



**AECC**  
**University College**

**AECC University College**  
**(formerly Anglo-European College of Chiropractic)**  
**(A company limited by guarantee)**

Governors' Report and Financial Statements  
11 Month Period Ended 31 July 2017

**Company number 00653859**

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

11 Month Period Ended 31 July 2017

### Legal and administrative information

**Company number**  
00653859

**Charity number**  
306289

**Registered office**  
Parkwood Campus  
Parkwood Road  
Bournemouth  
Dorset  
BH5 2DF

**Governors**  
A Wild (Chair)  
H Thiel (Principal)  
A Simpson  
C Stephens  
E Newcomb  
J Worthington  
M Copp  
M Gurden  
P Dingley  
P Roberts

**Key Management Personnel / Executive**  
H Thiel (Principal)  
A Thorkeldsen  
J Bolton  
S Jones (appointed Sep 16)  
I Giles (resigned Jan 17)  
P Ford

P Hume (appointed Apr 17)  
S Sirinan (appointed Jul 17)

A Selby (resigned Apr 17)  
B Van der Vossen (resigned Apr 17)  
C Bertoia (resigned Jul 17)  
O Haagensen (resigned Apr 17)

**Company secretary**  
A Hill (appointed Jul 16, resigned Aug 17)  
S Morris (appointed Aug 17)

**Auditor**  
KPMG LLP  
Gateway House  
Tollgate  
Chandlers Ford, Eastleigh  
Hampshire  
SO53 3TG

**Subsidiaries**  
AECC Enterprises Limited  
Parkwood Campus  
Parkwood Road  
Bournemouth  
Dorset  
BH5 2DF  
Company number: 03736325

Spine Centre Limited  
Parkwood Campus  
Parkwood Road  
Bournemouth  
Dorset  
BH5 2DF  
Company number: 03061558

**Bankers**  
HSBC Bank Plc  
15 High Street  
Christchurch  
Dorset  
BH23 1AF

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

**Solicitors**  
Shakespeare Martineau  
No 1 Colmore Square  
Birmingham  
B4 6AA

**Solicitors**  
Fretlens LLP  
The Saxon Centre  
11 Bargates  
Christchurch  
BH23 1PZ

**AECC University College (a company limited by guarantee)**  
11 Month Period Ended 31 July 2017

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

11 Month Period Ended 31 July 2017

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### Principal's Foreword

#### A Brief Synopsis of our Achievements in 2016/17

I am grateful to all of our exceptional students, dedicated and talented staff, and supportive Governors for all they have done together to achieve many successes since I took the post of Principal in 2012.

Much of our work since then has focused on developing the institution from the status of an Alternative Provider, operating under a franchise agreement with a validating HE partner, to become designated for direct government funding and to be granted our own Taught Degree Awarding Powers and University College title.

During the last period our efforts have culminated in enabling us to admit students to our own academic degree programmes at our rebranded institution. In September 2017, we rebranded from the Anglo European College of Chiropractic to AECC University College. The choice for our new name was based on wanting to retain elements of a very strong and well established professional brand and combining it with the University title as we feel this to be pivotal external recognitions of our institution's quality in its governance, management, staff and students, and its educational provision.

We were very pleased to secure a silver rating in the recent Teaching Excellence Framework (TEF) Exercise in June 2017 ([www.hefce.ac.uk/tef/outcomes](http://www.hefce.ac.uk/tef/outcomes)), and a satisfactory outcome, including a 'commended' judgement for the Enhancement of Learning Opportunities, in the recent Higher Education Review (Alternative Providers) March 2017.

We were especially delighted with a 100% overall satisfaction rating in the 2017 National Student Survey, which reflects a further upward trend from 97% in 2016 and especially from 83% in 2015. The satisfaction ratings obtained for our provision of learning resources also reflect a positive trend for the last three years (97% in 2017, 95 in 2016 and 92 in 2015).

Similarly our commitments in this area have been recognised by our Professional Societies and Registering Bodies and other external stakeholders – for example, the European Council on Chiropractic Education evaluation report commended 'the continuing development of the infrastructure and facilities for the benefit of the student population'. The General Chiropractic Council recognition visit commended 'the estates planning and the facilities enrichment that enhance student learning'. External Examiners reports also recognise the high quality of our facilities. Our Clinical training facilities for students have been highlighted in the GuildHE briefing 'World-class Buildings & Infrastructure' and The TEF Statement of Findings highlighted our 'outstanding learning resources, especially the onsite diagnostic imaging facilities. Learning opportunities are also excellent with placements of good diversity, including the outpatient clinic at the provider, attending observation rounds in local hospital and in a GP practice.'

We are committed to maintaining this high quality and the 2017/18 academic year will see further significant refurbishment work being undertaken.



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

11 Month Period Ended 31 July 2017

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### Strategic Report

#### 1.) Statement of Public Benefit

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

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

The institution's objects shall be:

- to provide education and undertake research in health sciences, including chiropractic and/or other allied, related or ancillary disciplines;
- 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 foundation, undergraduate and postgraduate programmes of study in the subject areas of chiropractic, health sciences and medical ultrasound.

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

- Enrolled a total of 431 undergraduates and 326 taught postgraduates from the UK, EU and Overseas, an additional 20 further education students on the foundation programme.
- Provided dedicated specialist short focused and CPD courses to health professionals to advance professional practice.
- Dedicated capital investment to provide a better student experience, including a new student study area with purposely designed quiet pods for group working, a new 60 seater seminar room, a student services suite and a new space for the student union with an attached group study area.
- Developed and implemented a Teaching and Learning Strategy to enhance student learning experiences.
- Completed annual programmes monitoring for continuous improvement.
- Received commendation for 'the enhancement of student learning opportunities' in recent Higher Education Review in March 2017.
- Established a new School of Health Wellbeing and Performance with an initial portfolio of five programmes to start recruiting in September 2018.

#### Enabling Participation

- Developed a new Access Agreement for 2017-18 entry with an emphasis on outreach work to widen access to future non-traditional students, and maintaining support structures to facilitate successful completion of programmes.
- Developed a Bursaries and Scholarship Policy (2017-18) to widen access to disadvantaged students.
- AECC University College is now a member of the Southern Universities Network Strategy Group in the HEFCE funded National Network for Collaborative Outreach.

#### Research and Knowledge Transfer

- Conducted education research into predictors of student performance.
- Conducted practice-based research including documentation of patient outcomes.
- Presented research findings nationally and internationally at conferences.
- Established an education research group that has generated and continues to generate publications around predicting student performance and has initiated new collaborative projects with the Welsh Institute of Chiropractic as part of the University of South Wales.

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

11 Month Period Ended 31 July 2017

### Strategic Report (Continued)

#### Statement of Public Benefit (Continued)

- Extensive research publications and conference presentations expanding and extending previous expertise around practice-based research including documentation of patient outcomes, predictors of outcomes and the use of stratification tools in clinical practice. This includes successful grants from The Royal College of Chiropractors (RCC) for a collaborative project with Keele University on the new MSK Health Questionnaire developed at Keele and championed by NHS England.
- Extensive presentation of numerous research findings and invited presentations nationally and internationally at chiropractic professional and interdisciplinary conferences globally.
- Successful acquisition of PhD funding in collaboration with a wide range of UK Universities with AECC University College's faculty as lead individuals or team supervisors, including on-going collaborative PhDs with University of Southampton (3 PhDs), Bournemouth University (3 PhDs) and Teesside University (1 PhD).
- In collaboration with the Faculty of Medicine at the University of Southampton and the Chiropractic Research Council a Senior Research Fellow post was established for the duration of 5 years. This will enable a substantive core project involving exploration of innovative models of chiropractic care provision with the NHS and includes 2 fully funded PhD studentships to proceed over this period. It is likely this will generate further projects and funding within the Primary Care Research Group embedded in the Faculty of Medicine as links and collaborative projects are developed.
- A professorial post is shared with the Faculty of Science and Technology at Bournemouth University to enable the pursuit of collaborative UKRC grant awards and the support of doctoral students.
- A portfolio of successful multidisciplinary research collaborations, PhD studentships, PhD external examinations, publications and conference papers in musculoskeletal research and in technology development and commercial transfer.

