

Charity number: 313223

University College of Estate Management

Report and financial statements
For the year ended 31 July 2020

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University College of Estate Management

Reference and administrative information

For the year ended 31 July 2020

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 AIIIMR FRICS BA (Hons)	Chair
Bridget Bartlett BA PGCE MBA FCMI	Resigned 1 December 2019
Jatinder Kaur Brainch FCA	Honorary Treasurer from 13 December 2018
Amanda Clack Dr. (hc) MSc BSc PPRICS FRICS FICE FAPM FRSA FIC CCMI CMC	
Christopher D Costigan Barrister FAUA FHEA FRSA	
Helen Edwards BA (Hons) MA PG Cert AAUA	Staff Trustee
Amanda Milambo	Staff Trustee appointed 26 March 2020, Effective from the 1 August 2020
Phoebe Farrell	Student Trustee Resigned 19 June 2020
Ella Campbell	Student Trustee appointed 26 March 2020
Andrew Hynard FRICS BSc	
Dr Stephen Jackson FRGS FRSA	
Alastair G Martin FRICS FAAV	
Professor Kenneth Miller LLB LLM PhD FRSA FIOSH	
Misa Lane von Tunzelman FCIM	
Chris Turley LLB (Hons)	
Ashley P Wheaton BA (Hons)	Member ex-officio
Nicholas Braisby BA PhD	Appointed 24 September 2020
Wendy Appleby BA MA MSc	Appointed 24 September 2020

Secretary – Jane Fawkes BA (Hons) PgDip AFHEA

Key management personnel – Executive Team

Ashley Wheaton	Principal
Jane Fawkes	Deputy Principal and University College Secretary

University College of Estate Management

Reference and administrative information

For the year ended 31 July 2020

Wendy Finlay
Lynne Downey

Vice Principal Learning, Teaching and Apprenticeships
Vice Principal Digital Education and Professional
Services

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
Freeths LLP, Cardinal Square, 2nd Floor, West point, 10 Nottingham Road,
Derby DE1 3QT

Auditor Mazars LLP, 90 Victoria St, Bristol, BS1 6DP

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 2020.

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; and

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For the year ended 31 July 2020

- The provision of continuing professional development for those in the built environment sector.

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 and Levels 4 to 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 are supported by face to face or interactive online 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 2019–20 had wide ranging academic outcomes including: nine publications (book chapters, reports, academic and professional journals) including a joint publication with The Prince's Foundation on The Value of Community; externally funded collaborative projects led by Royal Agricultural University's HEFCE Catalyst Fund bid (£1.2m) to develop flexible industry-led programmes and BuildForce's CITB Construction Commission Funding (£38k) to support pathways into construction. Additionally, activities in 2019/20 have increased profile within the industry and Higher Education sector, where presence has been enhanced through twenty-one conference presentations and workshops. This is buttressed through a range of research and scholarly activities, which include senior roles taken in public bodies and associations, external examining and corporate events. Awards and scholarships include successful re-accreditation for NUS Responsible Futures. Research and scholarship at UCEM support the achievement of the institution's new vision towards being 'the Centre of Excellence for Built Environment Education'.

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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.

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.

UCEM has a five-year Institutional Strategy (2019–2024) which sets out the strategic plan and goals to enable UCEM to realise its 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 Executive with 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.

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For the year ended 31 July 2020

The Board of Trustees meets four times per year, and as part of these meetings monitors delivery of the strategy, as well as holding an annual Strategy Day to review the strategy against the changing external context.

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. 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 focused on student success, and this was launched in Autumn 2020, compliance with the Conditions of Registration with the Office for Students 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, as well as a focus on employee wellbeing.
- Reach, measured by:
 - the target number of new students for each semester; and
 - 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 2019/20, 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 Centre of Excellence for Built Environment Education. The achievements are discussed in the following section: *Achievements and performance*.

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UCEM continued to support its subsidiary companies. UCEM approved a £549k grant in 2019/20 to its wholly owned Hong Kong subsidiary, UCEM Asia Limited, to advertise UCEM's courses, provide course registration assistance and teaching support to students in Hong Kong. A grant of £50k was made in December 2019 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. A donation of £50k was given in May 2020 to Building people following a Board meeting in March 2020.

UCEM does not engage in social investment activities.

UCEM trustees are volunteers and while their influence is significant, they do not deliver UCEM services; UCEM makes no use of general volunteers to deliver its services.

Apprenticeships

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.

The apprenticeship programmes offered in 2019/20 are:

- Level 3 Surveying Technician (withdrawn for new starts in June 2020)
- Level 6 Chartered Surveyor (Degree) Apprenticeship
- Level 6 Building Control Surveyor (Degree) Apprenticeship (first delivery in Oct 2019)
- Level 7 Senior Leader Master's Degree Apprenticeship

In 2019/20 UCEM continued to deliver apprenticeships through 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 December 2019, Rathbone Training ceased trading and UCEM was subsequently awarded a direct contract by the ESFA for the completion of the apprenticeships that were formerly under Rathbone Training subcontract.

UCEM subcontracts the delivery of functional skills maths and English qualifications within apprenticeships to Runway Apprenticeships Limited trading as Runway Training. Due to the level of the apprenticeships that UCEM delivers, most apprentices have accepted prior or equivalent maths and English qualifications at enrolment, and therefore the volume of subcontracting with Runway Training is low.

In 2019/20, 1313 apprentices employed by over 375 different employers were actively studying with UCEM, including 10 Level 7 Senior Leader Master's Degree Apprentices, 1,012 Level 6 Chartered Surveyor (Degree) apprentices, 10 Building Control Surveyor (Degree) apprentices and 281 Level 3 Surveying Technician apprentices. This represents growth of approximately 26% on the number of apprentices actively studying with UCEM in 2018/19.

Approximately 88.5% (1162) of apprentices actively studying with UCEM 2019/20 were funded through UCEM's direct contracts with the ESFA. Of the remaining 11%, approximately 5.5% (72) were funded via UCEM's subcontract with Rathbone Training (ended 31/12/2020) and approximately 6%

(79) were funded via UCEM's subcontract with Eastleigh College. Following the end of the Rathbone Training subcontract, approximately 94% (1234) of apprentices were funded through UCEM's direct contracts with the ESFA.

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 2020 was a significant year for the institution's performance and achievements.

Reach

During 2019/20 UCEM enrolled 1,455 new students in total. This outcome was driven by a strong performance in attracting 647 new BSc students. 52% 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 91 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. The new Level 6 Building Control Surveyor apprenticeship was offered from Autumn 2019, incorporating a BSc (Hons) Building Control degree. UCEM also validated a new Level 6 Construction Site Management apprenticeship and added a postgraduate route to the Chartered Surveyor apprenticeship, both to be offered from autumn 2020.

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 59% of total enrolments.

Away from the UK, Hong Kong continued to be the largest international market for UCEM, with 153 enrolments in total.

Education

The focus on Education in 2019/20 was defined in the following areas.

As a Higher Education Provider in England, UCEM in 2019/20 continued to meet the Conditions of Registration with the Office for Students (OFS), as a registered (fee cap) provider.

