

REGENT'S COLLEGE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1996



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REGENT'S COLLEGE

COUNCILLORS' REPORT

The councillors submit their report and the audited financial statements for the year ended 31st August 1996.

Statement of councillors' responsibilities

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 company and of the result of the company 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. 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 company and to enable them to ensure that the financial statements comply with 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.

Activity

The principal activity of the College is 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.

Business review and future developments

The Council of Management are pleased to report that the year ended 31st August 1996 was again a very successful one for the College. Turnover increased by almost 9% over the same period last year with all areas of the College showing increases. Together with tight control over operating costs this gave rise to a surplus for the year of £726,947.

This surplus has enabled the College to continue its investment in equipment and the fabric of the building. During the year major investments included the following:

Catering equipment	£147,000
Computer Centre equipment	£140,000
Herringham Building roofing	£ 30,000

The Council of Management would like to thank the employees of Regent's College without whom this good financial result would not have been possible and look forward to continuing this progress into the foreseeable future.

REGENT'S COLLEGE

COUNCILLORS' REPORT

Council members

The Councillors who served during the year were as follows:

Prof. M D Jones (Chairman)

Mr C S Bunker (resigned on 23rd October 1996)

Mr J Dorgan

Mr M Maladwala

Mr Y Makar

Mr M Van Miert (appointed 1st January 1996)

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the reappointment of Casson Beckman, chartered accountants, as auditors to the company will be put to the annual general meeting.

BY ORDER OF THE COUNCIL



W. M. Hughes

20th March 1997

Secretary

Registered Office: Inner Circle
Regents Park
London
NW1 4NS

REGENT'S COLLEGE

REPORT OF THE AUDITOR'S TO THE GOVERNORS OF REGENT'S COLLEGE

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies as set out on page 7.

Respective responsibilities of councillors and auditors

As described in the councillors' report, the company's councillors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, are consistently applied and are 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 affairs of the company as at 31st August 1996 and of the surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CASSON BECKMAN

Chartered Accountants
and Registered Auditors

Hobson House
155 Gower Street
London WC1E 6BJ

20th March 1997

REGENT'S COLLEGE

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 1996

	Notes	1996 £	1995 £
Turnover	2	7,887,346	7,260,530
Net operating expenses	3	(7,223,124)	(6,587,936)
Operating surplus	4	<u>664,222</u>	<u>672,594</u>
Gain on exchange		54,289	34,013
Interest receivable	5	64,618	62,246
Interest payable	6	(56,182)	(77,375)
Surplus for the year	16	<u><u>£726,947</u></u>	<u><u>£691,478</u></u>

There are no recognised gains or losses other than the surplus for the financial year.

Turnover and operating surplus all derive from continuing operations.

REGENT'S COLLEGE

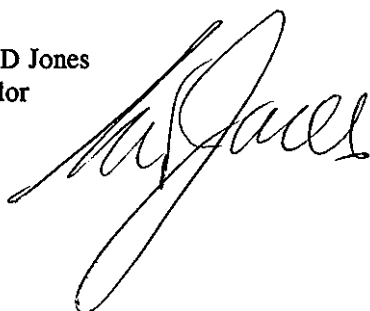
BALANCE SHEET

AT 31ST AUGUST 1996

	Notes	1996	1995
		£	£
Fixed assets			
Tangible assets	10	1,854,713	1,752,339
Investments	11	108	108
		<u>1,854,821</u>	<u>1,752,447</u>
Current assets			
Debtors	12	596,014	706,706
Cash at bank and in hand		1,286,698	970,723
		<u>1,882,712</u>	<u>1,677,429</u>
Creditors: Amounts falling due within one year	13	<u>(1,839,396)</u>	<u>(2,127,624)</u>
Net current assets/(liabilities)		43,316	(450,195)
Total assets less current liabilities		<u>£1,898,137</u>	<u>£1,302,252</u>
Creditors: Amounts falling due after more than one year	14	449,583	580,645
Reserves	16	<u>1,448,554</u>	<u>721,607</u>
		<u>£1,898,137</u>	<u>£1,302,252</u>

Approved by the Council on 20th March 1997 and signed on its behalf by

Prof M D Jones
Councillor



REGENT'S COLLEGE

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST AUGUST 1996

	Notes	1996	1995
		£	£
Net cash inflow from operating activities	17	795,885	96,246
Returns on investment and servicing of finance			
Interest received		64,618	60,286
Interest paid		(33,682)	(78,333)
		<hr/>	<hr/>
Net cash inflow/(outflow) from return on investments and servicing of finance		30,936	(18,047)
Investing Activities			
Payments to acquire fixed assets		(386,557)	(176,068)
Receipts from sales of fixed assets		711	8,038
		<hr/>	<hr/>
Net cash outflow from investing activities		(385,846)	(168,030)
Net cash inflow/(outflow) before financing		440,975	(89,831)
Financing			
Loan repayment		(125,000)	(125,000)
		<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents	17	£315,975	£(214,831)
		<hr/> <hr/>	<hr/> <hr/>

REGENT'S COLLEGE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1996

1. Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards and on a going concern basis.

b) 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 %
Computer equipment	-	33 %
Fixtures and Fittings	-	20 % - 33 %
Motor vehicles	-	25 %

c) 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.

d) 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.

e) 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.

