

Regent's College
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 August 2005



Regent's College

LEGAL AND ADMINISTRATIVE INFORMATION

The company's directors are its trustees and members for the purposes of charity law and throughout this report are collectively referred to as the trustees.

TRUSTEES

E de la Croix

P Douglas (Resigned 31st August 2005)

B Cooney (Appointed 27th May 2005)

D Ellis (Resigned 16th August 2005)

E Peacock (Appointed 1st September 2005)

S Campbell (Appointed 1st September 2005)

J Ormerod (Appointed 1st September 2005)

R Pradhan (Appointed 1st September 2005)

B Sterndale-Bennett (Appointed 1st September 2005)

I Brown (Appointed 1st September 2005, Resigned 16th February 2006)

R King (Appointed 1st September 2005)

The members of the Board of Trustees are elected by a simple majority of the trustees themselves. There are also provisions in the Memorandum and Articles of Association empowering trustees to be removed. The trustees hold office until the end of the AGM held nearest the time to the third anniversary of their election and, if they so wish, offer themselves for re-election.

CHIEF EXECUTIVE

Peter Douglas (Resigned 26th April 2006)

SECRETARY

Truda Turner

REGISTERED OFFICE AND PRINCIPAL ADDRESS

Inner Circle
Regent's Park
London
NW1 4NS

AUDITORS

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Churchill House
Chalvey Road East
Slough
Berkshire
SL1 2LS

Regent's College

LEGAL AND ADMINISTRATIVE INFORMATION

SOLICITORS

Bircham Dyson Bell
50 Broadway
London
SW1H 0BL

BANKERS

Barclays Bank plc
London Corporate Banking Group
P O Box 544
54 Lombard Street
London
EC3V 9EX

INVESTMENT MANAGERS

Cazenove Capital Management Ltd
12 Moorgate
London
EC2R 6DA

Dresdner RCM Global Investors (UK) Ltd
P O Box 191
10 Fenchurch Street
London
EC3M 3LB

INSURANCE BROKERS

Arbuthnot Insurance Brokers Limited
Thames Bridge House
Henley Bridge
Henley on Thames
RG9 2LN

Regent's College

TRUSTEES' REPORT

The trustees are pleased to present their report for the year ended 31 August 2005. This report is prepared in accordance with the recommendations of the Statement of Recommended Practice – Accounting and Reporting by Charities (2000), and complies with applicable law.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Regent's College is a company limited by guarantee and a registered charity that was founded in 1984. It is governed by its Memorandum and Articles of Association. New trustees are recruited by advertising in the national press and through appropriate recruitment agencies. A formal training and induction process has been instituted.

The Board of Trustees has complete responsibility for the stewardship of the Charity's assets, ensuring adherence to its charitable objectives and strategic decision making but delegates day-to-day operational responsibilities to the Chief Executive and senior management team. All of the members of the Board of Trustees are members of the Board of Trustees of the European Business School Educational Trust Limited which shares the campus with the College (see below).

After the year-end, the Board of Trustees set up three committees to carry out certain tasks within specific terms of reference as follows:

- Audit Committee
- Finance and General Purposes Committee
- Human Resources Committee.

CHARITABLE OBJECTS

The objects of the charity, as set out in the Memorandum and Articles of Association, are the advancement of education for the public benefit and the foundation, maintenance and support of an educational college for students, both male and female, to include residential accommodation and all necessary and proper ancillary services for such establishments.

ORGANISATION AND REVIEW OF ACTIVITIES AND ACHIEVEMENTS

The College operates under the names of British American College London, which provides courses of study leading to Bachelor of Arts and Bachelor of Science degrees and (from January 2005) Webster Graduate School, which provides courses of study leading to Master of Arts and Master of Business Administration Degrees. The degrees are accredited by Webster University of St Louis, Missouri, USA. The academic programmes are grounded in the Liberal Arts and Science tradition developed in the USA, focusing on intellectual and cultural depth. Students from around the world attend the College. Additionally the College hosts a study abroad programme for American undergraduates from universities and colleges affiliated to the British American College London. Student numbers continue to grow steadily.

The College pursues a policy of growth in student numbers and revenue to enable continuing investment in academic programmes and facilities development to provide the students with a secure and high quality learning environment.

