

Regent's College

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 August 1999



Company Registration No. 1791760

Regent's College

COUNCILLORS AND OFFICERS

COUNCILLORS

Mr J Dorgan (Chairman)
Mr Y Makar

SECRETARY

Mr WM Hughes

REGISTERED OFFICE

Inner Circle
Regent's Park
London NW1 4NS

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

Regent's College

COUNCILLORS' REPORT

The councillors submit their report and the consolidated financial statements of Regent's College for the year ended 31 August 1999.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of an institution of higher education offering opportunities for students from Great Britain, America and other countries to study in London. The company is Limited by guarantee and is a registered charity.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Council of Management are pleased to report that the year ended 31 August 1999 was again a successful one for the Regent's College group.

The number of students on the study abroad programmes remained steady, however the undergraduate student numbers fell slightly.

Group income increased by 3.3% compared to the previous year with most areas showing increases. The group surplus for the year was £787,417. The College's trading subsidiary, Regent's College Conference Centre Limited enjoyed a healthy increase in turnover. The policy of making substantial investment in upgrading and improving the facilities at the College continued.

The Council of Management would like to thank the employees of the Regent's College group for their hard work during the year and look forward to the future with optimism.

COUNCILLORS

The following councillors have held office since 1 September 1998:

Mr J Dorgan

Mr M Maladwala

(resigned 2 February 2000)

Mr Y Makar

Mr M Van Miert

(resigned 5 February 2000)

DIVIDENDS

Under the terms of the company's Memorandum and Articles of Association the company is prohibited from paying a dividend.

YEAR 2000

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The company is well advanced in the phase of assessing the risks to our business resulting from the date change to the Year 2000. Once this phase is completed we can assess the likely impact in our activities and develop prioritised action plans to deal with the key risks.

The costs to-date associated in dealing with the above issues have been absorbed within the normal running costs of the business and no significant further costs are expected to be incurred.

Regent's College
COUNCILLORS' REPORT

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



M Hughes
Secretary

18 April 2000

Regent's College

COUNCILLORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the councillors 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 company and of the profit or loss of the Group for that period. In preparing those financial statements, the councillors 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.
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

AUDITORS' REPORT TO THE MEMBERS OF Regent's COLLEGE

We have audited the financial statements on pages 6 to 17 which have been prepared under the historical cost convention and accounting policies set out on page 9.

Respective responsibilities of councillors and auditors

As described on page 4 the company's councillors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 councillors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the group and company's affairs at 31 August 1999 and of the surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY

Registered Auditors
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

18 April 2000

Regent's College

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 August 1999

GROUP	Notes	Total Funds 1999 £	Total Funds 1998 £
INCOME AND EXPENDITURE			
Incoming resources			
Fees		7,673,811	7,445,678
Investment income		124,226	129,178
Other income		10,907	526
Net income of trading subsidiaries	1	1,578,314	1,510,473
Total incoming resources		9,387,258	9,085,855
Resources expended			
Direct charitable expenditure	2	6,456,871	6,066,306
Fundraising & publicity	3	236,288	240,557
Management & administration of the charity	4	1,917,176	1,977,153
Total resources expended		8,610,335	8,284,016
Net incoming resources	8	776,923	801,839
Other recognised gains and losses			
Gain on investment - unrealised		10,494	-
Net movement in fund	14	787,417	801,839
Balances brought forward at 1 September 1998	14	2,925,984	2,124,145
Balances carried forward at 31 August 1999	14	3,713,401	2,925,984

There are no restricted funds and no endowment funds.

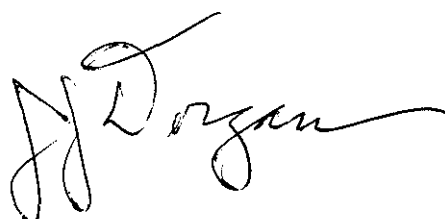
There are no recognised gains or losses other than those shown above.

