

European Business School Educational Trust Limited

REPORT AND FINANCIAL STATEMENTS

31 August 2005



European Business School Educational Trust Limited

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

European Business School Educational Trust Limited

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 Ltd
Thames Bridge House
Henley Bridge
Henley on Thames
RG9 2LN

European Business School Educational Trust Limited

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

European Business School Educational Trust Limited is a company limited by guarantee and a registered charity that was founded in 1991. 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 Regent's College which shares the campus with the School.

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 school operates under the name of European Business School London which provides courses of study leading to Bachelor of Arts and Bachelor of Science degrees validated by the Open University. The academic programmes focus on intellectual and cultural depth with students attending from around the world. Additionally, the School receives exchange students from overseas partner institutions.

Following validation by the Open University in 2001, the School commenced its first intakes in its Masters programmes in September 2002. This has proved to be very successful and continues to attract a growing number of high quality students. The school aims to continue this growth in student numbers.

The trustees are pleased to report that on 1 January 2006 the net assets of European Business School Educational Trust Limited were donated to Regent's College as part of an agreement to combine the two undertakings.

During the previous year, the School terminated its relationship with the former President, Mrs G M Payne. Legal proceedings subsequently took place between the School 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 School by Mergeprime Limited are reflected in these financial statements.

As part of the settlement agreement, Regent's 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.

European Business School Educational Trust Limited

TRUSTEES' REPORT

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

More significantly, the acquisition of the College Management Services Limited Group and the integration of European Business School London with Regent's College 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 net movement in funds for the year, which was arrived at after accounting for an unrealised gain on investments of £325,900 (2004: £107,440), came to £1,531,526 (2004: £415,149) which was transferred to reserves. As at 31 August 2005 the reserves amounted to £6,995,467 (2004: £5,463,941). Scholarships of £97,403 (2004: £76,025) were awarded to students based on academic merit and financial need.

RESERVES

The trustees have established a policy whereby the ideal level of unrestricted funds, that is those funds not committed or invested in tangible and intangible fixed assets ('the free reserves'), should be the equivalent of 18 months of total resources expended, which equates to approximately £7.9 million. This level of free reserves is required to ensure that sufficient funds are available for teach out costs in the event of changes to course arrangements or a large variation in future income.

All the reserves of the School are unrestricted funds. At 31 August 2005 they amounted to £6,995,467 (2004: £5,463,941). However, only £6,505,749 (2004: £4,954,655) of this is freely available because the balance is invested in tangible and intangible fixed assets.

Our policy is therefore, to increase reserves to the required level by means of annual operating surpluses and judicious management of our 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, is 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 £2,279,553 (2004: £1,912,364) compared to an original investment of £2 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.

European Business School Educational Trust Limited

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:

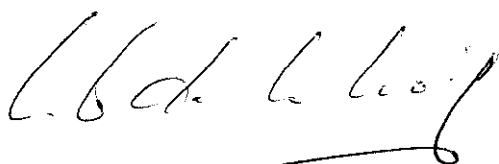
- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 EUROPEAN BUSINESS SCHOOL EDUCATIONAL TRUST LIMITED

We have audited the financial statements of European Business School Educational Trust Limited for the year ended 31 August 2005 which comprise, the statement of financial activities (incorporating an income and expenditure account), the balance sheet, the cash flow statement, the principal accounting policies and notes 1 to 15. 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 European Business School Educational Trust Limited 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. This other information comprises only the legal and administrative information and the trustees' report. 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 state of the charitable company's affairs as at 31 August 2005 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON UK LLP