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 regards to the Level 3 Surveying Technician Apprenticeship. To further test and support the institution's readiness for Ofsted inspection, further consultancy was undertaken. The output of this consultancy identified a significant number of key strengths but also identified some risk factors. Improvement actions have been implemented to address the risk factors. In addition, the Self-Assessment Report and Quality Improvement Plan related to Level 3 provision are monitored and approved by the Board of Trustees.

Finally, during 2019/20, UCEM focused on the delivery of the Transform Project, which did 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 project reflects the investment by the Board of £3m over three years for this project.

Student Outcomes

UCEM monitors module outcomes with a target KPI 75% module success rate, which aligns with the expectations of the Office for Students. Over the last two years UCEM has focused on improving

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student outcomes, and during the 2019/20 year the target was hit with an average module success rate of 79.7%. The academic team annually review all the modules and support offered to ensure UCEM students continue to be successful, and over the next year the focus will be on improving further the module success rate at Level 7.

Student Satisfaction

Student satisfaction in 2019/20 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 83.4% in the National Student Survey 2020; this compares to an overall student satisfaction score of 73% in 2019. This is an exceptional result and reflects the hard work of the academic and professional service teams over the last 18 months to deliver an Action Plan targeted to improve Student Satisfaction. The score of 83.4% places UCEM at 68 out of 154 Higher Education Providers within the Times Higher Education Ranking¹.

Widening Participation

UCEM's commitment to widening participation is central to UCEM's core purpose, and the outworking of the Royal Charter to provide education and training to all.

This is evidenced within the five-year Institutional strategy, of which Widening Participation is one of the core tenants. UCEM recognises the challenge of diversity and inclusion within the property and construction sectors, and as such is committed to working with the sector and employers in this area.

The metrics for Widening Participation are monitored through the OFS approved Access and Participation Plan. In 2019/20, UCEM exceed its targets on undergraduate programmes, of the intake 13% were disabled students, and 13% black, Asian and minority ethnic.

Employee Experience

UCEM monitors employee satisfaction and the employee experience twice a year through an employee engagement survey, which uses the Gallup 12 question format.

¹ <https://www.timeshighereducation.com/student/news/national-student-survey-2020-overall-satisfaction-results>

Overall staff satisfaction continued to meet the 4.00 target; it scored 4.2 in November 2019 and in June 2020. The participation rate exceeded our 85% target on both occasions. The result in June 2020 was particularly of note due to the impact on employees of working remotely due to the impact of Covid-19.

Financial Health

In the year 2019/20, UCEM achieved a consolidated income of £15.4m, an increase of 5.8% on 2018/19. The increase in the level of income was largely due the OFS funding received this year and the continued 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 of the apprenticeship, as expenditure rose by 1% to £16.2m. This included the £1m of agreed business planning costs approved by the board of trustees.

The group made an operating deficit of £1.6m versus a planned operating deficit of £1.4m, this was mainly due to the loss on capital via our investments value of £816k. In addition to this UCEM had to account for the holiday accrual for carryover and awards caused by the covid-19 as staff couldn't take holiday within the year (normally no holiday is carried over to another year), this accounted for £150k extra costs, alongside unbudgeted restructuring costs due to covid-19 of £160k. During the audit, it was identified that the End Point Assessment costs had not been fully accrued for in year, that has meant a £292k accrual entry has been made to cover this shortfall.

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 1,455 new students during 2019/20 against its target of 1,700. This is a 6% year on year fall compared to the 1,553 new students in 2018/19.

UCEM made 1,099 academic awards of which 981 were full academic awards and 118 were intermediate awards. Please note that this report was written prior to the final Examination Award Boards for 2019/20, so some of these awards are still to be ratified, which could alter this number marginally.

UCEM continued to strengthen its sector employer engagement: 861 new students (including those on apprenticeship programmes) were sponsored by 564 employers.

Two students were awarded new student bursaries, worth up to £7,512 over two years if the students complete their studies. £63,125 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; five awards were made from the Principal's Discretionary Fund totaling £4,470 and ten students received awards from the Redundancy Support Scheme totaling £10,387.

Financial review

Financial year 2019/20 has been a challenging year for UCEM in terms of the student growth and operating margin. The student income grew by 2% versus last year and has remained behind the original targets set for the year of £16.4m by 15.2%.

The fall in revenues meant UCEM worked hard to ensure that the operational expenses were reduced in line with the shortfall of income. The main drivers for the operational deficit are accounting entries for loss on investment valuation, holiday accruals (never accounted for in the past, but covid-19 changed that) and End Point Assessment costs being fully accrued for in year. Investment income decreased by 14% in the year after UCEM had withdrawn £1.5m from investments (see Note 11: Non-current asset investments) to fund the institution's growth and its apprenticeship business, plus the re-valuation impact caused by covid-19. The decrease in investment income was mainly due to lower returns in the form of dividends as the Baring funds performed worse than last year (see Note 3: Investment Income), and the impact of Covid-19.

Group expenditure

Group expenditure was broadly in line with prior years and was in line with revenue to provide sufficient resources for increased number of students. It remained well within the approved expenditure budget thus reflecting controlled investment for growth.

Staff costs remained stable alongside UCEM's student numbers. Staff costs in 2019/20 were £11.9m. Up £200k (1.7%) on the previous year (Staff costs: Note 5 to the accounts). Staff costs remain the single largest cost to the business with an increase in non-academic staff costs and Redundancy payments (£0.16m, USS pension provision increase of £36k), alongside annual promotional increments and ad hoc bonuses.

Other operating expenses presents an overall picture of being in line with prior year costs (see Note 7).

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Academic and related expenditure

The increase in group Academic and related expenditure was due to the growing population of our apprenticeships which meant UCEM's End Point Assessment was a lot higher than last years.

Administration and central services expenditure

Administration and central services expenditure reduced by 11% from the prior year due to the decrease in professional and consultancy costs in relation to Shinfield Grange/Birmingham/58 Queens Road business planning.

Premises expenditure

Premises expenditure increased alongside the increasing number of staff and business activities due to growth, insurance, security, and re-organisation of the office, furthermore utility rates also increased at Horizons, and equipment was ordered to enable people to work from home due to the impact of COVID-19. In addition to Horizons expenditure, Shinfield Grange's roof is currently needing a repair, and a £40k provision has been put aside in the accounts to carry out this work. In summary, income continued to grow, but cost growth is also significant due to the growth and investment into the student success projects and apprenticeships provision. The institution will not achieve its operating break-even ambition until at least 2020/21 when the first phase of the Transform project has fully embedded.

UCEM Courses Limited turnover (Note 12a: Subsidiary undertakings) decreased 213% from £83k down to £39k, last year income was enhanced by UCEM courses holding a workshop for the Nigerian nationals. The team did work on a Buildforce project that has yielded an additional £39k UCEM have put in the relevant papers to Companies House to close down UCEM Publishing Limited in 2020; UCEM received confirmation it has closed in October 2020.