The College has two trading subsidiaries: Regent's College Conference Centre Limited and Regent's College School of Psychotherapy & Counselling Limited.

Regent's College Conference Centre Limited lets rooms on a day to day basis to a range of educational, charitable and commercial organisations. It also provides catering facilities to its clients. The business has grown steadily over the past few years and the staff seek ways to continue to improve the services provided.

Regent's College

TRUSTEES' REPORT

The School of Psychotherapy and Counselling has an international reputation as one of the UK's leading psychotherapeutic training institutions, delivering professional training and academic education in psychotherapy, counselling and counselling psychology, from foundation level to doctorate. Over the past five years, the School has expanded its activities into the area of alternative dispute resolution training, with particular success in programmes provided for members of the legal profession. A Consultation Centre, operated by the School, provides low cost psychotherapy and counselling to students and staff on campus and to members of the public.

The School operates in a very competitive market place, and in past years has incurred losses. The loss incurred in the current year has been exacerbated by a provision for VAT made in response to an assessment made by HM Revenue & Customs. This followed an investigation into the company's VAT status, a situation that is being addressed by the trustees. Regent's College continues to support the School.

The trustees are pleased to report that on 1 January 2006 the net assets of European Business School Educational Trust Limited, which operates the European Business School London from the same site as the College, were donated to the College as part of an agreement to combine the two undertakings.

During the previous year, the College terminated its relationship with the former President, Mrs G Payne. Legal proceedings subsequently took place between the College and various parties connected to her, including Mergeprime Limited, a company substantially owned and controlled by her. A settlement agreement was reached by all parties following the year end and the provisions within the settlement in respect of services provided to the College by Mergeprime Limited are reflected in these financial statements.

As part of the settlement agreement, the College acquired the entire share capital of the group of companies headed by College Management Services Limited (of which Mrs Payne was the sole shareholder) on 6 March 2006.

The trustees are satisfied that the terms of the settlement agreement were the most favourable available to the College.

More significantly, the acquisition of the College Management Services Limited Group and the integration with European Business School London creates a coherent and financially strong higher education institution which is ideally placed to exploit new opportunities as they arise and to enhance both the breadth of courses offered and the facilities for staff and students.

FINANCIAL RESULTS

The group net movement in funds for the year, which was arrived at after accounting for an unrealised gain on investments of £162,760 (2004: £53,528), came to a surplus of £1,220,062 (2004: Deficit of £147,595) which was transferred to reserves. As at 31 August 2005 the reserves amounted to £6,334,351 (2004: £5,114,289). Scholarships of £78,442 (2004: £50,692) were awarded to students based on academic merit and financial need.

The financial results of the Regent's College group include provision in respect of certain assessments for VAT raised as part of a review into the College's VAT returns. This review was initiated by HM Revenue & Customs during the year. The College has provided for elements of assessments where the trustees have received advice that the College's arguments for resisting the assessments may not prevail. The financial statements do not provide for the remaining elements where the trustees believe the College has a strong likelihood of success in resisting the assessments raised. The trustees are confident that the College has sufficient financial strength to ensure that its going concern status will not be threatened by the impact of VAT assessments raised.

Regent's College

TRUSTEES' REPORT

RESERVES

The trustees have established a policy whereby the ideal level of unrestricted funds, that is those funds not committed or invested in tangible fixed assets ('the free reserves'), should be the equivalent of 18 months of total resources expended, which equates to £19.2 million in respect of the group (as constituted at 31st August 2005). The trustees consider that this level of free reserves is required to ensure that sufficient funds are available for teach out costs in the event of significant changes to course arrangements or a material variation in future income.

All the reserves of the Charity are unrestricted funds. At 31 August 2005 they amounted to £5,818,396 (2004: £4,448,305) but only £3,123,786 (2004: £1,775,055) of this is freely available because the balance is invested in tangible fixed assets.

The trustees' policy is therefore to increase reserves to the required level by means of annual operating surpluses and judicious management of investment assets. The trustees review this policy on a regular basis.

INVESTMENT POLICY AND RESULTS

The trustees' investment powers are governed by the Memorandum and Articles of Association. The trustees have appointed joint fund managers to invest funds in a range of Common Investment Funds (CIF's) with the aim of maximising capital growth with minimum risk. The majority of the investments are linked to the stock market and as the investments were made at the height of the market, initially the values declined significantly. The investments generated a gain in value in the financial year being reported. The trustees consider that the performance of its investment funds during the year was in line with other funds with a similar risk profile.

