

1048465

The Bell Educational Trust Limited

Financial Statements

For the year ended 31 December 2001



The Bell Educational Trust Limited

Contents

	Page
Company Information	1
Report of the Trustees	2 - 7
Audit Report	8
Consolidated Statement of Financial Activities	9
Company Statement of Financial Activities	10
Consolidated and Company Balance Sheet	11
Group Cash Flow Statement	12
Notes to the Accounts	13 - 23

Company Information

Governors

Ms J Little (Chair)
R V White (Deputy Chair)
C J Arnold-Baker
Ms C Connolly
Ms V Cowley
J P Evans
R J Gower
R R A Grant
A B du Plessis
T J Rix
Ms M Standley
Ms H C Walter

Secretary

C Harris

Registered Office

Hillscross
1 Red Cross Lane
Cambridge
CB2 2QX

Registered Number

1048465 (England and Wales)

Registered Charity

311585

Auditors

Peters, Elworthy & Moore
Salisbury House
Station Road
Cambridge
CB1 2LA

Bankers

Barclays Bank plc
7/8 Clifton Court
Cambridge
CB1 4BN

The Bell Educational Trust Limited

Report of the Trustees for the year ended 31 December 2001

The Trustees who are known as Governors of the Trust, and who are also Directors of the company for the purposes of the Companies Acts, submit their annual report and the audited financial statements for the year ended 31 December 2001. The Governors have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000 in preparing the annual report and financial statements of the Trust.

Constitution and Objects

The Bell Educational Trust Ltd is a charitable company limited by guarantee and was established on 5 April 1972. It is governed by a Memorandum and Articles of Association. It also has a number of wholly owned subsidiary companies both in the UK and overseas. The UK holding company and the subsidiaries are referred to as "the Group" in this report and in the Financial Statements.

The objects of the Group are:

1. To promote and provide for the advancement of education and in connection therewith to conduct, carry on, acquire and develop in the United Kingdom or elsewhere any boarding or day schools or colleges for the education of children and adults of both sexes.
2. To establish and support or aid in the establishment and support of any charitable association or institutions and to subscribe or guarantee money for charitable purposes in any way connected with the purposes of the Group or necessary to further its objects.

During the year ended 31 December 2001 the Group provided the following educational services:

1. The teaching of English as a foreign language to adults of both sexes and to children of both sexes from the ages of 8 to 17 years at six year-round schools in the UK and at four year-round schools in Europe operated by wholly-owned subsidiary companies in Geneva, Budapest, Prague and Malta.
2. The teaching of other languages in wholly-owned subsidiary companies in Geneva, Budapest and Prague.
3. The teaching of English as a foreign language to children of both sexes from the ages of 8 to 17 years at six summer centres held at various locations in the UK.
4. The operation of an Associate scheme involving overseas language schools and centres which are linked to the Group by a co-operation agreement involving professional support in exchange for promotional and agency services.
5. The operation of contracts to provide English Language teaching/training to overseas clients on their premises.

The core educational aims of the Bell Educational Trust Ltd are supported by a corporate philosophy which:

- values people and their aspirations;
- espouses quality in all aspects of operations;
- promotes international understanding through its works;
- supports charity and charitable causes.

The Bell Educational Trust Limited

Report of the Trustees for the year ended 31 December 2001

Organisational and decision-making structure

The Board of Governors is responsible for policy and decision-making at the highest level. The Governors during the year 2001 were: -

Ms J Little (Chair)
C J Arnold-Baker
Ms C Connolly
Ms V Cowley
J P Evans
R J Gower
R R A Grant
A B du Plessis
T J Rix
Ms M Standley
Ms H C Walter
R V White (Deputy Chair)

In accordance with the Articles of Association all Governors will serve a maximum of ten years on the Board and only be eligible for re-election at the end of the first five years' service.

The following **sub-committees** also existed comprising the following governors during the year: -

The General Purposes Committee (also acts as Audit and Remuneration Committee)

Ms J Little (Chair)
R J Gower
A B du Plessis
T J Rix
R V White

The Investment Panel

C J Arnold-Baker (Chair)
Ms J Little
J P Evans
R R A Grant
Ms M Standley

The Educational Advisory Committee

Ms H C Walter (Chair)
Ms C Connolly
R J Gower
A B du Plessis
R V White

The day-to-day management of the Group was delegated by the governors to the **Chief Executive**, R.B Rossner supported by the **Company Secretary**, C.P. Harris and a **Board of Management**.

The Bell Educational Trust Limited

Report of the Trustees for the year ended 31 December 2001

Review of Activities

During the year ended 31 December 2001 the total volume of student enrolments in schools and summer centres in the UK (measured in student hours) was 0.6% higher than that for the previous year. In the opinion of the Governors, this was a reasonable achievement in very difficult trading conditions particularly in the aftermath of the terrorist attacks of September 11.

