

Charity number: 313223

University College of Estate Management

Report and financial statements
For the year ended 31 July 2021

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Reference and administrative information

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Charity number 313223 – registered in England and Wales

Registered office and operational address

Horizons
60 Queen's Road
Reading
RG1 4BS

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

Trustees

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

John G T Gellatly AIIMR FRICS BA (Hons)	Chair, resigned 27 November 2020
Jatinder Kaur Brainch FCA	Honorary Treasurer from 13 December 2018
Amanda Clack Dr. (hc) MSc BSc PPRICS FRICS FICE FAPM FRSA FIC CCMi CMC	Appointed as Chair from 27 November 2020
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
Muhammed Ahmed	Student Trustee appointed 9 July 2021
Grant Alexander	Student Trustee appointed 9 July 2021, effective from 1 September 2021
Ella Campbell	Student Trustee, resigned 9 July 2021
Andrew Hynard FRICS BSc	
Dr Stephen Jackson FRGS FRSA	Vice Chair
Alastair G Martin FRICS FAAV	

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For the year ended 31 July 2021

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

Professor Nicholas Braisby BA PhD CPsychol
AFBPsS PFHEA

Appointed 24 September 2020

Wendy Appleby BA MA MSc

Appointed 24 September 2020

Jane Fawkes BA(Hons) PgDip AFHEA

University College Secretary

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Key management personnel – Executive Team

Ashley Wheaton	Principal
Jane Fawkes	Deputy Principal and University College Secretary
Wendy Finlay	Vice Principal Learning, Teaching and Apprenticeships
Lynne Downey	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 Managers	Baring Asset Management Limited, 155 Bishopsgate, London, EC2M 3XY Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU
Insurance Adviser	Jelf Insurance Brokers Limited, 1st Floor, Gail House, 5 Lower Stone Street, Maidstone, Kent, ME15 6NB

Trustees' annual report

For the year ended 31 July 2021

The trustees present their report and the audited financial statements for the year ended 31 July 2021.

Reference and administrative information is set out on pages 1 to 3 and forms 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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- 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 Levels 4 to 7 of the Frameworks for Higher Education Qualifications (FHEQ). 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 Digital Education Team working with the subject experts to ensure material is interactive and engaging to students. UCEM offers eighteen programmes awarded by the institution, all of which are delivered online, so are accessible to students worldwide. This includes the delivery of the Level 6 and 7 Apprenticeship programmes, which are core to UCEM's purpose of providing vocational programmes accessible to all.

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. UCEM research in 2020–21 had wide ranging academic outcomes including: nine publications (book chapters, reports, academic and professional journals); joint publications with Taylor Wessing and the Edge on 'City 2040' as well as CIC on 'Build Back Better: Improving the apprenticeship system'. External collaborations included materials development through 'The Rapid Urbanisation Toolkit for Urban Expansion' with The Prince's Foundation and completion of externally funded projects led by Royal Agricultural University's Higher Education Funding Council for England (HEFCE) Catalyst Fund bid (£1.2m) to develop flexible industry-led programmes. Additionally, activities in 2020–21 have increased profile within the industry and Higher Education sector, where presence has been enhanced through twenty conference presentations and workshops. Awards and scholarships included Responsible Futures Host Partnership status for 2020–21 playing a leadership role with three National Union of Students (NUS) external partnership events. This is buttressed through a range of research and scholarly activities, which include senior roles in public bodies and associations, external examining and corporate events. Research and scholarship at UCEM support the achievement of the institution's vision becoming '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 are 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 (2019–24) 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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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 2019–24:

- 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 (Education and Skills Funding Agency) 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 2020–21, UCEM continued to make significant progress, despite the challenges of the Covid-19 pandemic and met the majority of the targets, including relating to financial health. 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.

UCEM continued to support its subsidiary companies. UCEM approved a £385K grant in the year (2020: £549K) 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.

Two other companies were previously being accounted for as subsidiaries due to UCEM's control of their boards. UCEM no longer has control over either of these companies' boards as the majority of its trustees stepped down during the year, from Chartered Surveyors Training Trust (CSTT) on 31 December 2020 and from Building People Skills CIC (BPS) on 13 July 2021. A loss on disposal of subsidiaries in the financial statements reflects the loss of control. During the year grants of £50K were made to each of CSTT and BPS (2020: £50K each). In addition, UCEM has committed to support BPS to a maximum of £50K in each of the three years 2021–22 to 2023–24.

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, including the "Build Back Better" plan, 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 ESFA for the delivery of apprenticeships for levy-paying and non-levy paying employers.

The apprenticeship programmes offered in 2020–21 are:

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

In 2020–21 UCEM continued to deliver apprenticeships through subcontracting arrangements with Eastleigh College. Delivery under this subcontract is limited to completion of apprenticeships that

commenced prior to November 2017. In December 2019, Rathbone Training ceased trading and UCEM was subsequently awarded a direct contract by the Education and Skills Funding Agency (ESFA) for the completion of the apprenticeships that were formerly under the Rathbone Training subcontract. These apprentices were transferred into the UCEM learner cohort during the first quarter of 2020–21.

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 acceptable prior or equivalent Maths and English qualifications at enrolment, and therefore the volume of subcontracting with Runway Training is low.

In 2020–21, 1519 apprentices employed by over 500 different employers and business entities were actively studying with UCEM, including 11 Level 7 Senior Leader Master's Degree Apprentices, 1,295 Level 6 Chartered Surveyor Degree Apprentices, 29 Building Control Surveyor Degree Apprentices, 13 Construction Site Manager Degree Apprentices and 171 Level 3 Surveying Technician apprentices. This represents growth of approximately 15% on the number of apprentices actively studying with UCEM in 2019–20.

Approximately 95.5% (1,452) of apprentices actively studying with UCEM during 2020–21 were funded through UCEM's direct contracts with the ESFA. The remaining 4.5%, (67) were funded via UCEM's subcontract with Eastleigh College.

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 2021 was a significant year for the institution's performance and achievements.

Reach

During 2020–21 UCEM enrolled 1,394 new students in total. This outcome was slightly lower than the previous year but was better than expected given the impact of the Covid-19 pandemic which affected many employers' ability to recruit and train new staff. This factor was particularly marked in the autumn 2020 semester but the position improved in spring 2021 which yielded the best result for student recruitment in a spring intake for 4 years.

UCEM launched two new degree apprenticeship programmes in 2020–21: the Level 6 Chartered Surveyor MSc route and the Level 6 Construction Site Management apprenticeship. The Chartered Surveyor MSc route attracted high levels of interest from employers interested in supporting their graduate trainees to achieve professional qualifications, producing 120 new starts in the first year alone.

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 41% of total enrolments.

Away from the UK, Hong Kong continued to be the largest international market for UCEM, with 169 enrolments in total.

Education

The focus on Education in 2020–21 was defined in the following areas.

As a Higher Education Provider in England, UCEM in 2020–21 continued to meet the Conditions of Registration with the Office for Students (OfS), as a registered (fee cap) provider, and the Education and Skills Funding Agency (ESFA). UCEM monitors the institution's compliance with the OfS Conditions of Registration through the Board of Trustees, Board Sub-Committees and the relevant Academic Deliberative Committees.

