



**AECC  
University College**

# **Governors' Report and Financial Statements**

**Year Ended 31 July 2020**

**Company Number: 00653859  
(a company limited by guarantee)**

## Legal and Administrative Information

**Company Number**  
00653859

**Charity Number**  
306289

### Governors

A Wild (Chair until 31/03/20 – resigned 31/07/20)  
L Haig (Vice-Chancellor)  
A Simpson (resigned 31/07/20)  
C Stephens  
J Worthington  
M Copp  
M Gurden  
P Dingley  
P Roberts  
P Hume  
C Derby (resigned 31/05/20)  
D Sullivan (resigned 31/05/20)  
D Tarrant (appointed 01/09/19)  
J Bremner (appointed 01/10/19 - Chair from 01/04/20)  
G Briscoe (appointed 01/11/19)  
K Wilkes (appointed 01/10/19)  
C Pett (appointed 04/10/19)  
M Gibson (appointed 01/11/19)  
M Stannard (appointed 01/06/20)  
C Wallis (appointed 01/06/20)

**Registered Office**  
Parkwood Campus  
Parkwood Road  
Bournemouth  
BH5 2DF

### Key Management Personnel / Executive

L Haig (Vice-Chancellor)  
A Thorkeldsen (resigned 31/07/20)  
J Currin  
P Ford (resigned 01/07/20)

**Company Secretary**  
G Sanger-Stevens

### Subsidiary

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

**Auditor**  
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**  
Fretens LLP  
The Saxon Centre  
11 Bargates  
Christchurch  
BH23 1PZ

Shakespeare Martineau  
No.1 Colmore Square  
Birmingham  
B4 6AA

Steele Raymond  
Richmond Point  
43 Richmond Hill  
Bournemouth  
BH2 6LR

| <b>Contents</b>  | <b>Pages</b> |
|--|--------------|
| Legal and Administrative Information   | 1            |
| Contents   | 2            |
| Welcome from the Chair   | 3            |
| Vice-Chancellor's Foreword   | 4            |
| Strategic Report   | 6            |
| Corporate Governance and Internal Control Statement                                  | 20           |
| Independent Auditor's Report to the Members and Governors of AECC University College | 28           |
| Consolidated Statement of Comprehensive Income and Expenditure                       | 31           |
| Consolidated and University College Statement of Changes in Reserves                 | 32           |
| Consolidated and University College Statement of Financial Position                  | 33           |
| Consolidated and University College Statement of Cash Flows                          | 34           |
| Statement of Accounting Policies   | 35           |
| Notes to the Accounts  | 42           |



## Welcome from the Chair

It has been a highly challenging year for the sector and an extremely busy year at AECC University College. Tackling the rapid pace of change brought by COVID-19 saw major changes to how we delivered our courses and a heartfelt thank you to all the staff and students who made it work. It is important not to forget the people behind the scenes whose tireless effort kept us up to date with quickly changing guidance and whose skills ensured that the transition to online learning and examination was both possible and successful. It was humbling to witness as the commitment to each other and the University College shone through. The work didn't stop there and preparing the campus to open to students at the start of term in a world with COVID-19 was also an incredible effort. On behalf of the Board of Governors I would like to say a huge thank you to everyone who worked so hard, often in very challenging circumstances.

This year also saw significant changes to our Governing body; Adrian Wild who served as chair for 9 years retired – we owe a big debt of gratitude to Adrian for his unfailing support and commitment to AECC UC; and Adrian Simpson also retired after 6 years as an independent governor – again we extend our thanks and gratitude for all his work and support. I would like to offer a personal thank you for all their work and also their willingness to stay with us on the board for the first months of the pandemic to ensure continuity. I am delighted to say that we also have some new governors, Denise Tarrant, Keith Wilkes, Michael Gibson, Colin Pett, Graham Briscoe and myself. It was a privilege to take over as Chair of the Board of Governors in April 2020.

Our focus as a Board of Governors is very much on the future. The University College purchased the St Thomas Garnet's School across the road from the University College to allow the University College the space to develop, and in the short term to support socially distanced education. An important part of our planning in buying the School was how to ensure that the building continues to contribute to our local community. We look forward to furthering our discussions with our neighbours and local community forums to make this a reality.

As we enter the new academic year, the Board are continuing to work closely with the executive team to refresh our strategy and values. Moving forward our values will continue to underpin all that we do. It is vital that we demonstrate our values both in what we do and also how we do it, with wide ownership amongst the staff and students.

In response to the Black Lives Matter protests we have strengthened our processes and procedures to ensure that all students feel welcome and able to access AECC University College and feel safe on our Campus and in our classes. The feedback we have had from our black and ethnic minority students has been largely supportive and we will continue our development as a board and as a staff group to ensure that the University College is a positive and supportive environment for all students. To date this has been actioned through policy changes and educational workshops. This work will continue in partnership with students at all levels, driven by the Student Experience Committee and the Changing the Culture Group.

I look forward to the ongoing development of AECC University College and wish all of our colleagues, partners and collaborators a very successful year. No doubt there will be unexpected challenges in the year ahead, but I am confident that the commitment of our staff, students, and wider stakeholders will enable us to continue to meet and overcome them.

**Jeni Bremner**  
**Chair of Board of Governors**  
**10 December 2020**



## Vice-Chancellor's Foreword

### A Brief Synopsis of our Achievements in 2019-20

On behalf of AECC University College, I am pleased to present our Annual Report and Financial Statements for the year ended 31<sup>st</sup> July 2020.

The University College has a 55-year long history as a global leader of chiropractic education, training and research. It has continued its development as an Office for Students-registered higher education provider, offering its own degree awards and developing its activities in line with its corporate strategy.

The COVID-19 pandemic has led to unprecedented challenges across the country with a substantial impact on the higher education sector both prior to and since the national lockdown was imposed in March 2020. All aspects of life and work for staff, students, patients, service users and those providing services have been impacted. Initial Business Continuity Planning work led to the development of COVID-19 strategic and operational teams; an intensive cross-institutional project to plan and progress COVID-19 related activity; and a strong programme of communication activity to the Board, staff and students.

During this challenging period, we paid particular attention to our relationships with students, developing a Planning in Partnership Group which has provided a forum for COVID-19 related discussion and planning throughout the summer months. This initiative has been recognised as innovative by both JISC and the QAA. Despite the adversity and tragedy of COVID-19 globally and nationally, the efforts of all involved with the University College have been exceptional. As a result of their resilience and ongoing commitment to excellence, we have seen many positive developments which will enhance our progress and standing as a high-quality specialist health sciences provider. We have demonstrated collaborative team working, outstanding spirit and have been able to progress required changes quickly, including the successful expansion of online teaching, learning and assessment across our taught portfolio.

The higher education sector awaits the outcome of the Pearce Review of the Teaching Excellence and Student Outcomes Framework (TEF); the response to the Augar Review of post-18 education; the impact of the introduction of T-levels; the outcome of the review of the National Student Survey; and, of course, Brexit. However, the sector is resilient and adaptable and the focus on healthcare education is more intense than ever in the light of the COVID-19 pandemic and in the delivery of the NHS Long-Term Plan. There is firm commitment from the Government to expand the number of healthcare professionals. Additional education and training is required for the workforce to develop new skills and new ways of working across acute and community settings.

Despite the emergence of new higher education providers offering chiropractic as part of their wider health and social care portfolios, recruitment of home, EU and overseas students has been successful. Our excellent student-led chiropractic clinic continues to provide high quality care to local people, and our own students and staff. Our diagnostic imaging facilities providing X-ray, ultrasound and MRI scans support our clinical services and receive incoming referrals from the NHS and private providers.

The most significant strategic development has been the purchase in June 2020 of a new 1.1 acre site directly opposite the entrance of the University College's main building in Parkwood Road. The site, previously an independent primary school, provides an additional 1,300m<sup>2</sup> of teaching space for development and expansion. This will be a particularly welcome addition as we put into place physically-distanced teaching onsite from September 2020.

As part of the planned development of our internationally known multi-professional imaging education and radiology services, we have validated new undergraduate courses in diagnostic and therapeutic radiography. These new courses will in time help to overcome the growing national shortage in these highly valued professions with the support of colleagues locally and regionally. These academic course developments are being supported by significant University College capital investment into a new state-of-the-art Agfa X-ray suite, a ward simulation space, a new Virtual Environment for Radiotherapy Training (VERT) room and associated teaching space.

The University College has continued to deliver the expansion and diversification objectives laid out within the final year of its Strategic Plan 2016-2021 with new courses developed in sport therapy and rehabilitation, physiotherapy, and sport and exercise psychology.

Work towards the University College's first submission to the UK's Research Excellence Framework (REF 2021) continues, as does work to develop research and enterprise activity across areas of established expertise, and emerging fields with the appointment of new staff in chiropractic and increasingly non-chiropractic disciplines.

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 2020 National Student Survey, 95% of students at the University College agreed that they felt part of a staff and student community and 77% agreed that our highly successful Students' Union represented their academic interests effectively (22% above benchmark). Our excellent Student Services were recognised as 6<sup>th</sup> in the UK in the WhatUni Student Choice 2020 Awards.

I would like to thank everyone associated with the University College for their substantial efforts in overcoming such adversity to make this year a positive and successful one. While the coming year will no doubt pose some challenges, I am confident that we have the collective commitment, talent and sense of purpose to face up to these positively, and look forward to an exciting year ahead.

**Professor Lesley Haig**  
**Vice Chancellor**  
**10 December 2020**



## Strategic Report

### 1. *Statement of Public Benefit*

AECC University College is a company limited by guarantee registered with Companies House in England and Wales under number 00653859 and registered with the Charity Commission under charity number 306289. As such, it is required to demonstrate how its work is of 'public benefit'. It is governed by its Articles of Association and 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, as set out in its Articles of Association, are:

- To provide education and undertake research in health sciences, including chiropractic and / or other allied, related or ancillary disciplines;
- To establish treatment 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;
- To 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 access, foundation, undergraduate and postgraduate programmes of study and continuing professional development in the subject areas of chiropractic, radiology, health and social sciences.

The Board of Governors has had due regard to the Charity Commission's guidance on the reporting of 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

Across our three Academic Schools of Chiropractic; Radiology; and Psychology, Sport and Physical Activity; the University College enrolled a total of 654 undergraduates and 133 taught postgraduates from the UK, EU and overseas and an additional 13 further education students on the access programme. We developed and approved new Academic Board Committees in Education and Student Experience to facilitate the delivery of the Education Strategy and to enhance the importance and impact of the student voice at Academic Board level.

The School of Chiropractic provides innovative and globally-respected education and training in chiropractic. With a focus on evidence-informed care, the School is the largest and most highly regarded in Europe and leads the way in terms of applied research and clinical education in the field. During the year a new Gateway (Foundation-level) year was revalidated and a new MSc Graduate Entry course was validated, which is currently the only Chiropractic course of its kind in the world. The School offers a wide range of musculoskeletally-focused continuing professional development (CPD) delivered by world-leading experts. Students are supported to participate as members of the World Congress of Chiropractic Students and in February this year our students hosted the British Association of Chiropractic Students with more than 120 attendees from across Europe over two days. AECC University College is recognised as the world-leading hub for chiropractic paediatric education.