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

29 June 2006

European Business School Educational Trust Limited

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

for the year ended 31 August 2005

	<i>Notes</i>	Total Funds 2005 £	Total Funds 2004 £
INCOMING RESOURCES			
Incoming resources from operating activities of the charity			
Activities in furtherance of the charity's objects	1a	6,001,986	5,790,225
Activities for generating funds	1b	143,769	132,018
Investment income	1c	353,538	283,112
Other incoming resources		1,049	1,798
TOTAL INCOMING RESOURCES		6,500,342	6,207,153
RESOURCES EXPENDED			
Cost of generating funds	2a	34,026	78,648
Net incoming resources available for charitable application		6,466,316	6,128,505
Charitable expenditure			
Costs of activities in furtherance of charity's objects	2b	5,249,059	4,663,154
Support costs	2b	(189,714)	825,070
Management and administration of the charity	2b	202,622	301,909
Total charitable expenditure		5,261,967	5,790,133
TOTAL RESOURCES EXPENDED		5,295,993	5,868,781
NET INCOMING RESOURCES FOR THE YEAR	3	1,204,349	338,372
Gains and losses on revaluations and disposals of investment assets		327,177	76,777
NET MOVEMENT IN FUNDS	11	1,531,526	415,149
Total funds brought forward at 1 September 2004		5,463,941	5,048,792
Total funds carried forward at 31 August 2005		6,995,467	5,463,941

All of 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 profits on investments and was £1,205,626 (2004: £307,709).

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

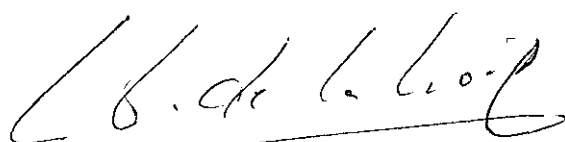
European Business School Educational Trust Limited

BALANCE SHEET

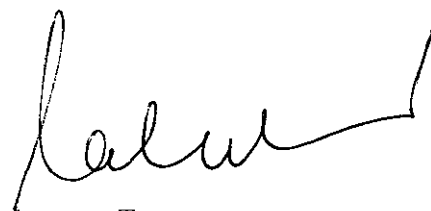
31 August 2005

	<i>Notes</i>	2005 £	2004 £
FIXED ASSETS			
Intangible assets	5	178,502	206,320
Tangible assets	6	311,216	302,966
Investments	7	2,279,563	1,912,374
		<u>2,769,281</u>	<u>2,421,660</u>
CURRENT ASSETS			
Debtors	8	1,185,094	529,913
Cash at bank and in hand		7,093,213	6,015,024
		<u>8,278,307</u>	<u>6,544,937</u>
CREDITORS: Amounts falling due within one year	9	(4,052,121)	(3,502,656)
NET CURRENT ASSETS		<u>4,226,186</u>	<u>3,042,281</u>
NET ASSETS		<u>6,995,467</u>	<u>5,463,941</u>
UNRESTRICTED FUNDS			
General funds	11	<u>6,995,467</u>	<u>5,463,941</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.

European Business School Educational Trust Limited

CASH FLOW STATEMENT

for the year ended 31 August 2005

	2005 £	2005 £	2004 £	2004 £
Reconciliation of net incoming resources to net cash inflow from operating activities				
Net incoming resources	1,204,349		338,372	
Bank and other interest received	(319,619)		(243,997)	
Dividends received	(33,919)		(39,115)	
Depreciation	139,246		126,534	
Amortisation	27,818		27,818	
Increase in debtors	(655,181)		(178,211)	
Decrease in creditors	549,465		(15,571)	
Net cash inflow from operating activities		912,159		15,830
Returns on investments and servicing of finance				
Bank and other interest received	319,619		243,997	
Dividends received	33,919		39,115	
		353,538		283,112
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	(147,496)		(175,237)	
Fixed asset investments acquired	(57,015)		(355,375)	
Proceeds from sale of fixed asset investments	17,003		311,924	
		(187,508)		(218,688)
INCREASE IN THE YEAR		1,078,189		80,254

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2005 £
Increase in cash in the year	1,078,189
Net funds at 31 August 2004	6,015,024
Net funds at 31 August 2005	7,093,213

ANALYSIS OF NET FUNDS	At 31 August 2004 £	Cash flow £	At 31 August 2005 £
Cash in hand and at bank	6,015,024	1,078,189	7,093,213

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

European Business School Educational Trust Limited

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 accounts of the charitable company's subsidiary undertaking have not been consolidated with those of the company as the trustees consider that the amounts involved are not material. These financial statements therefore present information about the company as an individual undertaking and not about its group.

