

Charity number: 313223

University College of Estate Management

Report and financial statements for the year ended 31 July 2022

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For the year ended 31 July 2022

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University College of Estate Management

Reference and administrative information

For the year ended 31 July 2022

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: Jatinder Kaur Brainch FCA	Honorary Treasurer
Amanda Clack Dr. (hc) MSc BSc PPRICS FRICS FICE FAPM FRSA FIC CCMI CMC	Chair
Christopher D Costigan	Barrister FAUA FHEA FRSA
Helen Edwards BA (Hons) MA PG Cert AAUA	Staff Trustee
Amanda Milambo	Resigned 1 October 2021
Muhammed Ahmed	Resigned 7 July 2022
Grant Alexander	Resigned 31 July 2022
Andrew Hynard FRICS BSc	Resigned 31 March 2022
Dr Stephen Jackson FRGS FRSA	Vice Chair
Alastair G Martin FRICS FAAV	

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Professor Nicholas Braisby BA PhD CPsychol AFBPsS PFHEA

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

Wendy Appleby BA MA MSc

Resigned 31 March 2022

Gareth Ralphs

Appointed 7 July 2022

Harps Kaur

Staff Trustee Appointed 7 July 2022

Joe Orrell

Student Trustee Appointed 7 July 2022

Dominic James O'Rourke

Appointed 25 November 2021

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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
Stephen Bartle	Executive Director, Business Development and Apprenticeships
Tim Mills	Executive Director, Finance
Aled Williams	Executive Director, Innovations and Partnerships
Andy Youell	Executive Director, Regulations

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

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

Investment Managers 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 2022

The trustees present their report and the audited financial statements for the year ended 31 July 2022.

Reference and administrative information are 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 Byelaws 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 Majesty King Charles III (formerly His Royal Highness The Prince of Wales), became Patron of UCEM.

The governing documents of UCEM are its Royal Charter and Byelaws. 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 Byelaws 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
- 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, and property professions. The programmes offered by UCEM are validated by the relevant professional bodies, such as the Royal Institution of Chartered Surveyors (RICS) and the Chartered Institute of Building (CIOB).

UCEM achieved Taught Degree Awarding Powers from 1 January 2013, so all programmes that have launched since 2013 are awards conferred by the institution. UCEM 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. In 2021 UCEM applied to the Office for Students for Indefinite Degree Awarding Powers, and this following a review process has been approved by the Privy Council effective from 1 September 2022. 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 is transforming into a research-informed institution. With this, as part of UCEM's Research Strategy up to 2025, UCEM will place sustainability as central to UCEM's core purpose. UCEM have a clear intention to play a leading role in setting the built environment research agenda, nationally and internationally, through real-world focused research. UCEM's aspiration is to build upon UCEM's reputation to deliver world-leading, co-created research that shapes communities of the future, delivering global impact to support the creation of sustainable, resilient built environments that embrace ideas to improve the wellbeing and wider cultural lives of all their citizens. UCEM's new research strategy will acknowledge the new fast-changing realities in our towns and cities. Disruptive innovations, largely relying on the significant advance in digital technologies, have already made significant strides towards achieving sustainable, resilient, and more inclusive future cities. UCEM therefore will position itself in a way to best deliver against these new realities. Staff are poised to generate concepts and solutions that are designed to create ideas, digital tools and new infrastructure, that all work together to deliver solutions for new forms of living.

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Staff have continued to produce a number of publications in peer-reviewed journals, conferences and books, including:

- Ritson J, Koch FH and Cox P (2021) 'Case Study: 19th-century Tenements in Use by a Housing Association at Lauriston Place in Edinburgh', in Labadi S, Giliberto F, Rosetti I, Shetabi L and Yildirim E *Heritage and the Sustainable Development Goals: Policy Guidance for Heritage and Development Actors*, [online], Paris: ICOMOS. Available at: www.icomos.org/en/focus/un-sustainable-development-goals/91455-icomos-releases-sustainable-development-goals-policy-guidance-for-heritage-and-development-actors [accessed 13 Oct 2021].
- Fedigan M (2021) 'Defects in Dispute: Common modern construction related defects and their context in construction disputes', *Journal of Building Survey, Appraisal & Valuation*, 10(1): 34-45.

Collaborative research projects include British Council funding to support sustainable energy research in collaboration with the British University of Egypt.

