

Charity number: 313223

# University College of Estate Management

Report and financial statements  
For the year ended 31 July 2019

# University College of Estate Management

## Contents

### For the year ended 31 July 2019

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Reference and administrative information .....	1
Trustees' annual report .....	3
Independent auditor's report .....	24
Consolidated and UCEM statement of comprehensive income and expenditure .....	28
Consolidated and UCEM statement of changes in reserves .....	29
Consolidated and UCEM balance sheets .....	30
Consolidated statement of cash flows .....	31
Statement of accounting policies.....	32
Notes to the financial statements .....	36

# University College of Estate Management

## Reference and administrative information

For the year ended 31 July 2019

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**Charity number** 313223 – registered in England and Wales

### Registered office and operational address

Horizons  
60 Queen's Road  
Reading  
RG1 4BS

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

**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, resigned 1 December 2018
Bridget Bartlett BA PGCE MBA FCMI	Resigned 1 December 2019
Jat Brainch FCA	Honorary Treasurer from 1 December 2018
Amanda Clack MSc BSc PPRICS FRICS FICE FAPM FRSA CCMi FIC CMC	appointed 13 December 2018
Christopher D Costigan Barrister FAUA FHEA FRSA	
Helen Edwards BA (Hons) MA PG Cert AAUA	Staff Trustee
Phoebe Farrell	Student Trustee
Andrew Hynard FRICS BSc	
Dr Stephen Jackson FRGS FRSA	
Adam Marks LLB (Hons)	resigned 1 December 2018
Alastair G Martin FRICS FAAV	
Professor Kenneth Miller LLB LLM PhD FRSA FIOSH	
Misa von Tunzelman FCIM	
Chris Turley LLB (Hons)	appointed 27 September 2018
James Wates CBE FCIOB FRICS FCGI FRSA FICE CCMi	resigned 1 December 2018
Ashley P Wheaton BA (Hons)	member ex-officio

**Secretary** Jane Fawkes BA (Hons) PgDip AFHEA

## University College of Estate Management

### Reference and administrative information

For the year ended 31 July 2019

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#### Key management personnel

Ashley Wheaton	Principal
Jane Fawkes	Deputy Principal
Tim Mills	Finance Director
Wendy Finlay	Vice Principal Student Experience
Nicholas Moore	Vice Principal Learning and Teaching (left in September 2019)
Aled Williams	Director Research Innovation and Partnerships
Lynne Downey	Vice Principal Online Education
Stephen Bartle	Director of Commercial and Business Development

**Bank** National Westminster Bank plc, PO Box 78, 13 Market Place, Reading, Berkshire, RG21 2EP

**Solicitors:** DAC Beachcroft 100 Fetter Lane London EC4A 1BN  
Field Seymour Parkes, 1 London Street, Reading, RG1 4PN  
Irwin Mitchell, 40 Holborn Viaduct, London, EC1N 2PZ

**Auditor** Sayer Vincent LLP, Chartered Accountants and Statutory Auditor, Invicta House, 108–114 Golden Lane, London, EC1Y 0TL

**Investment Manager** Baring Asset Management Limited, 155 Bishopsgate, London, EC2M 3XY

**Insurance Adviser** Jelf Insurance Brokers Limited, 1st Floor, Gail House, 5 Lower Stone Street, Maidstone, Kent, ME15 6NB

The trustees present their report and the audited financial statements for the year ended 31 July 2019.

Reference and administrative information set out on pages one and two form part of this report. The financial statements comply with current statutory requirements, the institution's Royal Charter and Bye-Laws and the Statement of Recommended Practice: Accounting for Further and Higher Education (FEHE SORP) applicable to Higher Education institutions 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 June 2018, following a petition to the Privy Council, a third Supplemental Charter was granted. The Supplemental Charter reflects that UCEM has taught degree awarding powers, and that 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 opportunity was also taken to update the Bye-Laws to reflect best practice corporate and academic governance.

The purposes of the institution 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 2019

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UCEM fulfils the objects of the Charter and furthers its charitable 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 (TDAP) from 1 January 2013, so all programmes that have launched since 2013 are awards conferred by the institution. UCEM received confirmation from the Privy Council in December 2018 that UCEM's taught degree awarding powers had been renewed for a further six year period from the 1 January 2019. UCEM continues to develop the resources provided to students through the Online Education Team working with the subject experts to ensure material is interactive and engaging to students. UCEM offers sixteen programmes awarded by the institution, all of which are delivered online, so accessible to students worldwide. The Level 3 Surveying Technician Programme and Level 6 Degree apprenticeship programmes online delivery is supported by face to face workshops.

UCEM research is directed from two Research Centres, Online Learning (OLRC) and Property and Construction (PCRC), whose main objective is to support enhancements to students' learning opportunities and staff capacity. UCEM research in 2018–19 had wide ranging academic outcomes including: ten publications (book chapters, reports, academic and professional journals); externally funded collaborative projects led by Royal Agricultural University's HEFCE Catalyst Fund bid (£1.2m) and BuildForce's CITB Construction Commission Funding (£38,000). Additionally, activities in 2018–19 have increased profile within the industry and Higher Education sector where presence has been enhanced through twenty–six conference presentations and workshops. This is buttressed through a range of research and scholarly activities which include roles taken in public bodies and associations, external examining and corporate events. Awards and scholarships include winning the Best Research Paper Award where Dr Tharindu Liyanagunawardena was recognised for her paper on automatic transcription software at the European Distance and E–Learning Network's (EDEN) Annual Conference. Research and scholarship at UCEM support the achievement of the institution's new vision towards being 'the Centre of Excellence for Built Environment Education'.

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 18a to the Financial Statements.

Trustees' annual report

For the year ended 31 July 2019

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The trustees review the aims, objectives and activities of the institution each year. They look at what the institution 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 institution has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the institution's aims, objectives and activities remain 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 institution'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 core purpose is to provide truly accessible, relevant and cost effective education, enabling students to enhance careers, increase professionalism and contribute to a better built environment.

At the beginning of 2019 UCEM launched its new strategic plan to 2025, and as part of this the new UCEM vision to be the 'Centre of Excellence for Built Environment Education'.

As the Centre of Excellence for Built Environment Education, UCEM will focus on maximising its Impact and Influence on both Education and Industry. In practical terms, this means a focus on delivering greater impact through; Student Outcomes, Widening Participation, Student Satisfaction and Reach, whilst increasing influence by offering a greater Depth and Breadth of education, engaging more with Education and Industry partners and actively Collaborating.

By maximising both our Impact and Influence; students, employers, Industry and the Higher Education Sector will regard UCEM as the obvious and best choice of institution for Built Environment qualifications.

In the context of the strategic plan, the Senior Leadership Team (SLT) 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 ("the M7") are used to measure the success and achievements of the institution each year. During the 2018-19 UCEM transitioned from the institutional metrics that were part of the 2014-19 Strategic Plan, to the new institutional metrics that form part of the Strategic Plan 2019-2025.

Trustees' annual report

For the year ended 31 July 2019

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The metrics are defined in the following areas in the Strategic Plan 2019–2025:

- Education; which focuses on the successful delivery of 'Project Transform' which is a project focussed on student success, and will launch in Autumn 2020, compliance with the Office for Students' Conditions of Registration, and attaining an Ofsted good rating.
- Student Outcomes, which is measured by student completion and module pass rates.
- Student Satisfaction, which is measured by satisfaction rates in the National Student Survey, ESFA Student and Employer surveys, and the UCEM Student Experience Survey
- Widening participation to target increased access, success and progression for those from under-represented groups as part of UCEM's commitment to increase diversity within the property and construction sector.
- Employee Experience; which includes staff engagement, monitored through the Gallup Q12 survey
- Reach measured by:
  - the target number of new students for each semester
  - the number of returning students for each semester
- Financial health; 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 2018–19, UCEM continued to make significant progress, and met almost all its annual plan targets. The institution continues to grow and work towards its goal of being the leading online vocational university. The achievements are discussed in the following section *Achievements and performance*.

UCEM continued to support its subsidiary companies. UCEM approved a £540,000 grant in 2018–19 to its wholly owned Hong Kong subsidiary, to help cover their costs in Hong Kong. A grant of £50,000 was made in December 2018 to Chartered Surveyor's Training Trust (CSTT) as part of the business integration agreement completed on 5 December 2018. UCEM has three trustees on the CSTT Board, which confers 60% control; hence UCEM accounts for CSTT as a subsidiary on consolidation.

UCEM does not engage in social investment activities.



Trustees' annual report

For the year ended 31 July 2019

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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

Apprenticeship provision in the built environment is central to the institution's core purpose. UCEM supports the Government's apprenticeship agenda and sees apprenticeship delivery as vital to its future and that of training the sector which the institution was founded to serve.

UCEM is listed on the Register of Apprenticeship Training Providers (RoATP) as a 'main provider' and is eligible to receive government funding to train apprentices. UCEM has contracts with the Education and Skills Funding Agency (ESFA) for the delivery of apprenticeships for levy-paying and non-levy paying employers.