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

INTANGIBLE FIXED ASSETS AND AMORTISATION

Intangible fixed assets represent goodwill that arose on acquisition of the business of European Business School (UK) Limited. Amortisation has been provided at 5% per annum so as to write off the asset over its anticipated useful life.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Fixed assets costing more than £500 are capitalised and are stated at historic cost.

Depreciation is provided at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Fixtures and fittings	3 - 10 years
Computer and office equipment	3 - 5 years

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.

Income from investments is included in the Statement of Financial Activities in the year in which it is receivable.

FOREIGN CURRENCY

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

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.

European Business School Educational Trust Limited

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.

All other income is accounted for when it becomes receivable.

DONATIONS

Donations are accounted for when received.

PENSIONS

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

RESOURCES EXPENDED

Resources expended are accounted for on the accruals basis. Certain expenditure is apportioned to cost categories in the Statement of Financial Activities 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.

European Business School Educational Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2005

1 INCOMING RESOURCES

a	Activities in furtherance of the charity's objects	2005	2004
		£	£
	Tuition and registration fees	5,978,330	5,765,789
	Alumni fees	56,250	52,000
	Graduation	64,809	48,461
	Bursaries, scholarships and discounts	(97,403)	(76,025)
		<u>6,001,986</u>	<u>5,790,225</u>

The incoming resources of the company during the year all arose in the same geographical area. 25 scholarships were granted to individuals in the year ended 31 August 2005 (2004: 17)

b	Activities for generating funds	2005	2004
		£	£
	Room hire	114,779	82,018
	Careers and placements	20,000	50,000
	Sundry	8,990	-
		<u>143,769</u>	<u>132,018</u>

c	Investment income	2005	2004
		£	£
	Bank interest receivable	313,529	239,617
	Other interest receivable	6,090	4,380
	Dividends receivable	33,919	39,115
		<u>353,538</u>	<u>283,112</u>

2 RESOURCES EXPENDED

a	Cost of generating funds	2005	2004
		£	£
	Staff costs	10,593	27,682
	Premises and equipment costs	27,334	26,846
	Office costs	1,155	7,145
	Advertising and marketing	3,361	7,132
	Management charges	(8,417)	9,843
		<u>34,026</u>	<u>78,648</u>

European Business School Educational Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2005

2 RESOURCES EXPENDED (*Continued*)

b	Charitable expenditure	2005	2004
		£	£

Costs of activities in furtherance of charity's objects

Books and library costs	180,998	124,554
External teaching costs	77,238	92,140
Staff costs	2,222,583	1,938,707
Premises costs	1,169,008	1,161,969
Equipment costs	156,705	140,041
Office costs	520,613	478,820
Travel costs	18,101	45,879
Student services	49,203	71,663
Bad debt provisions	59,931	61,606
Graduation costs	111,089	100,777
Advertising and marketing	683,590	446,998
	<u>5,249,059</u>	<u>4,663,154</u>

Support costs

Accountancy	150,000	82,400
Legal and professional fees	2,896	23,156
Staff costs	162,359	219,035
Premises and equipment costs	13,667	13,423
Office costs	(33,336)	23,820
Travel costs	610	54,404
Management charges	(485,910)	408,832
	<u>(189,714)</u>	<u>825,070</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.

