



AECC
University College

**AECC University College
(a company limited by guarantee)**

**Governors' Report and Financial Statements
Year Ended 31 July 2019**

Company Number: 00653859

Legal and Administrative Information

Company Number

00653859

Charity Number

306289

Governors

A Wild (Chair)
H Thiel (Principal) (resigned Dec 18)
L Haig (Principal) (appointed Jan 19)
A Simpson
C Stephens
E Newcomb (resigned Jul 19)
J Worthington
M Copp
M Gurden
P Dingley
P Roberts
P Hume
T Hattab (appointed Jan 19, resigned April 19)
C Derby (appointed May19)
D Sullivan
D Tarrant (appointed Sep 19)
J Bremner (appointed Oct 19)
G Briscoe (appointed Oct 19)
K Wilkes (appointed Oct 19)
C Pett (appointed Oct 19)
M Gibson (appointed Nov 19)

Registered Office

Parkwood Campus
Parkwood Road
Bournemouth
BH5 2DF

Key Management Personnel / Executive

H Thiel (Principal) (resigned Dec 18)
L Haig (Principal) (appointed Jan 19)
A Thorkeldsen
S Jones (resigned Dec 18)
J Currin (appointed Nov 18)
P Ford

Company Secretary

G Sanger-Stevens

Subsidiaries

AECC Enterprises Limited
13-15 Parkwood Road
Bournemouth
Dorset
BH5 2DF
Company Number: 03736325

Spine Centre Limited (dissolved 8 January 2019)
13-15 Parkwood Road
Bournemouth
Dorset
BH5 2DF
Company Number: 03061558

Auditors

KPMG LLP
66 Queen Square
Bristol
BS1 4BE

Internal Auditors

BDO LLP
Arcadia House
Maritime Walk
Ocean Village
Southampton
SO14 3TL

Bankers

HSBC Bank Plc
15 High Street
Christchurch
Dorset
BH23 1AF

Solicitors

Frettons LLP
The Saxon Centre
11 Bargates
Christchurch
BH23 1PZ

Shakespeare Martineau
No.1 Colmore Square
Birmingham
B4 6AA

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Principal's Foreword

A Brief Synopsis of our Achievements in 2018/19

On behalf of AECC University College, I am pleased to present our Annual Report and Financial Statements for the first time since starting as Principal in January 2019. This followed the retirement in December 2018 of Professor Haymo Thiel after his highly successful six year tenure as Principal.

The University College has continued its development in its first full year on the Register of Higher Education Providers with the Office for Students and under its new institutional title and status. The hard work of all staff and their ongoing commitment to excellence has ensured that the University College continues to develop its reputation nationally and globally as a specialist provider of health sciences education.

The University College is a global leader of chiropractic education, training and research. As a result, and in the context of a highly competitive and challenging recruitment environment, the University College has continued to recruit successfully into its chiropractic programmes. Our commitment to our teaching clinic is ongoing with over 47,000 patient contacts during the year. We continue to run a wide number of specialist clinics as well as providing reduced cost and free treatment to certain groups who may otherwise be unable or unlikely to access it.

As a specialist in imaging education and working with a range of talented clinical and academic educators, the University College has increased its student intake onto its postgraduate Medical Ultrasound courses. It continues to deliver high profile education and training to clinicians involved in point of care ultrasound in professional sport and primary care settings, both in the UK and overseas. Our open upright MRI scanner receives referrals from increasing numbers of NHS partners in the South of England to provide diagnostic imaging for patients unable to tolerate standard MRI scanning environments.

The University College has continued to deliver the objectives laid out within its Strategic Plan 2016-2021, including the diversification of its academic provision, and with the launch of new programmes in clinical exercise, sport and exercise science and sport and exercise psychology. As these courses are rolled out, we are also developing our health sciences provision in sport therapy and rehabilitation, physiotherapy and diagnostic and therapeutic radiography working closely with stakeholders locally, regionally and nationally.

As well as taught courses, the University College has continued to develop its research activity through peer-reviewed journal outputs and its highly impactful work in spinal biomechanics and patient outcomes in clinical care. The University College submitted its Code of Practice for the identification of staff and selection of outputs as it works towards its first submission to the UK's Research Excellence Framework (REF 2021). It continues to be well represented at conferences nationally and internationally in its areas of specialist expertise.

In collaboration with our Students' Union the University College provides a positive student experience within a small community which has strong academic and social engagement. In the 2019 National Student Survey, 89% of students at the University College agreed that they felt part of a staff and student community (national average 68%).

I would like to thank everyone who has made this year at the University College so positive and look forward to an excellent and successful year ahead.



Professor Lesley Haig
Principal
30 November 2019

Strategic Report

1. Statement of Public Benefit

AECC University College is a company limited by guarantee registered with Companies House under number 00653859 and registered with the Charity Commission under charity number 306289, and as such, it is required to demonstrate how its work is of 'public benefit'. It is governed by its Articles of Association, which were last amended in August 2017. The University 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 University College's, mission and strategy, monitors institutional performance and ensures its effective management.

The University College's vision and mission reflect its commitment to public benefit. The objects are set out in its Articles of Association, which provide that:

The institution's objects shall be to:

- Provide education and undertake research in health sciences, including chiropractic and/or other allied, related or ancillary disciplines;
- Establish centres for the treatment of disease and maintenance of health by the application of any health sciences discipline, including chiropractic and/or other allied, related or ancillary treatments;
- Promote the study and advancement of health sciences, including chiropractic and/or other allied, related or ancillary disciplines.

The University College's mission, vision and aims as articulated in its Strategic Plan 2016-2021 have been developed in support of the institution's primary purpose.

The main beneficiaries are current and prospective students for whom AECC University College provides foundation, undergraduate and postgraduate programmes of study in the subject areas of chiropractic, health sciences and medical ultrasound.

The Board of Governors has due regard to the Charity Commission's guidance on public benefit and its supplementary public benefit guidance on the advancement of education. Through its range of activities, AECC University College provides benefits to different sections of the public as follows:

Teaching and Learning

- Enrolled a total of 577 undergraduates and 185 taught postgraduates from the UK, EU and Overseas and an additional 22 further education students on the access programme.
- Provided dedicated specialist expert lectures in sport and exercise sciences, and continuing professional development (CPD) short courses in advanced practice for healthcare professionals focused on musculoskeletal care and medical imaging.
- Dedicated capital investment to provide a better student and staff experience, including drawing together the Registry offices; a customer-facing IT office; a new accessible ground floor teaching space with state of the art audio-visual equipment and which is fully technology enabled; modern vending machines; and high tech sports performance equipment.
- Having achieved a silver in the Teaching Excellence Framework (TEF) in 2017, we developed and approved a new Education Strategy which promotes and supports excellent, innovative and inclusive student-centred teaching and learning.
- Continuous improvement of academic programmes through annual monitoring.
- All three Schools of Chiropractic, Psychology, Sport and Physical Activity, and Medical Ultrasound were fully established with Heads of Schools appointed. There is ongoing recruitment to new courses in sport and exercise sciences with further new courses in the early stages of development in chiropractic, physiotherapy, radiography, sport and exercise rehabilitation and sport psychology which are due to start in September 2020.

Enabling Participation

- Recruited a full-time Access and Participation Manager and developed an Access and Participation Plan (APP) which has been approved by the Office for Students. This APP has an emphasis on outreach work to widen access to non-traditional students and on maintaining a support structure to facilitate successful completion of programmes.
- Continued to apply a Bursaries and Scholarship Policy to widen access to disadvantaged students.
- AECC University College is a member of the Southern Universities Network Strategy Group in the Government funded National Network for Collaborative Outreach.

Research and Knowledge Transfer

- Research Strategy 2018-2028 approved.
- Continued preparations for the institution's first Research Excellence Framework (REF2021) submission in November 2020.
- Submitted Code of Practice on the Identification of Staff and Selection of Outputs for REF 2021 and in the process of identifying staff with significant responsibility for research.
- Four new Research Centres (Clinical and Applied Service Provision; Health, Exercise and Sport Science; Biomechanics; Health Professions Education) are now fully embedded
- Extensive research publications and conference presentations in the areas of practice-based research, including documentation of patient outcomes, predictors of outcomes and the quantification of spinal biomechanics.
- Invited presentations of research findings nationally and internationally at chiropractic professional and interdisciplinary conferences
- Successful acquisition of indirect PhD funding in collaboration with a wide range of UK Universities with AECC University College's academics as lead individuals or team supervisors University of Southampton (3 PhDs), Bournemouth University (3 PhDs) and Teesside University (1 PhD).
- In collaboration with the Faculty of Medicine at the University of Southampton and the Chiropractic Research Council, a Senior Research Fellow from AECC University College has now successfully completed his second year in post. This funding has enabled progression of a substantive core project involving exploration of innovative models of chiropractic care provision with the NHS and a Research Fellowship to proceed over a period of five years.
- A professorial post is shared with the Faculty of Science and Technology at Bournemouth University to enable the pursuit of collaborative Research Council (UKRC) grant awards and the support of doctoral students.
- A portfolio of successful multidisciplinary research collaborations, PhD studentships, PhD external examinations, publications and conference papers in musculoskeletal research, and in technology development and commercial transfer.

Wider Community

- Our Chiropractic Teaching and Faculty Clinic offers clinical services to the local and wider communities in musculoskeletal health.
- The on-site open upright MRI Centre receives referrals from the NHS and wider healthcare community across the South of England.
- Our diagnostic ultrasound clinic caters for local community with referrals from chiropractors, physiotherapists and podiatrists.
- We also offer a range of other clinical services, for example a midwife-led breast feeding clinic.
- Development of a series of expert talks on health, exercise and sport offered free to the local community
- Wider community reach through a Community Festival, engagement with local Schools and Colleges as we implement our work to widen access and increase participation in higher education to those from under-represented groups.

