



The Bell Educational Trust Limited

# Annual Report and Financial Statements

YEAR ENDED 31 DECEMBER 2016

## CONTENTS

<b>The Bell Educational Trust Limited at a glance</b>	<b>3</b>
<b>Message from the Chair</b>	<b>6</b>
<b>Trustees Annual Report</b>	<b>8</b>
• Strategic Report	
• Our objectives for 2016	
• Our work in 2016	
• Financial review of the year	
• Principal risks and uncertainties	
Legal structure and governance	
Board of Trustees and Committees	
Statement of Trustees' responsibilities and corporate governance	
<b>Independent auditors' report</b>	<b>29</b>
<b>Consolidated statement of financial activities including the income and expenditure account</b>	<b>31</b>
<b>Consolidated and charity balance sheets</b>	<b>32</b>
<b>Consolidated cash flow statement</b>	<b>33</b>
<b>Notes forming part of the financial statements</b>	<b>34</b>
<b>Administrative Information</b>	<b>57</b>

# 2016

## The Bell Foundation

The Bell Foundation ("the Foundation") is the operational name for The Bell Educational Trust Limited.

### HIGHLIGHTS OF 2016

---

The Foundation's charitable activity has increased during 2016 with the Foundation's two programmes reaching an increased number of beneficiaries and with impact being created both at system change and grassroots level. The Foundation conducts its charitable activities through direct delivery with school partners and through grant commitments, which totalled £876,000 in 2016.

**The Foundation's key activities in 2016, together with the major outcomes achieved, are set out below.**

#### **1. The English as an Additional Language (EAL) Programme (including Language for Results)**

##### **Changing systems**

From October 2016 all schools in England were required by the Government to assess EAL learners against a five-stage EAL proficiency scale from New to English through to Fluent. This change has come as a direct result of the Foundation's research findings and work.

The Foundation has developed, in partnership with leading academics from King's College London and the University of Cambridge, a new Assessment Framework to support the formative assessment of EAL learners. This Framework was launched to all schools in England in January 2017.

##### **Influencing policy and practice**

The Foundation launched two research reports with leading universities.

**Language development and school achievement: Opportunities and challenges in the education of EAL students** (University of Cambridge and Anglia Ruskin University)

**Policy, pedagogy and pupil perceptions: EAL in Scotland and England** (CERES, University of Edinburgh)

The Foundation has submitted evidence to the Government's review of school funding and to its review of teaching standards. This has resulted in the inclusion of a reference to children with EAL in the final set of teaching standards.

## The Bell Educational Trust at a Glance

### Extending reach and building capacity

The Foundation has:

- agreed a long-term strategy for the scaling of the Language for Results programme through the planned development of Centres of Expertise
- completed the development of the Language for Results interventions
- developed a Quality Assurance Framework that aims to ensure that the standard of delivery is maintained for the Language for Results interventions
- delivered 44 training workshops in a variety of settings in different regions of England
- developed three new strategic partnerships, including with the Cooperative Academies Trust, and continued existing partnerships with the British Council, Education Endowment Foundation, University of Cambridge and Anglia Ruskin University, Ormiston Academies Trust, Unbound Philanthropy, and Luton Borough Authority
- delivered the Renaisi Bilingual Advisor EAL Training Programme, which provided guidance on how to develop language teaching practice and how to differentiate support for EAL learners and parents.

The Foundation continues to:

- develop the EAL Nexus website, a free online set of resources for teachers
- deliver a high-quality annual Bell Foundation EAL summer school in Cambridge for teachers and teacher trainers
- build the capacity of partners such as the National Association for Language Development in the Curriculum (NALDIC) to develop the EAL journal and regional groups of practitioners
- deliver regular lectures to trainee teachers and develop a series of resources for initial teacher education and EAL.

### Measuring impact and evaluating approaches

The Foundation has:

- reviewed an independent interim evaluation on the impact of the EAL programme. It showed evidence of high-quality delivery and participant satisfaction, and that the programme is making a difference to those who directly support EAL learners. It also provides strong evidence of the rationale for the programme
- begun three randomised control trials, which test different ways to improve the attainment of learners who speak EAL. These randomised control trials have been funded as part of a £2m grants round launched in partnership with the Education Endowment Foundation (EEF) and Unbound Philanthropy and will involve approximately 300 schools.

## The Bell Educational Trust at a Glance

### 2. The Language for Change Programme

The Language for Change programme has five large-scale delivery partnerships in place with St Giles Trust, Shannon Trust, The Reading Agency, Learning and Work Institute and Hibiscus Initiatives.

- Through these partnerships, the programme is reaching 121 out of 127 prisons and being delivered in two thirds of reform prisons
- In 2016 the Foundation's funding contributed to 7500 interventions being delivered with prisoners, with a significant proportion of those delivered by prisoners for prisoners. These interventions included prisoners teaching other prisoners to read and peer mentoring interventions. Some prisoners benefit from interventions from more than one partnership
- In 2016 the Foundation contributed funding to Shannon Trust's "Turning Pages" programme. Under this programme, nearly 2000 prisoners started to learn to read, with an estimated 30% having English as a second language.

During 2016, the Foundation has shared evidence from its programme to influence key stakeholders in the criminal justice sector. The Foundation is an active member of the Prisoner Learning Alliance (PLA), and through it contributed to the Government's review of prison education. In 2016 the Foundation became the co-convenor of the Association of Charitable Foundation's Criminal Justice Issue Based Network, a grouping of Foundations that work in the criminal justice sector.

### Building Capacity

In 2016 the Foundation has helped grantees to build their own capacity and leverage further funding. Grantee Hibiscus Initiatives describes its capacity building funding from the Foundation as 'instrumental' in winning a further £5m funding from the Big Lottery Fund, with which Hibiscus Initiatives has set up a 'one-stop shop' for migrant women in the criminal justice system. The Foundation's funding of St Giles Trust to train prisoners to become NVQ qualified peer advisers has also been funded by HMP Wandsworth, one of the reform prisons.

### 3. Building a Sustainable Future

The Trustees take a long-term view of the Foundation's assets and governance, and undertook the following activity in 2016.

- The Foundation has agreed a long-term Assets and Reserves Strategy. Investment managers were appointed and, initially, £18m will be invested.
- Further work has been undertaken on the Cambridge site to ensure that it is fit for the future and meets the operating needs of the wholly-owned trading subsidiary, Bell.
- The Foundation has completed the disposal of the third tranche of its non-operational land, receiving around £7m, ensuring greater financial sustainability of the organisation.
- Three new Trustees have joined the Board to fill planned Trustee retirements. A governance toolkit has been developed, with Board and Chair appraisals conducted during the year.

# Message from the Chair

I am pleased to present the Trustees' Annual Report for 2016. During the year, the Foundation made significant progress in implementing its two programmes, the EAL programme, including Language for Results, and the Language for Change programme.

Proficiency in English continues to be one of the most significant barriers to educational achievement for children with EAL. During 2016, the Foundation made significant progress both at individual school and pupil level and nationally to develop a Framework for the assessment of children with EAL. In 2016 the Department for Education introduced a mandatory five-stage proficiency scale, and now all schools in England have to assess and record the English language proficiency of their EAL learners. In 2016 the Foundation published its EAL Assessment Framework, developed in partnership with leading academic experts. This new Framework, made available to all schools, supports teachers to assess the proficiency of EAL learners.

In 2016, in order to inform long-term strategy, we looked at data in areas of high need and low achievement for children with EAL and we continue to target our work in these geographical areas. The Foundation has ambitious and exciting plans for 2017 and in 2016 we consolidated our strategy for reaching more schools and teachers with our Language for Results interventions. We plan to develop Centres of Expertise and deliver a quality-assured training programme and courses and training materials online in order to have greater reach and impact.

Through our Language for Change programme our partnership work now reaches the majority of prisons in England. The literacy and language interventions of our partners are having an impact on the lives of prisoners and those in the community. For example, an independent evaluation from Birmingham City University showed that using "Turning Pages" significantly improved prisoners' reading skills after only three months. In 2016 the Foundation has helped grantees capacity build and leverage further funding from others. One of our partners has cited our capacity

building funding as being 'instrumental' in winning significant further funding. This funding is being used to set up and run a one-stop shop for marginalised foreign national, migrant and black and minority ethnic women affected by the criminal justice and immigration systems.

In 2016 the Government announced an ambitious and far-reaching set of prison reform proposals. The Foundation, through its membership of the PLA, was able to contribute its evidence on prison education and the language barrier to rehabilitation. In 2017 we will review the learning from our first three years of work in the Language for Change programme and develop a new long-term programme based on our and our partners' learning.

In 2016 the Foundation further developed its approach to the strategic management of its key assets. It has agreed an Assets and Reserves Strategy and appointed investment managers. Whilst the climate for the UK trading subsidiary continues to be challenging, a smaller trading loss of £141,000 was incurred in 2016, compared with a loss of £613,000 in 2015. The disposal of the third tranche of the non-operational land in Cambridge was completed, and work continued on the long-term development of the Cambridge campus. This has included completing a pre-planning application process with Cambridge City Council.

I am delighted that three new Trustees, Reshard Auladin, Jan King and Sarah Squire, joined the Board in 2016, and I would like to record the Trustees' appreciation for the service and contribution of Eileen Milner and Peter Mackenzie Smith who stood down from the Board.

The Foundation continues to focus on its governance, having undertaken an appraisal of the Chair and the Board; a skills audit of Trustees; Trustee training and continued its oversight and management of the key risks the Foundation faces.

**Russell Prior**  
**Chair of Trustees**



The Trustees of The Bell Educational Trust Limited ("The Bell Foundation") who are Directors of the company for the purposes of the Companies Act, submit their annual report and the audited consolidated financial statements for the year ended 31 December 2016 for the Foundation and its subsidiaries ("the Group").

The Trustees have adopted the provisions of the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) in preparing the annual report and financial statements of the Group.

### OUR VISION

Creating opportunities, changing lives and overcoming exclusion through language education.

### OUR MISSION

Our mission is to work in partnership to create opportunities and change lives through language education for excluded individuals and communities. We aim to change practice, policy and public opinion through evidenced-based research.

### VALUES

We:

- are independent and impartial with no political affiliations
- are authoritative and rigorous in our approach and present clear and balanced evidence
- work in partnership with others
- champion practical solutions to problems, and
- believe in diversity, valuing difference and tolerance.

### OUR AIMS - ACHIEVING OUR MISSION

The Bell Educational Trust Limited was originally founded in 1972 by Frank Bell with the belief that intercultural understanding could be promoted through language education.

The objects are to promote and provide for the advancement of education for the public benefit by any means that the Trustees consider appropriate and in particular (but without limitation) by the:

- carrying out and dissemination of research into the teaching and learning of languages and the use of language in education more generally
- training and professional development of language teachers
- provision of grants to organisations and individuals to further language education.

Within these objects, the Foundation's purpose is to change lives and overcome exclusion through language education and thereby continue the vision of its founder.

The Foundation's objectives in 2016 were to work in the UK in partnership with other organisations working with children with EAL and with prisoners with language and literacy needs.

