

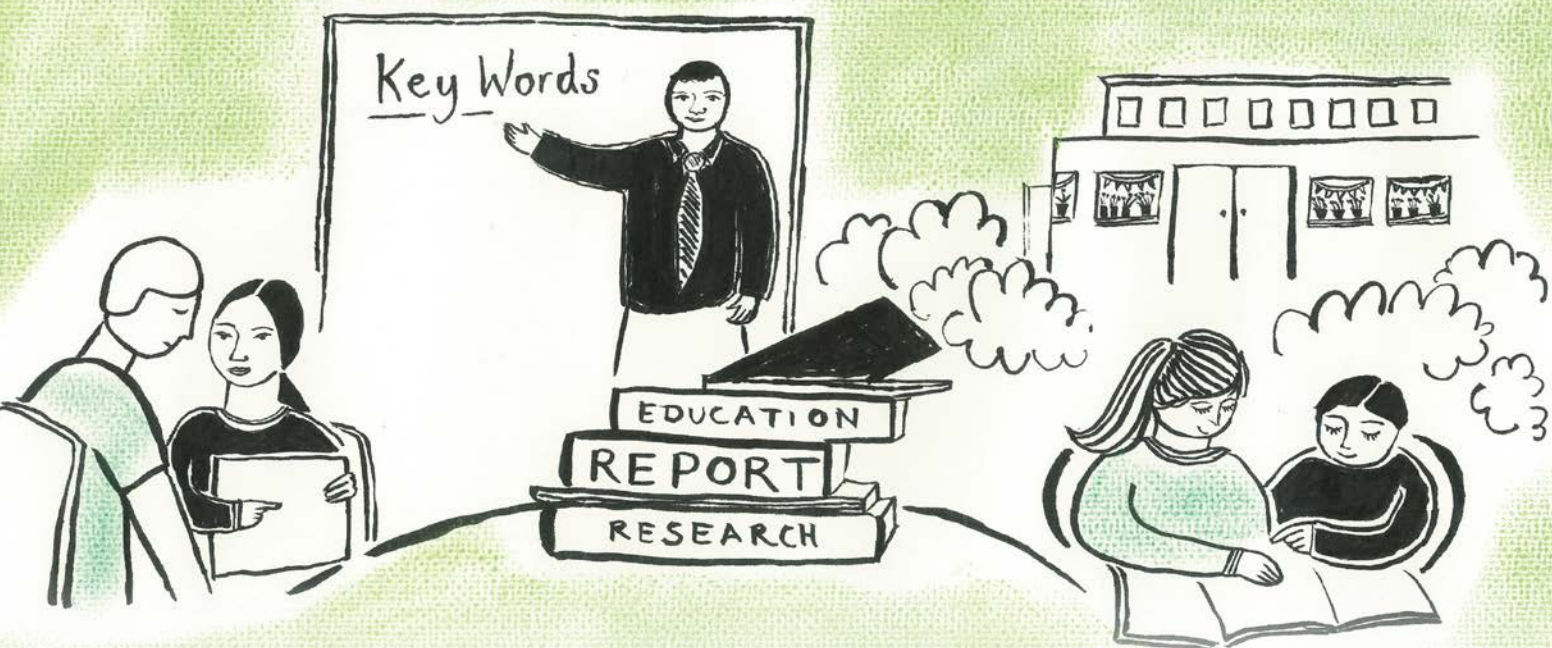
YEAR ENDED 31 DECEMBER 2017

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# Annual Report and Financial Statements

Company Number 1048465 Charity Number 311585

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## The Bell Educational Trust Limited - At a glance

### The Bell Foundation

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

#### Highlights of 2017

The Foundation's delivery of direct charitable activities has increased during 2017 and the Foundation has continued its grant programmes with new commitments of £599,000.

The Foundation's key activities in 2017 together with the major outcomes achieved are set out below.

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

The EAL Programme developed significantly in 2017 with a strategic shift to a scaled model with increased reach and a clear focus on system change and impact beyond the immediate beneficiaries of the programme. Key highlights include:

- In January 2017, the Foundation launched its EAL Assessment Framework for Schools. The Framework, which supports teachers with the School Census requirements on English proficiency, was downloaded 4,801 times.
- Language for Results began its transition from direct delivery at individual school level to a scaled model delivered through regional Centres of Expertise. Three partners have committed to becoming accredited Centres of Expertise, with 14 individuals selected to be trained as Bell Foundation Licensed Practitioners.
- Direct delivery of training across all areas of the EAL Programme (including EAL assessment training, Initial Teacher Education (ITE), partner training, the summer school and Language for Results) was provided to a total of 3,018 teachers during 53 sessions. Overall satisfaction ratings across the training sessions were strong, with an average recommendation rate of 86%.
- The Foundation has taken full ownership and management of the EAL Nexus website from the British Council from November 2017, thereby ensuring that more than 320,000 users annually can continue to have access to high-quality free online EAL resources for mainstream teachers.
- The EAL Programme continued to build evidence to inform policy and practice for learners with EAL, working with Unbound Philanthropy to jointly fund a research report by the Education Policy Institute on the 'Educational Outcomes of Children with English as an Additional Language'.
- In addition to this the Foundation, with the Education Endowment Foundation and Unbound Philanthropy, continues to support three randomised control trials, involving 300 schools, to test the effectiveness of interventions to improve the attainment of learners with EAL.

## 2. The Language for Change Programme

2017 was the first year that the Language for Change Programme had all five partnerships and projects operating. Key highlights include:

- **The Foundation's work having a presence in 124 out of 128 prisons.**
- **The Foundation's expertise in language and language acquisition resulted in two approaches to share this with staff and prisoner peer mentors. The delivery of staff training on language awareness to Unlocked Graduates and at HMP Styal has opened up a new area of work for the Foundation.**
- **Trustees agreed to make a long-term, five-year, commitment to the Criminal Justice Programme.**

## 3. Building a sustainable future

The Trust's income grew by £3.7m in the year, due to a substantial increase in the turnover of the language school subsidiaries of £3.2m and an increase of £0.4m in investment income from the investment portfolios with Barclays Wealth and Investec.

Charitable expenditure was £1.4m which is similar to the previous year.

The Foundation invested a further £6m with investment managers bringing the total invested to £20m and at 31 December 2017, the portfolios were valued at £21.6m.

At 31 December 2017 the Group's reserves stood at £38.5m, an increase in the year of £3.0m which is the result of the overage receipts of £1.2m, unrealised investment gains of £1.3m and the improved profitability of the language school subsidiaries.

## Message from the Chair

I am pleased to present the Trustees' annual report for 2017.

Both of the Foundation's programmes of charitable activity have, in different ways, developed to have much greater reach and impact on beneficiary groups.

In 2017 the Foundation began implementation of its scaling strategy for its work on children with English as an additional language. This has resulted in much greater digital reach for its assets, including the Assessment Framework now adopted by four local authorities and for its digital resources on EAL Nexus. The Foundation has established licence agreements with three Centres of Expertise and begun its Bell Foundation Licensed Practitioner accredited training programme.

The Foundation also began a partnership with leading educational think tank, the Education Policy Institute, and continued its academic partnerships with Cambridge University, Edinburgh University, Oxford University and King's College London. The Foundation continues to shape the operating environment by responding to Government consultations and contributing to policy and research evidence.

During 2017, Trustees reviewed the learning and independent evaluation from the "Language for Change" Programme and have agreed an ambitious five year strategy to make a long-term commitment to the criminal justice sector. The Foundation aims to expand its work to include victims of crime with English as an additional language as well as perpetrators. The programme aims to work with partners on practical interventions to break down the language barrier to accessing justice and rehabilitation for individuals with English as an additional language in contact with the English criminal justice system.

The Foundation continued to manage its assets in line with its Assets and Reserves strategy. The disposal of the final tranche of non-operational land in Cambridge was completed, realising £7.1m. Additionally in 2017, income from overage on sales of property is now also recognised in the accounts.

Progress has been made on the long-term development of the Cambridge campus, including on the development of a planning application for a residential student accommodation block.

The Foundation's subsidiaries, returned to profitability in 2017 with a profit of £814,000. In 2018, recruitment was successfully undertaken for a new CEO for the Foundation's language school subsidiaries.

The Foundation has continued to focus on strong and good governance and has undertaken a further Trustees' skills audit and Trustee training on key legislative changes, including GDPR.

Finally, I would like to record the Trustees' thanks and appreciation for the many years of service given by Susan Maingay, both as a member of the Programme Committee, from which she retired this year, as well as for her previous role as a Trustee.

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

## Trustees' Annual Report for the year ended 31 December 2017

The Trustees of The Bell Educational Trust Limited ("the 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 2017 for the Foundation and its subsidiaries ("the Group").

The Trustees have adopted the provisions of the Charities Act 2011, the Companies Act 2006, the 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 opportunity, changing lives and overcoming disadvantage through language education.

### Our mission

To achieve our vision, we work with partners on innovation, research, training and practical interventions. By generating and applying evidence, we aim to change practice, policy and systems for children, adults and communities in the UK disadvantaged through language.

