

Anglo-European College of Chiropractic
(A company limited by guarantee)

Governors' Report and Financial Statements
For the year ended 31 August 2015

Company number 00653859

Anglo-European College of Chiropractic

(a company limited by guarantee)

31 August 2015

Legal and administrative information

Company number

00653859

Charity number

306289

Registered office

13-15 Parkwood Road
Bournemouth
Dorset
BH5 2DF

Governors

A Wild (chair)
S Bartholomew
C Bertoia
M Copp
A Cormack
P Dingley
M Gurden
O Haagensen
H Hurst
T Kaschel
E Newcomb
P Roberts
A Selby
A Simpson
C Stephens
H Thiel
B Van der Vossen
J Worthington

Advisory Council Members

C Bertoia
M Gurden
O Haagensen
T Kaschel
R Murphy
A Selby
B Van der Vossen
A Wild

Executive

H Thiel
J Bolton
P Ford
I Giles
A Thorkeldsen

Company secretary

S Morris

Auditor

RSM UK Audit LLP
(formerly Baker Tilly UK Audit LLP)
Highfield Court
Tollgate
Chandlers Ford, Eastleigh
Hampshire
SO53 3TY

Bankers

HSBC Bank Plc
17 Southbourne Grove
Bournemouth
Dorset
BH6 3RG

Solicitors

Mills & Reeve LLP
Francis House
112 Hills Road
Cambridge
CB2 1PH

Frettens LLP
The Saxon Centre
11 Bargates
Christchurch
BH23 1PZ

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Contents	Page
Governors' report (incorporating Strategic Report)	1
Independent auditors' report to the members of Anglo-European College of Chiropractic	18
Consolidated statement of financial activities	20
Consolidated balance sheet	21
Company balance sheet	22
Consolidated cash flow statement	23
Notes to the consolidated cash flow statement	24
Notes forming part of the financial statements	25

Anglo-European College of Chiropractic

(a company limited by guarantee)
31 August 2015

Governors' Report (incorporating the Strategic Report)

The Governors present their annual report and the audited financial statements for the year ended 31 August 2015. This report also covers the Trustees' Report as required by Chapter 4 Section 162 of the Charities Act 2011 (hereinafter "Charities Act").

Corporate Governance Statement

Legal status

The AECC is a company limited by guarantee registered with Companies House under number 00653859 and registered with the Charity Commission under charity number 306289. It is governed by its Articles of Association which were last amended in January 2015. The College is directed by its Board of Governors acting under these Articles of Association. The Board has ultimate responsibility for the strategy, performance and sustainability of the institution. It approves the College's mission and strategy, monitors institutional performance and ensures its effective management. The current Chair of the Board is Mr Adrian Wild.

The college provides indemnity insurance for the governors in accordance with, and subject to the conditions in, Section 189 of the Charities Act 2011.

Composition of the Board

The articles dictate that the number of Governors (who fulfil the role of directors for company law purposes) shall not be less than four but that there is no maximum number of Governors.

The Principal of the College, an elected Staff Governor and the Student Union President are ex officio members. Four members of the Board are elected from the Advisory Council that includes representatives of chiropractic National Associations within the European Chiropractors' Union (ECU). The rest of the Board members are independent lay members elected for their expertise (some of these lay members may also be chiropractors). Appointment is for a term of four years.

With the exception of employees of the college the Governors are not paid any remuneration. However, they are entitled to claim reasonable travel and subsistence expenses.

Advisory Council

The Advisory Council that supports the Board of Governors has an ambassadorial role, advises the Board on chiropractic professional matters across Europe, and liaises with students and associations over issues specific to chiropractic. The Advisory Council consists of representatives of the national chiropractic associations, the Student Union President, the Principal, the Staff Governor and the Chair of the Board of Governors. Members of the Executive, Director of Clinic and other interested parties are in attendance at Advisory Council meetings.

Organisational structure

The Vice-Principal for Undergraduate Studies and Quality and the Vice-Principal for Postgraduate Studies and Research are in attendance at Board meetings. This enables the Board to have a closer working relationship with the Executive and to focus on important strategic issues in a complex higher education market, in both the UK and Continental Europe.

The Board of Governors is legally responsible for the overall management of the AECC. Implementation of the strategy and policies approved by the Board is the responsibility of the Principal and his Executive team.

Anglo-European College of Chiropractic

(a company limited by guarantee)

31 August 2015

Governors' Report (continued)

Committees of the Board

Although the Board meets four times each academic year much of the detailed work is dealt with in the first instance by one of the sub-committees all of which are formally constituted with their own terms of reference that are reviewed annually. Chairs of the committees are all independent lay members. The committees report directly to the Board. Minutes of the committee meetings are included in the agenda pack of the Board meetings and the committee Chairs provide verbal updates at the meeting.

Finance and General Purposes Committee This committee has responsibility for the detailed scrutiny of the proposed budget and its subsequent management, receiving updated forecasts throughout the year. At each meeting the minutes of the Premises and Estates Group are received. The committee also meets once a year with the external auditors to discuss the audit findings. The terms of reference of this committee will be reviewed in conjunction with those of the Audit Committee in December 2016 when the Audit Committee is fully functioning as certain aspects of its work will be taken on by that committee.

Remuneration and Human Resources Committee This committee considers the salary and conditions of service of the Principal and of the Executive Group. It also considers the overall employment policies in relation to pay scales and total remuneration packages of all other staff and reviews personnel policies and remuneration policies. The committee also receives the minutes of the Human Resources Policy Group at its meetings and, since the Remuneration and Human Resources Committee meets only once a year, it receives the confirmed minutes by electronic mail.

Nominations Committee In addition to keeping under constant review the constitution of the Governing Body and the consideration of potential new Governors and re-appointments the committee has taken over the role of the Fellowship Committee.

Audit Committee This committee was set up in December 2014 and its first annual report to the Board was submitted November 2015. The Board has adopted model terms of reference for the committee but it is expected that these will be revised when the committee is established and a work plan formulated as the terms of reference adopted are extensive. Internal auditors have been appointed and an internal audit was conducted for the first time in July 2015. As a result of this a rolling audit plan has been devised for the next three years. Representatives of the internal auditors attend each Audit Committee meeting. The committee keeps under review the effectiveness of the risk management, control and governance arrangements.

The Chair of any Committee may, on the advice of the Principal and with the consent of the Chair of the Board of Governors, exercise any of the powers of the committee on its behalf between meetings where the Chair of the Board of Governors is satisfied that the matter is urgent and to delay a decision until the next committee meeting would be contrary to the best interests of the College. Any such action will be reported to the committee at its next meeting including the reason for the urgent decision and the likely consequences had it been delayed.

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Governors' Report (continued)

Members of the Board

The current members of the Board are:-

Name	Type of Governor	Date of appointment	End of term of office or date of resignation	Attendance (Board meetings attended/ meetings held in 2015 FY)	Membership of other committees
Stuart Bartholomew	Independent	23.04.13	22.03.16	2/3	
Charles Bertoia	Student	03.09.15	02.07.16	N/A	Advisory Council
Martin Copp	Independent	20.11.10	01.04.17	3/3	F&GP Nominations Remuneration and Human Resources
Adrian Cormack	Independent	14.11.09	02.04.16	1/3	F&GP
Peter Dingley	Independent	05.07.14	04.07.18	3/3	F&GP
Mark Gurden	Advisory Council	19.11.11	18.11.18	3/3	Advisory Council Remuneration and Human Resources
Øistein Haagensen	Advisory Council	27.03.10	01.04.17	3/3	Advisory Council
Hugh Hurst	Independent	26.11.05	02.04.16	3/3	Remuneration and Human Resources
Timo Kashcel	Advisory Council	23.11.13	22.11.16	1/3	Advisory Council
Edgar Newcomb	Independent	22.11.14	21.11.18	2/2	Audit
Peter Roberts	Independent	22.11.14	21.11.18	3/3	F&GP
Alison Selby	Staff	08.04.14	07.04.17	3/3	Advisory Council
Adrian Simpson	Independent	22.11.14	21.11.18	2/2	Audit
Christopher Stephens	Independent	23.11.13	22.11.16	3/3	Nominations
Haymo Thiel	Principal	18.06.12	N/A	3/3	F&GP Remuneration and Human Resources
Brenda van der Vossen	Advisory Council	16.04.09	01.04.17	3/3	Advisory Council
Adrian Wild	Independent	18.11.06	01.04.19	3/3	Advisory Council F&GP Nominations Remuneration and Human Resources
Judith Worthington	Independent	17.11.12	16.11.19	2/3	Audit Nominations

Other members of the Board during the financial year were:-

Sian Davies Todd	Independent	26.11.05	02.04.15	1/1	F&GP
Sarit Sirinan	Student	05.07.14	03.09.15	3/3	Advisory Council

Note: Apparent anomalies in the terms of office are due (a) to the reconstitution of the Governing Body which took effect from April 2011 and (b) an increase in the term of office from 3 to 4 years for appointments and re-appointments from November 2014.

Anglo-European College of Chiropractic

(a company limited by guarantee)

31 August 2015

Governors' Report (continued)

Governance

The College is committed to exhibiting best practice in all aspects of corporate governance. The governance of the institution has recently been reviewed in light of the new Higher Education Code of Governance issued by the Committee of University Chairs in December 2014. The Board is generally compliant with all key aspects of the document. Continuing compliance against the requirements of the code will be reviewed on an annual basis.

Compliance of the College has also been mapped against the HEFCE Memorandum of Assurance and Accountability and procedures are being put in place in order that the College becomes fully compliant with this document.

Currently, the College is not required to comply with either of the documents referred to above, but is seeking to comply as part of its application for degree granting powers and direct funding from HEFCE.