#### Wider Community

- Our Chiropractic Teaching Clinic offers clinical services to the local and wider communities in musculoskeletal health.
- The on-site open upright MRI Centre receives referrals from the NHS and wider healthcare community across the South of England.
- Our diagnostic ultrasound clinic caters for local community with referrals from chiropractors, physiotherapists and podiatrists.

#### 2.) Strategic Plan

Crucial to the successes and future plans of the University College are its committed and well-qualified academic staff and professional services teams. The TEF Statement of Findings emphasised a 'well-developed institutional culture that facilitates, recognises and rewards excellent teaching that is evidenced in good uptake of HEA Fellowship and institutional support for scholarship, including support for registration with the relevant PSRB', and the NSS score for 2017 for this theme was 93% against a national average of 84%. As at December 2016, 61% FTE of academic staff had an educational qualification and/or are Fellows of the HEA, and all non-clinical teaching staff have a PhD (38% FTE have a doctoral qualification).

2016-17 saw the implementation of a peer observation of teaching scheme within the institution, which has chosen to take an approach that focusses on being developmental, flexible and supportive; leaving staff free to choose their own observer and the area of activity they wish to have observed.

The University College was successful in retaining Investors in People accreditation in 2016 and has also been awarded the Disability Symbol by Jobcentre Plus, which means that we are now a 'Two Ticks' employer.

#### Our Values and Mission

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

Our Mission Statement reads: 'A Healthier Society through Education, Research and Clinical care'.

#### Education

Our core business is reflected in the education and training of healthcare and related professionals, with strong emphasis on vocational 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 and students work together with a common purpose and understanding. We want students to complete their programmes, and enter or continue in their chosen healthcare profession at the highest standard.

#### 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 focused areas.

All our courses focus on the use of evidence-informed practice and the scientific method (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 and committed to these attitudes, approaches, and intellectual positions in their approach to clinical practice.



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

11 Month Period Ended 31 July 2017

### Strategic Report (Continued)

#### Clinical Care

Our excellent clinics and diagnostic services provide healthcare tailored to our patients' needs. Our well-established Chiropractic Clinic has been providing musculoskeletal health care services for the local community over many years, helping to diagnose and giving effective treatment for problems with joint or muscle pain or injury. Chiropractic services are offered from our interns, associate chiropractors and academic and clinical staff. 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.

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 and in particular within the area of musculoskeletal diagnostic ultrasound.

Our clinical care services are further enhanced by having one of the very few truly open and upright MRI scanners in the country 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 and Strategy

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

Our strategic vision for 2016 – 2021, whilst aspirational, is realistic and deliverable. It recognises the distinctiveness of our specialist provisions and what is required to achieve and enhance these. At the same time as building on our heritage, strong brand and quality reputation, we will use our new TDAPs and emerging opportunities to invest in our staff and physical infrastructure to move forward with further diversification, growth and expansion.

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

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

The following table sets out progress during the 2016/17 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 time scale. It includes progress up to October 2017.

Academic Year	Targets to be achieved against objectives to deliver strategic aims	Progress
2016 - 2017	Completed a fit for purpose Student Record System	■
	Supported two members of faculty to pursue a Doctorate degree	■
	All new members of teaching staff have attained an educational qualification within 3 years	■
	Ring fenced budget to support staff development activities	■
	NSS satisfaction rates >85%	■
	Postgraduate student satisfaction rates >90%	■
2017 - 2018	Achieved entry level to TEF	■
	Fully complied with (HEFCE) statutory reporting requirements	●
	Access Agreement in place	■
	Increased number of international students recruited from outside EEA	⬠
	Recruited an academic business development director	⬠
	Recruited one new UG programme leader	■
	One new postgraduate programme established	●
	Supported two PhD studentships with collaborative partners	■
	Obtained funding support for all eligible postgraduate students	●
	E-learning strategy in place	●
	Joined BUCS	●
	All student support services established	■
	DHLE rates >95%	■
	NSS satisfaction rates >85%	⬠
Postgraduate student satisfaction rates >90%	⬠	

■ = achieved

● = partially achieved or in progress

⬠ = not yet achieved or started or data not yet known

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

11 Month Period Ended 31 July 2017

### Strategic Report (Continued)

#### Understanding and Managing our Risks

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

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

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

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

#### Risk Register

Set out below are the main risks and uncertainties that could adversely affect the University College, impacting on reputation, staff, students, estate, operations and finances. This list is not exhaustive, as there are other risk events that could trigger additional mitigating actions. This register of risks reflects those that are considered to be our most important ones and they are featured within the institution's Corporate Risk Register. They are not presented in rank order. The decision of the UK to leave the EU leads to risks across several areas of the University College, including uncertainty in student and staff recruitment and retention, exchange rates and wider industry engagement. This is expected to remain as a risk for the foreseeable future with legislative changes and impact yet to be determined. Set out below are the risks as at the date of signing this report:

Ref	Risk	Mitigating actions/ Controls
1	Failure of Board to discharge responsibilities in respect of Companies Act, Charity Commission and HE Code of Governance	Appropriate skills mix and appointment of governors with relevant experience. Regular development and training seminars. Compliance with CUC guidelines and HEFCE Memorandum. Nominations Committee.
2	Failure to meet statutory reporting requirements in relation to student, staff and estates data, including PREVENT duties.	Allocate resources and monitor development and functionality of SRS and development of HR reporting systems to submit all statutory returns. Staff training and use of external agency. Data validation and reporting policies and procedures in place.
3	Failure to meet statutory reporting requirements in relation to financial data	Appropriate skills mix of qualified and experienced staff. Continuous and detailed review of information produced. Operation of key accounting controls. Continuous review of changing reporting requirements.
4	Failure to comply with Data Protection Act, General Data Protection Regulations (2018) and failure to comply with copyright law in the appropriate production and use of teaching and learning resources. Failure to provide adequate IT security.	Develop and monitor IT security and user access policies and procedures. Robust information governance systems in place reinforced by staff training. Allocation of sufficient resources to maintain network security. Copyright policy published. Copyright guidelines in place for staff and students. Training for staff and students.
5	Failure to meet financial targets for activities (other than HEFCE funded, e.g. CPD, MRI, Spine and Dine, QF, income from clinical services)	Effective marketing strategy and implementation. Monitoring competition and meeting market need. Ensuring value for money by regular review.
6	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.
7	Failure to expand and diversify education provision	Establish expansion as a strategic priority through investment in personnel and resources. Strategy 2016-2021
8	Failure to recruit and retain students (UG and PG)	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 (counselling, financial advice, hardship scheme, SU). Study skills and language support. Implementation of Process Fix recommendations. Adherence to CMA guidelines.
9	Failure of programmes to meet professional and academic standards	External review including QAA, external examiners, PSRB accreditations. Robust quality assurance framework in place. Internal review and monitoring by academic committees. Investment in staff development.
10	Failure to provide a quality student experience	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.

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

11 Month Period Ended 31 July 2017

### Strategic Report (Continued)

#### Risk Register (continued)

Ref	Risk	Mitigating actions/ Controls
11	Failure to meet the criteria to charge maximum tuition fees	Prepare for Teaching Excellence Framework. Strengthen activities in access and outreach to students from disadvantaged backgrounds. Received very positive feedback on first draft Access Agreement.
12	Failure to maintain 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.
13	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 DDE/HR policies/employment law. Maintain Investors in People status. Support system in place including counselling.
14	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.
15	Failure to comply with legislative and regulatory requirements, and quality and safety standards in clinical service provisions	External review by CQC and PSRBs. Regular clinical audits. Clinic Manuals and Handbooks, Policies and Procedures in place. Regular maintenance of equipment. Training of staff.
16	Failure to adequately develop existing campus or acquire alternative facilities to accommodate planned new provisions.	Development of 7 year estates strategy. Engage architect with HEI experience to support the estates strategy. Re-model existing space to expand capacity. Investigate alternative location and/or facilities for teaching and training, including possibility for halls of residence.



# AECC University College (a company limited by guarantee)

11 Month Period Ended 31 July 2017

## Strategic Report (Continued)

### 3.) 2016-17 Financial Review of the Year

The University College's surplus after tax for the 11 month period ended 31 July 2017 was £624k before the actuarial gain in respect of pension schemes and £783k after.

The group's consolidated surplus after tax for the 11 month period ended 31 July 2017 was £637k before the actuarial gain in respect of pension schemes and £796k after.