2. Strategic Plan

Our strategic vision for 2016-2021 recognises the distinctiveness of our specialist provisions and what is required to achieve and enhance these. At the same time as building upon our heritage, strong brand and quality reputation we will use our Taught Degree Award Powers (TDAPs) and emerging opportunities to move forward with further diversification, growth and expansion of our health sciences portfolio. Research activity continues to grow with the four research centres playing an increasingly prominent role as the University College works towards its inaugural submission to the Research Excellence Framework (REF2021). Crucial to the successes and future plans of the University College are its committed and well-qualified academic staff and professional services' teams. The Teaching Excellence Framework Statement of Findings emphasised a 'well-developed institutional culture which facilitates, recognises and rewards excellent teaching that is evidenced in good uptake of Higher Education Academy (HEA) Fellowship and institutional support for scholarship, including support for registration with relevant Professional, Statutory and Regulatory Bodies. Around 50% of academic staff currently have a recognised academic teaching qualification and 45% have a doctoral qualification. As well as supporting staff to develop teaching and learning capability and research capacity through study at other HEIs and recognition via the HEA portfolio scheme, the University College is seeking to develop its own postgraduate award in clinical education. It is also seeking to work with a partner University to validate a research degree programme.

An academic workload model has been rolled out to provide more clarity and transparency for staff in how working hours are allocated across the academic year. The workload model is based on and aligns with the national academic contract and is consistent with much of the UK university sector.

Our Values and Mission

Our Values read: 'We are a caring institution, ethical in everything we do, inclusive in our relationships with staff and students, eager to collaborate with others in partnership, and innovative in our approach'.

Our Mission Statement reads: 'A healthier society through education, research and clinical care'.

Education

Our core business is centred on the education and training of healthcare and related professionals, with strong emphasis on professional qualifications and employability. We support our students not only to acquire or further develop the knowledge and skills necessary to practise as professionals in their chosen fields, but to adopt the attitudes of reflective practice, lifelong learning and critical thinking. We have a strong sense of community, and provide an environment in which staff, students and patients work together with a common purpose and understanding. We are committed to providing courses with high levels of excellence delivered by experts in their fields so that students are well placed to enjoy success in their chosen profession at the highest level.

Research

Although our educational provision is at the heart of our activity, it is underpinned by the scholarly activity of our teaching staff, and nationally and internationally recognised research activity in relevant and focused fields.

All our courses are grounded in the use of evidence-informed practice (basing practice on well-reasoned arguments supported by empirical and experiential evidence); as such a central thread of our teaching includes instruction on the ability to search, understand, critically evaluate and apply clinical research in practice. Our aim is to produce graduates who are comfortable with and committed to these attitudes, approaches, and intellectual positions in their approach to clinical practice.

Clinical Care

Our excellent clinics and diagnostic services provide affordable healthcare tailored to our patients' needs. Our well-established AECC University Clinic provides high quality chiropractic care to a wide range of patients, and delivered approximately 47,000 visits during 2018-19. Chiropractic services are offered by our interns, associate chiropractors and clinical staff. We also run a GP Referral scheme, paving the way for greater collaboration with local GPs and the wider Dorset NHS services. We run an off-site clinic at Bournemouth University for staff and students, as well as a First Contact Practitioner service within a Primary Care setting in Christchurch

Hospital providing opportunities for student experience in other healthcare settings. . Other notable collaborations exist with AFC Bournemouth and the Royal Marines in providing free treatment to personnel and veterans. Our Exercise Rehabilitation and Human Performance Centre help our patients to lead more active lives and enable us to assess and manage more complex athletic conditions. We are the Official Sport Science Partner to the Armed Forces Para-Snowsport Team and deliver consultancy in sport physiology and sport psychology to teams including Bournemouth Rugby Club, AFC Bournemouth and local sports academies. We also run Expert Talks series for staff, students and the local community in areas related to health, wellbeing and performance. Our students provide a vibrant community outreach programme for the local community, attending school events to promote science and anatomy understanding.

Our Ultrasound clinic is a centre of excellence in ultrasound education, training and diagnosis. With state of the art equipment and a team of highly qualified sonographers and visiting specialists at hand, we have developed a national reputation particularly for musculoskeletal diagnostic ultrasound.

Our clinical care services are further enhanced by having the only regional open upright MRI scanner on site. This provides a highly specialised diagnostic facility for patient referral from the local and wider health care community as well as a unique research tool. The latter is evidenced by research activity undertaken and commissioned by the European Space Agency and our collaborations with other national and international research centres and groups.









Our Vision and Strategy


Our vision is: 'To be a leading higher education institution in the University sector, specialising in chiropractic and other healthcare disciplines, nationally and internationally recognised for quality and excellence'.

Our approach to achieving our strategic goals is shaped by four strategic aims:

- Strengthen our reputation and profile through effective engagement with our communities in the HE sector and wider world;
- Deliver a diverse portfolio of quality education and clinical training programmes reflecting our distinctive place in the HE sector;
- Deliver an outstanding student experience throughout the student lifecycle;
- Underpin our teaching and clinical training with focused research and scholarship activity.

The following table sets out progress during the 2018/19 academic year against the specific targets to be achieved in support of our objectives to deliver the four strategic aims and as set out in the original timescale.

2018 – 2019	Student Services delivered by staff employed by AECC University College	
	Education Strategy approved	
	Enhance student learning and social spaces with ring-fenced estates budget	
	Supporting two PhD studentships with collaborative partners	
	Achieving funding, via Advanced Learner Loan facility, for eligible Access to HE programme students	
	Develop at least one external academic partnership	
	Recruiting an academic development director or head of new school	
	Develop 2 outreach activities with community partners to involve staff and students	

 = achieved

 = partially achieved or in progress

 = not yet achieved or started or data not yet known

Understanding and Managing our Risks

Any organisation needs to know what it does well and where any potential risks lie that may prevent it from continuing to do so in the future. Understanding the importance of active risk management is vital at all levels of the institution and effective risk management increases the probability of successful outcomes while protecting the reputation and sustainability of AECC University College.

The University College's risk management is undertaken within a framework of governance, a defined risk management policy and an underlying control environment. It operates processes for the identification, evaluation and management of significant risks that threaten the achievement of its strategic objectives. It records them in the Corporate Risk Register.

Individual risk owners assess gross and net risks at departmental and team level within their individual risk registers and report emerging and changing risks to the Senior Management Group on a regular basis. Any significant new risks are reported to the Audit Committee which formally reviews and updates the Corporate Risk Register and makes recommendations for approval by the Board of Governors of AECC University College. A target risk is set by the Board linked to the risk appetite, which directs the urgency with which mitigating actions should be taken.

Internal Audit supports this process and undertakes reviews of key areas throughout the year as part of a rolling audit plan.

Risk Register

Set out below are the main risks and uncertainties that could adversely affect the University College, impacting on reputation, staff, students, estate, operations and finances. This list is not exhaustive, as there are other risk events that could trigger additional mitigating actions. This register of risks reflects those that are considered to be our most important ones and they are featured within the institution's Corporate Risk Register. They are not presented in rank order. Uncertainty in relation to staff and student recruitment and retention exists as a result of the UK's decision to leave the European Union. In addition any actions likely to be taken as a result of the Post-18 Review of Education and Funding and which may or may not be enacted by a future Government through legislative changes and impacts are yet to be determined. Set out below are the key risks as at the date of signing the report:

Ref	Risk	Mitigating actions / Controls
1	Failure of Board to discharge responsibilities in respect of Companies Act, Charity Commission and Higher Education (HE) Code of Governance	Appropriate skills mix and appointment of governors with relevant experience. Regular development and training seminars. Compliance with Committee of University Chairs (CUC) guidelines and Office for Students (OfS) Memorandum.
2	Failure to meet statutory reporting requirements in relation to student, staff and estates data, including obligations under the Prevent duty. (The duty under the Counter-Terrorism and Security Act to have due regard to the need to prevent people from being drawn into terrorism).	Allocate resources and monitor development and functionality of student record system (SRS). Development of human resources (HR) reporting systems to submit regulatory returns. Staff training. Data validation and reporting policies and procedures in place. Prevent duty risk assessment action plan.
3	Failure to meet statutory reporting requirements in relation to financial data.	Appropriate skills mix of qualified and experienced staff. Continuous and detailed review of information produced. Operation of key accounting controls. Continuous review of changing reporting requirements.
4	Failure to comply with Data Protection Act, General Data Protection Regulations (2018)	Develop and monitor IT security and user access policies and procedures. Robust information