REGENT'S COLLEGE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST AUGUST 1996

2. Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied as follows:

	1996 £	1995 £
Rental income and service charges	4,268,279	3,821,183
Academic income	2,153,407	2,112,960
Catering income	1,465,660	1,326,387
	<u>£7,887,346</u>	<u>£7,260,530</u>

The turnover of the company during the year was made in the same geographical area.

3. Net operating expenses

Net operating expenses are made up as follows:

	1996 £	1995 £
Administrative expenses	5,563,231	4,826,813
Premises costs	1,659,893	1,761,123
	<u>£7,223,124</u>	<u>£6,587,936</u>

4. Operating surplus

	1996 £	1995 £
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Operating surplus is stated after charging:-

Auditors' remuneration	3,859	8,129
Depreciation of tangible fixed assets	283,472	217,563
Rent	933,000	933,000
Profit on disposal of fixed assets	-	(2,038)
Exceptional item		
- write back of over provision in relation to claim against the company	-	(312,472)
	<u> </u>	<u> </u>

REGENT'S COLLEGE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST AUGUST 1996

5. Interest receivable and similar income

	1996 £	1995 £
Bank interest	63,722	62,246
Other interest	896	-
	<u>£64,618</u>	<u>£62,246</u>

6. Interest payable and similar charges

	1996 £	1995 £
Loan interest	56,077	76,182
Other interest	105	1,193
	<u>£56,182</u>	<u>£77,375</u>

7. Employees information

The average number of persons employed by the college during the year is analysed below:-

	1996 No.	1995 No.
Maintenance	17	17
Administration	59	56
Academic	30	31
	<u>106</u>	<u>104</u>

Employment cost of all employees included above:-

	1996 £	1995 £
Wages and salaries	1,521,110	1,460,512
Employer's national insurance and state pension contributions	145,560	136,078
Employer's pension contributions under the College's pension schemes	53,118	40,072
	<u>£1,719,788</u>	<u>£1,636,662</u>

REGENT'S COLLEGE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST AUGUST 1996

8. Councillors' remuneration

No remuneration was paid to councillors during the year.

9. Taxation

The college is a Registered Charity and is exempt from the provision of the Income and Corporation Taxes Act, 1988.

10. Tangible fixed assets

	Short leasehold Improvements £	Plant and Machinery £	Computer Equipment £	Fixtures and Fittings £	Motor vehicles £	Total £
Cost						
At 1st September 1995	2,476,095	110,116	370,077	924,599	15,686	3,896,573
Additions	67,494	174,122	140,647	4,294	-	386,557
Disposals	-	-	(1,964)	-	-	(1,964)
At 31st August 1996	2,543,589	284,238	508,760	928,893	15,686	4,281,166
Depreciation						
At 1st September 1995	920,260	64,076	272,497	874,258	13,143	2,144,234
Charge for the year	115,554	49,491	88,842	28,411	1,174	283,472
In respect of disposals	-	-	(1,253)	-	-	(1,253)
At 31st August 1996	1,035,814	113,567	360,086	902,669	14,317	2,426,453
Net book value						
At 31st August 1996	£1,507,775	£170,671	£148,674	£26,224	£1,369	£1,854,713
At 31st August 1995	£1,555,835	£46,040	£97,580	£50,341	£2,543	£1,752,339

REGENT'S COLLEGE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST AUGUST 1996

11. Investments in subsidiaries

Cost	Subsidiary Undertakings £
At 31st August 1995 and 31st August 1996	£ 108

The college holds more than 10% of the equity of the following companies at the balance sheet date:-

Name of company	Holding	Proportion held	Nature of business
Regent's College Pension Trustee Limited	100 shares	100%	Dormant
Regent's College School of Psychotherapy and Counselling Limited	2 shares	100%	Educational services
Webster Graduate Studies Centre Limited	2 shares	100%	Educational services
Regent's College Conference Centre Limited	2 shares	100%	Dormant (commenced trading on 1st September 1996)
Regent's College Business School Limited	2 shares	100%	Dormant

The company has not produced group accounts in respect of its subsidiary undertakings, since the group which the company heads qualifies as a medium sized group.