Skills of the Board and recruitment

The Board actively endeavours to maintain the skills mix required for an effective Board, and where a skills gap is identified, nominations for new Governors are sought in a variety of ways, including advertising in the local press and with the National Associations, and publicising vacancies to staff and graduates of the College. The Board approved the procedural document for nominations to the Board in April 2015.

All nominees are invited to visit the AECC and meet other Governors and senior staff as part of a pre-induction process. Subsequent nominations for independent members of the Board are considered by the Nominations Committee before a recommendation is made to the Board. Appointments are for four years and may be renewed for a second term of office.

Training of Governors

All new governors receive a full induction. As part of the introduction to the AECC, Governors are encouraged to meet with the member who they replace and, separately, with the Clerk to the Board. Governors are also issued with the Governance and Management Handbooks which gives detailed information, membership and terms of reference of the Board of Governors and Committees, Academic Board and management committees.

On appointment new Governors are asked to sign a copy of the letter of appointment that requires them, when acting as an AECC director, to conduct themselves in accordance with the Nolan Principles of Public life and AECC's adopted policies and procedures. The induction pack supplied to new Governors includes the AECC Code of Conduct and this contains the agreed ethical code of conduct required from members of the College community (employees, executive officers, Governors and patrons) and from the College as an employer and service provider to its students, patients and members of its wider community.

Board appraisal

The Board has recently approved an appraisal process which will be implemented in the coming year.

Register of business interests

A register of interests is held by the Clerk to the Board of Governors and details the interests of members of the Board; this is renewed annually. At the start of any Board or committee meeting the attendees are asked to formally declare any particular interest in the items on the agenda and these are recorded in the minutes of that meeting.

Anglo-European College of Chiropractic

(a company limited by guarantee)

31 August 2015

Governors' Report (continued)

Risk register

The Board of Governors confirm that they have reviewed and considered the major risks to which the AECC is exposed and that they are satisfied that systems have been established to manage those risks. The Board of Governors is ultimately responsible for the identification and management of risks that the AECC may face. It is informed in this task through the AECC's practice of including the consideration of risk in every formal meeting, its evaluation by the Principal and senior managers, and regular reporting and consideration at each meeting.

Identification, evaluation and management of risk is an important part of the annual planning cycle and review of strategy. A formal review of the effectiveness of this process is considered annually by the Board.

A new risk register is being devised and the risk management process is overseen by the Audit Committee. Each department is responsible for compiling its own risk register and the risks are scored. The Board will then review only the more strategic/higher impact risks.

Clerk to the Board

The Board of Governors has appointed its own secretary and Clerk to the Board and the Chair reviews her performance annually. If necessary termination of that appointment would be by a decision of the whole Governing Body. The Clerk is responsible for coordinating legal advice to the Governing Body and advice on all matters of procedure and its responsibilities. The Chair of the Governing Body, the Principal and the Clerk work closely together to expedite business. The Clerk has a duty to advise the Chair in respect of any matters where conflict, potential or real, may occur between the Governing Body and the Principal.

Academic Governance

The management and academic committee structure is overseen by the Board of Governors and the Academic Board. The Academic Board is the College's supreme decision-making authority for all academic matters including oversight of the maintenance of standards and quality enhancement, and academic regulations, policies and procedures. The Academic Board discharges its responsibilities in part through standing committees and sub-committees, and delegates authority to Assessment Boards for decisions on individual students in terms of their internal progression and award of qualifications. The Academic Board (through the Vice-Principals for undergraduate and postgraduate studies and the receipt the of the Academic Board minutes) reports directly to the Board of Governors.

Institutional management and structure

Implementation of the strategy and policies approved by the Board is the responsibility of the Principal and his Executive team. The Principal is Chief Executive of the College with powers delegated by the Board to lead and manage the institution aligned to the College's strategic plan. The Principal is supported by the Executive group and a number of Management Groups:

- Senior Management Group
- Premises and Estates Group
- Clinical Governance Group
- Clinic Advisory Group Marketing Group
- Human Resources Policy Group
- Health and Safety Committee

Anglo-European College of Chiropractic

(a company limited by guarantee)

31 August 2015

Governors' Report (continued)

Statement of internal control

The internal auditor's assessment of AECC's systems of internal control informs the Audit Committee's statement on internal controls for this financial year. As at August 2015, there was: 'moderate assurance that there is a generally sound system of internal control, designed to meet the organisation's objectives and that controls are generally being applied consistently'.

The Board is ultimately responsible for the college's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The system of internal control is based on an ongoing process integrated with the strategic planning process and designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. To enable this, at the date of approval of this report, there is:

- An approved Risk Management Policy.
- A ranked Corporate Risk Register and local risk registers within Departments and a process to escalate and de-escalate risks to/from the Corporate Risk Register.
- An Audit Committee, with appropriate terms of reference, which normally meets 3 times a year which provides oversight of the process of internal control. The Board receives reports from the Audit Committee at every meeting.
- An annual assurance report from the internal auditors of their independent opinion on the adequacy and effectiveness of specific systems of internal control together with recommendations for improvement.
- The internal auditors' review of Risk Management.
- Comment made by the External Auditors in their management letter and other reports.
- The work of the managers within the college, who have responsibility for the development and maintenance of the internal control framework, and by comments made by other external review agencies and stakeholders e.g. QAA, HEFCE etc.

Governors are satisfied that appropriate internal control processes have been in place throughout the year to 31 August 2015 and up to the date of signing these accounts.

Aims and Objectives

Summary of Objects

The AECC's primary objects, as defined in its Articles of Association, are to "provide education and undertake research on Chiropractic and/or other allied, related or ancillary disciplines" and to provide the necessary human, research and physical resources to support this activity. The objects also include the requirement to "establish Chiropractic treatment centres for the treatment of disease and maintenance of health by Chiropractic and/or other allied, related or ancillary treatments" and "to promote the study and advancement of Chiropractic and/or other allied, related or ancillary disciplines".

Public Benefit

The Governors confirm that they have paid due regard to the Charity Commission's guidance on public benefit.

The principal public benefits of the AECC's activities are the advancement of education and the relief of those in ill health which are primarily achieved through our education programmes and clinic treatments.

Anglo-European College of Chiropractic

(a company limited by guarantee)

31 August 2015

Governors' Report (continued)

Our education programmes are available to all those who meet the relevant academic requirements. Our main chiropractic programme is a publicly funded course and students from the EU receive the same Government support packages as those attending other university courses. These packages include maintenance and tuition fee grants and loans. Additionally, we pay bursaries to students from lower income families.

Our clinic is open to all members of the public. Treatments from our students are provided at prices below those typically offered by Chiropractors and free to various patients including those on income support (approximately 28% of all treatments have been delivered free of charge).

Our community outreach programme was set-up and developed with two objectives in mind. The first objective was to provide an educational forum on a wide array of topics about musculoskeletal health care, which range from ergonomics to exercise, delivered to varying special interest groups in the community. The second objective was to develop opportunities for clinical students to hone communication and teaching skills and foster values of giving to our local community. This programme has grown to such an extent that the Community Outreach Coordinator has organised a team of students to help with the management of over 100 separate events each year, not including the clinical students' work with about 15 different athletic clubs and teams. The College's Multidisciplinary Breastfeeding Clinic, which is run in conjunction with Midwifery tutors and students from Bournemouth University has gone from strength to strength and is seeing increasing referrals from the local community.

Discussions and talks by clinical students are given, at no charge, to a variety of organisations, which include ante-natal and post-natal groups, insurance executives, firemen, policemen, university staff and schoolchildren. Interns have been increasingly asked to go into classrooms to talk about nutrition, cardiac anatomy and physiology and skeletal anatomy and biomechanics. In addition, we regularly participate in the Science and Engineering week for local schools, providing the venue and programme for various human biology topics.

Strategy and vision

Our Strategic Plan for the period 2013 to 2020, which we refer to as our 2020 Vision, builds on key institutional strengths and initiatives developed under the last strategic plan (2007 to 2013). It is structured in accordance with AECC's delivery of value based on our core competencies in musculoskeletal healthcare. Our core competencies in education, research and clinical care are underpinned by human resource management, information and communications technology, facilities, finance, marketing and business development. Overall the AECC value delivery model enables fulfilment of our strategic purpose, as articulated by our mission statement:

"A Healthier Society through Education, Research and Clinical Care".

The vision is that by 2020 the AECC will:

- Achieve global recognition as a leading provider of multidisciplinary musculoskeletal (msk) healthcare education, based in Bournemouth, possibly with independent degree-granting authority, a solid base of national and international students attending a variety of courses, highly qualified academic staff, and a rich international network of collaborative partnerships with educational, research, governmental, non-profit and commercial organisations.
- Contribute to substantive advances in evidence-based healthcare, through robust, well funded, international collaborative programmes of research on msk conditions.
- Become a major provider of diagnosis and treatment of msk conditions through our clinical operations in the independent and NHS sectors.

Anglo-European College of Chiropractic

(a company limited by guarantee)

31 August 2015

Governors' Report (continued)

- Successfully exploit the AECC's brand, reputation, facilities, skills and IP through entrepreneurial innovation and business development designed to enhance the institution's place as a global leader in chiropractic and allied healthcare research, in the process generating substantial net profits and asset wealth that provide a secure financial foundation for educational, research and entrepreneurial activities in the future.

The College has disseminated and embedded the mission and vision within both staff and student bodies.