- and failure to comply with copyright law in the appropriate production and use of teaching and learning resources. Failure to provide adequate information technology (IT) security.
- 5 Failure to meet financial targets.
- 6 Failure to maintain and secure buildings and services, and comply with legislation / regulations.
- 7 Failure to expand and diversify education provision.
- 8 Failure to recruit and retain undergraduate (UG) and postgraduate (PG) students.
- 9 Failure of programmes to meet professional and academic standards.
- 10 Failure to provide a quality student experience.
- governance systems in place reinforced by staff and student training on the General Data Protection Regulation (GDPR). Allocation of sufficient resources to maintain network security. Copyright policy published and guidelines in place for staff and students. Training for staff and students. Close monitoring of access by IT and provide separate and secure magnetic resonance imaging (MRI) picture archiving and communication system (PACS).
- Data Protection Officer identified from within current staff. Role clearly defined to ensure impartiality.
- Effective marketing strategy and implementation. Monitoring competition and meeting market need.
- Ensuring value for money by regular review and increased awareness of the need to demonstrate economy, efficiency and effectiveness.
- Production and review of regular financial management information.
- Allocation of resources. Annual maintenance and refurbishment schedules. Accessibility audit undertaken. Health and Safety policies in place. Staff training. External security company. Alarm systems and secure access system. Internal maintenance team.
- Establish expansion as a strategic priority through investment in personnel and resources. Strategy 2016-2021.
- Put in place marketing strategy and implementation, and robust admissions policies and procedures. Employ recruitment agent for overseas students. Maintain academic support systems and resources, and non-academic resources e.g. counselling, financial advice, hardship scheme, student union (SU) support. Study skills and language support. Implementation of Process Fix recommendations. Adherence to Competition and Markets Authority (CMA) guidelines. Established Chiropractic Stakeholders Forum.
- External review including Quality Assurance Agency for Higher Education (QAA), external examiners, professional statutory and regulatory body (PSRB) accreditations. Robust quality assurance framework in place. Internal review and monitoring by academic committees. Investment in staff development.
- Investment in estates, resources, staff and SU. Inclusion of students in academic committee membership, regular meetings with students and SU, student representation at Board level. Formal and informal student feedback. Established on-site

		student services. Established Student Health & Wellbeing Group. Staff development.
11	Failure to grow levels of research and scholarship activity.	Collaborate with other researchers. Support staff development in attaining research degrees. Invest in post-doctoral positions to support grant writing and applications.
12	Failure to recruit and maintain well qualified staff and plan for succession.	Staff appraisal, salary review and promotion pathways. Range of pension schemes. Maintain competitive status in sector. Support staff development. Compliance with Equality Act / HR policies / other employment law. Employee support system in place including access to counselling.
13	Clinical negligence / significant adverse events and injury.	Staff training. Regular maintenance schedules in place. Incident reporting system and analysis. Clinic Manuals and Handbooks, Policies and Procedures in place.
14	Failure to comply with legislative and regulatory requirements, and quality and safety standards in clinical service provisions.	External review by Care Quality Commission (CQC) and PSRBs. Regular clinical audits. Clinic Manuals and Handbooks, Policies and Procedures in place. Regular maintenance of equipment. Training of staff. Robust clinical governance framework established which has oversight of policies and procedures. Clinical Governance Group meets 3 times per year to consider risk, audit, governance controls and domains.
15	Failure to adequately develop existing campus or acquire alternative facilities to accommodate planned new provisions.	Development of a seven year estates strategy. Engagement of architect with Higher Education Institution (HEI) experience to support the estates strategy. Re-modelling of existing space to expand capacity. Investigation of alternative location and / or facilities for teaching and training, including possibility for halls of residence.
16	Possibility of a reduction in the amount of funding from £9,250 to £7,000 per learner, and a reduction in OfS high-cost subject funding.	Identification of additional revenue sources. Charging a surplus (where possible). Consider a more efficient academic delivery pattern and control staff costs – the area of greatest expenditure in the University College. Efficiency savings across all departments within University College, underpinned by greater awareness of value for money and increased budgetary accountability.
17	Execution and delivery of Project Plans. Failure to adequately develop a project management ethos and appropriate training plan to ensure proper control of current and future projects to agreed timescales and budgets.	Project management methodology has been developed. This is being embedded into business as usual.

- | | | |
|----|------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 18 | Failure to have robust, aligned plans which ensure the organisational and financial sustainability of the institution. | Develop and maintain oversight of departmental and service plans which align to the operational plan and critical review to understand current situation. |
| 19 | Failure to effectively performance manage the delivery of strategic, financial and operational plans. | Identify those with accountability and responsibility and empower them to manage their areas appropriately. |

3. 2018/19 Financial Review of the Year

The consolidated deficit after tax for the year ended 31 July 2019 was £267k, with a total comprehensive loss of £455k.

The following table summarises the financial results for the current and previous year as set out in the Statement of Comprehensive Income and Expenditure:

	Year Ended 31 July 2019	Year Ended 31 July 2018 (restated)
	£'000	£'000
Income:		
Tuition fees and education contracts	7,223	7,400
Funding body grants	537	567
Research grants and contracts	37	12
Other income (exc. investment / research income and donations)	1,341	1,399
Investment income	32	14
Donations and endowments	13	28
	9,183	9,420
Total Income		
Expenditure:		
Staff costs	6,389	5,961
Other operating expenses	2,417	2,684
Depreciation	500	431
Interest and other finance costs	144	73
	9,450	9,150
Total Expenditure:		
Gain on Investments	-	20
	(267)	290
(Deficit) / Surplus before tax		
Taxation	-	(2)
	(267)	288
(Deficit) / Surplus for the year		
Actuarial (loss) / gain in respect of pension schemes	(188)	434
	(455)	722
Total Comprehensive Income for the year		

Income

Overall income has decreased by 2.85% (£268k) to £9.15m (2018: £9.42m). This decrease is primarily due to the prior year income having included one-off income of £306k relating to the release of historic balance sheet items.

Average income per full time equivalent student was less in 2018-19, reflecting the changes in previous years' course structure working their way through. Clinic income, which is predominantly driven by the numbers of final year chiropractic students was also less than the prior year.

Expenditure

Overall expenditure increased by 3.3% to £9.45m (2018: £9.15m).

Staff costs totalled £6.39m in 2019. This is 69.8% of total consolidated income. It represents an increase of 7.16% (£427k) over the prior year.

The increase in staff costs was due to increases in salary rates; an increase in employer pension contributions from 7.5% to 8% and increases in staff numbers. The average full time equivalent permanent employees was 122 (2018: 118), an increase of 3.2%. The average headcount of permanent employees increased by 2.6% to 157 (2018: 153) and the total average headcount for all staff, i.e. including casual employees and IR35 workers, increased by 7.6% to 425 (2018: 395).

Consolidated other operating expenses totalled £2.42m (2018: £2.68m), a reduction of £267k (9.9%) against the prior year.

The depreciation charge increased by 16% (£69k) from £431k to £500k. This reflect increased capital investment during the prior year.

Statement of Financial Position as at 31 July 2019

The following table summarises the financial position for the current and previous years as set out in the Consolidated Statement of Financial Position:

	As at 31 July 2019	As at 31 July 2018
	£'000	£'000
Fixed assets	5,268	5,356
Net current assets	3,392	3,322
<i>of which 'Cash or cash equivalents'</i>	4,112	4,059
Pension provisions	(2,456)	(2,018)
Total net assets	6,204	6,659
Income and expenditure reserve - restricted reserve	292	305
Income and expenditure reserve - unrestricted	5,912	6,354
Total reserves	6,204	6,659

Fixed assets

The fixed asset additions during the year (£456k) were less than depreciation (£500k) and there were disposals with a net book value (£44k). Therefore the fixed asset value on the balance sheet has decreased by £88k to £5.27m (2018: £5.36m).

Cash and cash equivalents

The University College has maintained a strong cash position, with the consolidated cash and cash equivalents increasing by £53k to £4.11m (2018: £4.06m)

The University College has ambitions for growth and has plans for investment in both the course offering and to improve the facilities on campus. In addition to infrastructure investment, cash balances are required to provide working capital as cash receipts and payments are not aligned throughout a yearly cycle; and to manage financial risks which might give rise to an income and expenditure deficit. It is a key strength that the University College has the financial liquidity to respond to challenges and opportunities.

Pension provisions

The pension provision, which relates to the Dorset Local Government Pension Scheme, increased by 21.7% (£438k) to £2.46m (2018: £2.02m) following the annual actuarial review.

Reserves

Overall consolidated reserves decreased by 6.8% (£455k) to £6.20m (2018: £6.66m) principally due to the increased pension liability referred to above.

Key Performance Indicators

The University College monitors many financial Key Performance Indicators (KPIs) on a monthly basis to facilitate the oversight of its operations. The most significant financial KPIs are:

KPI	Description	2019	2018
Profitability	(Deficit) / Surplus as a percentage of total income	(2.92%)	3.06%
Current ratio	Current Assets : Current Liabilities	4.26 : 1	4.04 : 1
Total reserves	Total Reserves held on the balance sheet	£6.20m	£6.66m
Cash	Level of cash at bank or in hand	£4.11m	£4.06m

Financial KPIs, although important, represent only one aspect of the University College's business. Therefore also monitored are:

KPI	2019	2019 Target	2018
Overall student satisfaction (%) - NSS 2017/18 'overall satisfaction' score for undergraduate students	83	95	100
Completion rate - For undergraduate students (end of year)	98	95	97
Staff : Student Ratio - For undergraduate students (as of 1 December)	1 : 17.4	1 : 19	1 : 18.9
Non-UK students (%) - For undergraduate students (EU & overseas students (as of 1 Dec)	39	45	40
Total student numbers (FTE) - Undergraduate, Postgraduate and Further Education students	628	625	696
Total new Undergraduate entrants - Undergraduate & Further Education Students (as of 1 Dec)	189	190	175
Total new Postgraduate entrants - Postgraduate students (as of 1 Dec)	84	55	59
Academic staff with teaching qualification and/or FHEA (%FTE) - Academic staff with HESA recordable teaching qualification	48	50	80
Number of peer reviewed papers	25	30	40

Treasury Management

Treasury Management encompasses the management of the University College's cash flows, banking, money and capital market transactions and the effective control of the risks associated with those activities. The policy of the University College is to safeguard its assets whilst at the same time aiming to achieve the best possible return on its investments. The overriding principle however is to minimise risk rather than maximise returns.

The University College has prepared a five year forecast which plans for changes in curriculum and clinical services and incorporates capital investment plans. It has assessed the minimum liquidity levels needed to ensure that financial and operational control is maintained, which is coupled with these rolling five year forecasts provide the basis for the identification of any future borrowing requirement.