UCEM must also meet the requirements of Office for Standards in Education (Ofsted) with regards to apprenticeship provision at all levels. In April 2021, Ofsted became responsible for inspection of Level 6 and 7 apprenticeships in addition to lower levels. Therefore, all UCEM's provision, at Level 3, Level 6 and Level 7, became subject to Ofsted inspection during 2020–21. The Apprenticeships Team continued to support UCEM's readiness for Ofsted inspection by strengthening good practice and delivering improvements identified in the Self-Assessment Report (SAR) and documented on the Quality Enhancement Plan (QEP), which is approved and monitored by the Board of Trustees. Apprenticeships senior leadership at UCEM was strengthened in the first half of 2021–21 through the appointment of two new Directors in two distinct areas – Apprenticeships Compliance and Apprenticeships Operations – and the implementation of new operating structures within the Apprenticeships Team.

Finally, during 2020–21, UCEM launched the outputs of Project Transform: the Student Success Project. The purpose of the Transform Project was to transform the opportunities for student success at UCEM. The project was designed to remove the barriers to student success that had been identified within the student journey. A number of workstreams were delivered to offer a simplified student journey, giving students more opportunity to progress in a timely manner through their programmes, and to achieve success at UCEM on a more consistent basis. The Transform project also removed the barriers to growth and profitability that previously existed within UCEM's operational delivery model, through the development of administrative processes and systems that are efficient and scalable, ensuring UCEM can support students effectively both now and in the future. The Transform project was supported by £1.2m investment by the Board over three years.

Student Outcomes

UCEM monitored module success rates against a target KPI 75% in 2020–21 as part of its strategy to improve student outcomes, which supports UCEM's compliance with condition of registration B3 (successful outcomes for all students). Over the last three years, UCEM has focused on improving student outcomes through enhancements to academic provision, the nature of the delivery model, student support and associated regulations, policies and procedures. In 2020–21, end of semester resubmissions for failed assessments were introduced for the first time. At the time of writing the Spring 2021 resubmission results are unknown, therefore the overall final module KPI outturn for

2020–21 is not available. Notwithstanding this, the module success KPI of 75% was exceeded in

Autumn 2020 with an overall module success rate of 81.9% (post-resubmissions, final module success rates). Further, the Spring 2021 module results are currently showing an interim module success rate of 77.5% (pre-resubmissions, interim module success rates). Even with these interim Spring 2021 results, it is evident that the full year module success rate outturn will exceed the 75% KPI. Upon completion of the modules, the Academic Team completes an Annual Review process for all modules, to ensure that the modules and the support offered to students remain fit-for-purpose each semester and success rates can continue to improve. In the coming year, a new project will launch, focused on further improvements to student outcomes, alongside the delivery of the Learning, Teaching and Assessment Strategy action plan.

Student Satisfaction

Student satisfaction in 2020–21 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 OfS and form part of the dataset for the Teaching Excellence and Student Outcomes Framework (TEF). They are also published nationally to form league tables for universities.

UCEM achieved an overall student satisfaction rating of 74.68% in the NSS 2021; which compares to an overall student satisfaction score of 83.4% in the NSS 2020. This was a disappointing result and did not reflect the hard work of the academic and professional service teams over the previous 12 months to deliver an action plan targeted to improve Student Satisfaction against the backdrop of the Covid-19 pandemic. It should be noted that despite a fall of 8.76% in UCEM's overall satisfaction rate, this fall was mirrored across the entire higher education sector. UCEM remained above average for our sector discipline and within 1% of all higher education providers. Further, the NSS 2021 contained six additional questions relating to the support provided to students by their higher education provider during the Covid-19 pandemic. It is worthy of note that against these questions, UCEM students' responses were overwhelmingly positive in comparison to the rest of the sector. For example, in answer to the question "COVID5. I am content with the delivery of learning and teaching of my course during the covid-19 pandemic", the higher education sector average was 47.57%, with UCEM scoring 91.38%. The NSS scores represent a highly turbulent year for providers and students alike and the outcomes of the survey will be used to inform areas for improvement in the coming year.

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.

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The metrics for Widening Participation are monitored through the OfS approved Access and Participation Plan. In 2020–21 UCEM increased the percentage of new students on undergraduate programmes who are Black, Asian or minority ethnic (BAME) from 13% in 2019–20 to 16%. 11% of new undergraduate students identified themselves as disabled.

The challenge on Widening Participation remains a sector wide one, but UCEM is working closely with employers to increase diversity within the built environment.

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.

Overall staff satisfaction continued to meet the 4.00 target; it scored 4.1 in November 2020 and in June 2021. The participation rate exceeded our 85% target on both occasions. This was against the back drop of staff continuing to work remotely and reflects the focus of the institution on wellbeing during this period. In addition to the Employee Engagement Survey staff were asked to anonymously rate their wellbeing on a scale monthly, and these results were monitored by the Senior Leadership Team as part of the continued care of staff.

Financial Health

In the year ending 31 July 2021 UCEM achieved a consolidated income of £16.2m (2020: £15.6m), an increase of 4.1% (2020: 5.8%) on the previous year. The increase in the level of income was predominantly due to increased tuition fees from the continued expansion of the apprenticeships programme through organic growth and partnership with other providers and contractors.

Costs were controlled in the year as UCEM reacted to the ongoing pandemic decreasing by 8.2% to £15m (2020: increase of 1% to £16.3m), with cost savings made as the office building was temporarily closed and the majority of staff worked from home, no travel expenses and furlough support. The previous year saw increased costs due to additional holiday accruals whilst staff were unable to take holiday and unbudgeted restructuring costs due to the pandemic, as well as additional End Point Assessment costs accrued from UCEM's apprenticeship programme alongside an additional £1M of agreed business planning costs approved by the Board of Trustees.

After gains on the investment portfolio of £775k (2020: losses £816k) and a loss on disposal of subsidiaries (Exceptional item) of £529K (2020: £nil) the group made an operating surplus of £1.5m against a planned operating deficit of £0.78m (2020: operating deficit of £1.6m against a planned operating deficit of £1.4m).

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 1,394 new students during 2020–21 against its target of 975. This was a 4% year on year fall compared to the 1,455 new students recruited in 2019–20 but was significantly above the annual target that had been adjusted downward to take account of the pandemic.

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: despite the challenges faced by partner employers 574 new students (including those on apprenticeship programmes) were sponsored by 295 employers.

UCEM allocated £57,794 bursaries in the year (2020: £63,125) as follows:

Bursary	Number of Students	£
UCEM Centenary Fund	10	£13,455
New Student Bursary Fund	28	£42,335
Post Graduate Scholarship	2	£2,004
Total	40	£57,794

In addition to the above, many students were assisted with fee reductions or debt write offs for special circumstances so that they could continue with their studies, for example, 5 awards were made from the Principal's Discretionary Funds totaling £4,316 (2020: 5 at £4,470) and 4 awards were made from the Redundancy Support Scheme totaling £5,234 (2020: 10 at £10,387).