The Foundation is also focused on managing its assets to create an income for its charitable work.

# Strategic Report

The Trustees present their Strategic Report for 2016 for the Foundation and its language school trading subsidiaries.

## OUR OBJECTIVES IN 2016

**In 2016, the objectives were:**

### Children with EAL

The Foundation will deliver and continuously evaluate the second year of its programme to improve the educational outcomes for disadvantaged children with EAL.

The programme has three key objectives, which are:

- **Develop and Evaluate Models of Good Practice:** to develop, deliver and evaluate practical interventions in schools, teaching institutions and with other relevant partners
- **Capacity Building and Innovation:** to build permanent, sustainable capacity and expertise to improve educational outcomes for children with EAL
- **Thought Leadership:** to inform policy and practice through the dissemination of research and practice findings.

The Foundation will work with the Education Endowment Foundation (EEF) to commission large-scale randomised control trials to evaluate teaching and learning approaches, as well as intervention programmes focused on raising the attainment of EAL pupils. The Foundation will work in partnership with schools and other organisations that work directly with children with EAL to trial different initiatives to find out 'what works' to improve school results, and help them spread this knowledge so that other schools can also benefit.

- We will work with those who carry out research and help researchers share what they find with others, so that this research can be considered when new policies and recommendations are developed.

- We will implement our evaluation framework to evidence what we find and share the results with others.

### Offenders and Ex-offenders

The Foundation will continue to deliver its Language for Change programme, which now enters its second year. It aims to contribute to reducing the reoffending rates of offenders and ex-offenders with English as a second language through language interventions.

The Language for Change programme has two key objectives, which are, through:

- language interventions to improve access to education, employability, and resettlement support for offenders and ex-offenders with English as second language
- partnerships build and disseminate knowledge about the impact of and removal of the language barrier to rehabilitation and resettlement.

We will put expert partnerships in place to help us deliver this programme and evaluate and share the findings with others.

### Asset Management

The Foundation will continue to manage its assets to secure long-term financial returns in order to fund philanthropic works and to ensure its continuing long-term viability.

During 2016, Trustees will:

- appoint investment managers
- manage the sale of the next phase of development land
- further develop the masterplan for the Cambridge campus.

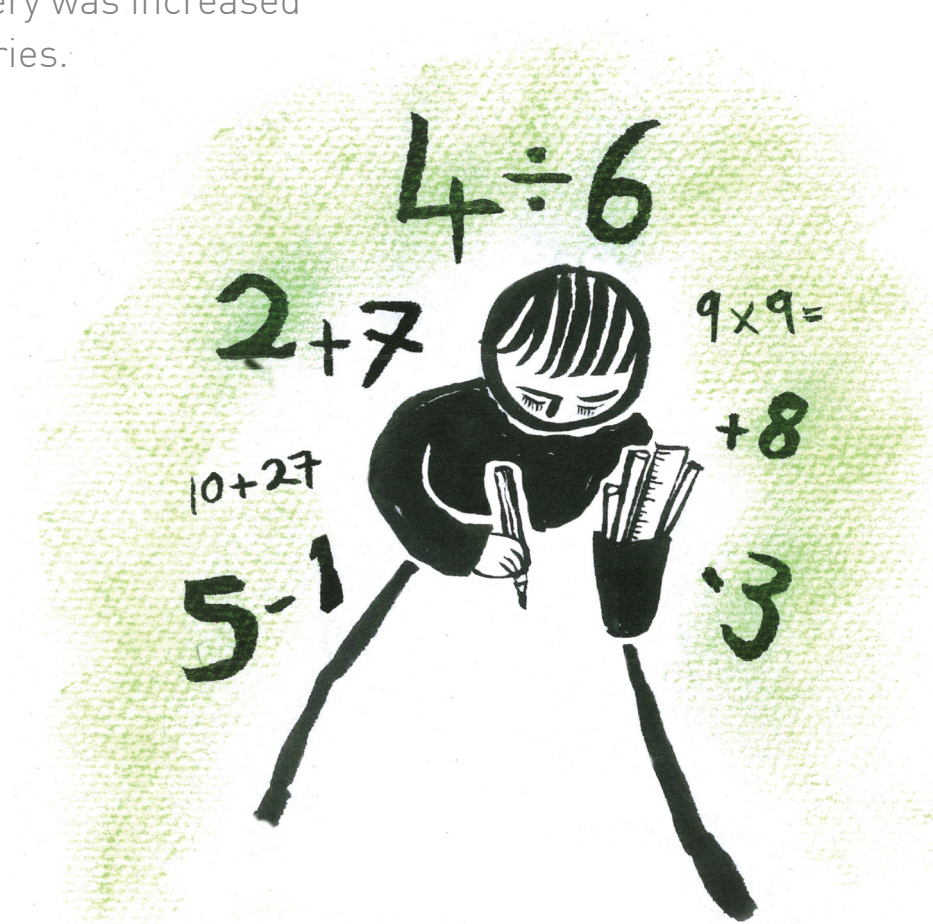


## Our Work in 2016

During 2016, the Foundation has extended its work in its two thematic areas in the UK, supporting children with EAL and working with offenders and ex-offenders with language and literacy needs, taking a strategic approach to delivery and partnership. The Foundation's investment in charitable activities has grown significantly and it has committed £876,000 in grants (2015: £255,000) to its work during 2016. Although grant giving is one tool used by the Foundation to achieve its strategic objectives, in 2016 direct programme delivery was increased to reach more beneficiaries.

### CHILDREN WITH EAL

The Foundation's programme for children with EAL has made significant progress in 2016 in meeting its three programme objectives of developing and evaluating models of good practice, capacity building and innovation and thought leadership. It has also reached a greater number of teachers and children with EAL.



# Trustees' Annual Report for the year ended 31 December 2016

## DEVELOPING AND EVALUATING MODELS OF GOOD PRACTICE

### LANGUAGE FOR RESULTS

*"Thank you for the amazing opportunity to be taught by Bell Foundation experts. I thoroughly enjoyed the workshops and found each part very useful. The trainers are professional, experienced and inspiring." (EAL Coordinator, partner school)*

*"The training sessions delivered by The Bell Foundation have been of high quality and we have noticed increased engagement with EAL amongst school staff. The SLT team now receive far fewer panicked requests from teachers about EAL!" (Assistant Principal, partner school)*

*"The training was really well received and it has already raised the profile [of EAL] and is having an impact on practice." (Senior Vice Principal, partner school)*

During 2016, the Foundation continued to trial the Language for Results programme with a range of strategic partners. Language for Results is a whole-school intervention designed to raise the attainment of EAL learners.

The Foundation works with school partners to deliver the programme in areas of high social deprivation and with significant numbers of EAL pupils (Stoke-on-Trent, Birmingham, and Luton). In 2016 three new strategic partnerships were developed with Shireland Research School in Birmingham, The Cooperative Academies Trust in Leeds and Hartsdown Academy in Margate. Partnerships were continued with the Britannia Teaching School Alliance in Stoke-on-Trent, Ormiston Academies Trust in Birmingham, Luton First School Teaching School Alliance and Luton Borough Council, and Mohr Language Support in rural Northumberland.

In 2016 the Foundation delivered over 44 Language for Results interventions reaching over 1,820 teachers and EAL professionals. This only reflects a fraction of the pupils and teachers reached, with over a quarter of a million unique users reached through EAL Nexus and further teachers reached through the Foundation's annual summer school.

*"The Bell Foundation programme had a real impact on staff and improved the overall quality of our training provision at The Shire Foundation, which really has been taken to the next level. In the latest observation, conducted jointly with our*

*partner university, the EAL training session was judged to be outstanding." (ITT Training Manager, The Shire Foundation)*

Quality of provision has remained high, with participants rating Language for Results training sessions highly in terms of usefulness.

In order to deliver on a greater scale, the Foundation consolidated a long-term strategy to develop regional Centres of Expertise through a series of strategic partnerships. The Board reviewed detailed data on areas of high need and low attainment and agreed a geographic focus in these areas across the UK. This Centres of Expertise model is currently being piloted in partnership with The Cooperative Academies Trust, The Britannia Teaching School Alliance, the Luton First Teaching School Alliance and Luton Borough Council. This strategy, will enable the Foundation to build capacity and foster sustainable and quality-assured EAL training provision in areas of high need in the UK.

### RENAISI

The Foundation concluded its partnership with London-based social enterprise Renaisi, delivering two final EAL training programme sessions for Renaisi Bilingual Advisers (RBAs). RBAs help schools to improve the attainment and attendance of EAL learners by building rewarding, sustainable relationships between schools and families, with a focus on parental involvement.

## CAPACITY BUILDING

### EAL NEXUS

EAL Nexus is a free online platform of EAL resources for teachers. In 2016 the Foundation assumed responsibility for the development of materials for the site. In 2016 the Foundation developed and updated 30 quality-assured teacher resources for EAL learners. The site currently has over a quarter of a million unique users to it.

### THE NATIONAL ASSOCIATION FOR LANGUAGE DEVELOPMENT IN THE CURRICULUM (NALDIC)

The Foundation has continued its partnership with NALDIC through a capacity building grant. In 2016 this funding has enabled NALDIC to develop its website, which was redesigned and relaunched in November 2016. In 2016 NALDIC successfully doubled the number of active regional interest groups, as well as delivering its annual conference for practitioners. The organisation also relaunched the EAL journal blog and magazine for schools and EAL practitioners.

## THOUGHT LEADERSHIP

Research<sup>1</sup> published by the Foundation indicated that proficiency in English was the major factor influencing the degree of support an individual EAL learner will require, and that schools should be able to assess pupil need accurately using their own robust assessment procedures and expertise. Following the publication of this research, the Foundation worked with others to address this and, in 2016, the Department for Education introduced a new annual compulsory five-stage scale for assessment of EAL learners' proficiency in English, in all schools in England. From October 2016, all schools in England are required by Government to assess EAL learners against the five-stage EAL proficiency

scale (from New to English through to Fluent). This change has come as a direct result of the Foundation's research findings and follow-up work.

*"The introduction of the new five-stage EAL proficiency scales, alongside the publication of The Bell Foundation's robust new EAL Assessment Framework, has really created waves. We are beginning to see that EAL is back on the agenda with Senior Management Teams in the schools that we work with". (Senior Local Authority Representative)*

Simultaneously, the Foundation has developed a new, robust Assessment Framework for formative assessment of EAL learners in primary and secondary schools, in partnership with leading academics from King's College London and the University of Cambridge. This was made available for all schools in January 2017.

*"Many thanks for the new EAL Assessment Framework for Schools, we and our schools are finding it really useful." (EAL practitioner)*

*"The Bell Foundation's Assessment Framework has arrived in shining armour and white horse at just the right time. What they have been able to put together is a phenomenal piece of work by leading experts in the field that does the 'heavy-lifting' for schools when it comes to assessing the proficiency of students. This is a tool that will enable schools not only to easily and effectively identify the level that students are at (either for summative assessment or as a day-to-day formative tool), but also shows clear progression and the path every EAL learner needs to take at each assessment point. At the moment, schools tend not to differentiate enough between their EAL learners. The DfE scales move one step towards ensuring that schools look more closely at the needs of these students, but the Bell Foundation take this much further allowing schools to better identify the degree of support*

<sup>1</sup> Strand, S., Malmberg, L. & Hall, J. [2015]. English as an Additional Language (EAL) and educational achievement in England: An analysis of the National Pupil Database. Oxford: University of Oxford, Department of Education.