This report was approved by the Board of Governors on 30 November 2019 and signed on its behalf by:



M Copp
Chair of the Finance and General Purposes Committee



L Haig
Principal and Governor

Corporate Governance and Internal Control Statement

The Governors present their annual report and audited financial statements for the year ended 31 July 2019. This report also covers the Trustees' Report as required by Chapter 4 Section 162 of the Charities Act 2011 (hereinafter "Charities Act").

Legal status

AECC University College 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 August 2017. The University 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 University College's mission and strategy, monitors institutional performance and ensures its effective management. The current Chair of the Board is Adrian Wild and Martin Copp is Deputy Chair.

The University College provides indemnity insurance for the Governors in accordance with, and subject to the conditions in, Chapter 9 Section 189 of the Charities Act 2011.

Composition of the Board

The articles dictate that the number of Governors which make up the Board (who fulfil the role of directors for company law purposes) shall be a minimum of 12 and a maximum of 25. The majority of Governors appointed by the Board are independent governors but also include the Principal, ex officio, one member of the staff of the University College ("Staff Governor") elected by the staff and one member of the student body of the institution ("Student Governor") elected annually by the students.

It was agreed with the Board of Governors that an additional Student Governor should be appointed to assist with the increased workload and the additional meeting requirements.

There are currently 12 Governors and they are appointed for a term of four years (with the exception of the Student Governors, who are appointed for one year). Terms are extendable, normally to a maximum of eight years but may be extended further in exceptional circumstances upon the recommendation of the Nominations Committee and with the agreement of the Board of Governors.

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

Organisational structure

The Principal is chief executive of the University College and the rest of the Executive team (the Vice-Principal, the Executive Director of Finance and the Executive Director of Administration) attend 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, Continental Europe and internationally.

The Board of Governors is legally responsible for the overall management of AECC University College. Operational implementation of the 2016-2021 Strategy, approved by the Board, is the responsibility of the Principal and the Executive team.

Committees of the Board

Although the Board meets four times each academic year much of the detailed work is dealt with by formally constituted Committees with their own terms of reference that are reviewed annually. The membership of the Committees was revised during the course of 2018/19 to better reflect the guidance provided by the Committee of University Chairs (CUC) Higher Education Code of Governance (revised June 2018) and the Halpin Review (May 2018). Consequently, some Independent Governors changed Committees and Staff and Student Governors were assigned to appropriate Committees to broaden their involvement and to further enhance transparency.

Chairs of the Committees are all independent Governors. The Committees report directly to the Board. Committee minutes are included in the agenda pack of the Board meetings and the Committee Chairs provide a verbal update at the meeting.

Audit & Risk Assurance Committee This Committee provides assurance to the Board on internal controls, compliance and corporate governance including, risk management, value for money, the adequacy of systems generating data for regulators and advising on the appointment of the external and internal auditors. It is responsible for overseeing the internal audits for the year, identified in the internal audit programme and monitoring the implementation of recommendations arising. It recommends the external auditor's management letter and the annual financial statements (having received input from the Finance and General Purposes Committee) to the Board. The Committee specifically monitors and reviews the effectiveness of controls for fraud, bribery, money laundering and whistleblowing. Both internal and external auditors attend Audit & Risk Assurance Committee meetings.

Finance & General Purposes Committee This Committee has responsibility for advising the Board on the financial, estates and IT strategies to support the Strategic Plan together with treasury management activities. It undertakes detailed scrutiny of the proposed revenue and budget and capital programme and their subsequent management, receiving updated forecasts throughout the year. It advises the Audit & Risk Assurance Committee on their scrutiny of the annual accounts. The Committee reviews the financial regulations of AECC University College. It oversees the effectiveness and efficiency of the estate within AECC University College, receiving the minutes of the operational Premises & Estates Committee.

Remuneration & Human Resources Committee This Committee oversees the recruitment, performance and remuneration and considers the salary and conditions of service of the Principal and of the Executive Group. It also regularly reviews staff pay and service conditions and considers the HR policies as well as regular reports on HR performance.

Nominations Committee This Committee keeps under review the composition of the Governing Body, informed by the skills matrix and the outcome of individual appraisals to address succession. It oversees the arrangements for the recruitment of Governors and recommends appointments and re-appointments to the Board as well as arrangements for Board effectiveness and individual appraisals. It reviews the induction arrangements for Board governors and receives reports on allegations of improper Governor conduct, recommending action to the Board. The Committee also maintains an oversight of the Honorary Awards process.

The Chair of the Board and the Chairs of Committees have delegated authority to take urgent decisions within their Committee's remit on the advice of the Principal and with the consent of the Chair of the Board of Governors. A Register of Chairs' decisions is maintained and these are reported to the Board / Committee at its next meeting.

Members of the Board

The table below contains the members of the Board during 2018-19 together with their Board attendance and membership of Committees. The '% Attended' reflects the percentage of expected attendance for each individual, taking into account those meetings for which they were eligible and invited to attend, and start and finish dates within specific Committees.

Board & Committee Attendance 2018/19

Governors:	Type of Governor	Date appointed as a governor	End of term of office / date of resignation	% Attended	Meetings held						
					Board	Audit & Risk Assurance	Finance & General Purposes	Nominations	Remuneration & HR	Subsidiary: AEL	Subsidiary: Spine Centre (Dormant)
					3	4	5	2	3	2	0
Martin Copp	Independent	20.11.10	01.04.21	100%	3	N/A	5	2	2	N/A	N/A
Chris Derby	Student	13.05.19	31.03.20	100%	2	N/A	N/A	N/A	N/A	N/A	N/A
Peter Dingley	Independent	05.07.14	04.07.21	100%	3	N/A	5	N/A	N/A	N/A	N/A
Mark Gurden	Independent	19.11.11	30.06.21	89%	3	N/A	N/A	N/A	2	2	N/A
Lesley Haig	Principal	03.01.19	n/a	100%	2	N/A	4	1	N/A	2	N/A
Tamara Hattab	Student	07.01.19	30.04.19	0%	0	N/A	N/A	N/A	N/A	N/A	N/A
Philip Hume	Staff	08.04.17	07.04.21	92%	3	N/A	3	N/A	1	N/A	N/A
Eddie Newcomb	Independent	22.11.14	30.06.19	89%	2	4	N/A	N/A	3	N/A	N/A
Peter Roberts	Independent	22.11.14	21.11.22	67%	3	N/A	0	N/A	1	N/A	N/A
Adrian Simpson	Independent	22.11.14	21.11.20	100%	3	4	N/A	N/A	N/A	N/A	N/A
Chris Stephens	Independent	23.11.13	22.11.20	100%	3	N/A	N/A	2	N/A	N/A	N/A
Daniel Sullivan	Student	30.04.18	31.03.20	56%	3	N/A	2	0	N/A	N/A	N/A
Haymo Thiel	Principal	18.06.12	31.12.18	100%	1	N/A	1	1	N/A	1	N/A
Adrian Wild	Independent	18.11.06	01.04.19	100%	3	N/A	5	2	1	N/A	N/A
Judith Worthington	Independent	17.11.12	30.11.20	83%	3	4	N/A	1	N/A	N/A	N/A

Non-Governors:

Daniel Heritage	Staff Member	Nominations	100%	N/A	N/A	N/A	1	N/A	N/A	N/A
Karen Pichlmann	Staff Member	Nominations	50%	N/A	N/A	N/A	1	N/A	N/A	N/A

Subsidiary Directors:

Neil Andrews – Director of AECC Enterprises Ltd	50%	N/A	N/A	N/A	N/A	N/A	1	N/A
Brenda van der Vossen – Director of AECC Enterprises Ltd	100%	N/A	N/A	N/A	N/A	N/A	2	N/A
Peter Ford – Director of Spine Centre Ltd	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gilbert Meal – Director of Spine Centre Ltd	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Attendance information is also provided relating to the two subsidiaries of AECC University College: AECC Enterprises Ltd (AEL) and The Spine Centre Ltd. The Board of the Spine Centre Ltd and the Board of AECC University College agreed to the winding up of The Spine Centre Ltd. Accordingly the request was made to Companies House in June 2018 to apply for striking off and dissolution was confirmed on 8 January 2019. No meetings took place after the agreement to dissolve the company.

Governance

The University College is committed to exhibiting best practice in all aspects of corporate governance and has adopted the Committee of University Chairs (CUC) Higher Education Code of Governance (published December 2014 and revised June 2018). The revisions from CUC published in June 2018 have been incorporated in the University College Compliance statement and are being addressed accordingly. The Board reviewed its compliance with the CUC Code during 2018/19. The Board was satisfied with the updates on the levels of compliance sustained and improvements implemented.

Compliance of the University College has also been mapped against the Office for Students Registration Requirements.

Skills of the Board and Recruitment

The governor skills matrices support the Board in its succession planning to maintain the skills mix required for an effective Board. In recruiting new Board governors, applications are sought in a variety of ways, including advertising in the press and within the Higher Education sector, with the National Associations, and publicising vacancies to staff and graduates of the University College.

All applications for Independent Governors are reviewed by the Nominations Committee and selected candidates are invited for interview and a tour of the institution. The Nominations interview panel then makes its recommendation to the Nominations Committee who consider the proposal and recommend to the Board as appropriate. Appointments are for four years and may be renewed for a second term of office and under exceptional circumstances for a third term.

Training of Governors

All new governors receive an induction.

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 University Colleges adopted policies and procedures. The information supplied to new governors includes the Code of Conduct for AECC University College Governors which provides guidance on the standards of behaviour and conduct expected by the University College.

Board development is provided in a variety of ways from briefings and seminars from Advance HE and the Office for Students, presentations by the Executive to attendance at seminars, and attendance at seminars and breakfast meetings at Guild HE to briefings from BDO the internal auditors, either for the whole Board or for individual governors.