### 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.

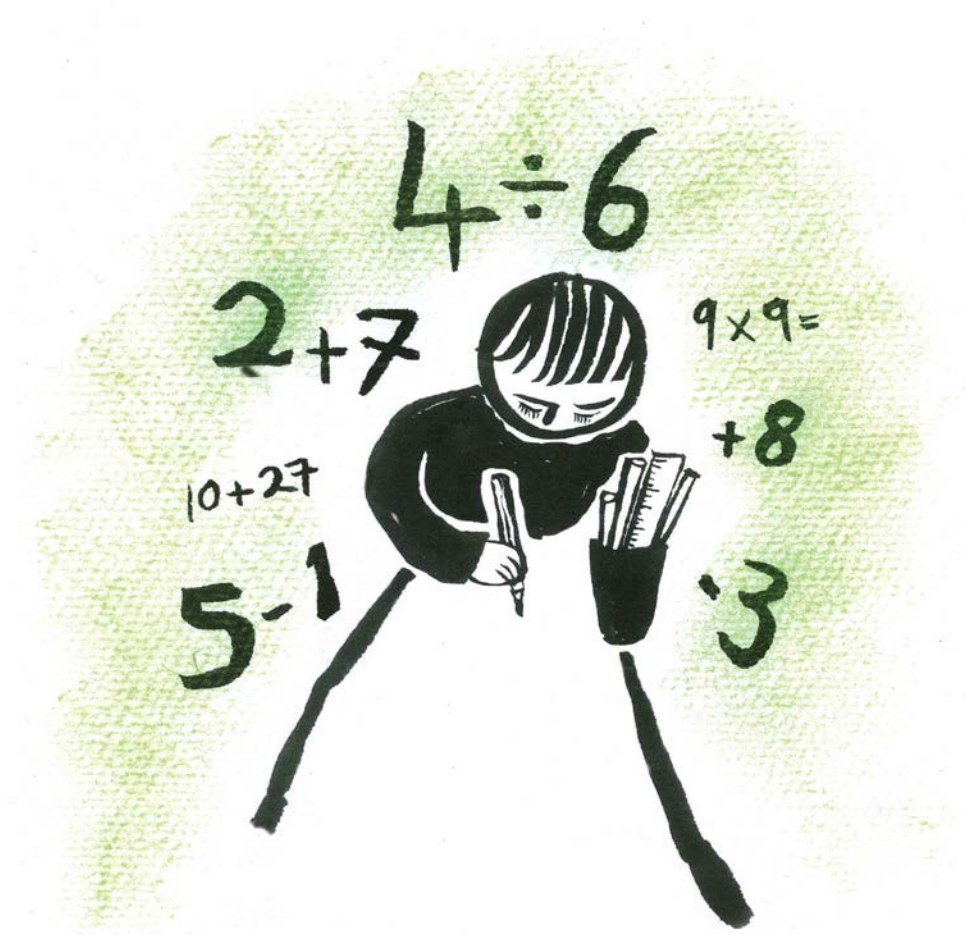
The objects are to promote and provide for the advancement of education for the public benefit by any means that the Trustees consider appropriate and in particular (but without limitation) by the:

- 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 2017 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 2017 for the Foundation and its language school trading subsidiaries.

### Our objectives in 2017

In 2017, the objectives were:

#### 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 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



## 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 an additional 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 Prisoner Learning Alliance.

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.

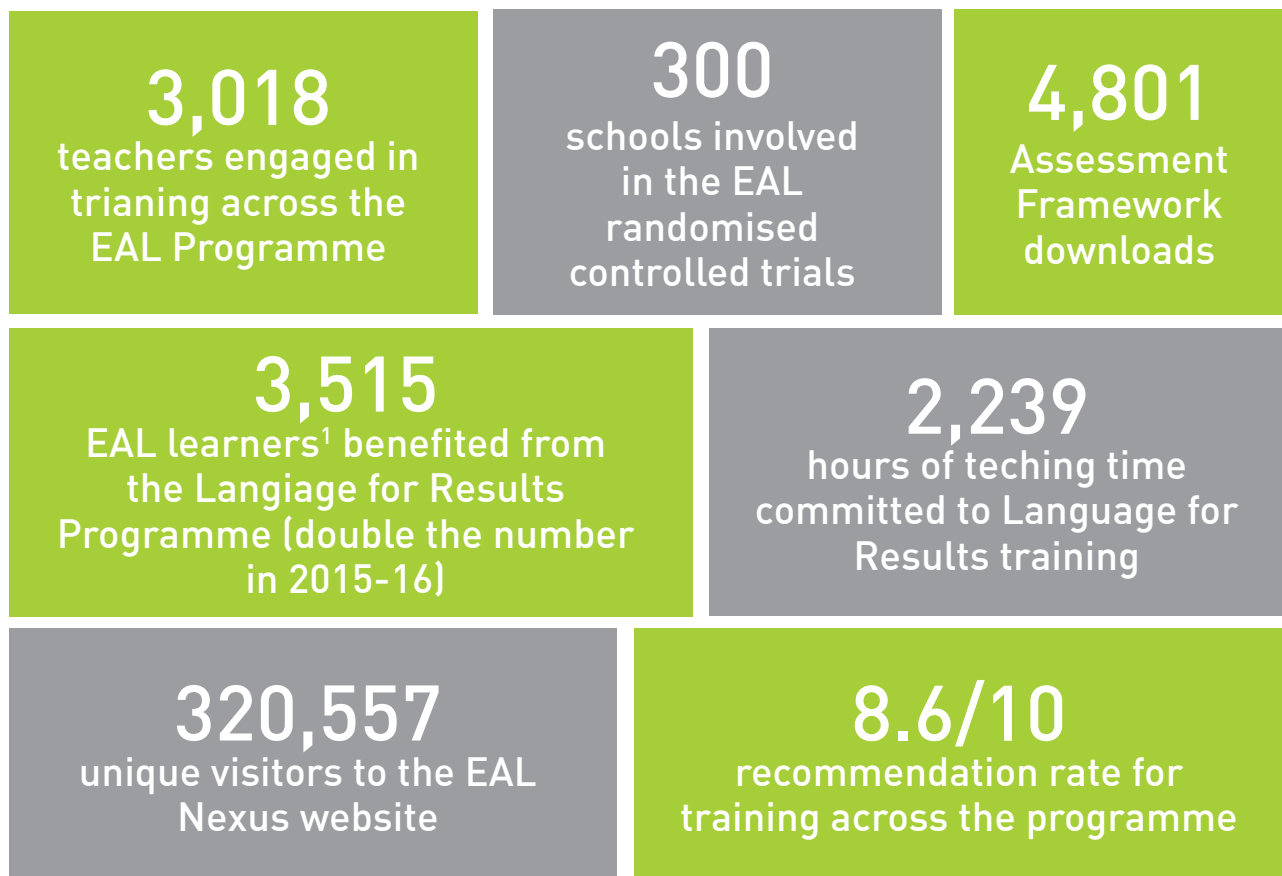
## Asset management

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**

## Our work in 2017

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



Statistics are based on the academic year 2016-17

<sup>1</sup> 3,515 EAL learners benefited from the 1,132 teachers who engaged in the language for Results Programme

**“Thank you all so much again, The Bell Foundation’s work is invaluable to the children we work with every day; we’re privileged as practitioners as we get to see all of your hard work implemented in our classrooms.”**

**Primary Class Teacher**

The aim of the EAL Programme is to improve the educational outcomes for children with EAL who are disadvantaged in order to benefit the individual child and society as a whole.

The EAL Programme developed significantly in 2017, with a strategic shift to a scaled delivery model and alignment of objectives extending the reach and impact of the programme. The Foundation continues to influence policy and practice on EAL, having an impact beyond the immediate beneficiaries of the programme.

**Develop and evaluate models of good practice:** to develop, deliver and evaluate practical interventions in schools, teaching institutions and with other relevant partners.

The Foundation's work on EAL assessment had significant impact at a national level this year, with the first collection of data from schools on the English proficiency of their EAL learners taking place. To support schools with the new census requirement, the Foundation launched its EAL Assessment Framework for Schools in January 2017. The Framework was developed in partnership with leading academics from King's College London and Cambridge University and is informed by research.

The Framework received 4,801 digital downloads in 2017 and was formally adopted by four local authorities, Cambridgeshire, Hampshire, Luton and Essex. An updated version of the Framework with accompanying support strategies and tracking tools were launched in September 2017.

**"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 needed and area to focus on. At last we have something that helps us deliver a more focused provision."**

**Teaching School Director**

In 2017, the Foundation continued to work with Unbound Philanthropy to build strong evidence and knowledge to inform practical interventions for EAL. This included securing £135,000 of partnership funding to support both the scaling of Language for Results and the research and development of training modules to enhance Initial Teacher Education (ITE) on EAL.

The Foundation is committed to ensuring that practice is informed by high quality research and is supporting three large scale randomised control trials to 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. The Foundation committed a further £194,000 in 2017 bringing its total commitment to £750,000. In order to produce clear and robust evidence they are situated in strict delivery contexts and involve approximately 300 schools. The results will help to build an evidence base of the most effective ways to improve the attainment of those groups of EAL pupils most at risk of underachievement.

**Capacity building and innovation:** to build permanent, sustainable capacity and expertise to improve educational outcomes for children with EAL.