Management and administration of the charity

Audit fees	10,502	16,390
Legal and professional fees	192,120	285,519
	<u>202,622</u>	<u>301,909</u>

3 NET INCOMING RESOURCES

	2005	2004
	£	£
Net incoming resources are stated after charging:		
Operating lease rental – other	1,107,264	1,107,264
Auditors' remuneration – Audit services	10,502	16,390
– Other services	190	825
Depreciation charge – owned assets	139,246	126,534
Amortisation of goodwill	27,818	27,818
	<u></u>	<u></u>

European Business School Educational Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2005

4	EMPLOYEES	2005 No.	2004 No.
	The average number of persons (excluding trustees) employed by the charitable company during the year was:		
	Office and management	24	23
	Teaching	66	71
		<u>90</u>	<u>94</u>
		2005 £	2004 £
	Staff costs for the above persons:		
	Wages and salaries	1,982,888	1,894,359
	Social security costs	203,427	182,978
	Other pension costs	156,252	68,864
		<u>2,342,567</u>	<u>2,146,201</u>

No remuneration was paid to the trustees during the year (2004: £nil).

One trustee was re-imbursed for travel and subsistence expenses for attending meetings during the year. The aggregate amount re-imbursed was £499 (2004: £25,013).

The number of employees with emoluments of £50,000 or more during the year was	2005 No.	2004 No.
50,000 – 59,999	1	0
60,000 – 69,999	0	0
70,000 – 79,999	0	1
80,000 – 89,999	1	0
	<u>2</u>	<u>1</u>

Pension costs relating to employees earning more than £50,000 during the year were £9,716 (2004: £5,250).

European Business School Educational Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2005

5	INTANGIBLE FIXED ASSETS			Goodwill £
	Cost			
	1 September 2004 and 31 August 2005			433,503
	Amortisation			
	1 September 2004			227,183
	Charged in the year			27,818
	31 August 2005			255,001
	Net book value			
	31 August 2005			178,502
	31 August 2004			206,320
6	TANGIBLE FIXED ASSETS			
		<i>Fixtures and fittings</i> £	<i>Computer and office equipment</i> £	<i>Total</i> £
	Cost			
	1 September 2004	221,299	1,236,695	1,457,994
	Additions	10,326	137,170	147,496
	31 August 2005	231,625	1,373,865	1,605,490
	Depreciation			
	1 September 2004	152,810	1,002,218	1,155,028
	Charged in the year	7,654	131,592	139,246
	31 August 2005	160,464	1,133,810	1,294,274
	Net book value			
	31 August 2005	71,161	240,055	311,216
	31 August 2004	68,489	234,477	302,966
7	INVESTMENTS		2005 £	2004 £
	Quoted investments and cash deposits		2,279,553	1,912,364
	Investments in subsidiary undertakings		10	10
			2,279,563	1,912,374
	Subsidiary undertakings:			
	At cost 1 September 2004 and 31 August 2005		10	10

European Business School Educational Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2005

7 INVESTMENTS (*Continued*)

Quoted investments and cash deposits	£
Market value at 1 September 2004	1,912,364
Less: Disposals at opening book value (proceeds £17,003 ; profit £1,277)	(15,726)
Add: Acquisitions at cost	57,015
Net gains on revaluation at 31 August 2005	325,900
Market value at 31 August 2005	<u>2,279,553</u>

	Quoted Investments £	Cash Deposits £	Total £
Investment assets in the UK	1,832,004	185,270	2,017,274
Investment assets outside the UK	262,279	-	262,279
31 August 2005	<u>2,094,283</u>	<u>185,270</u>	<u>2,279,553</u>
Market value: 31 August 2005	<u>2,094,283</u>	<u>185,270</u>	<u>2,279,553</u>
31 August 2004	<u>1,749,109</u>	<u>163,255</u>	<u>1,912,364</u>
Historical cost of the above investments was: 31 August 2005	<u>2,049,446</u>	<u>185,270</u>	<u>2,234,716</u>
31 August 2004	<u>2,030,172</u>	<u>163,255</u>	<u>2,193,427</u>

Cash deposits represent funds realised from the 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	£ 114,153
Chariguard UK Equity Fund	£ 694,496
Chariguard Overseas Equity Fund	£ 229,381
Cazenove Investment Fund Management Income Trust For Charities	£ 245,954
Cazenove Investment Fund Management Equity Income Trust For Charities	£ 208,274
Cazenove Investment Fund Management Growth Trust For Charities	£ 464,293
Cazenove Investment Fund Management Absolute Return Trust For Charity	£ 104,833

All investments are held indirectly through common investment funds.