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

	11 Month Period Ended 31 July 2017		Year Ended 31 August 2016	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
<b>Income:</b>				
Tuition fees and education contracts	7,665	7,665	7,045	7,045
Other income	1,503	1,336	1,632	1,479
<b>Total Income</b>	<b>9,168</b>	<b>9,001</b>	<b>8,676</b>	<b>8,524</b>
<b>Expenditure:</b>				
Staff costs	(5,304)	(5,284)	(5,264)	(5,236)
Other operating expenses	(2,756)	(2,630)	(2,719)	(2,608)
Depreciation	(346)	(345)	(381)	(381)
Interest and other finance costs	(146)	(146)	(46)	(46)
<b>Total Expenditure</b>	<b>(8,552)</b>	<b>(8,405)</b>	<b>(8,410)</b>	<b>(8,271)</b>
Gain on investments	28	28	12	12
<b>Surplus before tax and actuarial gain/(loss) in respect of pension schemes</b>	<b>644</b>	<b>624</b>	<b>278</b>	<b>265</b>

#### Income

Overall total consolidated income has increased by 6% to £9.168m (2016: £8.676m).

This increase was accounted for by:

- 9% increase in tuition fees and education contracts income to £7.665m (2016: £7.045m);
- 19% increase in MRI income to £199k (2016: £167k);
- 110% increase in royalty income received into AECC Enterprises Limited to £45k (2016: £22k).

Tuition fee and education contract income has primarily increased as a result of increased student numbers on our main Chiropractic courses to 571 from 510 in the preceeding year.

MRI income has increased as a result of natural growth in this business stream with patient numbers increasing to 600 from 514 in the preceeding year. This was particularly impressive given that the current year's figures relate to an 11 month period, whereas the comparatives relate to a full year.

Royalty income received into AECC Enterprises Limited has increased due to increased sales and also the weakness of the pound sterling against the US Dollar.

During the year we also saw reduced retail income into our subsidiary, Spine Centre Limited. On 1 July 2017, the company directors and Board of Governors of AECC University College decided that because of extremely difficult trading conditions, and a heavy loss within the subsidiary, it would discontinue the trade of Spine Centre Limited from August 2017.

#### Expenditure

Staff costs have remained relatively constant with an increase of less than 1%, despite an annual pay award for all staff of 2% in September 2016 and the inclusion of a holiday accrual expense of £121k in the current period (required by FRS 102). This is the result of:

- the current period being 11 months in length as opposed to the 12 month comparative;
- the average staff number decreasing to 202 employees from 221 employees in the preceeding year.

The depreciation charge for the current period appears low when compared to the comparative for the following two reasons:

- the current period is 11 months in length as opposed to the 12 month comparative;
- there was a clean-up of the fixed asset register at the end of 2015/16, which resulted in a correction/additional charge in the year.

Interest and other finance costs is £100k higher than the preceeding year due to a clean-up of the bad and doubtful debts provision, resulting in a charge in the period of £116k (2016: £13k).

#### Surplus

Overall total consolidated surplus has increased by 132% to £644k (2016: £278k), which is 7% of total income (2016: 3% of total income).

This is primarily due to there only being 11 months worth of the two largest cost groups, salaries and depreciation, but a full academic year's worth of income. This is due to the change in year end (from 31 August to 31 July) and will only affect this period.

**AECC University College (a company limited by guarantee)**  
**11 Month Period Ended 31 July 2017**

**Strategic Report (Continued)**

**2016-17 Financial Review of the Year (Continued)**

The following table summarises the financial position for the current period and previous year as set out in the Consolidated Balance Sheet:

	As at 31 July 2017		As at 31 August 2016	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Fixed assets	4,990	4,990	4,990	4,989
Net current assets	3,163	3,197	2,526	2,574
of which 'Cash or cash equivalents'	4,244	4,198	3,587	3,572
Pension provisions	(2,216)	(2,216)	(2,375)	(2,375)
<b>Total net assets</b>	<b>5,937</b>	<b>5,971</b>	<b>5,141</b>	<b>5,188</b>
Income and expenditure reserve - restricted reserve	318	318	333	333
Income and expenditure reserve - unrestricted	5,619	5,653	4,808	4,855
<b>Total reserves</b>	<b>5,937</b>	<b>5,971</b>	<b>5,141</b>	<b>5,188</b>

**Fixed assets**

The fixed asset additions (£345k) was in line with depreciation (£344k) and so the fixed asset value on the balance sheet remains constant at £4.99m.

The fixed asset additions during the period included:

- Property improvements totalling £222k, including (but not limited to):
  - refurbishment of one of the main technique training rooms;
  - creation of a new individual and group learning space on the library mezzanine, including two technology-enabled group working pods (partial payment as work spanned the period end);
  - creation of a new contemporary learning space, now known as Seminar 4. This will be a multi-functional space so it will not only be an excellent teaching room, but in addition the space will be ideal for group work using the digital equipment that has been installed. The space has been equipped with state of the art AV facilities so students can work from their mobile devices using the TV monitors which also communicate with the two main projector screens (partial payment as work spanned the period end);
  - creation of a student services suite, providing purpose built space for counselling, additional learning support and study skills support (partial payment as work spanned the period end);
  - creation of a new purpose built office for the student union (partial payment as work spanned the period end);
- Teaching aids totalling £69k, including (but not limited to) the acquisition of:
  - an ultrasound scan trainer platform and ultrasound machine.
- Office equipment totalling £54k.

**Cash and net current assets**

The cash balance remains healthy, increasing by 18% to £4.244m (2016: £3.587m). Excess cash will be utilised for capital investment over the coming few years.

**Pension provisions**

The pension provision, which relates to the Dorset Local Government Pension Scheme, decreased by 7% to £2.216m (2016: £2.375m) following the annual actuarial valuation.

**Reserves**

Overall total reserves increased over the period by 15% to £5.937m (2016: £5.141m).

**Key performance indicators**

The University College monitors the following financial Key Performance Indicators (KPIs) on a monthly basis to facilitate the oversight of its core business (i.e. excluding its subsidiaries). KPI values as at 31 July 2017 were:

KPI	Description	2017	2016
Profitability	Surplus as a percentage of total income (inflated due to the 11 month period)	6.93%	3.11%
Current ratio	Current assets / current liabilities : 1	3.4 : 1	3.0 : 1
Total reserves	Total reserves held on the balance sheet	£5.971	£5.188
Cash	Level of cash at bank or in hand	£4.198	£3.572

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

11 Month Period Ended 31 July 2017

### Strategic Report (Continued)

#### 2016-17 Financial Review of the Year (Continued)

Financial KPIs, although important, represent only one aspect of the University College's business. Therefore in addition to these, the following non-financial KPIs are also regularly monitored:

KPI	Notes	2017	2016
Overall student satisfaction (%)	NSS 2016/17 'overall satisfaction' score for undergraduate students	100%	96%
Completion rate (%)	For undergraduate students (end of year)	99%	93%
Staff:Student ratio	For undergraduate students (as of 01 Dec)	1:19.0	1:18.9
Non-UK students (%)	For undergraduate students (EU & overseas students) (as of 01 Dec)	44%	51%
Graduate employability (%)	Destinations of Leavers from Higher Education (DHLE) survey for undergraduate students. Relates to leavers in the previous year.	100%	97%
Total student numbers (FTE)	Undergraduate, Postgraduate & Further Education students	613	502
Total new undergraduate entrants	Undergraduate & Further Education students (as of 01 Dec)	170	148
Total new postgraduate entrants	Postgraduate students (as of 01 Dec)	60	68
Academic strength %	Weighted composite of the following academic strength indicators: - Academic staff with doctorate qualification (%FTE) - Academic staff with teaching qualification and/or FHEA (%FTE) - Academic staff acting as external examiner and/or member of external validation panel (%FTE) - Graduates entering professional employment and/or graduate study (% of graduating cohort) - External research funding (% of total income) - Number of peer-reviewed papers (N) - Academic staff giving national/international conference presentations 100% represents the University College's 2020/21 target.	81%	68%

#### 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 must be to minimise risk rather than maximise returns.

The University College's reserves policy sets out the minimum liquidity levels needed to ensure that financial and operational control is maintained. A rolling five year forecast is prepared each year, which incorporates a review of capital expenditure, cash generation and any future borrowings that may be required.