Financial review

Whilst the financial year ending 31 July 2021 has been a challenging one for UCEM in the wider context of the Covid–19 pandemic and its effects on the operation of its business, the fact that UCEM is a wholly online provider of education has meant that it has been able to demonstrate that its business model is extremely robust. Student income grew by 4.6% (2020: 2%) compared to the previous year, costs have been controlled and a healthy operating surplus has been generated strengthening the balance sheet.

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Investment income decreased in the year, and this was again due to lower returns in the form of distributions from the group's main holding in the Barings Targeted Return Fund. At the year-end UCEM's investment in this fund was in the process of being fully redeemed, since the fund was closing down on 31 August 2021, and reinvested into the Sarasin & Partner Climate Active Endowment Fund. At the year-end gains on investments were £774,735 (2020: losses £815,532).

Group expenditure

Group expenditure was down on the previous year despite the increase in student numbers and tuition fee income. As previously noted, this was as a result of the cost savings made as the office building was temporarily closed and the majority of staff worked from home during the pandemic and redundancies made at the end of the previous financial year. As a result of this UCEM was able to control costs well within its approved expenditure budget. UCEM received £35K in respect of the HMRC furlough scheme in the year.

Despite decreasing in the year by 4.5% to £11.5m (2020: increase of 1.7% to £12m) staff costs remain the largest single expense to the business. The decrease in costs reflects the decrease in staff numbers from 245 to 228, with a freeze on recruitment only being eased towards the end of the financial year as the situation stabilised. UCEM's share of the deficit on the USS pension scheme increased by £403k (2020: £36k) in the year. Further details of staff costs can be found in note 5 to the financial statements.

Other operating expenses reflect a decrease in the cost of other non-staff expenditure as set out in note 7 to the financial statements.

Academic and related expenditure

The 26.7% decrease in group academic and related expenditure was due to the assessment, examination and graduation process being conducted fully online and the redundancies from the previous year. It should also be noted that additional End Point Assessment costs were accrued from UCEM's apprenticeship programme in the previous year.

Administration and central services expenditure

Administration and central services expenditure reduced by 5.5% from the previous year due to the general decrease in support costs whilst the office building was temporarily closed.

Premises expenditure

Premises expenditure decreased by 26.6% again primarily as a result of the office building being temporarily closed during the pandemic. UCEM did not reopen the building until July 2021.

Alongside the decreasing number of staff (reduced staff cost in year), UCEM did however take advantage of the office closure and implemented a new security and CCTV system at Horizons (this has been capitalised). In summary, income continued to grow, but cost reduced significantly due to the pandemic and investment into the student success projects was capitalised in year. The institution did achieve its ambition of making its operations break-even in 2020-21 as stated in last years accounts, and in fact made more than £1m surplus.

UCEM Courses Limited turnover (Note 12: Subsidiary undertakings) decreased by 39% from £77k to £47k in the year. It has not been possible to host any face-to-face workshops and the income continues to be generated by online Continuing Professional Development courses.

UCEM Asia Limited received £385k grant income from its parent institution (2020: £594k) which led to a profit of £1k (2020: £6k) in the year (Note 12: Subsidiary undertakings).

David Alexander Memorial Scholarship received £4,140 in investment income and the fund had investment gains of £34,150 in the year.

UCEM's consolidated group Balance Sheet on 31 July 2021 shows an increase in value of 7.8% to £20.3m driven by the positive operational performance and the gains in value of the investment portfolio. 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 obligation to fund the past deficit of the scheme is reflected on the balance sheet and details can be found in note 17 to the financial statements.

A 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%.

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 note 22 to the financial statements.

Other factors

The impact of the Covid-19 pandemic has continued to shape discussions and the strategic approach of the Board, Executive and Senior Leadership Team (SLT) since March 2020.

The majority of staff have continued to work remotely over the last year, due to Government guidance during the pandemic to continue to work at home. From 1 September 2021 staff have been encouraged to come back to the building, with a trial period of hybrid working in place until the end of the year.

The focus during the year was to ensure the quality and standards of the student experience were maintained and met the expectations of the OfS, alongside meeting the expectations of employers. UCEM as an online provider was in a stronger position than most other Higher Education Providers to meet the challenges of the pandemic, but additional support was put in place for students, with a Covid Steering Group meeting regularly to monitor the student experience and put in place any adjustments that were required. This was monitored through the Academic Deliberative Committees, as well as by the Board.

The Business Development Team have continued to work very closely with key employers, who are a key stakeholder for UCEM, both in terms of influence and impact.

A large focus during the year has also been on staff wellbeing, and maintaining a sense of community, recognising the on-going nature of remote working has had on mental health, as well as the challenge of continuing to ensure teams are working effectively. This has led to a significant increase in the number of internal communication meetings, as well as opportunity for social connection. Additional wellbeing sessions have been provided for staff by MIND, as well as the

continued support of the UCEM Mental Health First Aiders, and the Employee Assistance programme.

Externally, the increased compliance of the Higher Education Sector and the OfS 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 valued at fair value (open market value) at £1.7m in the 2020-21 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

During the year Barings announced that their Targeted Return Fund would be closed at the end of August 2021. Since the majority of UCEM's investment portfolio was invested in this fund, Trustees took the opportunity to undertake a full review of their investment policy, seeking to invest funds in an ethical and sustainable manner, paying regard to environmental considerations and aligning the policy with the United Nations Sustainable Development Goals, alongside the institution's own sustainability agenda.

Investment policy

Trustees will continue to 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. The investment portfolio is regularly reviewed by the Finance Committee in conjunction with independent investment advisers.

Following the review of the investment policy Trustees identified three funds that met their investment objectives and ethical and sustainable requirements. Following a formal tender process, the Sarasin & Partners Climate Active Endowment Fund was chosen to replace the Barings Targeted Return Fund with investment transitioning over a four-week period across the year end. At the year-end, the fund consisted of investments in both these multi-asset class equity funds, and cash awaiting reinvestment. Full reinvestment of the funds into the Sarasin & Partner Climate Active Endowment Fund was completed after the year end on 19 August 2021.

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.' At the year end the Main and Bursary Funds were valued at £6.4m and £2.2m (2020: £5.8m and £2.1m) respectively.

The objective of these funds is to outperform the Consumer Price Index (CPI) plus 3% over a rolling three-year period. Utilising the values achieved in selling the Barings Targeted Return Fund, investment in this fund achieved a total return of 12.37% in the year to 31 July 2021 as adjusted to include the post year-end sales (3.12% income and 9.26% capital returns) against the target return of 5.02%. This largely reflected the recovery of the fund in the year from the effects of the Covid- 19 worldwide pandemic which saw valuations plummet in the Spring of 2020.

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 (SLT).
- **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

Trustees' annual report

For the year ended 31 July 2021

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 included 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 UCEM's courses lasting less than two years and many students taking five or more years to complete their studies. 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 development of long-term strategies 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.

