

Charity number: 313223

University College of Estate Management

Report and financial statements
For the year ended 31 July 2016

Contents

For the year ended 31 July 2016

Reference and administrative information	1
Trustees' annual report	3
Independent auditors' report	20
Consolidated statement of financial activities	22
Balance sheets	23
Consolidated statement of cash flows	24
Notes to the financial statements	25

University College of Estate Management

Reference and administrative information

For the year ended 31 July 2016

Charity number 313223

Registered office and operational address Horizons
60 Queen's Road
Reading
RG1 4BS

The institution also operates using the abbreviated name "UCEM".

Country of registration England & Wales

Trustees Trustees who served during the year and up to the date of this report were as follows:

John G T Gellatly AIIMR FRICS BA(Hons)	Chair
David Larkin FRICS	Honorary Treasurer from 24 March 2016
Bridget Bartlett BA PGCE MBA FCMI	from 20 October 2016
Graham Chase FRICS FCI Arb	resigned 1 December 2016
Helen Edwards BA (Hons) MA MAUA	Staff Trustee from 1 December 2016
Jane Fawkes BA (Hons) PgDip AHEA	Staff Trustee resigned 23 June 2016
Professor Richard de Friend BA LLM (Lond and Yale) Barrister-at-Law FRSA	resigned 17 September 2015
Helen Gordon BSc MRICS	resigned 12 November 2015
Andrew Hynard FRICS BSc	appointed 23 March 2016
Dr Stephen Jackson	appointed 23 March 2016
Simon Kolesar FRICS	Honorary Treasurer until 23 March 2016; resigned 1 December 2016
Adam Marks LLB (Hons)	
David Mason	Student Trustee; appointed 23 March 2016
Professor Kenneth Miller LLB LLM PhD FRSA FIOSH	
Dr Nigel Pyke CIM	
James Wates CBE FCI OB FRICS FCGI FRSA	
Ashley P Wheaton BA (Hons)	Member ex-officio

University College of Estate Management

Reference and administrative information

For the year ended 31 July 2016

Secretaries	Secretaries who served during the year and up to the date of this report were as follows:	
	Grahame Smith FCCA	Secretary resigned 22 July 2016
	Jane Fawkes BA (Hons) PgDip AHEA	Secretary from 22 July 2016
Key management personnel	Ashley Wheaton	Principal and Chief Executive
	Jane Fawkes	Deputy CEO and Vice Principal
	Paul Basham	Vice Principal Finance and Resources (from 29 October 2015)
	Wendy Finlay	Vice Principal Student Experience (from 8 June 2016)
	Nicholas Moore	Dean Learning and Teaching (from 16 November 2016)
	Aled Williams	Dean Research Innovation and Partnerships
	Lynne Downey	Dean Online Education (from 31 October 2016)
	Tim El Hady	Vice Principal Commercial and Business Operations (resigned 31 January 2017)
	Grahame Smith	Vice Principal Governance (resigned 22 July 2016)
Bank	National Westminster Bank plc, PO Box 78, 13 Market Place, Reading, Berkshire, RG21 2EP	
Solicitor	Irwin Mitchell, 40 Holborn Viaduct, London, EC1N 2PZ	
Auditor	Sayer Vincent LLP, Chartered Accountants and Statutory Auditors, Invicta House, 108-114 Golden Lane, London, EC1Y 0TL	
Investment Manager	Baring Asset Management Limited, 155 Bishopsgate, London, EC2M 3XY	
Insurance Adviser	Bluefin Insurance Services Limited, 1st Floor, Gail House, 5 Lower Stone Street, Maidstone, Kent, ME15 6NB	

Trustees' annual report

For the year ended 31 July 2016

The trustees present their report and the audited financial statements for the year ended 31 July 2016.

Reference and administrative information set out on pages 1 and 2 forms part of this report. The financial statements comply with current statutory requirements, the charity's Royal Charter and Bye-Laws and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and aims

University College of Estate Management (UCEM) is concerned with education and training for all professions dealing with land, property and construction. It was founded in 1919, incorporated by Royal Charter (RC000125) on 22 August 1922 and has been a registered independent charitable institution in England and Wales since 24 May 1963. In 1977 Her Majesty The Queen was graciously pleased to grant her patronage to UCEM. In 1998 His Royal Highness The Prince of Wales became Patron of UCEM.

The governing documents of UCEM are its Royal Charter and Bye-Laws. In October 2012, following a petition to the Privy Council, a new Supplemental Charter was granted. It records that UCEM was approved as an institution that can award its own degrees with effect from 1 January 2013. The Supplemental Charter reflects UCEM's decision to pursue its future as an independent body and removes all the references to the University of Reading that were in the preceding version. The opportunity was also taken to update the Bye-Laws to reflect best practice corporate and academic governance.

On 11 November 2015 the institution was granted University College title by the Privy Council. Shortly thereafter "The College of Estate Management" rebranded as "University College of Estate Management" or "UCEM" for short.

The purposes of the charity as outlined in the Charter are as follows:

- To provide training and educational facilities at any level, and facilities for research, for all or any of the professions of surveyor, auctioneer, land or estate agent, or any other profession in land, buildings or property.
- This includes within the objects and purpose of the Charter the development of course curriculum, material examinations, and the conferring of awards.
- To undertake research that will assist those in professions, and vocations as relevant to land, property and building.
- The provision of continuing professional development for those in the built environment sector.

Trustees' annual report

For the year ended 31 July 2016

UCEM fulfils the objects of the Charter and furthers the charity's purposes for the public benefit through the provision of online educational programmes, research, continuing professional development courses and student bursaries.

UCEM provides educational programmes from Level 3 to Level 7 of the FHEQ framework. All the programmes offered by UCEM sit within the core objective of the Charter, and are directly linked to the surveying, land and property professions. The programmes offered by UCEM are validated by the relevant professional bodies, such as the Royal Institution of Chartered Surveyors (RICS) and the Chartered Institute of Building (CIOB).

UCEM achieved Taught Degree Awarding Powers from 1 January 2013, so all programmes that have launched since 2013 are awards conferred by the institution. UCEM continues to develop the resources provided to students through the Online Learning Team working with the subject experts to ensure material is interactive and engaging to students. UCEM offers thirteen programmes awarded by the institution, all of which are delivered online, so accessible to students worldwide.

During this financial year UCEM launched two new Research Centres, one focussed on the built environment sector, and the other on online education, to assist both the profession and those within the education sector.

In June 2016 UCEM launched its Online Academy to provide continuing professional development training to the sector.

To make education and academic success accessible to all, and in the context of its charitable status, UCEM operates several bursary schemes to provide financial assistance to new students from poorer backgrounds, students made redundant during their course and students with other special circumstances. Awards range from discounts in one semester for temporary challenges through to 100% fee bursaries for the lifetime of a programme. More details on UCEM's bursary awards is given in *Movements in funds* Note 21 to the Financial Statements.

The resources allocated to each of the charitable activities are detailed in *Analysis of expenditure* Note 3 to the Financial Statements.

The trustees review the aims, objectives and activities of the charity each year. They look at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

Strategy

UCEM's vision is to be the leading online vocational university. The Strategic Plan 2014–2019 sets out the direction for the institution to realise that vision. The strategy comprises seven pillars; *Student Experience, Academic excellence, Growth, Independence, Financial sustainability, Operational excellence* and *New work environment*.

In the context of the strategic plan, the Senior Leadership Team set an annual plan for the year, which is approved by the Board of Trustees prior to the start of the financial year. This process occurs alongside budgetary planning, to ensure the appropriate resources are in place to deliver the plan for the forthcoming year.

The Board of Trustees meets four times per year, and as part of these meetings receives a report at each meeting of progress against the strategic plan.

Performance of the plan is monitored against seven key Institutional metrics and these key performance indicators are used to measure the success and achievements of the charity each year.

The metrics are defined in the following areas:

- Independence; which is monitored to reflect the effective phasing out of programmes that were validated by the University of Reading
- New work environment; which includes staff engagement, monitored through the Gallup Q12 survey
- Growth; measured by the target number of new students for each semester
- Academic excellence; measured by student satisfaction rates in an independent student survey (i-graduate)
- Financial sustainability; measured by revenue and operating margin

These metrics are defined to ensure the institution meets its charitable aims and objectives to deliver education and training for the built environment sector in the long-term.