This report was approved by the Board of Governors on 25/11/17 and signed on its behalf by:



A Wild  
Chair of the Board of Governors



H Thiel  
Principal and Governor



# AECC University College (a company limited by guarantee)

11 Month Period Ended 31 July 2017

## Corporate Governance and Internal Control Statement

The Governors present their annual report and the audited financial statements for the year ended 31 July 2017. This report also covers the Trustees' Report as required by Chapter 4 Section 162 of the Charities Act 2011 (hereinafter "Charities Act").

In 2017, AECC University College changed its year end from 31 August to 31 July to comply with the requirements of the Higher Education Funding Council for England ("HEFCE").

### Legal status

AECC University College is a company limited by guarantee registered with Companies House under number 00653859 and registered with the Charity Commission under charity number 306289. It is governed by its Articles of Association which were last amended in August 2017. The College is directed by its Board of Governors acting under these Articles of Association. The Board has ultimate responsibility for the strategy, performance and sustainability of the institution. It approves the College's mission and strategy, monitors institutional performance and ensures its effective management. The current Chair of the Board is Adrian Wild and Martin Copp is the Deputy Chair.

The College provides indemnity insurance for the governors in accordance with, and subject to the conditions in, section 73F of the Charities Act 1993.

### 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) of which there shall be a minimum of 12 and a maximum of 25. The majority of Governors appointed by the Board shall be independent governors and also include the Principal, ex officio, one member of the staff of the University College ("Staff Governor") elected by the staff and one member of the student body of the institution ("Student Governor") elected annually by the students.

There are currently 12 Governors and they appointed for a term of four years (with the exception of the Student Governor, who is appointed for one year).

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

All members of the Executive team (the Vice-Principal for Undergraduate Studies and Quality, the Vice-Principal for Postgraduate Studies and Research, the Executive Director of Finance and the Executive Director of Administration) attend Board meetings. This enables the Board to have a closer working relationship with the Executive and to focus on important strategic issues in a complex higher education market, in both the UK and Continental Europe.

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

### Committees of the Board

Although the Board meets four times each academic year much of the detailed work is dealt with by formally constituted Committees with their own terms of reference that are reviewed annually. Chairs of the Committees are all Independent Governors. The Committees report directly to the Board. Committee minutes are included in the agenda pack of the Board meetings and the Committee Chairs provide a verbal update at the meeting.

#### Audit 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. Overseeing the internal audits for the year, identified in the internal audit programme and monitoring the implementation of recommendations arising. It recommends the external auditors 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 Committee meetings.

#### Finance and 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 loans, debts, reserves and treasury management activities. It undertakes detailed scrutiny of the proposed revenue and budget and capital programme and their subsequent management receiving updated forecasts throughout the year. It advises the Audit Committee on their scrutiny of the annual accounts. The Committee reviews the financial regulations of AECC University College. It oversees the effectiveness and efficiency of the estates and physical provision within the College, receiving the minutes of the operational Premises and Estates Committee.

#### Remuneration and Human Resources Committee

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

#### 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 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 reviews and decides on Fellowship applications.

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

# AECC University College (a company limited by guarantee)

11 Month Period Ended 31 July 2017

## Corporate Governance and Internal Control Statement (Continued)

### Members of the Board

The table overleaf contains current members of the Board together with their Board and committee attendance:

	Type of Governor	Date appointed	End of term of office/date of resignation	% Attended	AGM	Board	Audit	Finance & General Purposes	Nominations	Remuneration & HR	Subsidiary: AEL	Subsidiary: Spine Centre
					1	4	4	3	2	2	2	4
Total meetings held												
<b>Governors:</b>					Number of meetings attended							
Adrian Wild	Independent	18-Nov-06	01-Apr-19	100%	1	4	N/A	3	2	N/A	N/A	N/A
Martin Copp	Independent	20-Nov-10	01-Apr-21	92%	1	3	N/A	3	2	2	N/A	N/A
Mark Gurden	Independent*	19-Nov-11	18-Nov-18	78%	1	2	N/A	N/A	N/A	2	2	N/A
Haymo Thiel	Principal	18-Jun-12	N/A	100%	1	4	N/A	3	2	N/A	2	4
Judith Worthington	Independent	17-Nov-12	16-Nov-19	91%	1	4	4	N/A	1	N/A	N/A	N/A
Christopher Stephens	Independent	23-Nov-13	22-Nov-20	71%	1	3	N/A	N/A	1	N/A	N/A	N/A
Peter Dingley	Independent	05-Jul-14	04-Jul-18	100%	1	4	N/A	3	N/A	N/A	N/A	N/A
Adrian Simpson	Independent	22-Nov-14	21-Nov-18	78%	1	2	4	N/A	N/A	N/A	N/A	N/A
Edgar Newcomb	Independent	22-Nov-14	21-Nov-18	82%	1	2	4	N/A	N/A	2	N/A	N/A
Peter Roberts	Independent	22-Nov-14	21-Nov-18	88%	1	4	N/A	2	N/A	N/A	N/A	N/A
Philip Hume	Staff	08-Apr-17	07-Apr-21	100%	N/A	2	N/A	N/A	N/A	N/A	N/A	N/A
Sarit Sirinan	Student	02-Jul-17	01-Jul-18	100%	N/A	1	N/A	N/A	N/A	N/A	N/A	N/A
<b>Non-Governors:</b>												
Jenni Bolton				100%	N/A	N/A	N/A	N/A	2	N/A	N/A	N/A
<b>Non-Governors:</b>												
Neil Andrews				100%	N/A	N/A	N/A	N/A	N/A	N/A	2	N/A
Peter Ford				100%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4
Gilbert Meal				100%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4
Brenda van der Vossen				100%	N/A	N/A	N/A	N/A	N/A	N/A	2	N/A

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

\*Mark Gurden confirmed as Independent Member at Board Meeting on 01-Jan-17

Other members of the Board during the financial year were:

	Type of Governor	Date appointed	End of term of office/date of resignation	Attendance at Board meetings	Membership of other committees
Charles Bertoia	Student	03-Sep-15	01-Jul-17	2/4	Advisory Council
Øistein Haagenen	Advisory Council	27-Mar-10	01-Apr-17	2/3	Advisory Council
Timo Kashcel	Advisory Council	23-Nov-13	22-Nov-16	0/0	Advisory Council
Alison Selby	Staff	08-Apr-14	07-Apr-17	2/3	Advisory Council
Brenda van der Vossen	Advisory Council	16-Apr-09	01-Apr-17	2/3	Advisory Council

### Governance

The College is committed to exhibiting best practice in all aspects of corporate governance and has adopted the Committee of University Chairmen Higher Education Code of Governance (published December 2014). The Board reviewed its compliance with the Code during 2016/17. The Board were satisfied with the updates on the levels of compliance sustained and improvements implemented. The only area was identified as non-compliant with further work to be carried out was sustainability and impact on the environment.

Compliance of the college has also been mapped against the HEFCE Memorandum of Assurance and Accountability and procedures are in place to ensure that the college becomes fully compliant with this document. Once the College has completed one full round of submissions to HEFCE, HESA and SLC it will be fully compliant, as these are the only outstanding points.



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

11 Month Period Ended 31 July 2017

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### **Corporate Governance and Internal Control Statement (Continued)**

#### **Skills of the Board and recruitment**

During the year, the Board approved a revised skills matrix for each Governor to complete and review on an annual basis thereafter. This will support the Board in its succession planning to maintain the skills mix required for an effective Board. In recruiting new Board Governors, nominations are sought in a variety of ways, including advertising in the local press and within the Higher Education sector, with the National Associations, and publicising vacancies to staff and graduates of the College. This work is underpinned by a procedure for the appointment of Governors.

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

#### **Training of Governors**

All new Governors receive a full induction including a governance handbook.

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

Board development is accessed in a variety of ways from briefings from the Leadership Foundation for Higher Education and HEFCE, presentations by the Executive to attendance at seminars, either for the whole Board or for individual Governors.

#### **Board of Governor appraisals**

Individual appraisals are carried out annually. They help to inform that existing Governors continue to have the skills needed on the Board, identify learning and development opportunities and inform where there may be skills gaps.