UCEM Asia Limited received £549k grant income from its parent institution which led to a profit of £6k in 2019-20 (Note 12a Subsidiary undertakings).

Building People turnover was £120k and expenditure was £170k, meaning a loss of £50k.

CSTT turnover was £51k and expenditure was £121k, meaning a loss of £70k.

David Alexander Memorial Scholarship gained £5.5k in investment income. However, the fund loss was £37k (valuation loss), which reduced the reserves to £128k.

UCEM's consolidated group Balance Sheet as at 31 July 2020, shows a reduction in investments due to the sale of £1.5m to fund projects and the de-valuation of the investment's portfolio by £816K caused by Covid-19 impact on the stock market. Debtors have grown by circa £0.5m; this

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is mainly driven by the apprenticeship accrued income for the completion payment of £1.1M in 2019/20, an increase of £500k in the 2019/20 financial year.

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. This will increase from the 1 October 2021 to 6%.

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

The impact of the COVID-19 pandemic has been the key factor that has shaped the discussions and the strategic approach of the Board, Executive and Senior Leadership Team since March 2020.

Due to the pandemic, all employees moved to remote working on the 23 March, and this has continued for the majority of employees during the remainder of the financial year. The move to homeworking was successful, with UCEM in a strong position to adapt to remote working, particularly due to its existing use of technology. UCEM already used online meeting software for remote meetings with staff and students, so staff and students were familiar with the technology when all meetings moved to be held in this format.

A Strategic and Operational Plan was put in place to respond to the pandemic, with the focus being to ensure that students continued to be supported and were successful, alongside the health, safety and wellbeing of all employees.

Strategically this has involved a review of expected new student numbers and the review of the budget for 2020/21 in light of a reduced income forecast for the forthcoming financial year. This has required strategic decisions to be made to ensure the ongoing future financial health of UCEM, including the use of the furlough scheme and a recruitment freeze.

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Operationally this included a review of all the regulations to ensure appropriate support to students, and additional resources provided for wellbeing, as well as guidance from professional and academic staff. UCEM, as an online provider of education, is in a strong position to support students as the model of learning has not been negatively impacted through the pandemic.

All employees have been supported with the appropriate equipment to ensure successful home working, and a focus has been on wellbeing. This has been monitored through employee surveys, as well as additional resources provided through the Mental Health First Aiders.

Externally, the increased compliance of the Higher Education Sector and the Office for Students requirements continue to be one of change. The monitoring of Apprenticeships also continues to change, including proposed programme amendments to cap funding, as well as approval of new apprenticeship standards.

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 revalued at fair value (open market value) at £1.7m in the 2019/20 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 boost to the Group.

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 to at least 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 3% over a rolling three-year period.

As at 30th September 2020 Baring Targeted Return Charity Authorised Investment Fund (CAIF) has underperformed its CPI plus 3% goal over the prior 12 and 36 months. The Fund has achieved an

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annualised return since inception of 6.0% versus the target which returned 7.1%. This had been achieved with annualised volatility of 8.1% compared to UK equities of 13.5%, global equities of 14.2% and UK bonds of 5.9%.

The Bursary Fund, which is a designated fund for reserves, was valued on 31 July 2020 at £2.05m representing a capital increase of 2.7% 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:

- **Reach:** 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, and Senior Leadership Team.
- **Operational excellence:** UCEM is an online business so the impact of technology failure in business operations or the online learning environment (VLE) can be significant. The risks are managed through the appropriate use of market-leading software solutions with appropriate support contracts, cloud software solutions, data back-ups and best practice in information technology.
- **Compliance and governance:** 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.
- **Student Outcomes and Satisfaction:** 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.

- Employee Engagement: 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.

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 economic situation. This has including ongoing consideration of risk in Hong Kong due to the ongoing political situation in the region. The Board continues to closely monitor 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 £55k 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 2019–2024 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 are represented by total unrestricted reserves of £18.3m. £12.3m of this sum has been allocated to Designated Funds, of which £2.2m has been allocated to a Bursaries; 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. £7.0m is in fixed assets and another £3.1m is allocated to a newly designated fund offered for UCEM Academic areas which include; Project Transform, apprenticeship related projects and future growth plans. The remaining reserves of £6.0m 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 2019/20 which will continue in 2020/21, has been the delivery of the Transform Project (which launches to students in autumn 2020), OFS and Ofsted compliance, and

delivering the first year of the Strategic Plan 2019–2025. This has been in addition to ensure the appropriate strategic and operational response to COVID–19.

The external environment continues to be challenging due to the ongoing uncertainty due to the pandemic, as well as the formalisation of Brexit at the end of 2020. UCEM as a leading provider of online vocational education, is in a strong position due to the online delivery of its teaching and learning to respond to both these external factors for 2020/21.

As part of the strategic planning for 2020/21 onwards, UCEM will be looking to maximise the opportunities afforded by the Government's recent announcement for the expansion of post–18 education and training to level up and prepare workers for post–COVID economy, as well as preparing for the new Ofsted inspection of Level 6 and Level 7 apprenticeships.

The priority internally for the Institution will be a focus on ongoing organisational health. This includes financial health, and the wellbeing of employees to ensure the institution continues to be in a position to respond to these external challenges, as well as maximise the opportunities afforded through its online learning model.

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 matters such as changes in the regulatory environment (or best practice) regarding the provision of education. They are the supreme deliberative committees 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

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

The 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

Trustees' annual report

For the year ended 31 July 2020

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 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. This committee will also recommend to the Board all candidates considered for Honorary Fellow status, as well as all nominations for the annual UCEM Property Award. This sub-committee is also charged with ensuring that the very best governance practice is adhered to by UCEM as a registered charity in the higher education sector. This sub-committee meets a minimum of twice a year.

The Remuneration Committee

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

Executive Team

The Executive Team, whose responsibility is to focus on the strategic approach for UCEM, monitor the external environment, horizon scan, planning accordingly. This group is Chaired by the Principal and meets four times a year for a strategic review, and weekly since March 2020 to ensure oversight of the UCEM response to COVID-19.

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) is 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 an increased diversity of skills and knowledge. These roles were appointed by the Board in March 2020.

When vacancies arise for new trustees, the Nominations and Governance Committee identify suitable candidates. The Nominations and Governance Committee has regard to replacing 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 has two staff trustees, a student trustee, and a Lead Student Representative who attends the Board by invitation.

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 an Induction with the University College Secretary and given the opportunity to discuss any queries they may have with the Principal and the Executive 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, all of which UCEM has a controlling interest; The Harold Samuel Educational Trust, The David Alexander Memorial Scholarship and The Chartered Surveyor's Training Trust (CSTT), in which UCEM has had a 60% controlling interest through the placement of three trustees since March 2019.

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 2019/20 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, those employees earning over £100k, as well as the pay rises 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 2019 to 31 July 2020 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). Nominations and Governance review compliance with the Code annually, or as and when the Code is updated.

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.