In 2017 Language for Results moved to a scaled model, from direct delivery to delivery through accredited Centres of Expertise. Three strategic partners committed to becoming Centres of Expertise to deliver Language for Results to schools across their regions; Cooperative Academies Trust (Leeds), Luton Borough Council & Luton First Teaching School Alliance (Luton), Connect Teaching School Alliance (Boston). Fourteen candidates from these Centres were accepted to participate in a training course to become Bell Foundation Licensed Practitioners.

To ensure continued impact and high quality delivery through partners the Foundation developed a quality assurance and accreditation framework to ensure that the standard of delivery is maintained across the Language for Results interventions and that the intervention is not diluted.

The Foundation began the development of digital and blended training to further extend the reach of Language for Results beyond the geographic areas accessing Centres of Expertise. This will be launched in 2018.

In addition to delivery through others, the Foundation directly delivered 32 Language for Results training sessions across England, with 1,132 teachers committing 2,239 hours, indirectly impacting 3,515 learners in the 2016/2017 academic year. This is over double the number of learners benefiting from Language for Results in 2015/2016. The Foundation continued to deliver its high-quality Bell Foundation EAL summer school in Cambridge for teachers and teacher trainers, as well as regular lectures to trainee teachers. Overall satisfaction ratings across the programmes training sessions were strong, with an average recommendation rate of 86%. A total of 3,018 teachers, at 53 sessions, were trained across all areas of the EAL Programme including EAL assessment training, Initial Teacher Education (ITE), partner training, summer school and Language for Results.

**“Attending the ‘Train the Trainer’ day gave attendees an opportunity to explore a range of delivery models and to review their current practice in the light of shared ideas and experiences. The focus throughout the day was on improving practice and of exploring ways of maximising the impact of training on EAL for all trainees. The luxury of having time to work with experienced colleagues was an added bonus.”**

**Local Authority Representative**

The Foundation took on full ownership and management of the EAL Nexus website from the British Council in November 2017. The acquisition of the site that provides free online EAL resources for mainstream teachers, will significantly extend the reach of the EAL Programme and ensure that the 320,000 users (per annum) continue to have access to high-quality resources for EAL.

**“I use EAL Nexus resources in my EAL class with my learners from time to time, but always adapt it to their needs. The website is useful beyond compare.”**

**EAL co-ordinator**

The Foundation continued to provide grants to key stakeholders in the sector to build their capacity including:

- **The National Association for Language Development in the Curriculum (NALDIC) to develop the EAL Journal and regional groups of practitioners**
- **The National Deaf Children's Society to enhance teaching support to deaf learners with EAL**

**Thought leadership:** to inform policy and practice through the dissemination of research and practice findings.

The Foundation and Unbound Philanthropy funded a report by the award-winning think tank Education Policy Institute on 'Educational Outcomes of Children with English as an Additional Language'. The report, published in February 2018, provides a comprehensive analysis of the current policy and funding regime available to support EAL learners. It shows the outcomes for EAL students is a more complex picture than previously reported and received national coverage.

In 2017, the Foundation submitted evidence to the Government's Rochford Review on primary school pupil assessment. This resulted in the inclusion of a statement in the Government's response to the review, giving a commitment to updating statutory assessment guidance and providing teachers with further information on assessing pupils with EAL so they are better able to make judgements when assessing their learners.

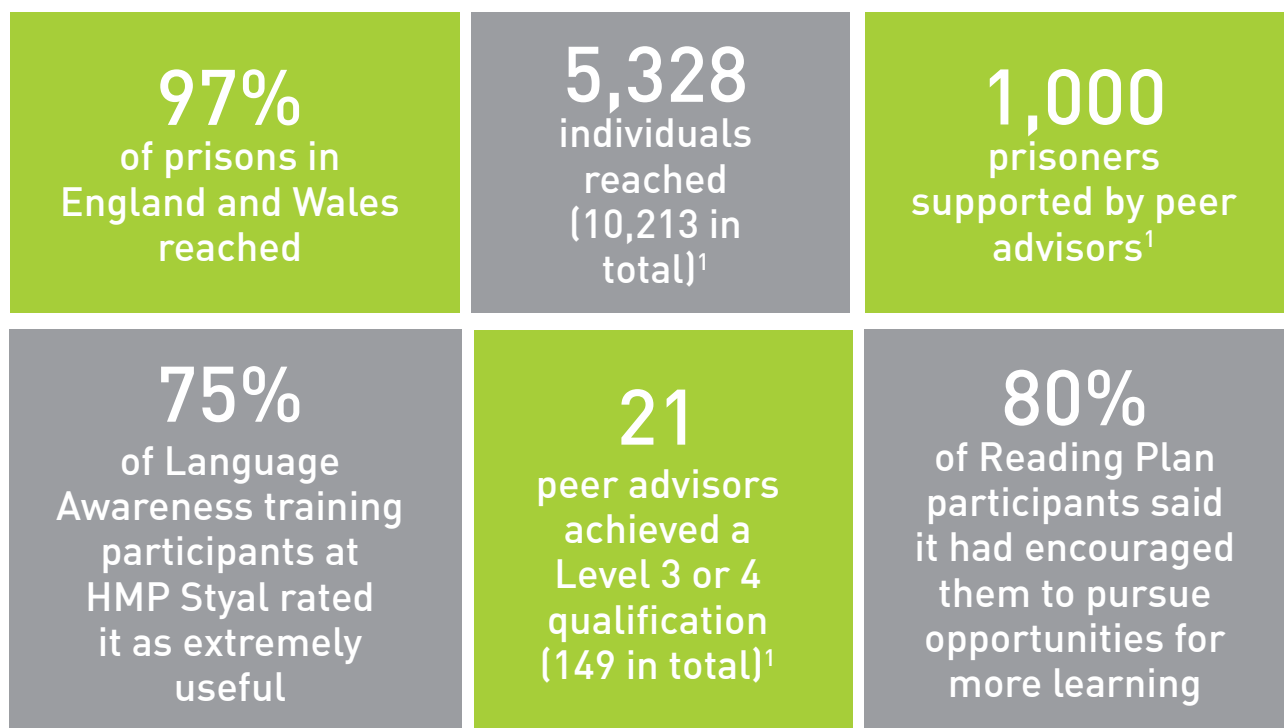
**We also support the work of the Education Endowment Foundation (EEF) who are working in partnership with The Bell Foundation and Unbound Philanthropy to fund trials of different approaches to raising the attainment of pupils who are classed as having EAL and are from socio-economically disadvantaged backgrounds.**

**Excerpt from DfE response to the Rochford Review 2017**

The Foundation has continued strong partnerships with academic leaders in education, EAL and equality from the Universities of Oxford, Cambridge, King's College London and Edinburgh and Anglia Ruskin University. All of these partners have identified the work they have done with the Foundation on the EAL Programme as having: high-quality outputs, significant impact beyond academia, and an environment that supports research. They each plan to submit this work for expert quality review via the Research Excellence Framework (REF).

The Foundation continually measures the impact of the EAL Programme, to inform its development, through an independent evaluation. The interim report in September 2017 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 and scaling strategies.

## Language for Change - Prisoners, offenders and ex-offenders with English as a second language



<sup>1</sup> Over the lifetime of the programme

The Language for Change Programme's overall goal is to reduce the re-offending rates of ex/offenders with English as a second language. The objectives are:

- To build and disseminate knowledge and impact of the removal of the language barrier to rehabilitation
- To improve access to education, employability and resettlement support

In 2017, the Foundation (through five partnerships) delivered against these objectives and assessed the learning from the programme and held consultations with key stakeholders.

The delivery context has remained challenging with understaffing, overcrowding and insecurity in prisons leading to a difficult and complex operating environment for Language for Change project partners. However, partners have continued to deliver to beneficiaries and where necessary have adapted their model when faced with difficult operating conditions.

**"The criminal justice system remains a highly fluid and challenging delivery space for all the projects; the strong project delivery should be viewed against this backdrop."**

**Programme evaluator**



This year, the Foundation continued to fund and work with its partners St Giles Trust, Reading Agency, Shannon Trust, Hibiscus Initiatives and the Learning & Work Institute. As partnerships and projects have developed, the Foundation has begun disseminating learning from the programme. This has included a published report on the efficacy of the approach of peer advisors, establishing and building relationships with officials in Government, supporting partners to publicise and promote impact from their projects, participation in networks such as the Prisoner Learning Alliance and the Association of Charitable Foundations. Through partners, the Foundation's grant funding reached 124 out of 128 prisons.

### **Disseminating knowledge about the impact of the removal of the language barrier**

In 2017 the Foundation continued to engage in the Prisoner Learning Alliance's work including contributing to Government consultations and participation in external events. The Foundation also built relationships within the Ministry of Justice and Her Majesty's Prison and Probation Service in order to promote data collection on ESOL needs and with the objective of the eventual adoption of the Foundation's ESOL Screening Tool which is currently being piloted.

In 2017 the Foundation commissioned a report on the St Giles Trust's peer advisor model. As a consequence of building a clear case for training peer advisors, HMP Huntercombe has committed to continue funding the St Giles Trust Peer Advisor programme after the Foundation's investment ceases. This has ensured the sustainability of the work longer term and is evidence of the value to the prison of this approach. The impact report is being used by St Giles Trust to make the case to other prison governors for wider adoption of the model in other prisons.