UCEM also delivers apprenticeships through ongoing subcontracting arrangements with Rathbone Training and Eastleigh College. Delivery under these subcontracts is limited to completion of apprenticeships that commenced prior to January 2018 only.

In 2018–19, 968 apprentices employed by over 350 different employers were actively studying with UCEM, including four Level 7 Senior Leader Master's Degree Apprentices, 716 Level 6 Chartered Surveyor Degree apprentices and 244 Level 3 Surveying Technician apprentices. This represents growth of approximately 28% on the number of apprentices actively studying with UCEM in 2017–18. Whilst achieving this level growth is pleasing, additional growth was restricted by the lack of approval for delivery of new construction apprenticeship standards and restrictions in the availability of government funding for non-levy apprenticeships.

Approximately 77% (746) of apprentices actively studying with UCEM 2018–19 were funded through UCEM's direct contracts with the ESFA. Of the remaining 23%, approximately 13% (125) were funded via UCEM's subcontract with Rathbone Training and approximately 10% (93) were funded via UCEM's subcontract with Eastleigh College.

Though its subcontract with Rathbone Training (the lead provider), UCEM entered into second-level subcontracting arrangements with Kingston University and London South Bank University. The lead provider obtained approval from the ESFA for UCEM to undertake second-level subcontracting. These subcontracting arrangements are historical and relate to completion of the degree element of apprenticeships that commenced prior to January 2018 only. In addition, in 2018–19 UCEM subcontracted the delivery of functional skills qualifications within apprenticeships to Runway Apprenticeships Limited trading as Runway Training.

UCEM includes apprenticeship course revenue on the face of the Consolidated Statement of Comprehensive Income and Expenditure (CSCIE) with other *Tuition fees and education contracts*.

## Achievements and performance

The year ending 31 July 2019 was a significant year for the institution's performance and achievements.

### Growth

During 2018–19 UCEM enrolled 1,553 new students in total. This outcome was driven by a strong performance in attracting 678 new BSc students. 47% of these BSc students were enrolled on to the Level 6 Chartered Surveyor apprenticeship which again proved to be the biggest driver of growth in student numbers. UCEM also attracted 114 new apprentices to the Level 3 Surveying Technician apprenticeship.

This work enabled UCEM to maintain its leading position as the largest provider of surveying apprenticeships in the UK.

Following the success of the existing surveying apprenticeship programmes UCEM also began the development and delivery of new programmes to meet demand from employers during the year. This enabled the Level 7 Senior Leaders Master's Degree Apprenticeship to be offered from September 2018. A new BSc Building Control degree was also validated to enable UCEM to offer the Level 6 Building Control Surveyor apprenticeship from Autumn 2019.

UCEM continued to benefit from strong relationships with employers across property, construction and related sectors. This resulted in sponsored students (including apprentices) being the largest segment, representing 60% of total enrolments.

Away from the UK, Hong Kong continued to be the largest international market for UCEM, with 174 enrolments in total.

### Academic excellence

Academic excellence in 2018–19 was defined in the following areas.

As a Higher Education Provider in England UCEM in 2018–19 met the Conditions of Registration with the Office for Students (OFS), as a registered (fee cap) provider. This has included the approval by the OFS of an Access and Participation Plan for 2019–20, and 2020–24. UCEM monitors the institution's compliance with the conditions of registration through the Board of Trustees, Board Sub-Committees and the relevant Academic Deliberative Committees.

UCEM must also meet the requirements of Ofsted with regard to the Level 3 Surveying Technician Diploma. To ensure on-going compliance in this area UCEM undertook in 2018–19 its own 'Mocksted Inspection' using an external consultant, to test the institution's readiness for an Ofsted visit. In addition the Self-Assessment Report and Quality Improvement Plan related to Level 3 provision are monitored and approved by the Board of Trustees.

### Trustees' annual report

#### For the year ended 31 July 2019

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During 2018–19 internally UCEM has focussed on improving student outcomes, particularly targeting Level 4 modules offered in the first year of Undergraduate study. This has included a review of the assessment and support offered on these modules, with targeted action plans based on the subject area. As a result of this work the module pass rates at Level 4 have significantly improved, which has had a positive impact on students progressing to Level 5.

Finally, overall student satisfaction in 2018–19 was monitored externally by the National Student Survey (NSS). The survey is open to all final year undergraduate students who are domiciled in the UK. The results of the NSS are monitored by the Office for Students through the Teaching Excellence and Outcomes Framework (TEF) as well as published nationally.

UCEM achieved an overall student satisfaction rating of 73% in the National Student Survey 2019, this compares to an overall student satisfaction score of 81% in 2018. It should be noted that less than 5% of the UCEM student population complete the survey. However, UCEM's own student survey satisfaction score was only marginally higher at 76%.

Student Satisfaction is one of the core metrics within the new five-year strategy, and to support this UCEM has put in place an Institutional Action Plan to deliver improvements in student satisfaction, specifically targeting areas such as assessment and feedback.

It should also be noted that on the BSc (Hons) Construction Management 100% overall satisfaction was achieved in the National Student Survey results showing that UCEM can deliver high levels of student satisfaction.

### Independence

During 2018–19 the last students who had been studying with UCEM on a University of Reading validated programme completed their study. At the end of 2018–19 all UCEM students were undertaking programmes validated by UCEM, and this is an important milestone from UCEM achieving Taught Degree Awarding Powers in 2013, and becoming independent from the University of Reading.

### New work environment

The success of the institution's move to a new premises and open-plan work environment is measured twice a year through an employee engagement survey, which uses the Gallup 12 question format.

Overall staff satisfaction continued to meet the 4.00 target; it scored 4.1 in November 2018 and in June 2019 with overall staff satisfaction. The participation rate exceeded our 85% target on both occasions.

## Financial sustainability

In the year 2018/19 UCEM achieved a consolidated income of £14.6m, an increase of 3.5% on 2017/18. The increase in the level of income was largely due to continued growth in the student numbers and expansion of the apprenticeships provision through organic growth and partnership with other providers and contractors.

The costs also increased in line with the revenues due to growth, as expenditure rose by 5.3% to £16.1m. This included the £0.9m of agreed business planning costs approved by the board of trustees.

The group made an operating deficit of £1.5m versus a planned operating deficit of 1.6m, even though there was a shortfall in the student income against the target which would have meant it would have been a higher deficit than target, UCEM were able to manage costs alongside it and therefore ended up improving performance by £0.1m. There was a loss on capital via our investments value of £127k. The share of operating loss from the subsidiary (CSTT) of £49K which combinedly increased the deficit by £176k down to annual deficit of just under £1.6m

## Beneficiaries of our services

The institution's main activity is the provision of education and its beneficiaries are students, industry 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 1,553 new students during 2018–19 against its target of 1,900. This is 11.2% year on year fall over the 1,749 new students in 2017–18.

UCEM made 1,096 academic awards during 2018–19 of which 1,022 were full academic awards and 74 were intermediate awards.

UCEM deepened its sector employer engagement: 1,159 students were sponsored by 740 employers.

Ten students were awarded new student bursaries, worth up to £97,175 over four years if the students complete their studies. £94,163 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; eight awards were made from the Principal's Discretionary Fund totalling £5,334 and eight students received awards from the Redundancy Support Scheme totalling £11,439.

## Financial review

Financial year 2018/19 has been a challenging year for UCEM in terms of the student growth and operating margin. The student income grew by 1.1% versus last year, and has remained slightly behind the original targets set for the year of £14.4M by 5.9%.

The fall in revenues against the target income resulted in the same operating deficit of £1.6M as compared to the planned operating deficit of £1.6M including business planning costs.

Investment income decreased by 14% in the year after UCEM had withdrawn £2.25M from investments (see Note 11 *Non-current asset investments*) to fund the institution's growth and its apprenticeship business. The decrease in investment income was mainly due to lower returns in the form of dividends as the Baring funds performed better than last year (see Note 3 *Investment Income*).

### Group expenditure

Group expenditure increased from prior year in line with its revenues to provide sufficient resources for increased number of our students, reflecting controlled investment for growth, however it remained well within the approved expenditure budget.

Staff costs continued to grow alongside UCEM's student growth. Staff costs in 2018-19 were £11.7M, £0.9m (8.5%) up on the prior year. *Staff costs:* Note 5 to the accounts refers. Staff costs remain the single largest cost to the business. Due to the increase in non-academic staff costs and redundancy (£0.24M), USS pension provision increase of £0.36M alongside annual promotional increments and bonuses has made the majority impact on the increase of the staff costs.

*Other operating expenses* present an overall picture of decreasing costs by 3% from prior year, driven mainly by ebooks and exam savings.

### Academic and related expenditure

The decrease in group *Academic and related expenditure* was due to multiple drivers which included CSTT completion movement from an associate to a subsidiary which was in the prior year (£0.247M), but this does not appear against this line in the accounts for 2018-19.

### Administration and central services expenditure

Administration and central services expenditure rose by 13% from the prior year due to the increase in professional and consultancy costs in relation Shinfield Grange and Birmingham business planning.