A key part of UCEM's internal control mechanism is the ongoing review by the Board, led by the Audit Committee, of the RAR, as detailed on pages 16–17 above. Further, Audit Committee reviews particular areas of the business according to the agreed audit plan. In addition to this, UCEM's Finance Director provides monthly updates to the Chief Executive Officer and Treasurer on the management accounts, and the budget is reforecast where necessary. Audit Committee also takes responsibility for monitoring UCEM general compliance activities, reporting to the full Board if there are areas of concern. The trustees also regularly review UCEM's compliance with the OfS conditions of registration, with each condition reviewed during the course of the year according to an agreed planner. Updates on UCEM's compliance with the OfS conditions of registration are also provided at deliberative committee meetings. UCEM has two conflicts of interest policies (one for members of the Board of Trustees and one for members of deliberative committees) and the declaration of any conflicts of interests forms the first agenda item on all Board meeting, has an approved anti-bribery policy, and a register of interest that every trustee has to review and sign annually. UCEM's external auditors identified four internal control recommendations as a result of their work and all of these have been responded to.

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

Trustees' annual report

For the year ended 31 July 2020

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; and
- 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.

The trustees' annual report has been approved by the trustees on 27th November 2020 and signed on their behalf by



John Gellatly
Chair

Independent auditor's report

To the members of

University College of Estate Management

Opinion

We have audited the financial statements of University College of Estate Management ('the University') and its subsidiaries ('the Group') for the year ended 31 July 2020 which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheets, the Consolidated Statement of Cash Flows and 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 FRS 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's and University's affairs as at 31 July 2020 and of the Group's and University's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education.

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 company 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 Board of Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and University'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

Other information

The Board of Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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.

Responsibilities of trustees

As explained more fully in the Statement of Responsibilities of the Board of Trustees set out on page 25, the Board of 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 they 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 Board of Trustees are responsible for assessing the Group and University'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 Board of Trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

Independent auditor's report

To the members of

University College of Estate Management

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. [This description forms part of our auditor's report.](#)

Other Required Reporting

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by OfS, the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS's accounts direction have been met.

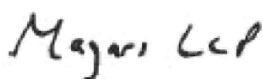
Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the financial statements, has been materially misstated.

Use of the audit report

This report is made solely to the Board of Trustees as a body in accordance with paragraph 4 of the University's Royal Charter and Bye-Laws and the Statement of Responsibility of the Trustees. Our audit work has been undertaken so that we might state to the Board of 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 Group and University and the Board of Trustees as a body for our audit work, for this report, or for the opinions we have formed.



Mazars LLP

Chartered Accountants and Statutory Auditor

90 Victoria Street, Bristol, BS1 4AN

Date 29 January 2021

Consolidated and UCEM Statement of Comprehensive Income and Expenditure

For the year ended 31 July 2020

	Notes	Consolidated £	2020 UCEM £	Consolidated £	2019 UCEM £
Income					
Tuition fees and education contracts	1	13,884,594	13,884,594	13,552,109	13,552,109
Other income	2	1,106,987	1,029,860	480,257	44,686
Investment income	3	347,146	340,733	512,108	507,507
Total income before endowments and donations		15,338,727	15,255,187	14,544,474	14,104,302
Donations	4	93,935	23,935	42,000	16,264
Total income		15,432,662	15,279,122	14,586,474	14,120,566
Expenditure					
Staff costs	5	11,898,411	11,638,635	11,707,374	11,469,233
Other operating expenses	7	3,961,399	3,963,426	3,984,861	4,116,791
Depreciation and impairment charges	9	309,107	308,214	381,030	378,632
Interest and other finance costs	6	14,642	599	5,614	1,319
Total expenditure		16,183,559	15,910,874	16,078,879	15,965,975
Surplus/(deficit) before other gains losses and share of operating surplus of associates		(750,897)	(631,751)	(1,492,405)	(1,845,409)
Net gain/(loss) on investments	10, 11	(815,532)	(778,361)	(126,870)	(113,996)
Share of operating surplus in associate		-	-	17,207	-
Surplus/(loss) before tax		(1,566,429)	(1,410,112)	(1,602,068)	(1,959,405)
Taxation	7	-	-	-	-
Surplus/(deficit) for the year and total comprehensive income for the year		(1,566,429)	(1,410,112)	(1,602,068)	(1,959,405)
Total comprehensive income for the year		(1,566,429)	(1,410,112)	(1,602,068)	(1,959,405)
Represented by:					
Restricted comprehensive income for the year		(15,245)	16,485	(12,534)	(3,500)
Unrestricted comprehensive income for the year		(1,551,184)	(1,426,597)	(1,589,534)	(1,955,905)
Attributable to UCEM		(1,566,429)	(1,410,112)	(1,602,068)	(1,959,405)
		(1,566,429)	(1,410,112)	(1,602,068)	(1,959,405)
Surplus for the year attributable to:					
UCEM		(1,566,429)	(1,410,112)	(1,602,068)	(1,959,405)

All items of income and expenditure relate to continuing activities

Consolidated

	<u>Income and expenditure account</u>		Total £
	Restricted £	Unrestricted £	
Balance at 1 August 2018	500,176	21,477,991	21,978,167
Surplus/(deficit) from the income and expenditure statement	(12,534)	(1,589,534)	(1,602,068)
Total comprehensive income for the year	(12,534)	(1,589,534)	(1,602,068)
Balance at 31 July 2019	487,642	19,888,457	20,376,099
Surplus/(deficit) from the income and expenditure statement	(15,245)	(1,551,184)	(1,566,429)
Total comprehensive income for the year	(15,245)	(1,551,184)	(1,566,429)
Balance at 31 July 2020	472,398	18,337,273	18,809,671

UCEM

	<u>Income and expenditure account</u>		Total £
	Restricted £	Unrestricted £	
Balance at 1 August 2018	331,326	21,336,633	21,667,959
Surplus/(deficit) from the income and expenditure statement	(3,500)	(1,955,905)	(1,959,405)
Total comprehensive income for the year	(3,500)	(1,955,905)	(1,959,405)
Balance at 31 July 2019	327,826	19,380,728	19,708,554
Surplus/(deficit) from the income and expenditure statement	16,485	(1,426,597)	(1,410,112)
Total comprehensive income for the year	16,485	(1,426,597)	(1,410,112)
Balance at 31 July 2020	344,311	17,954,131	18,298,442