Board of Governor Appraisals

The Chair of the Board undertakes the appraisal of individual governors. These appraisals help to ensure that existing governors continue to have the skills needed on the Board; that learning and development opportunities are identified; and where there may be skills gaps.

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 reviewed annually. In addition, at the start of all Board or committee meetings 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.

Automatic Disqualification Declarations

AECC University College must ensure that governors and senior officers of the institution are not disqualified from acting as trustees and senior officers of a registered charity. All governors and senior officers are required annually to make and maintain a declaration to this effect. A register of declarations is held by the Clerk to the Board of Governors.

Risk Register

The risk management policy and supporting procedures support the implementation and monitoring of risk management through the Corporate Risk Register and the departmental risk registers. The Clerk to the Board and Company Secretary is responsible for ensuring that risk management processes run efficiently and effectively at AECC University College.

The Board of Governors confirm that they have reviewed and considered the major risks to which AECC University College is exposed and that they are satisfied that systems have been established to manage those risks. The Board of Governors regularly reviews and determines its approach to risk appetite. It is ultimately responsible for the identification and management of risks that the AECC University College may face. It is informed in this task through the work undertaken by the Audit & Risk Assurance Committee at each of its meetings and its evaluation by the Principal and senior managers. Revisions are made by the Board of Governors or the Audit & Risk Assurance Committee, if appropriate, to reflect discussions / developments reported at the meetings.

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. The Board will then review only the more strategic/higher impact risks.

Clerk to the Board

The Board of Governors appoints the Clerk to the Board and Company Secretary; the Chair, in liaison with the Principal reviews her performance annually. Appointment and termination of the appointment ultimately rests with the Board. 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 through the Academic Board. The Academic Board is AECC University 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 it delegates authority to Assessment Boards for decisions on individual students in terms of their internal progression and award of qualifications. The Academic Board reports directly to the Board of Governors through the Vice-Principal.

Institutional Management and Structure

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

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

Statement of Internal Control

The internal auditors' opinion below, based on the reviews undertaken, the follow up audits completed during the period, and in the context of materiality contained in their annual report annual report for 2018/19 confirms the adequacy of AECC University College's internal controls:

Design and effectiveness of risk management, control and governance arrangements

- The risk management activities and controls in the areas which we examined were found to be suitably designed to achieve the specific risk management, control and governance arrangements. However, recommendations were raised to improve the design of the University College's governance structure and the design and effectiveness of both the controls within iTrent in relation to payroll and the processes for managing off payroll workers.
- Based on our sample testing, risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable assurance that the related risk management, control and governance objectives were achieved throughout the period under review with the exception of payroll and off payroll workers.

Design and effectiveness of value for money arrangements

- The arrangements we examined to promote economy, efficiency and effectiveness were suitably designed to achieve the objectives required by management.
- Those arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the related objectives were achieved during the period under review.

Confirmation that coverage is sufficient to draw a reasonable conclusion on the above

- We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes and its arrangement for economy, efficiency and effectiveness.

The Board is ultimately responsible for AECC University 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 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 there is:

- An approved risk appetite statement and risk tolerance framework
- An approved Risk Management Policy
- A Corporate Risk Register with departmental risk registers and a process to escalate and de-escalate risks to/from the Corporate Risk Register
- An Audit & Risk Assurance Committee, with appropriate terms of reference, which meets a minimum of three times a year providing 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 Auditor in its management letter and other reports
- The work of AECC University College managers with 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, OfS etc.

The Governors are satisfied that internal control processes have been in place throughout the year to 31 July 2019 and up to the date of signing these accounts.

Statement of Board of Governors' Responsibilities in Respect of the Governors' Report and Financial Statements

The Board of Governors is responsible for preparing the Governors' Report and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England Grant and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent University College financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent University College and of their income and expenditure, gains and losses and changes in reserves for that period. In preparing each of the group and parent University College financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- assess the group and parent University College ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent University College or to cease operations, or have no realistic alternative but to do so.

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University College transactions and disclose with reasonable accuracy at any time the financial position of the parent University College and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Board of Governors is also responsible for ensuring that:

- funds from whatever source administered by the Group or the University College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- the economical, efficient and effective management of the University College resources and expenditure is secured.

The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the University College website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members and Governors of AECC University College

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of AECC University College ("the University College") for the year ended 31 July 2019 which comprise the Consolidated and University College Statement of Comprehensive Income and Expenditure, Consolidated and University College Statement of Changes in Reserves, Consolidated and University College Balance Sheet, Consolidated and University College Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University College affairs as at 31 July 2019, and of the Group's and the University College income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*;
- meet the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students, other than where the University College has applied the allowance to early adopt the requirements of paragraph 12(d) of the Accounts Direction dated 25 October 2019 issued by the Office for Students; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Board of Governors has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University College or to cease their operations, and as they have concluded that the Group and the University College financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board of Governors conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group and the University College financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University College will continue in operation.

Other information

The Board of Governors is responsible for the other information, which comprises the Strategic Report and the Corporate Governance and Internal Control Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic Review and the Report of the Governors and Corporate Governance Statement, which together constitute the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Board of Governors responsibilities

As explained more fully in their statement set out on page 21, the Board of Governors (who are the Directors of the University College company for the purposes of company law) is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University College or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters under the Office for Students and Research England Audit Codes of Practice issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University College Statutes; and
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Board of Governors, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in accordance with the University College Statutes and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors 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 University College and the Board of Governors for our audit work, for this report, or for the opinions we have formed.

Rees Batley

Rees Batley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square, Bristol, BS1 4BE

2 December 2019

Consolidated Statement of Comprehensive Income and Expenditure

Year Ended 31 July 2019

	Note	Year ended 31 July 2019		Year ended 31 July 2018 (Restated)	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Income					
Tuition fees and education contracts	1	7,223	7,223	7,400	7,400
Funding body grants	2	537	537	567	567
Research grants and contracts	3	37	37	12	12
Other Income	4	1,341	1,267	1,399	1,349
Interest Received	5	32	29	14	14
Donations and endowments	6	13	13	28	34
Total income		9,183	9,106	9,420	9,376
Expenditure					
Staff costs	7, 22	6,389	6,389	5,962	5,960
Other operating expenses		2,417	2,415	2,684	2,663
Depreciation and amortisation	11	500	500	431	431
Interest and other finance costs	8	144	99	73	50
Total expenditure	9	9,450	9,403	9,150	9,104
(Deficit) / surplus before other gains		(267)	(297)	270	271
Gain on investments		-	-	20	-
(Deficit) / surplus before tax		(267)	(297)	290	271
Taxation	10	-	-	(2)	-
(Deficit) / surplus for the year		(267)	(297)	288	271
Other comprehensive income					
Actuarial (loss) / gain in respect of pension schemes	17, 22	(188)	(188)	434	434
Total comprehensive (loss) / income for the year		(455)	(485)	722	706
Represented by:					
Restricted comprehensive income for the year		(13)	(13)	(13)	(13)
Unrestricted comprehensive income for the year		(442)	(472)	735	718
Attributable to the Institution		(455)	(485)	722	705
(Loss) / surplus for the year attributable to:					
Institution		(267)	(297)	288	271

The financial statements for the year ended 31 July 2018 have been restated to correct the presentation of the accounting impacts of the Local Government Pension Scheme and also to identify separately Office for Students' grants within income. This is explained in more detail in note 22.

All items of income and expenditure relate to continuing activities.

The accompanying notes and policies on pages 29 to 48 form part of these financial statements.

Consolidated and University College Statement of Changes in Reserves
Year Ended 31 July 2019

Consolidated	Note	Income and expenditure reserve		
		Restricted	Unrestricted	Total
		£'000	£'000	£'000
Balance at 1 August 2017		318	5,619	5,937
Surplus for the year (restated)	22	10	278	288
Other comprehensive income (restated)	22	-	434	434
Release of restricted funds spent in year		(23)	23	-
Total comprehensive (loss) / income for the year		(13)	735	722
Balance at 1 August 2018		305	6,354	6,659
Deficit for the year		-	(267)	(267)
Other comprehensive loss		-	(188)	(188)
Release of restricted funds spent in year		(13)	13	-
Total comprehensive loss for the year		(13)	(442)	(455)
Balance at 31 July 2019		292	5,912	6,204

Institution		Income and expenditure reserve		
		Restricted	Unrestricted	Total
		£'000	£'000	£'000
Balance at 1 August 2017		318	5,654	5,972
(Deficit) / surplus for the year (restated)	22	(13)	284	272
Other comprehensive income (restated)	22	-	434	434
Total comprehensive (loss) / income for the year		(13)	718	706
Balance at 1 August 2018		305	6,372	6,677
Deficit for the year		-	(297)	(297)
Other comprehensive loss		-	(188)	(188)
Release of restricted funds spent in year		(13)	13	-
Total comprehensive loss for the year		(13)	(472)	(485)
Balance at 31 July 2019		292	5,900	6,192

Consolidated and University College Statement of Financial Position
As at Year Ended 31 July 2019

	Notes	As at 31 July 2019		As at 31 July 2018	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Non-current assets					
Tangible assets	11	5,268	5,268	5,356	5,356
		5,268	5,268	5,356	5,356
Current assets					
Stock	12	9	9	16	16
Trade and other receivables	13	312	312	337	334
Cash and cash equivalents	14	4,112	4,092	4,059	4,040
		4,433	4,413	4,412	4,390
Less Creditors: amounts falling due within one year	15	(1,041)	(1,033)	(1,091)	(1,051)
Net current / assets		3,392	3,380	3,321	3,339
Total assets less current liabilities		8,660	8,648	8,677	8,695
Provisions					
Pension provisions	16	(2,456)	(2,456)	(2,018)	(2,018)
Total net assets		6,204	6,192	6,659	6,677
Restricted Reserves					
Income and expenditure reserve - restricted reserve	18	292	292	305	305
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		5,912	5,900	6,354	6,372
Total Reserves		6,204	6,192	6,659	6,677