The School of Radiology hosts a centre of excellence in ultrasound education with postgraduate accredited courses including advanced practice, CPD and short courses up to full Masters multi-professional courses in Medical Ultrasound. All academic staff are practising healthcare professionals in radiography, radiology and sport and exercise medicine. Working closely with local and regional stakeholders, and with the support of

Health Education England, this year has seen major developments with the validation of two new undergraduate courses in Radiography - Diagnostic Imaging and Radiotherapy and Oncology. In order to support these new courses, a state-of-the-art X-ray suite, simulated ward space and a new seminar room are being installed ready for the 2020-21 academic year, and a Virtual Radiotherapy Training room is also being planned. Additional new developments in short course provision are under way in response to the workforce education needs of NHS and private providers including reporting radiography, image interpretation and breast ultrasound.

The School of Psychology, Sport and Physical Activity provides excellent education, delivered by experts practising and researching in their respective fields. An annual programme of specialist expert lectures complements a growing portfolio of undergraduate and postgraduate courses in psychology and sport and exercise sciences. New MSc (graduate entry) courses in physiotherapy, sport therapy and rehabilitation, sport and exercise rehabilitation and sport and exercise psychology have been validated and are due to start in the 2020-2021 academic year.

Dedicated capital investment is ongoing and this year will add a new digital learning laboratory, and an expansion of the capacity of our specialist anatomy pro-section laboratory. Our newly acquired land and buildings will provide additional spaces to host the human performance laboratory and functional movement suite, as we continue to apply a Covid-secure and socially-distanced teaching environment.

### **Enabling Access and Participation**

This was the final year of the 2019-2020 Access and Participation Plan with the future 2020-2025 plan now approved by the Office for Students. The focus of our work is on outreach to widen access to future non-traditional students and to maintain our support structures to facilitate the successful completion of programmes. Over the past year we continued to apply a Bursaries and a Scholarship Policy to support the financial burden of higher education and widen access to disadvantaged students. The University College also vastly increased access and outreach activities. Pre-Covid figures indicated during the 2019-20 academic year events planned had quadrupled based on the previous year; the number of secondary school students we worked with from target schools had increased from 70 targeted in the 2018-19 academic year to approaching 1,000 in the 2019-20 academic year. For sixth form students, numbers increased from 55 during 2018-19 to a planned 300 contacts in 2019-20. Following the outbreak of COVID-19, we moved a number of outreach activities online and will be further increasing our virtual offer during the 2020-25 academic years. A hardship fund was put into place for students requiring additional support for study during the period of the COVID-19 pandemic. AECC University College continues to be a member of the Southern Universities Network Strategy Group in the Government funded National Network for Collaborative Outreach.

It is a new requirement for expenditure on Access and Participation to be reported and this information is disclosed within note 22 to the financial statements.

### **Research and Knowledge Transfer**

The University College continues its preparations for our first Research Excellence Framework (REF) submission in March 2021. The Code of Practice on the Identification of Staff and Selection of Outputs for REF 2021 and the process of identifying staff with significant research responsibility was approved by Research England.

A substantial range of high quality research outputs and conference presentations have been published in practice-based research, including documentation of patient outcomes, predictors of outcomes and the quantification of spinal biomechanics. While the majority of research activity includes national and international representation at chiropractic professional and interdisciplinary conferences, the research is becoming increasingly diverse as a result of the recruitment of new academic staff to support the delivery of our expanding academic portfolio.

We have a portfolio of successful multidisciplinary research collaborations, PhD studentships, PhD external examinations in musculoskeletal care, patient-related outcome measures, and in research and technology development. Our research student environment continues to develop as we co-sponsor and supervise PhD students in collaboration with a wide range of UK Universities, with AECC University College's academic staff as directors of studies or supervision team members.



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 third year in post (of five years). A professorial post is shared with the Faculty of Science and Technology at Bournemouth University with the aim of securing collaborative Research Council grants and to support our co-sponsored doctoral students.

### **Wider Community**

Our chiropractic clinic provides student-led care at a reduced cost and free to certain groups who may otherwise be unable or unlikely to access it. Prior to COVID-19, the service was delivering around 1,000 patient sessions per week and having closed during lockdown from March 2020, the clinic re-opened in July 2020 in line with English Government guidance. We offer a range of other private clinical services delivered by fully-qualified professionals in chiropractic, sport therapy, massage and shock wave treatment. We have also operated a satellite clinic based at Bournemouth University.

We continue to host a free breastfeeding clinic in collaboration with midwifery colleagues from Bournemouth University, providing care for babies and mothers.

We are providing community health services in association with colleagues across NHS acute and community services. We hosted a multi-disciplinary NHS Pain Management Clinic onsite during the year. We also began delivering an 18-month First Contact Practitioner pilot service with the East Dorset Primary Care Network.

The on-site open upright MRI scanner is a specialist regional facility which receives referrals from 22 NHS and private healthcare providers across the South of England. Our diagnostic ultrasound clinic caters for the local community with referrals from chiropractors, physiotherapists and podiatrists.

We host onsite expert talks by our own staff and in collaboration with AFC Bournemouth on health, exercise and sport offered free to the local community. In addition we have hosted community group meetings including the Boscombe Soup (live community crowdfunding) and other local community societies.

We have expanded our community outreach work with local schools and colleges as we implement our work to widen access and increase participation in higher education with under-represented groups.

## **2. Strategic Plan**

### **Our Values**

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**

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 will 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 areas of research activity in relevant and focussed areas.

All our courses focus on 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. Chiropractic services are offered by our interns, and academic and clinical chiropractic staff. Notable collaborations exist with AFC Bournemouth, the Royal Marines in providing free treatment to personnel and veterans, and with Bournemouth University with whom we run a mid-wife led feeding clinic at no charge to the mother and baby.

Our Exercise Rehabilitation and High Performance Centres 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 we deliver consultancy in sport physiology and sport psychology to teams including Bournemouth Rugby Club, AFC Bournemouth and local sports academies. Our students also provide a vibrant outreach programme for the local community, including attending school events to provide care in an applied setting.

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 within the area of musculoskeletal diagnostic ultrasound.

Our Clinical care services are further enhanced by having the only regional open upright MRI scanner on site. This provides not only for a highly specialised diagnostic facility for patient referral from the local and wider health care community, but also a unique research tool. The latter is evidenced by research activity undertaken and commissioned by the European Space Agency as well as our collaborations with other national and international research centres and groups.

## **Our Vision**

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 Strategy**

Our strategic vision for 2016-2021 is in its last year of delivery through our Corporate Strategic Plan. This will be refreshed in the coming months. The Strategic Plan recognises the distinctiveness of our specialist provisions and what is required to achieve and enhance these.

Building on our heritage, strong brand and positive reputation in chiropractic and imaging education, the focus has been to invest in the expansion and diversification of our academic offer and services to ensure the sustainability of the institution.

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

- To strengthen our reputation and profile through effective engagement with our communities in the HE sector and wider world;
- To deliver a diverse portfolio of quality education and clinical training programmes reflecting our distinctive place in the HE sector;

- To deliver an outstanding student experience throughout the student lifecycle;
- To underpin our teaching and clinical training with focused research and scholarly activity

The following table sets out progress during the 2019-20 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.

| Strategic aim   | Progress against objectives to deliver strategic aims 2019-20  | Progress |
|---|--|----------|
| <i>Strategic aim 1: Strengthen our reputation and profile through effective engagement with our communities in the HE sector and wider world</i>                                  | Comply with statutory reporting requirements   |          |
|   | Enhance University College reputation at local, regional and national level  |          |
|   | Develop one external academic partnership to approval  |          |
|   | Apply for additional external public grant funding   |          |
|   | Generate two enterprise / knowledge exchange projects with external funding  |          |
|   | Develop 2 outreach activities with community partners to involve staff and /or students  |          |
| <i>Strategic aim 2: deliver a diverse and multidisciplinary portfolio of quality education and clinical training programmes reflecting our distinctive place in the HE sector</i> | Validate at least 2 new pre-registration postgraduate programmes School PSPA   |          |
|   | Add suite of new PG programmes in School PSPA  |          |
|   | Add additional two courses to suite of imaging provision   |          |
|   | Revalidate MChiro and graduate entry pathway to the chiropractic programme   |          |
|   | Develop CPD offer to include all Schools   |          |
|   | Develop imaging services as a group and develop new educational provision  |          |
|   | Diversify clinical services provision and develop income generating potential  |          |
| <i>Strategic aim 3: deliver an outstanding student experience throughout the student lifecycle</i>  | Providing comprehensive student services and resources (counselling, ALN, pastoral care, language and study skills, support into employment) |          |
|   | Estates budget allocation to enhance student learning spaces   |          |
|   | Graduate outcome of >95% employment or further study   |          |
|   | Achieving and maintaining NSS satisfaction rates of >85%   |          |
|   | Provide a new accommodation offer to students in collaboration with local Halls of Residence   |          |
| <i>Strategic aim 4: underpin our teaching and clinical training with focused research and scholarship</i>   | Supporting PhD studentship with collaborative partner  |          |
|   | Increasing annual output of research papers across institution to a minimum of 25  |          |
|   | Ensuring all new members of teaching staff have a HESA-eligible academic teaching qualification within 3 years                               |          |
|   | Develop a cross-institutional staff development programme and update staff development policy  |          |
|   | Increase research income - target £45k   |          |
|   | REF 2021 submission preparation targets met  |          |
|   | Identify validating partner for research degree programmes and progress to approve proposal  |          |
|   | Publish a Framework for Academic Career Progression  |          |

|  |            |  |                                     |  |   |
|--|------------|--|-------------------------------------|--|---|
|  | = 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 strategic risk management process continues to provide effective systems for the identification of the major strategic and financial risks within a framework of governance, a defined risk management policy and an underlying control environment.

Individual risk owners assess gross and net risks at departmental and team level within their individual risk registers and they report emerging and changing risks to the Senior Management Group on a regular basis. Any significant new risks are reported to the Audit and Risk Assurance Committee which formally reviews and updates the Corporate Risk Register and makes recommendations for approval by the Board. 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

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 the 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 also the potential changes in student behaviour arising from the COVID-19 pandemic, 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   | <b>Risks relating to governance :</b><br>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   | <b>Risks relating to statutory reporting:</b><br>Failure to meet statutory reporting requirements in relation to student, staff and estates data, including obligations under the Prevent duty, and financial data | 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.<br><br>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. |

- 3 Risks relating to Data Management and IT:**  
Failure to comply with Data Protection Act, General Data Protection Regulations (2018) 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.
- Develop and monitor IT security and user access policies and procedures. Robust information 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.
- 4 Risks relating to financial sustainability:**  
Failure to meet financial targets.
- 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. Budgetary control over capital and revenue expenditure. Production and review of regular financial management information.
- 5 Risks relating to estates maintenance and development:**  
Failure to maintain and secure buildings and services, and comply with legislation / regulations.
- 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.
- Failure to adequately develop existing campus or acquire alternative facilities to accommodate planned new provisions.
- Acquisition of additional land and building located directly opposite existing campus. Review of use of all spaces underway with the intention of re-articulating our Estates Strategy during 2020-21.
- 6 Risks relating to development and delivery of academic provision:**  
Failure to expand and diversify education provision.
- Establish expansion as a strategic priority through investment in personnel and resources.
- Failure to recruit and retain undergraduate (UG) and postgraduate (PG) students.
- 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.