In 2015–16, UCEM made significant progress, met almost all its annual plan targets and remains on course to deliver its 2014–19 strategy. The institution continues to grow and work towards its goal of being the leading online vocational university. The achievements are discussed in the next section *Achievements and performance*.

Trustees' annual report

For the year ended 31 July 2016

UCEM does not engage in grant making or social investment activities. UCEM trustees are volunteers and while their influence is significant they do not deliver UCEM services; UCEM makes no use of general volunteers to deliver its services.

Apprenticeships

To reach more students and meet more employer needs in the sector, UCEM entered the apprenticeship market in 2015–16. UCEM began to deliver teaching for level 3 and level 6 apprenticeships in association with the Chartered Surveyors Training Trust (CSTT) and Eastleigh College. UCEM includes apprenticeship course revenue on the face of the Statement of Financial Activities (SOFA) with other *Distance taught courses*.

However, in the context of the new Apprenticeship levy due to come into force in May 2017, UCEM sees academic apprenticeship delivery as vital to its future and that of training the sector for which UCEM was founded to serve.

Achievements and performance

The year ending 31 July 2016 was a significant year for the institution in its performance and achievements.

Independence

Following the award of taught degree awarding powers in January 2013, the institution took another step to reflect its journey as an independent provider, with the award of University College status by the Privy Council on 11 November 2015.

The change of name from the College of Estate Management to University College of Estate Management (UCEM) provided an opportunity for the Institution to undertake a re-branding exercise, with the new title and logo launched in January 2016, alongside the launch of a new website. The £270K cost of the re-branding exercise, website and launch of University College title is spread across *staff costs*, *marketing* and *professional and legal fees* expense lines in *Support costs* in Note 3 to the Financial Statements).

This important development benefits our current students and alumni with the enhanced profile of a degree from a university college.

As part of UCEM becoming independent from the University of Reading, the two institutions reached agreement that UCEM would vacate the building it had built and occupied on the University of Reading campus by 31 July 2016. This led to the search for a new home for UCEM during the financial year, with the Board of Trustees keen to secure a freehold rather than leasehold premises to ensure that there would not be a need for further relocation in the near to medium term. The building at 60 Queen's Road, Reading was purchased freehold with a contract completion date of 31 December 2015. The building was renamed "Horizons" in May 2016.

Trustees' annual report

For the year ended 31 July 2016

The purchase was funded with a £5M lease surrender premium (identified on the face of the SOFA) received from the University of Reading. There followed significant investment by the Board of Trustees to refurbish the building with a £2.17M refurbishment contract, plus new equipment and furniture costs of c£1M and related move costs, dual running costs and professional fees of c£1M funded from reserves. The total project cost was £10M.

The work was completed to a tight time scale, but throughout the Board was committed to ensure that the building offered an open plan work space to boost productivity, reflected the ethos of sustainability, and demonstrated leadership to the sector in its biophilic approach to the use of materials and design. Through this process UCEM worked very closely with BRE (Building Research Establishment Ltd), and the building has been assessed and certified as 'Excellent' on the prestigious BREEAM rating.

Horizons benefits our staff and industry with a sector leading sustainable building which improves UCEM's profile and status and should positively impact staff and student recruitment and retention.

To meet the associated key performance indicator for Independence UCEM introduced in-year resits for students on the University of Reading validated programmes, to maintain the student experience, and enable students where possible to keep with their student cohort. The costs of additional marking and tutor input required to deliver the resit programmes are not easily separable in our accounts but are estimated at c£100K and are reflected in the *Distance taught courses* costs in Note 3 to the Financial Statements.

Growth

For 2015–16 UCEM set targets for both new students, and for the retention of existing students, both of which were to support the financial sustainability of the institution.

UCEM exceeded the 1,325 target of new student numbers, with the Postgraduate Programmes in particular showing strong growth in numbers. 1,526 new students joined UCEM in 2015–16.

New student numbers were driven by three initiatives which support our charitable objects to deliver sector specific education.

- Growing relationships with employers within the sector. UCEM has put in place a Business Development team specifically to work with employers and meet their needs through the provision of our programmes. 424 students were sponsored by 261 employers.
- UCEM has for many years had a significant student body in Hong Kong and in February 2016 it opened a new Hong Kong office with seed capital of HKD 10,000 to support both new and existing students.
- The launch of Level 3 and Level 6 apprenticeship programmes to support the government apprenticeship initiative. Apprenticeships align with the objectives and purpose of UCEM,

providing education and training directly related to a student's career and development. Level 6 apprenticeship routes were launched in October 2015, and a Level 3 programme was launched in January 2016.

Until recently, as part of the apprenticeship model UCEM has been responsible for the academic delivery of the programmes only, as it did not have lead provider status with the Skills Funding Agency (SFA). UCEM has been working with the Chartered Surveyors Training Trust (CSST) and Eastleigh College to provide the academic programme for their apprentice students.

However, from 1 May 2017 UCEM has been granted lead-provider status and will be funded direct by SFA to deliver its own apprenticeship programmes.

The Government agenda on apprenticeship programmes provides a significant opportunity for UCEM, but at a disadvantage to HEFCE-funded institutions. As an *alternative provider* UCEM has not been able to bid for additional apprenticeship funds provided by the Government through HEFCE. The risk to UCEM is from subsidised competition, as HEFCE-funded institutions design and deliver apprenticeship programmes, compared to UCEM which has received no external funding.

Work on the retention of existing students was driven by the launch of an internal campaign '*No Student Left Behind*' to encourage all staff to engage in initiatives to support student success and retention.

Academic Excellence

Academic excellence continues to be monitored by the i-graduate student barometer, and for the 2015–16 year the overall satisfaction rate increased to 91.9%, and is above the global benchmark. This reflects the commitment of UCEM to deliver educational programmes of a high standard for its students.

Work also was undertaken in preparation for the QAA Higher Educational Review, which whilst occurring in the 2016–17 financial year, required substantial preparation work during 2015–16.

New Work Environment

Staff satisfaction exceeded plan and scored 3.88 in December 2015 and 3.90 in June 2016 versus the 3.85 target for overall satisfaction.

The move to a new premises and open-plan work environment is noted elsewhere.

Financial Sustainability

UCEM delivered *Distance taught courses* (see face of the SOFA) revenue of £8.8M versus its £8.7M target.

Trustees' annual report

For the year ended 31 July 2016

However, UCEM did not make its budgeted operating margin target of a £427K deficit. Expenditure was greater than planned due to the introduction of resits referred to above, a budgeting error for e-books provided "free" to students and the additional revenue costs of the property move and dual-running costs for two sites.

On balance the trustees are pleased with the annual results: a reported annual surplus of £685K, strong student and revenue growth, a stronger balance sheet and a newly refitted freehold headquarters.

Beneficiaries of our services

The charity's main activities are the provision of education and it tries to help students and the built environment sector worldwide. All its charitable activities focus on the sector and students developing careers in the sector and are undertaken to further UCEM's charitable purposes for the public benefit.

UCEM added 1,526 new students during 2015–16 against its target of 1,325. This is 29% year-on-year growth over the 1,187 new students in 2014–15.

UCEM made 762 academic awards during 2015–16 of which 679 were full academic awards and 83 were exit awards.

As noted above, we deepened our sector employer engagement: 424 students were sponsored by 261 employers.

Twenty-one students were awarded new student bursaries, worth up to £165,000 over four years if the students complete their studies. £109,500 of bursaries were paid in year. In addition, many students were assisted with fee reductions or debt write-offs for special circumstances so that they could continue their studies; these awards were made from the Principal's Discretionary Fund and UCEM intends to count the number and value in the coming years. More details on bursaries granted can be found in Note 21 to the financial statements.

Financial review

The trustees consider 2015–16 a successful financial year.

A reported surplus of £685K strengthens balance sheet reserves and offsets most of the £877K negative impact on reserves of moving to the new FRS102 accounting standard (Note 25 to the financial statements).

UCEM degree *Distance taught courses* income of £8.84M was a 22% advance on the prior financial year as two years of double-digit student growth fed through to revenue.

Trustees' annual report

For the year ended 31 July 2016

Corporate services income grew 153% over the prior year as the business development team gained traction.