The performance of the funds is monitored on a regular basis. As at 31 August 2005 the value of the investments amounted to £1,138,228 (2004: £954,935) compared to an original investment of £1 million.

RISK MANAGEMENT

The trustees have identified the major risks to which the charity is exposed and have reviewed and established policies to mitigate those risks. These include the development of a business continuity plan, a detailed security review and the implementation of its recommendations, a Health and Safety policy, adherence to the provisions of the Disability Discrimination Act and ongoing compliance with all statutory and regulatory requirements. A policy is in place to improve the general control environment and a risk appraisal and monitoring methodology has been implemented.

The marketing policies aim to ensure that students are recruited from all parts of the world in order to maintain the charity's reputation as a truly international institution and reduce exposure to recruitment from a small geographical area.

Regent's College

TRUSTEES' REPORT

TRUSTEES' RESPONSIBILITIES FOR THE PREPARATION OF FINANCIAL STATEMENTS

The trustees are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and the incoming resources and application of resources, including the net income or expenditure, of the Charity for the year. In preparing those financial statements, the trustees are required to:

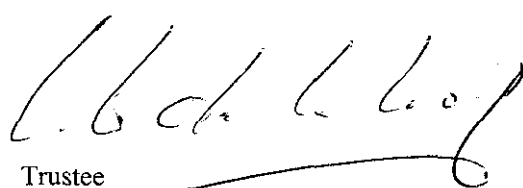
- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to reappoint Grant Thornton UK LLP as auditors will be put to the members at the annual general meeting.

This report was approved by the Board of Trustees on 17th May 2006.



Trustee
17th May 2006

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF REGENT'S COLLEGE

We have audited the financial statements of Regent's College for the year ended 31 August 2005 which comprise the consolidated statement of financial activities (incorporating a consolidated income and expenditure account), the balance sheets, the consolidated cash flow statement, the principal accounting policies and notes 1 to 20. These financial statements have been prepared under 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 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 trustees and auditors

The trustees are also the directors of Regent's College for the purposes of company law. Their responsibilities for preparing the trustees' report and the financial statements in accordance with United Kingdom Law and 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 charity is not disclosed.

We read other information contained in this 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 or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.


Basis of 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 charity'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 affairs of the charity and the group as at 31 August 2005 and of the incoming resources and application of resources, including income and expenditure for the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON UK LLP

Registered Auditors
Chartered Accountants
Churchill House
Chalvey Road East
Slough
Berkshire
SL1 2LS

29 June 2006

Regent's College

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) for the year ended 31 August 2005

	Notes	2005	2004
		£	£
INCOMING RESOURCES			
Incoming resources from operating activities of the charity			
Activities in furtherance of the charity's objects	2	7,156,352	6,185,090
Activities for generating funds – Trading subsidiaries	1	4,410,866	4,736,443
– Other	3	2,172,958	2,753,024
Investment income	4	105,870	65,501
TOTAL INCOMING RESOURCES		13,846,046	13,740,058
RESOURCES EXPENDED			
Cost of generating funds – Trading subsidiaries	1	(1,362,619)	(2,031,783)
– Other	5	(4,528,329)	(4,914,195)
Net incoming resources available for charitable application		7,955,098	6,986,371
Charitable expenditure			
Costs of activities in furtherance of charity's objects	6	6,376,083	6,018,903
Support costs	7	233,036	750,485
Management and administration of the charity	8	289,353	210,639
Total charitable expenditure		6,898,472	6,980,027
TOTAL RESOURCES EXPENDED		12,789,420	13,926,005
NET INCOMING/(OUTGOING) RESOURCES	10	1,056,626	(185,947)
Gains and losses on revaluations and disposals of investment assets		163,436	38,352
NET MOVEMENT IN FUNDS		1,220,062	(147,595)
Total funds brought forward at 1 September 2004		5,114,289	5,261,884
Total funds carried forward at 31 August 2005		6,334,351	5,114,289

All the above results are derived from continuing activities.

All funds are unrestricted funds.