Overseas two important sources of revenue came from a contract to deliver English language training to a client in Libya and the management of six Associate English language centres in Thailand. The new wholly owned subsidiary company established in Autumn 2000, Bell Malta Ltd, commenced trading in April 2001. A loss of £137k was recorded in this period. Results of the other three wholly-owned overseas subsidiary companies were a loss of £71k by Bell Iskolak, Hungary and respectively, profits of £1k and £11k by Bell Switzerland and Bell School Prague.

The Financial result for the period and the state of the Group's affairs are set out in the attached financial statements.

The total turnover in the UK schools and summer centres of £13,296k was 4% more than the previous year. Strict control of costs throughout the Group was maintained during the year and this has helped to minimise the Net Expended Resources of £445k (2000: 354k) of the UK Company, and £618k (2000:£491k) for the group. This result was considerably boosted by a profit on revaluation of the Group's Freehold Properties of £1,655k. However this was partly offset by a loss on revaluation of Investments of £318k.

The consolidated Balance Sheet as at 31 December 2001 shows Net Current Assets at £473k compared to £1,018k at 31 December 2000.

Prospects and Future Plans

Although the above result was a profit, the financial result from the main operational activity of the Group (i.e. excluding the results on revaluation of Freehold Properties and Investments) was a loss of £618k. Given the generally uncertain market conditions that were exacerbated by the events of September 11 2001, the Governors have concluded that there is a serious risk that similar losses will be recorded in future years. They have therefore decided to implement the following changes during 2002:-

- Reduction of capacity of fixed locations by the closure of two of the six year-round schools in the UK. At the same time a high proportion of the students from those schools will be absorbed into the remaining schools. The resultant saving in fixed costs will improve financial results. The closures will also enable trustees to increase Net Current Assets through the disposal of Freehold property.
- Reorganisation of the way UK Schools are managed and a restructuring of Management in the Group Headquarters. This is expected to result in improved operational efficiency and savings in fixed costs.

The Governors expect that the above two changes will lead to an improvement in annual UK Operating Results of between £600k and £900k from 2003 onwards.

- Closure of the loss-making school operated by the wholly-owned subsidiary company Bell Iskolak in Budapest.
- Monitor the performance of Bell Malta Ltd
- The development of a long-term business strategy for the Group.

The Bell Educational Trust Limited

Report of the Trustees for the year ended 31 December 2001

Risk Management

The Governors have introduced a formal process to review the major risks to which the Group is exposed. This is an ongoing process which will be complete by the end of 2002. The Governors have formed the early view that the most significant risk is substantial financial loss due to a downturn in demand for its services. The Governors feel that the changes described earlier will minimize the effects of exposure to this risk.

Investments

The Governors have appointed Schroders as Investment Manager and an initial sum of £2.5 million was placed in the custody of the manager in December 1999. The Investment Policy adopted by the governors was to hold a Balanced fund that will deliver above inflation long-term growth with a moderate level of income. The strategic ranges for holdings of different classes of assets are as follows:

Cash	0% to 5%
Bonds	10% to 20%
Equities	75% to 90%

The actual asset allocations within the strategic ranges at any particular time depend on the prevailing investment view of the Investment Manager.

The ongoing management of the fund is overseen by the Investment Panel of Governors which meets with the Investment Manager twice each year.

During the year the total value of the fund fell to £2.1 million at 31 December 2001. However the governors were satisfied that the fund had been well managed and that the fall in value was due to the general decline in investment markets during the year.

Reserves

The Reserves of the Group representing the unrestricted funds arising from past operating results were £10,100k at 31 December 2001. As the main activity of the Group is the running of educational establishments and as the greater part of these reserves is represented by tangible fixed assets that are used directly in that activity, the Governors consider that the critical reserves of the Group are the Net Current Assets and Investments (excluding investments in and money owed by subsidiary companies) of the main UK Holding company. These are the most liquid assets owned by the Group and were £2,331k at 31 December 2001.

The Reserves Policy agreed by the governors is that the value of these critical reserves at the end of any year should be approximately 30% of total Tuition fees receivable for that year. These Reserves are designed to be a "buffer" against the risk of trading losses.

In certain circumstances at the discretion of the Governors, the level of these reserves may fall below the prescribed 30% and this has been the case at 31 December 2001 where the level has fallen to 24% due to operating losses sustained in difficult trading conditions. However the Governors accept this only as a temporary situation and the policy requires that measures will be taken to increase the level of these reserves back up to 30% as soon as possible. The Governors have determined that the changes in 2002 referred to above, will achieve this objective within a period of five years.

In the meantime the governors are satisfied that current level of these reserves will be a sufficient buffer against further trading losses in the short term.