Regent's College
GROUP BALANCE SHEET
31 August 1999

	Notes	Group 1999 £	Group 1998 £	Charity 1999 £	Charity 1998 £
FIXED ASSETS					
Tangible assets	9	2,723,519	2,315,401	2,671,930	2,273,406
Investments	10	1,018,154	102	1,018,160	108
		<u>3,741,673</u>	<u>2,315,503</u>	<u>3,690,090</u>	<u>2,273,514</u>
CURRENT ASSETS					
Debtors	11	919,999	860,678	849,033	974,835
Cash at bank and in hand		1,828,635	2,641,548	1,438,794	2,473,278
		<u>2,748,634</u>	<u>3,502,226</u>	<u>2,287,827</u>	<u>3,448,113</u>
CREDITORS: Amounts falling due within one year	12	<u>(2,776,906)</u>	<u>(2,709,927)</u>	<u>(2,263,924)</u>	<u>(2,215,973)</u>
NET CURRENT (LIABILITIES)/ ASSETS		<u>(28,272)</u>	<u>792,299</u>	<u>23,903</u>	<u>1,232,140</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,713,401</u>	<u>3,107,802</u>	<u>3,713,993</u>	<u>3,505,654</u>
CREDITORS: Amounts falling due after more than one year	13	-	(181,818)	-	(181,818)
		<u>3,713,401</u>	<u>2,925,984</u>	<u>3,713,993</u>	<u>3,323,836</u>
CAPITAL AND RESERVES					
Profit and loss account	14	<u>3,713,401</u>	<u>2,925,984</u>	<u>3,713,993</u>	<u>3,323,836</u>

Approved by the board on 18 April 2000

Councillor



Regent's College
GROUP CASH FLOW STATEMENT
for the year ended 31 August 1999

	<i>Notes</i>	1999 £	1998 £
Cash flow from operating activities	15a	1,181,479	1,245,304
Returns on investments and servicing of finance	15b	121,023	113,301
Capital expenditure and financial investment	15b	(1,940,342)	(800,777)
CASH INFLOW BEFORE FINANCING		<u>(637,840)</u>	<u>557,828</u>
Financing	15b	(116,463)	(128,536)
(DECREASE)/INCREASE IN CASH IN THE YEAR		<u>(754,303)</u>	<u>429,292</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN DEBT

	£
Decrease in cash in the period	(754,303)
Change in net debt resulting from cash flows	116,463
MOVEMENT IN NET DEBT IN YEAR	<u>637,840</u>
NET DEBT AT 1 SEPTEMBER 1998	2,263,142
NET DEBT AT 31 AUGUST 1999	<u>1,625,302</u>

Regent's College

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, in accordance with the Charities (Accounts and Reports) Regulations 1995, the statement of recommended Practice 'Accountancy by Charities'.

The group financial statements consolidate the financial statements of Regent's College and all its subsidiaries made up to 31 August 1999. No profit and loss account is presented for Regent's College, as provided by S230 (3) of the Companies Act 1985.

DEPRECIATION OF TANGIBLE FIXED ASSETS

Depreciation is provided at rates calculated to write off the anticipated useful lives on a straight line basis as follows.

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

FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. 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, its inputs are not fully recoverable. Irrecoverable value added tax has been capitalised when related to items of a capital nature and charged to the income and expenditure account when of a trading nature.

FINANCE AND OPERATING LEASES

Costs in respect of operating leases are charged in arriving at the operating surplus. Assets held under finance leases and hire purchase agreements are capitalised as tangible fixed assets and the obligation to pay future rentals and instalments is shown as a liability.

FEES RECEIVABLE

Fees receivable represent amounts invoiced to students, apportioned on a time basis.

DIRECT CHARITABLE EXPENDITURE

Direct charitable expenditure comprises all expenditure directly relating to the objects of the charity.



Regent's College

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 1999

1 NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARIES

The charity has three wholly owned trading subsidiaries 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 is involved in the provision of conference facilities. Webster Graduate Studies Centre Limited is dormant. A summary of their trading results is shown below. Audited accounts of each company have been filed with the Registrar of Companies.