The current Strategic Plan covers the period 2019–24 and sets out goals that will enable UCEM to realise its vision to be the Centre of Excellence for Built Environment Education. The trustees recognise that further funds will probably be needed to drive the current Strategic Plan and that reserves may be the appropriate source of these funds.

UCEM's income sources are closely aligned to its core purposes of providing truly accessible, relevant and cost-effective education, enabling students to enhance careers, increase professionalism and contribute to a better built environment. The reserves policy seeks to balance spending the amount of income raised in providing such education across the academic period to which it relates, whilst maintaining the minimum level of reserves required to ensure uninterrupted operation and provide time to adjust to any change in financial circumstances. Trustees consider that general reserves should be held in a range of a minimum of three months and a maximum of twelve months operating expenditure. This would allow the time and space necessary to consider the practicalities of providing the appropriate resources to enable existing courses to be completed without any disadvantage to students.

Total UCEM group reserves at 31 July 2021 were represented by total unrestricted reserves of £19.8m (2020: £18.3m). £9.4m of this sum has been allocated to Designated Funds, of which £7.2m was in Fixed Assets and £2.2m has been allocated to a Bursaries Fund set up for the exclusive purpose of generating an income to provide bursaries to assist and support students and to otherwise encourage new entrants to the profession. The remaining unrestricted funds were in general reserves of £10.4m representing approximately eight months' operating expenditure. It is the trustees' view that this level of reserves is 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 2021–22 will be to achieve Permanent Degree Awarding Powers, as part of the Strategic Plan by the Board to apply for full university title. In addition, it is expected that during 2021–22 UCEM will receive an inspection from Ofsted.

In terms of the student experience the focus remains on increasing student outcomes, with a project to increase student numbers through retention and new programmes by 1,000 additional students by 2025.

UCEM continues to look at opportunities to develop new programmes within the built environment sector, including opportunities for new apprenticeship programmes, as part of the strategic vision to be 'the Centre of Excellence for Built Environment Education'. This is also aligned to the Government Agenda of Lifelong Learning and providing opportunities for more vocational programmes.

The priority internally for the Institution remains on ongoing organisational health. This includes financial health, and the wellbeing of employees to ensure the institution continues to be able 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 function, the Audit Committee adheres to the guidance and best practice for Audit Committees outlined in the Committee of University Chairs (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 since the start of the pandemic in March 2020 has met three times a week to ensure continued oversight of the UCEM response to Covid-19, financial sustainability and the wellbeing of staff.

Senior Leadership Team

The day-to-day management of the institution is entrusted to the Principal, supported by a 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.

Under the Royal Charter Student there is provision for two Staff Trustees, and two Student Trustees. Student Trustees are appointed for a one-year term which may be renewed for a further one-year term. The Board aims to have a Student Trustee representing undergraduate students, and a Student Trustee representing postgraduate students to ensure the UCEM Student Community is represented at Board level.

In 2020-21 the Board approved the launch of a Board Apprentice Scheme, to provide an opportunity for up to two UCEM alumni to gain experience at Board level for a year. The Board Apprentice(s) will have full access to Board papers, but will not have voting rights. The first appointments are due to be made in November 2021.

When vacancies arise for new trustees, the Nominations and Governance Committee run an open and transparent recruitment process, with the aim that the Board is comprised of 50% independent trustees who bring knowledge of the built environment sector, and 50% who bring knowledge of Higher Education. As part of the recruitment process consideration is given to diversity, to ensure that the Board maintains its current levels of diversity, as a member of the 30% Club. 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, and two student trustees.

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 either the Chair or Vice 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 and UCEM Asia Limited. UCEM Courses Ltd is a wholly owned subsidiary that delivers bespoke course content to corporate clients. UCEM Asia Ltd is a wholly owned subsidiary incorporated in Hong Kong that supports UCEM's marketing and teaching in Hong Kong.

In 2020–21 UCEM continued to deliver teaching for Level 6 Apprenticeships as a subcontractor 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 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 2020 to 31 July 2021 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 CUC. Nominations and Governance review compliance with the Code annually, or as and when the Code is updated.

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 OfS, 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 20–21 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.

Trustees' annual report

For the year ended 31 July 2021

The institution has not adopted and therefore does not apply the UK Corporate Governance Code; however, it has due regard to the Charity Governance Code. UCEM has reported on its Corporate

Governance arrangements by drawing upon best practice available, including those aspects of these codes that the institution considers relevant to the higher education sector and best practice.

The institution adopted the CUC Code during the financial year 2016–17, and has since adopted the new Higher Education Code of Governance published by CUC in September 2020. 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

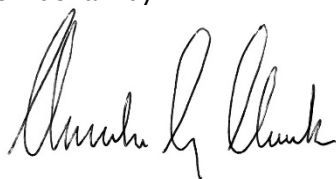
Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the institution's and group's financial activities during the period and of their financial position at the end of the period. In preparing 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 25th November 2021 and signed on their behalf by



Amanda Clack Dr. (hc) MSc BSc PPRICS FRICS FICE FAPM FRSA FIC CCMi CMC
Chair of the Board

Independent auditor's report

To the members of

University College of Estate Management

Independent auditor's report to the Board of Trustees of the 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 2021 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, including a summary of significant accounting policies. 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 2021 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 University Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to

Independent auditor's report

To the members of

University College of Estate Management

events or conditions that, individually or collectively, may cast significant doubt on the Group's and University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board of Trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

As explained more fully in the Statement of Responsibilities of the Board of Trustees set out on page 29, 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 all or part of the University Group or to cease operations, or have no realistic alternative but to do so.

To the members of

University College of Estate Management

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the University Group and its operations, we identified that the principal risks of non-compliance with laws and regulations related to the OfS requirements, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to Covid-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the OfS Accounts Direction and ESFA Audit Code of Practice.

We evaluated the Board of Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Board of Trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the University Group which were contrary to applicable laws and regulations, including fraud.

Independent auditor's report

To the members of

University College of Estate Management

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Board of Trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 accounts, is materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the accounts, has been materially misstated.