- 7 Risks relating to quality of academic activity, standards and student experience:** 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. Involvement of students in student gym investment decisions.
- 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.
- 8 Risks relating to people:** 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.
- 9 Risks relating to clinical provision:** 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.
- 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.
- 10 Risks relating to the development and delivery of strategic, financial and operational 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.
- 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.
- Failure to effectively performance manage the Identify those with accountability and responsibility

delivery of strategic, financial and operational plans. and empower them to manage their areas appropriately.

**11. Risks relating to the management of the COVID-19 pandemic**

Failure to protect the University College community and the organisation from the personal, operational, reputational and financial risks arising from risks associated with the COVID-19 pandemic

Develop and implement BCP action plan. Form COVID-19 Response Group. Conduct risk assessments. Engage with local networks and government agencies to align response. Model future planning to offset impact on student and staff wellbeing, student success. Model financial impact of the crisis. Well-developed communications strategy

Failure to effectively protect the welfare of staff and students.

A COVID-19 specific Risk Register was developed to consider the impact of the pandemic on our material risks and this was regularly considered by Governors with additional mitigations put in place where necessary.

**Future Developments**

A refreshed and updated Corporate Strategy will be developed during 2020-21 for delivery from the start of the 2021-22 academic year. This will involve a wide range of stakeholders both internal and external to the University College.

We will continue to expand and develop our educational portfolio at undergraduate and postgraduate level, focussing on highly relevant and demand-led courses. Developments will be informed by discussions with Health Education England, professional bodies and regional and local healthcare providers.

Future activity will include development of new clinical services and associated applied research in rehabilitation. A Grant Funding Agreement signed with Dorset Local Enterprise Partnership in November 2020, providing capital investment from the UK Government's Getting Building Fund, will accelerate the development of a planned Integrated Rehabilitation Centre.

The University College is fully committed to fulfilling its civic duty by further developing its role "in place". We are involved with the Bournemouth Boscombe Town Plan work to support the regeneration of the Boscombe area and improve the health and wellbeing of the local community.



### 3. Financial Review

The consolidated surplus after tax for the year ended 31 July 2020 was £632k (2019: £267k deficit), with a total comprehensive loss, after provision for the actuarial loss relating to our pension scheme, of £802k (2019: £455k)

The global pandemic impacted our financial performance in a number ways, for example external income was reduced as a result of our clinical services having to close from March to July 2020, some staff were placed on furloughed leave and capital investments were delayed. This makes a year on year comparison of financial performance more difficult this year. 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<br>31 July 2020<br>£'000 | Year Ended<br>31 July 2019<br>£'000 |
|--|-------------------------------------|-------------------------------------|
| <b>Income:</b>   |                                     |                                     |
| Tuition fees and education contracts                           | 7,387                               | 7,223                               |
| Funding body grants  | 656                                 | 537                                 |
| Other grant income   | 387                                 | 37                                  |
| Other income (exc. investment / research income and donations) | 930                                 | 1,341                               |
| Investment income  | 32                                  | 32                                  |
| Donations and endowments                                       | 88                                  | 13                                  |
| <b>Total Income</b>  | <b>9,480</b>                        | <b>9,183</b>                        |
| <b>Expenditure:</b>  |                                     |                                     |
| Staff costs  | 5,905                               | 6,389                               |
| Other operating expenses                                       | 2,333                               | 2,417                               |
| Depreciation   | 491                                 | 500                                 |
| Interest and other finance costs                               | 119                                 | 144                                 |
| <b>Total Expenditure:</b>                                      | <b>8,848</b>                        | <b>9,450</b>                        |
| <b>Surplus / (deficit) before tax</b>                          | <b>632</b>                          | <b>(267)</b>                        |
| Taxation   | -                                   | -                                   |
| <b>Surplus / (deficit) for the year</b>                        | <b>632</b>                          | <b>(267)</b>                        |

#### Income

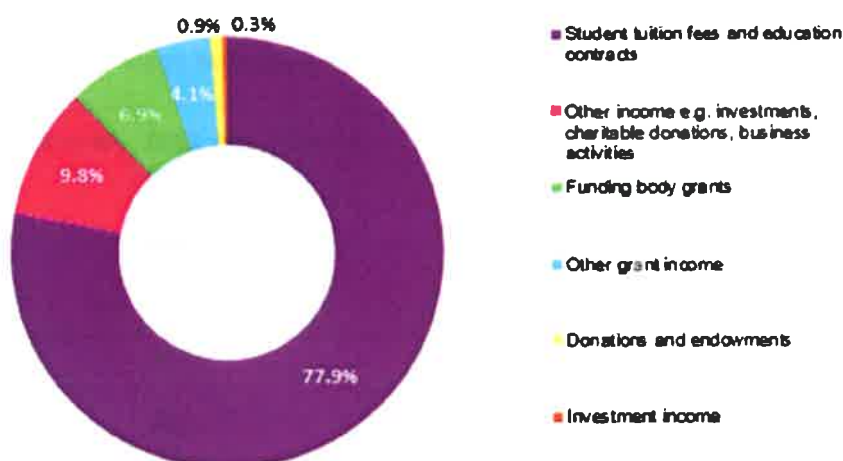
Overall income has increased by £297k (3.2%) to £9.48m (2019: £9.18m).

This increase is due to an increase in full time equivalent student numbers giving rise to £283k greater tuition fee, education contract and funding body grant income.

The institution was fortunate to be the beneficiary of £47k legacy income and also a grant of £200k from Health Education England in support of the start-up costs associated with developing our new radiography courses, which enrolled their first students in September 2020.

It is notable that the institution's income from clinic, MRI, imaging and also catering was collectively £331k less than in the prior year. This reflects the impact of the COVID-19 pandemic, which curtailed any such trading activities from the imposition of the national lockdown in March to the end of the financial year. This reduction in trading income was partially offset by £174k coronavirus job retention scheme (CJRS) grant funding.





### Expenditure

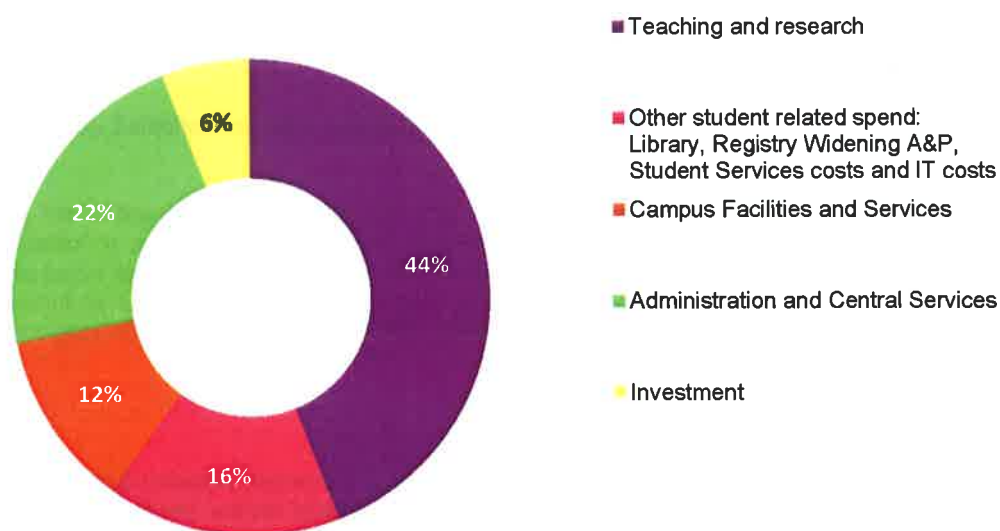
Overall expenditure decreased by £602k (6.4%) to £8.85m (2019: £9.45m).

Staff costs totalled £5.9m in 2020, which amounted to 62.3% of total consolidated income (2019: £6.39m, 69.6%).

The reduction in staff costs reflects a fall in staff numbers, principally professional services staff. The average number of full time equivalent permanent employees was 110 (2019: 121.6), a decrease of 9.5%. The average headcount of permanent employees decreased by 6.9% to 143 (2019: 154) and the total average headcount for all staff, i.e. including casual employees and IR35 workers, reduced by 16.8% to 191 (2019: 230).

Consolidated other operating expenses totalled £2.33m (2019: £2.42m), a reduction of £84k (3.5%) against the prior year. This reflects a reduction in premises costs, for example utilities, cleaning and security services whilst our buildings were closed as a result of the pandemic.

The depreciation charge decreased by 1.8% (£9k) from £500k to £491k. This reflects the timing of capital expenditure with little being incurred until the last two months of the year.



## Statement of Financial Position as at 31 July 2020

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 2020 | As at 31 July 2019 |
|---|--------------------|--------------------|
|   | £'000              | £'000              |
| Tangible assets                                     | 5,882              | 5,268              |
| Net current assets                                  | 3,684              | 3,392              |
| <i>of which 'Cash or cash equivalents'</i>          | 4,642              | 4,112              |
| Pension provisions                                  | (4,164)            | (2,456)            |
| <b>Total net assets</b>                             | <b>5,402</b>       | <b>6,204</b>       |
| Income and expenditure reserve - restricted reserve | 279                | 292                |
| Income and expenditure reserve – unrestricted       | 5,123              | 5,912              |
| <b>Total reserves</b>                               | <b>5,402</b>       | <b>6,204</b>       |

### Tangible assets

The tangible asset additions during the year (£1.11m) were greater than depreciation (£491k), increasing the balance sheet total by £614k to £5.88m (2019: £5.27m). The most significant item of fixed asset investment was the £900k acquisition of land and buildings.



### Cash and cash equivalents

The University College has maintained a strong cash position, with consolidated cash and cash equivalents increasing by £530k to £4.64m (2019: £4.11m).

The University College has ambitions for growth and has plans for investment in the programme offering, clinical services provision 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 69.5% (£1.71m) to £4.16m (2019: £2.46m) following the annual actuarial review and the impact of the 2019 triennial review. This impacts Other Comprehensive Income but not the surplus of income over expenditure.

## Reserves

Overall consolidated reserves decreased by 12.9% (£802k) to £5.40m (2019: £6.20m).

## Key Performance Indicators

The University College monitors many financial Key Performance Indicators (KPIs) on a monthly basis, including:

| KPI            | Description   | 2020     | 2019     |
|----------------|---|----------|----------|
| Profitability  | Surplus / (deficit) as a percentage of total income | 6.67%    | (2.92%)  |
| Current ratio  | Current Assets : Current Liabilities                | 3.55 : 1 | 4.26 : 1 |
| Total reserves | Total Reserves held on the balance sheet            | £5.40m   | £6.20m   |
| Cash           | Level of cash at bank or in hand                    | £4.64m   | £4.11m   |

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

| KPI  | 2020 | 2020<br>Target | 2019  |
|--|------|----------------|-------|
| Overall student satisfaction (%)<br><i>- NSS 2019/20 'overall satisfaction' score for undergraduate students</i>                     | 81   | 90             | 83    |
| Completion rate<br><i>- For undergraduate students (end of final year)</i>   | 100  | 95             | 98    |
| Staff : Student Ratio<br><i>- For undergraduate students (as of 1 December)</i>  | 1:19 | 1:19           | 1:17. |
| Non-UK students (%)<br><i>- For undergraduate students (EU &amp; overseas students (as of 1 Dec)</i>                                 | 40   | 40             | 39    |
| Total student numbers (FTE)<br><i>- Undergraduate, Postgraduate ad Further Education students</i>                                    | 686  | 650            | 628   |
| Total new Undergraduate entrants<br><i>- Undergraduate &amp; Further Education Students (as of 1 Dec)</i>                            | 189  | 205            | 189   |
| Total new Postgraduate entrants<br><i>- Postgraduate students (as of 1 Dec)</i>  | 69   | 51             | 84    |
| Academic staff with teaching qualification and/or FHEA (%FTE)<br><i>- Academic staff with HESA recordable teaching qualification</i> | 58   | 60             | 48    |
| Number of peer reviewed papers   | 31   | 45             | 25    |

## 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.

As part of its five year forecast, the University College has assessed the minimum liquidity levels needed to ensure that financial and operational control is maintained, including the identification of any future borrowing requirement.