The Bell Educational Trust Limited

Report of the Trustees for the year ended 31 December 2001

European Monetary Union

The advent of economic and monetary union and the potential impact upon the Company of the single currency, the Euro, continues to be reviewed and monitored.

Statement of Governors' Responsibilities

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing those financial statements the Governors 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 Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fixed Assets

Changes in fixed assets during the year are set out in notes 7 and 8 to the financial statements.

Employee Involvement

Staff are kept well informed of the performance and objectives of the Group through established methods of personal briefings and regular meetings.

Disabled Persons

Disabled persons are employed by the Group when they appear to be suited to a particular vacancy. The particular aptitudes and abilities of disabled persons are more easily met in certain aspects of the Group's activities and every effort is made to ensure that they are given full and fair consideration when such vacancies arise.

Provision has been made so that employees who may be injured or become disabled in the course of their employment, can where possible, continue employment with the Group.

Equal Opportunities

The Bell Educational Trust Limited is committed to the elimination of discrimination from, and the provision of equal opportunity within, its employment and development of staff as well as in its services to students and other clients. The Trust's equal opportunities policy aims to ensure that no job applicant, employee, student or other client receives less favourable treatment than any other on the grounds of sex, race, colour, nationality, ethnic origins, religion, marital status, age, sexuality, political belief, disability or irrelevant offending background. Furthermore, no job applicant, employee, student or other client should be disadvantaged by any conditions or requirements which cannot be shown to be justified.

The Bell Educational Trust Limited

Report of the Trustees for the year ended 31 December 2001

Auditors

Peters Elworthy & Moore have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD



C Harris
Secretary

Date: 6-9-2002

The Bell Educational Trust Limited

Independent Auditors' Report to the Members Year Ended 31 December 2001

We have audited the financial statements on pages 9 to 23 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 13 and 14.

Respective Responsibilities of Trustees and Auditors

The trustees' (who are also the directors for the purposes of company law) responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities. 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 Trustees' Report is not consistent with the financial statements, if the charity 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 trustees' remuneration and transactions with the charitable company is not disclosed.

We are not required to consider whether the statement in the Trustees' Report concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

We read other information contained in the Trustees' Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

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 trustees 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 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 the information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company and group as at 31 December 2001 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.



Peters Elworthy & Moore
Chartered Accountants and
Registered Auditor
CAMBRIDGE

12 September 2002

The Bell Educational Trust Limited

Consolidated Statement of Financial Activities for the year ended 31 December 2001

		Unrestricted Funds			Year to 31 December 2000
	Notes	General Fund £'000	Scholarship Fund £'000	Total Funds £'000	Total Funds £'000
Income and Expenditure					
Incoming Resources					
Fees receivable	3	15,024	-	15,024	14,385
Investment income	9	174	-	174	185
Profit on sale of freehold property		-	-	-	155
Total Incoming Resources		15,198	-	15,198	14,725
Resources Expended					
Cost of generating funds:					
Investment management fees		1	-	1	3
Charitable expenditure:					
Cost of activities in furtherance of the charity's objects:					
Teaching costs		4,759	-	4,759	4,367
Welfare		3,554	-	3,554	3,535
Premises		1,670	-	1,670	1,549
Administration		5,782	-	5,782	5,676
Scholarship Fund disbursements		-	3	3	5
Management and administration		41	-	41	41
Overseas taxation		23	-	23	17
Reorganisation costs		-	-	-	18
Exchange differences		(17)	-	(17)	5
		15,812	3	15,815	15,213
Total Resources Expended	6	15,813	3	15,816	15,216
Net Resources Expended		(615)	(3)	(618)	(491)
Other Recognised Gains and Losses					
Loss on investments	9	(318)	-	(318)	52
Surplus on revaluation of properties	8	1,655	-	1,655	32
Net Movement in Funds		722	(3)	719	(407)
Fund balances brought forward		9,378	17	9,395	9,802
Fund balances carried Forward		10,100	14	10,114	9,395

All amounts relate to continuing activities. There were no recognised gains or losses other than those included above.

The attached notes form part of these financial statements.

The Bell Educational Trust Limited

Company Statement of Financial Activities for the year ended 31 December 2001

		Unrestricted Funds			2000
		General	Scholarship	Total	Total
	Notes	Fund	Fund	Funds	Funds
		£'000	£'000	£'000	£'000
Income and Expenditure					
Incoming Resources					
Fees receivable	3	13,296	-	13,296	12,785
Investment income	9	174	-	174	185
Profit on sale of property		-	-	-	155
Total Incoming Resources		13,470	-	13,470	13,125
Resources Expended					
Cost of generating funds:					
Investment management fees		1	-	1	3
Charitable expenditure:					
Cost of activities in furtherance of the charity's objects:					
Teaching costs		3,857	-	3,857	3,518
Welfare		3,516	-	3,516	3,532
Premises		1,406	-	1,406	1,370
Administration		5,091	-	5,091	4,970
Scholarship Fund disbursements		-	3	3	5
Management and administration		41	-	41	41
Donation to subsidiary		-	-	-	40
		13,911	3	13,914	13,476
Total Resources Expended	6	13,912	3	13,915	13,479
Net Resources Expended		(442)	(3)	(445)	(354)
Other Recognised Gains and Losses					
Loss on investments	9	(318)	-	(318)	52
Surplus on revaluation of properties	8	1,655	-	1,655	-
Net Movement in Funds		895	(3)	892	(302)
Fund balances brought forward		9,348	17	9,365	9,667
Fund balances carried forward		10,243	14	10,257	9,365

