

Regents College  
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 August 1998



Company Registration No. 1791760

# Regents College

## COUNCILLORS AND OFFICERS

---

### COUNCILLORS

Mr J Dorgan (Chairman)  
Prof MD Jones  
Mr M Maladwala  
Mr Y Makar  
Mr M Van Miert

### SECRETARY

Mr WM Hughes

### REGISTERED OFFICE

Inner Circle  
Regents Park  
London NW1 4NS

### AUDITORS

Baker Tilly  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

# Regents College

## COUNCILLORS' REPORT

---

The councillors submit their report and the consolidated financial statements of Regents College for the year ended 31 August 1998.

### 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 1998 was again a very successful one for the Regent's College group.

The number of students has once again increased.

Group income increased by 9.5% compared to the previous year with all areas showing increases. The group surplus for the year was £801,839.

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 cautious optimism.

### COUNCILLORS

The councillors who served during the year are listed on page 1.

### 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.

## Regents 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 March 1999

# Regents 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 REGENTS 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.

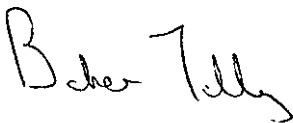
### **Basis of opinion**

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 1998 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 March 1999

# Regents College

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 August 1998

GROUP	Notes	Total Funds 1998 £	Total Funds 1997 £
<b>INCOME AND EXPENDITURE</b>			
<b>Incoming resources</b>			
Fees		7,445,678	7,123,113
Investment income		129,178	88,882
Other income		526	28,226
Net income of trading subsidiaries	1	1,510,473	1,060,505
<b>Total incoming resources</b>		<b>9,085,855</b>	<b>8,300,726</b>
<b>Resources expended</b>			
Direct charitable expenditure	2	3,100,928	2,681,299
Fundraising & publicity	3	240,557	231,046
Management & administration of the charity	4	4,942,531	4,638,608
<b>Total resources expended</b>		<b>8,284,016</b>	<b>7,550,953</b>
<b>Net incoming resources</b>	8	<b>801,839</b>	<b>749,773</b>
Balances brought forward at 1 September 1997	14	2,124,145	1,374,372
<b>Balances carried forward at 31 August 1998</b>	14	<b>2,925,984</b>	<b>2,124,145</b>

There are no restricted funds and no endowment funds.

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

**Regents College**  
**GROUP BALANCE SHEET**  
**31 August 1998**

	Notes	Group 1998 £	Group 1997 £	Charity 1998 £	Charity 1997 £
<b>FIXED ASSETS</b>					
Tangible assets	9	2,315,401	1,939,899	2,273,406	1,899,634
Investments	10	102	102	108	108
		<u>2,315,503</u>	<u>1,940,001</u>	<u>2,273,514</u>	<u>1,899,742</u>
<b>CURRENT ASSETS</b>					
Debtors	11	860,678	992,898	974,835	1,200,730
Cash at bank and in hand		2,641,548	2,139,638	2,473,278	1,944,354
		<u>3,502,226</u>	<u>3,132,536</u>	<u>3,448,113</u>	<u>3,145,084</u>
CREDITORS: Amounts falling due within one year	12	(2,709,927)	(2,640,131)	(2,215,973)	(2,339,872)
NET CURRENT ASSETS		<u>792,299</u>	<u>492,405</u>	<u>1,232,140</u>	<u>805,212</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,107,802	2,432,406	3,505,654	2,704,954
CREDITORS: Amounts falling due after more than one year	13	(181,818)	(308,261)	(181,818)	(308,261)
		<u>2,925,984</u>	<u>2,124,145</u>	<u>3,323,836</u>	<u>2,396,693</u>
CAPITAL AND RESERVES					
Profit and loss account	14	<u>2,925,984</u>	<u>2,124,145</u>	<u>3,323,836</u>	<u>2,396,693</u>

Approved by the board on 18 March 1999

Councillor





**Regents College**  
**GROUP CASH FLOW STATEMENT**  
for the year ended 31 August 1998

	<i>Notes</i>	1998 £	1997 £
Cash flow from operating activities	15a	1,245,304	1,234,084
Returns on investments and servicing of finance	15b	113,301	70,343
Taxation		-	(352)
Capital expenditure and financial investment	15b	(800,777)	(417,420)
<b>CASH INFLOW BEFORE FINANCING</b>		<u>557,828</u>	<u>886,655</u>
Financing	15b	(128,536)	(146,469)
<b>INCREASE IN CASH IN THE YEAR</b>		<u>429,292</u>	<u>740,186</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN DEBT**

	£
Increase in cash in the period	429,292
Change in net debt resulting from cash flows	128,536
<b>MOVEMENT IN NET DEBT IN YEAR</b>	<u>557,828</u>
<b>NET DEBT AT 1 SEPTEMBER 1997</b>	<u>1,705,314</u>
<b>NET DEBT AT 31 AUGUST 1998</b>	<u>2,263,142</u>

# Regents 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 Regents College and all its subsidiaries made up to 31 August 1998. No profit and loss account is presented for Regents 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	-	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.