Trustees' annual report

For the year ended 31 July 2019

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Premises expenditure

*Premises* expenditure increased with the increased number of staff and business activities due to growth, insurance, Security, and re-organisation of the office, alongside utility and rates which also increased at Horizons.

In summary, income continues to grow, but cost growth is also significant due to the growth and investment into student success projects and apprenticeships provision, so the institution will not realise its operating break-even ambition until at least 2020-21 when the Transform 1<sup>st</sup> phase project offer has been delivered.

UCEM Courses Limited turnover (Note 12a *Subsidiary undertakings*) increased 13.7% from £73K up to £83K, income was enhanced by UCEM courses holding a workshop for the Nigerian nationals.

As the group's requirements for printed matter have shrunk in line with the institution's progress towards digital maturity, UCEM Publishing Limited's turnover has also shrunk substantially. Turnover fell from £2K in 2017-18 to £0K in 2018-19. UCEM intend to close down UCEM Publishing Limited in 2020, and this has already been approved by the trustees.

UCEM Asia Limited received £540K grant income from its parent institution which led to a profit of £10K in 2018-19 (Note 12a *Subsidiary undertakings*).

Building People turnover was £79K and expenditure was £43.8K, meaning a profit of £35.2K.

David Alexander Memorial Scholarship gain £3.9K in investment income and however the fund loss was £113K, which reduced the reserves to £160K.

UCEM's consolidated group Balance Sheet as at 31 July 2019, UCEM has had a reduction in investments due to the sale of £2.25M to fund projects, the cash position has improved, this is due to incorporating the CSTT balance sheet now it's a subsidiary and adds £0.3M to the balance. Debtors has grown by circa of £0.77M, this is mainly driven by the apprenticeship accrued income for completion payment of £0.3M in 2018-19.

UCEM retains a strong Balance Sheet and reserves position.

## 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, UCEM does provide for 2% additional pension contributions that it pays to offset the historic USS scheme funding deficit. The provision is detailed in *Provisions for liabilities*: Note 17 to the financial statements.

Trustees' annual report

For the year ended 31 July 2019

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UCEM also participates in two defined contribution pensions schemes. A Group Personal Pension scheme (GPP) operated by Prudential (closed to new members) and the People's Pension auto-enrolment scheme for employees not eligible for participation in USS.

More detail on UCEM's pension arrangements can be found in *Pension schemes*: Note 22 to the financial statements.

### Other factors

UCEM through the Board of Trustees working with the Senior Leadership Team continued work on the implementation of Year 1 of the new Strategy 2019–2025,

Brexit continued to be an external influence that the trustees consider may force amendment to longer term financial planning. Should Brexit cause a property downturn, as UCEM has historically suffered a fall in student numbers during industry downturns, this could happen again. However, the new apprenticeship –levy funding model may change that as employer money is now ring-fenced for training. The trustees do not think “this time is different”, UCEM would still be affected albeit the institution may prove to be better insulated than in prior downturns.

The Higher Education Environment continues to be one of change, and increased compliance with the introduction of the new Higher Education Regulator, the Office for Students.

The Board of Trustees considered the recommendations of the Augar Review, and as part of this UCEM's funding models for students. Post the election in December 2019 the Board will monitor if the Augar review is taken forward by the new government.

In addition, UCEM is also monitoring any proposed changes by the Government to the apprenticeship levy, and the funding cap available for each programme, as well as still waiting for the approval of some apprenticeship standards related to property and construction.

The final factor that may affect longer term financial planning more positively is the potential at the institution's site at Shinfield Grange. The site was valued at fair value (open market value) at £1.7M in the 2018–19 Balance Sheet. Shinfield Grange is well positioned close to the M4, the Reading Science Park and the new link road in an area undergoing significant development. Trustees are exploring alternative uses for the site that may realise local and reputational benefits and ultimately a cash value materially above the Balance Sheet value.

### Investments

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

## Investment policy

The trustees review the institution's investment policy annually. The policy aims at least to maintain the invested 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 pools: '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 (CPI) plus 5% over a rolling three-year period.

As at 30 September 2019 Baring Targeted Return Common Investment Fund has underperformed its CPI plus 5% goal over the prior 12 and 36 months. The Fund has achieved an annualised return since inception of 7.0% versus the target which returned 7.4%. This had been achieved with annualised volatility of 6.1% compared to UK equities of 9.8%, global equities of 10.5% and UK bonds of 6.0%.

However as at November 30 2019 Baring Targeted Return common Investment Fund has outperformed its CPI plus 5% goal over the prior 12 months.

The Bursary Fund, which is a designated fund for reserves, was valued at 31 July 2019 at £2.2m representing a capital increase of 10% above the investment of £2M that was made in two separate £1m tranches in the financial years 2006-07 and 2007-08. Annual income from the Bursary Fund is invested in new student bursaries, with any annual shortfall or surplus being covered by capital.

## Principal risks and uncertainties

The Board regularly considers the risks to which it believes the institution may be exposed. This is principally done by assessing the Risk Assessment Register (RAR) which identifies risks and the probability and impact both pre and post identified mitigation.

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

- **Growth:** UCEM is dependent on maintaining and growing its student numbers. A failure to recruit new students or retain existing students would impact the institution's finances and reputation. The risks are reviewed regularly against Key Performance Indicators by the Board, SLT and Operating Committee (OC).
- **Operational excellence:** UCEM is an online institution 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.

- Independence: 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.
- Academic excellence: product and student risks encompass quality, standards, consistency, complaints, student success and welfare. This includes monitoring student satisfaction and academic performance. Mitigation is achieved through the monitoring of student survey results, External Examiner reports, annual programme monitoring and Codes of Practice. Academic risks are also 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.
- New work environment: the loss of key personnel or an inability to recruit appropriate personnel would restrain the institution's ability to deliver its academic programmes and charitable objects. Recruiting and retaining the right people are 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 pre-mitigation, leading to a gross risk score, and probability and impact scores post the identified mitigating actions, leading to a net risk score. Detail is provided on each risk, with commentary on the evidence of controls in place, and identification of the early warning signs of heightened risk. Net risk scores of 20 or above are deemed to be of more significant risk and a focus is given to these areas.

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

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

Trustees' annual report

For the year ended 31 July 2019

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The review and approval process include the RAR being reviewed by the SLT. The Board has delegated to the Audit Committee the detailed review of the content of the RAR (and development of the appropriate control processes). The Audit Committee review the Risk Register twice a year, with further discussion once a year at the full Board meeting. 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 domestic and global construction sector from which the institution draws its student base, and the economic situation, this has included ongoing consideration of risk in Hong Kong due to the ongoing political situation in the region. The Board continues to monitor closely the numbers of new student registrations, as well as the potential impact on existing students striving to continue their studies.

## 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 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 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.

However, trustees recognise that once finalised, further funds will probably be needed to drive the 2019–2025 strategy. Reserves may be the appropriate source of these funds. Accordingly, UCEM's reserves policy is under review and trustees are asking the question "what should the institution's level of liquid reserves be relative to its future ambition and the climate in which it is operating?" This question is core to the development of the institution's reserves policy and the institution is committed to ensuring the policy is reviewed fully in the medium term, in line with other work on the institution's investments and property taking place.

Total UCEM reserves as represented by total unrestricted reserves of £19.9m. £13.0m 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. £7.2m is in fixed assets and another £3.6m is allocated to a newly Designated Fund for UCEM Academic offer which includes Project Transform, Apprenticeship related projects and future growth plans. The remaining

Trustees' annual report

For the year ended 31 July 2019

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reserves of £6.9m represent approximately five months' operating expenditure. The trustees view this current level of reserves as appropriate to provide for UCEM's normal educational commitment to students.

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 during 2018–19 has been delivering the final year of the 2014–19 strategic plan, as well as the delivery of the first year of the strategic plan 2019–2025. This has included the launch of the new vision to be the 'Centre of Excellence for Built Environment Education' focussed on impact and influence.,

As part of achieving this objective the opportunities afforded to UCEM by growing its apprenticeship provision are significant. UCEM is already seeing growing numbers of apprenticeship students and some reticence from the number of employers sponsoring students to undertake the standard route on our BSc programmes.

The opportunities with apprenticeships will increase when more Level 3, 4 and Level 7 (postgraduate) standards are approved for construction.

The Board of Trustees in 2017–18 reviewed the investment required by the institution to meet the delivery and resourcing requirements, particularly related to Level 3 and continuing to meet the requirements of Ofsted. The Board approved a £1m business planning investment to support compliance with Ofsted, and during 2018–19 additional resources have been put in place using this investment.

UCEM continues to focus on the delivery of the 'Transform Project', which will launch in autumn 2020.

The purpose of the Transform Project is to transform the opportunities for student success at UCEM. The project will remove the barriers to success that currently exist within the student journey. In doing so it will deliver a simplified student journey, giving students more opportunity to progress effectively through their programmes and to achieve success at UCEM on a more consistent basis.

The project will also remove the barriers to growth and profitability that currently exist within our operational delivery model. In doing so it will deliver administrative processes and systems that are efficient and scalable, ensuring UCEM can support students effectively both now and in the future.