Investment income fell by 35% in a year where UCEM withdrew a net £6.8M from investments in November 2015 to part-fund the acquisition and move to new premises. This is still in line with the strategic plan of making UCEM operationally independent of investment income by 2019.

Costs associated with *Distance taught courses* increased by £3.34M; driven by higher student numbers, the launch of apprenticeship courses, absorbing resit examination costs for the first time, a budgeting error for e-books, increased regulatory (H.E.S.A.) costs of independence and regulation and the dual running costs of both moving headquarters and running two sets of academic programmes; Reading University "legacy" programmes which are being taught out alongside our own CAO (Current Academic Offer) programmes. In future, we will have more detail and insight to our cost management information: the finance team have successfully migrated to a new accounting system and implemented monthly management accounting in 2016-17.

The UCEM balance sheet has undergone significant change in 2015-16. The addition of £7M of freehold property, the change in classification of Shinfield Grange from operating to investment property, the addition of c£900K of new plant and equipment and the disposal of £6.8M of investments have substantially changed its structure and liquidity

The property relocation budget was approximately £10M. £8.1M was spent on freehold property additions, which following a revaluation in June 2016 was capitalised at £7M. This led to a £1.1M impairment charge (essentially early depreciation) through the Statement of Financial Activities (SOFA). In addition a further c£900K of new plant and equipment (Note 10 *Tangible fixed assets*), and approximately £1M of other costs associated with technology upgrades, dual running costs and the move itself was expensed through the various expense categories of the SOFA.

The group cash balance at year-end was c£120K greater than the prior year but UCEM's working capital position has shifted significantly. Debtor days have shrunk from 62 to 23, while creditor days have also fallen but only from 82 to 71. The underlying picture is one of prudent cash management with much faster cash collection and timely creditor payments (albeit improved over the previous year). The debtor to creditor working day spread has moved from +20 days to +48 days and though UCEM experienced cash flow challenges during the days of the property refit and move they were managed and absorbed.

UCEM registered more sponsored students, whose corporate employers generally pay in full on 30-day terms rather than self-funded students on twelve-week payment plans. In contrast student debtor days will extend once more in the coming year as self-funded students have new payment plans over longer terms ranging from sixteen to twenty weeks. The trustees have since released a further £1M from investment reserves to bridge working capital. Further changes to funding models with the new apprenticeship levy will place additional strain on UCEM working capital but reserves are sufficient to adequately cushion this.

Trustees' annual report

For the year ended 31 July 2016

UCEM also has less capital tied up in stock than ever before. Most courses now utilise e-books so hard-copy book stock is tending to zero. The stock value and longevity of e-books varies by supplier so UCEM has made provision against all e-book stock in 2015-16 and is undertaking a review of how it purchases and pays for e-books in 2016-17; the likely outcome is a just-in-time solution with low stock carrying value.

In 2015-16, as in 2014-15, UCEM can carry a net current liability position on the Balance Sheet as this is more than offset by invoiced value of deferred income and payments in advance for courses (see Note 18).

In summary, both income and cost growth are ahead of plan. 2016-17 offers a year of consolidation; the new accounting system and processes will allow greater financial control and management reporting in an organisation that continues to grow apace.

Pensions

UCEM is a member of the Universities Superannuation Scheme (USS), a defined benefit pension scheme with mutual employer membership. The scheme is in deficit and the liability is pooled amongst employer members. UCEM's share cannot be separately identified so is not shown on the Balance Sheet. However, the agreed contributions to fund the scheme deficit is provided for and is detailed in Notes 19, 24 and 25.

By way of guidance for users of the accounts, a s75 exit valuation (a more expensive method of valuation than that used in financial statements) in September 2015 was c£18M. For clarity, UCEM is not obliged to, nor is it planning to exit USS and crystallise any potential liability.

More detail on UCEM's pension arrangements can be found at Note 24 to the financial statements.

Other factors

Brexit is an external influence that the trustees consider may affect longer term financial planning. Should Brexit cause a property downturn, UCEM has historically suffered a fall in student numbers during industry downturns. However, the new apprenticeship-levy funding model may change that as employer money is ring-fenced for training.

One other factor that may affect longer term financial planning is the strategy for Shinfield Grange, which may have the potential to realise a cash value materially above the Balance Sheet value. Shinfield Grange is carried at open market value in the Balance Sheet (see *Investment properties* Note 11 to the financial statements).

Investments

UCEM does not take social, environmental or ethical considerations into account in its investment policy.

Investment policy

The trustees review the institution investment policy annually. The policy aims at least to maintain the Fund's real value (over a rolling five-year period) and to cover the income requirement of the institution. At the year-end the fund consisted wholly of investments in a multi-asset class equity Fund.

The investment portfolio is regularly reviewed by the Finance Committee in conjunction with independent investment advisers. The institution's equity holdings are held on a discretionary basis in the form of charity units and as such enjoy favourable tax and charging structures. The equity holdings are held in two separate funds: 'Main' and 'Bursary' and since June 2011 have been managed by Barings in the Targeted Return Common Investment Fund. The objective of this fund is to outperform the Consumer Price Index plus 5% over a rolling three-year period.

Since transferring the funds to Barings, the amount invested in the Main Fund of £11,587,104 as at 31 July 2016 (representing £15,087,104 when transferred from the previous Fund Managers in June 2011, plus a second tranche of £4,300,000 that was invested in July 2013 following the sale of the investment property at 3 St James's Place, less a disinvestment of £1,000,000 in July 2014 for CAO purposes, less a disinvestment of £6,800,000 in November 2015 for a new operating property named Horizons) has increased by 29% to £14,964,904. The Bursary Fund (which the College has deemed to be a designated fund for reserves purposes) was valued at 31 July 2016 at £2,130,670 (representing an increase of 6.5% above the investment of £2m that was made in two separate £1m tranches in the financial years 2006-07 and 2007-08).

The property at Shinfield Grange, formerly an operating property, has been reclassified as an investment property under FRS102 in these financial statements. The strategy for Shinfield Grange is now under review by the Finance Committee, which may result in a sale.

Principal risks and uncertainties

The Board regularly considers the risks to which it believes UCEM may be exposed. This is principally done by assessing the Risk Assessment Register ("RAR") which identifies risks under two significant headings: Specific Risks and Systemic Risks.

Specific risks are identified under six main headings and summarised here:

- Physical & Environmental: premises and contamination risks are handled through security, statutory compliance (e.g. fire safety) and insurance.
- Technological: UCEM is an online business so the impact of technology failure in business operations or the online learning environment (VLE) can be significant. The risks are managed through the appropriate use of market-leading software solutions with appropriate support contracts, cloud software solutions, data back-ups and best practice in information technology.

- Reputational: damage to reputation could cause UCEM to lose students, staff, industry accreditation partners and ultimately its status as a charity with degree awarding powers. Governance is key and UCEM takes its regulatory, compliance and policy framework policy very seriously. Codes of practice, guidelines and policies undergo periodic review and staff are trained and expected to follow policy.
- Educational: product and student risk covers quality, standards, consistency, complaints, student success and welfare. Educational risk has its own comprehensive Academic Risk Register which is reviewed regularly by the Academic Board.
- Financial: investment risk comprises currency, custody, market and liquidity risk and is managed through appropriate investment policy and choice of investment manager. Fraud and financial loss are addressed by the internal control environment and backed with insurance. Long term financial planning, review of performance against plan and an appropriate reserves policy protect against insolvency risk.
- People: the loss of key personnel or an inability to recruit appropriate personnel to support UCEM's plans would restrain UCEM's ability to deliver its academic programmes and charitable objects. Recruiting and retaining the right people is supported by a strong Performance Development Review (PDR) process, a staff satisfaction survey, benchmarked remuneration, an evolving benefits offering, relevant insurances and an increasing investment in training.

Each individual risk in the RAR shows the assessed scores for the probability and the impact (on a 1–5 scale) and if the product of the scores is 9 or over particular focus is given to that risk and its mitigation. There is a commentary on each risk, a list of necessary mitigation actions that have or could take place and identification of the insurability against the risk.

The responsibility for mitigating each of the assessed risks has been delegated by the Board to the Principal and to individual members of the Senior Leadership Team.