Independent auditor's report

To the members of

University College of Estate Management

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-Law and section 124B of the Education Reform Act 1988. 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

DRA Bott (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Address 90 Victoria Street, Bristol, BS1 6DP

Date 5 December 2021

Consolidated and UCEM Statement of Comprehensive Income and Expenditure

For the year ended 31 July 2021

	Notes	2021		(Re-Styled) 2020	
		Consolidated £	UCEM £	Consolidated £	UCEM £
Income					
Tuition fees and education contracts	1	14,585,580	14,585,580	13,947,720	13,947,720
Other income	2	1,264,108	1,211,879	1,218,147	1,141,020
Investment income	3	257,940	253,783	347,146	340,733
Total income before endowments and donations		16,107,628	16,051,242	15,513,013	15,429,473
Donations	4	137,463	(200)	93,935	23,935
Total income		16,245,091	16,051,042	15,606,948	15,453,408
Expenditure					
Staff costs	5	11,470,534	11,197,404	12,009,571	11,749,795
Other operating expenses	7	3,234,616	3,345,066	4,024,525	4,026,552
Depreciation and impairment charges	9	300,927	300,927	309,107	308,214
Interest and other finance costs	6	8,825	75	14,642	599
Total expenditure		15,014,902	14,843,472	16,357,845	16,085,160
Surplus/(deficit) before other gains/ losses		1,230,189	1,207,570	(750,897)	(631,751)
Net gain/(loss) on investments	10, 11	774,735	740,585	(815,532)	(778,361)
Surplus/(deficit) of operating activities		2,004,924	1,948,155	(1,566,429)	(1,410,112)
Exceptional items:					
Loss on Disposal of Subsidiaries	13	(528,517)	-	-	-
Surplus/(deficit) before tax		1,476,407	1,948,155	(1,566,429)	(1,410,112)
Taxation	7	-	-	-	-
Surplus/(deficit) for the year and total comprehensive income for the year		1,476,407	1,948,155	(1,566,429)	(1,410,112)
Total comprehensive income for the year		1,476,407	1,948,155	(1,566,429)	(1,410,112)
Represented by:					
Restricted comprehensive income for the year		12,334	(25,955)	(15,245)	16,485
Unrestricted comprehensive income for the year		1,464,073	1,974,110	(1,551,184)	(1,426,597)
Attributable to UCEM		1,476,407	1,948,155	(1,566,429)	(1,410,112)
		1,476,407	1,948,155	(1,566,429)	(1,410,112)
Surplus for the year attributable to:					
UCEM		1,476,407	1,948,155	(1,566,429)	(1,410,112)

All items of income and expenditure relate to continuing activities

Consolidated and UCEM Statement of Change in Reserves

For the year ended 31 July 2021

Consolidated

	Income and expenditure account		Total £
	Restricted £	Unrestricted £	
Balance at 1 August 2019	487,642	19,888,458	20,376,100
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	472,397	18,337,274	18,809,671
Surplus/(deficit) from the income and expenditure statement	12,334	1,464,073	1,476,407
Total comprehensive income for the year	12,334	1,464,073	1,476,407
Balance at 31 July 2021	484,731	19,801,347	20,286,078

UCEM

	Income and expenditure account		Total £
	Restricted £	Unrestricted £	
Balance at 1 August 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
Surplus/(deficit) from the income and expenditure statement	(25,955)	1,974,110	1,948,155
Total comprehensive income for the year	(25,955)	1,974,110	1,948,155
Balance at 31 July 2021	318,356	19,928,241	20,246,597

As at 31 July 2021

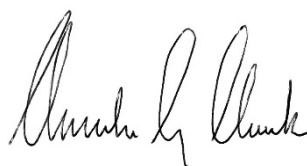
	Notes	As at 31 July 2021		As at 31 July 2020	
		Consolidated £	UCEM £	Consolidated £	UCEM £
Fixed assets					
Intangible Fixed assets	9	267,467	267,467	16,000	16,000
Tangible Fixed assets	9	6,889,816	6,889,816	7,015,791	7,015,791
Investment properties	10	1,700,000	1,700,000	1,700,000	1,700,000
Investments	11	9,071,675	9,197,285	8,296,941	8,457,701
Investment in subsidiaries	12	-	-	-	-
		17,928,958	18,054,568	17,028,732	17,189,492
Current assets					
Trade and other receivables	14	4,180,559	4,204,742	3,123,931	3,036,433
Cash at bank and in hand		2,138,817	1,932,797	1,857,907	1,177,465
		6,319,376	6,137,539	4,981,838	4,213,898
Less: Creditors: amounts falling due within one year	15	(2,420,306)	(2,403,560)	(2,070,866)	(1,974,915)
Less: Creditors: amounts falling due after one year	16	(261,103)	(261,103)	(252,513)	(252,513)
Net current assets/(liabilities)		3,637,967	3,472,876	2,658,459	1,986,470
Total assets less current liabilities		21,566,925	21,527,444	19,687,191	19,175,962
Provisions	17	(1,280,847)	(1,280,847)	(877,520)	(877,520)
Total net assets		20,286,078	20,246,597	18,809,671	18,298,442
Restricted Reserves					
Income and expenditure reserve – restricted reserve		484,731	318,356	472,397	344,311
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		10,407,003	10,533,898	6,007,528	5,624,385
Income and expenditure reserve – designated		9,394,344	9,394,343	12,329,746	12,329,746
		19,801,347	19,928,241	18,337,274	17,954,131
Total Reserves	18a	20,286,078	20,246,597	18,809,671	18,298,442

The financial statements were approved by the Governing Body on 25th November 2021 and were signed on its behalf on that date by:

The accompanying notes and policies on pages 37 to 60 form part of these financial statements



A Wheaton
Principal



A Clack
Chair of the Board

University College of Estate Management

Consolidated Statement of Cash Flows

For the year ended 31 July 2021

	Notes	Year ended 31 July 2021	Year ended 31 July 2020
		£	£
Cash flow from operating activities			
(Deficit)/surplus for the year		2,004,924	(1,566,429)
Adjustment for non-cash items			
Depreciation and impairment charges	9	300,927	309,107
(Gain)/loss on investments	11	(774,735)	815,532
Decrease/(increase) in stock			4,333
(Increase) in trade and other receivables	14	(1,056,628)	(503,020)
Increase/(decrease) in trade and other payables	15	358,030	335,616
Increase/(decrease) in pension provision	17	403,327	36,494
(Loss) on disposal of subsidiaries	13	(528,517)	-
Loss on disposal of fixed assets		-	12,956
Adjustment for investing or financing activities			
Investment income	3	(257,940)	(347,146)
Interest payable	6	8,825	14,642
Net cash inflow from operating activities		458,213	(887,915)
Cash flows from investing activities			
Investment income	3	257,940	347,146
Payments made to acquire fixed assets	9	(426,422)	(149,671)
Payments made to acquire investments	11	(2,236,407)	-
Proceeds from sale of investments	11	4,470,932	1,500,000
		2,066,043	1,697,475
Cash flows from financing activities			
Interest and other finance costs	6	(8,825)	(14,642)
		(8,825)	(14,642)
(Decrease)/Increase in cash and cash equivalents in the year		2,515,431	794,918
Cash and cash equivalents at beginning of the year		1,857,907	1,062,989
Cash and cash equivalents at end of the year	16	4,373,338	1,857,907

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.

The trustees consider that UCEM is a going concern and have prepared the accounts on this basis. More information can be found in the Trustees Annual Report under the heading Reserves policy and going concern.

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 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 other operating expenses.

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 UCEM 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 2021

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
Leasehold Improvement	20–40 years
Fixtures and Fittings	10 years
Plant & Machinery	15 years
Telephone system	10 years
Furniture	10 years
Plant 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) Bursaries

UCEM holds a designated bursary fund as part of its reserves. This fund is invested in UK common investment funds in order to generate income from which bursaries are paid. Bursaries, in the context of UCEM's operations, are fee waivers that effectively discount the cost of study for students with special circumstances and only in very limited cases are these sums paid directly to students.