The surplus for the year for Companies Act purposes comprises the net incoming resources for the year plus realised gain on investments and was £1,057,302 (2004: deficit £201,123).

The accompanying accounting policies and notes form an integral part of these financial statements.

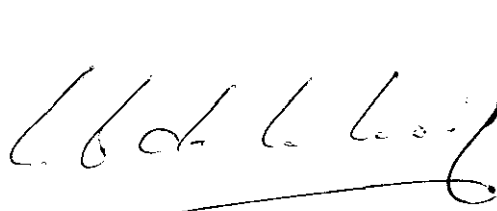
Regent's College


BALANCE SHEET

31 August 2005

	Notes	2005 £	Group 2004 £	2005 £	Charity 2004 £
FIXED ASSETS					
Tangible assets	11	2,835,455	2,779,199	2,694,610	2,673,250
Investments	12	1,138,228	954,935	1,138,336	955,043
		<u>3,973,683</u>	<u>3,734,134</u>	<u>3,832,946</u>	<u>3,628,293</u>
CURRENT ASSETS					
Debtors	13	3,348,598	2,078,617	3,694,560	2,326,096
Cash at bank and in hand		2,893,372	1,789,614	1,680,278	658,388
		<u>6,241,970</u>	<u>3,868,231</u>	<u>5,374,838</u>	<u>2,984,484</u>
CREDITORS: Amounts falling due within one year	14	<u>(3,881,302)</u>	<u>(2,488,076)</u>	<u>(3,389,388)</u>	<u>(2,164,472)</u>
NET CURRENT ASSETS		<u>2,360,668</u>	<u>1,380,155</u>	<u>1,985,450</u>	<u>820,012</u>
NET ASSETS		<u>6,334,351</u>	<u>5,114,289</u>	<u>5,818,396</u>	<u>4,448,305</u>
UNRESTRICTED FUNDS					
General funds	16	<u>6,334,351</u>	<u>5,114,289</u>	<u>5,818,396</u>	<u>4,448,305</u>

Approved by the Board on 17th May 2006 and signed on its behalf by


Trustee


Trustee

The accompanying accounting policies and notes form an integral part of these financial statements.

Regent's College

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 August 2005

	2005 £	2005 £	2004 £	2004 £
Reconciliation of net incoming/(outgoing) resources to net cash inflow from operating activities				
Net incoming/(outgoing) resources	1,056,626		(185,947)	
Bank and other interest received	(88,910)		(45,944)	
Dividends received	(16,960)		(19,557)	
Depreciation	755,616		749,986	
Loss on disposal of fixed assets	7,396		-	
(Increase)/decrease in debtors	(1,269,981)		132,292	
Increase/(decrease) in creditors	1,393,226		(389,292)	
Net cash inflow from operating activities		1,837,013		241,538
Returns on investments and servicing of finance				
Bank and other interest received	88,910		45,944	
Dividends received	16,960		19,557	
		105,870		65,501
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	(819,268)		(715,225)	
Proceeds from sale of tangible fixed assets	-		-	
Fixed asset investments acquired	(28,858)		(176,598)	
Proceeds from sale of fixed asset investments	9,001		154,962	
		(839,125)		(736,861)
INCREASE/(DECREASE) IN CASH IN THE YEAR		1,103,758		(429,822)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2005 £
Increase in cash in the year	1,103,758
Net funds at 31 August 2004	1,789,614
Net funds at 31 August 2005	2,893,372

ANALYSIS OF NET FUNDS	At 1 September 2004 £	Cash flow £	At 31 August 2005 £
Cash in hand and at bank	1,789,614	1,103,758	2,893,372

The accompanying accounting policies and notes form an integral part of these financial statements.

Regent's College

PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, except that listed fixed asset investments are carried at market value, and in accordance with applicable accounting standards. They have also been prepared in accordance with the Companies Act 1985 and the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP) that was published in October 2000.

The group financial statements consolidate the financial statements of Regent's College and all its subsidiaries made up to 31 August 2005. No separate Statement of Financial Activities has been presented for Regent's College alone as permitted by section 230 of the Companies Act 1985 and paragraph 304 of the SORP.