The Board believes the RAR to be comprehensive, and that the assessed risks are appropriately mitigated by the procedures and systems that are in place (and which are also reviewed regularly). These are further mitigated by the policies and practices which help define UCEM's strategy and determine its activities.

The review and approval process includes the RAR being reviewed by the SLT, then presented to the Finance Committee twice a year, and further discussed in full Board once a year. The Board has delegated to the Finance Committee the detailed review of the content of the RAR (and development of the appropriate control processes). Consequently, the trustees consider that arrangements are in place to ensure satisfactory effective internal control and risk management.

On Systemic Risk, the Board continues to be very mindful of the global economic situation and, in particular, the adverse financial impact in the UK, and in some international markets, from which the institution has traditionally drawn its student base. As such, the Board continues to monitor closely the numbers of new student registrations, as well as assessing the impact of the situation on existing students who are striving to continue their studies in this difficult economic climate.

Reserves policy and going concern

UCEM's general reserves arose from the original donations of £55,000 made when the College was set up in 1919, and its subsequent retention of modest surpluses on its activities, plus further small donations over the years.

The education sector, in general, operates on a long-term cycle, with none of our courses lasting less than two years and many students taking five or more years to complete.

The sectors in which UCEM is permitted to apply its funds are land and property. These sectors are subject to considerable cyclical movement. The education sector, in particular, is required to exploit the facilities which internet based delivery can bring to distance learning. This ongoing aspect of our courses is expensive to maintain and will need both capital and revenue expenditure as continuing investment for the future.

The trustees continue to monitor the use of reserves, in conjunction with the setting of annual budgets, and developments of our long-term strategy for delivering public benefit in distance learning projects, to meet the changing nature of demand. The present policy is to budget for operating surpluses sufficient to build up reserves to meet the needs of our long-term strategy and to designate funds for specific projects as and when available, and identified within that strategy.

Total unrestricted reserves as represented by total reserves of £23.3M less freehold property held of £7.0M, stand at £16.3M. £3.3M of this sum has been allocated to Designated Funds of which £2.2M has been allocated to a Bursary Fund, set up for the exclusive purpose of generating an income to provide bursaries to assist and support students and to otherwise encourage new entrants to the profession. The other £1.1M is allocated to a Designated Fund for contributing to UCEM's future premises maintenance needs.

The remaining reserves of £13M represent approximately one year's operating expenditure. In the view of the trustees, this level of reserves is prudent to provide for UCEM's normal educational commitment to students. However, given the opportunity presented by apprenticeships the trustees intend to review the required level of reserves in the coming year to ensure that they are not over prudent and can support investment plans.

Accordingly, the trustees consider that UCEM is a going concern and have prepared the accounts on this basis.

Plans for the future

The focus for UCEM continues to be delivery of the strategic plan 2014–2019, with the key metric of achieving 3,727 full course equivalent students by 2019 (approximately 5,000 student headcount).

As part of achieving this objective the opportunities afforded to UCEM by the apprenticeship provision are significant. This will increase with the introduction of the apprenticeship levy to employers in May 2017.

It is likely that from May 2017 there will be a reduction in the number of employers sponsoring students to undertake the standard route on our BSc programmes, and instead employers will send students on to either the Level 4 (Foundation degree) or Level 6 (BSc) apprenticeship programmes.

UCEM has applied to become a lead provider with the Skills Funding Agency, and is likely to hear the outcome in the spring of 2017.

The opportunities with apprenticeships will also increase if the Level 7 (postgraduate) standards are approved for construction, which is likely during 2016–17.

The Board of Trustees as part of the future planning process is reviewing the investment required by the institution to meet the delivery and resourcing requirements of the programmes.

The recruitment of appropriately qualified academic staff to deliver the academic programmes continues to be challenging, with additional resources required due to the increasing student numbers. UCEM may need as part of its future planning to consider another academic base within the UK.

Structure, governance and management

The strategic direction for UCEM is determined by the Board of Trustees, which meets four times a year. The Board is guided in its educational strategy by an *Academic Board* which also meets four times a year to assess such matters as changes in the regulatory environment (or best practice) regarding the provision of education. It is the supreme deliberative committee relating to educational matters.

The Board delegates some of its power to four standing sub-committees, established to consider in detail various issues on its behalf. The sub-committees have detailed terms of reference which are reviewed annually by the Board. They debate matters within their sphere and then make recommendations for the Board to consider for approval. Details of the sub-committees and their main functions are:

The Academic Audit Committee

An independent sub-committee that acts as the advisory body for all aspects of UCEM's academic delivery. Its primary responsibility is to be the final auditor of all UCEM's academic review processes and performance data.

The Finance Committee:

Considers in detail the financial results against plan for the current year, the forecast of results for the following year, the cash position and the performance of investments. This committee also assesses the policies relating to Grant Making and Bursaries, Investments, Reserves and Risks. This sub-committee meets three times a year.

The Nominations and Governance Committee:

This committee considers and recommends to the Board all prospective appointments to the Board of Trustees having assessed the type of skills and experience deemed necessary for the Board to function as effectively as possible. This committee will also recommend to the Board all candidates considered for Honorary Fellow status, as well as all nominations for the annual UCEM Property Award. This sub-committee is also charged with ensuring that the very best governance practice is adhered to by UCEM as a registered charity in the higher education sector. This sub-committee meets at least annually and more regularly as necessary.

The Remuneration Committee:

Meets annually, or as required, to consider the remuneration package for the Principal, the Senior Leadership Team and all other staff.

Working Groups

From time to time the Board may establish a working group to consider topics in detail and to inform the Board (or one of the above sub-committees) of their findings or to make recommendations. In the year to 31 July 2016, the following working groups met:

Bursaries Working Group
Property Sub-Group
Board Governance Working Group

The day-to-day management of University College of Estate Management is entrusted to the Principal, supported by a Senior Leadership Team whose role is to deliver the strategic objectives and policies set by the Board of Trustees. The Principal is also an ex-officio trustee as required by the Royal Charter.

Trustees

Trustee recruitment

The terms of appointment for the Independent and Staff Trustees (other than those who are ex-officio) are for three years. At the end of each three-year period these trustees are eligible for reappointment for one further term of three years. A Student Trustee, when appointed, is appointed for one year with eligibility for this to be renewed for a further one-year term.

When vacancies arise for new trustees the Nominations and Governance Committee is requested to identify and find suitable replacements. In doing this the Nominations and Governance Committee will have regard to replacing the specialist skills or experience that any retiring trustee may have had and will also consider other criteria such as experience, standing and reputation in academia or within the land and property sector. Due regard is also given to succession planning of future trustees with an aim to ensure there remains an appropriate blend of experience for future years.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in Note 5 to the accounts.

Appointment of trustees

It is a requirement of the role that the Principal of UCEM is a trustee. UCEM also has one staff trustee and one student trustee with nominations made by the relevant peer group.

The details of all prospective new trustees identified by the Nominations and Governance Committee are presented to the Board for their approval. The details presented will consist of the individual's Curriculum Vitae and will include highlights of any achievements and specialisms gained. Should the individuals proposed be approved to join the Board they are invited to attend the next Board meeting. Appointments normally run from the Annual General Meeting.

No other person or body is entitled to appoint one or more of the charity trustees.

Trustee induction and training

Each new trustee is sent a comprehensive pack of papers on appointment. This includes background reading about UCEM, including the Charter and Bye-Laws, the current prospectus and the most recent set of statutory accounts. All new trustees are then invited to visit UCEM and given the opportunity to discuss any queries they may have with the Principal and the Senior Leadership Team. UCEM promotes trustee training by providing all trustees with relevant Charity Commission guidance on serving as a trustee, as well as funding attendance at appropriate courses and seminars that are organised by third parties.

Once appointed all trustees are subject to an annual appraisal with the Chair. UCEM is committed to meeting all relevant training needs identified by this process.

Related parties and relationships with other organisations

The consolidated accounts include UCEM together with its trading subsidiaries, UCEM Courses Limited, UCEM Asia Limited, UCEM Publishing Limited and two registered charities in which UCEM has a controlling interest, The Harold Samuel Educational Trust and the David Alexander Memorial Scholarship.