## Trustees' Annual Report for the year ended 31 December 2016

*needed and area to focus on. At last we have something that helps us deliver a more focused provision.” (Assistant Vice Principal)*

The Foundation has also responded to Government reviews of teacher training and of school funding. The Government’s new Initial Teacher Training Standards Framework, published in 2016, now contains a reference to EAL. The Framework states that providers should ensure that trainees understand that the obligation to set high standards, which inspire, motivate and challenge, applies to all pupils for whom a teacher has responsibility. This includes pupils for whom English is an additional language. The Framework goes on to highlight the importance of understanding the needs of all pupils, and being able to use and evaluate distinctive teaching approaches to engage and support them.

The Foundation worked with leading universities in 2016 to continue research on assessment, initial teacher education, learner voice, language development and school achievement. Key academic partners include the University of Cambridge, Anglia Ruskin University, the University of Edinburgh, the University of Leeds and King’s College London. New research partnerships with the Education Policy Institute and the National Deaf Children’s Society were also established.

In 2016 the Foundation published new research on Language Development and School Achievement from the University of Cambridge and Anglia Ruskin University. It suggests that the label of EAL may not, in itself, be an accurate indicator of a child’s proficiency in English and that factors including family income, home environment or length of time in the UK are likely to be just as important for EAL children’s educational achievement. The research has been submitted for a research excellence Framework impact study by Anglia Ruskin University.

The Foundation published Policy, Pedagogy and Pupil Perceptions: EAL in Scotland and England, from CERES, the University of Edinburgh. The report, which captures pupils’ perceptions and voices, found that:

*“Arriving in the UK, EAL students faced a number of often unsettling transitions. While they presented a generally favourable view of the nature of UK schooling, they described their transition to UK schooling as a stressful or very stressful experience. They commonly faced linguistic and social isolation, which could be emotionally challenging; some also expressed fear of making mistakes in English which would lead to them being ridiculed.”*

### EDUCATION ENDOWMENT FOUNDATION AND UNBOUND PHILANTHROPY – RANDOMISED CONTROL TRIALS

The Foundation continues to work in partnership with the Education Endowment Foundation (EEF) and Unbound Philanthropy to build an evidence base of interventions for improving the attainment of EAL learners. Two randomised control trials (RCTs) and one pilot trial began in 2016. These were:

- a whole-class teaching approach, “EAL in the mainstream classroom”, which is delivered by Challenge Partners and aimed to support Year 10 class teachers to plan lessons that meet the needs of EAL pupils, to develop specific resources and differentiate between pupils with different language skills (pilot phase)
- a family learning programme trialled by Learning Unlimited, the Family Learning Local Authority Group and the Campaign for Learning. This programme focuses on parental engagement to improve the literacy skills of reception class pupils with EAL and their parents
- Enfield Council tested the “Integrating English” (Language in Learning Across the Curriculum – LILAC) programme. This programme works with Year 5 and 6 teachers to enable them to teach a functional approach to linguistics and grammar.

### EAL PROGRAMME EVALUATION

Independent evaluation of the programme is central to its delivery and in 2016 an interim evaluation report was produced. This indicated that the programme has performed well during its first two full years of operation.

*“The quality of delivery and participant satisfaction have been high. There is a varied mix of projects that seek to address different challenges within the overall EAL sector, and a range of approaches from influence, wide-scale reach, and more focused professional support. We can say with some confidence that the programme is making a difference to those who directly support EAL learners. This is particularly the case with Language for Results, where we have strong evidence that school staff feel more confident dealing with EAL learners; and teachers feel better able to structure lessons and provide support to EAL learners in the classroom. It is also highlighting areas where teaching staff struggle, particularly with their own technical understanding of the English language.*

*There is encouraging evidence of different interventions interconnecting with each other, which is an important indicator of coherence and added value (the programme is more than a sum of its parts). Moreover, the evaluation findings strengthen the overall rationale for the existence of the programme.... and a common request from educators is that they would like more help with EAL issues, not less.”*

### LANGUAGE FOR CHANGE - PRISONERS, OFFENDERS AND EX-OFFENDERS WITH ENGLISH AS A SECOND LANGUAGE

The Language for Change programme's objectives are, through language interventions, to improve the access to education, employment and resettlement support for offenders and ex-offenders with English as a second language and to build and disseminate knowledge about the language barrier to rehabilitation and resettlement. An independent evaluation framework is in place to measure impact and capture programme learning.

The programme, which is delivered in partnership with five charitable organisations, entered its second year in 2016. During the year the programme continued its partnerships with four organisations, Shannon Trust, St Giles Trust, Learning and Work Institute and Hibiscus Initiatives and began a partnership with The Reading Agency. The Reading Agency is adapting its popular prison library Reading Challenge to encourage more participation from prisoners with English as a second language, with an anticipated reach of 900 prisoners over three years.

The programme is reaching 121 out of 127 prisons and also being delivered in two thirds of reform prisons. In 2016 our funding contributed to 7,500 interventions being delivered with prisoners, with a significant proportion of those delivered by prisoners for prisoners. These interventions included prisoners teaching other prisoners to read and peer mentoring interventions. Some prisoners benefit from interventions from more than one partnership.

In 2016 the Foundation contributed funding to partner Shannon Trust's "Turning Pages" programme. Under this programme, nearly

2,000 prisoners started to learn to read, with an estimated 30% having English as a second language.

Through St Giles Trust, 41 peer advisers commenced training in 2016. As a whole, the programme has enabled 189 peer advisers to be trained to NVQ Levels 3 and 4, and has supported Foreign National Prisoners in HMP Huntercombe, HMP Downview and HMP Wandsworth. The St Giles Trust trainer at HMP Huntercombe received a PLA award for 'outstanding contribution to engaging prisoners in education'. St Giles Trust has remained in contact with about a third of those released into the community and 99% of the peer advisers that St Giles Trust remains in touch with have gone on to further training, volunteering or paid employment.

*"Leshia completed the Level 3 qualification with St Giles Trust several years ago before returning to America following her release in 2015. She has remained in contact with St Giles Trust and is currently working for the largest supportive housing provider in New York". (St Giles Trust)*

Through partner Hibiscus Initiatives, another 1,300 vulnerable migrants with multiple complex needs in the criminal justice system have been given support by the programme in 2016.



### SHANNON TRUST

*"I was not confident I could get anywhere, with having low self-esteem, not much confidence and the language barrier. My mentors made me feel at ease during my sessions. I got more and more confident whilst on the Reading Plan. I have progressed to Level 1 Literacy/Numeracy and also Level 2 IT and hopefully have passed my Level 2 Literacy." (Mentee)*

The Shannon Trust has continued to help prisoners teach other prisoners to read with the help of its peer reading manual, "Turning Pages". The peer reading manual was highlighted as good practice in a review commissioned by the Government. An independent evaluation from Birmingham City University showed that using "Turning Pages" significantly improved prisoners' reading skills after only three months. It also showed that it improves the reading of all learners, regardless of age, gender, ethnicity and whether learners have English as a second language.

### HIBISCUS INITIATIVES

*"I have noticed that my client's English has improved since she attends the literacy lessons with Hibiscus. As I said previously, we could not speak without interpreters in HMP Holloway and, now, we can manage to understand each other and I can see that this makes her really proud of her improvement and herself." (Caseworker)*

In 2016 the Foundation has helped grantees capacity build and leverage further funding from others. Grantee Hibiscus Initiatives describes its capacity building funding from the Foundation as 'instrumental' in winning a further £5m funding from the Big Lottery Fund. The funding is being used to set up and run a one-stop shop for marginalised foreign national, migrant and black and minority ethnic women affected by the criminal justice and immigration systems. The hub will provide joined-up services under one roof, including casework, education, training, bespoke workshops and legal clinics.

### LEARNING AND WORK INSTITUTE AND MONTFORT UNIVERSITY

*"The learner-led principle of the Citizens' Curriculum was particularly appealing for pilot sites, as they could see the benefit of this to their learners, not only for when they are released but also for life in prison". (A prison Education Manager)*

During 2016, work commenced on the partnership with Learning and Work Institute in four pilot sites, on the development of a prisoner-centred approach to ESOL (English for Speakers of Other Languages). This will help ESOL tutors to focus on literacy, numeracy, civic, digital, health and financial capabilities through the medium of ESOL. Work is also underway to develop an ESOL screening tool to make the identification of ESOL needs easier on a prisoner's initial arrival at the gates.

### EXTENDING INFLUENCE

The criminal justice sector and the prison system continued to undergo significant changes in 2016. In May 2016 the Government announced an ambitious programme of prison reform described as the biggest overhaul of the prison system since Victorian times.

The Foundation is working with other sector partners through its membership of the PLA, and with other trusts and foundations through its co-convening of the Association of Charitable Foundations' Criminal Justice Issue Based Network, to influence these changes. The majority of the PLA's recommendations were included in the Government's commissioned review of prison education. During 2016, the Foundation has also developed its influence in the criminal justice sector engaging with relevant government consultations, and other stakeholders.

The Foundation is also positioned to work with partners to respond to the opportunities of the new operating environment, which include significant devolution of commissioning budgets to prison governors. The Foundation has extended its existing work with St Giles Trust in HMP Wandsworth, one of the reform prisons, and this has been match funded by HMP Wandsworth. The Foundation will ensure that learning is disseminated to other prison governors and stakeholders.

### LANGUAGE FOR CHANGE PROGRAMME EVALUATION

The Language for Change programme is independently evaluated. Early findings from the 2016 evaluation found that:

*"The fluid and complex nature of the criminal justice system has posed delivery challenges for the projects, such as the closure of Holloway Prison. This is likely to continue, and the programme will need to remain mindful of its impact on progress and performance."*

*Evidence to date supports the programme's rationale that language issues represent a significant barrier to people progressing through the prison system with little or no English."*

### GRANT AND PARTNERSHIP POLICY

The Foundation works with organisations that have expertise in supporting children with EAL and expertise in rehabilitating offenders and ex-offenders. The Foundation works through its own direct delivery of interventions, through developing strategic partnerships and through grant giving.

The Foundation has developed a five-year programme for children with EAL and is working with partner organisations and schools to deliver this programme. The Foundation's work with offenders and ex-

offenders is through a policy of making grants to existing organisations with a strong track record in this area of work.

The Foundation is open to approaches from organisations via its website to develop partnerships and invites organisations who share its strategic objectives to enter a partnership with it.