The Board is committed to support the delivery of Transform and has approved an investment of £3m over three years for this project.

Finally, during 2019 UCEM has celebrated its Centenary year, with events for the property and construction sector, students and alumni as well as the local community. As part of the centenary events UCEM has for the first time engaged with local schools and colleges to raise knowledge and understanding with young people of a career in surveying, as well as run for the first time a national school competition to design a building of the future.

## 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 five 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 Review Committee

This committee is 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. This sub-committee meets a minimum of twice a year.

### The Audit Committee

This committee's remit is to review the adequacy and effectiveness of the institution's system of audit related to financial reporting, internal control and risk management. In fulfilling this function, the Audit Committee adheres to the guidance and best practice for Audit Committees outlined in the CUC Higher Education Code for Governance, and the CUC Handbook for Members of Audit Committees in Higher Education Institutions. This sub-committee meets a minimum of twice a year.

### The Finance Committee

This 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 and Reserves. This sub-committee meets a minimum of twice 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. In addition it 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 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 committee meets a minimum of twice a year.

## The Remuneration Committee

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

## Executive Team

From the end of the 2018–19 year an Executive Team was put in place whose responsibility to focus on the strategic approach for UCEM, monitor the external environment, and horizon scan, planning accordingly. This group is Chaired by the Principal, and meets four times a year.

## Senior Leadership Team

The day-to-day management of the institution is entrusted to the Principal, supported by a Senior Leadership Team (SLT) 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 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, has a one-year term which may be renewed for a further one-year term.

During 2018–19 the Board approved to increase the number of staff trustees from one to two, and the number of student trustees from one to two, of which there is provision under the Royal Charter for two staff and student trustees. This decision was made to provide an opportunity for an increased staff and student voice at the Board, as well as increase diversity of skills and knowledge. The process of recruitment for these roles will occur in 2019–20.

When vacancies arise for new trustees the Nominations and Governance Committee identifies suitable candidates. The Nominations and Governance Committee has regard to replacing

## Trustees' annual report

### For the year ended 31 July 2019

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specialist skills or experience that any retiring trustee may have had and considers 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, other than the Principal and Staff Trustees give their time voluntarily and receive no benefits from the institution. Any expenses reclaimed from the institution are set out in *Staff costs*: 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 currently 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 approval. The details presented will consist of the individual's Curriculum Vitae and 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 Board meeting at which the nomination is approved.

No other person or body is entitled to appoint one or more of the institution's trustees.

### Trustee induction and training

Each new trustee is sent a comprehensive briefing pack on appointment. This includes background reading about UCEM, the Royal Charter and Bye-Laws, the current prospectus and the most recent set of statutory accounts. All new trustees are then invited to visit UCEM as part of their induction 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. In addition, new trustees are allocated a mentor from one of the existing members of the Board.

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 subsidiaries, UCEM Courses Limited, UCEM Asia Limited, Building people, UCEM Publishing Limited and three registered charities, in all of which UCEM has a controlling interest, The Harold Samuel Educational Trust and the David Alexander Memorial Scholarship and one in which UCEM has had a 60% controlling interest through the placement of three trustees since March 2019, The Chartered Surveyor's Training Trust (CSTT).

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 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 2018–19 UCEM continued to deliver teaching for level 3 and level 6 apprenticeships as a subcontractor of 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. The Remuneration Committee has adopted the Committee of University Chairs (CUC) Remuneration Code and applies this Code in the decisions related to senior pay. UCEM uses industry statistics and remuneration surveys (e.g. UCEA) to inform the committee's decisions.

## Statement of corporate governance and internal control

The following statement is provided to enable readers of the annual report and financial statements of the institution to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2018 to 31 July 2019 and up to the date of approval of the annual report and financial statements.

The institution endeavours to conduct its business in full accordance with the requirements of The Higher Education Code of Governance issued by the Committee of University Chairs (CUC) in December 2014 (the CUC Code).

The institution is committed to exhibiting best practice in all aspects of corporate governance. The institution identified compliance with the CUC Code as an aspiration in autumn 2016 and began a review of the CUC Code requirements in January 2017. Since then the institution has formed an Audit Committee and engaged with an external provider to review the effectiveness of Board governance and has formally adopted the CUC Code.

Compliance with the CUC Code is reviewed annually by the institution's Nominations and Governance Committee. Users of the accounts are referred to the *Structure, governance and management* section of this report for further details on the institution's governance and the work of the Nominations and Governance Committee.

In addition, UCEM meets the governance conditions of the Office for Students, and these governance requirements are also monitored by the Nominations and Governance Committee.

Trustees' annual report

For the year ended 31 July 2019

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The institution has not adopted and therefore does not apply the UK Corporate Governance Code, however, it has due regard to the Charity Governance Code. UCEM has reported on its Corporate Governance arrangements by drawing upon best practice available, including those aspects of these codes that the institution considers relevant to the higher education sector and best practice.

The institution adopted the CUC Code during the financial year 2016–17. In the opinion of the trustees, the institution now complies with or exceeds the provisions of the CUC Code in all material respects. The trustees recognise that, as a charity and higher education institution UCEM has a duty to observe the highest standards of corporate governance at all times.

The institution is a registered charity within the meaning of Part 3 of the Charities Act 2011. The trustees confirm that they have had due regard for the Charity Commission and that the required statements appear elsewhere in these financial statements.

## 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 institution's and group's financial activities during the period and of their 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 Further and Higher Education 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 institution will continue in operation

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the institution 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 institution 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 institution's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## University College of Estate Management

### Trustees' annual report

For the year ended 31 July 2019

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The trustees' annual report has been approved by the trustees on 9 January 2020 and signed on their behalf by



John Gellatly  
Chair

## Independent auditor's report

To the members of

University College of Estate Management

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### Opinion

We have audited the financial statements of University College of Estate Management ('the parent entity') for the year ended 31 July 2019 which comprise the consolidated and UCEM statement of comprehensive income and expenditure, the consolidated and UCEM statement of changes in reserves, the consolidated and UCEM balance sheets, the consolidated statement of cash flows, the summary of significant accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group and parent entity's affairs as at 31 July 2019 and of the group's and parent entity's incoming resources and total comprehensive income 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

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent entity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Independent auditor's report

To the members of

University College of Estate Management

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### Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 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; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit

### Responsibilities of trustees

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 the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and the parent entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent entity or to cease operations, or have no realistic alternative but to do so.

## Independent auditor's report

To the members of

University College of Estate Management

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### Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## **Independent auditor's report**

**To the members of**

**University College of Estate Management**

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Use of our report**

This report is made solely to the parent entity's members 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 parent entity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent entity and the parent entity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

9 January 2020

Sayer Vincent LLP, Statutory Auditor

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

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

## Consolidated and UCEM Statement of Comprehensive Income and Expenditure

For the year ended 31 July 2019

	Notes	Consolidated £	2019 UCEM £	Consolidated £	2018 UCEM £
<b>Income</b>					
Tuition fees and education contracts	1	13,552,109	13,552,109	13,405,081	13,405,081
Other income	2	480,257	44,686	90,023	335,593
Investment income	3	512,108	507,507	594,413	589,472
<b>Total income before endowments and donations</b>		<b>14,544,474</b>	<b>14,104,302</b>	<b>14,089,517</b>	<b>14,330,146</b>
Donations	4	42,000	16,264	500	(12,052)
<b>Total income</b>		<b>14,586,474</b>	<b>14,120,566</b>	<b>14,090,017</b>	<b>14,318,094</b>
<b>Expenditure</b>					
Staff costs	5	11,707,374	11,469,233	10,786,773	10,605,084
Other operating expenses	7	3,984,861	4,116,791	4,102,259	4,228,931
Depreciation and impairment charges	9	381,030	378,632	374,797	374,797
Interest and other finance costs	6	5,614	1,319	1,416	1,565
<b>Total expenditure</b>		<b>16,078,879</b>	<b>15,965,975</b>	<b>15,265,245</b>	<b>15,210,377</b>
<b>Surplus/(deficit) before other gains losses and share of operating surplus of associates</b>		<b>(1,492,405)</b>	<b>(1,845,409)</b>	<b>(1,175,228)</b>	<b>(892,283)</b>
Net gain/(loss) on investments	10, 11	(126,870)	(113,996)	125,254	99,821
Share of operating surplus in associate		17,207	-	79,119	-
<b>Surplus/(loss) before tax</b>		<b>(1,602,068)</b>	<b>(1,959,405)</b>	<b>(970,855)</b>	<b>(792,462)</b>
Taxation	7	-	-	(12,679)	-
<b>Surplus/(deficit) for the year and total comprehensive income for the year</b>		<b>(1,602,068)</b>	<b>(1,959,405)</b>	<b>(983,534)</b>	<b>(792,462)</b>
<b>Total comprehensive income for the year</b>		<b>(1,602,068)</b>	<b>(1,959,405)</b>	<b>(983,534)</b>	<b>(792,462)</b>
Represented by:					
Restricted comprehensive income for the year		(12,534)	(3,500)	26,247	315,891
Unrestricted comprehensive income for the year		(1,589,534)	(1,955,905)	(1,009,781)	(1,108,353)
Attributable to UCEM		(1,602,068)	(1,959,405)	(983,534)	(792,462)
		(1,602,068)	(1,959,405)	(983,534)	(792,462)
<b>Surplus for the year attributable to:</b>					
UCEM		(1,602,068)	(1,959,405)	(983,534)	(792,462)