**"The course saved me, it saved my mental state and physical state. It helped me to understand the situation and I wanted to help others. Helping others motivated me."**

**Prisoner Peer Advisor, HMP Huntercombe**

**"Staff acknowledge the amount of work we put in and give us credit. It reduces violence levels and improves behaviour."**

**Prisoner Peer Advisor, HMP Huntercombe**

In 2017, the Foundation was approached by two institutions to deliver training on language awareness and communication, and trained 50 participants in the Unlocked Graduates Scheme, which trains graduates to become prison officers. In addition, HMP Styal approached the Foundation to conduct training with the prison's peer mentors who work with prisoners who have English as an additional language. The training was well received with over 75% of participants rating it as extremely useful.

## Improving access to education, employability and resettlement support

The Language for Change Programme has used peer models and created resources for the criminal justice sector in order to improve access to education, employability and resettlement support. As part of the 'Improving Language, Improving Lives' project, the Learning & Work Institute piloted the Citizens' Curriculum and ESOL Screening Tool for custodial settings. Both the tool and curriculum are designed for adoption across the prison estate. As testing began in 2017, a major focus in 2018 will be on promoting their use. The Education Manager at HMP Isle of Wight said of the tool:

**"It is really helping the prisoners at entry levels, especially, as they can then be helped immediately, with learning needs established at reception stage, rather than waiting for induction which can be a week or two later... this 'diagnostic' will save a lot of time and wasted effort, as so many potential ESOL learners slip through the net in the early stages of arriving in prison ..."**

**Education Manager at HMP Isle of Wight**

The Reading Agency has also created resources for prisons and librarians to encourage ESOL learners to read for pleasure. This includes creating a recommended book list targeted at ESOL learners as well as promotional materials in a range of languages advertising library services.

**"Reading Ahead helps to foster a positive attitude to education in general ... many are already minded in that way, but it helps to enhance that positive effect."**

**Year one evaluation of the Reading Agency project 'Reading Ahead'**

St Giles Trust and Shannon Trust use a peer model to deliver their programmes. Peer models are effective both because of the value of receiving guidance from someone else who is a prisoner and also because of their permanent presence on the wing.

**"We had an incident on Friday with a chap who'd just arrived... We called in a peer straight away – he found someone who could interpret and together they explained to him... and calmed him down. Without that we would have been on 24-hour watch."**

**Prison staff member at a participating prison**

Through its 'Turning Pages' reading programme, Shannon Trust uses peer mentors to help progress reading for those with little literacy. A survey of 4,623 prisoners included 600 readers self-identifying as ESOL learners. External evaluation from Birmingham City University showed that learners with English as an additional language progress faster than their peers, making up the gap in reading levels over six months.

## Long term Criminal Justice Programme

This year, Trustees agreed to make a long-term commitment to the criminal justice sector and developed a five-year strategic programme, following consultation with stakeholders and partners and a review of the independent evaluation of the present programme. The new programme aims to expand the Foundation's work to include victims of crime with English as an additional language and work across the criminal justice system. The programme aims to work with partners to break down the language barrier to accessing justice and rehabilitation for individuals with English as an additional language in contact with the English criminal justice system.

The programme has four key objectives:

- **Building an evidence base**  
Research into whether and where, the lack of English language impacts access to rehabilitation and justice
- **System change and thought leadership**  
Use research, funding and influencing to change the system's response to the needs of individuals with ESOL in the criminal justice sector
- **Capacity building of the criminal justice sector**  
Develop and embed training and resources to improve the sector's ability to respond to the needs of individuals with ESOL by working with partners
- **Developing a workstream on victims**  
Develop partnerships to meet the needs of victims of crime with ESOL, focusing where possible on sustainable initiatives and approaches

## 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 works with key strategic partners in the development and delivery of the EAL Programme. The Foundation's work with offenders and ex-offenders was historically delivered through a policy of making grants to existing organisations with a strong track record in this area of work. During 2018, a grant call for work with victims of crime with English as an additional language will be made by the Foundation.

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

In 2017 the Foundation entered or continued partnerships with the following organisations:

- **Organisations working with children with EAL**

The Bell Foundation works in partnership with:



- **Organisations working with offenders and ex-offenders**

The Bell Foundation works in partnership with:



## Asset management

### Property assets

The Foundation completed the sale of the final tranche of development land with proceeds of £7.1m. The contract with the developer includes an overage provision which enables the Foundation to benefit from the strong housing market in Cambridge, and the development has now reached a stage where the recognition of this income is required under accounting rules. Up to and including 2017, this income totals £1.4m.

Work has continued throughout the year on the design and preparations for a student accommodation planning application, which is expected to be submitted in the first half of 2018.

### Investments

The Foundation invested a further £6m with its two investment managers Barclays Wealth and Investec, which brought the total cash invested to £20m.

The valuation of the investments at 31 December 2017 was £21.6m and both investment managers exceeded the benchmark set by Trustees of the Consumer Prices Index plus four percent.

The income from investments was behind that budgeted, as the investment managers, in discussion with the Trustees, phased the investment of cash into stock markets and the Trustees therefore agreed a transfer from the Capital Fund of £208,000 to make up this shortfall in 2017.

### Trading subsidiaries

2017 was a more successful year for the Trust's UK trading subsidiary, with a recovery from the market downturn experienced in recent years. The market for English Language Education in the UK benefited from more favourable conditions when compared to other geographical markets, supported by a weakening in Sterling exchange rates over the period.

Bell was able to take advantage of the upturn, with a targeted sales and marketing effort. This has led to significant income growth for Bell in 2017 of 20%.

Continued rigorous cost control, following organisational changes in recent years to reduce the cost base of the business, led to an improved financial performance for the business. The result was a profit in the year, before taxation, of £814,000 compared to a profit of £103,000 before taxation in the prior year.

Bell completed a strategy review in 2016 which identified key growth areas in the existing core business, together with opportunities for diversification. Bell expects the core business to remain the key driver of its success in the short term. However, in the medium and longer term, Bell will pursue opportunities for diversification, building on its core strengths and successes.

In October 2017, Greg Ledgard-Hoile resigned as Chief Executive Officer of Bell. Following an international recruitment exercise Catrin Diamantino joined Bell on the 9 April 2018 as the new Chief Executive Officer.

## Our plans for 2018

### EAL Programme

The Foundation will deliver the fourth year of its programme to improve the educational outcomes of children with EAL. The programme will continue scaling by building the capacity of partners and others through the development of training and resources for EAL, and the promotion and development of the EAL Assessment Framework. It will further influence policy and practice through the dissemination of research and practice findings through thought leadership.

#### The Foundation will:

- **Increase the reach and impact of Language for Results through an additional three Centres of Expertise and via a digital and blended training offer**
- **Develop and provide high-quality resources, assessment tools and teaching strategies to mainstream teachers to enhance the teaching and support they give to EAL learners**
- **Influence policy and practice across the system through the publication and dissemination of research and good practice**

### Criminal Justice Programme

#### Language for Change

The Foundation will continue to deliver the final year of the Language for Change Programme including capturing the learning and insights from the programme's partnerships and through review of an external evaluation. A key aim for 2018 will be the dissemination of the ESOL Screening Tool.

#### New Criminal Justice Programme

A major focus for 2018 will be the planning and implementation of the new Criminal Justice Programme.

In 2018, the Foundation will commission research work on the impact of the language barrier on individuals in the criminal justice system. The new programme has a larger focus to include the impact of the language barrier on the wider criminal justice system and on both victims and offenders.

The Foundation will also begin a grant funding programme to support organisations working with victims of crime who have English as an additional language.

The Foundation will continue to pilot its language awareness training with different prison stakeholders to gauge its suitability for wider use.

The Foundation will continue to engage with both the Prisoner Learning Alliance and the Association of Charitable Foundations Issue Based Network on criminal justice.



## Assets

The key objective in 2018 is the submission of the planning consent for student accommodation, to provide up to 100 new rooms on the Cambridge campus to enhance the Cambridge language school's offering and provide a long term financial return to the Foundation.

The Foundation will continue to monitor and respond as required to the financial performance of both its trading subsidiaries and investment managers during 2018.

## Financial review and results for the year

### 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 the income and capital funds, as the funds are unrestricted designated funds.

The Assets and Reserves strategy agreed by Trustees states that transfers can be made from the capital fund to the income fund to ensure that planned programmatic work can continue if income is below planned 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 cash 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 and the revaluation reserve reflects the intention of the Trustees and the organisation's founder to ensure the long-term stability of the Foundation. These funds represent the land gifted to the charity in the 1970s and investments made from the proceeds of the sale of surplus land over the last four years, and includes the overage income.

The Trustees agreed a transfer from the designated capital fund to the income fund of £208,000 to make up the shortfall in investment income in 2017, as a result of the phased investment into stock markets by the investment managers.

In line with the Assets and Reserves strategy the investment portfolio gains of £1.315m and the overage income of £1.15m after taxation as it derives from the sale of the development land, have been added to the designated capital fund.