In 2016 the Foundation entered or continued partnerships with the following organisations:

#### Organisations Working with Children with EAL

- Anglia Ruskin University
- British Council
- Britannia Teaching School Alliance
- The Cooperative Academies Trust
- Education Endowment Foundation
- Education Policy Institute
- Hartsdown Academy
- King's College London
- Luton First Teaching School Alliance and Luton Borough Authority
- Mohr Language Support
- NALDIC – The National Association for Language Development in the Curriculum
- National Deaf Children's Society
- Ormiston Academies Trust
- Oxford University
- Renaisi
- Shireland Collegiate Academy and Shireland Research School
- The University of Edinburgh – Centre for Education for Racial Equality in Scotland (CERES)
- University of Cambridge
- Unbound Philanthropy

#### Organisations Working with Offenders and Ex-offenders

- Hibiscus Initiatives
- Learning and Work Institute
- The Reading Agency
- Shannon Trust
- St Giles Trust

## ASSET MANAGEMENT

### Property Assets

The Trustees completed the sale of the third phase of the non-operational land for development receiving around £7m in 2016, with a final phase to be sold in 2017.

In 2016 the Trustees continued working on the long-term development of the Cambridge campus, completing a pre-planning application process with Cambridge City Council. A full planning application for student accommodation will be developed during 2017.

### Investments

The Foundation held the proceeds from the sale of the development land on bank deposit for most of the year. The Trustees completed a selection process for investment managers during 2016 and appointed Barclays Wealth and Investec with an initial mandate to invest £9m each. By the year end, £14m had been transferred to investment managers.

### Trading Subsidiaries

The UK trading subsidiary experienced a further difficult year in line with the English as a Foreign Language (EFL) market generally in the UK and saw turnover fall by 6% to £11.5m. The business, however, benefited from the measures taken in 2015 to reduce costs and the overall result was a trading loss for the year of £141,000 compared with a trading loss of £613,000 in 2015. The results are considered in more detail on page 21. The Swiss subsidiaries contributed £2.8m to Group turnover and a profit of £244,000, both of which were slightly higher than 2015.

The Trustees supported a new strategic plan developed by the Directors of Bell Educational Services Ltd and will keep under review the implications for the trading subsidiaries as the impact of the UK's decision to leave the EU becomes clearer.

# Our plans for 2017

## CHILDREN WITH EAL

The Foundation will continue to deliver the third year of its programme to improve the educational outcomes of children with EAL by **developing and evaluating models of good practice, capacity building and thought leadership**.

As the EAL programme enters its third year of delivery, the Foundation will implement a scaling strategy in order to have greater reach and to ensure the long-term impact and sustainability of the programme. Work will continue to embed the newly developed Assessment Framework for EAL learners with partner organisations.

The programme has three key objectives, which are:

- **Develop and evaluate models of good practice:** to develop, deliver and evaluate practical innovations in schools, teaching institutions and with other relevant partners
- **Capacity building and innovation:** to build permanent, sustainable capacity and expertise to improve educational outcomes for children with EAL
- **Thought leadership:** to inform policy and practice through the dissemination of research and practice findings.

## OFFENDERS AND EX-OFFENDERS

The Foundation will deliver the third year of the Language for Change programme in 2017. The programme has two key objectives, which are:

- through language interventions, to improve access to education, employability, and resettlement support for offenders and ex-offenders with English as a second language
- to build and disseminate knowledge about the impact of and removal of the language barrier to rehabilitation and resettlement.

The Foundation will use its experience from the Language for Change programme to work with partner organisations and other funders in the sector to disseminate the learning from the programme to key stakeholders in the sector. The Foundation will continue to work with other sector partners including the PLA.

In 2017 the Foundation will assess the learning from the programme with the partnerships and draw on consultations with key stakeholders and on independent evaluation to inform its future work in the sector.

## ASSET MANAGEMENT

The Foundation will manage its assets to secure its long-term financial stability in order to continue to fund philanthropic work. Specifically in 2017 the Foundation will:

- develop the monitoring of the investment portfolios as they become established
- manage the sale of the final phase of development land
- develop a planning application for student accommodation.

# Financial review and results for the year

## Trading Subsidiaries' Results

The turnover of Bell Educational Services Ltd, the UK subsidiary, was below prior year levels, as external factors continued to impact on the sector as a whole. However, tight cost management was exercised during the year and operational efficiencies embedded. As a consequence, whilst an operating loss was reported for the year, the level has greatly reduced and the 2017 budget reflects some further improvement.

The performance of the key business streams of the UK subsidiary were as follows:

- Young Learner income declined by 13% in the year, as the continued strength of sterling, ahead of the Brexit vote, impacted on direct bookings from other European countries. A recovery in booking levels has started to be seen, following the recent weakening of the sterling currency.
- New products introduced for the summer Young Learner courses were well received and helped to reinforce Bell's market position.
- Adult ELT provision from the Cambridge and London schools showed a very small decline in income against the difficult market conditions in the earlier part of the year. The innovative Language in Action sessions introduced in the year have been a notable success story.
- Teacher training had a strong 2015 due to a rollover of Erasmus funding from 2014, so this year shows a slight reduction. The DELTA product was developed early in the year, and further investment is planned in the year ahead to increase the Foundation's digital teacher training portfolio.

The Group's Swiss subsidiaries had another solid year with turnover of £2.8m and contributing profits of 8% of turnover. Before the year end the Swiss subsidiaries had declared a dividend of £315,000, which was received in April 2017 following Swiss regulatory clearances.

Overall, the language school operations achieved a small trading profit of £103,000 in 2016 compared with a loss of £418,000 in 2015.

## Charitable Expenditure

Charitable expenditure increased from £649,000 to £1,471,000, primarily as a result of grant commitments increasing by £621,000 to £876,000. The majority of the increase in grants was the £556,000 for randomised control trials in partnership with the Education Endowment Fund (EEF) and Unbound Philanthropy.

This increased level of activity resulted in an expected deficit in the year on the charity's activities of £888,000.

## Balance Sheet

The net assets of the group remained similar to the previous year at £35.5m, the group deficit on operational activities of £745,000 was largely offset by the investment gains in the year of £671,000.

The designated capital fund increased by £6,905,000 and the revaluation reserve reduced by the same amount, as a result of the sale of investment property.

The balance sheet reflects the decision of the Trustees to place funds with investment managers, with fixed asset investments increasing to £21.1m.



### Cash Flow

The cash flow statement shows a net outflow of £5.9m, which primarily represents the net cash in the year invested in fixed asset investments consisting of the £14m transferred to investment managers less the £6.9m received from the sale of a further tranche of the investment property.

### Reserves Policy

The Foundation's reserves are primarily unrestricted funds. These are further divided by the Trustees into income and capital funds, the latter being represented by the fixed assets and investment assets to reflect the Trustees' approach to managing the funds. The Trustees can make transfers between funds as they are unrestricted designated funds.

The Assets and Reserves Strategy agreed by Trustees in 2016 states that transfers can be made from the capital fund to the income fund to ensure the planned programmatic work can continue, if income has fallen short of expectations.

The reserves policy and level of unrestricted income reserves are reviewed annually.

Having considered the ongoing needs of the Foundation and its trading subsidiaries, the reserves policy is to have sufficient resources, whether internally generated or through long-term borrowings, to finance the Group's rolling five-year plans with an allowance for reasonable contingencies. The Trustees continuously review the financial position of the Group and believe that this is an appropriate policy to adopt to fund the long-term sustainability of the Group.

The reserves policy is informed by:

- forecast levels of income in future years, taking into account the reliability of each source of income

- forecasts of planned expenditure in future years
- analysis of future needs, opportunities, contingencies or risks, the financial effects of which are not likely to be able to be met out of income if and when they arise
- assessment, on best evidence reasonably available, of the likelihood of each of those needs arising.

The designated capital fund reflects the intention of Frank Bell to ensure the long-term stability of the Foundation. This fund represents the land gifted to the charity in the 1970s and any subsequent proceeds from the sale of elements of this land.

As a result of the trading difficulties experienced by the UK trading subsidiary over the last three years, the gift aid returns anticipated when the programmes were established have not been realised. In line with the Trustees' agreed Assets and Reserves Strategy, £1,000,000 has been allocated from the capital fund to the income fund to cover this shortfall, and enable the Foundation's charitable programmes to continue as planned.

As at 31 December 2016 there are total capital funds (designated capital fund and revaluation reserve) of £35,684,000 (2015 - £36,032,000). The balance on the group's unrestricted income fund is £(206,000) but a further transfer may be required from capital funds to fulfil the current charitable programme. It is anticipated that in future years the income generated from the Foundation's assets will be sufficient to fund the charitable programme in line with the overall Assets and Reserves Strategy.

The deficit on the unrestricted Group revenue reserves has arisen from trading losses in the language school business but a robust

business plan is in place to return these operations to profitability over the next few years and rebuild the subsidiaries' reserves so gift aid payments can be resumed.

### Year End Position and Going Concern

The Group at 31 December 2016 had net current assets of £6.5m and, having considered the trading conditions and forecasts for its subsidiaries and the forecasts for the Foundation, the Trustees consider the Group to be a going concern.

### Investment Policy

The Trustees have adopted an Assets and Reserves Strategy that has the following objectives:

1. to provide funds to support the Foundation's programme of activities
2. to preserve and enhance the value of the Foundation's assets
3. to achieve the above with agreed levels of risk.

The Foundation asset portfolio consists of three key elements:

1. a portfolio of investments
2. the investment in Bell Educational Services Ltd, a wholly-owned trading subsidiary
3. the Cambridge campus utilised by the trading subsidiary.

### Investment Portfolio

The Trustees have agreed to invest £18m, divided evenly between two investment managers Barclays Wealth and Investec, with effect from November 2016 and by the year end £14m had been transferred to the investment managers. The investment managers are targeted to produce a total return of CPI+4% with the aim of maintaining the real value of

the portfolio and providing 3% per annum to fund the Foundation's programmes.

In setting this target the Trustees have considered the risk profile of other assets held by the Foundation and have agreed a balanced risk profile with the investment managers.

At the year end the investment managers had invested 50% into the markets with plans to make further investment into the markets over the first six months of 2017.

The investment portfolios show total returns of £238,000 on the invested funds in the short period for which some funds have been invested.

The Trustees will monitor the performance of the investment managers quarterly against the target return.

### Investment in Bell Educational Services Ltd

The investment in Bell Educational Services Ltd was created in 2012 when the Foundation transferred its language school assets into a wholly-owned trading subsidiary with the aim of developing this activity commercially. The Trustees acknowledge this company operates in a cyclical market, which is influenced by geopolitical factors outside the company's control.

The Trustees have set the target for the trading subsidiary to generate a 25% total return per annum on capital including a 10% cash return through gift aid over a business cycle.

### Cambridge Campus

The Foundation owns the Cambridge Campus from which Bell Educational Services Ltd operates its Cambridge school. The Trustees have a long-term lease with the trading subsidiary with regular rent reviews and have a target rental return of 7% per annum. The rent

## Trustees' Annual Report for the year ended 31 December 2016

was reviewed with effect from 1 January 2017 and this gives a return on the carrying value of the campus of the target 7%.

The Foundation holds any short-term surplus funds on bank deposit.