Main objectives for the year 2014/15

The main objectives for the year were to:

- Successfully validate by Bournemouth University and accredit by the General Chiropractic Council a new 1+4 integrated Masters of Chiropractic (MChiro) curriculum in time for student enrolment in September 2015.
- Design and develop a full-time undergraduate BSc programme in diagnostic ultrasound with a view to validation and professional accreditation in the 2015/16 academic year.
- Achieve a successful outcome to the 5 year Periodic Institutional Review with Bournemouth University planned to take place during the second half of the 2014/15 academic year.
- Start two certificate/diploma courses (CPD) in areas of clinical competence.
- Expand Cognitive Behavioural Therapy (CBT) services in the clinic.
- Establish advanced imaging services (MRI) and achieve income budgeted for 2014/15.
- Establish an additional assessment and research centre.
- Improve existing student social spaces (library entrance area, cafeteria and student bar) and enhance their utilisation for learning.
- Establish multi-media edit suite facility to allow the development of interactive lectures and tutorials, further supporting student-led learning.
- Initiate at least two new externally funded research projects.
- Seek Medicines and Healthcare Products Regulatory Agency approval for the dissemination of OSMIA technology.
- Implement a coherent international marketing and student recruitment strategy.
- Review and improve processes linked to student enquiry, admissions and enrolment.
- Progress the development of a professional conversion route in chiropractic in collaboration with a Polish university (AWFiS) in Gdansk for a possible start in the summer of 2015.
- Progress an application for Institutional Designation to be submitted to BIS during spring/early summer 2015.

Anglo-European College of Chiropractic

(a company limited by guarantee)

31 August 2015

Governors' Report (continued)

Achievements and Performance

The new 1+4 MChiro (Hons) programme has been successfully validated by Bournemouth University in February; it achieved professional accreditation without conditions by the General Chiropractic Council in July and was approved by Privy Council in September. It is likely that the accreditation visit by the European Council on Chiropractic Education will occur after Easter in 2016. Recruitment to the new chiropractic programme has gone very well with 136 new students for the MChiro (Year 0 = 64, Year 1 = 68, Year 2 = 4) and 10 chiropractic transfer students from the International Medical University (Malaysia) into Year 3 of the BSc Human Sciences programmes. As such we have exceeded our enrolment target for the 2015/16 year. Seventeen students were enrolled during Clearing.

We also had a number of validation and re-validation events in March/April linked to our post-graduate programmes (PgCert (Chiropractic)) and the MSc Advanced Professional Practice Framework). These included validation for a new MSc programme in Functional Musculoskeletal Health.

In early March we underwent our second Partner Review (PR) with Bournemouth University since 2005. The aim of the PR is to satisfy Bournemouth University that the AECC continues to fulfil the requirements of the current partnership agreement. The key focus is on the management of the Higher Education programmes at a senior level within AECC, although operational details are explored as a means to evaluate management oversight. In addition, it is an opportunity for both partners to consider the status of their relationship and highlight good practice and matters for further development. As a result of the PR, the panel concluded that confidence could be placed in the capacity of the AECC to meet the requirements of the partnership arrangement. We received four commendations, two conditions and four recommendations. These are currently being addressed within an action plan which will be monitored as part of our regular Partnership Board meetings throughout the coming academic year.

Following extensive stakeholder consultations and a presentation to Health Education England earlier in the year, we have contacted Health Education Wessex with the aim to gain local support, especially with a view to funding, for establishing an undergraduate full-time and first qualification educational provision for diagnostic ultrasound. In the meantime the University of Cumbria has established a two year post-graduate MSc for non-radiography graduates in partnership with Health Education North-West. This programme appears to be heavily subsidised on the basis of the fees charged. It is becoming increasingly clear that without significant support from the Local Education and Training Board, running such a programme as either an under-graduate or post-graduate model will be cost prohibitive.

Interest in and recruitment to our post-graduate programmes has been very good throughout the year, especially for the Medical Ultrasound framework, where we are likely to recruit over our target set for 2015/16. Many of the applicants come from interesting and high ranking professional backgrounds and links such as to the GB rowing team, the armed forces and the national football league. We are also planning to offer, for a second time, the MSc Medical Ultrasound programme to Norwegian chiropractors in Oslo, with a planned implementation date during the 2015/16 year.

We were successful in starting one of the CPD based certificate/diploma courses with the introduction of the 'Primary Spine Practitioner' series leading to certification. The implementation for the second certification programme 'Certified Chiropractic Extremity Practitioners' was delayed and we are planning to start this during 2015/16.

Our teaching clinic performed very well over the year in terms of patient outcomes numbers and budget. Many of the students finished their requirements well ahead of time and all by the end of the clinic internship period. The AECC clinic has been working with the AFC Bournemouth medical team for a number of years now, and we have four interns along with a clinical tutor working with them. We have added a Pain Management Service to our clinical provision which now also includes Cognitive Behavioural Therapy as part of the therapeutic approaches.

Anglo-European College of Chiropractic

(a company limited by guarantee)

31 August 2015

Governors' Report (continued)

We successfully established a new advanced diagnostic imaging service (Open and Upright MRI) which outperformed the income budgeted for 2014/15 by close to 8%. We were also successful in raising £73K in donations towards the MRI Scanner project. To help achieve the second financial year budget target, which has been set at a very challenging level, scanning fees are likely to increase slightly and we will be changing our marketing strategy in light of trends in our growing customer base, which reflects increasing numbers of referrals from GPs and hospitals. The scanner provides patients in the locality with access to an open MRI and is also providing useful teaching material.

Construction and refurbishing work on an additional assessment, rehabilitation and research centre had been initiated towards the end of the 2014/15 academic year and it is hoped that the new 'High Performance Centre' will be officially opened in early 2016. The future centre has already started to see some utilisation, especially in relation to sporting professionals.

Extensive refurbishment and improvement of student social places, such as in the library, cafeteria and student bar occurred throughout the year. Improvements also took place in relation to seminar rooms to increase capacity and to enhance the learning environment. The Clinical Exercise Science Studio was enlarged and further training and teaching equipment was purchased in response to an External Examiner's concerns. We also established a multi-media edit suite which allows improved development of interactive lectures and tutorials, particular aimed at student-led learning.

During the year we submitted a total of seven new grant applications with most research proposals based on collaborations with individuals or groups at other universities (Exeter University, University of Ulster, University of Southern Denmark, University of Southampton, and Southampton Solent University). We hope that we will be successful on three of these applications which will enable us to initiate the work during the 2015/16 academic year.

In relation to OSMIA (Objective Spinal Motion Imaging Assessment) or quantitative fluoroscopy (QF), we have achieved Medicines and Health Care Products Regulatory Agency clearance to do a small number of patient investigations and an unlimited number of research investigations. However, we are not yet allowed to be reimbursed for services for NHS patients. We are however beginning to receive regular referrals from the Spinal Multidisciplinary Diagnostic Team at Poole Hospital for QF investigations to inform spinal surgery. Other NHS hospitals are beginning to show interest, for example we have done a presentation at the Royal National Orthopaedic Hospital Stanmore. Work has begun by Ortho Kinematics to CE-mark the US versions of the QF systems so they can be brought to AECC to replace the existing hardware. This is part of a joint project by Ortho Kinematics and AECC in order to use the AECC as a platform for dissemination and commercialisation of the technology in the UK and Europe. CE marking is to be followed by full MHRA registration and then marketing to UK hospitals for service agreements. It is planned to try to reach this stage in the next year. Royalties to AECC on the basis of Ortho Kinematics diagnostic investigations in the US have slightly increased during 2015.

Work on a coherent international marketing and student recruitment strategy, with contribution from members of the Board of Governors, progressed throughout the latter half of the year with the aim to have a full strategy in place by mid-2015/16. This also included discussions with external agents.

In order to become as effective and efficient in what we do, 15 staff from a number of departments (Admissions/Registry, Post-graduate Programmes Office, Marketing Academic Affairs, Centre for Ultrasound Studies, College Reception, Administration, Data-base development) underwent an externally led (ProcessFix) three day workshop to improve current processes and procedures linked to an applicant's journey from first enquiry to enrolment. Improvements are currently being implemented and outcomes will be reviewed by the end of 2015. It is our intention to extend the use of the ProcessFix method for optimising processes to other areas of the College.

The planned start for a professional conversion programme in chiropractic in collaboration with a Polish university (AWFiS) during the summer was postponed due to a lack of applicants (there had been 21 applicants however 40 are needed to run this one-off programme successfully). The European Chiropractors' Union (ECU) continues to be in support. Very recently AWFiS has opened a new department entitled "Rehabilitation and

Anglo-European College of Chiropractic

(a company limited by guarantee)

31 August 2015

Governors' Report (continued)

Kinesiology". According to the President of the Polish Chiropractic Association this could offer a different option for establishing chiropractic education in Poland and we will need to reassess the level of AECC's involvement once we have received more information. The AECC has also been approached by the ECU for advice regarding a post-graduate route into the chiropractic profession to be offered at Tbilisi State Medical University. We have agreed to act in a consultant capacity to the ECU in this venture and initial scoping work has been scheduled for the first half of 2015/16.

In our pursuit for Taught Degree Awarding Powers (TDAP) the College had a team of TDAP scrutineers observing on site for the duration of the 2014/15 academic year. The draft report, which we received to comment on accuracy by late summer, read favourably. Subsequently our application had been reviewed by the ACDAP Committee, which will make its recommendations to the QAA board and we expect to hear the outcome in the Spring of 2016.

We also submitted an application for Institutional Designation to the Department of Business, Innovation and Skills (BIS) in April. Following work over the summer with the HEFCE team at Bristol, we were informed by the Regional Consultant at HEFCE that their Board supported the view of the HEFCE team that the AECC is meeting all of the official criteria and requirements for institutional designation. In January 2016 we received a letter from BIS confirming that after having considered our application and the advice from HEFCE, the Minister of State for Universities and Science was satisfied that the College met the legislative criterion, principles and tests for designation. On the assumption of having been successful with both TDAP and Institutional Designation, it is firmly our intention to utilise 'University College' within our title and to be awarding our own degrees as of September 2017.