The principal accounting policies of the charitable company have remained unchanged from the previous year and are set out below.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets costing more than £500 are capitalised and are stated at historic cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Short leasehold improvements	-	over the period of the lease
Plant and machinery	-	20% - 33% per annum
Computer equipment	-	33% per annum
Fixtures and Fittings	-	20% - 33% per annum
Motor vehicles	-	25% per annum

FIXED ASSET INVESTMENTS

Fixed asset investments, other than investments in subsidiary undertakings, are stated at market value. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

PENSIONS

The company contributes a defined amount to specified Personal Policies taken out by eligible employees. Contributions are charged as incurred.

FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

VALUE ADDED TAX

Due to the nature of the College's outputs, value added tax on its inputs is not fully recoverable. Irrecoverable value added tax has been capitalised when it relates to items of a capital nature and charged to the Statement of Financial Activities when it is of a revenue nature.

OPERATING LEASES

Rental costs in respect of operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Regent's College

PRINCIPAL ACCOUNTING POLICIES

INCOMING RESOURCES

Fees receivable are accounted for in the period in which the service is provided.

Income from investments is included in the Statement of Financial Activities in the year in which it is receivable. Rental income is accounted for on the accruals basis.

All other income is accounted for when it becomes receivable.

RESOURCES EXPENDED

Resources expended are accounted for on the accruals basis. Certain expenditure is apportioned in the Statement of Financial Activities to cost categories based on the estimated amount attributable to that activity in the year. These estimates are based on staff time, space occupied or student numbers as appropriate.

Regent's College

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2005

1 NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARIES

The charity has three wholly owned trading subsidiaries and two dormant subsidiaries all of which are incorporated in the UK. Regent's College School of Psychotherapy and Counselling Limited is involved in the provision of higher education. Regent's College Conference Centre Limited is involved in the provision of conference facilities. Webster Graduate Studies Centre Limited has ceased trading. Regent's College Pension Trustee Limited and Regent's College Business School Limited are both dormant. A summary of the trading results after adjustment for intra-group trading is shown below. Audited accounts of each company have been filed with the Registrar of Companies.

	Regent's College School of Psychotherapy & Counselling Limited £	Regent's College Conference Centre Limited £	Total 2005 £	Total 2004 £
Turnover	812,934	3,597,932	4,410,866	4,736,443
Administration costs	(925,900)	(436,719)	(1,362,619)	(2,032,328)
Operating profit/(loss)	(112,966)	3,161,213	3,048,247	2,704,115
Interest receivable	10,465	36,762	47,227	29,995
Taxation	-	-	-	545
Net profit/(loss) for the year	(102,501)	3,197,975	3,095,474	2,734,655
Amounts covenanted to Regent's College	-	(660,000)	(660,000)	(615,000)
Intra Group trading eliminated above	(628,238)	(2,536,470)	(3,164,708)	(2,013,716)
Dealt with by subsidiaries	(730,739)	1,505	(729,234)	105,939

2 ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS

	2005 £	2004 £
Tuition and registration fees	2,857,454	2,544,125
Meals	725,476	813,362
Residences and laundry	718,244	771,129
Car park	149,191	119,073
Trips and excursions	66,913	63,853
Central services to other educational bodies	1,593,495	1,036,396
Rental income	1,107,264	1,107,264
Exchange loss/(gain)	16,757	(219,420)
Bursaries, scholarships and discounts	(78,442)	(50,692)
	<u>7,156,352</u>	<u>6,185,090</u>

The incoming resources of the charity during the year were all derived in the same geographical area. 58 scholarships were granted to individuals in the year ended 31 August 2005 (2004: 26).

Regent's College

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2005

3	ACTIVITIES FOR GENERATING FUNDS – OTHER	2005 £	2004 £
	Rental income	1,491,624	1,492,713
	Central services	111,493	852,661
	Catering income	569,841	407,650
		<u>2,172,958</u>	<u>2,753,024</u>

The fall in central services income in comparison to the previous year is due mainly to reduced services being provided to certain undertakings, and is due also to the provisions of the settlement agreement with Mergeprime Limited and other undertakings relating to it which has been referred to in the Trustees Report.