### Risk Management

The Board of Trustees is responsible for the overall identification of and mitigation of risks. Day-to-day examination of the risks for the Foundation is conducted by The Bell Foundation's Executive Team and for the subsidiaries by the Boards of Directors supported by their Executive Management Teams. These processes are overseen by the Audit and Risk Committee on behalf

of the Board. A formal review of risk management processes is undertaken annually and key controls include:

- vetting procedures, as required by law, and policies for the protection of the vulnerable
- maintenance and regular review of the risk register
- an annual review of insurance
- a review of major business risks.

The major risks and mitigation identified by the group are as follows:

RISK	MITIGATION
<b>Charitable Programmes</b> Changing external environment for the delivery of both programmes.  Income from trading subsidiaries and investments insufficient to fund planned charitable programmes.	<ul style="list-style-type: none"> <li>• Long-term view and flexible approach taken with partners.</li> <li>• Trustees' policy of utilising capital to ensure completion of agreed charitable programmes.</li> </ul>
<b>Trading Subsidiaries</b> Loss of charitable income from the trading subsidiaries to support the Foundation's work.	<ul style="list-style-type: none"> <li>• Regular reporting of results and forecasts by trading subsidiaries to the Board of Trustees.</li> <li>• Proactive response from the trading subsidiaries to business conditions.</li> <li>• Proactive programme development and marketing by the trading subsidiary.</li> </ul>
<b>Investments</b> Fluctuations in total returns from the investment portfolio compared with the target of CPI+4%.	<ul style="list-style-type: none"> <li>• Diversification of portfolio management and underlying tactical asset allocations.</li> <li>• Regular monitoring.</li> </ul>
<b>Brand and Reputation</b> The need for the trading subsidiaries and the Foundation supported projects to manage the wellbeing and safety of students and beneficiaries to the highest standards.  Adherence to relevant legislation.	<ul style="list-style-type: none"> <li>• Safeguarding systems to ensure concerns are escalated.</li> <li>• Due diligence over partners' safeguarding processes.</li> <li>• Regular monitoring of legislative developments.</li> <li>• Regular consideration of key risk areas by the Audit and Risk Committee.</li> </ul>
<b>Governance</b> Ensuring the governance structure of Committees and subsidiary Boards remains responsive as it develops.	<ul style="list-style-type: none"> <li>• Regular review of the Terms of Reference.</li> <li>• Annual planning and review processes.</li> <li>• Annual skills audit for Trustees.</li> </ul>

# Legal Structure and Governance

The Bell Educational Trust Limited is a charitable company limited by guarantee number 1048465 established on 5 April 1972 and also a charity registered with the Charity Commission number 311585.

The Bell Educational Trust Limited is governed by Articles of Association most recently amended and adopted on 9 September 2011.

The Board of Trustees (the "Board") is legally responsible for the governance, policy and decision making at the highest level. The number of Trustees must be not less than four or more than sixteen. Under the Articles of Association, Trustees are appointed by the Board. The Board meets a minimum of four times a year.

Trustees are appointed for a period of three years and, provided they remain qualified, will be eligible for reappointment but for no more than three consecutive terms. Each Trustee serves on at least one Committee. During 2016 the Board completed Trustee appraisals, reviewed the Committees' Terms of Reference and reviewed membership of its Committees.

The Asset Management Committee of the Board of Trustees has the responsibility for ensuring strategic oversight and reviewing the Foundation's assets on a quarterly basis, including its properties and its trading subsidiaries.

Trustees also held an annual away day in 2016 at which the long-term strategy to 2025 was reviewed. Trustees confirmed their long-term commitment to the strategic direction of the two programmatic areas and reviewed progress made towards long-term goals.

## Recruitment, Induction and Training of Trustees

The Board, through the Governance Committee, has actively considered the skills base of the existing Board and conducts an annual skills audit. It has also undertaken the induction and training for new and existing Trustees. There is a full induction pack in place and a set of annually reviewed policies and procedures. Trustees are advised of and encouraged to attend seminars, run by various professional bodies, on topics that may be of interest and relevant.

## Trustee Changes

Eileen Milner resigned as a Trustee on 9 March 2016 and Peter Mackenzie Smith retired as a Trustee on 29 September 2016. The continuing Trustees acknowledge the contribution Eileen Milner and Peter Mackenzie Smith made.

Following an open recruitment process, Reshard Auladin, Jan King and Sarah Squire were appointed Trustees with effect from 29 September 2016.

## Public Benefit

The Trustees are confident that the Foundation meets the public benefit requirements, and confirm that they have taken into account the guidance contained in the Charity Commission's general guidance on public benefit where applicable.

## Trustees' Annual Report for the year ended 31 December 2016

### Key Performance Indicators

A range of Key Performance Indicators (KPIs) are monitored to track progress within both the Foundation and the trading subsidiaries. Priorities and targets are set at the beginning of the year and are reviewed by Trustees.

KPI measure	Outcome
<b>EAL Programme</b>	
● Add up to three new partnerships to the Language for Results programme.	Two new partnerships started.
● Formal assessment of EAL pupils being adopted.	EAL Assessment introduced by the Government from 1 October 2016.
<hr/>	
<b>Language for Change</b>	
● Work with five strategic partners.	One further partner added making five in total.
● Programmes to reach the majority of prisons.	The programme is reaching 121 out of 127 prisons.
<hr/>	
<b>Language school subsidiaries</b>	
● Grow turnover by 2% in 2016.	Turnover fell further due to the strength of sterling in the early part of the year.
● Substantially reduce loss in 2016.	Trading profit of £103,000.

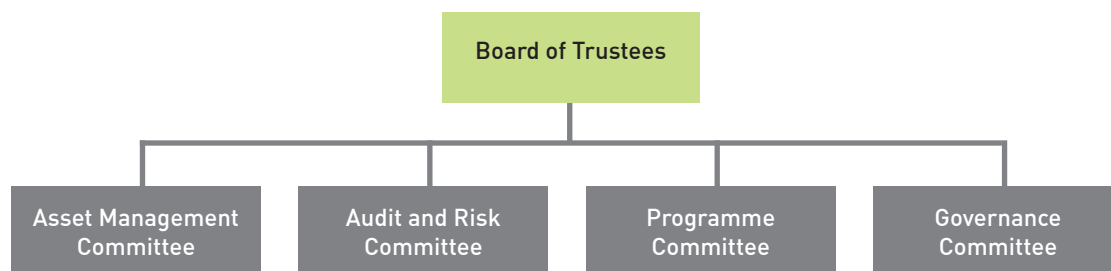
### Related Party Transactions

There were no related party transactions in 2016.

Mr M Milanovic and Mr G Spink served as Directors of Bell Educational Services Ltd for the whole of 2016 for which they receive no remuneration.

# Trustees' Annual Report for the year ended 31 December 2016

## Board of Trustees and Committees



The Trustees who held office during the year and up to the date of approval of this report were:

- Mr R C Prior (Chair)
- Mr A M Fellows
- Mr P Mackenzie Smith (retired 29 September 2016)
- Mr N J Tellwright
- Ms E Milner (resigned 9 March 2016)
- Mr A Tomei (Vice Chair)
- Mr J Gandy
- Mr M Milanovic
- Ms P Sharma Gajjar
- Mr G Spink
- Mr Reshard Auladin (appointed 29 September 2016)
- Ms Jan King (appointed 29 September 2016)
- Ms Sarah Squire (appointed 29 September 2016)

The Board delegates the exercise of certain powers in connection with the management and administration of the Group as set out below.

**Audit and Risk Committee** – met three times in 2016

- Mr G Spink (Chair)
- Mr A M Fellows
- Mr R Auladin (from 29 September 2016)

**Asset Management Committee** – met five times in 2016

- Mr J Gandy (Chair)
- Mr A Tomei
- Mr R C Prior
- Ms P Sharma Gajjar

**Governance Committee** – met four times in 2016

- Mr N J Tellwright (Chair)
- Ms E Milner (until 9 March 2016)
- Mr P Mackenzie Smith (until 29 September 2016)
- Mr R C Prior
- Mr R Auladin (from 29 September 2016)

**Programme Committee** – met four times in 2016

- Mr A Tomei (Chair)
- Mr P Mackenzie Smith (until 29 September 2016)
- Mr M Milanovic
- Ms J King (from 29 September 2016)
- Ms S Squire (from 29 September 2016)
- Ms D Sutton (Director – The Bell Foundation)
- Ms S Maingay (Independent Member)



### Trustees' Indemnities

The charity Trustees' liability policy includes protection for the Trustees and Officers past and present in their personal capacity in circumstances where they cannot claim indemnity from the charity, following legal action against them in their role for wrongful acts made within the period of insurance. This policy is reviewed annually.

### Employee Involvement

There is continued commitment to employee involvement throughout the organisation. Employees are kept informed of the performance and strategy through quarterly personal briefings, regular meetings, email and broadcasts from the Chief Executive, members of the Board and the Senior Management Team throughout the year. The trading subsidiaries have a Staff Consultation Group that represents their colleagues in a two-way communication and consultation with the company. It continues to play an important role within the business.

### Equal Opportunities

The Group is committed to an active equal opportunities policy. It is Group policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion.

### Employees with Disabilities

The Group is committed to the provision of equal opportunity with regard to employment and development of staff. It pursues a policy of equal opportunity for people with disabilities and is committed to employment practices that ensure applicants with disabilities receive full and fair consideration for all types of vacancy and that employees with disabilities have equal opportunities for training, career development and promotion. Any employee who becomes disabled whilst in employment will be given full support including retraining and redeployment, whenever reasonable and practicable.

### Statement of Trustees' Responsibilities and Corporate Governance

The Trustees (who are also Directors of The Bell Educational Trust Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS102). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Group's auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the Provision of s418 of the Companies Act 2006.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Approved by the Board of Trustees of The Bell Educational Trust Limited on 22 June 2017 and signed on its behalf by**

**R C Prior**  
**Chair of Trustees**

---

## **Independent auditors' report to the members of The Bell Educational Trust Limited**

We have audited the financial statements of The Bell Educational Trust Limited for the year ended 31 December 2016 which comprise the consolidated statement of financial activities including the income and expenditure account, the consolidated and charity balance sheets, the consolidated cash flow statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 29, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2016 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

---

## **Independent auditors' report to the members of The Bell Educational Trust Limited**

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken during the course of the audit:

- the information given in Trustees' Annual Report (including the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (including the strategic report) have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Trustees' Annual Report (including the strategic report).