All items of income and expenditure relate to continuing activities

## Consolidated

	Income and expenditure account		Total £
	Restricted £	Unrestricted £	
<b>Balance at 1 August 2017</b>	<b>473,929</b>	<b>22,487,772</b>	<b>22,961,701</b>
Surplus/(deficit) from the income and expenditure statement	26,247	(1,009,781)	(983,534)
<b>Total comprehensive income for the year</b>	<b>26,247</b>	<b>(1,009,781)</b>	<b>(983,534)</b>
<b>Balance at 31 July 2018</b>	<b>500,176</b>	<b>21,477,991</b>	<b>21,978,167</b>
Surplus/(deficit) from the income and expenditure statement	(12,534)	(1,589,534)	(1,602,068)
<b>Total comprehensive income for the year</b>	<b>(12,534)</b>	<b>(1,589,534)</b>	<b>(1,602,068)</b>
<b>Balance at 31 July 2019</b>	<b>487,642</b>	<b>19,888,457</b>	<b>20,376,099</b>


## UCEM

	Income and expenditure account		Total £
	Restricted £	Unrestricted £	
<b>Balance at 1 August 2017</b>	<b>15,435</b>	<b>22,444,986</b>	<b>22,460,421</b>
Surplus/(deficit) from the income and expenditure statement	315,891	(1,108,353)	(792,462)
<b>Total comprehensive income for the year</b>	<b>315,891</b>	<b>(1,108,353)</b>	<b>(792,462)</b>
<b>Balance at 31 July 2018</b>	<b>331,326</b>	<b>21,336,633</b>	<b>21,667,959</b>
Surplus/(deficit) from the income and expenditure statement	(3,500)	(1,955,905)	(1,959,405)
<b>Total comprehensive income for the year</b>	<b>(3,500)</b>	<b>(1,955,905)</b>	<b>(1,959,405)</b>
<b>Balance at 31 July 2019</b>	<b>327,826</b>	<b>19,380,728</b>	<b>19,708,554</b>

As at 31 July 2019

	Notes	As at 31 July 2019		As at 31 July 2018	
		Consolidated £	UCEM £	Consolidated £	UCEM £
<b>Fixed assets</b>					
Tangible Fixed assets	9	7,204,183	7,203,057	7,439,643	7,439,643
Investment properties	10	1,700,000	1,700,000	1,700,000	1,700,000
Investments	11	10,612,473	10,736,062	12,989,343	13,100,058
Investments in associate	13	-	-	244,728	-
		<b>19,516,656</b>	<b>19,639,119</b>	<b>22,373,714</b>	<b>22,239,701</b>
<b>Current assets</b>					
Stock	14	4,333	4,333	6,701	6,701
Trade and other receivables	15	2,620,911	2,541,362	1,802,474	1,769,589
Cash and cash equivalents		1,062,989	355,722	499,864	433,466
		<b>3,688,233</b>	<b>2,901,417</b>	<b>2,309,039</b>	<b>2,209,756</b>
Less: Creditors: amounts falling due within one year	16	(1,987,763)	(1,990,955)	(2,224,100)	(2,301,012)
<b>Net current assets/(liabilities)</b>		<b>1,700,470</b>	<b>910,462</b>	<b>84,939</b>	<b>(91,256)</b>
<b>Total assets less current liabilities</b>		<b>21,217,126</b>	<b>20,549,581</b>	<b>22,458,653</b>	<b>22,148,445</b>
<b>Provisions</b>	17	<b>(841,027)</b>	<b>(841,027)</b>	<b>(480,486)</b>	<b>(480,486)</b>
<b>Total net assets</b>		<b>20,376,099</b>	<b>19,708,554</b>	<b>21,978,167</b>	<b>21,667,959</b>
<b>Restricted Reserves</b>					
Income and expenditure reserve – restricted reserve		487,642	327,826	500,176	331,326
<b>Unrestricted Reserves</b>					
Income and expenditure reserve – unrestricted		6,865,927	6,358,198	7,825,935	7,684,577
Income and expenditure reserve – designated		13,022,530	13,022,530	13,652,056	13,652,056
		<b>19,888,457</b>	<b>19,380,728</b>	<b>21,477,991</b>	<b>21,336,633</b>
<b>Total Reserves</b>	18a	<b>20,376,099</b>	<b>19,708,554</b>	<b>21,978,167</b>	<b>21,667,959</b>

The financial statements were approved by the Governing Body on 9 January 2020 and were signed on its behalf on that date by:



John Gellatly  
Chair



University College of Estate Management

Consolidated Statement of Cash Flows

For the year ended 31 July 2019

	Notes	Year ended 31 July 2019 £	Year ended 31 July 2018 £
<b>Cash flow from operating activities</b>			
(Deficit)/surplus for the year		(1,602,068)	(983,534)
<b>Adjustment for non-cash items</b>			
Depreciation and impairment charges	9	381,030	374,797
(Gain)/loss on investments	11	126,870	(125,254)
Decrease/(increase) in stock	14	2,368	4,751
(Increase) in trade and other receivables	15	(818,437)	(645,594)
Increase/(decrease) in trade and other payables	16	(236,271)	163,826
Increase/(decrease) in pension provision	17	360,541	18,702
Share of operating (surplus)/loss in associate	13	244,728	(79,119)
Loss on disposal of fixed assets		(1,795)	
<b>Adjustment for investing or financing activities</b>			
Investment income	3	(512,108)	(594,413)
Interest payable	6	5,614	1,416
<b>Net cash inflow from operating activities</b>		<b>(2,049,528)</b>	<b>(1,864,422)</b>
<b>Cash flows from investing activities</b>			
Investment income	3	512,108	594,413
Payments made to acquire fixed assets	9	(143,841)	(141,202)
Proceeds from sale of investments	11	2,250,000	750,000
		<b>2,618,267</b>	<b>1,203,211</b>
<b>Cash flows from financing activities</b>			
Interest and other finance costs	6	(5,614)	(1,416)
		<b>(5,614)</b>	<b>(1,416)</b>
<b>(Decrease)/Increase in cash and cash equivalents in the year</b>		<b>563,125</b>	<b>(662,627)</b>
Cash and cash equivalents at beginning of the year		<b>499,864</b>	1,162,491
Cash and cash equivalents at end of the year		<b>1,062,989</b>	<b>499,864</b>

Statement of accounting policies

For the year ended 31 July 2019

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**a) Statutory information**

University College of Estate Management is a Royal charter charity registered with the Charity Commission for England and Wales.

The registered office address and principal place of business is Horizons, 60 Queens Road, Reading, RG1 4BS.

**b) Basis of preparation**

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

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

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

**c) Basis of consolidation**

These financial statements consolidate the results of UCEM and its subsidiary entities as detailed in note 12 on a line by line basis. Transactions and balances between the charity and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the entities are disclosed in the notes of the charity's balance sheet.

Associated companies and joint ventures are accounted for using the equity method.

**d) Income recognition**

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying. Bursaries and scholarships provided by UCEM are shown as a reduction of income.

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

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

**e) Grant funding**

Grant funding from ESFA apprenticeships are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

**f) Donations**

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

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

Investment income is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms.

The main types of donations identified within reserves are:

a) Restricted donations – the donor has specified that the donation must be used for a particular objective.

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

**g) Accounting for retirement benefits**

**Defined benefit plan**

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 102 section 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 consolidated statement of comprehensive income and expenditure.

**Defined Contribution Plan**

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 their members. Contributions to these schemes in the year were charged to the consolidated statement of comprehensive income and expenditure as incurred.

**h) Employment benefits**

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

**i) Operating leases**

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

**j) Foreign currency**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

Statement of accounting policies

For the year ended 31 July 2019

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**k) 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.

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

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

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 buildings	50 years
Telephone system	10 years
Furniture	10 years
Machinery and equipment	5 years
Motor vehicles	4 years
Computers	3 years

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

**l) Investment Properties**

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the statement of comprehensive income and expenditure. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year.

**m) 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 comprehensive income and expenditure. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments". UCEM does not acquire put options, derivatives or other complex financial instruments.

Investments in associates and subsidiaries are carried at cost less impairment in UCEM's accounts.

Current asset investments are held at fair value with movements recognised in the statement of comprehensive income and expenditure.

**n) 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.

**o) 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.

**p) Cash and cash equivalents**

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.

**q) Provisions, contingent liabilities and contingent assets**

Provisions are recognised in the financial statements when:

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

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

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

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

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

**r) Accounting for Joint Operations, Jointly Controlled Assets and Jointly Controlled Operations**

UCEM accounts for its share of joint ventures using the equity method.