4	INVESTMENT INCOME	2005 £	2004 £
	Bank interest receivable	86,015	43,844
	Other interest receivable	2,895	2,100
	Dividend income	16,960	19,557
		<u>105,870</u>	<u>65,501</u>

5	COST OF GENERATING FUNDS – OTHER	2005 £	2004 £
	Premises costs	1,745,255	1,742,214
	Central services	852,510	963,176
	Cost of meals	1,452,945	1,218,662
	Management costs	(161,070)	835,246
	Non-recoverable VAT	638,689	154,897
		<u>4,528,329</u>	<u>4,914,195</u>

The change in Management Costs is mainly due to the impact of provisions in the settlement agreement with Mergeprime Limited, which is referred to in the Trustees Report.

6	COSTS OF ACTIVITIES IN FURTHERANCE OF CHARITY'S OBJECTS	2005 £	2004 £
	Car park	23,827	28,119
	Teaching staff costs	826,284	425,861
	Academic costs	97,037	150,685
	Cost of meals	783,267	899,366
	Telephone	25,428	23,961
	Bad debt provisions	130,033	(32,631)
	Non-recoverable VAT	145,694	310,820
	Premises costs	2,291,340	2,319,981
	Central services	2,053,173	1,892,741
		<u>6,376,083</u>	<u>6,018,903</u>

Regent's College

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2005

7	SUPPORT COSTS	2005 £	2004 £
	Legal and professional	38,938	107,823
	Premises costs	26,674	27,324
	Management costs	167,424	615,338
		<u>233,036</u>	<u>750,485</u>
8	MANAGEMENT AND ADMINISTRATION OF THE CHARITY	2005 £	2004 £
	Legal and professional	258,453	183,229
	Audit and accountancy	30,900	27,410
		<u>289,353</u>	<u>210,639</u>
9	EMPLOYEES	2005 No.	2004 No.
	The average number of persons (excluding trustees) employed during the year was:		
	Management and administration	125	123
	Academic	83	68
		<u>208</u>	<u>191</u>
		2005 £	2004 £
	Staff costs for the above persons:		
	Wages and salaries	4,262,877	3,862,579
	Social security costs	400,804	357,536
	Other pension costs	299,341	67,801
		<u>4,963,022</u>	<u>4,287,916</u>

No remuneration was paid to trustees in the year.

Two trustees were re-imbursed for travel and subsistence expenses for attending meetings during the year. The aggregate amount re-imbursed was £4,126 (2004: £29,728).

Regent's College

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2005

9	EMPLOYEES <i>(Continued)</i>	2005 No.	2004 No.
	The number of employees with emoluments of £50,000 or more during the year for Regent's College and its subsidiaries was :		
	50,000 – 59,999	3	2
	60,000 – 69,999	1	1
	70,000 – 79,999	2	1
	100,000 – 110,000	-	1
		<u>6</u>	<u>5</u>

Pension costs relating to 6 (2004: 5) employees earning more than £50,000 during the year were £22,614 (2004: £24,115).

10	NET INCOMING/(OUTGOING) RESOURCES	2005 £	2004 £
	Net incoming/(outgoing) resources is stated after charging:		
	Operating lease rental – land and buildings	1,470,466	1,471,250
	Depreciation – owned assets	755,616	749,986
	Exchange losses/(gains)	(16,757)	219,420
	Auditors' remuneration - Audit services	37,898	35,073
	- Other services	23,222	9,068
	(Gain)/loss on disposal of fixed asset investments	(676)	15,176

11	TANGIBLE FIXED ASSETS	Short leasehold improvements £	Computer equipment £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
	GROUP						
	Cost						
	1 September 2004	5,268,763	2,089,338	702,002	1,816,210	45,596	9,921,909
	Additions	406,481	120,998	189,045	102,744	-	819,268
	Disposals	(16,016)	-	-	-	-	(16,016)
	31 August 2005	<u>5,659,228</u>	<u>2,210,336</u>	<u>891,047</u>	<u>1,918,954</u>	<u>45,596</u>	<u>10,725,161</u>
	Depreciation						
	1 September 2004	3,211,159	1,828,840	573,136	1,485,024	44,551	7,142,710
	Charged in year	380,955	179,469	55,919	138,869	404	755,616
	Disposals	(8620)	-	-	-	-	(8,620)
	31 August 2005	<u>3,583,494</u>	<u>2,008,309</u>	<u>629,055</u>	<u>1,623,893</u>	<u>44,955</u>	<u>7,889,706</u>
	Net book value						
	31 August 2005	<u>2,075,734</u>	<u>202,027</u>	<u>261,992</u>	<u>295,061</u>	<u>641</u>	<u>2,835,455</u>
	31 August 2004	<u>2,057,604</u>	<u>260,498</u>	<u>128,866</u>	<u>331,186</u>	<u>1,045</u>	<u>2,779,199</u>