# Regents College

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 1998

### 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 and Webster Graduate Studies Centre Limited are both involved in the provision of higher education. Regents College Conference Centre is involved in the provision of conference facilities. A summary of their trading results is shown below. Audited accounts of each company have been filed with the Registrar of Companies.

	Regents College School of Psychotherapy & Counselling Limited £	Webster Graduate Studies Centre Limited £	Regents College Conference Centre Limited £	Total 1998 £	Total 1997 £
Turnover	1,011,159	-	1,590,131	2,601,290	3,188,525
Administration costs	(787,914)	(11,388)	(309,172)	(1,108,474)	(2,146,834)
Operating profit/(loss)	223,245	(11,388)	1,280,959	1,492,816	1,041,691
Interest receivable	2,252	11,388	4,017	17,657	20,297
Taxation	-	-	-	-	(1,483)
Net profit for the year	225,497	-	1,284,976	1,510,473	1,060,505
Amounts covenanted to Regents College	-	-	(170,000)	(170,000)	(72,987)
Intra Group trading eliminated above	(336,104)	-	(1,129,722)	(1,465,826)	(1,185,834)
Dealt with by subsidiary	(110,607)	-	(14,746)	(125,353)	(198,316)

### 2 DIRECT CHARITABLE EXPENDITURE

	Total funds 1998 £	Total funds 1997 £
Staffing costs	2,964,070	2,593,986
Other academic costs	136,858	87,313
	3,100,928	2,681,299

### 3 FUNDRAISING & PUBLISHING - CHARITY

	Total fund 1998 £	Total fund 1997 £
Marketing & advertising	240,557	231,046

# Regents College

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1998

		Total funds 1998 £	Total funds 1997 £
4	MANAGEMENT AND ADMINISTRATION OF THE CHARITY		
	Premises costs	1,693,470	1,672,331
	Catering costs	822,458	763,810
	Communication and office cost	312,758	351,554
	Other administrative costs	1,704,135	1,515,720
	Depreciation	409,710	335,193
		<u>4,942,531</u>	<u>4,638,608</u>
5	INTEREST PAYABLE AND SIMILAR CHARGES - GROUP	1998 £	1997 £
	Other loans	33,322	38,836
	Other interest	74	-
		<u>33,396</u>	<u>38,836</u>
6	EMPLOYEES AND DIRECTORS - GROUP	1998 No.	1997 No.
	The average monthly number of persons (including councillors) during the year was:		
	Management and administration	93	82
	Academic	79	86
		<u>172</u>	<u>168</u>
		1998 £	1997 £
	Staff costs for the above persons:		
	Wages and salaries	2,478,697	2,370,706
	Social security costs	243,781	220,281
	Other pension costs	122,985	89,221
		<u>2,845,463</u>	<u>2,680,208</u>

No remuneration was paid to councillors in the year.

## 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.

# Regents College

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 1998

	1998 £	1997 £
8 NET INCOMING RESOURCES		
Net incoming resources is stated after charging:		
Property rental	953,000	953,000
Depreciation	427,975	352,804
Exchange gains	(526)	(28,226)
Auditors remuneration		
audit	17,112	15,618
other	-	4,250
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 £927,143.

9 TANGIBLE FIXED ASSETS	Short leasehold improvements	Computer equipment	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
GROUP	£	£	£	£	£	£
Cost or valuation						
1 September 1997	2,651,102	727,642	352,393	997,195	15,686	4,744,018
Additions	493,545	210,953	20,040	82,813	-	807,351
Disposals	-	(8,172)	-	(1,000)	-	(9,172)
31 August 1998	3,144,647	930,423	372,433	1,079,008	15,686	5,542,197
Depreciation						
1 September 1997	1,174,923	494,880	174,579	944,246	15,491	2,804,119
Charged in the year	159,842	173,269	55,249	39,420	195	427,975
Disposals	-	(4,298)	-	(1,000)	-	(5,298)
31 August 1998	1,334,765	663,851	229,828	982,666	15,686	3,226,796
Net book value						
31 August 1998	1,809,882	266,572	142,605	96,342	-	2,315,401
31 August 1997	1,476,179	232,762	177,814	52,949	195	1,939,899

# Regents College

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 1998

9	TANGIBLE FIXED ASSETS	Short leasehold improvements	Computer equipment	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
		£	£	£	£	£	£
	CHARITY						
	Cost or valuation						
	1 September 1997	2,630,169	678,012	352,393	977,148	15,686	4,653,408
	Additions	490,367	196,338	20,040	76,737	-	783,482
	31 August 1998	3,120,536	874,350	372,433	1,053,885	15,686	5,436,890
	Depreciation						
	1 September 1997	1,164,392	468,226	174,579	931,086	15,491	2,753,774
	Charged in the year	155,504	163,042	55,249	35,720	195	409,710
	31 August 1998	1,319,896	631,268	229,828	966,806	15,686	3,163,484
	Net book value						
	31 August 1998	1,800,640	243,082	142,605	87,079	-	2,273,406
	31 August 1997	1,465,777	209,786	177,814	46,062	195	1,899,634