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 previously accounted for its share of joint ventures using the equity method. However, these JV's were disposed of in the current year.

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.

Notes to the financial statements

For the year ended 31 July 2021

1 Tuition fees and education contracts	Notes	Year ended 31 July 2021		(Re-Styled) As at 31 July 2020	
		Consolidated £	UCEM £	Consolidated £	UCEM £
Part-time students		14,585,580	14,585,580	13,947,720	13,947,720
		14,585,580	14,585,580	13,947,720	13,947,720
2 Other income					
		Year ended 31 July 2021		(Re-Styled) As at 31 July 2020	
		Consolidated £	UCEM £	Consolidated £	UCEM £
Grant income from the OfS		1,146,876	1,146,875	974,080	974,080
Government Grant from Coronavirus Job Retention Scheme		34,567	34,567	111,160	111,160
Fee income for research awards		-	-	38,000	38,000
Corporate services – UCEM Courses		47,204	-	77,337	210
Other income		35,461	30,437	17,570	17,570
		1,264,108	1,211,879	1,218,147	1,141,020
3 Investment income					
		Year ended 31 July 2021		As at 31 July 2020	
		Consolidated £	UCEM £	Consolidated £	UCEM £
Investment income from investment property		47,735	47,735	45,968	45,968
Investment income on general reserves		156,598	152,441	217,118	211,566
Investment income on designated reserves		53,607	53,607	80,520	80,520
Other investment income		-	-	3,540	2,679
		257,940	253,783	347,146	340,733
4 Donations					
		Year ended 31 July 2021		As at 31 July 2020	
		Consolidated £	UCEM £	Consolidated £	UCEM £
Donations with restrictions		-	-	23,710	23,710
Unrestricted donations		137,463	(200)	70,225	225
		137,463	(200)	93,935	23,935

Notes to the financial statements

For the year ended 31 July 2021

5 Staff costs

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Salaries	9,023,960	8,783,883	9,579,319	9,366,492
Social security costs	857,893	853,137	857,045	856,635
Movement on USS provision	434,038	434,038	25,644	25,644
Other pension costs	845,361	827,068	905,638	886,104
Other staff costs	309,282	299,278	641,925	614,920
Total	11,470,534	11,197,404	12,009,571	11,749,795

Remuneration in excess of £100,000 of higher paid staff (Head of Providers remuneration includes P11D benefit), excluding bonus, employer's pension contributions and employer's national insurance (all shown before any salary sacrifice):

	2021	2020
	No.	No.
£110,000 to £114,999	-	1
£115,000 to £119,999	1	-
£210,000 to £214,999	1	1
	2	2

Average staff numbers by major category:	2021	2020
	No.	No.
Academic	73	85
Research	4	3
Management & specialist	4	4
Technical	8	5
Other	139	148
	228	245

Average staff numbers by FTE:	2021	2020
	No.	No.
Average Academic Staff numbers	62.42	65.77
Average Non-Academic Staff numbers	167.07	173.32
	229.49	239.09

Compensation for loss of office payable to a senior post-holder:	2021	2020
	£	£
Compensation payable recorded within staff costs	-	18,475

Key management personnel

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

	Year ended 31 July 2021	Year ended 31 July 2020
	£	£
Key management personnel compensation	676,948	659,872

5 Staff costs (continued)**Council Members**

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

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

In accordance with the bye-laws of UCEM, 3 trustees (2020: 2) 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 2021	Year ended 31 July 2020
	£	£
Principal – Ashley Wheaton		
Remuneration	250,800	209,000
Employer pension contributions	44,099	43,542
Other benefits	2,351	2,256
	<u>297,250</u>	<u>254,798</u>
Staff Trustee – Helen Edwards		
Remuneration	55,769	53,174
Employer pension contributions	6,221	3,802
	<u>61,990</u>	<u>56,976</u>
Staff trustee – Amanda Milambo		
Remuneration	51,209	–
Employer pension contributions	10,187	–
Other benefits	857	–
	<u>62,253</u>	<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 2021	Year ended 31 July 2020
	£	£
Principal	–	1,445
Other trustees (2020: 8)	–	1,244
	<u>–</u>	<u>2,689</u>

Other than as reported above, the trustees were neither paid nor received any other benefits from employment with the charity in the year (2020: £nil). No member of the trustees received payment for professional or other services supplied to the charity (2020: £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 2021:

<u>Basic salary per annum</u>	<u>Number of staff (2020-21)</u>
£120,000 – £124,999	1
£205,000 – £209,999	1

The remuneration (pay and bonus) 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 9 July 2021 to discuss the basic pay and bonus award for the Principal. It was agreed by the Committee that the basic pay award would take effect from 1 August 2021 which was in the next financial year. As a result, the basic pay for the Principal remained unchanged at £209,000 as at 31 July 2021. The Committee approved a performance-related bonus for the Principal of 20% of basic salary, £41,800, to reward strong leadership of UCEM throughout the pandemic, achievement of Key Performance Indicators, and the financial surplus generated over the last year.

Full details of the total remuneration package for the Principal, as at 31 July 2021:

- Basic salary (as from 1 July 2020): £209,000 per annum
- Bonuses awarded during the financial year in full: £41,800
- Pension contributions: £44,099
- Salary Sacrifice: Childcare voucher £1, Cycle to Work Scheme £11,750
- Other taxable benefits: Private medical insurance £2,351

The head of the provider's basic salary is 5.1x (2020:5.1) 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 7.2 (2020:6.2) 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.

6 Interest and other finance costs

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Exchange differences	8,825	75	14,642	599
	8,825	75	14,642	599

7 Other

	Year ended 31 July 2021		Re-Styled Year ended 31 July 2020	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Academic and related expenditure	958,284	951,844	1,306,563	1,302,992
Administration and central services	1,863,960	2,114,427	1,973,287	2,130,320
Premises	409,410	280,125	557,978	413,571
Catering and conferences	2,962	(1,330)	186,697	179,669
	3,234,616	3,345,066	4,024,525	4,026,552

Other operating expenses include:

External auditor remuneration – audit services	42,272	49,327
External auditor remuneration – non-audit services	300	456
Operating lease rentals:		
• Other	188,018	160,656

Access and Participation Expenditure

	Year ended 31 July 2021		Year ended 31 July 2020	
	£	£	£	£
Access Investment	85,723	85,723	64,345	64,345
Financial Support	20,893	20,893	10,330	10,330
Support for Disabled Students	34,595	34,595	40,289	40,289
Research and Evaluation	15,101	15,101	15,741	15,741
	156,312	156,312	130,705	130,705

The above Access and Participation expenditure includes staff costs of £76,228 (2020: £59,028). These staff costs are included in the total staff costs in Note 5 to the financial statements. Further details on the Access and Participation strategy can be found on UCEM's website.