UCEM Courses Ltd is a wholly owned subsidiary that delivers bespoke course content to corporate clients. UCEM Publishing Ltd is a wholly owned subsidiary that provides printed course and marketing content to UCEM and UCEM Courses Ltd and in 2015–16 provided ad-hoc print work for University of Reading. UCEM Asia Ltd is a wholly owned subsidiary incorporated in Hong Kong that supports UCEM's marketing and teaching in Hong Kong.

In 2015–16 UCEM began to deliver teaching for level 3 and level 6 apprenticeships as a subcontractor of the Chartered Surveyors Training Trust (CSTT) and of Eastleigh College.

The programmes offered by UCEM are validated by the relevant professional bodies, such as the Royal Institution of Chartered Surveyors (RICS) and the Chartered Institute of Building (CIOB).

Remuneration policy for key management personnel

UCEM's Remuneration Committee meets annually, or as required, to consider the remuneration package for the Principal, the Senior Leadership Team and the raise and discretionary bonus pool for all other staff. UCEM uses industry statistics and remuneration surveys (e.g. UCEA) to inform the committee's decisions.

Statement of responsibilities of the trustees

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the group's financial activities during the period and of the group and charity's financial position at the end of the period. In preparing financial statements giving a true and fair view, the trustees should follow best practice and:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

Trustees' annual report

For the year ended 31 July 2016

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Sayer Vincent LLP were re-appointed as the charity's auditors during the year and have expressed their willingness to continue in that capacity.

The trustees' annual report has been approved by the trustees on 29 March 2017 and signed on their behalf by



John Gellatly
Chair

Independent auditors' report

To the members of

University College of Estate Management

We have audited the financial statements of University College of Estate Management for the year ended 31 July 2016 which comprise the consolidated statement of financial activities, the group and parent charity balance sheets, the group statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the trustees as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditors' 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 charity and the trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of responsibilities of the trustees set out in the trustees' annual report, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditors' report

To the members of

University College of Estate Management

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the group and parent charity's affairs as at 31 July 2016, and of the group's incoming resources and application of resources, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Charities Act 2011

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- The information given in the trustees' annual report is inconsistent in any material respect with the financial statements
- Sufficient accounting records have not been kept
- The financial statements are not in agreement with the accounting records and returns
- We have not received all the information and explanations we require for our audit

5 April 2017

Sayer Vincent LLP, Statutory Auditors

Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditors in terms of section 1212 of the Companies Act 2006

University College of Estate Management

Consolidated statement of financial activities

For the year ended 31 July 2016

	Note	Unrestricted £	Restricted £	2016 Total £	Unrestricted £	Restricted £	2015 Total £
Income from:							
Donations and legacies		50,000	-	50,000	-	-	-
Charitable activities							
Distance taught courses		8,844,647	-	8,844,647	7,273,879	-	7,273,879
Continuing professional development		1,457	-	1,457	5,683	-	5,683
Bursaries		-	-	-	-	250	250
Other trading activities							
Property rental		50,201	-	50,201	40,584	-	40,584
Corporate Services – UCEM Courses		380,278	-	380,278	150,081	-	150,081
Investments	2	564,885	4,481	569,366	830,845	4,989	835,834
Other including lease surrender		5,013,440	-	5,013,440	3,997	-	3,997
Total income		14,904,908	4,481	14,909,388	8,305,069	5,239	8,310,308
Expenditure on:							
Raising funds							
Investment management		74,825	-	74,825	109,940	-	109,940
Property management		75,410	-	75,410	99,398	-	99,398
Corporate Services – UCEM Courses		101,372	-	101,372	81,481	-	81,481
Charitable activities							
Distance taught courses		12,418,367	-	12,418,367	9,335,699	-	9,335,699
Continuing professional development		66,073	-	66,073	1,590	-	1,590
Bursaries		82,030	2,640	84,670	94,577	4,918	99,495
Research projects		59,813	-	59,813	86,575	-	86,575
Other		1,108,012	73	1,108,085	1,673	97	1,770
Total expenditure	3	13,985,902	2,713	13,988,615	9,810,933	5,015	9,815,948
Net income / (expenditure) before net gains / (losses) on investments		919,006	1,768	920,773	(1,505,864)	224	(1,505,640)
Net gains / (losses) on investments	12	(223,040)	(12,799)	(235,839)	804,437	33,902	838,339
Net income / (expenditure)	4	695,966	(11,031)	684,935	(701,427)	34,126	(667,301)
Transfers between funds	21	-	-	-	-	-	-
Net movement in funds		695,966	(11,031)	684,935	(701,427)	34,126	(667,301)
Reconciliation of funds:							
Total funds brought forward		21,547,780	464,513	22,012,293	22,249,207	430,387	22,679,594
Total funds carried forward	21	22,243,746	453,482	22,697,228	21,547,780	464,513	22,012,293

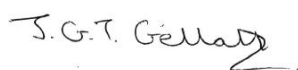
All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 21 to the financial statements.

Balance sheets

As at 31 July 2016

	Note	The group		The charity	
		2016	2015	2016	2015
		£	£	£	£
Fixed assets:					
Tangible assets	10	7,929,423	159,319	7,929,423	159,319
Investment properties	11	1,000,000	1,000,000	1,000,000	1,000,000
Investments	12	15,389,413	22,425,252	15,217,003	22,239,044
		24,318,836	23,584,571	24,146,426	23,398,363
Current assets:					
Stock	16	7,489	84,783	7,489	78,685
Debtors	17	926,586	1,403,366	956,133	1,370,906
Cash at bank and in hand		780,760	660,794	641,046	645,555
		1,714,835	2,148,943	1,604,668	2,095,146
Liabilities:					
Creditors: amounts falling due within one year	18	(2,752,244)	(3,131,362)	(2,782,782)	(3,341,295)
Net current liabilities		(1,037,409)	(982,419)	(1,178,114)	(1,246,149)
Total assets less current liabilities		23,281,427	22,602,152	22,968,312	22,152,214
Provisions for liabilities	19	(584,199)	(589,859)	(584,199)	(589,859)
Total net assets	20	22,697,228	22,012,293	22,384,113	21,562,355
Funds:					
Restricted income funds	21	453,482	464,513	11,935	14,575
Unrestricted income funds:					
Designated funds		11,233,985	3,483,710	11,233,985	3,483,710
General funds		11,138,194	18,064,070	11,138,193	18,064,070
Non-charitable trading funds		(128,433)	-	-	-
Total unrestricted funds		22,243,746	21,547,780	22,372,178	21,547,780
Total charity funds		22,697,228	22,012,293	22,384,113	21,562,355

Approved by the board of trustees on 29 March 2017 and signed on their behalf by


John Gellatly
Chair

University College of Estate Management

Consolidated statement of cash flows

For the year ended 31 July 2016

	Note	2016 £	£	2015 £	£
Net cash provided by / (used in) operating activities	22		1,754,256		(1,423,153)
Cash flows from investing activities:					
Dividends, interest and rents from investments		569,366		835,834	
Proceeds from the sale of fixed assets		-		458	
Purchase of fixed assets		(9,003,656)		(98,607)	
Proceeds from sale of investments		7,101,576		5,000	
Purchase of investments		(301,576)		-	
Net cash (used in)/provided by investing activities			(1,634,290)		742,685
Change in cash and cash equivalents in the year			119,966		(680,468)
Cash and cash equivalents at the beginning of the year			660,794		1,341,262
Cash and cash equivalents at the end of the year			780,760		660,794

1 Accounting policies

a) Legal status

UCEM is a charity incorporated by Royal Charter (RC000125) and is registered with the Charity Commission in England and Wales, number 313223. The registered office address Horizons, 60 Queens Road, Reading, RG1 4BS.

b) Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charity, its wholly-owned subsidiaries and linked charities on a line by line basis. Transactions and balances between the charity and the entities have been eliminated from the consolidated financial statements. Balances between the entities are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented as the summary of the result for the year is disclosed in the notes to the accounts.

c) Reconciliation with previously Generally Accepted Accounting Practice (GAAP)

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. The transition date was 1 August 2014.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement to paid annual leave. The initial liability recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. The initial liability was for £60,870. In addition, an adjustment was made to reclassify the Shinfield Grange property as an investment property rather than freehold property. At the date of transition, the property was being carried at a value of £1.227 million, however it was valued at £1 million. Therefore on transition, the reserves were reduced by £227,000.