As at 31 December 2017 there are total capital funds (designated capital fund and revaluation reserve) of £38,513,000 (2016 - £35,520,000). The balance on the Group's unrestricted income fund is £498,000 (2016 - deficit £206,000). 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 unrestricted Group revenue reserves have returned to a surplus during the year as a result of the robust business plan put in place for the language school business delivering the expected return to profitability. It is anticipated that gift aid to the Foundation from the trading subsidiaries will recommence in 2018.

### **Investment policy**

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

- To provide funds to support the Foundation's programme of activities
- To preserve and enhance the value of the Foundation's assets
- To achieve the above with agreed levels of risk

The Bell Foundation asset portfolio consists of three key elements:

- A portfolio of investments
- The investment in Bell Educational Services Ltd, a wholly-owned trading subsidiary
- The Cambridge campus leased to the trading subsidiary

### **Investment portfolio**

In 2017 the Foundation has placed a further £3m, (in total £6m), with each of its appointed investment managers, Barclays Wealth and Investec, during the year, bringing the total cash invested to £20m.

The Trustees have targeted the investment managers to produce a total return of the Consumer Prices Index plus four percent. Both investment managers exceeded this benchmark for 2017 by between 1.5 - 2.5%.

The portfolio's total value was £21.6m at 31 December 2017.

The Foundation has agreed to follow the social, environmental and ethical policies developed by the investment managers for discretionary charity portfolios, which will minimise the risk of any significant investment where the business activities are to the detriment of our ultimate beneficiary groups.

## 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 that this company operates in a cyclical market, which is influenced by geopolitical factors outside the company's control.

The Trustees' key target is for a 10% cash return based on the capital value through gift aid to fund the Foundation's charitable works and it is anticipated that these payments will resume in 2018. The Trustees also target growth in the underlying capital value over the longer term.

## 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 five yearly rent reviews and have a target rental return of 7% per annum. The rent 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.

## Trading subsidiaries' results

The turnover of Bell Educational Services Ltd, the UK subsidiary, increased by £2.5m to £14m due to improved trading conditions, supported by favourable currency movements.

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

- Young Learner income contributed the majority of the increased revenue in the year. The increase in booking activity seen at the end of 2016 continued through to the end of the booking season for 2017 courses. Overall, the Young Learner revenues increased by 69%. In 2018 increased capacity will be provided to support the current continued demand in this business area.
- Adult ELT provision is delivered from the Cambridge and London schools. Both schools experienced growth on the prior year. This has been achieved with a backdrop of improved customer satisfaction. Bell has strengthened its offering in this important area, with the opening of a prestigious new school in London in April 2018.
- Teacher training continues to be not only an important revenue stream for Bell, but also a strategically significant differentiator of Bell's offering and position in the ELT market.

The return to profitable trading saw a profit after tax of £400,000, which resulted in revenue reserves of £2,000.

Bell Switzerland also saw a significant growth in turnover of £0.3m to £3m as a result of a strong performance in both its adult learning and bi-lingual kindergarten businesses. The improved performance resulted in an increase in post-tax profits to £0.4m.

## Charitable expenditure

The 2017 charitable expenditure totalled £1.4m which was similar to 2016. New grant commitments made in the 2017 were £599k compared with £879k in 2016 as the majority of the funding for the randomised control trials of £556k was agreed in 2016, with the balance of £194k being committed in 2017.

The programme costs increased by £100k reflecting the growth of the Foundation's direct delivery of the EAL Programme through the development of the Centres of Expertise, the Assessment Framework resources and the transfer of the EAL Nexus website to the Foundation.

Overall costs increased in the year as a result of the expenditure on professional fees in connection with the proposed planning application for student accommodation on the Cambridge campus.

## Balance sheet

The balance sheet has strengthened from total assets of £35.5m in 2016 to £38.5m in 2017. The main reasons for this are the investment gains in the year which totalled £1.3m, the recognition of the overage income from the sale of land for development of £1.2m and the improved profits from the trading subsidiaries.

The investment of a further £6m with investment managers was funded from the proceeds of the development land sale of £7.1m. Bank balances held by the Foundation increased to £6.6m which are held on deposit in line with the Assets and Reserves strategy agreed by the Trustees.

The recognised overage income of £1.5m (before tax of £0.25m), is included in debtors and these funds are payable after more than one year, as the payment is not due until after the sale of the last developed property. Whilst it is considered appropriate to recognise the overage income on properties developed up to 31 December 2017, the overage arrangement is cumulative, and a significant housing downturn could see the total reduced if future sales are at much lower prices, although this is currently considered to be a remote risk.

The overage income is taxable as trading income however Corporation Tax is not due until completion of the overage arrangement. This gives rise to a timing difference between the accounting and tax treatment of the income and this is recognised through the provision of deferred taxation of £0.25m.

## Cashflow

The Group's cashflow was positive with total balances of £12.8m at 31 December 2017 an increase of £1.9m in the year. Of this improvement £0.9m was generated from trading activities and the balance from investing activities primarily a net cashflow of £1m from the sale proceeds from the sale of the last phase of land for development less the £6m invested with investment managers.

## Year end position and going concern

The Group at 31 December 2017 had net current assets of £9.288m 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.

## 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 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 and reviewed by the Board of Trustees.

During the year the Audit and Risk Committee has overseen a project to provide even greater focus within reporting to the Board on the mitigation of key risks and the assurance mechanisms used by 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> Cyclical trends in the trading subsidiaries business	<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 development of less cyclical business streams</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	<ul style="list-style-type: none"> <li>• Safeguarding systems to ensure concerns are escalated</li> <li>• External inspections</li> <li>• Due diligence to ensure partners' have safeguarding processes</li> </ul>
<b>Adherence to relevant legislation</b>	<ul style="list-style-type: none"> <li>• Systems to ensure compliance with Higher Tier Status for visas</li> <li>• Regular monitoring of legislative developments</li> <li>• Regular consideration of key risk areas by the Board and the Audit and Risk Committee</li> </ul>
<b>Governance</b> Ensuring the governance structure of Committees and subsidiary Boards remains fit for purpose as the Foundation 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 operates under the name The Bell Foundation.

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 2017 the Board 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 the strategic oversight and review of the Foundation's assets on a quarterly basis, including its property and its trading subsidiaries.

Trustees held an annual away day in 2017 at which the future direction of the Criminal Justice Programme was explored, the Trustees discussed the strategic developments of the EAL Programme and its wider environmental context and plans for the trading subsidiaries.

### 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 training for existing Trustees. There is a full induction pack in place and a set of annually reviewed policies and procedures. Trustees benefited from a specialist training session delivered by professional advisors. Trustees are also advised of, and encouraged to attend, seminars run by various professional bodies, on topics that may be of interest.

### 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. The narrative given earlier in this report details the activities undertaken in the year and the public benefit provided.

### 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.

### **EAL Programme:**

Add up to three new partnerships to the Language for Results Programme

- ✓ Three partners licensed to become Centres of Expertise

Formal assessment of EAL pupils being adopted

- ✓ Assessment Framework downloaded 4,801 times and adopted by four local authorities

### **Language for Change Programme:**

Work with five strategic partners

- ✓ Five strategic partners in place

Programmes to reach the majority of prisons

- ✓ 124 of 128 prisons reached

### **Language School subsidiaries:**

Grow turnover by over 3% in 2017

- ✓ Turnover increased by 20%

A breakeven position for 2017

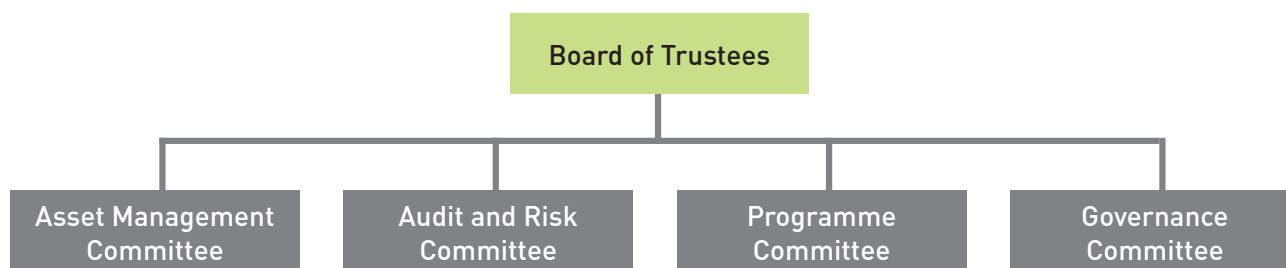
- ✓ Profit of £814,000

### **Related party transactions**

There were no related party transactions in 2017.

Mr M Milanovic and Mr G Spink served as directors of Bell Educational Services Ltd for the whole of 2017 for which they received no remuneration.

## Board of Trustees and Committees



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

	Board Meetings attended (Four meetings held)
Mr R C Prior (Chair)	4
Mr A M Fellows	3
Mr N J Tellwright	2
Mr A L Tomei (Vice Chair)	4
Mr J Gandy	3
Mr M Milanovic	3
Ms P Sharma (resigned 6 July 2018)	3
Mr G Spink	4
Mr R S M Auladin	3
Ms E J King	4
Ms S L Squire	4

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 2017

	Meetings attended
Mr G Spink (Chair)	3
Mr A M Fellows	2
Mr R S M Auladin	2

The Audit and Risk Committee in addition to its work on the annual report and accounts, reviewed its effectiveness using an external framework, worked on a framework to provide clearer oversight for the Board over risk mitigation and assurance on the related controls. The Committee has also monitored the preparation for the GDPR.