#### **Register of business interests**

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

#### **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 the College.

The Board of Governors confirm that they have reviewed and considered the major risks to which AECC University College is exposed and that they are satisfied that systems have been established to manage those risks. The Board of Governors 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 Committee at each of its meetings and its evaluation by the Principal and senior managers. Revisions are made by the Board of Governors or the Audit Committee, if appropriate, to reflect discussions/developments reported at the meetings.

Identification, evaluation and management of risk is an important part of the annual planning cycle and review of strategy. A formal review of the effectiveness of this process is considered annually by the Board. The Board will then review only the more strategic/higher impact risks.

#### **Clerk to the Board**

The Board of Governors has appointed a Clerk to the Board and Company Secretary. The Chair, in liaison with the Principal reviews the Clerk's performance annually. Appointment and termination of the appointment ultimately rests with the Board. The Clerk is responsible for coordinating legal advice to the Governing Body and advice on all matters of procedure and its responsibilities. The Chair of the Governing Body, the Principal and the Clerk work closely together to expedite business. The Clerk has a duty to advise the Chair in respect of any matters where conflict, potential or real, may occur between the Governing Body and the Principal.

#### **Academic Governance**

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

In line with the ambitions in the Strategic Plan 2016-2021 to diversify, the Board disbanded the Advisory Council of National Chiropractic Associations and their four member representation on the AECC University College Board. It has been replaced with a forum enabling the issues of National Associations to be more appropriately considered, directly informing and influencing programme development through the Academic Board.

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

11 Month Period Ended 31 July 2017

### Corporate Governance and Internal Control Statement (Continued)

#### Institutional management and structure

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

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

#### Statement of internal control

BDO LLP (BDO) were appointed as internal auditors for the University College from 2015. BDO's opinion below, based on the reviews undertaken, the follow up audits completed during the period, and in the context of materiality contained in their annual report: annual report for 2016/17 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; and*

• *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 the 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 Committee, with appropriate terms of reference, which meets four 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 Auditors in their management letter and other reports;
- the work of AECC University College members of staff with responsibility for the development and maintenance of the internal control framework, and by comments made by stakeholders including external validating agencies and accredited organisations;

Governors are satisfied that internal control processes have been in place throughout the year to 31 July 2017 and up to the date of signing these accounts.



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

11 Month Period Ended 31 July 2017

### Corporate Governance and Internal Control Statement (Continued)

#### Statement of Governors' responsibilities

The Board of Governors (who are the Directors of the University Company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Memorandum of Assurance and Accountability issued by HEFCE 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 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 Memorandum of Assurance and Accountability further requires the financial statements to be prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and the requirements of HEFCE's Accounts Direction to higher education institutions.

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 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 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's 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 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's transactions and disclose with reasonable accuracy at any time the financial position of the parent University 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 are also responsible under the Memorandum of Assurance and Accountability for:

- ensuring that funds from HEFCE and other funding bodies are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability and any other conditions which HEFCE may from time to time prescribe;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

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

This report was approved by the Board of Governors on ..... 25/11/17 ..... and signed on its behalf by:



A Wild  
Chair of the Board of Governors

Parkwood Campus  
Parkwood Road  
Bournemouth  
Dorset  
BH5 2DF



H Thiel  
Principal and Governor

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

11 Month Period Ended 31 July 2017

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### INDEPENDENT AUDITOR'S REPORT TO 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 period ended 31 July 2017 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 Cashflow, 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's affairs as at 31 July 2017, and of the Group's and the University College's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*;
- meet the requirements of HEFCE's Accounts Direction to higher education institutions for 2016-17 financial statements; 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

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

##### Other information

The directors are responsible for the other information, which comprises the Report of the Governors. 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 Report of the Governors is consistent with the financial statements; and
- in our opinion the Report of the Governors has 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's 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

##### Board of Governors responsibilities

As explained more fully in their statement set out on page 17, the Board of Governors (who are the Directors of the University College 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.

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

11 Month Period Ended 31 July 2017

### INDEPENDENT AUDITOR'S REPORT TO BOARD OF GOVERNORS OF AECC UNIVERSITY COLLEGE (Continued)

#### 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 under the HEFCE Audit Code of Practice (effective 1 August 2016) issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University College's Statutes (or articles of government for post 1992 institutions); and
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

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

This report is made solely to the Board of Governors, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and paragraph 13(2) of the University's Articles of Government 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

29 November 2017



**AECC University College (a company limited by guarantee)**  
**Consolidated Statement of Comprehensive Income and Expenditure**  
11 Month Period Ended 31 July 2017

	Notes	11 Month Period Ended 31 July 2017		Year Ended 31 August 2016	
		Consolidated £'000	College £'000	Consolidated £'000	College £'000
<b>Income:</b>					
Tuition fees and education contracts	1	7,665	7,665	7,045	7,045
Other income	2	1,436	1,269	1,519	1,368
Investment income	3	13	13	21	21
<b>Total income before endowments and donations</b>		<b>9,114</b>	<b>8,947</b>	<b>8,585</b>	<b>8,434</b>
Donations and endowments	4	54	54	91	90
<b>Total income</b>		<b>9,168</b>	<b>9,001</b>	<b>8,676</b>	<b>8,524</b>
<b>Expenditure:</b>					
Staff costs	5	(5,304)	(5,284)	(5,264)	(5,236)
Other operating expenses	9	(2,756)	(2,630)	(2,719)	(2,608)
Depreciation	10	(346)	(345)	(381)	(380)
Interest and other finance costs	6	(146)	(146)	(46)	(46)
<b>Total expenditure</b>	7	<b>(8,552)</b>	<b>(8,405)</b>	<b>(8,410)</b>	<b>(8,270)</b>
<b>Surplus before other gains losses and share of operating surplus/deficit of joint ventures and associates</b>		<b>616</b>	<b>596</b>	<b>266</b>	<b>254</b>
<b>Other gains losses and share of operating surplus/deficit of joint ventures and associates:</b>					
Gain on investments		28	28	12	12
<b>Surplus before tax</b>		<b>644</b>	<b>624</b>	<b>278</b>	<b>266</b>
Taxation	8	(7)	-	-	-
<b>Surplus for the year</b>		<b>637</b>	<b>624</b>	<b>278</b>	<b>266</b>
Actuarial gain/(loss) in respect of pension schemes	20	159	159	(1,096)	(1,096)
<b>Total comprehensive income for the year</b>		<b>796</b>	<b>783</b>	<b>(818)</b>	<b>(830)</b>
<b>Represented by:</b>					
Restricted comprehensive income for the year		(15)	(15)	(30)	(30)
Unrestricted comprehensive income for the year		811	798	(788)	(800)
Attributable to the College		796	783	(818)	(830)

All items of income and expenditure relate to continuing activities, except for Spine Centre Limited which ceased trading in August 2017.

The accompanying notes form part of the financial statements.



**AECC University College (a company limited by guarantee)**  
**Consolidated and College Statement of Changes in Reserves**  
11 Month Period Ended 31 July 2017

<b>Consolidated</b>	<i>Restricted</i> £'000	<i>Unrestricted</i> £'000	<b>Total</b> £'000
<b>Balance at 31 August 2015</b>	363	5,596	<b>5,959</b>
Deficit from the income and expenditure statement	(30)	(788)	<b>(818)</b>
<b>Balance at 31 August 2016</b>	<u>333</u>	<u>4,808</u>	<u><b>5,141</b></u>
Surplus/(deficit) from the income and expenditure statement	(15)	811	<b>796</b>
<b>Balance at 31 July 2017</b>	<u><u>318</u></u>	<u><u>5,619</u></u>	<u><u><b>5,937</b></u></u>
<b>College</b>	<i>Restricted</i> £'000	<i>Unrestricted</i> £'000	<b>Total</b> £'000
<b>Balance at 31 August 2015</b>	363	5,656	<b>6,019</b>
Surplus/(deficit) from the income and expenditure statement	(30)	(801)	<b>(831)</b>
<b>Balance at 31 August 2016</b>	<u>333</u>	<u>4,855</u>	<u><b>5,188</b></u>
Surplus/(deficit) from the income and expenditure statement	(15)	798	<b>783</b>
<b>Balance at 31 July 2017</b>	<u><u>318</u></u>	<u><u>5,653</u></u>	<u><u><b>5,971</b></u></u>