UCEM is a member of the USS pension scheme, a multi-employer defined benefit scheme. UCEM is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis and it therefore accounts for the scheme as if it were a defined contribution scheme. FRS 102 requires that where there is an agreement to fund a scheme deficit between the employers, each employer should recognise a liability for the contributions payable that arise from the agreement. Consequently, UCEM's new accounting policy is to record a liability within provisions for its contractual commitment to fund past deficits within the USS scheme. The impact of this was to recognise a provision at 1 August 2014 of £322,572.

1 Accounting policies (continued)

c) Reconciliation with previously Generally Accepted Accounting Practice (GAAP) (continued)

In accordance with the requirements of FRS 102, a reconciliation of opening balances and net income / (expenditure) for the year is provided with the net income / (expenditure) under previous GAAP. This is provided in note 25.

d) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

e) Going concern

The trustees consider that there are no material uncertainties about the group's ability to continue as a going concern. The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

f) Income

Income is recognised when the group has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the group has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

g) Investment income

Interest on funds held on deposit and dividends on investments are included when receivable and the amount can be measured reliably by the charity; this is normally upon notification.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

1 Accounting policies (continued)

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the group and charity in managing its investment portfolio and investment property.
- Expenditure on charitable activities includes the costs of developing and delivering distance taught courses as well as other educational work undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

● Investment management	0.0%
● Property management	0.0%
● Corporate Services – UCEM Courses	.8%
● Distance taught courses	98.2%
● Continuing professional development	.5%
● Bursaries	0.0%
● Research projects	.5%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The useful lives in use are as follows:

● Freehold property	50 years	● Machinery and equipment	5 years
● Telephone system	10 years	● Motor vehicles	4 years
● Furniture	10 years	● Computers	3 years

No depreciation is provided on freehold land as it is deemed to have an infinite life.

1 Accounting policies (continued)

m) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the statement of financial activities. The valuation method used to determine fair value will be stated in the notes to the accounts.

n) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

o) Investments in subsidiaries

Investments in subsidiaries are at cost.

p) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

q) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

r) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

s) Creditors and provisions

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

The group 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.

t) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the average rate of exchange for the month. Exchange differences are taken into account in arriving at the net incoming resources for the year.

1 Accounting policies (continued)

u) Pensions

The group participates in the Universities Superannuation Scheme (USS), a defined benefit scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The group is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by section 28 of FRS 102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. UCEM also complies with FRS 28.11A. UCEM has entered into an agreement with USS to fund its deficits, and recognises a liability for the contributions payable that arise from this agreement. The expense resulting from this liability and any movements in this liability are recognised in the statement of financial activities.

The group also operates a Group Personal Pension (GPP) and an Auto-Enrolment Compliant (AE) defined contribution scheme. The assets of these schemes are individually held by its members. Contributions to these schemes in the year were charged to the statement of financial activities as incurred.

2 Income from investments

	Unrestricted General £	Unrestricted Designated £	Restricted £	2016 Total £	2015 Total £
Dividends	486,039	74,162	4,481	564,682	832,449
Bank interest	4,684	-	-	4,684	3,385
	<u>490,723</u>	<u>74,162</u>	<u>4,481</u>	<u>569,366</u>	<u>835,834</u>

3 Analysis of expenditure

	Cost of raising funds			Charitable activities							2016 Total £	2015 Total £
	Investment management £	Property management £	Corporate Services – UCEM Courses £	Distance taught courses £	Continuing professional development £	Bursaries £	Research projects £	Other £	Governance costs £	Support costs £		
Staff costs (Note 6)	-	75,410	55,120	6,852,017	26,567	-	38,480	-	45,580	-	7,093,174	4,533,175
Other Staff Costs	-	-	10,096	-	-	-	-	-	-	857,530	867,626	1,627,886
Academic	-	-	-	1,137,074	-	84,670	-	-	-	-	1,221,744	940,381
Marketing	-	-	-	-	-	-	-	-	-	283,566	283,566	736,352
Finance costs	-	-	-	-	-	-	-	73	-	145,191	145,264	425,389
IT and Equipment Costs	-	-	-	-	-	-	-	-	-	451,627	451,627	822,900
Depreciation	-	-	-	-	-	-	-	-	-	109,930	109,930	64,289
Professional and legal fees	74,825	-	-	-	15,940	-	-	-	24,700	1,025,628	1,141,093	22,724
Premises	-	-	-	-	-	-	-	-	-	1,045,957	1,045,957	191,186
General office costs	-	-	-	-	-	-	-	-	-	520,622	520,622	451,666
Impairment charge	-	-	-	-	-	-	-	1,108,012	-	-	1,108,012	-
	74,825	75,410	65,216	7,989,091	42,507	84,670	38,480	1,108,085	70,280	4,440,051	13,988,615	9,815,948
Support costs	-	-	35,593	4,360,258	23,199	-	21,001	-	-	(4,440,051)	-	-
Governance costs	-	-	563	69,018	367	-	332	-	(70,280)	-	-	-
Total expenditure 2016	74,825	75,410	101,372	12,418,367	66,073	84,670	59,813	1,108,085	-	-	13,988,615	
Total expenditure 2015	109,940	99,398	81,481	9,335,699	1,590	99,495	86,575	1,770	-	-		9,815,948

4 Net income / (expenditure)

This is stated after charging / (crediting):

	2016 £	2015 £
Depreciation	109,930	64,289
Loss or (profit) on disposal of fixed assets	15,610	(458)
Interest payable	17,491	-
Operating lease rentals:		
Property	102,459	39,347
Other	9,373	24,107
Auditors' remuneration (excluding VAT):		
Audit – University College of Estate Management	15,000	12,500
Audit – UCEM Courses	2,800	2,800
Audit – UCEM Publishing	2,800	2,800
Other services	2,800	1,703
Foreign exchange losses	8,535	2,921
	<u>109,930</u>	<u>64,289</u>

5. Trustee remuneration and benefits

In accordance with the bye-laws of the College, two trustees (2015: two) of the charity received remuneration for the services they provide in undertaking the roles of Principal and member of staff and not in respect of their services as trustees. Their remuneration during their period as a trustee was as follows:

	2016 £	2015 £
Principal – Ashley Wheaton		
Remuneration	180,612	166,900
Employer pension contributions	25,950	24,304
Other benefits	391	392
	<u>206,953</u>	<u>191,596</u>
Staff trustee – Jane Fawkes		
Remuneration	78,001	78,529
Employer pension contributions	12,449	11,981
	<u>90,450</u>	<u>90,510</u>
Total trustee remuneration and benefits	<u>297,403</u>	<u>282,106</u>

The pension contributions are in respect of membership of the USS Scheme and are paid by the employer on the same basis as any other member's employer contribution.

Trustee travel, entertaining and subsistence

	2016 £	2015 £
Principal	6,750	7,206
Five other trustees (2015: two)	1,349	6,751
	<u>8,099</u>	<u>13,957</u>

Other than as reported above, the trustees were neither paid nor received any other benefits from employment with the charity in the year (2015: £nil). No member of the trustees received payment for professional or other services supplied to the charity (2015: £nil).

6 Analysis of staff costs and the cost of key management personnel

Staff costs were as follows:

	2016 £	2015 £
Salaries and wages	5,954,749	5,015,867
Redundancy and termination costs	80,460	-
Social security costs	477,483	415,687
Employer's contribution to defined contribution pension schemes	233,748	168,002
Operating costs of USS pension scheme	337,266	573,521
Other forms of employee benefits	9,468	-
	7,093,174	6,173,077

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	2016 No.	2015 No.
£60,000 – £69,999	3	3
£70,000 – £79,999	4	4
£80,000 – £89,999	2	1
£130,000–£139,999	1	-
£160,000 – £169,999	-	1
£180,000 – £189,999	1	-

The total employee benefits including pension contributions of the key management personnel were £728,496 (2015: £683,872).

7 Staff numbers

The number employed on a full time equivalent basis during the year was 171 (2015: 140) of which 38 (2015: 26) were academic staff. In addition, the services of consultants, eg markers, examiners, etc. are engaged on a part-time basis and the average number in the year was 166 (2015: 188).

The number of total staff on an average head count basis was 260 (2015: 203).