	Regent's College School of Psychotherapy & Counselling Limited £	Webster Graduate Studies Centre Limited £	Regent's College Conference Centre Limited £	Total 1999 £	Total 1998 £
Turnover	902,326	-	1,832,560	2,734,886	2,601,290
Administration costs	(838,203)	(4,575)	(325,689)	(1,168,467)	(1,108,474)
Operating profit/(loss)	64,123	(4,575)	1,506,871	1,566,419	1,492,816
Interest receivable	1,588	3,092	5,732	10,412	17,657
Taxation	-	1,483	-	1,483	-
Net profit for the year	65,711	-	1,512,603	1,578,314	1,510,473
Amounts covenanted to Regent's College	-	-	20,000	20,000	(170,000)
Intra Group trading eliminated above	(331,863)	-	(1,169,191)	(1,501,054)	(1,465,826)
Dealt with by subsidiary	(266,152)	-	363,412	97,260	(125,353)

2 DIRECT CHARITABLE EXPENDITURE

	Total funds 1999 £	Total funds 1998 £
Staffing costs	3,246,532	2,927,781
Subcontractors	33,647	36,289
Academic costs	102,211	196,979
Utility costs	181,931	142,170
Residence costs	161,489	122,672
Catering costs	803,545	762,288
Rent	953,469	953,000
Rates	101,878	93,780
Premises costs	536,413	504,520
Printing, postage and stationery	127,837	128,609
Computer costs	66,064	56,824
Travel costs	141,855	141,394
	<u>6,456,871</u>	<u>6,066,306</u>

Regent's College

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

3	FUNDRAISING & PUBLISHING - CHARITY	Total funds 1999 £	Total funds 1998 £
	Marketing and advertising	236,288	240,557
4	MANAGEMENT AND ADMINISTRATION OF THE CHARITY	Total funds 1999 £	Total funds 1998 £
	Telephone and fax	130,608	127,325
	Legal and professional	41,631	129,482
	Depreciation	499,797	409,710
	Interest payable	13,615	33,396
	Bank charges	9,570	6,922
	Non recoverable VAT	211,967	225,893
	Management charges	947,132	967,082
	Other charges	30,739	63,458
	Bad debts	5,522	(10,077)
	Subscriptions	10,188	12,937
	Audit and accountancy	16,295	11,025
	Entertainment	112	-
		1,917,176	1,977,153
5	INTEREST PAYABLE AND SIMILAR CHARGES - GROUP	1999 £	1998 £
	Loan interest	13,615	33,322
	Other interest	-	74
		13,615	33,396
6	EMPLOYEES AND DIRECTORS - GROUP	1999 No.	1998 No.
	The average monthly number of persons (including councillors) during the year was:		
	Management and administration	102	93
	Academic	69	79
		171	172
		1999 £	1998 £
	Staff costs for the above persons:		
	Wages and salaries	2,740,189	2,478,697
	Social security costs	252,902	243,781
	Other pension costs	157,139	122,985
		3,150,230	2,845,463
	No remuneration was paid to councillors in the year.		

Regent's College

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

7 TAXATION

The College is a Registered Charity and is exempt from the provisions of the Income and Corporation Taxes Act 1988. There is no tax payable by the subsidiary companies due to losses incurred in the current and previous year.

8	NET INCOMING RESOURCES	1999 £	1998 £
	Net incoming resources is stated after charging:		
	Property rental	953,469	953,000
	Depreciation	524,666	427,975
	Exchange gains	(10,907)	(526)
	Auditors' remuneration	25,250	17,112
	Profit on disposal of fixed assets	-	(2,700)

Company income and expenditure account

As permitted by s230(3) Companies Act 1985, the company has not presented its own income and expenditure account.

The parent company's surplus for the financial year amounted to £390,157.