The aggregate amount of each subsidiaries share capital and reserves at the end of its financial year and its profit or loss for that year was as follows:

	Result after tax 1996 £	Aggregate amount of its share capital and reserves 1996 £	Result after tax 1995 £	Aggregate amount of its share capital and reserves 1995 £
Regent's College Pension Trustee Limited	-	100	-	100
Regent's College School of Psychotherapy and Counselling Limited	(58,350)	(74,181)	(6,610)	(15,831)
Webster Graduate Studies Centre Limited	-	2	-	2
Regent's College Conference Centre Limited	-	2	-	2
Regent's College Business School Limited	-	2	-	2

REGENT'S COLLEGE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST AUGUST 1996

12. Debtors

	1996 £	1995 £
Trade debtors	303,929	286,569
Amounts due from subsidiary undertakings	106,064	89,800
Other debtors	51,759	28,968
Prepayments and accrued income	134,262	301,369
	<u>£596,014</u>	<u>£706,706</u>

13. Creditors: Amounts falling due within one year

	1996 £	1995 £
Trade creditors	310,430	350,663
Amounts owed to subsidiary undertakings	104	104
Other taxation and social security costs	82,770	108,063
Other creditors	705,924	953,353
Accruals and deferred income	740,168	715,441
	<u>£1,839,396</u>	<u>£2,127,624</u>

14. Creditors: Amounts falling due after more than one year

	1996	1995
Other creditors	<u>£449,583</u>	<u>£580,645</u>

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

	1996 \$	1996 £	1995 \$	1995 £
1 - 2 years	200,000	128,452	200,000	129,032
2 - 5 years	500,000	321,131	600,000	387,097
Over 5 years	-	-	100,000	64,516
	<u>\$700,000</u>	<u>£449,583</u>	<u>\$900,000</u>	<u>£580,645</u>

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

REGENT'S COLLEGE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST AUGUST 1996

15. Share capital

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

16. Reserves

	Income and expenditure account £
Reserves brought forward at 1st September 1995	721,607
Surplus for the year	726,947
	<hr/>
Reserves at 31st August 1996	£1,448,554
	<hr/> <hr/>

17. Notes to the cash flow statement

	1996 £	1995 £
Operating surplus per accounts	664,222	672,594
Profit on disposal of fixed assets	-	(2,038)
Gain on exchange (excluding loan greater than one year)	47,647	23,162
Depreciation	283,472	217,563
Decrease in debtors	110,692	26,857
Decrease in creditors	(310,148)	(841,892)
	<hr/>	<hr/>
Net cash inflow from operating activities	£795,885	£96,246
	<hr/> <hr/>	<hr/> <hr/>

Analysis of changes in cash and cash equivalents during the year

	£
Balance at 1st September 1995	970,723
Net cash inflow	315,975
	<hr/>
Balance at 31st August 1996	£1,286,698
	<hr/> <hr/>

REGENT'S COLLEGE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST AUGUST 1996

17. Notes to the cash flow statement (continued)

Analysis of the balances of cash and cash equivalents as shown in the balance sheet:-

	1996	1995	Change in year
Cash at bank and in hand	<u>£1,286,698</u>	<u>£970,723</u>	<u>£315,975</u>

Analysis of changes in financing during the year:-

	Loans £
Balance at 1st September 1995	709,677
Repayments of loans	(125,000)
Effect of foreign exchange rate changes	(6,642)
	<hr/>
Balance at 31st August 1996	<u>£578,035</u>

18. Commitments and contingent liabilities

a. Pensions

From 1st 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 7 are those due on salaries paid to employees during the year.

b. Lease commitments

- (i) At 31st August 1996 the College was committed to making the following payments during the next year in respect of operating leases:-

	Land and Buildings	
	1996	1995
Date of lease termination:-		
More than five years	<u>£933,000</u>	<u>£933,000</u>

- (ii) 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 FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST AUGUST 1996

18. Commitments and contingent liabilities (continued)

c. Refinancing of College indebtedness

Under the terms of an agreement dated 16th June 1990 the College's entire indebtedness to Rockford College of £4,958,528 was renegotiated.

Under this agreement the indebtedness to Rockford was reduced to \$3,300,000 and is now payable on the following terms.

- (i) \$1,500,000 (£967,740) repayable by instalments as explained in note 14.
- (ii) \$1,800,000 (£1,161,290) repayable by deduction from future tuition fees for students provided by Rockford College as follows:
 - 17.5% of tuition fees of first 60 students per semester.
 - 25% of tuition fees, for each student in excess of 60.

Credit for the \$1,800,000 was taken in the profit and loss account as an extraordinary item for the year ended 30th June 1990 and no provision has been made for the reduced future tuition fee income.

At 31st August 1996 the balances outstanding were:-

	1996	1996	1995	1995
(i)	\$900,000	£578,035	\$1,100,000	£709,677
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
(ii)	\$356,129	£228,728	\$705,116	£454,914
	<u> </u>	<u> </u>	<u> </u>	<u> </u>