Taxation

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

Recognised in the statement of comprehensive income

	2021		2020	
Current tax		£		£
Current tax expense	-		-	
Adjustment in respect of previous years	-		-	
	<hr/>		<hr/>	
	-		-	
Total tax expense	<hr/> <hr/>		<hr/> <hr/>	

8 Related party transactions

Amanda Clack, a Trustee is Head of Strategic Advisory of CBRE. CBRE is sponsoring a number of students who are studying with UCEM. During the year UCEM invoiced CBRE for £37,555 (2020: £97,630) and CBRE UK invoiced UCEM for £3,963 (2020: £6,000).

Mrs Misa Lane von Tunzelman, a Trustee is UK Head of Marketing & Communications for BNP Paribas Real Estate. BNP is sponsoring a number of students who are studying with UCEM. During the year UCEM invoiced BNP £16,624 (2020: £35,615) and BNP invoiced UCEM for £1,000 (2020: Nil).

Christopher Turley, a Trustee is Partner at Taylor Wessing. During the year Taylor Wessing invoiced UCEM £1,200 (2020: Nil).

9 Intangible Fixed Assets – Group and UCEM

Cost	Computer Software £	Total £
At 31 July 2020	23,520	23,520
Additions	291,544	291,544
At 31 July 2021	315,064	315,064
Depreciation		
At 31 July 2020	7,520	7,520
Charge for the year	40,077	40,077
At 31 July 2021	47,597	47,597
Net book value		
At 31 July 2021	267,467	267,467
At 31 July 2020	16,000	16,000

Tangible Fixed Assets – Group

	Freehold land and buildings £	Equipment and motor vehicles £	Computer system £	Total £
Cost				
At 31 July 2020	8,113,591	772,383	1,602,880	10,488,854
Additions	–	101,072	33,806	134,878
Disposals	–	(104,791)	–	(104,791)
At 31 July 2021	8,113,591	768,664	1,636,686	10,518,941
Depreciation				
At 31 July 2020	1,517,483	512,371	1,443,212	3,473,066
Charge for the year	100,105	57,084	103,661	260,850
Disposals	–	(104,791)	–	(104,791)
At 31 July 2021	1,617,588	464,664	1,546,873	3,629,125
Net book value				
At 31 July 2021	6,496,003	304,000	89,813	6,889,816
At 31 July 2020	6,596,108	260,012	159,668	7,015,788

All of the above assets are used for charitable purposes.

9 Investment properties

The investment property is Shinfield Grange, Cutbush Lane East, Shinfield, Reading, RG2 9AF and was last valued on 1 August 2017 by Knight Frank LLP at fair value in its current physical condition with vacant possession. Following this, the value of the property was increased by £700,000. The trustees have reviewed this and consider that it remains an appropriate reflection of the property's value for the financial year 2020-21.

	Year ended 31 July 2021		Year ended 31 July 2020	
	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	1,700,000	1,700,000	1,700,000	1,700,000

11 Non-current asset investments

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Fair value at the start of the year	8,296,941	8,457,701	10,612,473	10,736,062
Additions at cost	2,236,407	2,236,407	-	-
Disposal proceeds	(4,470,932)	(4,471,932)	(1,500,000)	(1,500,000)
Net gain/(loss) on change in fair value	774,735	740,585	(815,532)	(778,361)
	6,837,151	6,962,761	8,296,941	8,457,701
Cash held with investment manager	2,234,524	2,234,524	-	-
Fair value at the end of the year	9,071,675	9,197,285	8,296,941	8,457,701

Investments comprise:

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £	UCEM £	Consolidated £	UCEM £
UK Common investment funds				
• General UCEM fund	4,768,219	4,768,219	5,836,334	5,836,334
• Designated bursary fund	1,678,293	1,678,293	2,054,242	2,054,242
• Restricted funds	390,638	265,149	406,365	315,026
Cash held with investment manager				
• General UCEM fund	1,587,515	1,587,515	-	-
• Designated bursary fund	558,765	558,765	-	-
• Restricted funds	88,245	88,245	-	-
Investment in subsidiary undertakings	-	251,099	-	252,099
	9,071,675	9,197,285	8,296,941	8,457,701

Notes to the financial statements

For the year ended 31 July 2021

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 Asia Limited	Hong Kong	2290068	100% owned	Promoting UCEM and coordinating support for local students

The registered address for UCEM Courses Limited is Horizons, 60 Queens Road, Reading, RG1 4BS and for UCEM Asia Limited is Unit 2, 16/F Admiralty Centre Tower 2, 18 Harcourt Road, Admiralty, Hong Kong.

13 Disposal of Subsidiaries

During the year UCEM disposed of Chartered Surveyors Training Trust on 31 December 2020 and Building People Skills CIC on 13th July 2021. The disposals were both carried out at nil value as a result of UCEM no longer having influence and control of the Board.

	2021	2020
	£	£
Loss on Disposal of Subsidiaries	528,517	–

Notes to the financial statements

For the year ended 31 July 2021

14 Trade and other receivables

	2021		2020	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Amounts falling due within one year:				
Other trade receivables	789,282	789,598	697,123	692,703
Other receivables	38,132	9,964	32,397	2,025
Prepayments and accrued income	2,186,576	2,179,623	1,261,276	1,208,570
Amounts due from subsidiary companies	15	59,003	-	-
Amounts falling due later than 1 year:				
Prepayments and accrued income	1,166,554	1,166,554	1,133,135	1,133,135
	4,180,559	4,204,742	3,123,931	3,036,433

Amounts falling due later than 1 year are prepayments and accrued income of £1,166,554, of which £1,155,894 is due to be paid by the ESFA once apprentices go through the End Point Assessment towards the end of their individual degree programmes.

Out of the ESFA accrued income, £572,586 is receivable after 1 year and £583,308 between 2 to 4 years based on different cohorts of apprentices having different end point dates.

15 Creditors: amounts falling due within one year

	2021		2020	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Trade payables	258,342	256,863	351,035	284,025
Other payables	1,602,986	1,578,276	1,171,131	1,134,963
Finance Leases	18,720	18,720	18,495	18,495
Amounts due to subsidiary companies	-	12,500	-	16,080
Deferred income	533,937	530,880	486,978	478,124
VAT	6,321	6,321	43,227	43,228
	2,420,306	2,403,560	2,070,866	1,974,915

16 Creditors: amounts falling due after one year

	2021		2020	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Finance Leases	-	-	18,720	18,720
Accruals	261,103	261,103	233,793	233,793
	261,103	261,103	252,513	252,513

Accruals falling due after one year relates to costs associated with End Point Assessment for Apprenticeships. £261,103 UCEM has an overdraft facility of £250,000 which has not been utilised during the year The Bank has a legal charge secured on property in respect of this facility. it.

16 Creditors: amounts falling due after one year (continued)

Finance Leases

Minimum lease payments under finance leases fall due as follows:

	2021		2021	
	Consolidated	UCEM	Consolidated	UCEM
Within 1 year	18,720	18,720	18,495	18,495
Between 1-2 years	-	-	-	18,720
Between 2-5 years	-	-	-	-
	18,720	18,720	37,215	37,215

Deferred income

Included within deferred income are the following items of income which have been deferred as is in relation to the year 2021-22.