**s) Taxation**

UCEM is a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, UCEM is potentially exempt from UK Corporation Tax in respect of income or capital gains received within categories covered by section 478–488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

**t) Reserves**

Reserves are classified as restricted or unrestricted.

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

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

## 1 Tuition fees and education contracts

Notes	Year ended 31 July 2019		As at 31 July 2018	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Part-time students	13,664,284	13,664,284	13,536,562	13,536,562
Bursaries given	(112,175)	(112,175)	(131,481)	(131,481)
	<b>13,552,109</b>	<b>13,552,109</b>	<b>13,405,081</b>	<b>13,405,081</b>

## 2 Other income

	Year ended 31 July 2019		As at 31 July 2018	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Corporate services – UCEM Courses	82,740	–	72,721	–
Income from HSET transfer (see note 12b)	–	–	–	318,291
Income from CSTT & Building People	352,830	–	–	–
Other income	44,687	44,686	17,302	17,302
	<b>480,257</b>	<b>44,686</b>	<b>90,023</b>	<b>335,593</b>

## 3 Investment income

	Year ended 31 July 2019		As at 31 July 2018	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Investment income from investment property	47,823	47,823	60,461	60,461
Investment income on general reserves	376,071	372,231	447,774	442,833
Investment income on designated reserves	85,078	85,078	84,944	84,944
Other investment income	3,136	2,375	1,234	1,234
	<b>512,108</b>	<b>507,507</b>	<b>594,413</b>	<b>589,472</b>

## 4 Donations

	Year ended 31 July 2019		As at 31 July 2018	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Donations with restrictions	10,000	–	–	–
Unrestricted donations	32,000	13,000	500	500
Unrestricted donations from subsidiary companies	–	3,264	–	127
Return of Overpaid Distribution	–	–	–	(12,679)
	<b>42,000</b>	<b>16,264</b>	<b>500</b>	<b>(12,052)</b>

5 Staff costs

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Salaries	8,866,460	8,655,538	8,429,530	8,269,660
Social security costs	816,272	816,272	783,622	783,622
Movement on USS provision	360,541	360,541	18,702	18,702
Other pension costs	779,061	762,637	733,275	720,692
Other staff costs	885,040	874,245	821,644	812,408
<b>Total</b>	<b>11,707,374</b>	<b>11,469,233</b>	<b>10,786,773</b>	<b>10,605,084</b>

Remuneration in excess of £60,000 of higher paid staff, excluding employer's pension contributions and employer's national insurance [all shown before any salary sacrifice]:

	2019	2018
	No.	No.
£60,000 to £69,999	7	8
£70,000 to £79,999	7	4
£80,000 to £89,999	1	1
£90,000 to £99,999	2	3
£100,000 to £109,999	1	-
£190,000 to £199,999	-	1
£210,000 to £220,000	1	-
	<b>19</b>	<b>17</b>

Average staff numbers by major category :

	2019	2018
	No.	No.
Academic	54	84
Research	3	3
Management & specialist	7	8
Technical	7	9
Other	208	193
	<b>279</b>	<b>297</b>

Compensation for loss of office payable to a senior post-holder:

	2019	2018
	£	£
Compensation payable recorded within staff costs	<b>58,784</b>	62,280

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University College. Staff costs includes compensation paid to key management personnel. The figures below include employer national insurance and employer pension contributions.

	Year ended 31 July 2019	Year ended 31 July 2018
	£	£
Key management personnel compensation	<b>1,050,220</b>	1,009,174

5 Staff costs (continued)

**Council Members**

UCEM's Council members are the trustees for charity law purposes. Due to the nature of UCEM's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arms length and in accordance with UCEM's Financial Regulations and usual procurement procedures.

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

In accordance with the bye-laws of UCEM, two trustees (2018: two) 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:

	Year ended 31 July 2019 £	Year ended 31 July 2018 £
<b>Principal – Ashley Wheaton</b>		
Remuneration	217,973	192,556
Employer pension contributions	34,953	29,158
Other benefits	1,573	963
	<u>254,499</u>	<u>222,677</u>
<b>Staff trustee – Helen Edwards</b>		
Remuneration	50,184	48,140
Employer pension contributions	3,175	3,046
	<u>53,359</u>	<u>51,186</u>
<b>Total trustee remuneration and benefits</b>	<u><u>307,858</u></u>	<u><u>273,863</u></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**

	Year ended 31 July 2019 £	Year ended 31 July 2018 £
Principal	2,670	3,690
Eight other trustees (2018: nine)	1,940	2,074
	<u>4,610</u>	<u>5,764</u>

Other than as reported above, the trustees were neither paid nor received any other benefits from employment with the charity in the year (2018: £nil). No member of the trustees received payment for professional or other services supplied to the charity (2018: £nil).



**5 Staff costs (continued)**

**Justification Statement: Head of Provider Remuneration**

The number of staff with a full-time equivalent basic salary of over £100,000 for the 12 months up to 31 July 2019:

<u>Basic salary per annum</u>	<u>Number of staff (2018-19)</u>
£185,000 – £189,999	One

The remuneration of the Head of Provider (the Principal) is agreed by the Remuneration Committee, which is a sub-committee of the Board of Trustees. All members of the Committee are independent trustees, and the Principal is not present during discussions on remuneration. The Committee complies with the CUC Higher Education Senior Staff Remuneration Code.

The UCEM Remuneration Committee discussed the Principal's current and future reward and recognition package on 28 June 2018, including a review of performance against the key performance metrics for 2017/18, within the overall context of the institution.

The base pay element of the package was considered against the published UCEA benchmarking data for Senior Staff in UK Higher Education Institutions, noting that UCEM is a unique institution and various benchmarks should be considered, including other institutions both public and private, commercial sector firms, and private equity-owned firm comparisons. The Committee also noted the potential replacement cost in terms of basic pay, should UCEM require a future leader, with only Higher Education sector experience.

On 27 June 2019 the UCEM Remuneration Committee met and agreed the Principal's current and future reward and recognition package. The Committee considered the benchmarking data which had been extracted from the published UCEA Senior Staff Remuneration Survey, of which UCEM had been a participant. The Committee considered the following benchmarks:

- Basic and total pay
- All institutions and Post-92 institutions
- Institutional income – up to £24m
- Guild HE mission group

During considerations, the Committee took into account the position of UCEM in terms of institutional size, institutional performance, financial position, market conditions, and the stage in its growth plan including the current transitional phase. This final factor was important when considering the appropriateness of any proposed pay award, noting that UCEM is on an agreed journey, and has yet to reach revenue and cost ambitions. The Committee wished to be sensible and prudent in their pay considerations. In keeping with wider UCEM-wide pay policy, the Committee looked to the Lower Quartile pay ranges as a starting point, noting the aspiration to reach the Median pay points in the future, as the Institution further develops and grows.

Full details of the total remuneration package for the Principal, as at 31 July 2019:

- Basic salary (as from 1 July 2019): £209,000 per annum
- Bonuses awarded during the financial year in full: £29,156
- Pension contributions: £34,953
- Other taxable benefits: Private medical insurance £1,573

**6 Interest and other finance costs**

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Exchange differences	5,614	1,319	1,416	1,565
	<b>5,614</b>	<b>1,319</b>	<b>1,416</b>	<b>1,565</b>

**7 Other operating expenditure**

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Academic and related expenditure	947,950	908,028	1,447,981	1,319,813
Administration and central services	2,274,920	2,582,030	2,015,182	2,380,607
Premises	541,840	417,708	487,647	380,838
Catering and conferences	220,151	209,025	151,449	147,673
	<b>3,984,861</b>	<b>4,116,791</b>	<b>4,102,259</b>	<b>4,228,931</b>
Other operating expenses include:				
External auditor remuneration – audit services	27,500		21,000	
External auditor remuneration – non-audit services	6,998		15,500	
Operating lease rentals:				
• Land and buildings	117,954		123,029	
• Other	27,584		34,917	

**Taxation**

UCEM is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. UCEM's trading subsidiaries distribute available profits to UCEM under Gift Aid.

**Recognised in the statement of comprehensive income**

	2019 £	2018 £
<b>Current tax</b>		
Current tax expense	-	-
Adjustment in respect of previous years	-	12,679
<b>Current tax expense</b>	<b>-</b>	<b>12,679</b>
<b>Total tax expense</b>	<b>-</b>	<b>12,679</b>

## 8 Related party transactions

In October 2017, UCEM engaged Building Research Establishment Ltd. The following Trustees; James Wates is a Director of BRE Trust and Ashley Wheaton a non-executive Director of BRE Group Board and CEO of UCEM. UCEM provides online self-managed CPD courses via BRE Academy platform on a 50:50 shared revenue basis. UCEM received £193 during the financial year 2018–19 from BRE, i.e. their share from sales of CPD online courses. BRE Academy is part of the BRE group.

Ms Phoebe Farrell is a UCEM Board Trustee and a Surveying Executive for JLL. JLL is sponsoring a few students who are studying with UCEM. During the financial year 2018–2019 UCEM invoiced JLL for £123,510 (2018: £97,539) and JLL invoiced UCEM £2,000 (2018: NIL).