### Asset Management Committee – met five times in 2017

	Meetings attended
Mr J Gandy (Chair)	5
Mr A L Tomei	4
Mr R C Prior	5
Ms P Sharma	5

The Asset Management Committee monitored the performance of the recently appointed investment managers. It continued to provide detailed oversight of the trading subsidiaries' performance and carried out detailed work around the design of the proposed student accommodation.

**Governance Committee** - met six times in 2017

	Meetings attended
Mr N J Tellwright (Chair)	6
Mr R C Prior	5
Mr R S M Auladin	6

The Governance Committee oversaw the results from the annual Trustee skills audit and considered the arrangements for the non-executive chair of Bell Educational Services Ltd, and oversaw the arrangements for the recruitment of a new CEO for the trading subsidiary.

**Programme Committee** – met four times in 2017

	Meetings attended
Mr A L Tomei (Chair)	4
Mr M Milanovic	3
Ms E J King	3
Ms S L Squire	4
Ms D Sutton (Director – The Bell Foundation)	4
Ms S Maingay (Independent Member)	1 (out of 2)
(resigned – 18 September 2017)	

The Programme Committee both provided challenge and support to the Foundation staff on the charitable programmes including the new Criminal Justice Programme, the scaling of the EAL Programme, the randomised control trials and the provision of digital resources to teachers.

**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 briefings and regular meetings from the Senior Management Teams 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS102 The Financial Reporting Accounting Standard applicable in the UK and Ireland. Under company law 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(FRS102)
- 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 Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable 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 charitable Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that so far as each Trustee is aware:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 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 6 July 2018 and signed on its behalf by**

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

## Independent auditor's report to the members of The Bell Educational Trust Limited

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### Opinion

We have audited the financial statements of Bell Educational Trust Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the consolidated statement of financial activities including the income and expenditure account, consolidated and charity balance sheets, consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2017 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.

### Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Who we are reporting to

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 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable



## Independent auditor's report to the members of The Bell Educational Trust Limited

company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, set out on pages 1 to 25 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the Strategic Report and Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Trustees' Annual Report has 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees' Annual 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 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

### Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on pages 24 and 25, the trustees (who are also the directors of the charitable company for the purposes of company law)

## Independent auditor's report to the members of The Bell Educational Trust Limited

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are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



Tobias Wilson FCA, BA (Hons)  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Norwich

Date: 25 SEPTEMBER 2018

	Note	Restricted Funds 2017 £'000	Unrestricted Funds 2017 £'000	Total Funds 2017 £'000	Restricted Funds 2016 £'000	Unrestricted Funds 2016 £'000	Total Funds 2016 £'000
<b>Income from:</b>							
Donations	4	5	-	5	-	-	-
Charitable activities	4	68	24	92	-	4	4
Language school trading activities	3	-	17,573	17,573	-	14,333	14,333
Investments	10	-	426	426	-	60	60
<b>Total income</b>		<b>73</b>	<b>18,023</b>	<b>18,096</b>	<b>-</b>	<b>14,397</b>	<b>14,397</b>
<b>Expenditure on raising funds</b>							
Language school trading activities	6a	-	16,105	16,105	-	13,657	13,657
Investment management fees		-	82	82	-	14	14
<b>Total expenditure on raising costs</b>		<b>-</b>	<b>16,187</b>	<b>16,187</b>	<b>-</b>	<b>13,671</b>	<b>13,671</b>
<b>Net income after expenditure on raising funds</b>		<b>73</b>	<b>1,836</b>	<b>1,909</b>	<b>-</b>	<b>726</b>	<b>726</b>
<b>Charitable expenditure</b>							
EAL Programme	6b	50	861	911	35	976	1,011
Language for Change		-	501	501	-	460	460
<b>Total charitable expenditure</b>		<b>50</b>	<b>1,362</b>	<b>1,412</b>	<b>35</b>	<b>1,436</b>	<b>1,471</b>
<b>Net Income before gains/(losses) on investments</b>		<b>23</b>	<b>474</b>	<b>497</b>	<b>(35)</b>	<b>(710)</b>	<b>(745)</b>
<b>Represented by:</b>							
Total income		73	18,023	18,096	-	14,397	14,397
Total expenditure		50	17,549	17,599	35	15,107	15,142
<b>Net income before gains/(losses) on investments</b>		<b>23</b>	<b>474</b>	<b>497</b>	<b>(35)</b>	<b>(710)</b>	<b>(745)</b>
<b>Net income before gains/(losses) on investments</b>		<b>23</b>	<b>474</b>	<b>497</b>	<b>(35)</b>	<b>(710)</b>	<b>(745)</b>
<b>Net gains on investments</b>	9d	<b>-</b>	<b>2,531</b>	<b>2,531</b>	<b>-</b>	<b>671</b>	<b>671</b>
<b>Net income/(expenditure)</b>		<b>23</b>	<b>3,005</b>	<b>3,028</b>	<b>(35)</b>	<b>(39)</b>	<b>(74)</b>
<b>Other recognised gains and losses</b>							
Effect of movement in exchange rates		-	(35)	(35)	-	63	63
<b>Net movement in funds</b>		<b>23</b>	<b>2,970</b>	<b>2,993</b>	<b>(35)</b>	<b>24</b>	<b>(11)</b>
<b>Reconciliation of funds</b>							
Total funds brought forward		-	35,520	35,520	35	35,496	35,531
<b>Total funds carried forward</b>		<b>23</b>	<b>38,490</b>	<b>38,513</b>	<b>-</b>	<b>35,520</b>	<b>35,520</b>

There were no recognised gains or losses other than those included above. All income and expenditure derived from continuing activities. The notes on pages 38 to 60 form part of these financial statements.

	Note	Group 31 December		Charity 31 December	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Fixed assets</b>					
Intangible assets	8a	65	54	20	-
Tangible assets	8b	8,059	8,170	7,871	7,981
Investments	9	21,610	21,138	23,610	23,139
Total fixed assets		29,734	29,362	31,501	31,120
<b>Current assets</b>					
Debtors	11	2,981	1,540	1,521	108
Cash at bank and in hand	18	12,779	10,892	6,600	5,880
Total current assets		15,760	12,432	8,121	5,988
<b>Creditors: amounts falling due within one year</b>	12	(6,472)	(5,890)	(1,046)	(811)
<b>Net current assets</b>		9,288	6,542	7,075	5,177
<b>Total assets less current liabilities</b>		39,022	35,904	38,576	36,297
<b>Creditors: amounts falling due after more than one year</b>	13	(259)	(384)	(259)	(384)
<b>Provisions for liabilities</b>	14	(250)	-	(250)	-
<b>Net assets</b>		38,513	35,520	38,067	35,913
<b>The funds of the charity</b>					
Restricted income funds	15	23	-	23	-
Unrestricted funds	15				
Income fund		498	(206)	-	192
Designated capital fund		31,182	23,207	31,241	23,244
<b>Total unrestricted funds</b>		31,680	23,001	31,241	23,436
Revaluation reserve		6,803	12,477	6,803	12,477
Foreign exchange reserve		7	42	-	-
<b>Total funds</b>		38,513	35,520	38,067	35,913

The financial statements on pages 35 to 60 were approved by the Board of Trustees and authorised for issue on 6 July 2018.

R C Prior

The notes on pages 38 to 60 form part of these financial statements.

	Note	2017 £'000	2016 £'000
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	17	847	1,255
<b>Cash flows from investing activities:</b>			
Investment income		234	60
Purchase of investments		(6,000)	(14,000)
Proceeds from sale of investments		6,972	6,905
Purchases of tangible fixed assets		(139)	(24)
Purchases of intangible fixed assets		(27)	(61)
<b>Net cash provided by investing activities</b>		<b>1,040</b>	<b>(7,120)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>1,887</b>	<b>(5,865)</b>
Cash and cash equivalents at 1 January		10,892	16,757
Cash and cash equivalents at 31 December	18	12,779	10,892

The notes on pages 38 to 60 form part of these financial statement.

## Notes forming part of the financial statements for the year ended 31 December 2017

### 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 trading by Bell Educational Services Ltd over the last two years resulting in net assets of £2.0m 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 return to profitable trading supports the present carrying value.

## 1 Accounting policies *(continued)*

### **Overage**

The overage provision included within the sale contract for the development land sold over the last four years is cumulative and due for payment on the sale of the last property. As a substantial proportion of the properties have been sold and the forecast values for future sales indicate further receipts, the Trustees consider the conditions for recognising the income to date have been met.

### ***Preparation of the financial statements 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.



## 1 Accounting policies *(continued)*

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.

### ***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.

## 1 Accounting policies *(continued)*

### ***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 of 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.

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.

### ***Intangible fixed assets and amortisation***

Software is stated at cost less accumulated amortisation. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Amortisation is provided to write off the asset on a straight line basis at an annual rate of 20% on cost.

### ***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.

## 1 Accounting policies *(continued)*

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% on cost

### ***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.

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.