Plans for Future Periods

Our main objectives for 2015/16 are to:

- Achieve professional accreditation of the MChiro (Hons) programme by the European Council on Chiropractic Education.
- Achieve a successful outcome following the Educational Oversight monitoring visit from the QAA in May 2016.
- Implement a new risk management policy and procedures including new departmental and corporate risk registers.
- Finalise and implement an international marketing and student recruitment strategy for under-graduate, post-graduate and CPD provisions, possibly engaging external agents.
- Design and introduce a virtual open day on our web-site and run new applicant visit days.
- Offer and run the MSc Medical Ultrasound programme to a group of Norwegian chiropractors in Oslo.
- Offer the certification programme 'Certified Chiropractic Extremity Practitioners' as part of our CPD provision, as well as another certification/diploma programme (Instrument assisted joint manipulation).
- Implement new marketing strategy to achieve MRI target income budget (to include credit bearing CPD programmes and links/contracts with health insurance companies).
- Employ additional MRI and Quantitative Fluoroscopy radiographer and additional Medical Radiologist to enable expansion of the service.
- Officially open the High Performance Centre.
- Hold or host at least one national conference.

Anglo-European College of Chiropractic

(a company limited by guarantee)

31 August 2015

Governors' Report (continued)

- Start 3 externally funded research projects based on grant submissions during the previous academic year increase network in relation to collaborating institutions.
- Achieve CE marking followed by full Medicines and Health Care Products Regulatory Agency MHRA registration for OSMIA/Quantitative Fluoroscopy and then marketing to UK hospitals for service agreements.
- Continue international collaborations with universities in Poland and Georgia and the European Chiropractors' Union with the aim to establishing chiropractic education in these countries.
- On the assumption of successful outcomes to our TDAP and Institutional Designation applications
 - Enter detailed discussions with Bournemouth University how to manage the transition to an autonomous HEFCE funded and designated institution.
 - Conduct a number of strategy and stakeholder events to prepare for change of title and brand.
 - Implement a robust Academic Quality Framework for academic programmes to be awarded by AECC as of 2017.
 - Write and submit an Access Agreement to the Office for Fair Access.
 - Put into place a student record system and institutional data base to ensure full reporting capability.

Risk Management

The most significant risks identified by the Board and the mitigating actions taken are summarised as follows:

Risk	Mitigation
Failure to recruit sufficient students resulting in significant financial impact.	<ul style="list-style-type: none">• Implement Marketing strategy including utilisation of agents for overseas students.• Robust admission process.• Development of post graduate option for core chiropractic programme.
Failure to reach a viable transitional arrangement for transfer of students from BU validated programmes to AECC validated programme.	<ul style="list-style-type: none">• Vice Principal Postgraduate Studies and Research to lead negotiation.• Detailed roadmap to be prepared.• Communication strategy to students to be prepared.
Significant public sector cutbacks in the HE budget resulting in major reductions in funding.	<ul style="list-style-type: none">• New sources of income to be developed, particularly new courses but also commercial activities.
Failure to achieve Institutional Designation and TDAP.	<ul style="list-style-type: none">• Investment of resources to meet compliance requirements.• Appointment of Internal Auditors to provide independent feedback of College procedures.
Failure to monitor HE competition.	<ul style="list-style-type: none">• Stay informed of sector developments through GuildHE membership.

Anglo-European College of Chiropractic

(a company limited by guarantee)
31 August 2015

Governors' Report (continued)

Financial Review

Results for the year

The consolidated statement of financial activities ('SOFA') is set out on page 20. The deficit for the year derived from unrestricted activities amounted to £35,266 (2014:£56,611). As shown in note 18, there was a decrease in designated funds of £16,144 (2014: £9,398) leaving a decrease in unrestricted general year end funds before the re-measurement of the retirement benefit deficit of £19,122 (2014: £47,213).

The consolidated SOFA for unrestricted activities is summarised below:

	2015	2014	% change
	£'s	£'s	
Income			
College fees	6,082,166	5,760,579	6
Clinic income	786,716	707,842	11
Other income	770,158	717,392	7
Trading Subsidiaries	174,316	221,411	(21)
Total	7,813,356	7,407,224	5
Expenditure	7,848,622	7,463,835	5
Deficit	(35,266)	(56,611)	

Total income from unrestricted activities exceeded our expectations increasing by 5% from £7,407,224 to £7,813,356. The principal causes of the rise were improvements in student fees (principally from the core Chiropractic programme and the undergraduate Exercise Science ('CREM') programme), a strong performance from Clinic and the launch of the new MRI service.

We had budgeted for a deficit on unrestricted activities and the actual result was £264,000 ahead of our expectation. This was principally due to lower expenditure than we had planned.

Total College fees increased 6% from £5,760,579 to £6,082,166 as set out below:

Source	2015 £'s	2014 £'s	% Change
Undergraduate masters chiropractic	5,305,580	5,067,198	5
Undergraduate CREM	357,442	277,618	29
Postgraduate masters	387,718	381,626	2
PG Certificate	5,705	3,987	43
Access	25,721	30,150	(15)
Total	6,082,166	5,760,579	6

This was the third year affected by the new fee regime and the fee for all relevant funded students was maintained at the maximum permitted of £9,000. There was a significant reduction in students under the old fee regime where the fee remained at £3,465. Fees for self funded students were increased by 4.3%. These factors led to the average fee charged to students rising 25% from £7,474 to £9,315.

Average total student numbers on our core undergraduate masters programme declined from 511.5 to 477.5. Whilst our new student recruitment was disappointing, retention rates were excellent and this resulted in overall average numbers being very close to our forecast. The net effect of the factors above resulted in student fees increasing from £3,822,744 to £4,448,004. Grant income declined from £1,244,454 to £857,576 as a greater proportion of students became subject to the new (and substantially less generous) funding regime. The overall effect of the increase in student fees and reduction in grant income was a 5% increase in income from £5,067,198 to £5,305,580.

Anglo-European College of Chiropractic

(a company limited by guarantee)

31 August 2015

Governors' Report (continued)

Our share of fees from the BSc (Hons) in Clinical Rehabilitation and Exercise Management ('CREM'), a programme jointly developed with Bournemouth University, increased from £277,618 to £357,442. Student numbers increased from 64.4fte to 70.9 fte. Income was further boosted by the loss of another year of 'old regime' students paying fees of £3,465 to be replaced by the new regime fee of £9,000.

Student recruitment on our postgraduate masters' programmes was in line with our expectations and total Student numbers on these programmes edged up from 114 to 118. Fees were also increased by around 2%. Drop out rates were higher than in previous years and this slightly mitigated the growth in student numbers resulting in a 2% rise in income.

The increase in the PG Certificate income reflected an improved but still disappointing enrolment of 14 students compared to 8 in the prior year.

Income from our Access to HE Diploma (Human Sciences) fell 15% from £30,150 to £25,721. This mirrored the reduction in student numbers which declined from 20fte to 17fte.

Clinic had a very strong year as income increased 11% from £707,842 to £786,716 with growth being achieved in all the main segments of the Clinic's activities. The whole of this increase was attributable to growing volumes of patients as prices were frozen for the year.

Other income increased 7% from £717,392 to £770,158 as set out below:

Source	2015 £'s	2014 £'s	% change
CPD	212,626	243,101	(13)
Ultrasound	271,328	246,719	10
Catering	162,864	184,172	(12)
MRI	83,506	-	
Finance income	6,082	6,914	(12)
Other	33,752	36,486	(7)
Total	770,158	717,392	7

CPD activity fell short of our expectations with income declining 13% from £243,101 to £212,626. Part of the decline arose from the decision to give 225 free places on our programmes to the first cohort of students to enter the Masters part of the BSc/MSc programme but we are also now experiencing increased competition.

The growth in Ultrasound largely arose from a further expansion in our clinical placements. This is very low margin work but helps with recruitment to our Masters programmes in Ultrasound.

Catering had a poor year despite a rebrand. Income declined 12% from £184,172 to £162,864 which was disappointing in the light of the smaller 7% reduction in student numbers. The gross margin improved from 22% to 31% but this still fell short of our budget and that achieved in the recent years prior to 2013/14. The overall deficit from Catering whilst showing an improvement on the prior year was below our expectations.

We launched our new advanced diagnostic imaging service (Open and Upright MRI) slightly later than hoped in November 2014. Performance in its first year of operation was promising and income exceeded our budget by 8%.

Finance income for the year is offset by a charge of £6k (2014: £7k) relating to the defined benefit scheme finance charge. Underlying interest income was thus £12,082 and reflected the exceptionally low interest rates environment.

Anglo-European College of Chiropractic

(a company limited by guarantee)
31 August 2015

Governors' Report (continued)

Trading at our subsidiary companies is summarised in the following table:

	Spine Centre £'s	AECC Enterprises £'s	Total £'s
Turnover (excluding inter-company)	159,622	14,694	174,316
Operating Costs	(160,403)	(5,867)	(166,270)
Operating (loss)/profit	(781)	8,827	8,046
Group stock charge			(1,192)
Total operating profit			6,854

Turnover (excluding inter company activity) for Spine Centre Limited, fell 3% from £164,899 to £159,622 in what continued to be a very challenging economic climate. As reported last year, the Spine Centre Board implemented a plan to improve the profitability of the company. The gross profit margin improved from 28% to 33.8% and personnel costs were reduced following a restructuring. The overall effect of these actions was to reduce the operating loss from £16,062 to £781. Whilst this was a welcome improvement, in the light of the fact that the Company has traded at a loss for the last three years the Governors of the College have decided it would be appropriate to continue to make provision for the write down of stock should they decide to close the Spine Centre in due course. There was a small adjustment to this provision of £1,192 which is included in the results above.