As at 31 July 2020

	Notes	As at 31 July 2020		As at 31 July 2019	
		Consolidated £	UCEM £	Consolidated £	UCEM £
Fixed assets					
Intangible Fixed assets	9	16,000	16,000	-	-
Tangible Fixed assets	9	7,015,791	7,015,791	7,204,183	7,203,057
Investment properties	10	1,700,000	1,700,000	1,700,000	1,700,000
Investments	11	8,296,941	8,457,701	10,612,473	10,736,062
Investments in associate	13	-	-	-	-
		<u>17,028,732</u>	<u>17,189,492</u>	<u>19,516,656</u>	<u>19,639,119</u>
Current assets					
Stock	14	-	-	4,333	4,333
Trade and other receivables	15	3,123,931	3,036,433	2,620,911	2,541,362
Cash and cash equivalents		1,857,907	1,177,465	1,062,989	355,722
		<u>4,981,838</u>	<u>4,213,898</u>	<u>3,688,233</u>	<u>2,901,417</u>
Less: Creditors: amounts falling due within one year	16	(2,070,866)	(1,974,915)	(1,987,763)	(1,990,955)
Less: Creditors: amounts falling due after one year	16a	(252,513)	(252,513)	-	-
Net current assets/(liabilities)		<u>2,658,459</u>	<u>1,986,470</u>	<u>1,700,470</u>	<u>910,462</u>
Total assets less current liabilities		<u>19,687,191</u>	<u>19,175,962</u>	<u>21,217,126</u>	<u>20,549,581</u>
Provisions	17	(877,520)	(877,520)	(841,027)	(841,027)
Total net assets		<u><u>18,809,671</u></u>	<u><u>18,298,442</u></u>	<u><u>20,376,099</u></u>	<u><u>19,708,554</u></u>
Restricted Reserves					
Income and expenditure reserve – restricted reserve		472,397	344,311	487,642	327,826
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		6,007,528	5,624,385	6,865,927	6,358,198
Income and expenditure reserve – designated		12,329,746	12,329,746	13,022,530	13,022,530
		<u>18,337,274</u>	<u>17,954,131</u>	<u>19,888,457</u>	<u>19,380,728</u>
Total Reserves	18a	<u><u>18,809,671</u></u>	<u><u>18,298,442</u></u>	<u><u>20,376,099</u></u>	<u><u>19,708,554</u></u>

The financial statements were approved by the Governing Body on 27th November 2020 and were signed on its behalf on that date

by: 

The accompanying notes and policies on pages 32 to 57 form part of these financial statements

John Gellatly
Chair

Consolidated Statement of Cash Flows

For the year ended 31 July 2020

	Notes	Year ended 31 July 2020 £	Year ended 31 July 2019 £
Cash flow from operating activities			
(Deficit)/surplus for the year		(1,566,429)	(1,602,068)
Adjustment for non-cash items			
Depreciation and impairment charges	9	309,107	381,030
(Gain)/loss on investments	11	815,532	126,870
Decrease/(increase) in stock	14	4,333	2,368
(Increase) in trade and other receivables	15	(503,020)	(818,437)
Increase/(decrease) in trade and other payables	16	335,616	(236,271)
Increase/(decrease) in pension provision	17	36,494	360,541
Share of operating (surplus)/loss in associate	13	-	244,728
Loss on disposal of fixed assets	9	12,956	(1,795)
Adjustment for investing or financing activities			
Investment income	3	(347,146)	(512,108)
Interest payable	6	14,642	5,614
Net cash inflow from operating activities		<u>(887,915)</u>	<u>(2,049,528)</u>
Cash flows from investing activities			
Investment income	3	347,146	512,108
Payments made to acquire fixed assets	9	(149,671)	(143,841)
Proceeds from sale of investments	11	1,500,000	2,250,000
		<u>1,697,475</u>	<u>2,618,267</u>
Cash flows from financing activities			
Interest and other finance costs	6	(14,642)	(5,614)
		<u>(14,642)</u>	<u>(5,614)</u>
(Decrease)/Increase in cash and cash equivalents in the year		794,918	563,125
Cash and cash equivalents at beginning of the year		<u>1,062,989</u>	<u>499,864</u>
Cash and cash equivalents at end of the year		<u>1,857,907</u>	<u>1,062,989</u>

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 2019 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. They have been prepared in accordance with the Accounts Direction issued by the Office for Students (OfS 9, the Terms and Conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant).

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) Exemptions under FRS 102

The Institution has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the Institution in its separate financial statements.

e) 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.

f) 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.

g) 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.

h) 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.

i) 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.

j) 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.

k) 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 2020

l) 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.

m) 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.

n) 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.

o) 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.

p) 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.

q) 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.

r) 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.

s) Accounting for Joint Operations, Jointly Controlled Assets and Jointly Controlled Operations

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

t) 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.

u) 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

v) Critical Accounting estimates and judgements

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

Critical Accounting Estimates

Recoverability of debtors

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

Retirement benefit obligations

The cost of defined benefit pension plans [and other post-employment benefits] are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 22.

Management are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

As the Institution is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The provision is currently based on the USS deficit recovery plan agreed after the 2017 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2028. These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing rate of discount. Further details are set out in note 22.

Critical judgements and assumptions

Income recognition

Judgement is applied in determining the value and timing of certain income items to be recognised in the financial statements. This includes determining when performance related conditions have been met, and determining the revenues associated with partially delivered courses and training where the activities have not been fully completed at the reporting date.

An element of Completion income, recoverable in respect of Apprentices following their End Point Assessment, is recognised over the duration of their study with us and is subject to judgements on future withdrawal rates that varies depending on the length of the outstanding period to course completion.

Notes to the financial statements

For the year ended 31 July 2020

1 Tuition fees and education contracts

Notes	Year ended 31 July 2020		As at 31 July 2019	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Part-time students	13,947,719	13,947,719	13,664,284	13,664,284
Bursaries given	(63,125)	(63,125)	(112,175)	(112,175)
	<u>13,884,594</u>	<u>13,884,594</u>	<u>13,552,109</u>	<u>13,552,109</u>

Grant and Fee Income

	Year ended 31 July 2020		As at 31 July 2019	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Grant income from the OfS	974,080	974,080	-	-
Grant income from other bodies	-	-	-	-
Fee income for taught awards	13,884,594	13,884,594	13,552,109	13,552,109
Fee income for research awards	38,000	38,000	38,000	38,000
Fee income from non-qualifying courses	77,337	210	82,740	-
Total grant and fee income	<u>14,974,011</u>	<u>14,896,884</u>	<u>13,672,849</u>	<u>13,590,109</u>

2 Other income

	Year ended 31 July 2020		As at 31 July 2019	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Corporate services – UCEM Courses	77,337	210	82,740	-
Income from CSTT & Building People	-	-	352,830	-
Other income	1,029,650	1,029,650	44,687	44,686
	<u>1,106,987</u>	<u>1,029,860</u>	<u>480,257</u>	<u>44,686</u>

3 Investment income

	Year ended 31 July 2020		As at 31 July 2019	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Investment income from investment property	45,968	45,968	47,823	47,823
Investment income on general reserves	217,118	211,566	376,071	372,231
Investment income on designated reserves	80,520	80,520	85,078	85,078
Other investment income	3,540	2,679	3,136	2,375
	<u>347,146</u>	<u>340,733</u>	<u>512,108</u>	<u>507,507</u>

4 Donations

	Year ended 31 July 2020		As at 31 July 2019	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Donations with restrictions	23,710	23,710	10,000	-
Unrestricted donations	70,225	225	32,000	13,000
Unrestricted donations from subsidiary companies			-	3,264
	<u>93,935</u>	<u>23,935</u>	<u>42,000</u>	<u>16,264</u>

5 Staff costs

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Salaries	9,468,159	9,255,332	8,866,460	8,655,538
Social security costs	857,045	856,635	816,272	816,272
Movement on USS provision	25,644	25,644	360,541	360,541
Other pension costs	905,638	886,104	779,061	762,637
Other staff costs	641,925	614,920	885,040	874,245
Total	11,898,411	11,638,635	11,707,374	11,469,233

Remuneration in excess of £100,000 of higher paid staff, excluding employer's pension contributions and employer's national insurance [all shown before any salary sacrifice]:

			2020	2019
			No.	No.
				(Re-Styled)
£100,000	to	£104,999	–	1
£105,000	to	£109,999	–	–
£110,000	to	£114,999	1	–
£190,000	to	£194,999	–	1
£210,000	to	£214,999	1	–
			<u>2</u>	<u>2</u>

Average staff numbers by major category :			2020	2019
			No.	No.
				(Re-Styled)
Academic			85	74
Research			3	4
Management & specialist			4	7
Technical			5	8
Other			148	129
			<u>245</u>	<u>222</u>

The 2019 average staff numbers have been re-stated.