All amounts relate to continuing activities. There were no recognised gains and losses other than those included above.

The attached notes form part of these financial statements.

The Bell Educational Trust Limited

Balance Sheet as at 31 December 2001

		<u>The Group</u>	<u>31 December</u>	<u>The Company</u>	<u>31 December</u>
			<u>2000</u>		<u>2000</u>
	<u>Notes</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Fixed Assets					
Intangible assets	7	57	66	57	66
Tangible assets	8	7,469	5,892	7,146	5,656
Investments	9	<u>2,115</u>	<u>2,419</u>	<u>2,530</u>	<u>2,827</u>
		<u>9,641</u>	<u>8,377</u>	<u>9,733</u>	<u>8,549</u>
Current Assets					
Stock		126	138	7	8
Debtors	10	3,094	2,802	3,232	2,685
Cash at bank and in hand		<u>1,622</u>	<u>2,592</u>	<u>1,435</u>	<u>2,369</u>
		<u>4,842</u>	<u>5,532</u>	<u>4,674</u>	<u>5,062</u>
Creditors: amounts falling due within one year	11	<u>4,369</u>	<u>4,514</u>	<u>4,056</u>	<u>4,152</u>
Net Current Assets		<u>473</u>	<u>1,018</u>	<u>618</u>	<u>910</u>
Total Assets less Current Liabilities		10,114	9,395	10,351	9,459
Creditors: amounts falling due after more than one year	12	-	-	94	94
Net Assets		<u>10,114</u>	<u>9,395</u>	<u>10,257</u>	<u>9,365</u>
Unrestricted Funds					
General Fund – includes revaluation reserve of £1,809,000 (2000 : £154,000)	13	10,100	9,378	10,243	9,348
Scholarship Fund	14	<u>14</u>	<u>17</u>	<u>14</u>	<u>17</u>
		<u>10,114</u>	<u>9,395</u>	<u>10,257</u>	<u>9,365</u>

Approved by the Board of Governors
and signed on their behalf by



Governor

Date:

6.9.02

The attached notes form part of these financial statements

The Bell Educational Trust Limited

**Group Cash Flow Statement
for the year ended 31 December 2001**

	Notes	<u>£'000</u>	Year to 31 December 2000 <u>£'000</u>
Net Cash Flow from operating activities	16	(580)	(588)
Returns on investments and servicing of finance	17	174	185
Taxation		(23)	(16)
Capital expenditure and financial investment	17	<u>(529)</u>	<u>(2,231)</u>
(Decrease) in cash in the period		<u>(958)</u>	<u>(2,650)</u>
Reconciliation of net cash flow to movement in net debt			
(Decrease) in cash in the period		(958)	(2,650)
Foreign exchange movement		<u>-</u>	<u>(3)</u>
Change in net funds resulting from cashflows	18	(958)	(2,653)
Net funds at 1 January 2001		<u>2,564</u>	<u>5,217</u>
Net funds at 31 December 2001		<u>1,606</u>	<u>2,564</u>

**Notes to the Financial Statements
for the year ended 31 December 2001**

1 Accounting Policies

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, subject to fixed asset investments being included at market value, and in accordance with the Charities (Accounts and Reports) Regulations 2000 and Statement of Recommended Practice on Accounting and Reporting by charities (October 2000) and applicable accounting standards.

The consolidated financial statements include the audited financial statements of the holding company and its subsidiary companies which have been made up to 31 December. The results of the subsidiaries are consolidated on a line by line basis.

b) Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of the designated fund is set out in the notes to the financial statements.

c) Incoming Resources

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

d) Resources Expended

All expenditure is accounted for on an accruals basis and has been allocated to expense headings either on a direct cost basis or apportioned according to time spent or space occupied.

e) Depreciation

Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful lives by equal annual instalments at the following rates:

Leasehold property and improvements	over period of lease
Furniture and equipment	20% on cost
Computer equipment	33 1/3% on cost
Motor vehicles	20% on cost

In accordance with FRS 15 the company has adopted a policy of regular revaluation of freehold land and buildings and therefore no depreciation has been provided.

f) Investments

Investments held for the long term to generate income or capital growth are carried at market value as fixed assets. Gains and losses on disposal and revaluation of investments are charged or credited to the Statement of Financial Activities.

g) Stocks

Stocks are valued at the lower of cost and estimated net realisable value.

h) Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

Gains or losses arising on the translation of the net assets of overseas subsidiaries are taken to reserves.