This report was approved by the Board of Governors on 10 December 2020 and signed on its behalf by:



**M Copp**  
Chair of the Finance and General Purposes Committee



**L Haig**  
Vice-Chancellor and Governor

## Corporate Governance and Internal Control Statement

The Governors present their annual report and audited financial statements for the year ended 31 July 2020. This report also covers the Trustees' Report as required by Chapter 4 Section 162 of the Charities Act 2011 ("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. The University College is directed by its Board of Governors ("the Board") 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 Jennifer Bremner 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 Vice-Chancellor, 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.

The Board agreed that an additional Student Governor should be appointed to share the workload and ensure a strong student voice.

There are currently 16 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 Vice-Chancellor is chief executive of the University College and the rest of the Executive team (the Deputy Vice-Chancellor and the Chief Operating Officer) 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 Vice-Chancellor and the Executive team.

## Committees of the Board

The Board meets four times each academic year with much of the detailed work dealt with by formally constituted Committees, each with their own terms of reference that are reviewed annually.

Committees are chaired by independent Governors and 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 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 income and expenditure budget and capital programme and their subsequent management, receiving updated forecasts throughout the year. It advises the Audit & Risk Assurance Committee on its 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.

*Remuneration & Human Resources Committee* This Committee oversees the recruitment, performance and remuneration and considers the salary and conditions of service of the Vice-Chancellor and of the Executive Group. It also regularly reviews staff pay and service conditions and considers 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 Vice-Chancellor 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 2019-20 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.

| Governors          | Type of Governor | Start of term of office | End of term of office / date of resignation | % of all meetings attended * | Board    | Audit & Risk Assurance | Finance & General Purposes | Nominations | Remuneration & HR |
|--------------------|------------------|-------------------------|---|------------------------------|----------|------------------------|----------------------------|-------------|-------------------|
| <b>Total No</b>    |                  |                         |   |                              | <b>7</b> | <b>6</b>               | <b>6</b>                   | <b>4</b>    | <b>4</b>          |
| Jeni Bremner       | Independent      | 01.10.19                | 30.09.23                                    | 82%                          | 6        | N/A                    | 4                          | 2           | 3                 |
| Graham Briscoe     | Independent      | 01.10.19                | 30.09.23                                    | 89%                          | 7        | 4                      | N/A                        | 2           | N/A               |
| Martin Copp        | Independent      | 20.11.10                | 01.04.21                                    | 100%                         | 7        | N/A                    | 6                          | 4           | 4                 |
| Chris Derby        | Student          | 13.05.19                | 31.05.20                                    | 100%                         | 5        | N/A                    | N/A                        | N/A         | N/A               |
| Peter Dingley      | Independent      | 05.07.14                | 04.07.21                                    | 92%                          | 7        | N/A                    | 5                          | N/A         | N/A               |
| Mike Gibson        | Independent      | 01.11.19                | 31.10.23                                    | 75%                          | 5        | N/A                    | 4                          | N/A         | N/A               |
| Mark Gurden        | Independent      | 19.11.11                | 30.06.21                                    | 55%                          | 6        | N/A                    | N/A                        | N/A         | 1                 |
| Lesley Haig        | Vice-Chancellor  | 03.01.19                | n/a   | 94%                          | 7        | N/A                    | 6                          | 3           | 4                 |
| Philip Hume        | Staff            | 08.04.17                | 07.04.21                                    | 84%                          | 6        | N/A                    | 4                          | N/A         | 4                 |
| Colin Pett         | Independent      | 04.10.19                | 03.10.23                                    | 100%                         | 7        | 5                      | N/A                        | N/A         | N/A               |
| Peter Roberts      | Independent      | 22.11.14                | 21.11.22                                    | 86%                          | 5        | N/A                    | N/A                        | N/A         | 4                 |
| Adrian Simpson     | Independent      | 22.11.14                | 31.07.20                                    | 70%                          | 4        | 5                      | N/A                        | N/A         | N/A               |
| Mollie Stannard    | Student          | 01.06.20                | 31.05.21                                    | 100%                         | 1        | N/A                    | 1                          | 1           | N/A               |
| Chris Stephens     | Independent      | 23.11.13                | 22.11.20                                    | 80%                          | 6        | N/A                    | N/A                        | 3           | N/A               |
| Daniel Sullivan    | Student          | 30.04.18                | 31.05.20                                    | 51%                          | 5        | N/A                    | 1                          | 1           | N/A               |
| Denise Tarrant     | Independent      | 01.09.19                | 30.09.23                                    | 77%                          | 5        | 5                      | N/A                        | N/A         | N/A               |
| Claudia Wallis     | Student          | 01.06.20                | 31.05.23                                    | 100%                         | 2        | N/A                    | 1                          | 1           | N/A               |
| Adrian Wild        | Independent      | 18.11.06                | 31.07.20                                    | 68%                          | 5        | N/A                    | 4                          | 2           | N/A               |
| Keith Wilkes       | Independent      | 01.10.19                | 30.09.23                                    | 86%                          | 5        | N/A                    | N/A                        | N/A         | 4                 |
| Judith Worthington | Independent      | 17.11.12                | 31.12.20                                    | 95%                          | 6        | 6                      | N/A                        | 2           | N/A               |

**Staff Representatives on Nominations Committee**

|                 |  |      |  |   |
|-----------------|--|------|--|---|
| Daniel Heritage |  | 75%  |  | 3 |
| Karen Pichlmann |  | 100% |  | 4 |

| Subsidiary: Directors of AECC Enterprises Ltd | Meetings held<br>% attendance |   |
|---|-------------------------------|---|
| Neil Andrews                                  | 67%                           | 2 |
| Mark Gurden                                   | 100%                          | 3 |
| Lesley Haig                                   | 100%                          | 3 |
| Brenda van der Vossen                         | 100%                          | 3 |

## **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. The revisions to the CUC guide published in June 2018 have been incorporated in the University College Compliance statement and are being addressed accordingly. The Board was satisfied with the updates on the levels of compliance sustained and improvements implemented. The Board will review its compliance with the new CUC Code of Governance published in September 2020 during 2020-21.

The University College has also mapped its compliance against the Office for Students Registration Requirements and confirmed that these are met.

The institution is audited both externally and internally by outside providers. The A&RA Committee decide on the areas of risk for internal audit based on the risk register and the internal audit cycle of review. Financial controls are included in every annual internal audit cycle.

The Executive report on Value for Money to the A&RA Committee at each meeting and provide an annual report. Widening access and participation are addressed through the APP reporting from Academic Registry. Civic engagement is reported to the Board by regular updates from the Executive.

Commercial activities are conducted through a separate entity, AECC Enterprises Ltd, and conform to the requirements of the Charity Commission.

There is an effective and proactive system of risk management in place by which risks are rigorously assessed, understood and effectively managed across the organisation. Risk Management and the risk register are reviewed by the A&RA Committee and input is also received from both Remuneration & HR and F&GP Committees relating those risks which fall within their remit. The risk register is an agenda item for all Board meetings.

High-quality and robust data is produced and managed to meet all relevant legal and regulatory requirements. Reports are made to the A&RA Committee by the Academic Registrar regularly on data returns. Financial management information is presented at every F&GP Committee meeting and to the Board.

## **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 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 campus. 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 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 new Chair of the Board is planning a revised appraisal process for all governors commencing in the new year. 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 to ascertain where there may be skills gaps.

### **Register of Business Interests**

A register of interests is held by the Clerk to the Board and Company Secretary 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 confirms that it has 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 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 Vice-Chancellor 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 and Company Secretary ('the Clerk')**

The Board appoints the Clerk to the Board and Company Secretary; the Chair, in liaison with the Vice-Chancellor reviews their 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 Vice-Chancellor 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 Vice-Chancellor.

### **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 ultimate 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 Executive.

## **Institutional Management and Structure**

Implementation of the strategy and policies approved by the Board is the executive responsibility of the Vice-Chancellor and the Executive team. The Vice-Chancellor 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 Vice-Chancellor is supported by the Executive Group and a number of Management Groups:

- Access and Participation Steering Group
- Clinical Governance Group
- Health and Safety Group
- Radiation Protection Group
- Recruitment, Selection and Admissions Steering Group
- Senior Management Group

## **Statement of Internal Control**

The University's system of internal controls and governance structures ensure regularity and propriety in the use of funds, including all public funds, via the following.

- The University College is responsible for maintaining a sound system of internal control that safeguards the public and other funds and assets for which it has responsibility.
- The University College maintains a comprehensive suite of Financial Regulations and Procedures, giving control over the totality of the University College's resources and providing an appropriate financial regulatory framework which ensures that resources are used with due regard to propriety, regularity and value for money, in the context of the achievement of the University College's strategic plan. Anyone with a contractual relationship with the University (including all employees and honorary staff) is required to abide by the Financial Regulations and Procedures.
- The University College is required to adhere to key funder rules, in addition to the requirements of its own Financial Regulations and Procedures, and operates various controls to do this.
- The University College's Internal Auditors (BDO) provide assurance to management and the Audit & Risk Assurance Committee. Internal Audit makes recommendations for improvement in key management processes. It particularly aims to ensure that key risks are being appropriately managed, including those in relation to the use of funds and value for money

External audit is carried out in accordance with International Standards on Auditing (ISAs) UK, and provides a report to the Board of Governors which expresses the auditor's (KPMG) opinion on whether the financial statements

- Give a true and fair view of the state of the affairs of the University College as at 31 July 2020 and of the Group and University College's income and expenditure, gains and losses, 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 FRS102) and with the Statement of Recommended Practice (SORP): Accounting for Further & Higher Education and the Companies Act 2006
- Meet the requirements of Accounts Direction to higher education institutions for 2019/20 financial statements issued by the Office for Students

The external auditor's opinion on other matters prescribed by the Office for Students Accounts Direction states:

- In all material respects, funds from whatever source, administered by the Group and AECC UC 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's Articles of Governance; and
- Funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions
- Grant and fee income are fully documented in the note to accounts
- University College's expenditure on Access and Participation activities have not been materially misstated.

The internal auditors' (BDO) 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 for 2019-20 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.
- 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.

*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.
- A COVID-19 specific Risk Register was developed to consider the impact of the pandemic on our key risks and this was regularly considered by Governors with additional mitigations put in place where necessary.

The Governors are satisfied that internal control processes have been in place throughout the year to 31 July 2020 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 2019 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 AECC University College's 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 Board of 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 2020 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 2020, 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 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*;
- meet the requirements 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 27, 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](http://www.frc.org.uk/auditorsresponsibilities).

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

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, UK Research and Innovation (including Research England) have been applied in accordance with the terms and conditions attached to them.

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

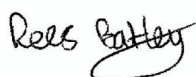
We are required by the Accounts Direction to report to you where the University College has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University' College's expenditure on access and participation activities for the financial year disclosed in Note 22 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 3 to the financial statements has been materially misstated.

We have nothing to report in these respects.

