</b>
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## **BUDGET**

### **Assumption 1: Inscriptions**

Inscription levels will remain at similar levels to previous years, with the exception of the addition of the new classes in the collège de l'Eganaude and Nikki de St Phalle. The assumptions are based on expected new inscriptions and re-inscriptions as notified by student surveys. An adjustment of 2% is made on projected numbers, given past experience of pupils leaving the school. Given that the majority of our costs are fixed, any change in the number of inscriptions could have a significant impact on the projected profit or loss.

### **Assumption 2: Fees**

Fees are charged based on the costs of delivering the programme in each section and will remain at the level of the prior year. This level of school fees allows a margin of error if inscriptions are lower than expected.

### **Assumption 3: Salaries**

Salaries form 85% of total costs. The salary costs are 89% teachers and 11% administration. Administration staff consists of the finance director (who manages human resources, bookkeeping and collection) and the equivalent of one secretary. Teaching hours are projected based on the number of hours requested by the schools plus additional hours allocated for the programme co-ordination.

### **Assumption 4: Lease rental**

ASEICA is released from further obligations for the lease for the Clara building. New offices will host the two administrative staff and programme coordinators (when not teaching).

### **Assumption 5: ISSA debts**

Whereas every effort will be made to recoup monies owed to ASEICA by ISSA (the association that used to run the IB), no provision has been made for this in the accounts. Legal costs will be significantly reduced from the levels seen in the past couple of years.

### **Assumption 6: Teaching materials and books**

The cost of text books, photocopying and curriculum subscriptions have been budgeted, where not supplied by the schools. In an effort to control fixed costs, certain additional costs will be passed on to parents:

1. Parents in collège and lycée will be asked to purchase literary texts for their children, in common with the practice of the French administration.
2. Enrolment fees will be charged for the optional theatre programme.
3. The cost of the yearbook will be covered partially by advertising and partially by asking for a contribution from parents.

### **Assumption 7: Other costs**

All other expenses and administrative costs will be kept at the same level as the amounts paid by the BOI programme in 2005 – 2006 with a minor adjustment for inflation. These costs include training and recruitment of teachers, telecommunications, bank charges, accounting and legal costs, stationery and insurance.

### **Assumption 8: Discounts and bad debts**

A provision has been made to cover both discounts and bad debts. The discounts relate to children of teaching staff, discounts for advance payments and large families. Bad debts have been substantial in previous years but revised tight management has greatly reduced this figure. Where necessary, ASEICA seeks legal conciliation.

### **Assumption 9: Fund raising**

ASEICA plans a couple of initiatives to raise money to support its programmes next year. We have applied for grants from a number of official bodies. However, in the absence of a formal response at this stage, no revenues have been included.

### **Assumption 10: Outstanding legal matters**

ASEICA has been in dispute for a number of years with the estate agent FICI over commission costs for the rental of buildings for the IB programme, dating back to 2002. In a court hearing, the agent was ordered to reimburse Euros 64K to ASEICA. However, the agent has appealed this award and no payment has yet been received. At the same time the agent has made a claim for Euros 125 K to cover further commission and legal costs that they felt was due but was not documented. ASEICA has been advised by our lawyers that we are likely to win both cases. These amounts have been or will be reflected in the June 2005 and June 2006 balance sheet. No provision has been made in the 2006 – 2007 budget for either the receipt of Euros 64 K or the payment of Euros 125K.

# COMPARISON BUDGET VERSUS ACTUAL

	BUDGET 2006-2007	PROJET BILAN 30/06/2006	RAPPEL 30/06/2005	écarts 2006- 2005
SALAIRES brut+charges	1,549,539	1,373,432	1,462,126	-88,694
DEPENSES DE FONCTIONNEMENT	90,000	195,255	150,583	44,672
LIVRES, mat. Pédagogiques, frais examens	65,000	42,602	44,389	-1,787
Frais de location	35,000	346,464	54,248	292,216
Dotation amortissements	46,000	43,000	42,992	8
Frais deménagement et couts hérités	30,000			
<b>TOTAL CHARGES D'EXPLOITATION</b>	<b>1,815,539</b>	<b>2,000,753</b>	<b>1,754,338</b>	<b>246,415</b>
RECETTES SCOLARITE	1,809,786	1,662,258	1,537,079	125,179
REMISES-IMPAYES	-20,000	-34,618	-66,358	31,740
RECETTES COTISATIONS	13,482	11,920	11,925	-5
RECETTES FRAIS ADMINISTRATION	52,000	61,550	88,482	-26,932
REVENUS ACTIVITES DIVERSES		11,187	43,109	-31,922
<b>TOTAL RECETTES D'EXPLOITATION</b>	<b>1,855,268</b>	<b>1,712,297</b>	<b>1,614,237</b>	<b>98,060</b>
<b>RESULTAT D'EXPLOITATION</b>	<b>39,729</b>	<b>-288,456</b>	<b>-140,101</b>	<b>-148,355</b>
subvention		0	21,896	-21,896
transfert de charges		32,517	8,600	23,917
résultat financier		63,175	38,730	24,445
résultat exceptionnel		-12,932	-5,947	-6,985
provisions		-319,181	-432,619	113,438
reprises de provisions		45,141	162,724	-117,583
<b>RESULTAT FINAL</b>	<b>39,729</b>	<b>-479,736</b>	<b>-346,717</b>	<b>-133,019</b>
RECTIFICATION IMPAYES FAMILLES			40,000	-40,000
RECTIFIATION PRUDHOMME ISSA		20,000	15,000	5,000
SANS PROVISION FICI		125,000	64,642	60,358
SANS PROVISION ISSA		160,298	189,000	-28,702
SANS LE CLARA		346,464	54,248	292,216
AVEC LOYER NORMAL		-35,000	-35,000	0
SANS HONORAIRES AVOCATS			20,000	-20,000
<b>RESULTAT RECTIFIE</b>	<b>39,729</b>	<b>137,026</b>	<b>1,173</b>	<b>135,853</b>

## COMMENTARY ON RESULTS 2004 – 2005

### SALARIES AND SOCIAL CHARGES

In 2004-2005 the cost of salaries for the BOI programme is shown below. (This figure adjusts the total salary cost for the amount invoiced to ISSA for IB salaries)

1,462,126 €

in 2005-2006 salary costs fell to

1,373,432 €

**a saving of**

**88,694 €**

This saving comes from a reduction of administrative salaries and a more exact allocation of teaching hours.

#### Salary costs

Teachers	89%
Administrative staff	11%
Total	100%

### EXCEPTIONAL COSTS

FICI (litigation with estate agent) : although we have won the first part of this case for the sake of prudence, a provision for the second case has been made while the first case is on appeal.

Oppenheim : they debit the full guarantee of Euros 400 K

ISSA : we will not be reimbursed for the amount owing of 180,000 euros nor for the rent.

Second FICI case	125,000 €
Amount owing for rent ISSA	160,000 €
Rental and charges CLARA + insurance CLARA – less normal rental costs 243000+18000+85000-35000	311,000 €
Legal costs	20,000 €
	<b>616,000 €</b>

**Without these exceptional costs, the result would have been a surplus of 137,000 euros : -  
479,000+616,000**

### REMAINING ITEMS TO BE ACCOUNTED FOR

#### TO BE

#### FINALISED

- Holiday pay
- Pensions
- June salaries 06
- Provisions
- Supplier bills
- Depreciation
- Bad debt provisions