The Bell Educational Trust Limited

Notes to the Financial Statements for the year ended 31 December 2001

i) Pension Costs

The charity participates in a scheme with Legal and General Assurance Society providing benefits based on final pensionable pay. The fund is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed in accordance with the advice of the actuaries, based on the latest actuarial valuations of the Scheme and are accounted for on the basis of providing pensions over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings.

j) Operating Leases

Rentals payable under operating leases are charged to the Statement of Financial Activities over the period in which cost is incurred.

2 Company Status

The Company is limited by guarantee, having no share capital, and is a registered charity. The company is not subject to UK corporation tax. The members of the company are trustees named in the report of the Governors. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

3 Fees Receivable

An analysis by geographical market is set out below:

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
United Kingdom	12,789	12,471	12,789	12,472
Europe	1,739	1,608	11	7
Far East	210	136	210	136
Africa	<u>286</u>	<u>170</u>	<u>286</u>	<u>170</u>
	<u>15,024</u>	<u>14,385</u>	<u>13,296</u>	<u>12,785</u>

5 Staff Costs

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Staff costs comprise:				
Wages and salaries	5,956	5,964	5,192	5,135
Social security costs	475	497	356	379
Other pension costs	<u>536</u>	<u>315</u>	<u>526</u>	<u>292</u>
	<u>6,967</u>	<u>6,776</u>	<u>6,074</u>	<u>5,806</u>

The average number of employees during the year was:

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>
Office, management and ancillary	269	273	234	243
Tutorial	<u>248</u>	<u>323</u>	<u>153</u>	<u>171</u>
	<u>517</u>	<u>596</u>	<u>387</u>	<u>414</u>

The above numbers do not include the Governors who did not receive any remuneration during the year. Governors expenses of £9,170 were reimbursed during the year. Indemnity insurance premiums of £2,415 were paid on behalf of Governors of the Charity.

The Bell Educational Trust Limited

Notes to the Financial Statements for the year ended 31 December 2001

The number of employees earning over £50,000 per annum excluding pension contributions were:

Group and Company

	<u>Number</u>	<u>2000</u> <u>Number</u>
£60,001 - £70,000	1	1

All employees earning more than £50,000 participated in the pension scheme.

6 Analysis of Total Resources Expended Group

	<u>Staff Costs</u> <u>£'000</u>	<u>Other</u> <u>£'000</u>	<u>Depreciation</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>	<u>2000</u> <u>Total</u> <u>£'000</u>
Direct Charitable Expenditure:					
Teaching costs	3,516	1,182	61	4,759	4,367
Welfare	99	3,385	70	3,554	3,535
Premises	323	1,276	71	1,670	1,549
Administration in running activities	3,001	2,354	427	5,782	5,676
Scholarship Fund disbursements	-	3	-	3	5
Management and administration of the Charity	28	13	-	41	41
Overseas taxation	-	23	-	23	17
Exchange differences on retranslation	-	(17)	-	(17)	5
Reorganisation Costs	-	-	-	-	18
Investment management fees	-	1	-	1	3
	<u>6,967</u>	<u>8,220</u>	<u>629</u>	<u>15,816</u>	<u>15,216</u>

Analysis of Total Resources Expended Company

	<u>Staff Costs</u> <u>£'000</u>	<u>Other</u> <u>£'000</u>	<u>Depreciation</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>	<u>2000</u> <u>Total</u> <u>£'000</u>
Teaching costs	3,070	746	41	3,857	3,518
Welfare	99	3,354	63	3,516	3,532
Premises	323	1,032	51	1,406	1,370
Administration in running activities	2,554	2,141	396	5,091	4,970
Scholarship Fund Disbursements	-	3	-	3	5
Management and administration of the Charity	28	13	-	41	41
Donation to subsidiary	-	-	-	-	40
Investment management fees	-	1	-	1	3
	<u>6,074</u>	<u>7,290</u>	<u>551</u>	<u>13,915</u>	<u>13,479</u>

The Bell Educational Trust Limited

Notes to the Financial Statements for the year ended 31 December 2001

	<u>Group</u>		<u>Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Other direct costs include:				
Depreciation	629	572	551	540
Liability insurance for pension fund trustees	3	3	3	3
Auditors remuneration - audit fee	22	16	16	13
- other services	8	8	8	8
Rents payable in respect of operating leases - land and buildings	<u>491</u>	<u>491</u>	<u>348</u>	<u>348</u>

7 Intangible Assets

	<u>£'000</u>
Cost at beginning and end of year	<u>84</u>
Amortisation at beginning of year	18
Charge in year	<u>9</u>
Amortisation at end of year	<u>27</u>
Net book value at end of year	<u>57</u>
Net book value at beginning of year	<u>66</u>

During 1999 a company was acquired which owned the leases for the Oxford site. The above represents the goodwill arising on the purchase of the company. Amortisation is calculated on the remaining length of the leases.