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Tobias Wilson

Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Norwich

Date: 28 June 2017

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**Consolidated statement of financial activities 31 December 2016**  
including the income and expenditure account

	Note	Restricted Funds 2016 £'000	Unrestricted Funds 2016 £'000	Total Funds 2016 £'000	Restricted Funds 2015 £'000	Unrestricted Funds 2015 £'000	Total Funds 2015 £'000
<b>Income from:</b>							
Income from charitable activities	4	-	4	4	30	3	33
Investment income	10	-	60	60	-	32	32
<b>Total fundraising income</b>		-	64	64	30	35	65
<b>Expenditure on:</b>							
Investment management fees		-	14	14	-	-	-
<b>Total fundraising costs</b>		-	14	14	-	-	-
<b>Fundraising contribution</b>		-	50	50	30	35	65
Commercial language school income	3	-	14,333	14,333	-	14,768	14,768
Commercial language school costs	6	-	13,657	13,657	-	14,722	14,722
<b>Contribution from trading activities</b>		-	676	676	-	46	46
<b>Net income available for charitable activities</b>		-	726	726	30	81	111
<b>Charitable expenditure</b>							
EAL Programme	6	35	976	1,011	21	261	282
Language for Change		-	460	460	-	367	367
<b>Total charitable expenditure</b>		35	1,436	1,471	21	628	649
<b>Net Income before gains/(losses) on investments</b>		(35)	(710)	(745)	9	(547)	(538)
<b>Represented by:</b>							
Total income		-	14,397	14,397	30	14,803	14,833
Total expenditure		35	15,107	15,142	21	15,350	15,371
<b>Net income before gains/(losses) on investments</b>		(35)	(710)	(745)	9	(547)	(538)
<b>Net gains on investments</b>		-	671	671	-	823	823
<b>Net income/(expenditure)</b>		(35)	(39)	(74)	9	276	285
<b>Other recognised gains and losses</b>		-	-	-	-	-	-
Effect of movement in exchange rates		-	63	63	-	3	3
<b>Net movement in funds</b>		(35)	24	(11)	9	279	288
<b>Reconciliation of funds</b>							
Total funds brought forward		35	35,496	35,531	26	35,217	35,243
<b>Total funds carried forward</b>		-	35,520	35,520	35	35,496	35,531

There were no recognised gains or losses other than those included above.  
All income and expenditure derived from continuing activities.

The notes on pages 34 to 56 form part of these financial statements

## Consolidated and charity balance sheets at 31 December 2016

	Note	Group 31 December		Charity 31 December	
		2016	2015	2016	2015
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	8a	54	-	-	-
Tangible assets	8b	8,170	8,444	7,981	8,040
Investments	9	21,138	13,425	23,139	15,425
Total fixed assets		29,362	21,869	31,120	23,465
<b>Current assets</b>					
Debtors	11	1,540	1,530	108	75
Cash at bank and in hand	18	10,892	16,757	5,880	13,057
Total current assets		12,432	18,287	5,988	13,132
<b>Creditors: amounts falling due within one year</b>	12	(5,890)	(4,505)	(811)	(347)
<b>Net current assets</b>		6,542	13,782	5,177	12,785
<b>Total assets less current liabilities</b>		35,904	35,651	36,297	36,250
<b>Creditors: amounts falling due after more than one year</b>	13	(384)	(120)	(384)	(120)
<b>Net assets</b>		35,520	35,531	35,913	36,130
<b>The funds of the charity</b>	15				
Restricted income funds		-	35	-	35
Unrestricted funds					
Income fund		(206)	(536)	192	46
Designated capital fund		23,207	17,241	23,244	17,277
<b>Total unrestricted funds</b>		23,001	16,705	23,436	17,323
Revaluation reserve		12,477	18,772	12,477	18,772
Foreign exchange reserve		42	19	-	-
<b>Total funds</b>		35,520	35,531	35,913	36,130

The financial statements on pages 31 to 56 were approved by the Board of Trustees and authorised for issue on 22 June 2017.

R C Prior

The notes on pages 34 to 56 form part of these financial statements



## Consolidated cash flow statement for the year ended 31 December 2016

	Note		
		2016	2015
		£'000	£'000
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	17	1,255	48
<b>Cash flows from investing activities:</b>			
Investment income		60	32
Purchase of investments		(14,000)	-
Proceeds from sale of investments		6,905	4,379
Purchases of tangible fixed assets		(24)	(23)
Purchases of intangible fixed assets		(61)	-
<b>Net cash provided by investing activities</b>		<b>(7,120)</b>	<b>4,388</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(5,865)</b>	<b>4,436</b>
Cash and cash equivalents at 1 January		16,757	12,321
Cash and cash equivalents at 31 December	18	10,892	16,757

The notes on pages 34 to 56 form part of these financial statements

## Notes forming part of the financial statements for the year ended 31 December 2016

### 1 ACCOUNTING POLICIES

#### *General Information*

The Bell Educational Trust Limited ("the charity") is a charity working in the UK in partnership with other organisations working with children with English as an additional language (EAL) and with prisoners with language and literacy needs.

The charity is incorporated and domiciled in the UK. Its registered office is Hillscross, Red Cross Lane, Cambridge, CB2 0QU.

#### *Statement of compliance*

These financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – (Charities SORP(FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The Bell Educational Trust Limited meets the definition of a public benefit entity under FRS102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

#### *Summary of significant accounting policies*

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS102 and Accounting and Reporting by Charities: Statement of Recommended Practice.

The preparation of financial statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant that require disclosure in these financial statements except as set out below:-

#### *Carrying value of Bell Educational Services Ltd (Wholly owned subsidiary)*

The Trustees in preparing these accounts have considered the impact of the significant trading losses incurred by Bell Educational Services Ltd over the last two years resulting in net assets of £1.58m compared to the carrying value of £2.0m. The Trustees have considered the impact of improvements in the products offered in line with the subsidiary's premium position in the marketplace and the substantial cost savings achieved on the future projections for the subsidiary and consider the forecast return to profitable trading supports the present carrying value.

#### *Investment Property*

The investment property was valued by Bidwells as at 31 December 2014 and this was based on known proceeds less a deduction for the risk of a phased completion over the following 3.5 years. The Trustees have continued to follow this approach as the programme of phased completions have completed.

## 1 ACCOUNTING POLICIES (CONTINUED)

### *Preparation of the accounts on a going concern basis*

There are no material uncertainties affecting the Group's ability to operate and therefore these financial statements have been prepared on a going concern basis.

### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the charity and all of its subsidiary undertakings on a line-by-line basis. Accounting policies are applied consistently throughout the Group.

No separate Statement of Financial Activities (SOFA) or income and expenditure account is presented for the charity itself, as permitted by section 408(3) of the Companies Act 2006.

### *Foreign currencies*

The Group's functional currency and presentation currency is the pound sterling.

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to net income in the statement of financial activities.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rate of exchange ruling on the balance sheet date. Exchange differences that arise from translation of the opening net assets and results of foreign subsidiary undertakings are recorded as other recognised gains and losses in the Statement of Financial Activities as the effect of movement in exchange rates.

### *Revenue recognition*

All income is included in the Statement of Financial Activities when the Group has entitlement to the income, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from grants, whether "capital" grants or "revenue" grants, is recognised when the charity has entitlement to the grant, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Fees from the sale of services to third party customers in the education sector are stated net of any applicable discounts and value added tax. Fees are recognised when the services are provided, with any fees invoiced in advance included within deferred income until the service is provided. Fees are recognised as income over the period of course delivery.

Income received in advance of the provision of the specified service is deferred until the criteria for income recognition are met.

### *Investment income*

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and the right to receive payments has been established.

## 1 ACCOUNTING POLICIES (CONTINUED)

### *Funds*

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds are amounts that have been set aside at the discretion of the Trustees for a specific, but not legally binding, purpose and include the Capital Fund.

Restricted funds are those funds that have a specific purpose within the charity's wider objectives set by the provider of the funds.

### *Expenditure and irrecoverable VAT*

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- costs of raising funds comprise the costs of the commercial language school operations and their associated support costs
- expenditure on charitable activities includes the costs of service delivery and grants made to further the purposes of the charity and their associated support costs
- other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

### *Allocation of support costs*

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel and governance costs that support the charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 6.

### *Operating leases*

Rentals payable under operating leases are charged through the net income/ expenditure part of the Statement of Financial Activities on a straight line basis over the terms of the leases.

### *Taxation*

Current tax, including UK Corporation Tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax has not been booked in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

## 1 ACCOUNTING POLICIES (CONTINUED)

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### *Realised gains and losses*

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase price if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

### *Tangible fixed assets and investment properties*

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives on a straight line basis. It is calculated at the following rates:

Asset category	Annual rate
Fixtures, fittings and equipment	
Furniture and equipment	- 20%
Computer equipment	- 33.3%

Operational property fixed assets are included at open market value in existing use. These revaluations result in the revaluation reserve, and movements are reflected in the other comprehensive income within the Statement of Financial Activities. Operational properties are depreciated over their estimated economic life on a straight line basis as follows:

Freehold land	- 0%
Freehold buildings	- 2%

### *Investment assets*

Investment property is recognised at its fair value at the balance sheet date using a professional valuation.

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing mid-market bid value.

## 1 ACCOUNTING POLICIES (CONTINUED)

The Statement of Financial Activities includes the net unrealised gains and losses arising on revaluation and realised gains and losses arising from disposals in the year as part of the Group's net income. Realised gains and losses are calculated as the difference between the sales proceeds and the opening carrying value or the purchase value if acquired in the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and the opening carrying value or purchase value if acquired during the year.

The Group does not enter into or acquire derivatives or other complex financial instruments.

The main form of financial risk faced by the Group is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equity and fixed interest investments.

Shareholdings in the subsidiary companies are stated at cost less any provision for impairment.

### *Financial instruments*

Basic financial assets and liabilities, including trade and other receivables, cash and bank balances, trade and other payables and amounts due to and from Group companies, are recognised at transaction price and subsequently measured at amortised cost using the effective interest rate method.

### *Debtors*

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of trade discounts due.

### *Cash at bank and in hand*

Cash includes cash in hand and deposits held at call with banks.

### *Creditors*

Creditors and provisions are recognised where the Group has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

### *Employee benefits*

The Group provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Under the defined contribution pension plans, the Group pays fixed contributions to a separate entity. Once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plans are held separately from the Group in independently administered funds.

Notes forming part of the financial statements for the year ended 31 December 2016

## 2 FINANCIAL PERFORMANCE OF THE CHARITY

The consolidated Statement of Financial Activities includes the results of the charity's wholly-owned subsidiaries that operate language schools.

The summary financial performance of the charity alone is:

	2016 £'000	2015 £'000
Income	687	681
Expenditure	(1,575)	(850)
	<u>(888)</u>	<u>(169)</u>
Net investment gains	671	823
Net income	<u>(217)</u>	<u>654</u>
Other recognised gains	-	-
	<u>-</u>	<u>-</u>
Net movement in funds	(217)	654
Total funds brought forward	<u>36,130</u>	<u>35,476</u>
	<u>36,130</u>	<u>36,130</u>
Total funds carried forward	<u>35,913</u>	<u>36,130</u>
Represented by:		
Unrestricted income funds	192	46
Restricted income funds	-	35
Capital Funds	<u>35,721</u>	<u>36,049</u>
<b>Total</b>	<u>35,913</u>	<u>36,130</u>



Notes forming part of the financial statements for the year ended 31 December 2016

### 3 ACTIVITIES FOR RAISING FUNDS – LANGUAGE SCHOOL

A geographic analysis of fees receivable for educational services is set out below:

	2016 £'000	2015 £'000
United Kingdom	11,122	11,929
Europe	2,873	2,574
Middle East and North Africa	8	-
Far East	315	214
Rest of World	15	51
<b>Total</b>	<b>14,333</b>	<b>14,768</b>

Fees receivable in the UK relate to educational services delivered in the UK to students, primarily from overseas, who in 2016 represented 101 (2015 – 93) different nationalities from around the world.