The accompanying notes and policies on pages 29 to 48 form part of these financial statements, which were approved by the Governing Body on 30 November 2019 and signed on its behalf on that date by:



Martin Copp, Chair of Finance and General Purposes Committee



Lesley Haig, Principal

Consolidated and University College Statement of Cash Flows
Year Ended 31 July 2019

	Note	As at 31 July 2019		As at 31 July 2018 (Restated)	
		Consolidated	Institution	Consolidated	Institution
		£'000	£'000	£'000	£'000
Cash flow from operating activities					
(Deficit) / surplus for the year after tax		(267)	(297)	288	272
Adjustment for non-cash items					
Depreciation	11	500	500	431	431
Disposal off of tangible assets	11	44	44	-	-
Decrease in stock	12	7	7	5	1
Decrease / (increase) in debtors	13	26	23	(60)	(38)
Decrease in creditors	15	(51)	(19)	(288)	(263)
Difference between pensions charges and cash contributions	16	250	250	236	236
Adjustment for investing or financing activities					
Investment income	5	(32)	(29)	(34)	(14)
Interest and other finance costs	8	144	99	74	50
Capital grant income		(34)	(34)	(33)	(33)
Net cash inflow from operating activities		587	544	619	642
Cash flows from investing activities					
Capital grants receipts		34	34	33	33
Investment income		32	29	34	14
Payments made to acquire tangible assets		(456)	(456)	(797)	(797)
		(390)	(393)	(730)	(750)
Cash flows from financing activities					
Interest and other finance costs		(144)	(99)	(74)	(50)
Increase / (decrease) in cash and cash equivalents in the year		53	52	(185)	(158)
Cash and cash equivalents at beginning of the year	14	4,059	4,040	4,244	4,198
Cash and cash equivalents at end of the year	14	4,112	4,092	4,059	4,040

Statement of Accounting Policies

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

1. General information

AECC University College is registered as a company limited by guarantee in England. It is also registered as a charity with the Charity Commission and as a higher education provider with the Office for Students. The address of the registered office is:

AECC University College, Parkwood Campus, Parkwood Rd, Bournemouth.

2. Statement of Compliance

The Consolidated and Institution financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2019. They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Accounts Direction issued by the Office for Students (OfS), the Terms and Conditions of Funding for higher education institutions issued by the Office for Students and the Terms and Conditions of Research England Grant.

The University has early adopted paragraph 12.d of the 2019/20 Accounts Direction issued by the OfS on 25 October 2019.

The Institution is a public benefit entity and has therefore applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

3. Basis of preparation

The Consolidated and Institution financial statements have been prepared under the historical cost convention.

The Institution's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report which forms part of the Board of Governors' Report. The Board of Governors' Report also describes the financial position of the Institution, its cash flows and liquidity position. The Board of Governors has a reasonable expectation that the Institution has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £1,000.

4. Basis of consolidation

The consolidated financial statements include the financial statements of the Institution and its subsidiary for the year to 31 July 2019.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the Students' Union as the Institution does not exert control or dominant influence over policy decisions.

5. Income recognition

Income from the sale of goods or services, for example Clinic Income, MRI and imaging income, is credited to the Consolidated Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Education contracts are recognised when the Institution is entitled to the income, which is the period in which the students are studying, or where relevant, when performance conditions have been met.

Investment income is credited to the statement of income and expenditure on a receivable basis.

Grants

- a. Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the institution recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.
- b. Grants (including research grants) from non-government sources are recognised in income when the Institution is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors in the Statement of Financial Position and released to income as the conditions are met.
- c. Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the Institution is entitled to the funds, subject to any performance related conditions being met.

Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income when the Institution is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the Institution is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other restriction applied to the endowment fund.

There are two main types of donations and endowments identified within reserves:

- a. Restricted donations – the donor has specified that the donation must be used for a particular objective
- b. Unrestricted donations – the donor has not specified what the donation must be used for

Donations of tangible assets are included within income. The income recognised is valued using a reasonable estimate of their gross value or the amount actually realised. Donated tangible assets are valued and accounted for as tangible assets under the appropriate asset category.

6. Accounting for retirement benefits

The four pension schemes for the Institution's staff are the Teachers' Pension Scheme (TPS), the Local Government Pension Scheme (LGPS) which are defined benefit schemes and two stakeholder pension schemes which are defined contribution plans.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Institution pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit schemes

A defined benefit scheme is a post-employment benefit plan other than a defined contribution plan. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. Under defined benefit plans, the Institution's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne in substance by the Institution.

The Teachers' Pension Scheme (TPS) is a defined benefit scheme whereby the assets of the TPS are held in a separate Trustee-administered fund. Because of the nature of the scheme, the scheme's assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. The University College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of this scheme on a consistent and reasonable basis and therefore as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the schemes in respect of the accounting period.

The Dorset Local Government Pension Scheme (LGPS) is a defined benefit scheme whereby the University College is able to identify its share of the assets and liabilities. The asset recognised in the Statement of Financial Position in respect of this defined benefit plan is the lower of the fair value of the plan assets at the reporting date less the present value of the defined benefit obligation at the reporting date and the net present value of the estimated future contributions to the scheme. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. The cost of the defined benefit plan recognised in operating expenditure in the Statement of Comprehensive Income as staff costs comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments and settlements. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Statement of Comprehensive Income as 'interest and other finance costs'.

Further detail of the specific defined benefit pension schemes is provided in note 17 to the accounts.

7. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the Institution. Any unused benefits are accrued and measured as the additional amount the Institution expects to pay as a result of the unused entitlement.

8. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the lease term.

9. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Surplus or Deficit for the year.

10. Property, plant and equipment

Land and buildings

Land and buildings are capitalised at cost on initial recognition.

After initial recognition land and buildings are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the Institution.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

Freehold buildings	50 years
Refurbishments and repairs	20 years

No depreciation is charged on assets in the course of construction.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

Equipment

Equipment, including computers and software costing less than the Institution's de minimis threshold for capitalisation of fixed assets (£1,000) is recognised as expenditure. All other equipment is capitalised.

Capital equipment is stated at cost and depreciated over its expected useful life as follows:

Office equipment, furniture and fittings	4 to 10 years
Medical and teaching equipment	4 to 12 years
Plant and machinery	4 to 12 years

Where an item of equipment comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement of components is capitalised as incurred.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

Impairment

A review for impairment of property, plant and equipment is carried out if events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable.

11. Investments

Investments in the subsidiary is carried at cost less impairment in the Institution's separate financial statements.

12. Stock

Stock is held at the lower of cost and net realisable value.

13. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

14. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- a. The Institution has a present obligation (legal or constructive) as a result of a past event;
- b. It is probable that an outflow of economic benefits will be required to settle the obligation; and
- c. A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the Institution a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Institution. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the Institution a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Institution.

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

15. Taxation

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

The Institution is recognised as a charity by HM Revenue & Customs and is recorded on the Register of Charities maintained by the Charity Commission. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the Institution is potentially exempt from UK Corporation Tax in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The Institution receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on expenditure (revenue and capital) is included in the costs of such expenditure. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The Institution's subsidiary company is subject to Corporation Tax and VAT in the same way as any commercial organisation.

16. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the Institution, are held as a permanently restricted fund which the Institution must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the Institution is restricted in the use of these funds.

17. Critical accounting estimates and judgements

The preparation of the Institution's financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income, and expenses. These judgements, estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management consider the areas set out below to be those where critical accounting judgements have been applied and the resulting estimates and assumptions may lead to adjustments to the future carrying amounts of assets and liabilities:

Recoverability of debtors - The provision for doubtful debts is based on our estimate of the expected recoverability of those debts. Assumptions are made based on the level of debtors which have defaulted historically, coupled with current economic knowledge. The provision is based on the current situation of the customer, the age profile of the debt and the nature of the amount due.

Depreciation of fixed assets – The expected useful lives of fixed assets are a judgement based upon past experience of different types of fixed assets.

Retirement benefit obligations - The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Details of the retirement benefit obligations is provided at note 17.

Notes to the Accounts

	Year Ended 31 July 2019		Year Ended 31 July 2018 (Restated)	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
1 Tuition fees and education contracts				
Full-time home and EU students	4,332	4,332	4,257	4,257
Full-time international students	1,883	1,883	2,026	2,026
Part-time students	833	833	895	895
Office for Students Funding Received via Bournemouth University	175	175	222	222
	7,223	7,223	7,400	7,400

Note 22 provides details of the restatement of analysis of income, to identify separately funding body grants.

2 Funding body grants	Year Ended 31 July 2019		Year Ended 31 July 2018 (Restated)	
	£'000	£'000	£'000	£'000
Office for Students	497	497	522	522
Research England	6	6	12	12
Capital Grant	34	34	33	33
	537	537	567	567

3 Research grants and contracts	Year Ended 31 July 2019		Year Ended 31 July 2018 (Restated)	
	£'000	£'000	£'000	£'000
Government (UK and overseas)	22	22	12	12
Other	15	15	-	-
	37	37	12	12

4 Other income	Year Ended 31 July 2019		Year Ended 31 July 2018 (Restated)	
	£'000	£'000	£'000	£'000
Clinic Income	745	745	759	759
MRI and Imaging	309	309	261	261
Catering	132	132	140	140
Royalties	43	-	46	-
Other income	112	81	193	189
	1,341	1,267	1,399	1,349

5 Investment income	Year Ended 31 July 2019		Year Ended 31 July 2018 (Restated)	
	£'000	£'000	£'000	£'000
Interest Received	32	29	14	14
Gain on investments	-	-	20	-
	32	29	34	14

6 Donations and endowments

	Year Ended 31 July 2019		Year Ended 31 July 2018	
	£'000	£'000	£'000	£'000
Unrestricted donations	13	13	28	34
	13	13	28	34

	Year Ended 31 July 2019		Year Ended 31 July 2018 (Restated)	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
7 Staff costs				
Staff Costs :				
Salaries	5,089	5,089	4,797	4,796
Social security costs	476	476	434	434
Pension Costs	824	824	730	730
Total	6,389	6,389	5,961	5,960

A further breakdown of pension costs has been included in note 17.