Regent's College

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2005

11	TANGIBLE FIXED ASSETS (continued)	Short leasehold improvements £	Computer equipment £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
	CHARITY						
	Cost						
	1 September 2004	5,238,252	1,988,516	702,002	1,597,658	45,596	9,572,024
	Additions	406,481	97,504	189,045	37,675	-	730,705
	Disposals	(16,016)	-	-	-	-	(16,016)
	31 August 2005	5,628,717	2,086,020	891,047	1,635,333	45,596	10,286,713
	Depreciation						
	1 September 2004	3,183,063	1,739,499	573,136	1,358,525	44,551	6,898,774
	Charged in year	379,955	168,720	55,919	96,951	404	701,949
	Disposals	(8,620)	-	-	-	-	(8,620)
	31 August 2005	3,554,398	1,908,219	629,055	1,455,476	44,955	7,592,103
	Net book value						
	31 August 2005	2,074,319	177,801	261,992	179,857	641	2,694,610
	31 August 2004	2,055,189	249,017	128,866	239,133	1,045	2,673,250

12	FIXED ASSET INVESTMENTS	2005 £	Group 2004 £	2005 £	Charity 2004 £
	Quoted investments and cash deposits	1,138,228	954,935	1,138,228	954,935
	Subsidiary undertakings	-	-	108	108
		1,138,228	954,935	1,138,336	955,043

GROUP AND CHARITY

	£
Quoted investments and cash deposits:	
Market value at 1 September 2004	954,935
Less: Disposals at opening book value (proceeds £9,001 ; profit £676)	(8,325)
Add: Acquisitions at cost	28,858
Net gains on revaluation at 31 August 2005	162,760
Market value at 31 August 2005	1,138,228

Regent's College

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2005

12 FIXED ASSET INVESTMENTS (*continued*)

	Quoted investments £	Cash deposits £	Total £
Investment assets in the UK	916,123	92,115	1,008,238
Investment assets outside the UK	129,990	-	129,990
31 August 2005	<u>1,046,113</u>	<u>92,115</u>	<u>1,138,228</u>
Market value: 31 August 2005	<u>1,046,113</u>	<u>92,115</u>	<u>1,138,228</u>
31 August 2004	<u>874,678</u>	<u>80,257</u>	<u>954,935</u>
Historic cost of the above investments was: 31 August 2005	<u>1,023,994</u>	<u>92,115</u>	<u>1,116,109</u>
31 August 2004	<u>1,015,318</u>	<u>80,257</u>	<u>1,095,575</u>

Cash deposits represent funds realised from sale of shares pending reinvestment.

Investments in individual entities held at 31 August 2005 which are over 5% of portfolio by value are:

Chariguard Fixed Interest Fund	£ 57,889
Chariguard UK Equity Fund	£ 346,558
Chariguard Overseas Equity Fund	£ 113,541
Cazenove Investment Fund Management Income Trust For Charities	£ 122,977
Cazenove Investment Fund Management Equity Income Trust For Charities	£ 104,137
Cazenove Investment Fund Management Growth Trust For Charities	£ 232,146
Cazenove Investment Fund Management Absolute Return Trust For Charity	£ 52,417

All investments are held indirectly through common investment funds.