**AECC University College (a company limited by guarantee)**  
**Consolidated and College Balance Sheet**

11 Month Period Ended 31 July 2017

	Notes	As at 31 July 2017		As at 31 August 2016	
		Consolidated £'000	College £'000	Consolidated £'000	College £'000
<b>Non-current assets</b>					
Fixed assets	10	4,990	4,990	4,990	4,989
		<u>4,990</u>	<u>4,990</u>	<u>4,990</u>	<u>4,989</u>
<b>Current assets</b>					
Stock	13	21	17	53	14
Trade and other receivables	14	277	298	231	261
Cash and cash equivalents	18	4,244	4,198	3,587	3,572
		4,542	4,513	3,871	3,847
Less: Creditors: amounts falling due within one year	15	(1,379)	(1,316)	(1,345)	(1,273)
<b>Net current assets</b>		<u>3,163</u>	<u>3,197</u>	<u>2,526</u>	<u>2,574</u>
<b>Total assets less current liabilities</b>		<u>8,153</u>	<u>8,187</u>	<u>7,516</u>	<u>7,563</u>
<b>Provisions</b>					
Pension provisions	16	(2,216)	(2,216)	(2,375)	(2,375)
<b>Total net assets</b>		<u>5,937</u>	<u>5,971</u>	<u>5,141</u>	<u>5,188</u>
<b>Reserves</b>					
Income and expenditure reserve - restricted reserve	17	318	318	333	333
Income and expenditure reserve - unrestricted		5,619	5,653	4,808	4,855
<b>Total reserves</b>		<u>5,937</u>	<u>5,971</u>	<u>5,141</u>	<u>5,188</u>

The financial statements were approved by the Board of Governors and authorised for issue on 2 November 2017 and were signed on its behalf on that date by:

  
 Martin Copp, Governor

**AECC University College (a company limited by guarantee)**  
**Consolidated and College Statement of Cash Flow**  
**11 Month Period Ended 31 July 2017**

	11 Month Period Consolidated £'000	Ended 31 July College £'000	Year ended 31 August 2016 Consolidated £'000	College £'000
<b>Cash flow from operating activities</b>				
Total Surplus / (Deficit)	782	769	(840)	(852)
<b>Adjustment for non-cash items</b>				
Depreciation	346	344	381	381
Pension provisions	(159)	(159)	1,230	1,230
<b>Adjustments for working capital items</b>				
Decrease / (Increase) in stock	31	(3)	(6)	1
Decrease / (Increase) in trade debtors	75	70	(31)	(20)
(Increase) / Decrease in intercompany loan accounts	(28)	(2)	12	24
Increase in prepayments	(100)	(105)	(104)	(99)
Decrease in sundry debtors	2	-	40	2
(Decrease) / Increase in trade creditors	(239)	(214)	158	180
Increase in PAYE & NI liability	40	40	7	7
Increase in payroll & associated costs	18	18	3	3
Increase / (Decrease) in VAT liability	5	(3)	(5)	(3)
Decrease in other creditors	(6)	(4)	(3)	(3)
Increase in accruals & deferred income	215	207	80	72
<b>Adjustments for investing or financing activities</b>				
Interest paid	2	1	-	-
Interest received	13	13	21	21
Corporation tax paid	7	-	-	-
<b>Net cash inflow from operating activities</b>	<b>1,004</b>	<b>972</b>	<b>943</b>	<b>944</b>
<b>Cash flows from fixed asset investing activities</b>				
Payments to acquire fixed assets	(346)	(346)	(286)	(286)
<b>Cash flows from other investing activities</b>				
Decrease in investments	-	-	20	20
<b>Net cash outflow from investing activities</b>	<b>(346)</b>	<b>(346)</b>	<b>(266)</b>	<b>(266)</b>
<b>Cash flows from financing activities</b>				
Loan Stock	-	-	-	-
<b>Net cash inflow / (outflow) from investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase in cash and cash equivalents</b>	<b>657</b>	<b>626</b>	<b>677</b>	<b>678</b>
Cash and cash equivalents at beginning of the year	3,587	3,572	2,910	2,894
Cash and cash equivalents at end of the year	4,244	4,198	3,587	3,572

**AECC University College (a company limited by guarantee)**  
**Statement of Accounting Policies**  
**11 Month Period Ended 31 July 2017**

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

**1. Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards: FRS 102 (effective 1 January 2015). The College is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments) and the Companies Act 2006.

The financial statements are prepared on a going concern basis. This assessment has been informed by the College's future financial forecasts / plans and its healthy cash balances.

**2. Basis of consolidation**

The consolidated financial statements include the College and all its subsidiaries for the 11 month financial period to 31 July 2017.

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

The consolidated financial statements do not include the income and expenditure of the Students' Union as the College does not exert control or dominant influence over policy decisions.

**3. Income recognition**

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure, except for discounts, and is credited to the Consolidated Statement of Income and Comprehensive Expenditure 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.

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

Funds the College receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

**Clinic Income, MRI and imaging income**

Clinic, MRI and imaging income is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the services are provided and paid for.

**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 College 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 the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the College 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 applied to the individual endowment fund.

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

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

**Capital grants**

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

**4. Accounting for retirement benefits**

The three principal pension schemes for the College's staff are the Teachers' Pension Scheme (TPS), the Local Government Pension Scheme (LGPS) and a stakeholder pension scheme.

**AECC University College (a company limited by guarantee)**  
**Statement of Accounting Policies (continued)**

11 Month Period Ended 31 July 2017

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**5. 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 College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

**6. Finance leases**

Leases in which the College assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**7. 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 minimum lease term.

**8. Fixed assets**

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

**Land and buildings**

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

Original College freehold land and buildings (Grade II listed building)	100 years
Other freehold buildings	50 years
Refurbishments and repairs	20 years

Leasehold land is depreciated over the life of the lease up to a maximum of 50 years.

**Equipment**

Equipment, including computers and software, costing less than de minimus per individual item is recognised as expenditure. All other equipment is capitalised.

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

Office equipment furniture & fittings	4 to 10 years
Medical and teaching equipment (plant & machinery)	4 to 12 years

**Borrowing costs**

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.



**AECC University College (a company limited by guarantee)**  
**Statement of Accounting Policies (continued)**

11 Month Period Ended 31 July 2017

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**9. Investments**

Investments in subsidiaries are carried at cost in the College's accounts.

**10. Stock**

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

**11. 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.

**12. Provisions, contingent liabilities and contingent assets**

Provisions are recognised in the financial statements when:

- (a) the College 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 College 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 College. 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 College 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 College.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

**13. Taxation**

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the College is potentially exempt from taxation 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 College receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The College's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

**14. Derivatives**

Derivatives are held on the balance sheet at fair value with movements in fair value recorded in the Surplus or Deficit.

**15. Reserves**

Reserves are classified as restricted or unrestricted. Restricted reserves include balances which are held as a permanently restricted fund which the College must hold in perpetuity and balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

**AECC University College (a company limited by guarantee)**  
**Statement of Accounting Policies (continued)**

11 Month Period Ended 31 July 2017

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**16. Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount.

**17. Creditors and provisions**

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

**18. Financial instruments**

The College only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**19. Judgements in applying accounting policies and key sources of estimation uncertainty**

**Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2020 to 31 March 2023.

**AECC University College (a company limited by guarantee)**  
**Notes to the Accounts**

11 Month Period Ended 31 July 2017

	11 Month Period Ended 31 July 2017		Year Ended 31 August 2016	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
<b>1. Tuition fees and education contracts</b>				
Full-time home and EU students	4,352	4,352	4,452	4,452
Full-time international students	2,473	2,473	1,662	1,662
Part-time students	840	840	931	931
	<u>7,665</u>	<u>7,665</u>	<u>7,045</u>	<u>7,045</u>
<b>2. Other income</b>				
11 Month Period Ended 31 July 2017				
Consolidated	£'000	College	£'000	College
		£'000		£'000
Clinic Income	844	844	836	836
MRI & Imaging	200	200	168	168
Catering	172	172	169	169
Retail	138	-	147	-
Royalties	45	-	22	-
Other income	37	54	177	195
	<u>1,436</u>	<u>1,269</u>	<u>1,519</u>	<u>1,368</u>
<b>3. Investment income</b>				
11 Month Period Ended 31 July 2017				
Consolidated	£'000	College	£'000	College
		£'000		£'000
Interest received	13	13	21	21
	<u>13</u>	<u>13</u>	<u>21</u>	<u>21</u>
<b>4. Donations and endowments</b>				
11 Month Period Ended 31 July 2017				
Consolidated	£'000	College	£'000	College
		£'000		£'000
Unrestricted donations	10	10	88	88
Restricted donations	44	44	2	2
	<u>54</u>	<u>54</u>	<u>90</u>	<u>90</u>
<b>5. Staff costs</b>				
11 Month Period Ended 31 July 2017				
Consolidated	£'000	College	£'000	College
		£'000		£'000
Staff Costs :				
Salaries	4,518	4,500	4,402	4,374
Social security costs	378	377	349	349
Pension costs	408	407	513	513
Total	<u>5,304</u>	<u>5,284</u>	<u>5,264</u>	<u>5,236</u>
Principal's emoluments:		£'000		£'000
Salary		121		126
Benefits		2		2
Pension		19		20
Total emoluments of the Principal		<u>142</u>		<u>148</u>
Remuneration of other higher paid staff, excluding employer's pension contributions.				
		No.		No.
£60,000	to	£69,999	6	5
£70,000	to	£79,999	-	2
£80,000	to	£89,999	1	1
£100,000	to	£109,999	1	1
£120,000	to	£129,999	1	1
			<u>9</u>	<u>10</u>
Average staff numbers by major category :		No.		No.
Executive		6		5
Management and specialist		14		21
Academic		76		28
Research		2		5
Other		104		162
		<u>202</u>		<u>221</u>



**AECC University College (a company limited by guarantee)**  
**Notes to the Accounts (continued)**

11 Month Period Ended 31 July 2017

	11 Month Period Ended 31 July 2017		Year Ended 31 August 2016	
	Consolidated	College	Consolidated	College
5. (cont'd)				
Compensation for loss of office payable to a senior post-holder:		£'000		£'000
Compensation payable recorded within staff costs		-		30

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. Staff costs includes compensation paid to key management personnel.

<b>Key management personnel compensation</b>	<b>£'000</b>	<b>£'000</b>
	459	511

**Board of Governors**

The College's Governors are the trustees for charitable law purposes. Due to the nature of the 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 College's Financial Regulations and usual procurement procedures.

No Governor has received any remuneration/waived payments from the group during the year (2016-17)

The total expenses paid to or on behalf of 15 Board members were £5,887 (2015-16: £6,492 to or on behalf of 18 Board members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity.

6. Interest and other finance costs	11 Month Period Ended 31 July 2017		Year Ended 31 August 2016	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
Bank charges	(31)	(31)	(33)	(33)
Interest paid	1	1	-	-
Bad and doubtful debts	(116)	(116)	(13)	(13)
	<u>(146)</u>	<u>(146)</u>	<u>(46)</u>	<u>(46)</u>

7. Analysis of total expenditure by activity	11 Month Period Ended 31 July 2017		Year Ended 31 August 2016	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
Academic and related expenditure	2,626	2,626	2,643	2,643
Administration and central services	3,072	3,072	2,822	2,822
Premises (including service concession cost)	487	487	485	485
Residences, catering and conferences	187	187	207	207
Research grants and contracts	162	162	159	159
Other expenses	2,018	1,871	2,094	1,954
	<u>8,552</u>	<u>8,405</u>	<u>8,410</u>	<u>8,270</u>

Other operating expenses include:

External auditors remuneration in respect of audit services	29	29	21	21
External auditors remuneration in respect of non-audit services	8	8	3	3

**8. Taxation**

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

	11 Month Period Ended 31 July 2017		Year Ended 31 August 2016	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
Current tax on income for the period	8	-	-	-
Adjustments in respect of prior periods	1	-	-	-
<b>Total current tax</b>	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Reconciliation of effective tax rate</b>				
Profit for the year	644	624	278	266
Total tax expense	7	-	-	-
Profit excluding taxation	<u>637</u>	<u>624</u>	<u>278</u>	<u>266</u>
Tax using the UK corporation tax rate of 19.7% (2016: 20%)	8	-	-	-
Recognition of previously unrecognised tax losses	1	-	-	-
<b>Total tax expense included in profit or loss</b>	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>

The applicable tax rate for the current year is 19.7% (2016: 20%) following the reduction in the main rate of UK corporation tax from 20% to 19% with effect from 1 April 2017. Taxable profits relate to AECC Enterprises Limited.

**AECC University College (a company limited by guarantee)**  
**Notes to the Accounts (continued)**

11 Month Period Ended 31 July 2017

9. Other operating expenditure	11 Month Period Ended 31 July 2017		Year Ended 31 August 2016	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Establishment costs	403	402	418	418
Administration costs	1,812	1,702	1,744	1,648
Travel & subsistence costs	100	100	115	115
Advertising & marketing costs	259	259	256	256
Professional costs	182	167	186	171
	<u>2,756</u>	<u>2,630</u>	<u>2,719</u>	<u>2,608</u>

10. Fixed Assets

	Freehold Land and Buildings £'000	Plant and Machinery £'000	Fixtures, Fittings and Equipment £'000	Intellectual Property £'000	Total £'000
<b>Consolidated</b>					
<b>Cost and valuation</b>					
At 1 September 2016	4,990	1,987	2,072	14	9,063
Additions	222	69	55	-	346
At 31 July 2017	<u>5,212</u>	<u>2,056</u>	<u>2,127</u>	<u>14</u>	<u>9,409</u>
<b>Depreciation*</b>					
At 1 September 2016	(1,071)	(1,167)	(1,821)	(14)	(4,073)
Charge for the year	(89)	(127)	(130)	-	(346)
At 31 July 2017	<u>(1,160)</u>	<u>(1,294)</u>	<u>(1,951)</u>	<u>(14)</u>	<u>(4,419)</u>
<b>Net book value</b>					
At 31 July 2017	<u>4,052</u>	<u>762</u>	<u>176</u>	<u>-</u>	<u>4,990</u>
At 31 August 2016	<u>3,919</u>	<u>820</u>	<u>251</u>	<u>-</u>	<u>4,990</u>
<b>College</b>					
<b>Cost and valuation</b>					
At 1 September 2016	4,990	1,987	2,067	-	9,044
Additions	222	69	54	-	345
At 31 July 2017	<u>5,212</u>	<u>2,056</u>	<u>2,121</u>	<u>-</u>	<u>9,389</u>
<b>Depreciation</b>					
At 1 September 2016	(1,071)	(1,167)	(1,816)	-	(4,054)
Charge for the year	(89)	(127)	(129)	-	(345)
At 31 July 2017	<u>(1,160)</u>	<u>(1,294)</u>	<u>(1,945)</u>	<u>-</u>	<u>(4,399)</u>
<b>Net book value</b>					
At 31 July 2017	<u>4,052</u>	<u>762</u>	<u>176</u>	<u>-</u>	<u>4,990</u>
At 31 August 2016	<u>3,919</u>	<u>820</u>	<u>251</u>	<u>-</u>	<u>4,990</u>

11. Non-Current Investments

	Shares in subsidiary undertakings £'000	Loan to subsidiary undertakings £'000	Total £'000
<b>College</b>			
<b>Cost</b>			
At 1 September 2016	-	48	48
Repayment in year	-	(28)	(28)
At 31 July 2017	<u>-</u>	<u>20</u>	<u>20</u>
<b>Provision</b>			
At 1 September 2016	-	48	48
Released in period	-	(28)	(28)
At 31 July 2017	<u>-</u>	<u>20</u>	<u>20</u>
<b>Net Book Values</b>			
At 31 July 2017	<u>-</u>	<u>-</u>	<u>-</u>
At 31 August 2016	<u>-</u>	<u>-</u>	<u>-</u>