### 4 INCOME FROM CHARITABLE ACTIVITIES

	2016 Restricted £'000	2016 Unrestricted £'000	2016 Total £'000	2015 Total £'000
Fees for charitable activities	-	4	4	3
Grants	-	-	-	30
<b>Total</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>33</b>

All income from charitable activities arose within the United Kingdom.

Notes forming part of the financial statements for the year ended 31 December 2016

**5 STAFF COSTS**

	2016	2015
	£'000	£'000
Staff costs consist of:		
Wages and salaries	5,634	6,180
Social security costs	585	566
Other pension costs	108	164
Total	<u>6,327</u>	<u>6,910</u>

The company operates a defined contribution stakeholder pension scheme on behalf of its employees. The other pension costs disclosed above represent contributions payable by the Group to the scheme for the year. Contributions amounting to £4,114 (2015 - £5,061) were outstanding at the year end and are included in creditors.

The monthly average number of employees, excluding trustees, during the year was:

	2016 No.	2015 No.
Commercial language school operations		
Tutorial	100	155
Office, management and ancillary	108	129
Charitable activities	7	6
Total	<u>215</u>	<u>290</u>

## Notes forming part of the financial statements for the year ended 31 December 2016

### 5 STAFF COSTS (CONTINUED)

The number of employees with benefits (excluding pension contributions) of more than £60,000 in the year are analysed in the following bands:

	2016	2015
£60,000 - £69,999	1	3
£70,000 - £79,999	1	2
£80,000 - £89,999	1	1
£90,000 - £99,999	1	-
£100,000 - £109,999	-	-
£110,000 - £119,999	1	-
£120,000 - £129,999	-	-
£130,000 - £139,999	-	-
£140,000 - £149,999	1	1

Pension contributions of £1,420 (2015 - £1,420) were paid on behalf of the highest paid employee. Pension contributions of £14,042.20 (2015 - £19,317) were paid, in total, on behalf of all employees earning more than £60,000 per annum.

No Trustee received remuneration or accrued any form of retirement benefit during the current or previous year.

Trustees' out-of-pocket expenses for travel and subsistence of £5,409 (2015 - £4,171) were reimbursed during the year to 10 (2015 - 7) Trustees. Indemnity insurance premiums of £6,604 (2015 - £6,044) were paid on behalf of Trustees and officers of the charity during the year. These premiums were paid by the charity on behalf of the Trustees and officers in order to indemnify them against personal liability from acts conducted in the performance of their duties. No Trustee received payment for professional or other services supplied to the charity (2015 - £Nil).

The key management personnel of the parent charity of the Trust comprise the Trustees, the Foundation Director and the Chief Financial Officer. The total employment benefits of the key management personnel of the trust were £116,313 (2015 - £94,000).

The key management personnel of the Group comprise those of the Trust and the key management personnel of its wholly-owned subsidiary Bell Educational Services Ltd. The key management of Bell Educational Services Ltd are its directors, whose employee benefits total £465,272 (2015 - £ 387,000). The employee benefits of key management personnel of the Group were therefore £581,585 (2015 - £481,000).

The highest paid employee within the Group received emoluments of £178,820 (2015 - £160,420).

Notes forming part of the financial statements for the year ended 31 December 2016

## 6 ANALYSIS OF RESOURCES EXPENDED

### a) Activities for generating funds – Language schools

	2016 £'000	2015 £'000
Direct cost of language education	7,486	7,498
Administrative expenditure	6,112	7,137
Depreciation of freehold language school buildings and related assets	59	167
Taxation (UK)(See note 7)	-	(80)
	<b>13,657</b>	<b>14,722</b>

### b) Charitable activities

	Language for Change 2016 £'000	EAL Programme 2016 £'000	Total 2016 £'000	Language for Change 2015 £'000	EAL Programme 2015 £'000	Total 2015 £'000
Grants	266	610	876	240	15	255
Programme delivery	94	221	315	-	150	150
Support costs	35	82	117	81	49	130
Governance costs	65	98	163	46	68	114
	<b>460</b>	<b>1,011</b>	<b>1,471</b>	<b>367</b>	<b>282</b>	<b>649</b>

### c) Grants

The grant/commitments made during the year in furtherance of the charity's objects and for public benefit were as follows:

	2016 £'000	2015 £'000
English as an Additional Language		
Education Endowment Fund	556	-
Mohr Language Support	18	18
National Association for Language Development in the Curriculum	27	-
National Deaf Children's Society	12	-
Language for Change		
Hibiscus Initiatives	60	-
Learning and Work Institute	-	180
The Reading Agency	46	-
St Giles Trust	100	-
Shannon Trust	60	60
Grants previously awarded not utilised	(3)	(3)
	<b>876</b>	<b>255</b>

## 6 ANALYSIS OF RESOURCES EXPENDED (CONTINUED)

### Analysis of governance and support costs

The Trust initially identifies the costs of its support functions. It then identifies those costs that relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the two charitable activities undertaken in the year. The table below sets out the basis for apportionment and the analysis of the support and governance costs.

	General Support £'000	Governance function £'000	Total £'000	Basis of apportionment
Costs of trustees meetings	-	14	14	Actual
Salaries and related costs	64	28	92	Based on estimated actual time
General office costs	53	24	77	Based on staff time
Audit fees	-	11	11	Actual costs
Legal and other professional fees	-	86	86	Actual costs
<b>Total</b>	<b>117</b>	<b>163</b>	<b>280</b>	

### d) Net incoming resources before other recognised gains and losses is stated after charging:

	2016 £'000	2015 £'000
Depreciation of tangible assets – owned	338	602
Amortisation of intangible fixed assets	7	-
Operating lease rentals:		
Other assets	1,041	846
External auditor's remuneration:		
Audit of the charity's financial statements	11	8
Audit of the subsidiary financial statements	45	51
Tax compliance services	12	17
Advisory services	-	4

## Notes forming part of the financial statements for the year ended 31 December 2016

### 7 TAXATION

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The charity incurred a tax liability of £nil (2015 - £nil). The charity's UK subsidiary was liable to taxation as detailed below:

	2016 £'000	2015 £'000
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
Corporate taxes on profit for the year	-	-
Adjustment in respect of previous periods	-	(80)
<b>Total current tax</b>	-	(80)
<b>Deferred Tax</b> (see note 14)		
Origination and reversal of timing differences	-	-
<b>Total taxation on profit on ordinary activities</b>	-	(80)

The charge for the year can be reconciled to the (loss)/profit per the profit and loss account as follows:

	2016 £'000	2015 £'000
(Loss)/Profit from commercial activities before tax but after Gift Aid – continuing activities	172	(693)
(Loss)/Profit on ordinary activities at the standard rate of Corporation Tax in the UK of 20.% (2015 -20.25%)	34	(140)
Effect of:		
Expenses not deductible for tax purposes	18	20
Group income	(70)	-
Losses carried back to prior year	-	68
Adjustment from previous periods	-	(80)
Adjustment to average rate of 20% for deferred tax	6	-
Deferred tax asset not recognised	12	52
<b>Tax (credit)/charge for the period</b>	-	(80)

Notes forming part of the financial statements for the year ended 31 December 2016

**8A INTANGIBLE ASSETS**

	Software	Total
<i>Cost or valuation</i>	£'000	£'000
At 1 January 2016	-	-
Additions	61	61
<b>At 31 December 2016</b>	<b>61</b>	<b>61</b>
<i>Amortisation</i>		
At 1 January 2016	-	-
Provided for the year	7	7
<b>At 31 December 2016</b>	<b>7</b>	<b>7</b>
<b>Net book value</b>		
<b>At 31 December 2016</b>	<b>54</b>	<b>54</b>
At 31 December 2015	-	-



Notes forming part of the financial statements for the year ended 31 December 2016

**8B. TANGIBLE ASSETS**

	Freehold Land and Buildings	Fixtures, Fittings and Equipment	Total
Group	£'000	£'000	£'000
<i>Cost or Valuation</i>			
At 1 January 2016	8,200	3,480	11,680
Additions	-	24	24
Disposals	-	(102)	(102)
<b>At 31 December 2016</b>	<b>8,200</b>	<b>3,402</b>	<b>11,602</b>
<i>Accumulated Depreciation</i>			
At 1 January 2016	160	3,076	3,236
Provided for the year	59	279	338
Disposals	-	(142)	(142)
<b>At 31 December 2016</b>	<b>219</b>	<b>3,213</b>	<b>3,432</b>
<b>Net book value</b>			
<b>At 31 December 2016</b>	<b>7,981</b>	<b>189</b>	<b>8,170</b>
At 31 December 2015	8,040	404	8,444
<i>Charity</i>			
<i>Cost or Valuation</i>			
At 1 January 2016	8,200	-	-
Revaluation	-	-	-
Disposals	-	-	8,200
<b>At 31 December 2016</b>	<b>8,200</b>	<b>-</b>	<b>8,200</b>
<i>Accumulated Depreciation</i>			
At 1 January 2016	160	-	160
Provided for the year	59	-	59
Disposals	-	-	-
<b>At 31 December 2016</b>	<b>219</b>	<b>-</b>	<b>219</b>
<b>Net book value</b>			
<b>At 31 December 2016</b>	<b>7,981</b>	<b>-</b>	<b>7,981</b>
At 31 December 2015	8,040	-	8,040

Freehold buildings were revalued at 31 December 2014, on the basis of existing use values by Bidwells, Cambridge, in accordance with the RICS Valuation – Professional Standards (January 2014). Freehold land and buildings were revalued to £8,200,000 (2015 - £8,200,000) in total.

The historical cost net book value (cost less depreciation) of the freehold land and buildings and investment property (see note 9a) is £6,077,946 (2015 - £6,216,907). Depreciation is provided for on freehold buildings at valuation in accordance with FRS 102. The Trustees are not aware of any events or transactions since the balance sheet date that necessitate a revision of the values stated.