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 disadvantaged 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 Note 18a: Movements in funds.

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 sustainable 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

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

The Board of Trustees meets four times per year, and as part of these meetings 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 achieving indefinite degree awarding powers, attaining a good Office for Standards in Education (Ofsted) rating, compliance with the Conditions of Registration with the Office for Students (OfS) and embedding & evaluating the student success project 'Transform';
- 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, 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 a confidential engagement survey in November and June each year, 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.

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- 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.

2021–2022 was a very significant year for UCEM, achieving Ofsted 'Good' in November 2021, and successful application of Indefinite Degree Awarding Powers approved by the OfS in July 2022, as well as a clean audit by the Education and Skills Funding Agency (ESFA). UCEM continued to meet the majority of the institutional 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 £406K grant in the year (2021: £385K) 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.

In the previous year UCEM committed to support Building People Skills CIC, which had been a subsidiary due to UCEM's control of their board until 13 July 2021, to a maximum of £150,000 across the three years 2021–22 to 2023–24. £100,000 of this commitment was paid in the year.

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 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 2021–22 were:

- Level 6 Chartered Surveyor (Degree) Apprenticeship

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- Level 6 Building Control Surveyor (Degree) Apprenticeship
- Level 6 Construction Site Management (Degree) Apprenticeship

In 2021–22 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 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 Math's 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 Math's and English qualifications at enrolment, and therefore the volume of subcontracting with Runway Training is low.

In 2021–22, 1,897 apprentices employed by over 500 different employers and business entities were actively studying with UCEM, including 1,709 Level 6 Chartered Surveyor Degree Apprentices, 74 Building Control Surveyor Degree Apprentices and 27 Construction Site Manager Degree Apprentices. This represents growth of approximately 25% on the number of apprentices actively studying with UCEM in 2020–21.

Approximately 98% (1,860) of apprentices actively studying with UCEM during 2021–22 were funded through UCEM's direct contracts with the ESFA. The remaining 2%, (37) 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 with other Tuition fees and education contracts.

Achievements and performance

The year ending 31 July 2022 was a significant year for the institution's performance and achievements.

Reach

During 2021–22 UCEM enrolled 1,465 new students in total. This outcome was 5% higher than the previous year, reflecting increasing levels of confidence in the industry following the Covid-19 pandemic which affected many employers' ability to recruit and train new staff.

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UCEM did not launch any new degree apprenticeship programmes in 2021–22 but was able to consolidate its position as the largest provider of the Level 6 Chartered Surveyor apprenticeship in England. In total 596 new apprentices started UCEM programmes in 2021–22, the highest number in any year to date. This growth was driven principally by the Chartered Surveyor MSc route which attracted high levels of interest from employers interested in supporting their graduate trainees to achieve professional qualifications, producing 206 new starts in the year.

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 55% of total enrolments.

Away from the UK, Hong Kong continued to be the largest international market for UCEM, with 129 enrolments in total.

Education

The focus on Education in 2021–22 was defined in the following areas.

As a Higher Education Provider in England, UCEM in 2021–22 continued to meet the Conditions of Registration with the OfS, as a registered (fee cap) provider, and the 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 Ofsted with regards to apprenticeship provision at all levels. Since April 2021, Ofsted has been responsible for inspection of Level 6 and 7 apprenticeships in addition to lower levels. In November 2021, Ofsted inspected all UCEM's apprenticeships provision, at Level 3, Level 6 and Level 7. UCEM achieved an overall inspection outcome of 'Good', which represented an excellent achievement for UCEM's first full inspection. UCEM was judged across five different areas of its provision, gaining a 'Good' rating in the 'Quality of Education', 'Personal Development', 'Leadership and Management', and 'Apprenticeships' categories, and an 'Outstanding' rating in the 'Behaviour and Attitudes' category. For the remainder of 2021–22, the UCEM Apprenticeships Team continued to develop the quality of UCEM's apprenticeships provision, by strengthening good practice and delivering improvements identified in the Self-Assessment Report and documented on the Quality Enhancement Plan, which is approved and monitored by the Board of Trustees.