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

**AECC University College (a company limited by guarantee)**  
**Notes to the Accounts (continued)**

11 Month Period Ended 31 July 2017

<b>12. Lease obligations</b>				
Total rentals payable under operating leases:	<b>As at 31 July 2017</b>	<b>£'000</b>	<b>As at 31 August 2016</b>	<b>£'000</b>
Due within one year		7		7
Due in two to five years		3		10
<b>Total lease payments due</b>		<b>10</b>		<b>17</b>
<b>13. Stock</b>				
	<b>Consolidated</b>	<b>College</b>	<b>Consolidated</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General consumables	11	11	10	10
Goods for resale	10	6	43	4
	<b>21</b>	<b>17</b>	<b>53</b>	<b>14</b>
<b>14. Trade and other receivables</b>				
	<b>Consolidated</b>	<b>College</b>	<b>Consolidated</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:				
Trade receivables (after provision for bad debts)	67	91	119	161
Amounts due from subsidiary companies	-	1	-	-
Other receivables	4	-	6	-
Prepayments and accrued income	206	206	106	100
	<b>277</b>	<b>298</b>	<b>231</b>	<b>261</b>
<b>15. Creditors : amounts falling due within one year</b>				
	<b>Consolidated</b>	<b>College</b>	<b>Consolidated</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade payables	259	215	494	429
Other creditors	67	89	65	76
Social security and other taxation payable	153	140	101	103
Accruals and deferred income	900	872	685	665
	<b>1,379</b>	<b>1,316</b>	<b>1,345</b>	<b>1,273</b>
<b>16. Provisions for liabilities</b>				
The Local Government Pension Scheme liability may be analysed as follows:				
		<b>Group and</b>	<b>Group and</b>	
		<b>College</b>	<b>College</b>	
		<b>£'000</b>	<b>£'000</b>	
Present value of defined benefit obligation			5,226	4,921
Fair value of Fund assets (bid value)			(3,010)	(2,546)
			<b>2,216</b>	<b>2,375</b>
<b>17. Restricted Reserves</b>				
	<b>Balance at</b>	<b>Group and Company movement in</b>		<b>Balance at</b>
	<b>31 August 2016</b>	<b>resources</b>		<b>31 July 2017</b>
	<b>£'000</b>	<b>Incoming</b>	<b>Outgoing</b>	<b>£'000</b>
		<b>£'000</b>	<b>£'000</b>	
New Clinic Fund & Legacy	251	-	(5)	245
MRI Fund	61	-	(9)	53
Rehabilitation Centre Fund	18	-	()	17
Student Hardship Funds	1	-	-	1
Kerkut Fund	2	-	(1)	1
History Library Fund	-	-	-	-
Research Funds	-	44	(44)	-
	<b>333</b>	<b>44</b>	<b>(59)</b>	<b>317</b>

**AECC University College (a company limited by guarantee)**  
**Notes to the Accounts (continued)**

11 Month Period Ended 31 July 2017

**17. Restricted Reserves (continued)**

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

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

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

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

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

The History Library Fund is derived from donations made to help to maintain the College's Chiropractic history library.

Research Funds represent grants received specifically for defined research projects.

**18. Cash and cash equivalents**

	At 1 September 2016	Cash Flows £'000	At 31 July 2017 £'000
<u>Consolidated</u>			
Cash and cash equivalents	3,587	657	4,244
	<u>3,587</u>	<u>657</u>	<u>4,244</u>

**19. Subsidiary undertakings**

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the College, are as follows:

Company	Principal Activity	Status
Spine Centre Limited (Parkwood Campus, Parkwood Road, Bournemouth)	Sales of Chiropractic supplies, books & stationery. Ceased trading in August 2017.	100% owned
AECC Enterprises Limited (Parkwood Campus, Parkwood Road, Bournemouth)	Commercial exploitation of Research	100% owned

**20. Pension schemes**

The Group principally participates in four pension schemes – The Teachers' Pension Scheme and The Local Government Superannuation Scheme, which are both defined benefit schemes, and the 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 7.5% (since 1 April 2017 - previously 5%). This is implemented by contractual arrangements with employees who take a reduction in salary when company 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 £66,204 (2016: £48,121). The total pension cost for the year may be analysed as follows, this is shown at the employers' full contribution rate and does not include the mitigating reduction in salary mentioned above or salary sacrifice:

	2017 £'000	2016 £'000
Teachers' pension scheme	231	236
Local government superannuation scheme	123	245
Zurich	7	9
Scottish Widows	46	22
Other	-	1
	<u>407</u>	<u>513</u>

**Teachers' Pension Scheme**

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

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

Valuation of the Teachers' Pensions Scheme

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



**AECC University College (a company limited by guarantee)**  
**Notes to the Accounts (continued)**

11 Month Period Ended 31 July 2017

**20. Pension schemes (continued)**

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

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

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

Employer and employee contribution rates

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

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

The TPS valuation for 2012 determined an employer contribution rate of 16.4% from September 2015 and an employee cost cap of 11.7%, both to be set in regulations until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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

The pension costs paid to TPS in the year amounted to £231,382 (2016: 235,702).

The TPS is a multi-employer pension scheme and therefore the College is unable to identify its share of the underlying assets and liabilities of the scheme.

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

**Local Government Pension Scheme**

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

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

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

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

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

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016, using financial assumptions that comply with FRS 102:

	As at 31 July 2017	As at 31 August 2016
Rate of increase in salaries	4.2%	3.8%
Rate of increase in pensions	2.7%	2.3%
Discount rate for scheme liabilities	2.7%	2.1%
Inflation assumption (CPI)	2.7%	2.3%

**AECC University College (a company limited by guarantee)**  
**Notes to the Accounts (continued)**

11 Month Period Ended 31 July 2017

**20. 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 2017	As at 31 August 2016
<i>Retiring today</i>		
Males	23.9	22.9
Females	26.0	25.3
<i>Retiring in 20 years</i>		
Males	26.1	25.2
Females	28.3	27.7

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

	As at 31 July 2017 £'000	As at 31 August 2016 £'000
Equities	1,660	1,469
Gilts	400	279
Cash	81	27
Other Bonds	341	325
Diversified Growth Fund	131	119
Property	265	261
Infrastructure	132	65
Hedge Fund	-	1
Total market value of assets	<u>3,010</u>	<u>2,546</u>
Present value of scheme liabilities	<u>(5,226)</u>	<u>(4,921)</u>
<b>Deficit in scheme</b>	<b><u>(2,216)</u></b>	<b><u>(2,375)</u></b>

Amounts recognised in the profit & loss statement are:

	As at 31 July 2017 £'000	As at 31 August 2016
Service cost	259	202
Net interest on the defined liability (asset)	45	42
Administration expenses	2	2
<b>Total loss / (profit)</b>	<b><u>306</u></b>	<b><u>246</u></b>

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

	As at 31 July 2017 £'000	As at 31 August 2016 £'000
Opening fair value of Fund assets	2,546	2,240
Interest on assets	50	89
Return on assets less interest	271	149
Other actuarial gains / (losses)	21	-
Administration expenses	(2)	(2)
Contributions by employer including unfunded	123	112
Contributions by Scheme participants and other employers	47	47
Estimated benefits paid plus unfunded net of transfers in	(46)	(89)
Settlement prices received / (paid)	-	-
<b>Closing fair value of Fund assets</b>	<b><u>3,010</u></b>	<b><u>2,546</u></b>

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

	As at 31 July 2017 £'000	As at 31 August 2016 £'000
Opening defined benefit obligation	4,921	3,384
Current service cost	259	202
Interest cost	95	131
Change in financial assumptions	(302)	1,246
Change in demographic assumptions	83	-
Experience loss/(gain) on defined benefit obligation	169	-
Estimated benefits paid net of transfers in	(46)	(89)
Contributions by Scheme participants and other employers	47	47
<b>Closing defined benefit obligation</b>	<b><u>5,226</u></b>	<b><u>4,921</u></b>

**21. Related party transactions**

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

**22. Recognition of short term employment benefits**

Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31st August each year for both teaching and non-teaching staff and at the reporting date there was a liability of £182,380.98 (2016: £134,518). In addition, certain employees are entitled to carry forward up to 10 days of any unused holiday entitlement at the end of the leave year. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

**AECC University College (a company limited by guarantee)**  
**Notes to the Accounts (continued)**

11 Month Period Ended 31 July 2017

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**23. Spine Centre Limited**

Spine Centre Limited is a 100% owned subsidiary of AECC University College, which until August 2017 operated a small physical and online shop within the campus that sold chiropractic and educational goods to staff, students and the general public. The financial year end was 31 July 2017, the same as AECC University College, and the financial statements have not yet been approved. On 1 July 2017, the company directors and Board of Governors of AECC University College decided that because of extremely difficult trading conditions, and a heavy loss within the subsidiary, it would discontinue the trade of Spine Centre Limited from August 2017.