8 Tangible Fixed Assets

Group	<u>Leasehold Property and Improvements</u>	<u>Freehold land And buildings</u>	<u>Furniture & Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Cost at beginning of year	254	4,718	5,546	476	10,994
Additions	-	-	526	16	542
Revaluation	-	1,655	-	-	1,655
Disposals at cost	(15)	-	(3)	(14)	(32)
Exchange adjustments	-	<u>7</u>	<u>13</u>	-	<u>20</u>
Cost at end of year	<u>239</u>	<u>6,380</u>	<u>6,082</u>	<u>478</u>	<u>13,179</u>
Accumulated depreciation at beginning of year	127	5	4,623	347	5,102
Charged in year	26	11	540	52	629
On disposals	(15)	-	(3)	(3)	(21)
Accumulated depreciation at end of year	<u>138</u>	<u>16</u>	<u>5,160</u>	<u>396</u>	<u>5,710</u>
Net book value at end of year	<u>101</u>	<u>6,364</u>	<u>922</u>	<u>82</u>	<u>7,469</u>
Net book value at beginning of year	<u>127</u>	<u>4,713</u>	<u>923</u>	<u>129</u>	<u>5,892</u>

The Bell Educational Trust Limited
Notes to the Financial Statements
for the year ended 31 December 2001

Company	<u>Leasehold Property and Improvements</u> £'000	<u>Freehold land and Buildings</u> £'000	<u>Furniture & Equipment</u> £'000	<u>Motor Vehicles</u> £'000	<u>Total</u> £'000
Cost/valuation at beginning of year	232	4,565	5,345	462	10,604
Revaluation	-	1,655	-	-	1,655
Additions	-	-	370	16	386
Cost/valuation at end of year	<u>232</u>	<u>6,220</u>	<u>5,715</u>	<u>478</u>	<u>12,645</u>
Accumulated depreciation at beginning of year	110	-	4,494	344	4,948
Charged in year	25	-	474	52	551
Accumulated depreciation at end of year	<u>135</u>	<u>-</u>	<u>4,968</u>	<u>396</u>	<u>5,499</u>
Net book value at end of year	<u>97</u>	<u>6,220</u>	<u>747</u>	<u>82</u>	<u>7,146</u>
Net book value at beginning of year	<u>122</u>	<u>4,565</u>	<u>851</u>	<u>118</u>	<u>5,656</u>

Freehold buildings were revalued on 31 December 2001 on the basis of open market value in existing use by Mr R Driver M.R.I.C.S of The Roger Driver Partnership in the sum of £6,220,000. The historical cost of the property is £4,411,400 and no depreciation is provided for on freehold buildings as the company has adopted a policy of regular revaluation in accordance with FRS 15. The Governors are not aware of any events or transactions since the balance sheet date which necessitate a revision of the values stated.

The Bell Educational Trust Limited

Notes to the Financial Statements for the year ended 31 December 2001

9 Fixed Assets Investments

Group	<u>2001</u> <u>£'000</u>	<u>2000</u> <u>£'000</u>
Market Value at 1 January 2001	2,419	-
Acquisitions at cost	57	2,405
Less: Disposal at cost	(43)	(38)
Realised (losses)/gains	(6)	1
Unrealised (losses)/gains	<u>(312)</u>	<u>51</u>
Market Value at 31 December 2001	<u>2,115</u>	<u>2,419</u>
Historical Cost at 31 December 2001	<u>2,380</u>	<u>2,366</u>
Investments at Market Value Comprise:		
UK Equity shares	1,421	1,618
Overseas equity shares	462	564
Fixed interest securities	<u>232</u>	<u>237</u>
Total	<u>2,115</u>	<u>2,419</u>

Investments held by the charity also include amounts invested in subsidiary companies at cost (see below).

	Subsidiary Companies <u>Unlisted</u> <u>£'000</u>
Cost less amounts written off at beginning of year	408
Acquisitions	<u>7</u>
Cost less amounts written off at end of year	<u>415</u>

The Company holds more than 10% of the equity of the following companies:-

<u>Subsidiary Companies</u>	<u>Country of incorporation and operation</u>	<u>Proportion held</u>	<u>Cost £'000</u>
The Bell Oxford Ltd (not trading)	United Kingdom	100%	1
The Bell School of Languages Limited (not trading)	United Kingdom	100%	75
Bell Iskolak Kft (Budapest)	Hungary	100%	206
The Bell Switzerland	Switzerland	100%	115
The Bell School Zurich A.G.	Switzerland	100%	-
The Bell School A.S. (Prague)	Czech Republic	100%	4
The Bell Malta Ltd	Malta	100%	7
Bell Tours Ltd (Malta)	Malta	100%	<u>7</u>
			<u>415</u>

The cost of investment in the Bell School Zurich A.G. of £81k was written off in 1999 when the decision was taken to go into voluntary liquidation.