10	FIXED ASSET INVESTMENTS	Group £	Company £
	Cost and net book value		
	1 September 1997 and 31 August 1998	102	108

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

# Regents College

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 1998

11	DEBTORS	Group		Charity	
		1998 £	1997 £	1998 £	1997 £
	Due within one year:				
	Trade debtors	477,310	437,706	254,495	283,536
	Amounts owed by group undertakings	-	-	435,483	455,286
	Other debtors	156,589	332,374	137,975	316,920
	Prepayments and accrued income	226,779	222,818	146,882	144,988
		<u>860,678</u>	<u>992,898</u>	<u>974,835</u>	<u>1,200,730</u>

12	CREDITORS: Amounts falling due within one year	Group		Charity	
		1998 £	1997 £	1998 £	1997 £
	Bank loans and overdrafts	75,376	2,758	-	-
	Trade creditors	382,558	400,717	359,055	376,556
	Amounts owed to group undertakings	-	-	11,274	268,881
	Corporation tax	1,483	1,483	-	-
	Other taxation and social security costs	236,156	120,886	70,262	79,424
	Other creditors	1,015,215	914,950	954,365	811,870
	Accruals and deferred income	999,139	1,199,337	821,017	803,141
		<u>2,709,927</u>	<u>2,640,131</u>	<u>2,215,973</u>	<u>2,339,872</u>

13	CREDITORS: Amounts falling due after more than one year		
		1998 £	1997 £
	Group and Charity Other creditors	181,818	308,261

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

	1998 \$	1998 £	1997 \$	1997 £
Other creditors - less than one year in the first year	200,000	121,212	200,000	123,305
Other creditors - greater than one year in the first to second year	200,000	121,212	200,000	123,305
in the second to fifth year	100,000	60,606	300,000	184,956
	<u>500,000</u>	<u>303,030</u>	<u>700,000</u>	<u>431,566</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.

# Regents College

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 1998

14	RESERVES AND RECONCILIATION OF MOVEMENTS FUNDS	Income and expenditure account £
	GROUP	
	Opening funds at 1 September 1997	2,124,145
	Surplus for the financial year	801,839
	Closing funds at 31 August 1998	2,925,984
	CHARITY	
	Opening funds at 1 September 1997	2,396,693
	Surplus for the financial year	927,143
	Closing funds at 31 August 1998	3,323,836

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	1998 £	1997 £
a	Reconciliation of operating surplus to net cash inflow from operating activities		
	Operating surplus	688,538	680,913
	Depreciation	427,975	352,804
	Profit on sale of fixed assets	(2,700)	-
	Decrease/(increase) in debtors	302,220	(272,422)
	(Decrease)/increase in creditors	(170,729)	472,789
	Net cash flow from operating activities	1,245,304	1,234,084



# Regents College

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1998

15	CASH FLOWS ( <i>continued</i> )	1998 £	1997 £
b	Analysis of cash flows for headings netted in the cash flow		
	<b>Returns on investments and servicing of finance</b>		
	Interest received	146,835	109,179
	Interest paid	(33,534)	(38,836)
	<b>Net cash outflow for returns on investment and servicing of income</b>	<u>113,301</u>	<u>70,343</u>
	<b>Capital expenditure and financial investment</b>		
	Purchase of tangible fixed assets	(807,351)	(424,798)
	Sale of tangible fixed assets	6,574	7,378
	<b>Net cash outflow for capital expenditure and financial investment</b>	<u>(800,777)</u>	<u>(417,420)</u>
	<b>Financing</b>		
	Repayment of amounts borrowed	(128,536)	(146,469)
	<b>Net cash outflow from financing</b>	<u>(128,536)</u>	<u>(146,469)</u>
c	Analysis of net debt		
		At 1 September 1997 £	Cash flow £ At 31 August 1998 £
	Cash in hand, at bank	2,139,638	501,910
	Overdrafts	(2,758)	(72,618)
			<u>429,292</u>
	Debt due after 1 year	(308,261)	126,443
	Debt due within 1 year	(123,305)	2,093
			<u>128,536</u>
	<b>Total</b>	<u>1,705,314</u>	<u>557,828</u>
			<u>2,263,142</u>

## 16 COMMITMENTS UNDER OPERATING LEASES

At 31 August 1998 the company had annual commitments under non-cancellable operating leases as follows:

	1998 £	1997 £
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.

# Regents College

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1998

### 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 £
Regents College Management Services Ltd	Management charges	981,483	(731,601)
European Business School Educational Trust Ltd	Rent and service charges	1,485,000	45,673

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

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

M Maladwala  
Y Makar

PARTY	Description of transaction	Value of transaction £	Year end debtor/ (creditor) balance £
College Management Services Limited	Rent and service charges	315,805	(147)
College Bookshop Limited	Rent and service charges Provision of educational books	19,752 29,298	5,161 -
Regents Business School London Limited	Rent and service charges	36,398	7,000
Webster Graduate Studies Centre London Ltd	Rent and service charges	36,884	(444)
Regents International Studies Centre London Ltd	Rent and service charges	28,598	-
HMC Regents Ltd	Rent and service charges	99,840	-

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