## 1 Accounting policies *(continued)*

### ***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.

## 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:

	2017 £'000	2016 £'000
Income	1,265	687
Expenditure	(1,642)	(1,575)
	<u>(377)</u>	<u>(888)</u>
Net investment gains	2,531	671
Net income	<u>2,154</u>	<u>(217)</u>
Total funds brought forward	35,913	36,130
Total funds carried forward	<u>38,067</u>	<u>35,913</u>
	2017 £'000	2016 £,000
Represented by:		
Unrestricted income funds	-	192
Restricted income funds	23	-
Unrestricted capital funds	38,044	35,721
<b>Total</b>	<u>38,067</u>	<u>35,913</u>

## 3 Activities for Raising Funds – Language School

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

	2017 £'000	2016 £'000
United Kingdom	13,548	11,122
Europe	3,567	2,873
Middle East and North Africa	-	8
Far East	429	315
Rest of World	29	15
<b>Total</b>	<u>17,573</u>	<u>14,333</u>

Fees receivable in the UK relate to educational services delivered in the UK to students, primarily from overseas, who in 2017 represented 102 (2016 – 101) different nationalities from around the world.

## 4 Income from Charitable Activities

	2017 Restricted £'000	2017 Unrestricted £'000	2017 Total £'000	2016 Total £'000
Donation	5		5	-
Fees for charitable activities	68	24	92	4
Grants	-	-	-	-
<b>Total</b>	<b>73</b>	<b>24</b>	<b>97</b>	<b>4</b>

All income from charitable activities arose within the United Kingdom.

## 5 Staff and Trustee Costs

	2017 £'000	2016 £'000
Staff costs consist of:		
Wages and salaries	6,529	5,634
Social security costs	685	585
Other pension costs	118	108
<b>Total</b>	<b>7,332</b>	<b>6,327</b>

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 £7,058 (2016 - £4,114) were outstanding at the year end and are included in creditors.

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

	2017 No.	2016 No.
Commercial language school operations		
Tutorial	115	100
Office, management and ancillary	98	108
Charitable activities	10	7
<b>Total</b>	<b>223</b>	<b>215</b>

## 5 Staff and Trustee 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:

	2017	2016
£60,000 - £69,999	1	1
£70,000 - £79,999	1	1
£80,000 - £89,999	-	1
£90,000 - £99,999	-	1
£100,000 - £109,999	-	-
£110,000 - £119,999	1	1
£120,000 - £129,999	2	-
£130,000 - £139,999	-	-
£140,000 - £149,999	-	1
£150,000 - £159,999	1	-

Pension contributions of £1,750 (2016 - £1,420) were paid on behalf of the highest paid employee. Pension contributions of £10,452 (2016 - £14,042) 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 £7,419 (2016 - £5,409) were reimbursed during the year to 8 (2016 - 10) Trustees. Indemnity insurance premiums of £6,182 (2016 - £6,604) 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 (2016 - £Nil).

The key management personnel of the parent charity comprise the Trustees, the Foundation Director and the Chief Financial Officer and the Head of the EAL Programme. The total employment benefits of the key management personnel of the Trust were £157,212 (2016 - £116,313).

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 £379,437 (2016 - £465,272). The employee benefits of key management personnel of the Group were therefore £536,649 (2016 - £581,585).

The highest paid employee within the Group received emoluments of £209,417 (2016 - £178,820), which includes notice pay for the period after the year end.



## 6 Analysis of Resources Expended

### a. Activities for generating funds – Language Schools

	2017	2016
	£'000	£'000
Direct cost of language education	9,044	7,486
Administrative expenditure	6,724	6,112
Depreciation of freehold language school buildings and related assets	112	59
Taxation (UK) (See note 7)	225	-
	<b>16,105</b>	<b>13,657</b>

### b. Charitable activities

	Language for Change	EAL Programme	Total	Language for Change	EAL Programme	Total
	2017	2017	2017	2016	2016	2016
	£'000	£'000	£'000	£'000	£'000	£'000
Grants	282	304	586	266	610	876
Programme delivery	85	341	426	94	221	315
Support costs	48	95	143	35	82	117
Governance costs	86	171	257	65	98	163
	<b>501</b>	<b>911</b>	<b>1,412</b>	<b>460</b>	<b>1,011</b>	<b>1,471</b>

The EAL Programme expenditure includes £50,000 (2016 - £35,000) from restricted funds.

## 6 Analysis of Resources Expended *(continued)*

### c. Grants

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

	2017 £'000	2016 £'000
English as an Additional Language		
Education Endowment Fund	194	556
Mohr Language Support	-	18
National Association for Language Development in the Curriculum	27	27
National Deaf Children's Society	-	12
Oxford University	41	-
Education Policy Institute	20	-
Kings College London	41	-
Language for Change		
Hibiscus Initiatives	60	60
The Reading Agency	46	46
St Giles Trust	102	100
Shannon Trust	60	60
Grants previously awarded not utilised	(13)	(3)
	<b>586</b>	<b>876</b>

### 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
Salaries and related costs	78	11	89	Based on estimated actual time
General office costs	65	58	123	Based on staff time
Audit fees	-	19	19	Actual costs
Legal and other professional fees	-	169	169	Actual costs
<b>Total</b>	<b>143</b>	<b>257</b>	<b>400</b>	

## 6 Analysis of Resources Expended *(continued)*

### d. Net incoming resources before other recognised gains and losses are stated after charging

	2017 £'000	2016 £'000
Depreciation of tangible assets – owned	249	338
Amortisation of intangible fixed assets	15	7
Operating lease rentals:		
Other assets	1,047	1,041
External auditor's remuneration:		
Audit of the charity's financial statements	19	11
Audit of the subsidiary financial statements	41	45
Tax compliance services	5	12
Advisory services	-	-

## 7 Taxation

The company is a charity within the meaning of Paragraph 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 (2016 - £nil). The Group was liable to taxation as detailed below:

	2017 £'000	2016 £'000
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
Corporate taxes on profit for the year	225	20
Adjustment in respect of previous periods	-	-
<b>Total current tax</b>	225	-
<b>Deferred tax</b> (see note 14)		
Origination and reversal of timing differences	250	-
<b>Total taxation on profit on ordinary activities</b>	475	20

## 7 Taxation (continued)

The charge for the year can be reconciled to the income from commercial activities as follows:

	2017 £'000	2016 £'000
Profit from commercial activities before tax		
but after Gift Aid – continuing activities	<b>2,485</b>	436
(Loss)/Profit on ordinary activities at the standard rate of Corporation Tax in the UK of 20% (201 -20%)	<b>497</b>	87
Effect of:		
Expenses not deductible for tax purposes	<b>27</b>	18
Group income	-	(70)
Losses carried back to prior year	-	-
Adjustment from previous periods	-	-
Differences in overseas taxation rates	<b>19</b>	(33)
Adjustment to average rate of 20% for deferred tax	<b>(43)</b>	6
Deferred tax asset not recognised	<b>(25)</b>	12
Tax (credit)/charge for the period	<b>475</b>	20

## 8a. Intangible assets

	Group		Charity	
	Software £'000	Total £'000	Software £'000	Total £'000
<i>Cost or valuation</i>				
At 1 January 2017	61	61	-	-
Additions	27	27	22	22
<b>At 31 December 2017</b>	<b>88</b>	<b>88</b>	<b>22</b>	<b>22</b>
<i>Amortisation</i>				
At 1 January 2017	7	7	-	-
Provided for the year	16	16	2	2
<b>At 31 December 2017</b>	<b>23</b>	<b>23</b>	<b>2</b>	<b>2</b>
<b>Net book value</b>				
<b>At 31 December 2017</b>	<b>65</b>	<b>65</b>	<b>20</b>	<b>20</b>
At 31 December 2016	54	54	-	-

## 8b. Tangible assets

	Freehold Land and Buildings	Fixtures, Fittings and Equipment	Total
Group	£'000	£'000	£'000
<i>Cost or valuation</i>			
At 1 January 2017	8,200	3,402	11,602
Foreign Exchange changes		(1)	(1)
Additions		139	139
Disposals		(969)	(969)
At 31 December 2017	8,200	2,571	10,771
<i>Accumulated depreciation</i>			
At 1 January 2017	219	3,213	3,432
Foreign Exchange changes	-	-	-
Provided for the year	110	139	249
Disposals	-	(969)	(969)
At 31 December 2017	329	2,383	2,712
<b>Net book value</b>			
<b>At 31 December 2017</b>	7,871	188	8,059
At 31 December 2016	7,981	189	8,170

	Freehold Land and Buildings £'000	Total £'000
<b>Charity</b>		
<i>Cost or valuation</i>		
At 1 January 2017	8,200	8,200
Revaluation	-	-
Disposals	-	-
<b>At 31 December 2017</b>	8,200	8,200
<i>Accumulated depreciation</i>		
At 1 January 2017	219	219
Provided for the year	110	110
Disposals	-	-
<b>At 31 December 2017</b>	329	329
<b>Net book value at 31 December 2017</b>	7,871	7,871
At 31 December 2016	7,981	7,981

## 8b. Tangible assets (continued)

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 (2016 – £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 £5,938,985 (2016 – £6,077,946). 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.