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

14 December 2020

## Consolidated Statement of Comprehensive Income and Expenditure

Year Ended 31 July 2020

|   | Notes | Year ended 31 July 2020 |                      | Year ended 31 July 2019 |                      |
|---|-------|-------------------------|----------------------|-------------------------|----------------------|
|   |       | Consolidated<br>£'000   | Institution<br>£'000 | Consolidated<br>£'000   | Institution<br>£'000 |
| <b>Income</b>   |       |                         |                      |                         |                      |
| Tuition fees and education contracts                  | 1     | 7,387                   | 7,387                | 7,223                   | 7,223                |
| Funding body grants                                   | 2     | 656                     | 656                  | 537                     | 537                  |
| Other grant income                                    | 2     | 387                     | 387                  | 37                      | 37                   |
| Other income  | 4     | 930                     | 914                  | 1,341                   | 1,267                |
| Interest Received                                     | 5     | 32                      | 26                   | 32                      | 29                   |
| Donations and endowments                              | 6     | 88                      | 88                   | 13                      | 13                   |
| <b>Total income</b>                                   |       | <b>9,480</b>            | <b>9,458</b>         | <b>9,183</b>            | <b>9,106</b>         |
| <b>Expenditure</b>                                    |       |                         |                      |                         |                      |
| Staff costs   | 7     | 5,905                   | 5,905                | 6,389                   | 6,389                |
| Other operating expenses                              |       | 2,333                   | 2,324                | 2,417                   | 2,415                |
| Depreciation and amortisation                         | 11    | 491                     | 491                  | 500                     | 500                  |
| Interest and other finance costs                      | 8     | 119                     | 102                  | 144                     | 99                   |
| <b>Total expenditure</b>                              | 9     | <b>8,848</b>            | <b>8,822</b>         | <b>9,450</b>            | <b>9,403</b>         |
| <b>Surplus / (deficit) before other tax</b>           |       | <b>632</b>              | <b>636</b>           | <b>(267)</b>            | <b>(297)</b>         |
| Taxation  | 10    | -                       | -                    | -                       | -                    |
| <b>Surplus / (deficit) / surplus for the year</b>     |       | <b>632</b>              | <b>636</b>           | <b>(267)</b>            | <b>(297)</b>         |
| <b>Other comprehensive income</b>                     |       |                         |                      |                         |                      |
| Actuarial loss in respect of pension schemes          | 17    | (1,434)                 | (1,434)              | (188)                   | (188)                |
| <b>Total comprehensive loss for the year</b>          |       | <b>(802)</b>            | <b>(798)</b>         | <b>(455)</b>            | <b>(485)</b>         |
| <b>Represented by:</b>                                |       |                         |                      |                         |                      |
| Restricted comprehensive loss for the year            |       | (13)                    | (13)                 | (13)                    | (13)                 |
| Unrestricted comprehensive loss for the year          |       | (789)                   | (785)                | (442)                   | (472)                |
| <b>Attributable to the Institution</b>                |       | <b>(802)</b>            | <b>(798)</b>         | <b>(455)</b>            | <b>(485)</b>         |
| <b>Surplus / (loss) for the year attributable to:</b> |       |                         |                      |                         |                      |
| Institution   |       | <b>632</b>              | <b>636</b>           | <b>(267)</b>            | <b>(297)</b>         |

All items of income and expenditure relate to continuing activities.

The accompanying notes and policies on pages 35 to 54 form part of these financial statements.



## Consolidated and University College Statement of Changes in Reserves

Year Ended 31 July 2020

| Consolidated                                 | Income and expenditure reserve |                       |                |
|--|--------------------------------|-----------------------|----------------|
|  | Restricted<br>£'000            | Unrestricted<br>£'000 | Total<br>£'000 |
| <b>Balance at 1 August 2018</b>              | <b>305</b>                     | <b>6,354</b>          | <b>6,559</b>   |
| Deficit for the year                         | -                              | (267)                 | (267)          |
| Other comprehensive loss                     | -                              | (188)                 | (188)          |
| Release of restricted funds spent in year    | (13)                           | 13                    | -              |
| <b>Total comprehensive loss for the year</b> | <b>(13)</b>                    | <b>(442)</b>          | <b>(455)</b>   |
| <b>Balance at 1 August 2019</b>              | <b>292</b>                     | <b>5,912</b>          | <b>6,204</b>   |
| Surplus for the year                         | -                              | 632                   | 632            |
| Other comprehensive loss                     | -                              | (1,434)               | (1,434)        |
| Release of restricted funds spent in year    | (13)                           | 13                    | -              |
| <b>Total comprehensive loss for the year</b> | <b>(13)</b>                    | <b>(789)</b>          | <b>(802)</b>   |
| <b>Balance at 31 July 2020</b>               | <b>279</b>                     | <b>5,123</b>          | <b>5,402</b>   |

| Institution                                  | Income and expenditure reserve |                       |                |
|--|--------------------------------|-----------------------|----------------|
|  | Restricted<br>£'000            | Unrestricted<br>£'000 | Total<br>£'000 |
| <b>Balance at 1 August 2018</b>              | <b>305</b>                     | <b>6,372</b>          | <b>6,677</b>   |
| Deficit for the year                         | -                              | (297)                 | (297)          |
| Other comprehensive loss                     | -                              | (188)                 | (188)          |
| Release of restricted funds spent in year    | (13)                           | 13                    | -              |
| <b>Total comprehensive loss for the year</b> | <b>(13)</b>                    | <b>(472)</b>          | <b>(485)</b>   |
| <b>Balance at 1 August 2019</b>              | <b>292</b>                     | <b>5,900</b>          | <b>6,192</b>   |
| Surplus for the year                         | -                              | 636                   | 636            |
| Other comprehensive loss                     | -                              | (1,434)               | (1,434)        |
| Release of restricted funds spent in year    | (13)                           | 13                    | -              |
| <b>Total comprehensive loss for the year</b> | <b>(13)</b>                    | <b>(785)</b>          | <b>(798)</b>   |
| <b>Balance at 31 July 2020</b>               | <b>279</b>                     | <b>5,115</b>          | <b>5,394</b>   |

## Consolidated and University College Statement of Financial Position

As at Year Ended 31 July 2020

|   | Notes | As at 31 July 2020 |              | As at 31 July 2019 |              |
|---|-------|--------------------|--------------|--------------------|--------------|
|   |       | Consolidated       | Institution  | Consolidated       | Institution  |
|   |       | £'000              | £'000        | £'000              | £'000        |
| <b>Non-current assets</b>                           |       |                    |              |                    |              |
| Tangible assets                                     | 11    | 5,882              | 5,882        | 5,268              | 5,268        |
|   |       | <u>5,882</u>       | <u>5,882</u> | <u>5,268</u>       | <u>5,268</u> |
| <b>Current assets</b>                               |       |                    |              |                    |              |
| Stock   | 12    | 5                  | 5            | 9                  | 9            |
| Trade and other receivables                         | 13    | 483                | 483          | 312                | 312          |
| Cash and cash equivalents                           | 14    | 4,642              | 4,627        | 4,112              | 4,092        |
|   |       | <u>5,130</u>       | <u>5,115</u> | <u>4,433</u>       | <u>4,413</u> |
| Less Creditors: amounts falling due within one year | 15    | (1,446)            | (1,439)      | (1,041)            | (1,033)      |
| <b>Net current assets</b>                           |       | <u>3,684</u>       | <u>3,676</u> | <u>3,392</u>       | <u>3,380</u> |
| <b>Total assets less current liabilities</b>        |       | <u>9,566</u>       | <u>9,558</u> | <u>8,660</u>       | <u>8,648</u> |
| <b>Provisions</b>                                   |       |                    |              |                    |              |
| Pension provisions                                  | 16    | (4,164)            | (4,164)      | (2,456)            | (2,456)      |
| <b>Total net assets</b>                             |       | <u>5,402</u>       | <u>5,394</u> | <u>6,204</u>       | <u>6,192</u> |
| <b>Restricted Reserves</b>                          |       |                    |              |                    |              |
| Income and expenditure reserve - restricted reserve | 18    | 279                | 279          | 292                | 292          |
| <b>Unrestricted Reserves</b>                        |       |                    |              |                    |              |
| Income and expenditure reserve - unrestricted       |       | 5,123              | 5,115        | 5,912              | 5,900        |
| <b>Total Reserves</b>                               |       | <u>5,402</u>       | <u>5,394</u> | <u>6,204</u>       | <u>6,192</u> |

The accompanying notes and policies on pages 35 to 54 form part of these financial statements, which were approved by the Governing Body on 10 December 2020 and signed on its behalf on that date by:



**Martin Copp, Chair of Finance and General Purposes Committee**



**Lesley Haig, Vice-Chancellor**

## Consolidated and University College Statement of Cash Flows

Year Ended 31 July 2020

|  | Notes | As at 31 July 2020 |                | As at 31 July 2019 |              |
|--|-------|--------------------|----------------|--------------------|--------------|
|  |       | Consolidated       | Institution    | Consolidated       | Institution  |
|  |       | £'000              | £'000          | £'000              | £'000        |
| <b>Cash flow from operating activities</b>                 |       |                    |                |                    |              |
| Surplus / (deficit) for the year after tax                 |       | 632                | 636            | (267)              | (297)        |
| <b>Adjustment for non-cash items</b>                       |       |                    |                |                    |              |
| Depreciation   | 11    | 491                | 491            | 500                | 500          |
| Disposal of tangible assets                                | 11    | -                  | -              | 44                 | 44           |
| Decrease in stock  | 12    | 4                  | 4              | 7                  | 7            |
| (Increase) / decrease in debtors                           | 13    | (171)              | (171)          | 26                 | 23           |
| Increase / (decrease) in creditors                         | 15    | 405                | 406            | (51)               | (19)         |
| Difference between pensions charges and cash contributions | 16    | 274                | 274            | 250                | 250          |
| <b>Adjustment for investing or financing activities</b>    |       |                    |                |                    |              |
| Investment income  | 5     | (32)               | (26)           | (32)               | (29)         |
| Interest and other finance costs                           | 8     | 119                | 102            | 144                | 99           |
| Capital grant income                                       |       | (39)               | (39)           | (34)               | (34)         |
| <b>Net cash inflow from operating activities</b>           |       | <b>1,683</b>       | <b>1,677</b>   | <b>587</b>         | <b>544</b>   |
| <b>Cash flows from investing activities</b>                |       |                    |                |                    |              |
| Capital grants receipts                                    |       | 39                 | 39             | 34                 | 34           |
| Investment income  |       | 32                 | 26             | 32                 | 29           |
| Payments made to acquire tangible assets                   |       | (1,105)            | (1,105)        | (456)              | (456)        |
|  |       | <b>(1,034)</b>     | <b>(1,040)</b> | <b>(390)</b>       | <b>(393)</b> |
| <b>Cash flows from financing activities</b>                |       |                    |                |                    |              |
| Interest and other finance costs                           |       | (119)              | (102)          | (144)              | (99)         |
| <b>Increase in cash and cash equivalents in the year</b>   |       | <b>530</b>         | <b>535</b>     | <b>53</b>          | <b>52</b>    |
| Cash and cash equivalents at beginning of the year         | 14    | 4,112              | 4,092          | 4,059              | 4,040        |
| Cash and cash equivalents at end of the year               | 14    | <b>4,642</b>       | <b>4,627</b>   | <b>4,112</b>       | <b>4,092</b> |

## 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 a company limited by guarantee registered in England and Wales. 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, BH5 2DF

### 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, 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 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 Group and parent University College 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 (2019 edition). 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 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 is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards. 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. *Going Concern*

The Group and parent University College'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, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Board of Governors consider to be appropriate for the following reasons.