9	TANGIBLE FIXED ASSETS	Short leasehold improvements	Computer equipment	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	GROUP	£	£	£	£	£	£
	Cost or valuation						
	1 September 1998	3,144,647	930,423	372,433	1,079,008	15,686	5,542,197
	Additions	556,624	234,069	62,773	79,318	-	932,784
	31 August 1999	3,701,271	1,164,492	435,206	1,158,326	15,686	6,474,981
	Depreciation						
	1 September 1998	1,334,765	663,851	229,828	982,666	15,686	3,226,796
	Charged in the year	202,717	195,601	68,826	57,522	-	524,666
	31 August 1999	1,537,482	859,452	298,654	1,040,188	15,686	3,751,462
	Net book value						
	31 August 1999	2,163,789	305,040	136,552	118,138	-	2,723,519
	31 August 1998	1,809,882	266,572	142,605	96,342	-	2,315,401

Regent's College

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

9	TANGIBLE FIXED ASSETS	Short leasehold improvements	Computer equipment	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	CHARITY	£	£	£	£	£	£
	Cost or valuation						
	1 September 1998	3,120,536	874,350	372,433	1,053,885	15,686	5,436,890
	Additions	555,224	222,151	62,773	58,175	-	898,323
	31 August 1999	3,675,760	1,096,501	435,206	1,112,060	15,686	6,335,213
	Depreciation						
	1 September 1998	1,319,896	631,268	229,828	966,806	15,686	3,163,484
	Charged in the year	197,992	183,332	68,826	49,649	-	499,799
	31 August 1999	1,517,888	814,600	298,654	1,016,455	15,686	3,663,283
	Net book value						
	31 August 1999	2,157,872	281,901	136,552	95,605	-	2,671,930
	31 August 1998	1,800,640	243,082	142,605	87,079	-	2,273,406

10	FIXED ASSET INVESTMENTS	Group £	Charity £
	Investment in subsidiaries	102	108
	Fixed asset investments at market value	1,018,052	1,018,052
		1,018,154	1,018,160

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

Name of company	Holding	Proportion	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%	Provision of educational services
Regent's College School of Psychotherapy and Counselling Limited	2 ordinary £1 shares	100%	Provision of educational services
			£
Fixed asset investments:			
Acquisitions at cost			1,007,558
Unrealised investment gain			10,494
Market value at 31 August 1999			1,018,052
Historical cost at 31 August 1999			1,018,052

Regent's College

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

11	DEBTORS	Group		Charity	
		1999	1998	1999	1998
		£	£	£	£
	Due within one year:				
	Trade debtors	402,600	477,310	168,147	254,495
	Amounts owed by group undertakings	-	-	250,829	435,483
	Other debtors	275,757	156,589	264,092	137,975
	Prepayments and accrued income	241,642	226,779	165,965	146,882
		<u>919,999</u>	<u>860,678</u>	<u>849,033</u>	<u>974,835</u>

12	CREDITORS: Amounts falling due within one year	Group		Charity	
		1999	1998	1999	1998
		£	£	£	£
	Bank loans and overdrafts	16,766	75,376	-	-
	Trade creditors	316,938	382,558	291,201	359,055
	Amounts owed to group undertakings	-	-	-	11,274
	Corporation tax	-	1,483	-	-
	Other taxation and social security costs	320,166	236,156	50,530	70,262
	Other creditors	974,422	1,015,215	957,940	954,365
	Accruals and deferred income	1,148,615	999,139	964,253	821,017
		<u>2,776,906</u>	<u>2,709,927</u>	<u>2,263,924</u>	<u>2,215,973</u>

13	CREDITORS: Amounts falling due after more than one year	Group and Charity	
		1999	1998
		£	£
	Other creditors	-	181,818

Included within other creditors is a US dollar loan which is repayable as follows:

	1999	1999	1998	1998
	\$	£	\$	£
In first to second year	300,000	186,567	200,000	121,212
In the second to fifth year	-	-	300,000	181,818
	<u>300,000</u>	<u>186,567</u>	<u>500,000</u>	<u>303,030</u>

The loan is repayable in twice yearly instalments of \$100,000 due on the 30 September and 31 March each year. Interest on the loan is charged at the US prime rate. The loan was repaid in full after the year end.

Regent's College

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 1999

14	RESERVES AND RECONCILIATION OF MOVEMENTS FUNDS	Income and expenditure account £
	GROUP	
	Opening funds at 1 September 1998	2,925,984
	Surplus for the financial year	787,417
	Closing funds at 31 August 1999	3,713,401
	CHARITY	
	Opening funds at 1 September 1998	3,323,836
	Surplus for the financial year	390,157
	Closing funds at 31 August 1999	3,713,993

The College is a company limited by guarantee, and accordingly does not have a share capital. Every guarantor undertakes to contribute to the assets of the College in the event of the College being wound up while he is a guarantor, or within one year after he ceases to be a guarantor, a sum not exceeding one pound for payment of the debts and liabilities of the College.