Amanda Clack, a Trustee is Head of Strategic Advisory of CBRE. CBRE is sponsoring a few students who are studying with UCEM. During the financial year 2018–2019 UCEM invoiced CBRE for £105,193 (2018: £41,620). CBRE HK invoiced UCEM for £2,152 (2018: NIL).

Mrs Misa Lane von Tunzelman, a Trustee is UK Head of Marketing & Communications for BNP Paribas Real Estate. BNP is sponsoring a few students who are studying with UCEM. During the financial year 2018–2019 UCEM invoiced BNP £10,660 (2018: £18,130).

James Wates, a Trustee is Director in Wates Group Ltd. Wates Group is sponsoring a few students who are studying with UCEM. During the financial year 2018–2019 UCEM invoiced Wates £3,377 (2018: NIL).

Ashley Wheaton CEO and Trustee of UCEM, Wendy Finlay Senior Leadership Team of UCEM, Amanda Clack Trustee and Board of UCEM are Trustees of CSTT, a UCEM subsidiary company. During the financial year 2018–2019 UCEM charged CSTT £52,814 for one staff member and management costs.

## 9 Tangible Fixed Assets – Group

	Freehold land and buildings £	Equipment and motor vehicles £	Computer system £	Total £
<b>Cost</b>				
At 1 August 2018	8,113,591	755,338	1,376,414	10,245,343
Additions	–	7,580	136,261	143,841
Assets Acquired	–	–	5,178	5,178
Transfers	–	–	–	–
Disposals	–	(2,158)	–	(2,158)
<b>At 31 July 2019</b>	<b>8,113,591</b>	<b>760,760</b>	<b>1,517,853</b>	<b>10,392,204</b>
<b>Depreciation</b>				
At 1 August 2018	1,317,267	405,308	1,083,125	2,805,700
Charge for the year	100,106	67,228	213,696	381,030
Assets Acquired	–	–	1,654	1,654
Transfers	–	(20,601)	20,601	–
Disposals	–	(363)	–	(363)
<b>At 31 July 2019</b>	<b>1,417,373</b>	<b>451,572</b>	<b>1,319,076</b>	<b>3,188,021</b>
<b>Net book value</b>				
<b>At 31 July 2019</b>	<b>6,696,218</b>	<b>309,188</b>	<b>198,777</b>	<b>7,204,183</b>
At 31 July 2018	6,796,324	350,030	293,289	7,439,643

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. This valuation was lower than actual cost so an impairment was recognised in the year ended 31 July 2016. This was as anticipated and in accordance with the trustees' business plan for the acquisition of a new headquarters building. A further impairment review was performed in the year 2016–17 and did not identify any further reductions in value and it remains the same for this year.

## 9 Tangible Fixed Assets – UCEM

	Freehold land and buildings £	Equipment and motor vehicles £	Computer system £	Total £
<b>Cost</b>				
At 1 August 2018	8,113,591	755,338	1,376,414	10,245,343
Additions	-	5,422	136,261	141,683
<b>At 31 July 2019</b>	<b>8,113,591</b>	<b>760,760</b>	<b>1,512,675</b>	<b>10,387,026</b>
<b>Depreciation</b>				
At 1 August 2018	1,317,267	405,308	1,083,125	2,805,700
Charge for the year	100,105	67,228	211,299	378,632
Transfers	-	(20,601)	20,601	-
Disposals	-	(363)	-	(363)
<b>At 31 July 2019</b>	<b>1,417,372</b>	<b>451,572</b>	<b>1,315,025</b>	<b>3,183,969</b>
<b>Net book value</b>				
<b>At 31 July 2019</b>	<b>6,696,219</b>	<b>309,188</b>	<b>197,650</b>	<b>7,203,057</b>
At 31 July 2018	6,796,324	350,030	293,289	7,439,643

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. This valuation was lower than actual cost so an impairment was recognised in the year ended 31 July 2016. This was as anticipated and in accordance with the trustees' business plan for the acquisition of a new headquarters building. A further impairment review was performed in the year 2016-17 and did not identify any further reductions in value and it remains the same for this year.

**10 Investment properties**

The investment property is Shinfield Grange and was last valued on 1 August 2017 by Knight Frank LLP at fair value in its current physical condition with vacant possession. Following this, the value of the property was increased by £700,000. The trustees have reviewed this and consider that it remains an appropriate reflection of the property's value for the financial year 2018–19.

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Fair value at the start of the year	1,700,000	1,700,000	1,700,000	1,700,000
Net gain on change in fair value	-	-	-	-
<b>Fair value at the end of the year</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>

**11 Non-current asset investments**

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Fair value at the start of the year	12,989,343	13,100,058	13,614,089	13,430,350
Additions at cost	-	-	-	319,887
Disposal proceeds	(2,250,000)	(2,250,000)	(750,000)	(750,000)
Net gain/(loss) on change in fair value	(126,870)	(113,996)	125,254	99,821
<b>Fair value at the end of the year</b>	<b>10,612,473</b>	<b>10,736,062</b>	<b>12,989,343</b>	<b>13,100,058</b>

Investments comprise:

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £	UCEM £	Consolidated £	UCEM £
UK Common investment funds				
• General UCEM fund	7,905,865	7,905,865	10,270,643	10,270,643
• Designated bursary fund	2,246,245	2,246,245	2,257,429	2,257,429
• Restricted funds	460,363	331,853	461,271	319,887
Investment in subsidiary undertakings	-	252,099	-	252,099
<b>Fair value at the end of the year</b>	<b>10,612,473</b>	<b>10,736,062</b>	<b>12,989,343</b>	<b>13,100,058</b>

**12a Subsidiary undertakings**

The following entities are recognised as subsidiaries of UCEM due to either being wholly-owned or effectively controlled by UCEM. All activities have been consolidated on a line by line basis in the statement of comprehensive income and expenditure.

Company	Country of registration	Registration number	Interest	Principal activities
UCEM Courses Limited	UK	2169181	100% owned	Non-primary purpose trading activities
UCEM Publishing Limited	UK	4965413	100% owned	Production of printed study materials
UCEM Asia Limited	Hong Kong	2290068	100% owned	Promoting UCEM and coordinating support for local students
Chartered Surveyors Training Trust	UK	02117198	60% voting rights	To provide opportunities for young people to become qualified surveyors who would not otherwise be able to do so due to their academic, social or financial circumstances.
Building People CIC	UK	10699488	100% voting rights	Collaborates with supply and demand stakeholders to develop a technology platform that will connect people to opportunities across the UK Built Environment.
David Alexander Memorial Scholarship	UK	525767	100% owned	The DAMS funds are to be used to provide a scholarship tenable at the University College of Estate Management for students based in Wales.

The registered address for all of the above entities is Horizons, 60 Queens Road, Reading, RG1 4BS. The only exception is UCEM Asia Limited which is Unit 2, 16/F Admiralty Centre Tower 2, 18 Harcourt Road, Admiralty, Hong Kong.

**12b Other undertakings**

During the financial year 2017-18, a resolution was passed to dissolve Harold Samuels Educational Trust (HSET) to simplify the governance structure of UCEM entities, therefore HSET was removed from the Register of Charities on 31 July 2018 and its net assets were transferred to UCEM. On 14 August 2019 the Charity Commission gave approval for the DAMS Fund to be dissolved and all its assets to be transferred to UCEM.

**13 Investment in associate**

In March 2017, two UCEM trustees were appointed to the board of Chartered Surveyors Training Trust (CSTT). CSTT has five trustees so since then UCEM has had 40% influence over the trustee board. On 27 March 2019, another UCEM Trustee was appointed so UCEM now has 60% influence over the Board of CSTT. The value of the Net Assets of CSTT acquired was £654,836.

	2019 £	2018 £
Investment in associate	–	244,728

**14 Stock**

	2019		2018	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Finished goods	4,333	4,333	6,701	6,701
	<u>4,333</u>	<u>4,333</u>	<u>6,701</u>	<u>6,701</u>

**15 Trade and other receivables**

	2019		2018	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Amounts falling due within one year:				
Other trade receivables	669,062	670,309	831,330	826,152
Other receivables	46,244	15,872	39,720	15,112
Prepayments and accrued income	1,318,079	1,267,655	700,027	696,928
Amounts falling due later than 1 year:				
Prepayments and accrued income	587,526	587,526	231,397	231,397
	<u>2,620,911</u>	<u>2,541,362</u>	<u>1,802,474</u>	<u>1,769,589</u>

Amounts falling due later than 1 year is accrued income of £587,526 due to be paid by ESFA once apprentices go through the end point assesment towards the end of their degree programme. Out of the total accrued income, £82,213 is receivable after 1 year and £505,313 between 2 to 4 years based on different cohorts of apprentices having different end point dates.

**16 Creditors : amounts falling due within one year**

	2019		2018	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Trade payables	457,643	442,096	145,687	145,221
Other payables	929,849	737,490	1,085,071	988,369
Amounts due to subsidiary companies	-	219,997	-	192,356
Deferred income	580,484	569,402	922,854	910,369
VAT	19,787	21,970	70,488	64,697
	<u>1,987,763</u>	<u>1,990,955</u>	<u>2,224,100</u>	<u>2,301,012</u>

**Deferred income**

Included within deferred income are the following items of income which have been deferred as is in relation to the year 2019-20.