The Board of Governors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Board of Governors is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19 the Group and parent University College will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The forecast financial position for the 2020-21 financial year and the associated medium-term financial plans assume that the Impacts of COVID-19 will continue throughout the financial year ending 31 July 2021 with a prudent approach to planning for the medium term.

To 'stress test' the cash forecasts for severe but plausible downsides, scenarios have been considered to assess the impact of student withdrawals, the first being a 10% reduction in both home and international students and the second a 25% in international students only. Although cash balances would be impacted there is no change to the assessment of going concern because there are a number of mitigating actions that could be deployed to ensure that cash balances do not drop to an unacceptably low level. Such mitigating actions might include reduced capital expenditure, pursuing other income growth opportunities which will arise from the Strategic Review and reducing, deferring or ceasing discretionary expenditure.

Positive working relationships have been forged with our bankers and there is confidence that they would be supportive of a request for either a commercial mortgage or a short-term loan facility, should any future cash flow forecasts indicate a borrowing requirement.

Consequently, the Board of Governors is confident that the Group and parent University College will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

#### 5. *Basis of consolidation*

The Consolidated financial statements include the financial statements of the Institution and its subsidiary for the year to 31 July 2020.

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.

#### 6. *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 Consolidated Statement of Comprehensive Income 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.

## **7. 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.

#### 8. *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.

Termination benefits are amounts payable as a result of a decision by the University College to terminate the employment of employees before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruals basis to the Consolidated Statement of Comprehensive Income and Expenditure.

#### 9. *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.

#### 10. *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.

#### 11. *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 |
| IT equipment                             | 4 to 7 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.

#### *12. Investments*

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

#### *13. Stock*

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

#### *14. 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.



#### 15. 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.

#### 16. 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 a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010. It 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.

#### 17. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, as a result of 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.

#### 18. 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:

**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 2020 |              | Year Ended 31 July 2019 |              |
|---|-------------------------|--------------|-------------------------|--------------|
|   | Consolidated            | Institution  | Consolidated            | Institution  |
| <b>1 Tuition fees and education contracts</b>             | <b>£'000</b>            | <b>£'000</b> | <b>£'000</b>            | <b>£'000</b> |
| Full-time home and EU students                            | 4,779                   | 4,779        | 4,332                   | 4,332        |
| Full-time international students                          | 1,897                   | 1,897        | 1,883                   | 1,883        |
| Part-time students  | 612                     | 612          | 833                     | 833          |
| Office for Students Funding Received via BU               | 99                      | 99           | 175                     | 175          |
|   | <b>7,387</b>            | <b>7,387</b> | <b>7,223</b>            | <b>7,223</b> |
| <b>2 Grant income</b>                                     | <b>£'000</b>            | <b>£'000</b> | <b>£'000</b>            | <b>£'000</b> |
| <b>Funding body grants</b>                                |                         |              |                         |              |
| Office for Students                                       | 613                     | 613          | 497                     | 497          |
| Research England  | 4                       | 4            | 6                       | 6            |
| Capital Grant   | 39                      | 39           | 34                      | 34           |
|   | <b>656</b>              | <b>656</b>   | <b>537</b>              | <b>537</b>   |
| <b>Other grant income</b>                                 |                         |              |                         |              |
| Health Education England (HEE) funding                    | 200                     | 200          | -                       | -            |
| HMRC coronavirus job retention scheme (CJRS) grant income | 174                     | 174          | -                       | -            |
| Research grants and contracts                             | 13                      | 13           | 37                      | 37           |
|   | <b>387</b>              | <b>387</b>   | <b>37</b>               | <b>37</b>    |
|   | <b>1,043</b>            | <b>1,043</b> | <b>574</b>              | <b>574</b>   |
| <b>3 Sources of grant and fee income</b>                  | <b>£'000</b>            | <b>£'000</b> | <b>£'000</b>            | <b>£'000</b> |
| Grant income from the OfS                                 | 652                     | 652          | 531                     | 531          |
| Grant income from OfS received via BU                     | 99                      | 99           | 175                     | 175          |
| Grants from other bodies                                  | 374                     | 374          | -                       | -            |
| Fee income for research awards                            | 17                      | 17           | 43                      | 43           |
| Fee income from non-qualifying courses                    | 262                     | 262          | 430                     | 430          |
| Fee income for taught awards                              | 7,026                   | 7,026        | 6,618                   | 6,618        |
|   | <b>8,430</b>            | <b>8,430</b> | <b>7,797</b>            | <b>7,797</b> |

|                                   | Year Ended 31 July 2020 |              | Year Ended 31 July 2019 |              |
|-----------------------------------|-------------------------|--------------|-------------------------|--------------|
|                                   | Consolidated            | Institution  | Consolidated            | Institution  |
| <b>4 Other income</b>             | <b>£'000</b>            | <b>£'000</b> | <b>£'000</b>            | <b>£'000</b> |
| Clinic Income                     | 544                     | 544          | 745                     | 745          |
| MRI and Imaging                   | 219                     | 219          | 309                     | 309          |
| Catering                          | 92                      | 92           | 132                     | 132          |
| Royalties                         | 16                      | -            | 43                      | -            |
| Other income                      | 59                      | 59           | 112                     | 81           |
|                                   | <b>930</b>              | <b>914</b>   | <b>1,341</b>            | <b>1,267</b> |
| <b>5 Investment income</b>        | <b>£'000</b>            | <b>£'000</b> | <b>£'000</b>            | <b>£'000</b> |
| Interest Received                 | 32                      | 26           | 32                      | 29           |
|                                   | <b>32</b>               | <b>26</b>    | <b>32</b>               | <b>29</b>    |
| <b>6 Donations and endowments</b> | <b>£'000</b>            | <b>£'000</b> | <b>£'000</b>            | <b>£'000</b> |
| Unrestricted donations            | 88                      | 88           | 13                      | 13           |
|                                   | <b>88</b>               | <b>88</b>    | <b>13</b>               | <b>13</b>    |
| <b>7 Staff costs</b>              | <b>£'000</b>            | <b>£'000</b> | <b>£'000</b>            | <b>£'000</b> |
| Salaries                          | 4,532                   | 4,532        | 5,089                   | 5,089        |
| Social security costs             | 421                     | 421          | 476                     | 476          |
| Pension Costs                     | 952                     | 952          | 824                     | 824          |
|                                   | <b>5,905</b>            | <b>5,905</b> | <b>6,389</b>            | <b>6,389</b> |

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

**Total remuneration of the head of the Institution**

|                                       | Year ended<br>31 July 2020 | Year ended<br>31 July 2019 |
|---------------------------------------|----------------------------|----------------------------|
|                                       | £000s                      | £000s                      |
| Basic salary                          | 127                        | 131                        |
| Pension contributions and payments    | 11                         | 15                         |
| Private Medical Insurance             | 3                          | 2                          |
| Non-taxable benefit: relocation costs | -                          | 8                          |
|                                       | <b>141</b>                 | <b>156</b>                 |

AECC University College operates under the CUC HE Code of Governance and endeavours to make fair, appropriate and justifiable levels of remuneration. There is a common process for all levels of staff regarding appraisal and remuneration. Oversight of the head of institution's remuneration is within the terms of reference of the Remuneration and Human Resources (R&HR) Committee, which is independent and competent and which makes recommendations to the Board of Governors.

The Office for Students (OfS) Regulatory advice 9: Accounts Direction, published on 25 October 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 £24,868 (2019: £19,651) and the median gross remuneration is £27,106 (2019: £20,953).

i. The head of the Institution's basic salary was 5.13 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 (2019: 6.67 times this median pay).

**7 Staff costs (continued)**

ii. The head of the Institution's total remuneration was 5.23 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 (2019: 7.45 times this median total remuneration).

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 Vice-Chancellor'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 £34,000 (2019: £30,000) and the median gross remuneration is £37,060 (2019: £32,300).

It should be noted that the significant increase in median pay is not an indicator that employees have received significant pay rises between the two years. It is, however, a reflection on the utility of a median average calculation which is easily skewed by a shift in the population of employees, for example if we employ a greater number of casual student workers.

iii. The head of the Institution's basic salary was 3.75 times the median pay of staff where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its permanent employees (2019: 4.37 times this median pay of staff)

iv. The head of the Institution's total remuneration was 3.82 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 its permanent employees (2019: 4.81 times this median total remuneration of staff).

The Vice-Chancellor's remuneration is recommended by the R&HR Committee to the Board, with increments being considered and agreed on an annual basis. Final approval of the Vice-Chancellor's remuneration lies with the Board of Governors. In common with all staff, the Vice-Chancellor is eligible for a cost of living / merit award; any increase is based on the outcome of the Vice-Chancellor's annual appraisal, with the percentage increase being the same as that awarded to staff. The R&HR Committee also has the power to recommend the award of an additional increase in the Vice-Chancellor's base pay. In March 2020, the R&HR Committee recommended and the Board approved a 2% increase to the base pay of the Vice-Chancellor in recognition of the lower starting salary that had been awarded which reflected her relative senior leadership experience at the start of her appointment.

There is no annual bonus scheme, but the R&HR Committee does have the power to award bonuses in exceptional cases. During the year ended 31 July 2020, a bonus sum of £475 was paid to the Vice-Chancellor, which was the same amount (pro-rata to FTE) as was paid to every contracted member of staff.

The Vice-Chancellor's appraisal is undertaken by the Chair of the Board as her line manager. 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 and the Committee then makes its recommendations to the Board.

In assessing the level of the Vice-Chancellor'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 Vice-Chancellor's salary remains appropriate.

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

| Basic salary per annum | Year Ended 31 July 2020 |                 | Year Ended 31 July 2019 |                 |
|------------------------|-------------------------|-----------------|-------------------------|-----------------|
|                        | 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    | 1                       | 1               | -                       | -               |
| £130,000 - £134,999    | -                       | -               | -                       | -               |
|                        | <b>1</b>                | <b>1</b>        | -                       | -               |

**7 Staff costs (continued)**

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

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

|                              | 2020          | 2019          |
|------------------------------|---------------|---------------|
|                              | FTE           | FTE           |
| Academic                     | 36.43         | 37.57         |
| Executive                    | 3.92          | 4.13          |
| Professional Services        | 67.45         | 77.47         |
| Research                     | 2.20          | 2.40          |
| <b>Total number of staff</b> | <b>110.00</b> | <b>121.57</b> |

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

|  | 2020       | 2019       |
|--|------------|------------|
|  | No.        | No.        |
| Academic   | 47         | 49         |
| Executive  | 4          | 4          |
| Professional Services  | 90         | 98         |
| Research   | 3          | 3          |
|  | <b>144</b> | <b>154</b> |
| Casual / Bank Staff (including student workers)  | 44         | 68         |
| Workers who are deemed employees under intermediaries legislation (IR35) off-payroll rules | 4          | 8          |
| <b>Total number of staff</b>   | <b>192</b> | <b>230</b> |

**Compensation for loss of office**

During the year, the institution effected a restructure of the Executive Team and £47k compensation for loss of office was paid to one employee. In addition, the institution incurred a cost of £54k as an additional pension contribution to the LGPS due to this early retirement on the grounds of redundancy. (2019: £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<br>31 July 2020 | Year ended<br>31 July 2019 |
|--|----------------------------|----------------------------|
|  | £'000                      | £'000                      |
| <b>Key management personnel compensation</b> | <b>507</b>                 | <b>419</b>                 |

**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 Vice-Chancellor and the Staff Governor, no Governor has received any remuneration / waived payments from the Group during the year (2019 - nil). The total expenses paid to or on behalf of 20 Board members were £8,331 (2019: £7,398 to or on behalf of 12 Board members). This represents travel and subsistence expenses incurred in attending Board of Governors, Committee meetings and Charity events in their official capacity.