AECC Enterprises returned to profitability following the closure of the Southampton Clinic in the prior year. The principal source of income is now royalty income under the licence agreement with Ortho-Kineamatics which rose from £7,304 to £12,605. The Company generated an operating profit of £8,827 compared with a loss of £236 in 2013/14.

Unrestricted expenditure increased 5% from £7,463,865 to £7,848,622. Personnel costs rose by 2.8% from £4,422,193 to £4,547,955. However £64,062 of this rise was attributable to costs arising from a small restructuring undertaken towards the end of the year, leaving a modest underlying increase in personnel costs of 1.4%. Other expenditure increased by 8.5% from £3,041,672 to £3,300,667. Within this increase were one off costs associated with the TDAP scrutiny process and our 50th anniversary celebrations (£40,930 and £14,720 respectively), the commissioning of an Internal Audit service (£14,124) and an increased depreciation charge of £43,589 (mainly due to the commencement of MRI activity). Excluding these factors the underlying increase was 4.8%, which was principally due to the new costs associated with our MRI service.

Capital expenditure fell from £1,186,765 to £547,810. This reflected the College's reduced spend on the MRI facility which was finalised in November 2014. Spend on this project during the year totalled £296,354 (2014: £979,576).

Reserves policy

The Governors have examined the requirements for free reserves, which are those unrestricted funds not invested in fixed assets or designated for specific purposes.

The Governors consider that reserves are primarily needed to cover unforeseen temporary declines in AECC's core income sources, major capital investment and provide adequate working capital to enable AECC to be managed efficiently. The Governors carried out a detailed review in October 2015 and concluded that an appropriate range of reserves to cover these risks to be £1,615,000 to £2,630,000. At 31 August 2015 AECC had consolidated free reserves amounting to £2,099,098 which is within the appropriate range.

Anglo-European College of Chiropractic

(a company limited by guarantee)
31 August 2015

Governors' Report (continued)

Investment policy and objectives

The Governors' policy is to invest free reserves in low risk cash deposits where the aim is to achieve a return close to the average Bank of England base rate.

Auditors

On behalf of the Governors as a whole, the Finance and General Purposes Committee reviewed the independence and performance of the auditors, RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP). After due consideration, the Committee recommended that the incumbent auditors should continue in office.

Statement of Governors' responsibilities

The Governors (who are also directors of Anglo-European College of Chiropractic for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company 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 Governors are required to:

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

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Governors are aware:

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

Anglo-European College of Chiropractic

(a company limited by guarantee)

31 August 2015

Governors' Report (continued)

The Governors 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.

This report was approved by the Board of Governors on 3/3/16 and signed on its behalf by:

H Thiel
Governor

13 – 15 Parkwood Road
Bournemouth, Dorset
BH5 2DF

Anglo-European College of Chiropractic

(a company limited by guarantee)

31 August 2015

Independent Auditor's Report to the Members and Governors of Anglo-European College of Chiropractic

We have audited the group and parent charity financial statements of Anglo-European College of Chiropractic ("the financial statements") for the year ended 31 August 2015 on pages 20 to 45. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of Governor and auditor

As explained more fully in the Governors' Responsibilities Statement set out on pages 16 to 17 the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 August 2015 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 Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Anglo-European College of Chiropractic

(a company limited by guarantee)
31 August 2015

Independent Auditor's Report to the Members and Governors of Anglo-European College of Chiropractic (continued)

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 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

Christopher Mantel, Senior Statutory Auditor
for and on behalf of

Date 14/3/16

RSM UK Audit LLP, Statutory Auditor
(formerly Baker Tilly UK Audit LLP)
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Consolidated Statement of Financial Activities
(including Income and Expenditure Account)
For the year ended 31 August 2015

	Notes	Unrestricted funds	Restricted funds	2015 Total funds	2014 Total funds
		£	£	£	£
Incoming resources					
Incoming resources from generated funds					
Voluntary income					
Donations and gifts		17,294	46,576	63,870	40,836
Activities for generating funds					
Trading company income	7	174,316	-	174,316	221,411
Other income		16,458	-	16,458	22,746
Finance income		6,082	-	6,082	6,914
Activities in furtherance of the Charity's objectives					
College fees		6,082,166	-	6,082,166	5,760,579
CPD		212,626	-	212,626	243,101
Chiropractic Clinic income		786,716	-	786,716	707,842
Ultrasound Services		271,328	-	271,328	246,719
MRI services		83,506	-	83,506	-
Research grants		-	31,392	31,392	42,313
Catering income		162,864	-	162,864	184,172
Total incoming resources		<u>7,813,356</u>	<u>77,968</u>	<u>7,891,324</u>	<u>7,476,633</u>
Resources expended					
Cost of generating funds					
Trading company expenditure		148,595	-	148,595	250,298
Recharged Costs		18,867	-	18,867	22,432
Charitable activities					
College tuition and research		6,292,014	33,812	6,325,826	6,194,611
CPD		237,957	-	237,957	286,275
Chiropractic Clinic		135,503	-	135,503	125,314
Ultrasound Services		390,926	-	390,926	322,190
MRI services		297,675	-	297,675	-
Catering		264,579	-	264,579	306,159
Governance costs		62,506	-	62,506	43,866
Total resources expended	4	<u>7,848,622</u>	<u>33,812</u>	<u>7,882,434</u>	<u>7,551,145</u>
Net change in resources	3	(35,266)	44,156	8,890	(74,512)
Net actuarial loss on pensions		(16,000)	-	(16,000)	(176,000)
Net movement in funds		<u>(51,266)</u>	<u>44,156</u>	<u>(7,110)</u>	<u>(250,512)</u>
Fund balances brought forward at 1 September 2014		5,851,594	318,665	6,170,259	6,420,771
Fund balances carried forward at 31 August 2015		<u>5,800,328</u>	<u>362,821</u>	<u>6,163,149</u>	<u>6,170,259</u>

Both unrestricted and restricted funds are income funds.
The incoming resources and resulting net movement in funds arise from continuing operations.

Anglo-European College of Chiropractic
(a company limited by guarantee)
Company number 00653859
31 August 2015

Consolidated Balance Sheet
At 31 August 2015

	Note	2015		2014	
		£	£	£	£
Fixed assets					
Tangible assets	8		5,084,722		4,893,290
Current assets					
Stock	10	50,529		49,862	
Debtors	11	155,862		266,204	
Cash at bank and in hand		2,909,559		3,054,361	
		<u>3,115,950</u>		<u>3,370,427</u>	
Creditors: amounts falling due within one year	12	<u>(892,523)</u>		<u>(1,058,458)</u>	
Net current assets			2,223,427		2,311,969
Non current liabilities					
Net pension liability	13,20		(1,145,000)		(1,035,000)
Net assets			<u>6,163,149</u>		<u>6,170,259</u>
Unrestricted funds					
General	18		5,694,062		5,729,184
Designated	16,18		106,266		122,410
			<u>5,800,328</u>		<u>5,851,594</u>
Restricted funds	17,18		362,821		318,665
			<u>6,163,149</u>		<u>6,170,259</u>

These financial statements were approved by the Board of Governors and authorised for issue on 3/3/2016 and were signed on its behalf by:

.....
M Copp
Governor

Anglo-European College of Chiropractic

(a company limited by guarantee)

Company number 00653859

31 August 2015

Company Balance Sheet

At 31 August 2015

	Notes	2015		2014	
		£	£	£	£
Fixed assets					
Tangible assets	8	5,083,681		4,892,539	
Investments	9	<u>20,002</u>		<u>20,002</u>	
		5,103,683		4,912,541	
Current assets					
Stock	10	14,678		15,081	
Debtors	11	170,195		252,961	
Cash at bank and in hand		<u>2,893,680</u>		<u>3,032,556</u>	
		3,078,553		3,300,598	
Creditors: amounts falling due within one year	12	<u>(873,014)</u>		<u>(1,022,631)</u>	
Net current assets			2,205,539		2,277,967
Non current liabilities					
Net pension liability	13,20	<u>(1,145,000)</u>		<u>(1,035,000)</u>	
Net assets		<u>6,164,222</u>		<u>6,155,508</u>	
Unrestricted funds					
General	18	5,695,135		5,714,433	
Designated	16,18	<u>106,266</u>		<u>122,410</u>	
		5,801,401		5,836,843	
Restricted funds	17,18	<u>362,821</u>		<u>318,665</u>	
		<u>6,164,222</u>		<u>6,155,508</u>	

These financial statements were approved by the Board of Governors and authorised for issue on 3/3/ 2016 and were signed on its behalf by:

.....
M Copp
Governor

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Consolidated Cash Flow Statement
For the year ended 31 August 2015

	Notes	2015		2014	
		£	£	£	£
Net cash inflow from operating activities	I		589,620		445,314
Returns on investments and servicing of finance					
Interest received		12,042		14,295	
Interest paid		<u>-</u>		<u>-</u>	
Net cash inflow from returns on investment and servicing of finance			12,042		14,295
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(746,464)		(1,006,064)	
Disposal of tangible fixed assets		<u>-</u>		<u>13,485</u>	
Net cash outflow from capital expenditure and financial investment			<u>(746,464)</u>		<u>(992,579)</u>
(Decrease) in cash in the year	II		<u>(144,802)</u>		<u>(532,970)</u>

Reconciliation of net cash flow to movement in net funds

	Notes	2015		2014	
		£	£	£	£
(Decrease) in cash in the year	II	(144,802)		(532,970)	
Waiver of loan stock		15,841		-	
		<u>(128,961)</u>		<u>(532,970)</u>	
Net funds at beginning of year	II	3,037,040		3,570,010	
Net funds at end of year		<u>2,908,079</u>		<u>3,037,040</u>	

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Notes to the Consolidated Cash Flow Statement

I. Reconciliation of net movement in funds to net cash inflow from operating activities

	2015	2014
	£	£
Net movement in funds	8,890	(74,512)
Finance income	(6,082)	(6,914)
Interest payable	135	477
Waiver of loan stock and associated interest	(22,470)	-
Depreciation charge	356,378	307,811
(Increase) / Decrease in stocks	(667)	53,175
Decrease in debtors	110,382	35,061
Increase in creditors	55,054	84,099
FRS 17 pension cost less contributions payable	88,000	55,000
Profit on sales of fixed assets	-	(8,883)
	<u>589,620</u>	<u>445,314</u>

II. Analysis of changes in net funds

	At 1 September 2014	Waived in the year	Cash flow	At 31 August 2015
	£	£	£	£
Cash at bank and in hand	3,054,361	-	(144,802)	2,909,559
Loan stock	(17,321)	15,841	-	(1,480)
	<u>3,037,040</u>	<u>15,841</u>	<u>(144,802)</u>	<u>2,908,079</u>

Anglo-European College of Chiropractic

(a company limited by guarantee)
31 August 2015

Notes to the financial statements

1. Status

Anglo-European College of Chiropractic is a registered charity (registered number 306289) and a company limited by guarantee. The liability of the members is limited to £2 each.