8 Related party transactions

In 2015, UCEM engaged the services of Taylor Wessing LLP, of which Mr A Marks, a trustee, is a partner, for legal advice. No payments were made to Taylor Wessing LLP during 2016 (2015: £5,650) and there was a balance of £nil (2015: £nil) outstanding at the year-end.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

9 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiaries Gift Aid available profits to the parent charity.

10 Tangible fixed assets

The group and charity

	Freehold land and buildings £	Equipment and motor vehicles £	Computer system £	Total £
Cost				
At the start of the year	-	1,241,229	575,619	1,816,848
Additions in year	8,108,012	447,394	448,250	9,003,656
Disposals in year	-	(263,260)	(563,699)	(826,959)
At the end of the year	8,108,012	1,425,363	460,170	9,993,545
Depreciation				
At the start of the year	-	1,081,910	575,619	1,657,529
Charge for the year	-	21,054	88,876	109,930
Impairment charge*	1,108,012	-	-	1,108,012
Eliminated on disposal	-	(253,950)	(557,399)	(811,349)
At the end of the year	1,108,012	849,014	107,096	2,064,122
Net book value				
At the end of the year	7,000,000	576,349	353,074	7,929,423
At the start of the year	-	159,319	-	159,319

Land with a value of £2,000,000 (2015: £nil) is included within freehold property and not depreciated.

All of the above assets are used for charitable purposes.

* The new premises were planned and designed specifically for UCEM. Financial Reporting Standards require the premises to be included in the financial statements at replacement cost where this is less than actual cost. An Existing Current Use with Vacant Possession valuation was carried out by Knight Frank LLP on 23 June 2016. At present this value is lower than actual cost so the impairment has been recognised in the year. This was as anticipated and in accordance with the trustees' business plan for the acquisition of a new headquarters building.

11 Investment properties

	The group		The charity	
	2016	2015	2016	2015
	£	£	£	£
Fair value at the start of the year	1,000,000	1,000,000	1,000,000	1,000,000
Fair value at the end of the year	1,000,000	1,000,000	1,000,000	1,000,000

The investment property is Shinfield Grange and was last valued on 4 June 2015 by Knight Frank LLP on an existing use basis. The trustees are of the opinion that the value of the property has not materially changed between the date of the valuation and 31 July 2016.

12 Listed investments

	The group		The charity	
	2016	2015	2016	2015
	£	£	£	£
Fair value at the start of the year	22,425,252	21,591,913	22,239,044	21,434,607
Additions at cost	301,576	–	999	–
Disposal proceeds	(7,101,576)	(5,000)	(6,800,000)	–
Net (loss)/gain on change in fair value	(235,839)	838,339	(223,040)	804,437
Fair value at the end of the year	15,389,413	22,425,252	15,217,003	22,239,044
Historic cost at the end of the year	14,248,886	20,487,597	13,933,448	20,388,509

Investments comprise:

	The group		The charity	
	2016	2015	2016	2015
	£	£	£	£
UK Common investment funds				
● General UCEM fund	12,834,234	19,847,953	12,834,234	19,847,953
● Designated bursary fund	2,130,670	2,139,991	2,130,670	2,139,991
● Restricted funds	424,509	437,308	–	–
Investment in subsidiary undertakings	–	–	252,099	251,100
	15,389,413	22,425,252	15,217,003	22,239,044

13 Subsidiary undertakings

UCEM owns the whole of the issued ordinary share capital of UCEM Courses Limited (company number 2169181) and UCEM Publishing Ltd (company number 4965413), both companies registered in England. The subsidiaries are used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charity. A summary of the results of the subsidiaries are shown below:

	UCEM Courses		UCEM Publishing	
	2016	2015	2016	2015
	£	£	£	£
Turnover	380,278	150,081	147,741	176,594
Cost of sales	(115,144)	(53,262)	(141,724)	(171,392)
Gross profit	265,134	96,819	6,017	5,202
Administrative expenses	(4,847)	(8,275)	(4,141)	(3,225)
Other operating income	-	231,258	-	-
Operating profit / (loss)	260,287	319,802	1,876	1,977
Interest payable	-	-	-	-
Profit / (loss) on ordinary activities	260,287	319,802	1,876	1,977
Deed of covenant to parent undertaking	(260,287)	(88,544)	(1,876)	(1,977)
Profit / (loss) for the financial year	-	231,258	-	-
The aggregate of the assets, liabilities and funds was:				
Assets	410,331	314,233	14,745	21,124
Liabilities	(160,231)	(64,133)	(13,745)	(20,124)
Funds	250,100	250,100	1,000	1,000

In 2015 a grant of £231,258 was paid to UCEM Courses Ltd by UCEM.

UCEM also owns the whole of the issued ordinary share capital of UCEM Asia Limited (company number 2290068), registered in Hong Kong. The subsidiary was incorporated on 24 September 2015. This subsidiary is used for promoting UCEM and coordinating support for local students. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charity. A summary of the results of the subsidiaries are shown below:

	UCEM Asia 2016 £
Turnover	-
Cost of sales	(128,433)
Gross loss	(128,433)
Loss for the financial year	(128,433)
The aggregate of the assets, liabilities and funds was:	
Assets	71,609
Liabilities	(199,043)
Funds	(127,434)

14 Other undertakings

The accounts for UCEM include in the consolidation two Trust Funds in which it has a controlling interest. The Harold Samuel Educational Trust (HSET, charity number 800790) and David Alexander Memorial Scholarship (DAMS, charity number 525767), both Registered Charities in England and Wales. The HSET funds are used to promote the advancement and dissemination of knowledge of surveying, auctioneering, estate management and other areas of knowledge associated with the profession of the land. Income from the fund is to be used at or in association with the University College of Estate Management. The DAMS funds are to be used to provide a scholarship tenable at the University College of Estate Management for students based in Wales. All activities have been consolidated on a line by line basis in the statement of financial activities. During the course of the 2015 year, The Trusts approved a change to their financial years to 31 July in line with that of UCEM. A summary of the results of the funds are shown below:

	HSET		DAMS	
	2016	2015	2016	2015
	£	£	£	£
Incoming resources	27	-	4,454	4,989
Resources expended	-	(5,000)	(73)	(97)
Net incoming resources	27	(5,000)	4,381	4,892
Investment (losses)/gains	(11,760)	31,353	(1,039)	2,549
Net movement in funds	(11,733)	26,353	3,342	7,441
Fund balances at the start of the year	324,164	297,811	125,774	118,333
Fund balances at the end of the year	312,431	324,164	129,116	125,774
The aggregate of the assets, liabilities and funds was:				
Assets	312,431	324,164	129,122	125,780
Liabilities	-	-	(6)	(6)
Funds	312,431	324,164	129,116	125,774

15 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2016	2015
	£	£
Gross income	14,786,791	8,053,788
Result for the year	821,757	(1,470,306)

16 Stock

	The group		The charity	
	2016	2015	2016	2015
	£	£	£	£
Materials and finished goods	7,489	84,783	7,489	78,685
	7,489	84,783	7,489	78,685

17 Debtors

	The group		The charity	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	734,290	598,064	579,619	562,975
Other debtors	32,357	12,154	7,748	3,576
Due from subsidiaries	-	-	191,540	16,165
Prepayments and accrued income	115,464	793,148	115,464	788,190
VAT	44,475	-	61,762	-
	926,586	1,403,366	956,133	1,370,906

18 Creditors: amounts falling due within one year

	The group		The charity	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	899,395	510,724	904,679	499,925
Taxation and social security	-	137,978	-	137,978
Other creditors	664,333	136,851	639,629	136,851
Due to subsidiaries	-	-	185,620	278,032
Advance payments	409,378	1,560,430	308,128	1,503,130
Deferred income	779,138	785,379	744,726	785,379
	2,752,244	3,131,362	2,782,782	3,341,295

19 Provisions for liabilities

	The group		The charity	
	2016	2015	2016	2015
	£	£	£	£
Obligation to fund deficit on USS pension				
At the start of the year	589,859	322,572	589,859	322,572
Movement in year	(5,660)	267,287	(5,660)	267,287
At the end of the year	584,199	589,859	584,199	589,859

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision. The USS deficit recovery plan extends to 2031, the period over which outflow related to this provision is expected. The changes in salary costs and staff numbers have been assessed using the forecast impact of UCEM's strategic plans on the number of staff employed, and known statutory and other increases to pay. The discount rate used is considered to be the equivalent of that of a high quality corporate bond.