	1 Aug 2018 to 31 Dec 2018	3 Jan 2019 to 31 Jul 2019	Year Ended 31 Jul 2019	Year Ended 31 Jul 2018
Total remuneration of the head of the institution	£'000	£'000	£'000	£'000
Basic salary	59	72	131	132
Pension contributions and payments in lieu of contributions	9	6	15	22
Private Medical insurance	1	1	2	3
Non-taxable benefit: Relocation costs	-	8	8	-
	69	87	156	157

Oversight of the head of institution's remuneration is within the terms of reference of the Remuneration and Human Resources Committee, which makes recommendations to the Board of Governors.

Haymo Thiel retired as head of the institution on 31 December 2018 and was succeeded by Lesley Haig with effect from 3 January 2019. The total remuneration of the head of the institution in 2019 is therefore presented as the five months to 31 December 2018 and the seven months to 31 July 2019.

The Office for Students (OfS) Accounts Direction 2019 requires that the relationship between the head of provider's remuneration and that for all other employees employed expressed as a pay multiple must include all employees who are required to be included in real-time reporting to HMRC. This comparator therefore includes all casual employees, predominantly students, and also people who are deemed employees under the Intermediaries Legislation (IR35). The median salary on this basis is £19,651 (median gross remuneration £20,953).

7 Staff costs (continued)

i. The head of the provider's basic salary from August to December 2018 was 7.0 times the median pay of staff and from January to July 2019 was 6.4 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the payments made to all workers included in real-time reporting to HMRC.

ii. The head of the provider's total remuneration from August to December 2018 was 7.7 times the median total remuneration of staff and from January to July 2019 was 6.8 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of all workers included in real-time reporting to HMRC.

Calculating the median pay based upon all workers included in real-time HMRC information might not present readers of these financial statements with a representative view of the Principal's pay ratio. This is because the University College has employed a large number of student workers who each work few hours and are paid at the National Minimum Wage. Using an additional, unaudited, calculation of median pay based upon permanent, full-time and part-time, employees, the median salary on this basis is £30,000 (median gross remuneration £32,300).

iii. The head of the provider's basic salary from August to December 2018 was 4.6 times the median pay of staff and from January to July 2019 was 4.2 times the median pay of staff (2018 4.7 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its permanent employees.

iv. The head of the provider's total remuneration from August to December 2018 was 5.0 times the median total remuneration of staff and from January to July 2019 was 4.4 times the median total remuneration of staff (2018: 5.1 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its permanent employees.

The Principal's remuneration is set by the Remunerations & HR (R&HR) Committee. At the start of the year the Committee comprised the Chair of the Board and three independent Governors. Following the publication of the Halpin Review, the Chair resigned from the R&HR Committee being replaced by another independent Governor. Additionally, the staff Governor was appointed to the Committee and it was agreed that the Student Governor would be invited to the Committee meetings as considered appropriate by the Chair of the Committee when matters affecting the student body were under discussion.

Increments to the Principal's remuneration are agreed by the R&HR Committee annually. In common with all staff, the Principal is eligible for a cost of living / merit award; any increase is based on the outcome of the Principal's annual appraisal, with the percentage increase being the same as that awarded to staff. The R&HR Committee also have the power to award an additional increase in the Principal's base pay. There is no annual bonus scheme, but the R&HR Committee does have the power to award bonuses in exceptional cases.

The Principal's appraisal is undertaken by the Chair of the R&HR Committee. Key inputs to the appraisal include:

- feedback from Chair of the Board, other Governors and senior staff
- the delivery of the detailed operational plan to achieve the agreed strategy
- performance on key priorities identified in the previous appraisal and through the year if appropriate
- resolution of any relevant issues arising during the year

The outcome of the appraisal is reported to the R&HR Committee.

In assessing the level of the Principal's remuneration, the R&HR Committee uses benchmarking data. As the AECC University College is a small specialist higher education provider there are few direct comparators within the higher education sector and therefore comparators are additionally sought within the wider not for profit sector. The use of such benchmarking data provides the Committee with comfort that the Principal's salary remains appropriate.

7 Staff costs (continued)

The former Principal's remuneration was reviewed in April 2018, with change taking effect from 1 August 2018. In the year under review, neither principal's salary was reviewed.

In setting the salary of the incoming Principal, advice was taken from specialist higher education consultants as to the appropriate salary to offer. The salary offered was 86% of that of the incumbent, which reflects the relative seniority of the post holders.

The number of staff with a basic salary of over £100,000 per annum has been included below.

Basic salary per annum	31 July 2019		31 July 2018	
	Consolidated No.	Institution No.	Consolidated No.	Institution No.
£100,000 - £104,999	-	-	-	-
£105,000 - £109,999	-	-	-	-
£110,000 - £114,999	-	-	-	-
£115,000 - £119,999	-	-	-	-
£120,000 - £124,999	-	-	-	-
£125,000 - £129,999	-	-	-	-
£130,000 - £134,999	-	-	1	1
			<u>1</u>	<u>1</u>

The Principal is the only employee with a basic salary greater than £100,000. Due to a change in post-holder in January 2019, each Principal received a part year salary of less than £100,000 and therefore there are no staff with a basic salary of over £100,000 disclosed for 2019.

Average staff numbers by major category (full time equivalent of permanent employees):

	FTE	FTE
Academic	37.57	34.73
Executive	4.13	5.00
Professional Services	77.47	75.73
Research	2.40	2.35
Total number of staff	<u>121.57</u>	<u>117.81</u>

Average staff numbers by major category (headcount of all workers) :

	No.	No.
Academic	50	48
Executive	4	5
Professional Services	100	97
Research	3	3
	157	153
Casual / Bank Staff (including student workers)	229	215
Workers who are deemed employees under intermediaries legislation (IR35) off-payroll rules	39	27
Total number of staff	<u>425</u>	<u>395</u>

7 Staff costs (continued)

Severance payments

During the year the Institution undertook no significant restructuring so no compensation for loss of office was paid. (2017/18: £Nil to no employees).

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Institution. Staff costs includes compensation paid to key management personnel. Key management personnel are defined as the Executive Team members.

	Year ended 31 July 2019	Year ended 31 July 2018
	£'000	£'000
Key management personnel compensation	419	511

Board of Governors

The University College's Governors are the trustees for charitable law purposes. Due to the nature of the University College's operations and the compositions of the Board of Governors, being 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 organisations in which a member of the Board of Governors may have an interest are conducted at arms-length and in accordance with the University College's Financial Regulations and usual procurement procedures.

Other than the Principal and the Staff Governor, no Governor has received any remuneration / waived payments from the group during the year (2018 - nil).

The total expenses paid to or on behalf of 12 Board members were £7,398 (2018: £7,057 to or on behalf of 17 Board members). This represents travel and subsistence expenses incurred in attending Board of Governors, Committee meetings and Charity events in their official capacity. In addition, £187 expenses were paid to two people who have since become Governors.

8 Interest and other finance costs	Note	Year Ended 31 July 2019		Year Ended 31 July 2018 (Restated)	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Bank Charges		45	45	35	35
Bad and doubtful debts		48	3	(19)	(43)
Net interest on the defined pension liability	17	51	51	58	58
		144	99	74	50

9 Analysis of total expenditure by activity	Year Ended 31 July 2019		Year Ended 31 July 2018 (Restated)	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Academic and related expenditure	4,094	4,094	3,866	3,866
Administration and central services	2,692	2,692	2,589	2,589
Premises (including service concession cost)	1,204	1,204	1,414	1,414
Residences, catering and conferences	204	204	221	221
Research grants and contracts	300	300	226	226
Other expenses	956	909	8349	789
	9,450	9,403	9,150	9,105

Other operating expenses include:

Operating Leases - Equipment & Vehicles	8	8	3	3
External auditor's remuneration in respect of audit services	27	24	23	20
All other assurance services	2	2	1	1
Taxation compliance services	4	-	4	-
Total non-audit services	6	2	5	1

10 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation and Chargeable Gains Act 1992 to the extent that these gains are applied to its charitable objects.

	Year Ended 31 July 2019		Year Ended 31 July 2018 (Restated)	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Recognised in the statement of comprehensive income				
Current tax expense	-	-	2	-
Reconciliation of effective tax rate				
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:				
(Deficit) / Surplus before taxation	(267)	(297)	290	272
UK corporation tax at 19% (2018: 19%)	(51)	(56)	55	52
Effect of:				
Surplus falling within charitable exemption	51	56	(53)	(52)
Total tax expense	-	-	2	-

Taxable profit relates to AECC Enterprises Limited.