European Business School Educational Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2005

7 INVESTMENTS (*Continued*)

The charitable company holds more than 20% of the equity of the following company at the balance sheet date:

<i>Name of company</i>	<i>Class of holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
European Business School (London) Limited	Ordinary	100%	Dormant

The aggregate amount of the subsidiary's share capital and reserves at the end of its financial year and its profit or loss for that year were as follows:

<i>Name of company</i>	<i>Result after tax 2005</i>	<i>Aggregate Amount of its share capital and reserves 2005</i>	<i>Result after tax 2004</i>	<i>Aggregate Amount of its share capital and reserves 2004</i>
	£	£	£	£
European Business School (London) Limited	-	-	-	-

The accounts of the charitable company's subsidiary undertaking have not been consolidated with those of the company as the trustees consider that the amounts involved are not material.

8	DEBTORS	2005 £	2004 £
	Trade debtors	203,213	193,598
	Other debtors	847,716	192,228
	Prepayments and accrued income	134,165	144,087
		<u>1,185,094</u>	<u>529,913</u>
9	CREDITORS: Amounts falling due within one year	2005 £	2004 £
	Trade creditors	56,310	28,280
	Other taxation and social security costs	47,000	43,483
	Other creditors	1,053,198	260,367
	Accruals and deferred income	2,895,613	3,170,526
		<u>4,052,121</u>	<u>3,502,656</u>

All deferred income has been released in the following year.

European Business School Educational Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2005

10 GUARANTEE

The charitable company is limited by guarantee. In the event of a winding up, 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.

11	UNRESTRICTED FUNDS	2005 £	2004 £
	1 September 2004	5,463,941	5,048,792
	Net movement in funds for the year	1,531,526	415,149
	31 August 2005	<u>6,995,467</u>	<u>5,463,941</u>

12 PENSIONS

The charitable company contributes a defined amount to specified Personal Policies taken out by eligible employees. Contributions are charged as incurred. There were no outstanding contributions at the balance sheet date. Pension costs during the year were £156,252 (2004: £68,864).

13 COMMITMENTS AND CONTINGENT LIABILITIES

- i) At 31 August 2005 the charitable company was committed to making the following payments during the next year in respect of operating leases:

	2005 £	2004 £
Land and buildings expiring between 2 – 5 years	<u>1,107,264</u>	<u>1,107,264</u>

- ii) The charity is included in a group registration with Regent's College and its subsidiary companies for VAT purposes and is therefore jointly and severally liable for all other companies' within the Regent's College group 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 and returns. 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. The remaining elements amounting to approximately £3m where the trustees believe the College has a strong likelihood of success in resisting the assessments raised, no provision has been made in the financial statements.

European Business School Educational Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2005

14 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>
Regent's College	(i)	Rent and service charges	2,700,758	(817,464)
		Legal and Professional fees paid on behalf	29,565	
Regent's College Conference Centre Limited	(ii)	Commissions for use of facilities	78,413	36,665
		Provision of conference facilities	49,534	
Regent's College School of Psychotherapy and Counselling Limited	(ii)	-	-	347

- (i) Regent's College and European Business School Educational Trust Limited have a common board of trustees.
- (ii) Professor E de la Croix is a director of Regent's College Conference Centre Limited and Regent's College School of Psychotherapy and Counselling Limited.

15 INTEGRATION WITH REGENT'S COLLEGE

On 1 January 2006, the net assets of European Business School Educational Trust Limited were donated to Regent's College as part of an agreement to integrate the two entities.