CHARITY

Subsidiary undertakings:	£
At cost at 1 September 2004 and 31 August 2005	<u>108</u>

Regent's College

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2005

12 FIXED ASSET INVESTMENTS (*continued*)

The charity holds more than 20% of the equity of the following companies:

Name of company	Class of holding	Proportion held	Nature of business
Regent's College Pension Trustee Limited	100 ordinary £1 shares	100%	Dormant
Regent's College Business School Limited	2 ordinary £1 shares	100%	Dormant
Regent's College Conference Centre Limited	2 ordinary £1 shares	100%	Provision of conference facilities
Webster Graduate Studies Centre Limited	2 ordinary £1 shares	100%	Ceased trading
Regent's College School of Psychotherapy and Counselling Limited	2 ordinary £1 shares	100%	Provision of educational services

13	DEBTORS	2005 £	Group 2004 £	2005 £	Charity 2004 £
	Trade debtors	344,012	536,445	79,089	242,498
	Amounts due from group undertakings	-	-	720,307	983,123
	Other debtors	2,629,021	1,127,739	2,617,496	787,383
	Prepayments and accrued income	375,565	414,433	277,668	313,092
		<u>3,348,598</u>	<u>2,078,617</u>	<u>3,694,560</u>	<u>2,326,096</u>

14	CREDITORS: Amounts falling due within one year	2005 £	Group 2004 £	2005 £	Charity 2004 £
	Trade creditors	274,394	523,297	259,903	467,956
	Amounts due to group undertakings	-	-	1,310	1,311
	Corporation tax	-	(545)	-	-
	Other taxation and social security costs	231,147	229,268	160,169	157,638
	Other creditors	636,342	224,219	521,943	199,266
	Accruals and deferred income	2,739,419	1,511,837	2,446,063	1,338,301
		<u>3,881,302</u>	<u>2,488,076</u>	<u>3,389,388</u>	<u>2,164,472</u>

All deferred income has been released in the following year.

Regent's College

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2005

15 GUARANTEE

The charitable company is limited by guarantee. In the event of a winding up order, members are obliged to contribute such sums as are necessary to ensure that the company is able to settle its liabilities subject to a maximum contribution of £1 per member.

16 UNRESTRICTED FUNDS

	General funds	
	2005	2004
	£	£
GROUP		
Balance at 1 September 2004	5,114,289	5,261,884
Net movement in funds for the year	1,220,062	(147,595)
Balance at 31 August 2005	6,334,351	5,114,289
CHARITY		
Balance at 1 September 2004	4,448,305	4,595,201
Net movement in funds for the year	1,370,091	(146,896)
Balance at 31 August 2005	5,818,396	4,448,305

17 COMMITMENTS AND CONTINGENT LIABILITIES

- i) At 31 August 2005 the group had annual commitments under non-cancellable operating leases as follows:

	2005	2004
	£	£
Land and buildings expiring after five years	1,471,250	1,471,250

Rockford College acts as guarantor for all liabilities arising from the lease for the land and buildings and has in return acquired a legal charge over certain of the assets of the College.

- ii) The College is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other group companies' unpaid debts in this connection. During the year, assessments for VAT were raised as part of a review initiated by HM Revenue & Customs, into the College's VAT status. The College has provided for elements of assessments where the trustees have received advice that the College's arguments resisting the assessments may not prevail. No provision has been made in these financial statements for the remaining elements amounting to approximately £3m where the trustees believe the College has a strong likelihood of success in resisting the assessments raised.
- iii) Regent's College continues to support its subsidiary company, Regent's College School of Psychotherapy and Counselling Limited, in order that that company may continue to trade and meet its liabilities as they fall due.

Regent's College

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2005

18 PENSIONS

The group contributes a defined amount to specified Personal Policies taken out by eligible employees. Contributions are charged as incurred. There were outstanding contributions in relation to the group amounting to £136 as at the balance sheet date (2004: £31,376). There were no outstanding contributions in relation to the charitable company as at the balance sheet date (2004: £23,353). Pension costs during the year were £299,341 (2004: £67,801).

19 LOAN TO TRADING SUBSIDIARY

An interest free loan of £1,313,203 (2004: £705,707) has been made by Regent's College to Regent's College School of Psychotherapy and Counselling Limited, secured on its assets and is repayable on demand. At 31 August 2005, a provision of £1,284,912 had been made against this loan (2004: £705,707).

20 RELATED PARTY TRANSACTIONS

The following related party transactions took place during the year:

<i>Party</i>	<i>Relation- ship</i>	<i>Description of transaction</i>	<i>Value of Transaction £</i>	<i>Year end debtor/ (creditor) balance £</i>
European Business School Educational Trust Limited	(i)	Rent and service charges	2,700,759	817,464
		Legal and Professional fees paid on behalf	29,565	

Regent's College and European Business School Educational Trust Limited have a common board of trustees.