11 Tangible Assets

Tangible assets comprises:	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Property, plant and equipment	5,268	5,268	5,356	5,356
	5,268	5,268	5,356	5,356

Property, plant and equipment

Consolidated and Institution	Freehold Land and Buildings	Plant and Machinery	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000	£'000
	Cost			
At 1 August 2018	5,604	2,211	2,315	10,130
Additions	116	107	233	456
Disposals	-	(87)	(557)	(644)
At 31 July 2019	5,720	2,231	1,991	9,942
Depreciation				
At 1 August 2018	1,294	1,443	2,037	4,774
Charge for the year	177	159	164	500
Disposals	-	(81)	(519)	(600)
At 31 July 2019	1,471	1,521	1,682	4,674
Carrying amount				
At 31 July 2019	4,249	710	309	5,268
At 31 July 2018	4,310	768	278	5,356

12 Stock

General consumables	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
	9	9	16	16
	9	9	16	16

13 Trade and other receivables

Amounts falling due within one year:	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Other trade receivables	136	136	164	187
Other receivables	1	1	27	1
Prepayments and accrued income	175	175	146	146
	312	312	337	334

14 Cash and cash equivalents

	At 1 August 2018 £'000	Cash Flows £'000	At 31 July 2019 £'000
Consolidated	4,059	53	4,112
Cash and cash equivalents	<u>4,059</u>	<u>53</u>	<u>4,112</u>
Institution	4,040	52	4,092
Cash and cash equivalents	<u>4,040</u>	<u>52</u>	<u>4,092</u>

15 Creditors : amounts falling due within one year

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Trade payables	193	185	421	394
Social security and other taxation payable	125	125	130	128
Other creditors	98	98	75	75
Accruals and deferred income	625	625	465	454
	<u>1,041</u>	<u>1,033</u>	<u>1,091</u>	<u>1,051</u>

Deferred income

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Other income	37	37	60	60
	<u>37</u>	<u>37</u>	<u>60</u>	<u>60</u>

16 Provisions for liabilities

Consolidated and Institution	Defined Benefit Obligations (Note 17) £'000	Total Provisions £'000
At 1 August 2018	2,018	2,018
Additions	438	438
At 31 July 2019	<u>2,456</u>	<u>2,456</u>

17 Pension Schemes

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

The Group has capped its contributions to these pension arrangements at an effective rate of 8.0%. This is implemented by contractual arrangements with employees who take a reduction in salary when institution contribution rates exceed this percentage, for example with the Teachers' Pension Scheme and Local Government Superannuation Scheme.

The amount outstanding at the year end was £69,303 (2018: £70,496). The total pension cost for the year may be analysed as follows (this is shown at the employers' full contribution rate which does not include the mitigating reduction in salary mentioned above or salary sacrifice):

	2019	2018
	£'000	£'000
Local Government Pension Scheme (LGPS) Service Costs	346	330
Teachers' Pension Scheme (TPS)	285	287
Zurich	5	10
Scottish Widows	188	103
	824	730

Local Government Pension Scheme

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings.

The administering authority for the Fund is Dorset County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

As administering authority to the Fund, Dorset County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The most recent actuarial valuation of the Fund has been carried out as at 31 March 2019 and, in due course, will set contributions for the period from 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The agreed contributions rates for future years are currently 20.5% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019, using financial assumptions that comply with FRS 102:

	As at 31 July 2019	As at 31 July 2018
Rate of increase in salaries	3.85%	3.85%
Rate of increase in pensions	2.35%	2.35%
Discount rate for scheme liabilities	2.10%	2.65%
Inflation assumption (CPI)	2.35%	2.35%

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

	As at 31 July 2019	As at 31 July 2018
<i>Retiring today</i>		
Males	22.9	24.0
Females	24.8	26.1
<i>Retiring in 20 years</i>		
Males	24.6	26.3
Females	26.6	28.4

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

	As at 31 July 2019	As at 31 July 2018
	£'000	£'000
Equities	1,855	1,802
Liability Driven Investment	476	413
Cash	94	31
Other Bonds	259	228
Diversified Growth Fund	212	198
Property	379	335
Infrastructure	192	140
Multi Asset Credit	167	153
Total market value of assets	3,634	3,300
Present value of scheme liabilities	(6,090)	(5,318)
Deficit in scheme	(2,456)	(2,018)

Amounts recognised in the statement of comprehensive income and expenditure are:

	As at 31 July 2019	As at 31 July 2018
	£'000	£000
Service cost	346	330
Net interest on the defined liability	51	58
Administration expenses	3	2
Total charge	400	390

17. Pension schemes (continued)

Reconciliation of opening and closing balances of the fair value of Fund assets:

	As at 31 July 2019 £'000	As at 31 July 2018 £'000
Opening fair value of Fund assets	3,300	3,010
Interest on assets	89	83
Return on assets less interest	154	83
Administration expenses	(3)	(2)
Contributions by employer including unfunded	150	154
Contributions by Scheme participants and other employers	49	49
Estimated benefits paid plus unfunded net of transfers in	(105)	(77)
Closing fair value of Fund assets	3,634	3,300

Reconciliation of opening and closing balances of the defined benefit obligation:

	As at 31 July 2019 £'000	As at 31 July 2018 £'000
Opening defined benefit obligation	5,318	5,226
Current service cost	296	330
Interest cost	140	141
Change in financial assumptions	668	(351)
Change in demographic assumptions	(326)	-
Estimated benefits paid net of transfers in	(105)	(77)
Past service costs, including curtailments	50	-
Contributions by Scheme participants and other employers	49	49
Closing defined benefit obligation	6,090	5,318

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' Pension Scheme Regulations 2014. 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

Every four years there is a formal actuarial review of the Teachers' Pension Scheme (England and Wales). The Government Actuary's Department (GAD) was appointed as scheme actuary by the Secretary of State for Education to carry out an actuarial valuation as at 31 March 2016 (the effective date), as required by Regulation 225 and Schedule 4 of the Teachers' Pension Scheme Regulations 2014 (as amended). The valuation was undertaken in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (as amended) ('the Directions'). The Directions specified a number of assumptions, including the use of the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate.

17. Pension schemes (continued)

The key results of the valuation are:

- Uncorrected employer contribution rate effective over the implementation period: 19.5% of pensionable pay;
- Corrected employer contribution rate payable over the implementation period: 22.8% of pensionable pay;
- Effective date of change 1 September 2019;
- Adjustment to employer contribution to reflect payment of new rate from 1 September 2019 rather than 1 April 2019: 0.8% of pensionable pay;
- Corrected employer contribution rate determined at 31 March 2016, applicable from 1 September 2019: 23.6% of pensionable pay;
- Administrative charge: 0.08% of pensionable pay;
- Employer contribution payable with effect from 1 September 2019: 23.68% of pensionable pay.

The scheme was assessed to have whole scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22 billion.

18 Restricted Reserves

Reserves with restrictions are as follows:

Consolidated and Institution	Donations	2019 Total	2018 Total
	£'000	£'000	£'000
As at 1 August	305	305	318
New grants	-	-	10
Expenditure	(13)	(13)	(23)
Total restricted comprehensive income for the year	(13)	(13)	(13)
At 31 July	292	292	305
		2019 Total	2018 Total
		£'000	£'000
Analysis of other restricted reserves by purpose / donor			
Rehabilitation Grant		16	17
Clinic Fundraising (released to cover annual depreciation charge)		225	231
MRI Fundraising (released to cover annual depreciation charge)		41	47
Susan Alexander Legacy		8	8
Other Funds		2	2
		292	305

19 Financial instruments

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Financial assets				
<i>Financial assets that are debt instruments measured at amortised cost</i>				
Cash and cash equivalents	4,112	4,092	4,059	4,040
Other debtors	136	136	164	187
	<u>4,248</u>	<u>4,228</u>	<u>4,223</u>	<u>4,227</u>
Financial liabilities				
<i>Financial liabilities measured at amortised cost</i>				
Trade creditors	193	185	421	394
Other creditors	97	97	74	74
	<u>290</u>	<u>282</u>	<u>495</u>	<u>468</u>

20 Lease obligations

Total rentals payable under operating leases:

	Year ended 31 July 2019		Year ended 31 July 2018
	Plant and Machinery	Total	
	£'000	£'000	£'000
Consolidated and Institution			
Payable during the year	8	8	3
Future minimum lease payments due:			
Not later than 1 year	8	8	3
Later than 1 year and not later than 5 years	20	20	-
Later than 5 years	-	-	-
Total lease payments due	<u>28</u>	<u>28</u>	<u>3</u>

21 Related party transactions

Owing to the nature of the AECC University College'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 likely take place with organisations in which a member of the Board of Governors may have an interest. However, no material transactions occurred during the year.

There were no outstanding balances at the year end between AECC University College and its related entities.

22 Prior Year Restatement

i) Local Government Pension Scheme

Within the financial statements for the year ended 31 July 2018 the accounting impacts of the Local Government Pension Scheme were presented as a net actuarial gain. The correct accounting treatment requires certain elements of this item to be shown within expenditure. These cost items relate to staff costs, an administration charge and interest and total £236k. The actuarial gain for the year was £434k.

	Previously reported for the year ended 31 July 2018		Restated amounts for the year ended 31 July 2018		Impact of Restatement £'000
	Consolidated	Institution	Consolidated	Institution	
	£'000	£'000	£'000	£'000	
Staff costs	(5,785)	(5,784)	(5,961)	(5,960)	(176)
Other operating expenses	(2,682)	(2,661)	(2,684)	(2,663)	(2)
Interest and other finance costs	(16)	8	(74)	(50)	(58)
Surplus before tax	526	508	290	272	(236)
Actuarial gain in respect of pension scheme	198	198	434	434	236
Total comprehensive income for the year	722	706	722	706	-

ii) Analysis of Income

Within the financial statements for the year ended 31 July 2018, grants received directly from the Office for Students were not separately identifiable as they were included within tuition fees and other income. These total £567k.

	Previously reported for the year ended 31 July 2018		Restated amounts for the year ended 31 July 2018		Impact of Restatement £'000
	Consolidated	Institution	Consolidated	Institution	
	£'000	£'000	£'000	£'000	
Income					
Tuition fees and education contracts	7,775	7,775	7,400	7,400	(375)
Funding body grants	-	-	567	567	567
Other income	1,591	1,541	1,399	1,349	(192)
Total income	9,420	9,376	9,420	9,376	-