	2021		2020	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Current Academic Offer	498,602	498,602	457,193	457,193
Corporate services – UCEM Courses	3,058	-	8,854	-
	<u>501,660</u>	<u>498,602</u>	<u>466,047</u>	<u>457,193</u>

Cash and cash equivalents

	At 1 August 2020 £	Cash flows £	At 31 July 2021 £
	Cash at bank and in hand		1,857,907
Cash held by investment manager	-	2,234,525	2,234,525
Bank Overdraft	-	-	-
	<u>1,857,907</u>	<u>2,515,431</u>	<u>4,373,338</u>

Notes to the financial statements

For the year ended 31 July 2021

17 Provisions for liabilities

Consolidated and UCEM

	2021 £	2020 £
Obligation to fund deficit on USS pension		
At the start of the year	877,520	841,027
Movement in the year	403,327	36,493
At the end of the year	1,280,847	877,520

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:

	2021	2020
Discount Rate	1.13%	1.45%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	1.00%	1.00%

Financial instruments

	Consolidated 2021	UCEM 2021	Consolidated 2020	UCEM 2020
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	9,071,675	9,197,285	8,296,941	8,457,701
Financial assets that are debt instruments measured at amortised cost				
Cash at bank and in hand	2,138,817	1,932,796	1,857,907	1,177,465
Other investment	-	-	-	-
Loan notes	-	-	-	-
Other debtors	4,180,555	4,204,741	3,123,931	3,036,433

University College of Estate Management

Notes to the financial statements

For the year ended 31 July 2021

Financial Liabilities

	2021		2020	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Financial liabilities measured at amortised cost				
Forward foreign currency contracts	-	-	-	-
Bank overdraft	-	-	-	-
Loans	-	-	-	-
Service concessions	-	-	-	-
Finance leases	18,720	18,720	37,215	37,215
Trade creditors	258,342	256,863	351,035	284,025
Other creditors	2,404,966	2,389,024	1,935,129	1,906,188

Notes to the financial statements

For the year ended 31 July 2021

18a Movements in funds (current year)

	At the start of the year	Income & gains	Expenditure & losses	Transfers	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	1,471				1,471
FJ Comerford Prize award	500				500
QS Student Bursary Fund	150				150
Centenary Fund	20,335		(13,455)		6,880
Harold Samuel Research Prize Fund	280,541		(12,500)		268,041
Peter Goodacre Fund	34,000				34,000
David Alexander Memorial Scholarship	128,086	38,290	(1)		166,375
Total restricted funds	472,397	38,290	(25,956)	-	484,731
Unrestricted funds:					
Designated funds:					
Fixed assets	7,031,791	321,631	(196,136)	-	7,157,286
Bursaries	2,213,943	53,607	(44,339)	13,847	2,237,058
UCEM Academic Offer	3,084,012	-	-	(3,084,012)	-
Total designated funds	12,329,746	375,238	(240,475)	(3,070,165)	9,394,344
General funds	6,007,528	16,606,296	(15,276,986)	3,070,165	10,407,003
Total unrestricted funds	18,337,274	16,981,534	(15,517,461)	-	19,801,347
Total funds	18,809,671	17,019,824	(15,543,417)	-	20,286,078

Notes to the financial statements

For the year ended 31 July 2021

18b Movements in funds (prior year)

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers £	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		(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
The Harold Samuel Educational Trust	–				–
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	14,490,532	(15,348,931)	–	6,007,528
Total unrestricted funds	19,888,457	14,691,540	(16,242,723)	–	18,337,274
Pension fund	–	–	–	–	–
Total funds	20,376,099	14,720,802	(16,287,230)	–	18,809,671

Notes to the financial statements

For the year ended 31 July 2021

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.

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 –To the provision of scholarships for students nominated by RICS Wales.

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	
	2021	2020	2021	2020
	£	£	£	£
Payable during the year	113,788	129,492	26,543	17,779
Future minimum lease payments due:				
Not later than 1 year	110,000	121,201	13,746	12,111
Later than 1 year and not later than 5 years	93,500	214,601	15,447	5,117
Total lease payments due	203,500	335,802	29,193	17,228

Total rentals receivable under operating leases for the group were:

	Property	
	2021	2020
	£	£
Receivable during the year	47,735	45,968
Future minimum lease receivable due:		
Not later than 1 year	8,337	14,238
Total lease receivable due	8,337	14,238

21 Events after the reporting period

A new USS Schedule of Contributions (SOC) based on the 2020 valuation was agreed and effective from 1 October 2021. This has resulted in an increase in employer contribution rate from 21.1% to 21.4% and an increase in the deficit recovery rate from 6.0% to 6.3%, which is effective from 1 April 2022. The new SOC (leg one option), which only becomes applicable if the Joint Negotiating Committee (JNC) recommended deed on benefit changes has been executed by 28 February 2022, results in an increase of £3.8m in the USS provision, from £2.1m to £5.9m, and represents the obligation to fund the deficit. If the JNC recommended deed on benefit changes has not been executed by 28 February 2022, the deficit recovery rate under the SOC (leg two option) will be 3% from 1 October 2022, then increase every 6 months to 20% from 1 October 2025 and remain at this level until 31 July 2032. This will result in an increase in employer contribution rates, which will also increase every six months from 1 October 2022, rising to 38.2% from 1 October 2025 to 31 July 2032 and an increase of £7.3m in the USS provision, from £2.1m to £9.4m, and represents the obligation to fund the deficit. The impact of the SOC adopted, leg one or leg two option, will be reflected in the Financial Statements for the year ended 31 July 2022.

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. USS is a multi-employer scheme and is accounted for as set out in the accounting policies

The total cost charged to the Consolidated Statement of Comprehensive Income is £1,279,398 (2020: £931,282) including Universities Superannuation Scheme, but excluding the impact of the change in the deficit recovery plan, as shown below.

Statement of comprehensive income – net pension cost in year

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
USS	835,337	835,337	427,724	426,408
GPP	47,001	47,001	56,165	56,165
People's Pension	382,493	378,768	428,547	429,175
Manulife (HK)	14,567		18,846	-
	<u>1,279,398</u>	<u>1,261,105</u>	<u>931,282</u>	<u>911,748</u>

Statement of Financial Position – Pension Scheme Liability

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
USS	1,280,847	1,280,847	877,520	877,520
GPP	-	-	-	-
People's Pension	-	-	-	-
	<u>1,280,847</u>	<u>1,280,847</u>	<u>877,520</u>	<u>877,520</u>

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22 Pension schemes (continued)

The increase in the term of the deficit recovery plan has given rise to an increase in the deficit provision £0.88 million to £1.28 million as set out in note 17. £0.4 million of this increase 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.

(1) Universities Superannuation Scheme (continued)

The current life expectancies on retirement at age 65 are:

<i>Existing benefits</i>	2021	2020
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

(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	UCEM	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 £392,913 (2020: £430,404).

Unfunded Pensions

UCEM also provided unfunded pensions to an ex-employee. Payment in the year totaled £5,239 (2020: £5,171).