Compensation for loss of office payable to a senior post-holder:	2020	2019
	£	£
Compensation payable recorded within staff costs	<u>18,475</u>	<u>58,784</u>

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 2020	Year ended 31 July 2019
	£	£
Key management personnel compensation	<u>659,872</u>	<u>1,050,220</u>

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 arm's 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, 2 trustees (2019: 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 2020	Year ended 31 July 2019
	£	£
Principal – Ashley Wheaton		
Remuneration	209,000	217,973
Employer pension contributions	43,542	34,953
Other benefits	2,256	1,573
	<u>254,798</u>	<u>254,499</u>
Staff trustee – Helen Edwards		
Remuneration	53,174	50,184
Employer pension contributions	3,802	3,175
	<u>56,976</u>	<u>53,359</u>
Total trustee remuneration and benefits	<u><u>311,774</u></u>	<u><u>307,858</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 2020	Year ended 31 July 2019
	£	£
Principal	1,445	2,670
8 other trustees (2019: Eight)	1,244	1,940
	<u>2,689</u>	<u>4,610</u>

Other than as reported above, the trustees were neither paid nor received any other benefits from employment with the charity in the year (2019: £nil). No member of the trustees received payment for professional or other services supplied to the charity (2019: £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 2020:

<u>Basic salary per annum</u>	<u>Number of staff (2019-20)</u>
£110,000 – £115,000	One
£210,000 – £220,000	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 about their remuneration. The Committee has regard to the 'Higher education senior staff remuneration code' published by the Committee of University Chairs, when considering senior staff pay.

The Remuneration Committee met on 2 July 2020 to discuss staff pay. The Committee noted that pay increases and bonuses would not be possible in summer 2020 for the 2019-20 financial and academic year, as UCEM predicted an income shortfall; this included the Principal. This was approved by the Board of Trustees in the budgeting process on 19 June 2020 and the Committee fully endorsed this decision. As a result, the remuneration of the Principal remained unchanged from the previous financial year. Given this position, there was no requirement for the Committee to consider the latest relevant pay and reward benchmarking data, and the justification for the total remuneration package of the Principal, remained the same as reported in the previous financial year.

Full details of the total remuneration package for the Principal, as at 31 July 2020:

- Basic salary (as from 1 July 2020): £209,000 per annum
- Bonuses awarded during the financial year in full: Nil
- Pension contributions: £43,542
- Salary Sacrifice: Childcare voucher £1
- Other taxable benefits: Private medical insurance £2,256

The head of the provider's basic salary is 5.1 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The head of the provider's total remuneration is 6.2 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.

There is no comparative in the prior year as UCEM did not receive OfS funding until FY2019-20.

6 Interest and other finance costs

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Exchange differences	14,642	599	5,614	1,319
	<u>14,642</u>	<u>599</u>	<u>5,614</u>	<u>1,319</u>

7 Other operating expenditure

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Academic and related expenditure	1,243,437	1,239,866	947,950	908,028
Administration and central services	1,973,287	2,130,320	2,274,920	2,582,030
Premises	557,978	413,571	541,840	417,708
Catering and conferences	186,697	179,669	220,151	209,025
	<u>3,961,399</u>	<u>3,963,426</u>	<u>3,984,861</u>	<u>4,116,791</u>
Other operating expenses include:				
External auditor remuneration – audit services	49,327		27,500	
External auditor remuneration – non-audit services	456		6,998	
Operating lease rentals:				
· Land and buildings	135,305		117,954	
· Other	<u>25,351</u>		<u>27,584</u>	

Access and Participation Expenditure

	Year ended 31 July 2020		Year ended 31 July 2019	
	£	£	£	£
Access Investment	64,345	64,345	-	-
Financial Support	10,330	10,330	-	-
Support for Disabled Students	40,289	40,289	-	-
Research and Evaluation	15,741	15,741	-	-
	<u>130,705</u>	<u>130,705</u>	-	-

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.

8 Related party transactions

In October 2017, UCEM engaged Building Research Establishment Ltd. The following Trustee; 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 £ Nil (2019: £193) during the financial year 2019–20 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 2019–2020 UCEM invoiced JLL for £198,701 (2019: £123,510) and JLL invoiced UCEM £870 (2019: £2,000).

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 2019–2020 UCEM invoiced CBRE for £97,630 (2019: £105,193). CBRE UK invoiced UCEM for £6,000 (2019 CBRE HK: £2,152).

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 2019–2020 UCEM invoiced BNP £35,615 (2019: £10,660).

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 2019–2020 UCEM charged CSTT £ Nil (2019: £52,814) for one staff member and management costs.

Terry Watts is CEO of CSTT and Director of Warren Jane Ltd and Phorensis Ltd. During the financial year 2019–2020 Warren Jane invoiced CSTT £4,659 (2019: £12,801), Building People £1,199 (2019: £4,264) and UCEM £nil (2019: £9,319). Phorensis invoiced CSTT £49,804 (2019: nil) and Building People £13,714 (2019: nil)

9 Intangible Fixed Assets – Group

	Computer software £	Total £
Cost		
At 1 August 2019	–	–
Transfers	23,520	23,520
	<hr/>	<hr/>
At 31 July 2020	23,520	23,520
	<hr/> <hr/>	<hr/> <hr/>
Depreciation		
At 1 August 2019		–
Charge for the year	333	333
Transfers	7,187	7,187
	<hr/>	<hr/>
At 31 July 2020	7,520	7,520
	<hr/> <hr/>	<hr/> <hr/>
Net book value		
At 31 July 2020	16,000	16,000
	<hr/> <hr/>	<hr/> <hr/>
At 31 July 2019	–	–
	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 July 2020

9 Tangible Fixed Assets – Group

	Freehold land and buildings £	Equipment and motor vehicles £	Computer system £	Total £
Cost				
At 1 August 2019	8,113,591	760,760	1,517,853	10,392,204
Additions	–	11,623	138,048	149,671
Transfers	–	–	(23,520)	(23,520)
Disposals	–	–	(29,183)	(29,183)
At 31 July 2020	<u>8,113,591</u>	<u>772,383</u>	<u>1,603,198</u>	<u>10,489,172</u>
Depreciation				
At 1 August 2019	1,417,373	451,572	1,319,076	3,188,021
Charge for the year	100,105	60,803	147,866	308,774
Transfers	–	–	(7,187)	(7,187)
Disposals	–	–	(16,227)	(16,227)
At 31 July 2020	<u>1,517,478</u>	<u>512,375</u>	<u>1,443,528</u>	<u>3,473,381</u>
Net book value				
At 31 July 2020	<u>6,596,113</u>	<u>260,008</u>	<u>159,670</u>	<u>7,015,791</u>
At 31 July 2019	<u>6,696,218</u>	<u>309,188</u>	<u>198,777</u>	<u>7,204,183</u>

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.