2. Accounting Policies

The following accounting policies have been applied in dealing with items which are considered material in relation to the Group's financial statements.

2.1 Basis of preparation

The financial statements are prepared under the historical cost convention and include the results of the Group's operations as indicated in the Governors' Report, all of which are continuing. The accounts have been prepared on the going concern basis, which assumes that the Charity will continue to be able to meet its liabilities as they fall due for at least 12 months from the date of the signing of these financial statements.

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable Law), the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005) the Companies Act 2006, and the Charities Act 2011.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Charitable Company and its subsidiary undertakings (together "the Group") made up to 31 August 2015 on a line by line basis. A separate Statement of Financial Activities and Income and Expenditure Account are not presented for the charity itself following the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of the SORP 2005. The surplus of the charitable company was £8,714.

2.3 Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of fixed assets by equal instalments over their estimated useful economic lives as follows:

Goodwill	Fully written off in first year
Freehold buildings	50 years
Office equipment, furniture and fittings	4 to 10 years
Medical and teaching equipment	4 to 12 years

Freehold land and assets in the course of construction are not depreciated.

In the Company's financial statements, investments in subsidiary undertakings are stated at cost.

2.4 Post retirement benefits

The Group operates two defined benefit pension schemes and two defined contribution pension schemes.

The two defined benefit schemes are provided by the Local Government Superannuation Scheme (LGSS) and the TPA Superannuation Scheme. These are multi-employer defined benefit schemes, which are contracted out of the State Earnings Related Pensions Scheme.

Notes to the financial statements (continued)

2. Accounting policies (continued)

2.4 Post retirement benefits (continued)

For the LGSS, the difference between the fair value of the assets and the present value of the defined benefit obligation is recognised as an asset or liability in the balance sheet. The defined benefit obligation is actuarially calculated using the projected unit method.

The service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service, is charged to the Consolidated Statement of Financial Activities in the year.

Actuarial gains and losses are included in the Consolidated Statement of Financial Activities after the net change in resources for the year in the heading net actuarial loss on pensions.

As the TPA Superannuation scheme is underwritten by Central Government and the College has no future obligation to make contributions to the scheme, this is effectively a defined contribution scheme and the College accounts for it on that basis.

The amount charged to the statement of financial activities in respect of the defined contribution schemes represents the contributions payable to the schemes for the accounting period. The assets of the schemes are held separately from those of the Group in independently administered funds.

2.5 Stock

Stocks are stated at the lower of cost and net realisable value.

2.6 Incoming resources

Donations and gifts

Income from donations and gifts, including any capital grants, is included in incoming resources when it is receivable; except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants, including any capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Anglo-European College of Chiropractic

(a company limited by guarantee)

31 August 2015

Notes to the financial statements (continued)

2. Accounting policies (continued)

2.6 Incoming resources (continued)

Activities in furtherance of the Charity's objects

Course income is recognised in the period in which the course takes place.

Catering income is recognised in the period in which the service is provided.

Income from research grants is recognised when it is receivable except where it is specified that the grant must be used in a future accounting period or where there are pre-conditions for use.

Clinic income is included as it is received.

Activities for generating funds

Trading company income represents the amounts derived from the provision of goods and services to students, patients and customers during the year and is recognised when the respective goods and services are provided.

Interest receivable

Interest is included on a receivable basis.

2.7 Resources expended

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Expenditure that is directly attributable to a specific activity is included in that cost category. Support costs are those costs which enable charitable activities to be undertaken. These costs include finance, registry, human resources, property maintenance and information systems. Support costs that are not directly attributable to a specific activity are apportioned on the basis of management estimates of the amount attributable to each activity in the year.

As the chiropractic clinic is principally a teaching facility most costs associated with its operation are included within college tuition and research. Other costs that are not related to teaching activity (principally private practice) are included within chiropractic clinic costs.

Governance costs comprise the costs of governing the Group. These costs include audit, legal advice for Governors and costs associated with complying with constitutional and statutory requirements such as the costs of Governors' meetings.

2.8 Leases

Assets held under finance leases, which are those where substantially all the risks and rewards of ownership have passed to the Group, are capitalised in the balance sheet and are depreciated over their useful lives. The capital element of future obligations under the leases is included as a liability in the balance sheet. The interest element of the rental obligations is charged to the Statement of Financial Activities over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Operating lease rentals are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

Notes to the financial statements (continued)

2.9 Fund accounting

The Group's results are dealt with under two categories of funds as follows:

Unrestricted

Unrestricted funds are those funds, which are expendable at the discretion of the Governors in furtherance of the objects of the Group. Unrestricted funds may be earmarked for a particular purpose and designated as a separate fund. This designation is for administrative purposes only and does not legally restrict the Governors' discretion to apply the fund.

Restricted

Restricted funds are those funds which are subject to specific trusts whereby the donor earmarks the funds for specific purposes which are within the overall objects of the Group.

2.10 Taxation

The activities of the College are exempt from corporation taxation under section 505 of the Income and Corporation Taxes Act 1988 to the extent that they are applied to the organisation's charitable objectives. The trading subsidiaries do not generally pay UK corporation tax because their policy is to covenant profits to the College.

2.11 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2.12 Research and development

Research and development expenditure is written off as incurred.

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Notes to the financial statements (continued)

3. Net movements in funds for the year

	2015	2014
	Group	Group
	£	£
Net movements in funds for the year is stated after charging:		
Auditors' remuneration –		
Company audit services	11,706	11,685
Audit of subsidiaries	6,761	6,602
Group non audit services	4,507	6,389
Operating lease rentals:		
Land & buildings	-	12,327
Other	3,650	3,650
Depreciation	356,378	307,811
Research and development	<u>259,607</u>	<u>278,251</u>
After crediting:		
Donations and gifts	63,870	40,836
Profit on sales of fixed assets	<u>-</u>	<u>8,883</u>

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Notes to the financial statements (continued)

4. Analysis of resources expended

Group	Staff Costs	Depreciation	Other costs	2015 Total	2014 Total
	£	£	£	£	£
Costs of generating funds					
Trading company expenditure	29,593	459	118,543	148,595	250,298
Recharged Costs	18,867	-	-	18,867	22,432
Costs in furtherance of the charities objects:					
College tuition and research					
Direct	3,326,450	198,209	2,005,167	5,529,826	5,460,207
Support	594,073	42,792	159,135	796,000	734,404
CPD					
Direct	65,901	6,945	75,480	148,326	174,798
Support	22,464	1,618	65,549	89,631	111,477
Chiropractic Clinic					
Direct	83,826	3,956	33,995	121,777	112,065
Support	12,798	922	6	13,726	13,249
Ultrasound Services					
Direct	154,160	11,406	123,969	289,535	245,987
Support	36,898	2,657	61,836	101,391	76,203
MRI Services					
Direct	66,539	76,117	62,821	205,537	245,987
Support	18,696	1,347	72,095	92,138	76,203
Catering Expenditure					
Direct	75,382	8,021	87,185	170,588	199,307
Support	21,780	1,869	70,342	93,991	106,852
Governance	34,787	-	27,719	62,506	43,866
	<u>4,562,214</u>	<u>356,378</u>	<u>2,963,842</u>	<u>7,882,434</u>	<u>7,551,145</u>

Accounting policy 2.7 deals with the allocation of costs between activities.

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Notes to the financial statements (continued)

5. Remuneration of Governors

Governors' emoluments during the year ended 31 August 2015 were £168,526 (2014: £170,665). These emoluments only relate to Governors' services as employees as permitted by the company's articles. One (2014: 2) Governor was a member of the Teachers' Pension Scheme and had accrued entitlement of £25,754 under the scheme at the year end with an accrued lump sum of £77,262. The contributions paid in the year amounted to £16,136 (2014: £20,475). £2,014 (2014: £2,014) was spent on indemnity insurance for Governors and officers of the College.

The Governors incurred £6,638 (2014: £6,867) in respect of reimbursed expenses (inclusive of those incurred on Company credit cards). Six (2014: 7) Governors claimed expenses relating to travel, subsistence and entertainment during the year. One (2014: 1) Governor received a fee waiver of £750 in respect of college fees for their services on the student council.