**AECC University College (a company limited by guarantee)**  
Year Ended 31 July 2020

|  | Notes | Year Ended 31 July 2020 |                      | Year Ended 31 July 2019 |                      |
|--|-------|-------------------------|----------------------|-------------------------|----------------------|
|  |       | Consolidated<br>£'000   | Institution<br>£'000 | Consolidated<br>£'000   | Institution<br>£'000 |
| <b>8 Interest and other finance costs</b>                    |       |                         |                      |                         |                      |
| Bank Charges   |       | 31                      | 31                   | 45                      | 45                   |
| Bad and doubtful debts                                       |       | 38                      | 21                   | 48                      | 3                    |
| Net interest on the defined pension liability                | 17    | 50                      | 50                   | 51                      | 51                   |
|  |       | <b>119</b>              | <b>102</b>           | <b>144</b>              | <b>99</b>            |
| <b>9 Analysis of total expenditure by activity</b>           |       | £'000                   | £'000                | £'000                   | £'000                |
| Academic and related expenditure                             |       | 4,194                   | 4,194                | 4,094                   | 4,094                |
| Administration and central services                          |       | 2,685                   | 2,685                | 2,692                   | 2,692                |
| Premises (including service concession cost)                 |       | 1,065                   | 1,065                | 1,204                   | 1,204                |
| Residences, catering and conferences                         |       | 147                     | 147                  | 204                     | 204                  |
| Research grants and contracts                                |       | 214                     | 214                  | 300                     | 300                  |
| Other expenses   |       | 543                     | 517                  | 956                     | 909                  |
|  |       | <b>8,848</b>            | <b>8,822</b>         | <b>9,450</b>            | <b>9,403</b>         |
| Other operating expenses include:                            |       |                         |                      |                         |                      |
| Operating Leases - Equipment & Vehicles                      | 20    | 8                       | 8                    | 8                       | 8                    |
| External auditor's remuneration in respect of audit services |       | 41                      | 38                   | 27                      | 24                   |
| All other assurance services                                 |       | 2                       | 2                    | 2                       | 2                    |
| Taxation compliance services                                 |       | 3                       | -                    | 4                       | -                    |
| Total non-audit services                                     |       | <b>5</b>                | <b>2</b>             | <b>6</b>                | <b>2</b>             |

**10 Taxation**

The University College 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.

|   | £'000      | £'000      | £'000        | £'000        |
|---|------------|------------|--------------|--------------|
| <b>Recognised in the statement of comprehensive income</b>  |            |            |              |              |
| Current tax expense   | -          | -          | -            | -            |
| <i>The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:</i> |            |            |              |              |
|   | £'000      | £'000      | £'000        | £'000        |
| <b>(Deficit) / Surplus before taxation</b>  | <b>632</b> | <b>636</b> | <b>(267)</b> | <b>(297)</b> |
| UK corporation tax at 19% (2018: 19%)   | 120        | 121        | (51)         | (56)         |
| Effect of:  |            |            |              |              |
| Surplus falling within charitable exemption   | (120)      | (121)      | 51           | 56           |
| <b>Total tax expense</b>  | <b>-</b>   | <b>-</b>   | <b>-</b>     | <b>-</b>     |

Taxable profit relates to AECC Enterprises Limited.

11 Tangible Assets

| Tangible assets comprises:          | Year ended 31 July 2020                      |                                      | Year ended 31 July 2019                           |                        |
|-------------------------------------|--|--------------------------------------|---|------------------------|
|                                     | Consolidated<br>£'000                        | Institution<br>£'000                 | Consolidated<br>£'000                             | Institution<br>£'000   |
| Property, plant and equipment       | 5,882  | 5,882                                | 5,268   | 5,268                  |
|                                     | <b>5,882</b>                                 | <b>5,882</b>                         | <b>5,268</b>                                      | <b>5,268</b>           |
| <b>Consolidated and Institution</b> | <b>Freehold Land and Buildings<br/>£'000</b> | <b>Plant and Machinery<br/>£'000</b> | <b>Fixtures, Fittings and Equipment<br/>£'000</b> | <b>Total<br/>£'000</b> |
| <b>Cost</b>                         |  |                                      |   |                        |
| At 1 August 2019                    | 5,720  | 2,231                                | 1,991   | 9,942                  |
| Additions                           | 900  | 82                                   | 123   | 1,105                  |
| Disposals                           | -  | (7)                                  | (7)   | (14)                   |
| <b>At 31 July 2020</b>              | <b>6,620</b>                                 | <b>2,306</b>                         | <b>2,107</b>                                      | <b>11,033</b>          |
| <b>Depreciation</b>                 |  |                                      |   |                        |
| At 1 August 2019                    | 1,471  | 1,521                                | 1,682   | 4,674                  |
| Charge for the year                 | 171  | 201                                  | 119   | 491                    |
| Disposals                           | -  | (7)                                  | (7)   | (14)                   |
| <b>At 31 July 2020</b>              | <b>1,642</b>                                 | <b>1,715</b>                         | <b>1,794</b>                                      | <b>5,151</b>           |
| <b>Carrying amount</b>              |  |                                      |   |                        |
| At 31 July 2020                     | 4,978  | 591                                  | 313   | 5,882                  |
| At 31 July 2019                     | 4,249  | 710                                  | 309   | 5,268                  |

| 12 Stock                              | Year ended 31 July 2020 |                      | Year ended 31 July 2019 |                      |
|---------------------------------------|-------------------------|----------------------|-------------------------|----------------------|
|                                       | Consolidated<br>£'000   | Institution<br>£'000 | Consolidated<br>£'000   | Institution<br>£'000 |
| Catering supplies for resale          | 5                       | 5                    | 9                       | 9                    |
|                                       | <b>5</b>                | <b>5</b>             | <b>9</b>                | <b>9</b>             |
| <b>13 Trade and other receivables</b> | <b>£'000</b>            | <b>£'000</b>         | <b>£'000</b>            | <b>£'000</b>         |
| Amounts falling due within one year:  |                         |                      |                         |                      |
| Other trade receivables               | 104                     | 104                  | 137                     | 137                  |
| Prepayments and accrued income        | 379                     | 379                  | 175                     | 175                  |
|                                       | <b>483</b>              | <b>483</b>           | <b>312</b>              | <b>312</b>           |



**14 Cash and cash equivalents**

|                           | At 1 August 2019 | Cash Flows | At 31 July 2020 |
|---------------------------|------------------|------------|-----------------|
| Consolidated              | £'000            | £'000      | £'000           |
| Cash and cash equivalents | 4,112            | 530        | 4,642           |
|                           | <b>4,112</b>     | <b>530</b> | <b>4,642</b>    |

|                           | At 1 August 2019 | Cash Flows | At 31 July 2020 |
|---------------------------|------------------|------------|-----------------|
| Institution               | £'000            | £'000      | £'000           |
| Cash and cash equivalents | 4,092            | 535        | 4,627           |
|                           | <b>4,092</b>     | <b>535</b> | <b>4,627</b>    |

|  | Year ended 31 July 2020 |              | Year ended 31 July 2019 |              |
|--|-------------------------|--------------|-------------------------|--------------|
|  | Consolidated            | Institution  | Consolidated            | Institution  |
| 15 Creditors : amounts falling due within one year | £'000                   | £'000        | £'000                   | £'000        |
| Trade payables                                     | 436                     | 429          | 193                     | 185          |
| Social security and other taxation payable         | 109                     | 109          | 125                     | 125          |
| Other creditors                                    | 134                     | 134          | 98                      | 98           |
| Accruals and deferred income                       | 767                     | 767          | 625                     | 625          |
|  | <b>1,446</b>            | <b>1,439</b> | <b>1,041</b>            | <b>1,033</b> |

**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.

|                 | £'000      | £'000      | £'000     | £'000     |
|-----------------|------------|------------|-----------|-----------|
| Deferred income | 130        | 130        | 37        | 37        |
|                 | <b>130</b> | <b>130</b> | <b>37</b> | <b>37</b> |

**16 Provisions for liabilities**

**Consolidated and Institution**

|                        | Defined Benefit Obligations (Note 17) | Total Provisions |
|------------------------|---------------------------------------|------------------|
|                        | £'000                                 | £'000            |
| At 1 August 2019       | 2,456                                 | 2,456            |
| Additions              | 1,708                                 | 1,708            |
| <b>At 31 July 2020</b> | <b>4,164</b>                          | <b>4,164</b>     |

## 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 11.0%. 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 £82,570 (2019: £69,303). 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):

|  | 2020  | 2019  |
|--|-------|-------|
|  | £'000 | £'000 |
| Local Government Pension Scheme (LGPS) Service Costs | 367   | 346   |
| Teachers' Pension Scheme (TPS)                       | 392   | 285   |
| Zurich   | -     | 5     |
| Scottish Widows                                      | 193   | 188   |
|  | 952   | 824   |

### Local Government Pension Scheme (LGPS)

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 (DCC). 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, DCC, 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 was carried out as at 31 March 2019 and 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 range from 5.5% to 12.5% for employees, depending on salary are currently set at 21% for employers (increasing to 22% from 1 April 2021 and to 23% from 1 April 2022).

### 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<br>2020 | As at 31 July<br>2019 |
|--------------------------------------|-----------------------|-----------------------|
| Rate of increase in salaries         | 3.25%                 | 3.85%                 |
| Rate of increase in pensions         | 2.25%                 | 2.35%                 |
| Discount rate for scheme liabilities | 1.35%                 | 2.10%                 |
| Inflation assumption (CPI)           | 2.25%                 | 2.35%                 |

At 31 March 2020, in order to reflect the impact of proposals by the UK Chancellor and the UK Statistics Authority (UKSA) to align RPI with CPIH (a variant of the Consumer Prices Index that includes an estimate of housing costs), the CPI assumption methodology was reassessed. In particular, the assumed long term gap between RPI inflation and CPI inflation was reduced from 1.1% at the prior year end to 0.6% at this year end. The impact of this change is expected to have resulted in a £300k increase in the defined benefit obligation since the previous year end as the CPI assumption is now higher than it would have been under the previous methodology.