	Computer software £	Total £
Cost		
At 1 August 2019	–	–
Additions	23,520	23,520
	<hr/>	<hr/>
At 31 July 2020	23,520	23,520
	<hr/> <hr/>	<hr/> <hr/>
Depreciation		
At 1 August 2019	–	–
Charge for the year	333	333
Transfers	7,187	7,187
	<hr/>	<hr/>
At 31 July 2020	7,520	7,520
	<hr/> <hr/>	<hr/> <hr/>
Net book value		
At 31 July 2020	16,000	16,000
	<hr/> <hr/>	<hr/> <hr/>
At 31 July 2019	–	–
	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 July 2020

9 Tangible Fixed Assets – UCEM

	Freehold land and buildings £	Equipment and motor vehicles £	Computer system £	Total £
Cost				
At 1 August 2019	8,113,591	760,760	1,512,674	10,387,025
Additions		11,623	138,048	149,671
Transfers	–	–	(23,520)	(23,520)
Surplus on revaluation	–	–	–	–
Disposals	–	–	(24,322)	(24,322)
At 31 July 2020	<u>8,113,591</u>	<u>772,383</u>	<u>1,602,880</u>	<u>10,488,854</u>
Depreciation				
At 1 August 2019	1,417,373	451,572	1,315,024	3,183,969
Charge for the year	100,105	60,803	146,973	307,881
Transfers			(7,187)	(7,187)
Disposals			(11,600)	(11,600)
At 31 July 2020	<u>1,517,478</u>	<u>512,375</u>	<u>1,443,210</u>	<u>3,473,063</u>
Net book value				
At 31 July 2020	<u>6,596,113</u>	<u>260,008</u>	<u>159,670</u>	<u>7,015,791</u>
At 31 July 2019	<u>6,696,218</u>	<u>309,188</u>	<u>197,650</u>	<u>7,203,056</u>

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 by an external valuer 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, who have qualified Chartered Surveyors amongst their members, have reviewed this and consider that it remains an appropriate reflection of the property's value for the financial year 2019-2020.

	Year ended 31 July 2020		Year ended 31 July 2019	
	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	-	-	-	-
Fair value at the end of the year	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,700,000</u>

11 Non-current asset investments

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Fair value at the start of the year	10,612,473	10,736,062	12,989,343	13,100,058
Disposal proceeds	(1,500,000)	(1,500,000)	(2,250,000)	(2,250,000)
Net gain/(loss) on change in fair value	(815,532)	(778,361)	(126,870)	(113,996)
Fair value at the end of the year	<u>8,296,941</u>	<u>8,457,701</u>	<u>10,612,473</u>	<u>10,736,062</u>

Investments comprise:

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
UK Common investment funds				
• General UCEM fund	5,836,334	5,836,334	7,905,865	7,905,865
• Designated bursary fund	2,054,242	2,054,242	2,246,245	2,246,245
• Restricted funds	406,365	315,026	460,363	331,853
Investment in subsidiary undertakings	-	252,099	-	252,099
	<u>8,296,941</u>	<u>8,457,701</u>	<u>10,612,473</u>	<u>10,736,062</u>

12 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 (Closed on 14th October 2019)	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.

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.

	2020 £	2019 £
Investment in associate	-	-

14 Stock

	2020		2019	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Finished goods	-	-	4,333	4,333
	<u>-</u>	<u>-</u>	<u>4,333</u>	<u>4,333</u>

15 Trade and other receivables

	2020		2019	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Amounts falling due within one year:				
Other trade receivables	697,123	692,703	669,062	670,309
Other receivables	32,397	2,025	46,244	15,872
Prepayments and accrued income	1,261,276	1,208,570	1,318,079	1,267,655
Amounts falling due later than 1 year:				
Prepayments and accrued income	1,133,135	1,133,135	587,526	587,526
	<u>3,123,931</u>	<u>3,036,433</u>	<u>2,620,911</u>	<u>2,541,362</u>

Amounts falling due later than 1 year is accrued income of £1,133,135 due to be paid by ESFA once apprentices go through the end point assessment towards the end of their degree programme. Out of the total accrued income, £547,136 is receivable after 1 year and £585,999 between 2 to 4 years based on different cohorts of apprentices having different end point dates.

16 Creditors: amounts falling due within one year

	2020		2019	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Trade payables	351,035	284,025	457,643	442,096
Other payables	1,171,131	1,134,963	929,849	737,490
Finance Leases	18,495	18,495	-	-
Amounts due to subsidiary companies	-	16,080	-	219,997
Deferred income	486,978	478,124	580,484	569,402
VAT	43,227	43,228	19,787	21,970
	<u>2,070,866</u>	<u>1,974,915</u>	<u>1,987,763</u>	<u>1,990,955</u>

16a Creditors: amounts falling due after one year

	2020		2019	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Finance Leases	18,720	18,720	-	-
Accruals	233,793	233,793	-	-
	<u>252,513</u>	<u>252,513</u>	<u>-</u>	<u>-</u>

Accruals falling due after one year relates to costs associated with End Point Assessment for Apprenticeships.

The Bank has a legal charge on the overdraft facility

Finance Leases

Minimum lease payments under finance leases fall due as follows:

	2020		2019	
	Consolidated	UCEM	Consolidated	UCEM
Within 1 year	18,495	18,495	-	-
Between 1-2 years	18,720	18,720	-	-
Between 2-5 years	-	-	-	-
	<u>37,215</u>	<u>37,215</u>	<u>-</u>	<u>-</u>

Deferred income

Included within deferred income are the following items of income which have been deferred as is in relation to the year 2020-21.