6. Staff numbers and costs

The average number of persons employed by the Group during the year ended 31 August 2015 was:

	FTE's		Number	
	2015	2014	2015	2014
Academic	41	43	48	48
Administration and management	68	72	89	93
	<u>109</u>	<u>115</u>	<u>137</u>	<u>141</u>

The aggregate payroll costs (including Governors) of those persons were as follows:

	Company	Subsidiaries	2015 Group	2014 Group
	£	£	£	£
Wages and Salaries	3,744,200	29,776	3,773,976	3,737,623
Social Security costs	327,923	(183)	327,740	333,702
Other pension costs (see note 20)	460,498	-	460,498	423,606
	<u>4,532,621</u>	<u>29,593</u>	<u>4,562,214</u>	<u>4,494,931</u>

The Group also incurred £461,175 (2014: £370,991) of costs relating to casual and agency staff.

The number of full time equivalent employees including casual staff was 116 (2014: 121).

The number of higher paid employees including Governors (excluding pension contributions) was:

	2015	2014
£60,001 - £70,000	4	5
£70,001 - £80,000	3	2
£90,001 - £100,000	1	1
£120,001 - £130,000	1	1
	<u>9</u>	<u>9</u>

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Notes to the financial statements (continued)

6. Staff numbers and costs (continued)

6 (2014: 8) higher paid employees were members of a defined benefit pension scheme. 2 (2014: 1) higher paid employee were members of a defined contribution pension scheme. Employer contributions of £13,698 (2014: £6,172) were made in respect of those individuals.

7. Trading subsidiaries

The Company has two wholly owned trading subsidiaries which are incorporated in the UK. Details of the Company's subsidiary undertakings are as follows:

Name	Class of Shares	Company's Interest	Registered	Principal activity
Spine Centre Limited	Ordinary £1	100%	England & Wales	Sales of Chiropractic supplies, books & stationery
AECC Enterprises Limited	Ordinary £1	100%	England & Wales	Commercial exploitation of Research.

Spine Centre Limited

Spine Centre Limited operates a retail outlet selling educational aids. Its trading results and balance sheet are summarised below.

Profit & Loss account	2015	2014
	£	£
Turnover	159,622	164,899
Cost of sales	(100,260)	(114,907)
Gross Profit	59,362	49,992
Administrative expenses	(60,143)	(66,054)
Operating loss	(781)	(16,062)
Interest Receivable	10	11
Interest Payable	(500)	(500)
Loss on ordinary activities before taxation	(1,271)	(16,551)
Taxation	-	-
Loss after tax	<u>(1,271)</u>	<u>(16,551)</u>
 Balance sheet		
Fixed assets	1,041	751
Net current liabilities	(23,501)	(21,940)
Capital and reserves	<u>(22,460)</u>	<u>(21,189)</u>

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Notes to the financial statements (continued)

7. Trading subsidiaries (continued)

Turnover and cost of sales above exclude £16,111 (2014: £13,797) of intra-group sales.

Administration expenses include 16,798 (2014: £16,388) of recharges from Anglo-European College of Chiropractic.

AECC Enterprises Limited

AECC Enterprises Limited is responsible for the commercial exploitation of research activity and the operating of chiropractic clinics. Its trading results and balance sheet are summarised.

Profit & Loss account	2015	2014
	£	£
Turnover	14,694	56,512
Cost of sales	<u>(1,886)</u>	<u>(18,566)</u>
Gross profit	12,808	37,946
Administrative expenses	<u>(3,981)</u>	<u>(38,182)</u>
Operating Profit/(loss)	8,827	(236)
Interest Payable	<u>(1,189)</u>	<u>(1,449)</u>
Profit/(loss) before taxation	7,638	(1,685)
Taxation	<u>-</u>	<u>-</u>
Profit/(loss) after tax	<u><u>7,638</u></u>	<u><u>(1,685)</u></u>
 Balance sheet		
Fixed assets	-	-
Net current liabilities	<u>(39,821)</u>	<u>(47,459)</u>
Capital and reserves	<u><u>(39,821)</u></u>	<u><u>(47,459)</u></u>

Cost of Sales include £2,069 (2014: £2,294) of recharges from Anglo-European College of Chiropractic.

Administrative expenses include £nil (2014: £3,750) of recharges from Anglo European College of Chiropractic.

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Notes to the financial statements (continued)

8. Tangible fixed assets – for own use

Group	Assets in the course of construction	Freehold land & buildings	Medical and teaching equipment	Office equipment furniture and fittings	Total
	£	£	£	£	£
Cost					
At beginning of year	980,476	4,485,716	1,058,652	1,746,360	8,271,204
Transfer	(1,276,830)	434,729	839,662	2,439	-
Additions	296,354	-	52,110	199,346	547,810
Disposals	-	-	(24,503)	(30,222)	(54,725)
At end of year	-	4,920,445	1,925,921	1,917,923	8,764,289
Depreciation					
At beginning of year	-	873,501	960,502	1,543,911	3,377,914
Charge for year	-	94,375	128,250	133,753	356,378
Disposals	-	-	(24,503)	(30,222)	(54,725)
At end of year	-	967,876	1,064,249	1,647,442	3,679,567
Net book values					
At 31 August 2015	-	3,952,569	861,672	270,481	5,084,722
At 31 August 2014	980,476	3,612,215	98,150	202,449	4,893,290

Company	Assets in the course of construction	Freehold land & buildings	Medical and teaching equipment	Office equipment furniture and fittings	Total
	£	£	£	£	£
Cost					
At beginning of year	980,476	4,485,716	1,058,652	1,740,236	8,265,080
Transfer	(1,276,830)	434,729	839,662	2,439	-
Additions	296,354	-	52,110	198,597	547,061
Disposals	-	-	(24,503)	(30,222)	(54,725)
At end of year	-	4,920,445	1,925,921	1,911,050	8,757,416
Depreciation					
At beginning of year	-	873,501	960,502	1,538,538	3,372,541
Charge for year	-	94,375	128,250	133,294	355,919
Disposals	-	-	(24,503)	(30,222)	(54,725)
At end of year	-	967,876	1,064,249	1,641,610	3,673,235
Net book values					
At 31 August 2015	-	3,952,569	861,672	269,440	5,083,681
At 31 August 2014	980,476	3,612,215	98,150	201,698	4,892,539

The gross book value of freehold land and buildings for the Group and the Company includes £4,836,842 (2014: £4,402,113) of depreciable assets.

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Notes to the financial statements (continued)

9. Fixed asset investments

Company	Shares in subsidiary undertakings £	Loan to subsidiary undertakings £	Total £
Cost			
At beginning of year	154,002	72,000	226,002
Repayment in year	-	(12,000)	(12,000)
At end of year	<u>154,002</u>	<u>60,000</u>	<u>214,002</u>
Provision			
At beginning of year	154,000	52,000	206,000
Release for year	-	(12,000)	(12,000)
At end of year	<u>154,000</u>	<u>40,000</u>	<u>194,000</u>
Net Book Values			
At 31 August 2015	<u>2</u>	<u>20,000</u>	<u>20,002</u>
At 31 August 2014	<u>2</u>	<u>20,000</u>	<u>20,002</u>

The loans to the subsidiaries are unsecured and attract interest at base rate plus 2%.

Details of the subsidiaries are given in note 7.

10. Stocks

	2015 Group £	2015 Company £	2014 Group £	2014 Company £
Consumables	15,008	14,678	15,473	15,081
Goods for resale	35,521	-	34,389	-
	<u>50,529</u>	<u>14,678</u>	<u>49,862</u>	<u>15,081</u>

11. Debtors

	2015 Group £	2015 Company £	2014 Group £	2014 Company £
Trade debtors	32,189	22,280	68,321	29,479
Amounts owed by subsidiary undertakings	-	24,486	-	25,707
Prepayments and accrued income	122,483	122,239	183,446	183,338
Other debtors	1,190	1,190	14,437	14,437
	<u>155,862</u>	<u>170,195</u>	<u>266,204</u>	<u>252,961</u>

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Notes to the financial statements (continued)

12. Creditors: amounts falling due within one year

	2015	2015	2014	2014
	Group	Company	Group	Company
	£	£	£	£
Loan stock	1,480	1,480	17,321	17,321
Trade creditors	257,657	248,680	484,024	469,410
Taxation and social security	99,858	99,858	105,006	104,684
Other creditors	77,520	75,479	79,733	76,285
Accruals and deferred income	456,008	447,517	372,374	354,931
	<u>892,523</u>	<u>873,014</u>	<u>1,058,458</u>	<u>1,022,631</u>

The loan stock is repayable on demand. It is secured by a fixed charge on the Company's freehold land and buildings.

13. Net pension liability

The pension scheme liability may be analysed as follows:

	2015	2014
	Group and company	Group and company
	£	£
Present value of funded obligations	3,385,000	3,062,000
Fair value of plan assets	(2,240,000)	(2,027,000)
Net liability (note 20)	<u>1,145,000</u>	<u>1,035,000</u>

14. Capital commitments

The group and company had £nil of contracted capital commitments at the end of the financial year (2014: £323,051).

15. Lease commitments

Annual commitments under non-cancellable operating leases were:

	2015	2014
	Group and Company Other	Group and Company Other
	£	£
Operating lease which will expire:		
In one to two years	-	3,650
In two to five years	4,493	-
	<u>4,493</u>	<u>3,650</u>

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Notes to the financial statements (continued)

16. Designated funds

The income funds of the Anglo-European College of Chiropractic include the following designated funds which have been set aside out of unrestricted funds by the Governors for specific purposes.

	Group and Company			Balance at 31 August 2015
	Balance at 1 September 2014	New designations	Utilised	
	£	£	£	
TAM Club Clinic, Research & Library Development	26,713	10,950	(17,094)	20,569
Chiropractic Trust Fund	95,697	-	(10,000)	85,697
	<u>122,410</u>	<u>10,950</u>	<u>(27,094)</u>	<u>106,266</u>

The treatment a month (TAM) club income is derived from regular donations from chiropractors. Funds from this source are designated for use on specific projects as determined by the Principal of the AECC.