Notes forming part of the financial statements for the year ended 31 December 2016

9 INVESTMENTS

a) Investment property

	Investment Property 2016 £'000	Investment Property 2015 £'000
<b>Group &amp; Charity</b>		
<i>Cost or Valuation</i>		
At 1 January 2016	13,425	16,950
Revaluation	380	782
Disposals	(6,905)	(4,307)
<b>At 31 December 2016</b>	<b>6,900</b>	<b>13,425</b>

The investment land was revalued to £16,950,000 at 31 December 2014, on the basis of market value by Bidwells' in accordance with the RICS Valuation – Professional Standards (January 2014). The Trustees have at the year-end revised the valuation of the remaining investment property in line with the calculation applied by Bidwells at 31 December 2014. The carrying value above is based on gross proceeds of £7.1m less a deduction of £200,000 to reflect the risk of non-completion.

b) Investments

	Investments 2016 £'000	Investment 2015 £'000
<b>Group &amp; Charity</b>		
At 1 January 2016	-	-
Additions to investment at cost	14,000	-
Net gain on revaluation	238	-
<b>Market value at 31 December</b>	<b>14,238</b>	<b>-</b>
Investments at fair value comprised:		
	Investments 2016 £'000	Investment 2015 £'000
<b>Group &amp; Charity</b>		
Property and infrastructure	560	-
Equities	5,878	-
Fixed interest	608	-
Cash	7,192	-
<b>Market value at 31 December</b>	<b>14,238</b>	<b>-</b>

## Notes forming part of the financial statements for the year ended 31 December 2016

### c) Group companies

Group company shares held by the charity comprise amounts invested in subsidiary companies:

	2016 £'000	2015 £'000
Cost at 1 January and 31 December	<u>2,000</u>	<u>2,000</u>

Name	Country of incorporation/ registration	Class of shares held	Percent held	Nature of business	Year end
Bell Educational Services Ltd (Company No. 07169627)	UK	Ordinary	100%	Language School	31 December
Bell Switzerland SA * (Company No. CHE-103.199.737)	Switzerland	Ordinary	100%	Language School	31 December
Bell Educational Services Switzerland SàRL * (Company No. CHE-238.053.572)	Switzerland	Ordinary	100%	Dormant	31 December

\* Owned by Bell Educational Services Ltd.

The operations of Bell Educational Services Switzerland SàRL were transferred to Bell Switzerland SA from 1 January 2016.

Notes forming part of the financial statements for the year ended 31 December 2016

**9 INVESTMENTS (CONTINUED)**

Details of the net assets/(liabilities) and profit/(loss) for the year of the subsidiary companies are as follows:

	Net Assets		Profit/ (loss) for the year	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Bell Educational Services Ltd	1,580	1,408	172	(613)
Bell Switzerland SA	446	285	244	24
Bell Educational Services Switzerland SàRL	-	205	-	171
	Assets		Liabilities	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Bell Educational Services Ltd	4,681	4,947	4,101	3,539
Bell Switzerland SA	1,909	516	1,446	238
Bell Educational Services Switzerland SàRL	-	647	-	433

Further information for material subsidiaries:

	Turnover		Expenditure	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Bell Educational Services Ltd	11,475	12,204	11,059	12,903
Bell Switzerland SA	2,858	1,356	2,548	1,335
Bell Educational Services SàRL	-	1,211	-	1,002

The net assets of the subsidiaries include intercompany balances due to The Bell Educational Trust Limited of £87,961 (2015 - £58,884).

The deficit of the parent company, the charity, for 2016 was £216,850 (2015 - £653,596 surplus). The Trustees believe that the carrying value in subsidiaries is supported by their underlying net assets.

Notes forming part of the financial statements for the year ended 31 December 2015

**10 INVESTMENT INCOME**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable on interest bearing deposit accounts	<b>60</b>	<b>32</b>

**11 DEBTORS**

	<b>Group</b>		<b>Charity</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Due within one year:				
Fees receivable	<b>532</b>	456	-	1
Amount owed by group undertakings	-	-	<b>88</b>	59
Corporation tax	-	73	-	-
Other debtors	<b>419</b>	366	<b>17</b>	13
Prepayments and accrued income	<b>589</b>	635	<b>3</b>	2
	<b>1,540</b>	1,530	<b>108</b>	75

**12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Charity</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fees received in advance and sums due to students	<b>3,527</b>	2,860	-	-
Trade creditors	<b>755</b>	356	<b>74</b>	9
Amounts owed to Group undertakings	-	-	-	-
Taxation and social security costs	<b>95</b>	107	<b>10</b>	11
Other creditors	<b>1</b>	9	<b>1</b>	-
Grants payable (see below)	<b>541</b>	194	<b>541</b>	194
Accruals and deferred income	<b>971</b>	979	<b>185</b>	133
	<b>5,890</b>	4,505	<b>811</b>	347

Notes forming part of the financial statements for the year ended 31 December 2015

**12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (CONTINUED)**

The table below shows the reconciliation between grants approved and grants paid during the year.

<b>GRANTS</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Amounts outstanding at 1 January	314	253
Grants approved	878	258
Grants paid	(264)	(194)
Awarded grants not paid	(3)	(3)
	<u>925</u>	<u>314</u>
Amounts outstanding 31 December		
Split as follows:		
Amounts falling due within one year	541	194
Amounts falling due after more than one year (See note 13)	384	120
	<u>925</u>	<u>314</u>

**13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2016 £'000</b>	<b>2015 £'000</b>
Group and charity		
Grants payable (see note 12)	<u>384</u>	<u>120</u>

**14 DEFERRED TAXATION**

Deferred tax amounts not recognised (at the closing rate) are as follows:

	<b>2016 £'000</b>	<b>2015 £'000</b>
Fixed assets	(60)	(60)
Timing differences - trading	3	-
Losses	(6)	(6)
	<u>(63)</u>	<u>(66)</u>

## 15 GROUP STATEMENT OF FUNDS

	Unrestricted Income Fund £'000	Capital Funds		Restricted Income Fund £'000	Foreign Exchange Reserve £'000	Total Funds £'000
		Capital Reserve £'000	Revaluation Reserve £'000			
<b>At 1 January 2015</b>	11	12,912	22,278	26	16	35,243
Incoming resources	14,803	-	-	30	-	14,833
Resources expended	(15,350)	-	-	(21)	-	(15,371)
Transfers between funds	-	-	-	-	-	-
Investment gains	-	41	782	-	-	823
Change in value of net investment in overseas subsidiary as a result of movement in exchange rates	-	-	-	-	3	3
Transfers between funds on realisation	-	4,288	(4,288)	-	-	-
<b>At 31 December 2015</b>	<b>(536)</b>	<b>17,241</b>	<b>18,772</b>	<b>35</b>	<b>19</b>	<b>35,531</b>

	Unrestricted Income Fund £'000	Capital Funds		Restricted Income Fund £'000	Foreign Exchange Reserve £'000	Total Funds £'000
		Capital Reserve £'000	Revaluation Reserve £'000			
<b>At 1 January 2016</b>	(536)	17,241	18,772	35	19	35,531
Incoming resources	14,397	-	-	-	-	14,397
Resources expended	(15,107)	-	-	(35)	-	(15,142)
Transfers between funds on realisation	-	6,905	(6,905)	-	-	-
Investment gains	-	61	610	-	-	671
Change in value of net investment in overseas subsidiary as a result of movement in exchange rates	40	-	-	-	23	63
Transfers	1,000	(1,000)	-	-	-	-
<b>At 31 December 2016</b>	<b>(206)</b>	<b>23,207</b>	<b>12,477</b>	<b>-</b>	<b>42</b>	<b>35,520</b>

## Notes forming part of the financial statements for the year ended 31 December 2016

The Unrestricted Income Fund represents the free funds of the charity that are not designated for particular purposes.

Capital Funds include the unrestricted designated fund representing the cost of assets held for investment purposes by the charity and the statutory revaluation reserve.

### 16 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Income Fund £'000	Capital Fund £'000	Restricted Fund £'000	Foreign Exchange Reserve £'000	Total Funds £'000
Fund balances at 31 December 2015 are represented by:					
Tangible fixed assets	404	21,465	-	-	21,869
Net current assets	(820)	14,548	35	19	13,782
Creditors due after more than 1 year	(120)	-	-	-	(120)
<b>Total net assets</b>	<b>(536)</b>	<b>36,013</b>	<b>35</b>	<b>19</b>	<b>35,531</b>

	Income Fund £'000	Capital Fund £'000	Restricted Fund £'000	Foreign Exchange Reserve £'000	Total Funds £'000
Fund balances at 31 December 2016 are represented by:					
Tangible fixed assets	242	29,120	-	-	29,362
Net current assets	(64)	6,564	-	42	6,542
Creditors due after more than 1 year	(384)	-	-	-	(384)
<b>Total net assets</b>	<b>(206)</b>	<b>35,684</b>	<b>-</b>	<b>42</b>	<b>35,520</b>



Notes forming part of the financial statements for the year ended 31 December 2016

**17 RECONCILIATION OF NET INCOME  
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

	2016 £'000	2015 £'000
<b>Net (expenditure)/income for the year</b>	<b>(74)</b>	<b>285</b>
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	338	602
Amortisation of intangible assets	7	-
(Gains) on investments	(618)	(823)
Interest received	(60)	(32)
(Increase)/Decrease in debtors	(10)	121
Increase/(Decrease) in creditors and deferred income	1,649	(108)
Other non-cash changes	23	3
<b>Net cash inflow from operating activities</b>	<b>1,255</b>	<b>48</b>

**18 ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £'000	2015 £'000
Cash in hand	10,892	16,757
	<b>10,892</b>	<b>16,757</b>

**19 COMMITMENTS UNDER OPERATING LEASES**

As at 31 December 2016, the Group's future minimum operating lease payments are set out below:

	Land and Buildings		Other	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Within one year	844	319	69	14
In two to five years	1,254	684	38	108
Over five years	-	-	-	-
	<b>2,098</b>	<b>1,003</b>	<b>107</b>	<b>122</b>

## Notes forming part of the financial statements for the year ended 31 December 2016

### 20 CAPITAL COMMITMENTS

	Group		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Capital expenditure contracted but not provided	-	-	-	-

### 21 RELATED PARTY DISCLOSURES

There were no related party transactions in 2016 or 2015 with Trustees.

In 2016 the following transactions took place between the charity and the Group subsidiaries:

- lease of premises by the charity to Bell Educational Services Ltd for educational and accommodation purposes £475,775 (2015 - £475,775)
- Bell Educational Services Ltd has the right to use the Bell name and logos under a royalty agreement £142,843 (2015 - £146,811)
- provision under an agreement of premises and other support services by Bell Educational Services Ltd to the charity £60,000 (2015- £60,000)
- payment of interest to Bell Educational Services Ltd on a loan to the charity £0 (2015- £2,150).

The following balance was outstanding at 31 December 2016 in respect of the above transactions, £87,961 due to the Trust (2015 - £58,884 due to the Trust).

### 22 LEGAL STATUS

The charity is a company limited by guarantee with no share capital. In the event of the charity being wound up, the liability of each member in respect of the guarantee is limited to £1.

## ADMINISTRATIVE INFORMATION

### Registered office

Hillscross, Red Cross Lane, Cambridge, CB2 0QU

### Charity number

311585

### Company number

1048465

### Independent Auditors

Grant Thornton, 101 Cambridge Science Park, Milton Road, Cambridge CB4 0FY

### Bankers

Barclays Bank Plc, Mortlock House, Vision Park, Histon, Cambridge, CB24 9DE

### Solicitors

Farrer & Co, 66 Lincoln's Inn Fields, London, WC2A 3LH

### Investment Managers

Barclays Wealth, 1 Churchill Place, Canary Wharf, London, E14 5HP

Investec, 30 Gresham Street, London, EC2V 7QN