	2020		2019	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Current Academic Offer	457,193	457,193	569,402	569,402
Corporate services - UCEM Courses	8,854	-	11,082	-
	<u>466,047</u>	<u>457,193</u>	<u>580,484</u>	<u>569,402</u>

Cash and cash equivalents

	At 1 August 2019	Cash flows At 31 July 2020	
	£	£	£
Cash and cash equivalents	1,062,989	794,918	1,857,907
Bank Overdraft	-	-	-
	<u>1,062,989</u>	<u>794,918</u>	<u>1,857,907</u>

For the year ended 31 July 2020

17 Provisions for liabilities

Consolidated and UCEM

	2020	2019
	£	£
Obligation to fund deficit on USS pension		
At the start of the year	841,027	480,486
Movement in the year	36,493	360,541
At the end of the year	<u>877,520</u>	<u>841,027</u>

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 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount Rate	1.45%	1.29%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	<u>1.00%</u>	<u>2.00%</u>

Financial instruments

	2020		2019	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Financial assets at fair value through Statement of comprehensive Income				
Listed Investments	-	-	-	-
Financial assets that are equity instruments measured at cost less impairment				
Other Investments	8,296,941	8,457,701	10,612,473	10,736,062
Financial assets that are debt instruments measured at a mortised cost				
Cash and cash equivalents	1,857,907	1,177,465	1,062,989	355,722
Other debtors	2,788,019	2,703,226	2,620,911	2,541,362

Financial Liabilities

	2020		2019	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Financial liabilities measured at a mortised cost				
Finance leases	37,215	37,215	-	-
Trade creditors	351,035	284,025	457,643	442,096
Other creditors	1,404,924	1,368,756	1,530,120	1,548,859

Notes to the financial statements

For the year ended 31 July 2020

18a Movements in funds (current year)

	At the start of the year	Income & gains	Expenditure & losses	At the end of the year
	£	£	£	£
Restricted funds:				
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	-	(100)	1,471
FJ Comerford Prize award	500	-	-	500
QS Student Bursary Fund	150	-	-	150
Centenary Fund	-	23,710	(3,375)	20,335
Harold Samuel Research Prize Fund	284,291	-	(3,750)	280,541
Peter Goodacre Fund	34,000	-	-	34,000
David Alexander Memorial Scholarship	159,816	5,552	(37,282)	128,086
Total restricted funds	487,642	29,262	(44,507)	472,397
Unrestricted funds:				
Designated funds:				
Fixed assets	7,204,183	120,488	(292,880)	7,031,791
Bursaries	2,196,548	80,520	(63,125)	2,213,943
UCEM Academic Offer	3,621,799	-	(537,787)	3,084,012
Total designated funds	13,022,530	201,008	(893,792)	12,329,746
General funds	6,865,927	14,427,407	(15,285,806)	6,007,528
Total unrestricted funds	19,888,457	14,628,415	(16,179,598)	18,337,274
Total funds	20,376,099	14,657,677	(16,224,105)	18,809,671

Notes to the financial statements

For the year ended 31 July 2020

18b Movements in funds (prior year)

	At the start of the year	Income & gains	Expenditure & losses	At the end of the year
	£	£	£	£
Restricted funds:				
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
RICS Presidents' bursaries	-	-	-	-
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
The Harold Samuel Educational Trust	-	-	-	-
David Alexander Memorial Scholarship	168,850	(9,034)	-	159,816
Total restricted funds	500,176	(9,034)	(3,500)	487,642
Unrestricted funds:				
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
Total designated funds	13,652,056	243,170	(872,696)	13,022,530
General funds	7,825,935	14,369,545	(15,329,553)	6,865,927
Total unrestricted funds	21,477,991	14,612,715	(16,202,249)	19,888,457
Total funds	21,978,167	14,603,681	(16,205,749)	20,376,099

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.

Centenary Fund – The provision of bursaries for College students from the UK or internationally.

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. 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. 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.

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	
	2020	2019	2020	2019
	£	£	£	£
Payable during the year	<u>129,492</u>	<u>149,763</u>	<u>17,779</u>	<u>21,742</u>
Future minimum lease payments due:				
Not later than 1 year	121,201	149,763	12,111	17,779
Later than 1 year and not later than 5 years	<u>214,601</u>	<u>49,921</u>	<u>5,117</u>	<u>11,166</u>
Total lease payments due	<u>335,802</u>	<u>199,684</u>	<u>17,228</u>	<u>28,945</u>

Total rentals receivable under operating leases for the group were:

	Property	
	2020	2019
	£	£
Receivable during the year	<u>45,968</u>	<u>2,708</u>
Future minimum lease receivable due:		
Not later than 1 year	<u>14,238</u>	<u>2,708</u>
Total lease receivable due	<u>14,238</u>	<u>2,708</u>

21 Events after the reporting period

UCEM had applied to Company's House in June 2020 for UCEM Publishing Ltd, which had not been trading during the 19/20 year to be dissolved. Due to companies House suspending this service from March 2020 through to September 2020, it had taken longer than expected to have it dissolved. The Registrar has confirmed that UCEM Publishing was dissolved on 13th October 2020.

22 Pension schemes

Different categories of staff were eligible to join one of three different schemes:

(1) Universities Superannuation Scheme

This is a defined-benefit schemes contracted out of the State Second Pension (S2P) the assets of which are held in separate trustee administered funds.

Statement of comprehensive income – net pension cost in year

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
USS	427,724	426,408	696,152	696,152
GPP	56,165	56,165	65,114	65,114
People's Pension	428,547	429,175	361,911	361,911
Manulife (HK)	18,846	-	16,425	-
	<u>931,282</u>	<u>911,748</u>	<u>1,139,602</u>	<u>1,123,177</u>

Other comprehensive income – actuarial gain (loss) in respect of pension schemes

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
USS	-	-	-	-
GPP	-	-	-	-
People's Pension	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Statement of Financial Position – Pension Scheme Liability

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
USS	877,520	877,520	841,027	841,027
GPP	-	-	-	-
People's Pension	-	-	-	-
	<u>877,520</u>	<u>877,520</u>	<u>841,027</u>	<u>841,027</u>

Notes to the financial statements

For the year ended 31 July 2020

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%, until 31 March 2028. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount rate	1.45%	1.29%
Pensionable salary growth		n/a
Price inflation (CPI)	1.00%	2.00%

In the year ended 31 July 2019, the liability was based on the previous deficit recovery plan, which required payment of 5% of salaries over the period 1 April 2020 to 30 June 2034.

The reduction in the term of the deficit recovery plan has given rise to a substantial reduction in the deficit provision which has decreased from £0.84 million to £0.88 million as set out in note 17. £0.04 million of this decrease is attributable to the change in the deficit contributions contractual commitment. See also Staff costs note 7 in respect of significant one-off pension costs / gains.

A further full valuation as at 31 March 2020 is currently underway. As the valuation has only recently commenced there is still work to be done agreeing the technical provisions assumptions, the extent of future investment risk, the duration of the deficit period and the level of deficit contributions. Rule changes in respect of strengthening the employer covenant are also in progress including restrictions on employer exits, debt monitoring and *pari passu* arrangements. The valuation must be completed by 30 June 2021. However, it is generally anticipated that there will be a significant increase in the deficit provision as at 31 July 2021 (assuming the valuation is completed by then).

Pension schemes (continued)

(1) Universities Superannuation Scheme (continued)

The current life expectancies on retirement at age 65 are:

<i>Existing benefits</i>	2020	2019
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

(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

(3) Auto Enrolment Compliant Scheme (AE)

Operating on a defined contribution basis in respect of pensionable service since 1 January 2014, the AE scheme

The pension charge for the period was £430,404(2019: £361,911).

Unfunded Pensions

The College also provided unfunded pensions to an ex-employee. Payment in the year totaled £5,171 (2019: £5,061).