15	CASH FLOWS	1999 £	1998 £
a	Reconciliation of operating surplus to net cash inflow from operating activities		
	Operating surplus	654,417	688,538
	Depreciation	524,666	427,975
	Profit on sale of fixed assets	-	(2,700)
	(Increase)/decrease in debtors	(59,321)	302,220
	Increase/(decrease) in creditors	61,717	(170,729)
	Net cash flow from operating activities	1,181,479	1,245,304

Regent's College

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 1999

15	CASH FLOWS (<i>continued</i>)		1999 £	1998 £
b	Analysis of cash flows for headings netted in the cash flow			
	Returns on investments and servicing of finance			
	Interest received		134,638	146,835
	Interest paid		(13,615)	(33,534)
	Net cash outflow for returns on investment and servicing of income		<u>121,023</u>	<u>113,301</u>
	Capital expenditure and financial investment			
	Purchase of tangible fixed assets		(932,784)	(807,351)
	Sale of tangible fixed assets		-	6,574
	Investments acquired		(1,007,558)	-
	Net cash outflow for capital expenditure and financial investment		<u>(1,940,342)</u>	<u>(800,777)</u>
	Financing			
	Repayment of amounts borrowed		(116,463)	(128,536)
	Net cash outflow from financing		<u>(116,463)</u>	<u>(128,536)</u>
c	Analysis of net debt	At 1 September 1998 £	Cash flow £	At 31 August 1999 £
	Cash in hand, at bank	2,641,548	(812,913)	1,828,635
	Overdrafts	(75,376)	58,610	(16,766)
			<u>(754,303)</u>	
	Debt due after 1 year	(181,818)	181,818	-
	Debt due within 1 year	(121,212)	(65,355)	(186,567)
			<u>116,463</u>	
	Total	<u>2,263,142</u>	<u>(637,840)</u>	<u>1,625,302</u>

16 COMMITMENTS UNDER OPERATING LEASES

At 31 August 1999 the company had annual commitments under non-cancellable operating leases as follows:

	1999 £	1998 £
Land and buildings expiring after five years	<u>953,000</u>	<u>953,000</u>

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

Regent's College

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

17 PENSION COMMITMENTS

- (i) From 1 November 1990, the College has contributed a defined amount to specified personal policies taken out by eligible employees.
- (ii) Contributions to the scheme by both the College and employees are defined by the rules of the scheme.
- (iii) The College contributions shown on note 6 are those due on salaries paid to employees during the year.

18 RELATED PARTY TRANSACTIONS

The company has taken advantage of the FRS8 exemptions not to disclose transactions or year end balances with its subsidiaries where it holds 90% or more of the share capital.

PARTY	Description of transaction	Value of transaction £	Year end debtor/ (creditor) balance £
Regent's College Management Services Ltd	Management charges	925,621	(687,564)
European Business School Educational Trust Ltd	Rent and service charges	1,611,342	40,897

Regent's College Management Services Limited is a company in which Mrs GM Payne, a guarantor of Regent's College, has an interest.

The European Business School Educational Trust Limited is a charity of which the following councillors of Regent's College are also councillors:

J Dorgan
Y Makar

PARTY	Description of transaction	Value of transaction £	Year end debtor/ (creditor) balance £
College Management Services Limited	Rent and service charges	937,536	140,113
College Bookshop Limited	Rent and service charges	23,906	(1,539)
	Provision of educational books	36,271	-
Regent's Business School London Limited	Rent and service charges	82,552	7,693
Webster Graduate Studies Centre London Ltd	Rent and service charges	40,691	(1,520)
Regent's International Studies Centre London Ltd	Rent and service charges	28,600	(10,231)
HMC Regent's Ltd	Rent and service charges	94,477	17,306

Mrs G Payne is the ultimate controlling party of each of the above companies.