The consolidated financial statements incorporate the results of all subsidiary companies for the year to 31 December 2001.

The Bell Educational Trust Limited
Notes to the Financial Statements
for the year ended 31 December 2001

Summary accounts of the subsidiary companies are as follows:

	<u>Total</u> <u>Assets</u>	<u>Liabilities</u>	<u>Net Assets/</u> <u>Liabilities</u>	<u>Profit/(loss)</u> <u>31.12.01</u>
	£	£	£	£
The Bell Oxford Ltd	1	-	1	-
The Bell School of Languages Ltd	49	-	49	-
Bell Iskolak Kft (Budapest)	246	75	171	(71)
The Bell Switzerland	258	156	102	1
The Bell School Zurich A.G.	2	3	(1)	5
The Bell School A.S. (Prague)	212	101	111	11
The Bell Malta Ltd	166	368	(202)	(137)
Bell Tours Ltd (Malta)	7	-	7	-

The liabilities of the subsidiaries include loans from Bell Educational Trust Limited of £402k.

9b Investment Income

	<u>Group</u>		<u>Company</u>	
	<u>2001</u> <u>£'000</u>	<u>2000</u> <u>£'000</u>	<u>2001</u> <u>£'000</u>	<u>2000</u> <u>£'000</u>
Interest receivable	63	47	63	47
Dividend receivable from investment and unit trusts	111	139	111	139
Dividend receivable from equities	-	-	-	-
	<u>174</u>	<u>185</u>	<u>174</u>	<u>185</u>
Transitional tax credit included above was £406 (2000: £256).				

10 Debtors

	<u>Group</u>		<u>Company</u>	
	<u>2001</u> <u>£'000</u>	<u>2000</u> <u>£'000</u>	<u>2001</u> <u>£'000</u>	<u>2000</u> <u>£'000</u>
Fees receivable	2,301	2,019	2,119	1,844
Other debtors	321	357	316	348
Prepayments	472	426	395	377
Amounts due from subsidiary undertaking	-	-	402	116
	<u>3,094</u>	<u>2,802</u>	<u>3,232</u>	<u>2,685</u>

11 Creditors: amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	<u>2001</u> <u>£'000</u>	<u>2000</u> <u>£'000</u>	<u>2001</u> <u>£'000</u>	<u>2000</u> <u>£'000</u>
Bank overdraft	16	28	16	28
Fees received in advance and sums due to students	2,789	3,076	2,615	2,887
Trade creditors	1,372	1,305	1,249	1,165
Other taxes and social security costs	103	57	103	57
Other	-	2	-	-
Accruals	89	46	73	15
	<u>4,369</u>	<u>4,514</u>	<u>4,056</u>	<u>4,152</u>

The Bell Educational Trust Limited
Notes to the Financial Statements
for the year ended 31 December 2001

12 Creditors: amounts falling due after more than one year

<u>Company</u>	
<u>2001</u>	<u>2000</u>
<u>£'000</u>	<u>£'000</u>

Amount due to group companies	<u>94</u>	<u>94</u>
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13 General Fund

<u>Group</u>	<u>Company</u>
<u>2001</u>	<u>2000</u>
<u>£'000</u>	<u>£'000</u>

Balance at beginning of year	9,378	9,348
Net Movement in Funds	<u>722</u>	<u>895</u>
Balance at end of year	<u>10,100</u>	<u>10,243</u>

14 Scholarship Fund

The Scholarship Fund exists to enable deserving students and teachers who have limited means to attend Bell courses in the U.K.

The fund is represented by net current assets.

15 Analysis of Group Net Assets Between Funds

<u>General</u>	<u>Scholarship</u>	<u>Total</u>
<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<u>£'000</u>	<u>£'000</u>	<u>£'000</u>

Fund balances at 31 December 2001 are represented by:

Intangible fixed assets	57	-	57
Tangible fixed assets	7,469	-	7,469
Investments	2,115	-	2,115
Current assets	4,828	14	4,842
Current liabilities	<u>(4,369)</u>	<u>-</u>	<u>(4,369)</u>
	<u>10,100</u>	<u>14</u>	<u>10,114</u>