**17 Pension schemes (continued)**

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 2020 | As at 31 July 2019 |
|-----------------------------|--------------------|--------------------|
| <i>Retiring today</i>       |                    |                    |
| Males                       | 23.3               | 22.9               |
| Females                     | 24.8               | 24.8               |
| <i>Retiring in 20 years</i> |                    |                    |
| Males                       | 24.7               | 24.6               |
| Females                     | 26.2               | 26.6               |

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

|  | As at 31 July 2020 | As at 31 July 2019 |
|--|--------------------|--------------------|
|  | £'000              | £'000              |
| Equities                                     | 1,860              | 1,855              |
| Liability Driven Investment                  | 435                | 476                |
| Cash   | 37                 | 94                 |
| Other Bonds                                  | 286                | 259                |
| Diversified Growth Fund                      | 207                | 212                |
| Secure Income Funds                          | 19                 | -                  |
| Property                                     | 358                | 379                |
| Infrastructure                               | 245                | 192                |
| Multi Asset Credit                           | 163                | 167                |
| Total market value of assets                 | <u>3,610</u>       | <u>3,634</u>       |
| Present value of defined benefit obligations | (7,774)            | (6,090)            |
| Deficit in scheme                            | <u>(4,164)</u>     | <u>(2,456)</u>     |

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

|                                       | As at 31 July 2020 | As at 31 July 2019 |
|---------------------------------------|--------------------|--------------------|
|                                       | £'000              | £000               |
| Service cost                          | 367                | 346                |
| Net interest on the defined liability | 50                 | 51                 |
| Administration expenses               | 2                  | 3                  |
| Total charge                          | <u>419</u>         | <u>400</u>         |

**17 Pension schemes (continued)**

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

|   | As at 31 July 2020 | As at 31 July 2019 |
|---|--------------------|--------------------|
|   | £'000              | £'000              |
| Opening fair value of Fund assets                         | 3,634              | 3,300              |
| Interest on assets  | 77                 | 89                 |
| Return on assets less interest                            | (191)              | 154                |
| Other actuarial gains                                     | 69                 | -                  |
| Administration expenses                                   | (2)                | (3)                |
| Contributions by employer including unfunded              | 145                | 150                |
| Contributions by Scheme participants and other employers  | 47                 | 49                 |
| Estimated benefits paid plus unfunded net of transfers in | (169)              | (105)              |
| <b>Closing fair value of Fund assets</b>                  | <b>3,610</b>       | <b>3,634</b>       |

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

|  | As at 31 July 2020 | As at 31 July 2019 |
|--|--------------------|--------------------|
|  | £'000              | £'000              |
| Opening defined benefit obligation                       | 6,090              | 5,318              |
| Current service cost                                     | 313                | 296                |
| Interest cost  | 127                | 140                |
| Change in financial assumptions                          | 974                | 668                |
| Change in demographic assumptions                        | (130)              | (326)              |
| Experience loss on defined benefit obligation            | 468                | -                  |
| Estimated benefits paid net of transfers in              | (169)              | (105)              |
| Past service costs, including curtailments               | 54                 | 50                 |
| Contributions by Scheme participants and other employers | 47                 | 49                 |
| <b>Closing defined benefit obligation</b>                | <b>7,774</b>       | <b>6,090</b>       |

**Teachers' Pension Scheme**

The Teachers' Pensions Scheme (TPS) is a statutory, contributory, defined benefit scheme. The TPS operates under 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                                      | 2020<br>Total<br>£'000 | 2019<br>Total<br>£'000 |
|---|------------------------|------------------------|
| <b>As at 1 August</b>   | <b>292</b>             | <b>305</b>             |
| New grants and donations  | 200                    | -                      |
| Expenditure   | (213)                  | (13)                   |
| <b>Total restricted comprehensive income for the year</b>         | <b>(13)</b>            | <b>(13)</b>            |
| <b>At 31 July</b>   | <b>279</b>             | <b>292</b>             |
| <b>Analysis of other restricted reserves by purpose / donor</b>   | <b>£'000</b>           | <b>£'000</b>           |
| Rehabilitation Grant  | 16                     | 16                     |
| Clinic Fundraising (released to cover annual depreciation charge) | 220                    | 225                    |
| MRI Fundraising (released to cover annual depreciation charge)    | 34                     | 41                     |
| Susan Alexander Legacy  | 7                      | 8                      |
| Other Funds   | 2                      | 2                      |
|   | <b>279</b>             | <b>292</b>             |

## 19 Financial instruments

|  | Year ended 31 July 2020 |                      | Year ended 31 July 2019 |                      |
|--|-------------------------|----------------------|-------------------------|----------------------|
|  | Consolidated<br>£'000   | Institution<br>£'000 | Consolidated<br>£'000   | Institution<br>£'000 |
| <b>Financial assets</b>  |                         |                      |                         |                      |
| <i>Financial assets that are debt instruments measured at amortised cost</i> |                         |                      |                         |                      |
| Cash and cash equivalents  | 4,642                   | 4,627                | 4,112                   | 4,092                |
| Other debtors  | 104                     | 104                  | 136                     | 136                  |
|  | <b>4,746</b>            | <b>4,731</b>         | <b>4,248</b>            | <b>4,228</b>         |
| <b>Financial liabilities</b>   |                         |                      |                         |                      |
| <i>Financial liabilities measured at amortised cost</i>                      |                         |                      |                         |                      |
| Trade creditors  | 436                     | 429                  | 193                     | 185                  |
| Other creditors  | 134                     | 134                  | 98                      | 98                   |
|  | <b>570</b>              | <b>563</b>           | <b>291</b>              | <b>283</b>           |

**20 Lease obligations**

Total rentals payable under operating leases:

|  | Year ended 31 July 2020 |           | Year Ended   |
|--|-------------------------|-----------|--------------|
|  | Plant and Machinery     | Total     | 31 July 2019 |
| Consolidated and Institution                 | £'000                   | £'000     | £'000        |
| Payable during the year                      | 8                       | 8         | 8            |
| Future minimum lease payments due:           |                         |           |              |
| Not later than 1 year                        | 8                       | 8         | 8            |
| Later than 1 year and not later than 5 years | 14                      | 14        | 20           |
| Later than 5 years                           | -                       | -         | -            |
| <b>Total lease payments due</b>              | <b>22</b>               | <b>22</b> | <b>28</b>    |

**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 likely that transactions will 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 Access and Participation**

|   | 2020<br>Total<br>£'000 |
|---|------------------------|
| Access Investment   | 72                     |
| Financial Support   | 36                     |
| Disability Support (excluding expenditure included in the two categories above) | 20                     |
| Research and Evaluation   | 8                      |
|   | <b>136</b>             |

Expenditure on Access and Participation is disclosed for the first time in the year ended 31 July 2020 and there is no requirement to present prior year comparatives.

Access investment includes all expenditure in the financial year on activities and measures that support the ambitions set out in our Access and Participation plan, where these relate to higher education.

Financial support is the expenditure, such as bursaries, scholarships etc, directed at under-represented and disadvantaged groups.

Disability support relates to support for students with a disability in the financial year, which can include, but is not limited to, the disabled students' premium. This excludes expenditure included in the categories of Access Investment and Financial Support above.

Research and evaluation is expenditure on research and evaluation related to access and participation activities in the financial year.

The amounts identified as expenditure on Access and Participation include staff costs where these are intrinsic to the delivery of access and participation activities. Staff costs relating to Access and Participation activities amount to £51,527. These costs are included within the overall staff costs figures included in the financial statements, disclosed at Note 7.

Our published Access and Participation plans for the 2019-20 can be found at <https://www.aecc.ac.uk/about/what-we-do/access-and-participation/>

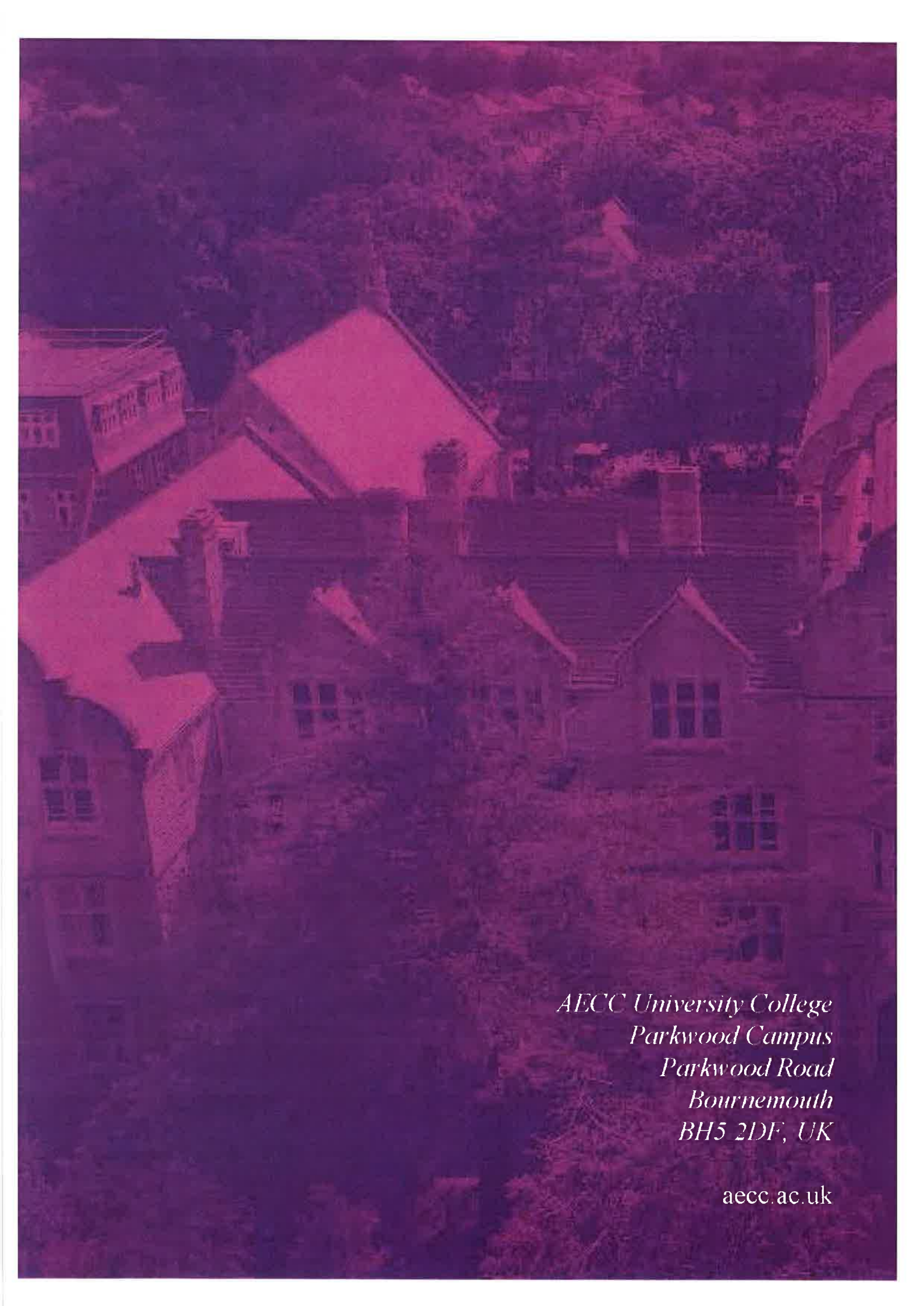
**23 Post Balance Sheet Note**

In November 2020, AECC University College entered into a Funding Agreement with Dorset Local Enterprise Partnership (LEP). Dorset LEP will grant £2.7 million from the Government's Getting Building Fund, to create an Integrated Rehabilitation Centre on AECC University College's campus.

The Grant Agreement has a number of conditions, including the delivery of defined outputs and outcomes; the requirement for the Dorset LEP funding to be spent by March 2022; and a commitment from the University College to provide matched funding totalling £3.11 million over the period to March 2025. This funding commitment has been factored in to our medium term financial planning and the Board of Governors is content that it is affordable.

The timing of this means that it was a non-adjusting event.





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