The Chiropractic Trust Fund is derived from the funds trusted to the AECC when the Trust was wound up. The Board agreed that the former trustees of the Chiropractic Trust form a committee to determine how the funds will be spent within the overall objectives. The committee has approved expenditure of £100,000 on research activities and bursaries which is being incurred over a six year period to August 2018.

17. Restricted funds

	Group and Company			Balance at 31 August 2015
	Balance at 1 September 2014	Movement in resources		
	£	Incoming	Outgoing	
Rehabilitation Centre Fund	18,918	-	(526)	18,392
Research Funds	4,394	31,392	(19,727)	16,059
Student Hardship Funds	1,370	-	-	1,370
New Clinic Fund	262,406	-	(5,918)	256,488
Kerkut Fund	4,481	-	(1,502)	2,979
MRI Fund	27,096	46,576	(6,139)	67,533
	<u>318,665</u>	<u>77,968</u>	<u>(33,812)</u>	<u>362,821</u>

Notes to the financial statements (continued)

17. Restricted funds (continued)

The Rehabilitation Centre Fund was established following a grant from the Diana Princess of Wales Memorial Fund. This was to provide for building, equipment and initial set-up costs for the College's Rehabilitation Centre.

Research Funds represent grants received specifically for defined research projects.

The Student Hardship Funds were established by donations specifically to help students experiencing financial difficulty.

The New Clinic Fund represents donations received specifically for the purpose of building the new clinic.

The Kerkut Fund was established following a grant from the Gerald Kerkut Research Fund. It was used to purchase equipment to measure heart rate variability and evaluate stress responses.

The MRI fund is derived from donations made to help finance the purchase of equipment for the MRI facility.

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Notes to the financial statements (continued)

18. Reconciliation of movement in funds

Group	Balance at 1 September 2014	Surplus / (Deficit)	Transfers	Balance at 31 August 2015
	£	£	£	£
Unrestricted funds				
General	5,729,184	(51,266)	16,144	5,694,062
Designated	122,410	-	(16,144)	106,266
	<u>5,851,594</u>	<u>(51,266)</u>	<u>-</u>	<u>5,800,328</u>
Restricted	318,665	44,156	-	362,821
Total funds	<u>6,170,259</u>	<u>(7,110)</u>	<u>-</u>	<u>6,163,149</u>
Company	Balance at 1 September 2014	Surplus / (Deficit)	Transfers	Balance at 31 August 2015
	£	£	£	£
Unrestricted funds				
General	5,714,433	(35,442)	16,144	5,695,135
Designated	122,410	-	(16,144)	106,266
	<u>5,836,843</u>	<u>(35,442)</u>	<u>-</u>	<u>5,801,401</u>
Restricted	318,665	44,156	-	362,821
Total funds	<u>6,155,508</u>	<u>8,714</u>	<u>-</u>	<u>6,164,222</u>

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Notes to the financial statements (continued)

19. Analysis of net assets between funds

Group

	Fixed Assets £	Net Current Assets £	Non current liabilities £	Total £
Restricted funds	343,630	19,191	-	362,821
General funds balance	4,739,964	2,099,098	(1,145,000)	5,694,062
Designated funds	1,128	105,138	-	106,266
	<u>5,084,722</u>	<u>2,223,427</u>	<u>(1,145,000)</u>	<u>6,163,149</u>

Company

	Fixed Assets £	Net Current Assets £	Non current liabilities £	Total £
Restricted funds	343,630	19,191	-	362,821
General funds balance	4,758,925	2,081,210	(1,145,000)	5,695,135
Designated funds	1,128	105,138	-	106,266
	<u>5,103,683</u>	<u>2,205,539</u>	<u>(1,145,000)</u>	<u>6,164,222</u>

20. Pension schemes

The Group principally participates in four pension schemes – The Teachers’ Pension Scheme and The Local Government Superannuation Scheme, which are both defined benefit schemes, and the Zurich Scheme and Scottish Widows Scheme, which are both defined contribution schemes.

The Group has capped its contributions to these pension arrangements at an effective rate of 5%. This is implemented by contractual arrangements with employees who take a reduction in salary when company contribution rates exceed 5%.

The amount outstanding at the year end was £46,604 (2014: £50,978). The total pension cost for the year may be analysed as follows:

	2015 £	2014 £
Teachers’ pension scheme	222,425	226,452
Local government superannuation scheme (including FRS 17 adjustments of £88,000 (2014: £55,000))	205,521	162,305
Zurich	9,029	9,029
Scottish Widows	22,016	24,114
Other	1,507	1,706
	<u>460,498</u>	<u>423,606</u>

Notes to the financial statements (continued)

20. Pension schemes (continued)

Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001 to 31 March 2011, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these were being discussed in the context of the design for a reformed TPS, and as set out in the Proposed Final Agreement, and scheme valuations had been suspended since the last valuation in 2004.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

Valuations of the TPS are now required under the Public Service Pensions Act 2013 every 4 years and are required to be carried out in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury.

An actuarial valuation of the TPS in accordance with these Directions was published in June 2014 assessing the TPS as at 31 March 2012. The GA's report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million. The notional value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million. The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

Notes to the financial statements (continued)

20. Pension schemes (continued)

Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2013 to 31 March 2014, the employee contribution rate will range between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary and for 2014/15 will range between 6.4% and 12.4%. Thereafter members will be expected to pay an average contribution rate of 9.6%.

The TPS valuation for 2012 determined an employer contribution rate of 16.4% from September 2015 and an employee cost cap of 10.9%, both to be set in regulations until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

There will be further reforms and changes to the TPS with a new 2015 scheme.

The pension costs paid to TPS in the year amounted to £222,425 (2014: £226,452).

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Dorset Local Authority. The total contribution made for the year ended 31 August 2015 was £170,676 of which employer's contributions totalled £121,386 (£3,866 of which were funded by employees under special contractual arrangements) and employees' contributions totalled £49,290. The agreed contribution rates for future years are 15.5% for employers and range from 5.5% to 8.5% for employees, depending on salary.

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Notes to the financial statements (continued)

20. Pension schemes (continued)

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 August 2015 by a qualified independent actuary:

	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	4.1%	4.1%
Rate of increase for pensions in payment / inflation	2.6%	2.6%
Discount rate for scheme liabilities	3.9%	3.9%
Inflation assumption (CPI)	2.6%	2.6%
Commutation of pensions to lump sums	50%	50%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 August 2015	At 31 August 2014
<i>Retiring today</i>		
Males	22.8	22.7
Females	25.2	25.1
<i>Retiring in 20 years</i>		
Males	25.1	24.9
Females	27.6	27.4

The College's share of the assets and liabilities in the scheme were:

	Value at 31 August 2015 £'000	Value at 31 August 2014 £'000
Equities	1,237	1,105
Diversified growth fund	109	98
Absolute return	-	46
Gilts	266	405
Other bonds	284	-
Infrastructure	26	-
Hedge fund	3	-
Property	228	86
Cash	87	187
Total market value of assets	2,240	2,027
Present value of scheme liabilities	(3,385)	(3,062)
Deficit in the scheme	(1,145)	(1,035)

The expected return on assets was 5.6% (2014: 5.6%).

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Notes to the financial statements (continued)

20. Pension schemes (continued)

Amounts recognised in the consolidated statement of financial activities

	2015	2014
	£'000	£'000
Current service cost (net of employee contributions)	210	168
Past service cost	-	-
Total operating charge	210	168

Analysis of pension finance costs

Expected return on pension scheme assets	117	112
Interest on pension liabilities	(123)	(119)
Pension finance costs	(6)	(7)

The cumulative amount of actuarial losses recognised in the consolidated statement of financial activities since the adoption of FRS 17 is £952,000 (2014: £936,000).

The actual return on scheme assets was £100,000 (2014: £214,000).

Movements in the present value of defined benefit obligations were as follows:

	2015	2014
	£'000	£'000
Liabilities at start of period	3,062	2,488
Service cost	210	168
Interest cost	123	119
Employee contributions	50	45
Actuarial (gain)/loss	(1)	278
Benefits paid	(59)	(36)
Liabilities at end of period	3,385	3,062

Movements in the fair value of college's share of scheme assets:

Assets at start of period	2,027	1,691
Expected return on assets	117	112
Actuarial (loss)/gain	(17)	102
Employer contributions	122	113
Employee contributions	50	45
Benefits paid	(59)	(36)
Assets at end of period	2,240	2,027

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2015

Notes to the financial statements (continued)

20. Pension schemes (continued)

The estimated value of employer contributions for the year ended 31 August 2016 is £121,000.

The history of experience adjustments is as follows:

	2015	2014	2013
	£'000	£'000	£'000
Present value of defined benefit obligations	(3,385)	(3,062)	(2,488)
Fair value of share of scheme assets	2,240	2,027	1,691
Deficit in the scheme	<u>(1,145)</u>	<u>(1,035)</u>	<u>(797)</u>
Experience adjustments on share of scheme assets:			
Amount £'000	(17)	102	115
Experience adjustments on scheme liabilities:			
Amount £'000	<u>-</u>	<u>-</u>	<u>-</u>

21. Related party transactions

Owing to the nature of the AECC's operations and the composition of the Board of Governors being partly drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. During the year, Chiropractic Governors have purchased goods from the Spine Centre Limited. All such purchases are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The company has taken advantage of the exemption under Financial Reporting Standard No 8 "Related Party Transactions" from disclosing transactions with AECC Enterprises Limited and Spine Centre Limited on the grounds that they are wholly owned subsidiaries.