	2019		2018	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Current Academic Offer	569,402	569,402	910,369	910,369
Corporate services – UCEM Courses	11,082	-	12,485	-
	<u>580,484</u>	<u>569,402</u>	<u>922,854</u>	<u>910,369</u>



17 Provisions for liabilities

Consolidated and UCEM

	2019 £	2018 £
<b>Obligation to fund deficit on USS pension</b>		
At the start of the year	480,486	461,784
Movement in the year	360,541	18,702
<b>At the end of the year</b>	<b>841,027</b>	<b>480,486</b>

**USS deficit**

The obligation to fund the past deficit on the Universities 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.

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2018 and 2019.

	2019	2018
Discount Rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

## 18a Movements in funds (current year)

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers £	At the end of the year £
<b>Restricted funds:</b>					
BCSC Educational Trust Fund	1,472	-	-	-	1,472
Philip Rose Award	339	-	-	-	339
BSc Estate Management Club	1,286	-	-	-	1,286
Marsh & Company	2,032	-	-	-	2,032
Harold Samuel Educ. Trust-Bursary Fund	2,185	-	-	-	2,185
Harold Crowter Prize fund	1,571	-	-	-	1,571
FJ Comerford Prize award	500	-	-	-	500
QS Student Bursary Fund	150	-	-	-	150
Research Bursary	3,500	-	(3,500)	-	-
Harold Samuel Research Prize Fund	284,291	-	-	-	284,291
Peter Goodacre Fund	34,000	-	-	-	34,000
David Alexander Memorial Scholarship	168,850	(9,034)	-	-	159,816
<b>Total restricted funds</b>	<b>500,176</b>	<b>(9,034)</b>	<b>(3,500)</b>	<b>-</b>	<b>487,642</b>
<b>Unrestricted funds:</b>					
Designated funds:					
Fixed assets	7,439,643	146,861	(382,321)	-	7,204,183
Bursaries	2,212,413	96,309	(112,174)	-	2,196,548
UCEM Academic Offer	4,000,000	-	(378,201)	-	3,621,799
<b>Total designated funds</b>	<b>13,652,056</b>	<b>243,170</b>	<b>(872,696)</b>	<b>-</b>	<b>13,022,530</b>
<b>General funds</b>	<b>7,825,935</b>	<b>14,369,545</b>	<b>(15,329,553)</b>	<b>-</b>	<b>6,865,927</b>
<b>Total unrestricted funds</b>	<b>21,477,991</b>	<b>14,612,715</b>	<b>(16,202,249)</b>	<b>-</b>	<b>19,888,457</b>
<b>Total funds</b>	<b>21,978,167</b>	<b>14,603,681</b>	<b>(16,205,749)</b>	<b>-</b>	<b>20,376,099</b>

## 18b Movements in funds (prior year)

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers £	At the end of the year £
<b>Restricted funds:</b>					
BCSC Educational Trust Fund	1,472	-	-	-	1,472
Philip Rose Award	439	-	(100)	-	339
BSc Estate Management Club	1,286	-	-	-	1,286
Marsh & Company	2,032	-	-	-	2,032
RICS Presidents' bursaries	1,185	-	(1,185)	-	-
Harold Samuel Educ. Trust-Bursary Fund	3,200	-	(1,015)	-	2,185
Harold Crowter Prize fund	1,671	-	(100)	-	1,571
FJ Comerford Prize award	500	-	-	-	500
QS Student Bursary Fund	150	-	-	-	150
Research Bursary	3,500	-	-	-	3,500
Harold Samuel Research Prize Fund	-	-	-	284,291	284,291
Peter Goodacre Fund	-	-	-	34,000	34,000
The Harold Samuel Educational Trust	307,614	12,339	(1,662)	(318,291)	-
David Alexander Memorial Scholarship	150,880	18,035	(65)	-	168,850
<b>Total restricted funds</b>	<b>473,929</b>	<b>30,374</b>	<b>(4,127)</b>	<b>-</b>	<b>500,176</b>
<b>Unrestricted funds:</b>					
Designated funds:					
Fixed assets	7,673,238	141,202	(374,797)	-	7,439,643
Bursaries	2,256,550	84,944	(129,081)	-	2,212,413
Property maintenance	1,100,000	-	-	(1,100,000)	-
UCEM Academic Offer	-	-	-	4,000,000	4,000,000
<b>Total designated funds</b>	<b>11,029,788</b>	<b>226,146</b>	<b>(503,878)</b>	<b>2,900,000</b>	<b>13,652,056</b>
<b>General funds</b>	<b>11,457,984</b>	<b>14,037,870</b>	<b>(14,769,919)</b>	<b>(2,900,000)</b>	<b>7,825,935</b>
<b>Total unrestricted funds</b>	<b>22,487,772</b>	<b>14,264,016</b>	<b>(15,273,797)</b>	<b>-</b>	<b>21,477,991</b>
<b>Pension fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total funds</b>	<b>22,961,701</b>	<b>14,294,390</b>	<b>(15,277,924)</b>	<b>-</b>	<b>21,978,167</b>

**19 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.

Peter Goodacre Fund – To award £1,000 at every graduation for one student for 34 years

Harold Samuel Research Prize Fund – An annual award of up to £15,000 for an innovative research project that has the potential to provide industry-changing insight for the Built Environment. The Prize will be judged and awarded by a panel of experts from across the industry, UCEM staff and independent appointees. The Prize is open to applications from the UK and in any other part of the world.

Research Bursary – Harold Samuel Educational Trust released funds to support UCEM sustainability research.

MACE fund – Harold Samuel Educational Trust released funds to purchase a ceremonial graduation mace for UCEM.

The Harold Samuel Educational Trust – see note 12b. The Harold Samuel Educational Trust was dissolved and transferred to UCEM where two restricted funds were set up, the Peter Goodacre Fund and the Harold Samuel Research Prize Fund.

David Alexander Memorial Scholarship – see note 12b.

**Purposes of designated funds**

Fixed assets – This represents the net book value of the groups fixed assets.

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. This fund has now been closed and funds have been moved to the newly created fund called UCEM Academic Offer.

UCEM Academic Offer – Investment in UCEM's Academic Offer including project Transform (£3m) and other Apprenticeships related projects.

**20 Lease obligations**

Total rentals payable under operating leases for the group were:

	Property		Equipment	
	2019	2018	2019	2018
	£	£	£	£
<b>Payable during the year</b>	<b>149,763</b>	134,974	<b>21,742</b>	23,226
<b>Future minimum lease payments due:</b>				
Not later than 1 year	149,763	126,812	17,779	21,291
Later than 1 year and not later than 5 years	49,921	187,229	11,166	41,206
<b>Total lease payments due</b>	<b>199,684</b>	314,041	<b>28,945</b>	62,497

Total rentals receivable under operating leases for the group were:

	Property	
	2019	2018
	£	£
<b>Receivable during the year</b>	<b>2,708</b>	2,708
<b>Future minimum lease receivable due:</b>		
Not later than 1 year	2,708	2,708
<b>Total lease receivable due</b>	<b>2,708</b>	2,708

**21 Events after the reporting period**

The UCEM Board approved the dissolution of DAMT on the 13 December 2018 and merging it into UCEM in order to allow a simpler governance structure in relation to the UCEM entities. On 14 August 2019, The Charity Commission approved for the DAMS Fund to be dissolved with the trust asset to be donated to UCEM.

**22 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 2019, the percentage was 18% rising to 19.5% (2018: 18%). 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 increase included in the statement of comprehensive income and expenditure is £360,541 (2018: £18,706). This includes £50,248 (2018: £43,738) outstanding contributions at the balance sheet date. The disclosures below represent the position from the scheme's financial statements.

The latest available full actuarial valuation of the scheme was at 31 March 2017 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2018 is underway but not yet complete.

The 2017 valuation was the fourth 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 £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

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

	<b>2019</b>	<b>2018</b>
Discount rate	2.4%	2.6%
Pensionable salary growth	n/a	n/a
Price inflation (CPI)	2.1%	2.0%

The main demographic assumption used relates to the mortality assumptions. The assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

Male members' mortality (pre-retirement)	71% of AMC00 (duration 0) for males
Female members' mortality (pre-retirement)	112% of AFC00 (duration 0) for females
Male members' mortality (post-retirement)	96.5% of SAPS S1NMA "light"
Female members' mortality (post-retirement)	101.3% of RFV00

**22 Pension schemes (continued)**

**(1) Universities Superannuation Scheme (continued)**

The current life expectancies on retirement at age 65 are:

<i>Existing benefits</i>	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

**(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 £65,114 (2018: £73,363).

**(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 £361,735 (2018: £322,522).

**Unfunded Pensions**

The College also provided unfunded pensions to an ex-employee. Payment in the year totalled £5,061 (2018: £4,923).