16 (Outflow) from Operations

<u>2000</u>
<u>£'000</u>

Net (outgoing) resources before transfers	(618)	(491)
Depreciation	629	572
Amortisation	9	9
Interest received on bank deposits	(174)	(185)
Overseas taxation	23	17
Exchange differences	(17)	5
Decrease/(Increase) in stocks	12	(9)
(Increase) in debtors	(292)	(1,049)
(Decrease)/Increase in trade and other creditors	<u>(152)</u>	<u>543</u>
Net cash (Outflow) from operating activities	<u>(580)</u>	<u>(588)</u>

The Bell Educational Trust Limited
Notes to the Financial Statements
for the year ended 31 December 2001

17 Analysis of Cash Flows for Headings Netted in the Cash Flow Statement

	<u>£'000</u>	<u>2000</u> <u>£'000</u>
Returns on investment and servicing of finance		
Interest received	174	185
Net cash inflow for returns on investment and servicing of finance	<u>174</u>	<u>185</u>
Capital expenditure and financial investment		
Purchases of tangible fixed assets	(542)	(562)
Proceeds of sale of tangible fixed assets	33	697
Purchase of investments	(57)	(2,404)
Proceeds of sale of investments	<u>37</u>	<u>38</u>
Net Cash (outflow) for capital expenditure and financial investment	<u>(529)</u>	<u>(2,231)</u>

18 Analysis of Changes in Net Funds

	At 1 January 2001 <u>£'000</u>	Cash flows <u>£'000</u>	At 31 December 2001 <u>£'000</u>
Cash at bank and in hand	2,592	(970)	1,622
Bank overdraft	<u>(28)</u>	<u>12</u>	<u>(16)</u>
	<u>2,564</u>	<u>(958)</u>	<u>1,606</u>

19 Pension Commitments

The Company operates a pension scheme providing benefits based on final pensionable pay. The assets of the Scheme are held separately from those of the Company being invested with an insurance company. Contributions to the scheme are charged to the Statement of Financial Activities so as to spread the cost of pensions over employee's working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the Projected Unit Method. The most recent valuation was at 1 October 1999. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 7.5% per annum, that salary increases would average 5.5% per annum and that present and future pensions would increase at the rate of 2% per annum.

In order to meet the minimum requirements, the funding must be sufficient to bring the MFR level up to 90% by no later than 6 April 2003, and to 100% by no later than 6 April 2007.

The pension charge for the year was £526,885 (2000:£292,119). Pension costs have increased due to changes in contributions as a percentage of payroll payable. During the year contributions of the company were 19% of total pensionable salaries and the contributions of employees were 5% of pensionable salaries. The most recent actuarial valuation at 1 October 1999 showed that the market value of the scheme's assets was £13,867,000 and that the actuarial value of those assets represented 95% of the benefits that had accrued to members after allowing for expected increases in earnings.

The Bell Educational Trust Limited

Notes to the Financial Statements for the year ended 31 December 2001

FRS17 Valuation

Financial Reporting Standard 17 ("Retirement Benefits") comes into effect for accounting periods ending on or after 22 June 2001. Adoption of the new standard is being phased in over three years and in this first year the company is required to disclose the difference between the market value of the pension scheme assets and the present value of the scheme's liabilities as at 31 December 2001.

Based on an actuarial interim review, consistent with the methods described in the standard, a net deficit on the scheme has been identified as follows:

Date of actuarial interim review	31 December 2001
	%

Main assumptions:

Rate of increase in salaries	3.6
Rate of increase in pension payments	2.6
Discount rate	5.8
Inflation	2.6

The assets in the scheme and the expected rate of return were:

	Long term rate of return expected at 31 December 2001.	Value at 31 December 2001.
	%	£'000
Equities (UK and overseas)	6.0	7,158
Fixed interest	6.0	2,168
Property	6.0	1,518
Annuities		<u>4,557</u>
Total market value of assets		15,401
Present value of Scheme liabilities		<u>17,509</u>
Deficit in scheme		<u>(2,108)</u>

The Scheme liabilities were valued in accordance with the guidelines set out in FRS17 using a discount rate of 5.8% per annum, which reflects the yield on the AA rated long term Corporate Bond index.

The above final salary pension scheme was closed to new members of staff from 31 March 2002. A stakeholder pension scheme was available from 1 October 2001 for new employees. At the year end no member of staff had joined the new scheme.

20 Capital Commitments

Capital commitments authorised by the Board but not yet contracted:

£'000

Capital commitments authorised and contracted:

-

The Bell Educational Trust Limited

Notes to the Financial Statements for the year ended 31 December 2001

21 Financial Commitments

Commitments for rentals payable under operating leases for land and buildings in the financial year to 31 December 2002 are as follows:-

	<u>Group</u> <u>2001</u> <u>£'000</u>	<u>Group</u> <u>2000</u> <u>£'000</u>
On leases expiring in that year	-	-
On leases expiring in one to two years	120	120
On leases expiring after five years	<u>228</u>	<u>228</u>
	<u>348</u>	<u>348</u>