20 Analysis of group net assets between funds

	General unrestricted	Designated funds	Restricted funds	Total funds
	£	£	£	£
Tangible fixed assets	-	7,929,423	-	7,929,423
Investment properties	1,000,000	-	-	1,000,000
Investments	12,834,234	2,130,670	424,509	15,389,413
Net current assets/(liabilities)	(2,240,274)	1,173,892	28,973	(1,037,409)
Provisions	(584,199)	-	-	(584,199)
Net assets at the end of the year	11,009,761	11,233,985	453,482	22,697,228

21 Movements in funds

	At the start of the year £	Incoming resources & gains £	Outgoing resources & losses £	Transfers £	At the end of the year £
Restricted funds:					
BCSC Educational Trust Fund	1,472	-	-	-	1,472
Philip Rose Award	439	-	-	-	439
BSc Estate Management Club	1,286	-	-	-	1,286
Marsh & Company	2,122	-	(90)	-	2,032
RICS Presidents' bursaries	1,935	-	(750)	-	1,185
Harold Samuel Educ. Trust-Bursary Fund	5,000	-	(1,800)	-	3,200
Harold Crowter Prize fund	1,671	-	-	-	1,671
FJ Comerford Prize award	500	-	-	-	500
QS Student Bursary Fund	150	-	-	-	150
Robert Crawford Prize Award	-	-	-	-	-
The Harold Samuel Educational Trust	324,164	27	(11,760)	-	312,431
David Alexander Memorial Scholarship	125,774	4,454	(1,112)	-	129,116
Total restricted funds	464,513	4,481	(15,512)	-	453,482
Unrestricted funds:					
Designated funds:					
Fixed assets	159,319	-	(1,233,552)	9,003,656	7,929,423
Bursaries	2,224,391	74,162	(93,991)	-	2,204,562
Property maintenance	1,100,000	-	-	-	1,100,000
Total designated funds	3,483,710	74,162	(1,327,543)	9,003,656	11,233,985
General funds	18,064,070	14,830,746	(12,881,399)	(9,003,656)	11,009,761
Total unrestricted funds	21,547,780	14,904,908	(14,208,942)	-	22,243,746
Total funds	22,012,293	14,909,389	(14,224,454)	-	22,697,228

Purposes of restricted funds

- BCSC Educational Trust Fund – The provision of bursaries to College students studying for the Diploma in Shopping Centre Management.
- Philip Rose Award – To award a prize for excellence in an area study.
- BSc Estate Management Club – The provision of bursaries to undergraduate College students.
- Marsh & Company – The provision of bursaries to College students.
- RICS Presidents' bursaries – The provision of bursaries to College students based overseas.
- Harold Samuel Educational Trust – The provision of bursaries for College students.
- Harold Crowter Prize fund – To award a prize for excellence in an area of study.
- FJ Comerford Prize award – To award a prize for excellence in an area of study.
- QS Student Bursary Fund – The provision of bursaries for College students.
- Robert Crawford Prize Award – To award a prize for excellence in an area of study.
- The Harold Samuel Educational Trust – see note 14.
- David Alexander Memorial Scholarship – see note 14.

Purposes of designated funds

Bursaries – The New Student Bursary Fund was established to encourage wider participation in College courses.

Property – The fund was established for essential maintenance requirements for the College's operational properties.

22 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2016 £	2015 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	684,935	(667,301)
Depreciation charges	109,930	64,289
Impairment charge	1,108,012	–
Losses/(gains) on investments	235,839	(838,339)
Dividends, interest and rent from investments	(569,366)	(835,834)
Loss/(profit) on the disposal of fixed assets	15,610	(458)
Decrease/(increase) in stocks	77,294	20,629
Decrease/(increase) in debtors	476,780	(315,979)
(Decrease)/increase in creditors	(379,118)	1,472,412
Movement in provisions	(5,660)	(322,572)
Net cash provided by / (used in) operating activities	1,754,256	(1,423,153)

23 Operating lease commitments

The group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2016 £	2015 £	2016 £	2015 £
Less than 1 year	102,459	86,945	17,397	25,429
1 – 5 Years	34,153	115,926	40,014	21,155
	136,612	202,871	57,411	46,584

24 Pension schemes

The Group operates three pension schemes for its employees;

(1) Universities Superannuation Scheme

Contingent Liabilities and Assets

UCEM participates in the Universities Superannuation Scheme (USS), a defined benefit scheme. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. UCEM is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to UCEM's employees. In 2016, the percentage was 18% (2015: 16%). UCEM is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme.

A contingent liability exists in relation to the pension valuation recovery plan, since UCEM is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and UCEM is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet.

The total cost charged to the statement of financial activities is £342,926 (2015: £306,234). This includes £46,959 (2015: £27,005) outstanding contributions at the balance sheet date. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since uCEM cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Pension liability numbers have been produced for the using the following assumptions:

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Price inflation (CPI)	2.2%	2.2%

24. Pension schemes (continued)

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ["light"] YoB tables – no age rating
Female members' mortality	99% of S1NA ["light"] YoB tables – Rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

<i>Existing benefits</i>	<i>2016</i>	<i>2015</i>
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.3
Males currently aged 45 (years)	26.4	26.2
Females currently aged 45 (years)	28.8	28.6

<i>Existing benefits</i>	<i>2016</i>	<i>2015</i>
Scheme assets	£49.8bn	£49.0bn
Liabilities	£58.3bn	£67.6bn
Deficit	£8.5bn	£18.6bn
Funding level	85%	72%

(2) Group Personal Pension Scheme (GPP)

Operating on a defined contribution basis in respect of pensionable service since 1 November 2004, the GPP has received contributions on behalf of members from the Employer and Employee at the following rates: Employer 7%, Employee 2½% (minimum).

For members of the former CEM Contracted Out Money Purchase Scheme who had joined that Scheme prior to April 1997 the rates of contribution, to the GPP, were as follows:

Age	College	Member
40-49	9%	2½% (minimum)
50-59	10%	2½% (minimum)

This scheme is now closed to new members as it has been succeeded by an auto enrolment compliant scheme (see below). The pension charge for the GPP scheme for the year was £97,633 compared to £110,757 paid in the previous year.

(3) Auto Enrolment Compliant Scheme (AE)

Operating on a defined contribution basis in respect of pensionable service since 1 January 2014, the AE scheme has received contributions on behalf of members from the Employer and Employee at the following rates: Employer 7%, Employee 2½% (minimum).

The pension charge for the period was £136,115 (2015: £57,244).

Unfunded Pensions

The College also provided unfunded pensions to an ex-employee. Payment in the year totalled £4,825 (2015: £4,787).

25 Impact of transition to FRS 102 and SORP 2015

Reserves position	Unrestricted	Unrestricted	Restricted	Total	Unrestricted	Unrestricted	Restricted	Total
	General	Designated			General	Designated		
	31 July 2015				1 August 2014			
	£		£	£	£		£	£
Funds previously reported	19,100,216	3,324,391	464,513	22,889,120	17,944,772	4,914,778	430,387	23,289,937
Adjustments on transition								
Holiday pay provision	(72,886)	-	-	(72,886)	(60,870)	-	-	(60,870)
USS pension scheme provision	(589,859)	-	-	(589,859)	(322,572)	-	-	(322,572)
Revaluation of Shinfield Grange upon reclassification as investment property	(214,082)	-	-	(214,082)	(226,901)	-	-	(226,901)
Funds restated on transition	18,223,389	3,324,391	464,513	22,012,293	17,334,429	4,914,778	430,387	22,679,594
Impact on income and expenditure	Unrestricted	Unrestricted	Restricted	Total				
	General	Designated						
	31 July 2015							
	£		£	£				
Net income / (expenditure) as previously reported	1,155,444	(1,590,387)	34,126	(400,817)				
Adjustments on transition								
Increase in holiday pay provision	(12,016)	-	-	(12,016)				
Movement in USS pension scheme provision	(267,287)	-	-	(267,287)				
Removal of depreciation charge on Shinfield Grange as part of reclassification as investment property	12,819	-	-	12,819				
Net income / (expenditure) as restated	888,960	(1,590,387)	34,126	(667,301)				