## 9 Investments

### a. Investment property

	Investment Property 2017 £'000	Investment Property 2016 £'000
<b>Group and Charity</b>		
<i>Cost or valuation</i>		
At 1 January	6,900	13,425
Revaluation	-	380
Disposals	(6,900)	(6,905)
<b>At 31 December</b>	<b>-</b>	<b>6,900</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 value to that date reflected expected sales proceeds and at each subsequent year end the Trustees have revised the valuation of the remaining investment property in line with the calculation applied by Bidwells at 31 December 2014. The 2016 carrying value above was based on gross proceeds of £7.1m less a deduction of £200,000 to reflect the risk of non-completion.

### b. Investments

	Investments 2017 £'000	Investments 2016 £'000
<b>Group and Charity</b>		
<b>Market value at 1 January</b>	<b>14,238</b>	<b>-</b>
Additions to investment at cost	6,000	14,000
Net income retained	127	-
Net gain on revaluation	1,245	238
<b>Market value at 31 December</b>	<b>21,610</b>	<b>14,238</b>

## 9 Investments (continued)

Investments at fair value comprised:

	Investments 2017 £'000	Investments 2016 £'000
<b>Group and Charity</b>		
Property and infrastructure	1,844	560
Equities	18,021	5,878
Fixed interest	801	608
Cash	944	7,192
<b>Market value at 31 December</b>	<b>21,610</b>	<b>14,238</b>

### c. Group companies

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

	2017 £'000	2016 £'000
Cost at 1 January and 31 December	2,000	2,000

Name	Country of incorporation/ registration	Class of shares held	Per cent 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.

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	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Bell Educational Services Ltd	2,002	1,580	422	172
Bell Switzerland SA	820	463	392	222



## 9 Investments (continued)

The Bell Educational Services Ltd 2016 profit for the year includes a dividend of £313,513 from Bell Switzerland SA.

	Assets		Liabilities	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Bell Educational Services Ltd	6,278	5,681	4,276	4,101
Bell Switzerland SA	1,993	1,909	1,173	1,446

Further information for material subsidiaries:

	Turnover		Expenditure	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Bell Educational Services Ltd	14,032	11,475	13,610	11,629
Bell Switzerland SA	3,552	2,861	3,164	2,639

The net assets of the subsidiaries include intercompany balances due to The Bell Educational Trust Limited of £23,246 (2016 - £87,961).

The Trustees believe that the carrying value in subsidiaries is supported by their underlying net assets.

### d. Net investment gains

Investment gains includes realised and unrealised gains on investments of £1,243k (2016 - £671k), overage income net of tax of £1,216k and a surplus on the sale of the last phase of development land of £72k.

## 10 Investment income

	2017	2016
	£'000	£'000
Interest receivable on interest bearing deposit accounts	34	60
Dividends	392	-
	<u>426</u>	<u>60</u>

## 11 Debtors

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Fees receivable	526	532	4	-
Amounts owed by Group undertakings	-	-	21	88
Corporation Tax	-	-	-	-
Other debtors	1,909	419	1,494	17
Prepayments and accrued income	546	589	2	3
	<b>2,981</b>	<b>1,540</b>	<b>1,521</b>	<b>108</b>

Other debtors for both Group and charity includes £1,466,000 (2016 - £0) due in more than one year.

## 12 Creditors: amounts falling due within one year

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Fees received in advance and sums due to students	3,579	3,527	-	-
Trade creditors	375	755	61	74
Amounts owed to Group undertakings	-	-	-	-
Taxation and social security costs	218	95	12	10
Corporation Tax	99	-	-	-
Other creditors	-	1	4	1
Grants payable (see below)	689	541	689	541
Accruals and deferred income	1,512	971	280	185
	<b>6,472</b>	<b>5,890</b>	<b>1,046</b>	<b>811</b>

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

**12 Creditors: amounts falling due within one year (continued)**

<b>Grants</b>	<b>Total</b>	<b>Total</b>
<b>Group and charity</b>		
	<b>2017</b>	2016
	<b>£'000</b>	£'000
Amounts outstanding at 1 January 2017	<b>925</b>	314
Grants approved	<b>599</b>	879
Grants paid	<b>(563)</b>	(265)
Awarded grants not paid	<b>(13)</b>	(3)
	<b>948</b>	925
Amounts outstanding 31 December 2017	<b>948</b>	925
Split as follows:		
Amounts falling due within one year	<b>689</b>	541
Amounts falling due after more than one year (See note 13)	<b>259</b>	384
	<b>948</b>	925

**13 Creditors: amounts falling due after more than one year**

<b>Group and charity</b>	<b>2017</b>	2016
	<b>£'000</b>	£'000
Grants payable (see note 12)	<b>259</b>	384

**14 Deferred taxation**

Deferred taxation of £250,000 has been provided on the investment gain from overage income of £1,466k at 17.25%, being the rate expected to be in force when the timing difference reverses.

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

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Fixed assets	<b>(37)</b>	(60)
Timing differences - trading	<b>(3)</b>	3
Losses	<b>-</b>	(6)
	<b>(40)</b>	(63)

## 15 Statement of funds

	Group					
	Unrestricted Income Fund £'000	Capital Funds		Restricted Income Fund £'000	Foreign Exchange Reserve £'000	Total Funds £'000
		Capital Reserve £'000	Revaluation Reserve £'000			
At 1 January 2017	(206)	23,207	12,477	-	42	35,520
Incoming resources	19,239	-	-	73	-	19,312
Resources expended	(17,549)	-	-	(50)	-	(17,599)
Transfers between funds	(986)	986			-	-
Investment gains	-	89	1,226	-	-	1,315
Change in value of net investment in overseas subsidiary as a result of movement in exchange rates	-	-	-	-	(35)	(35)
Transfers between funds on realisation	-	6,900	(6,900)	-	-	-
At 31 December 2017	498	31,182	6,803	23	7	38,513

	Charity					
	Unrestricted Income Fund £'000	Capital Funds		Restricted Income Fund £'000	Total Funds £'000	
		Capital Reserve £'000	Revaluation Reserve £'000			
At 1 January 2017	192	23,244	12,477	-		35,913
Incoming resources	1,192	-	-	73		1,265
Resources expended	(1,592)	-	-	(50)		(1,642)
Transfers between funds on realisation	-	6,900	(6,900)	-		-
Investment gains	-	1,305	1,226	-		2,531
Transfers	208	(208)	-	-		-
At 31 December 2017	-	31,241	6,803	23		38,067

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

The Restricted Funds are funds held for specific purposes in connection with the EAL Programme.

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 net assets between funds

	Group				
	Income Fund £'000	Capital Fund £'000	Restricted Fund £'000	Foreign Exchange Reserve £'000	Total Funds £'000
Fund balances at 31 December 2017 are represented by:					
Intangible assets	65	-	-	-	65
Tangible fixed assets	188	7,871	-	-	8,059
Investments		21,610			21,610
Net current assets	504	8,754	23	7	9,288
Creditors due after more than one year	(259)	-	-	-	(259)
Provision for liabilities	-	(250)	-	-	(250)
<b>Total net assets</b>	<b>498</b>	<b>37,985</b>	<b>23</b>	<b>7</b>	<b>38,513</b>

	Charity				
	Income Fund £'000	Capital Fund £'000	Restricted Fund £'000		Total Funds £'000
Fund balances at 31 December 2016 are represented by:					
Intangible fixed assets	20	-	-		20
Tangible fixed assets		7,871			7,871
Investments	-	23,610	-		23,610
Net current assets	239	6,813	23		7,075
Creditors due after more than one year	(259)	-	-		(259)
Provisions for liabilities	-	(250)	-		(250)
<b>Total net assets</b>	<b>-</b>	<b>38,044</b>	<b>23</b>		<b>38,067</b>

## 17 Reconciliation of net income to net cash provided by operating activities

	2017	2016
	£'000	£'000
<b>Net income/(expenditure) for the year</b>	<b>2,993</b>	<b>[74]</b>
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	249	338
Amortisation of intangible assets	16	7
(Gains) on investments	(1,315)	(618)
Interest received	(234)	(60)
(Increase)/Decrease in debtors	(1,441)	(10)
Increase/(Decrease) in creditors and deferred income	457	1,649
Other non-cash changes	122	23
	<b>847</b>	<b>1,255</b>
Net cash inflow from operating activities		

## 18 Analysis of cash and cash equivalents

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Cash in hand	12,779	10,892	6,600	5,880
	<b>12,779</b>	<b>10,892</b>	<b>6,600</b>	<b>5,880</b>

## 19 Commitments under operating leases

As at 31 December 2017, the Group's future minimum operating lease payments are set out below:

	Land and Buildings		Other	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Within one year	805	844	40	69
In two to five years	2,890	1,254	4	38
	<b>3,695</b>	<b>2,098</b>	<b>44</b>	<b>107</b>

## 20 Capital commitments

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Capital expenditure contracted but not provided	570	-	-	-

## 21 Related party disclosures

There were no related party transactions in 2017 or 2016 with Trustees.

In 2017 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 £561,000 (2016 - £475,775)
- Bell Educational Services Ltd has the right to use the Bell name and logos under a royalty agreement £169,536 (2016 - £142,843)
- provision under an agreement of premises and other support services by Bell Educational Services Ltd to the charity £64,935 (2016 - £60,000)

The following balance was outstanding at 31 December 2017 in respect of the above transactions, £23,246, due to the Trust (2016 - £87,961 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