Finally, during 2021–22, UCEM completed a full evaluation of Project Transform: The Student Success Project, following its launch in Autumn 2020. The purpose of the Transform Project was to transform the opportunities for student success at UCEM through the removal of barriers to student success that had been identified within the student journey. The Transform Project Evaluation was considered by the UCEM Academic Board and the Trustee-led Academic Review Committee. The Transform Project Evaluation considered key findings, high level data and analysis to draw together conclusions about the success of the project, and recommendations for the ongoing work to improve student success. It also made a series of recommendations to be utilised during future improvement projects at UCEM.

Student Outcomes

UCEM monitored module success rates against a target key performance indicator (KPI) of 87% in 2021–22 as part of its strategy to improve student outcomes, which supports UCEM's compliance with condition of registration B3 (successful outcomes for all students). The 87% KPI represented a step up from the 2020–21 KPI of 75%, to ensure UCEM is continuing to seek improvements in student outcomes. 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 2021–22, UCEM launched a revised suite of initiatives to improve student outcomes, although given the lead time to make module changes, many of the impacts will not be realised until 2022–23. In May 2022, the full module results for Autumn 2021 modules were reported at 81.5%. At the time of writing, the Spring 2022 resubmission results are unknown, therefore the overall final module KPI outturn for 2021–22 is not available. However, in-year data from Spring 2022 indicates that the KPI will not be met. Notwithstanding this, resubmissions continue to play a role in driving improvements in module success rates, and UCEM continues to seek continual improvements to achieve its KPI's. 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, the improvement work carried out in 2021–22 will launch to students, which is expected to deliver further improvements to student outcomes, alongside the delivery of the Learning, Teaching and Assessment Strategy action plan.

Student Satisfaction

Student satisfaction in 2021–22 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. They are also published nationally to form league tables for universities.

UCEM achieved an overall student satisfaction rating of 74.88% in the NSS 2022, which compares to an overall student satisfaction score of 74.68% in the NSS 2021. Although this is a very small increase from last year it is disappointing given the efforts of academic and professional service teams to work with students to improve the rating. There is a significant difference in the satisfaction rating between apprenticeship and non-apprenticeship students with non-apprentices satisfaction rating of 82.19% compared to 71.01% for apprentices. Plans for the coming year will focus on activities to improve apprentices satisfaction.

Widening Participation

UCEM's commitment to widening participation is central to its 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 success

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committed to working with the sector and employers in this area.

The metrics for Widening Participation are drawn from UCEM's OfS approved Access and Participation Plan. UCEM made good progress towards the objectives set out in its Access and Participation Plan by achieving the majority of its targets for increasing the proportion of underrepresented students entering its programmes in 2021–22. For example, 16% of new part-time students and 20% of new full-time/apprenticeship students were recorded ethnic minority versus respective targets of 14% and 17% (note that these figures are subject to confirmation from OfS).

The challenge on Widening Participation remains a sector wide one, but UCEM is working closely with the sector 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.

Overall staff satisfaction continued to meet the 4.00 target; the survey scored 4.1 in November 2021 and in 4.0 June 2022. The participation rate exceeded the 85% target on both occasions. This was against the backdrop of the end of the pandemic and moving to a more permanent way of hybrid working, alongside the challenge of Ofsted and Indefinite Degree Awarding Powers.

Financial Health

In the year ending 31 July 2022 UCEM achieved a consolidated income of £17.1M (2021: £16.1M), an increase of 6.0% (2021: 4.1%) 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, and through organic growth and partnerships with other providers and contractors.

Consolidated expenditure increased by 10.0% in the year to £16.0M (2021: £14.6M). This increase reflects the addition of new staff to support the expanding student numbers as well as the reopening of the office building with the majority of staff having been working from home in the previous year.

After losses on investments of £457K (2021: gains £775K) and actuarial losses in respect of pension schemes of £1.9M (2021: losses £434K) the group made a deficit of £1.3M against a planned breakeven for the year (2021: surplus of £1.5M against a planned deficit of £780K). The previous year also included loss of disposal of subsidiaries at £529K accounted for as an exceptional item.

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.

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UCEM added 1,465 new students during 2021–22 against its target of 1,400. This was a 5% year on year increase compared to the 1,394 new students recruited in 2020–21 and marked the first time since 2017–18 that UCEM had achieved a year-on-year increase in the number of new students recruited.

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 2021–22, so some of these awards are still to be ratified, which could alter this number marginally.

Despite the challenges faced by partner employers, UCEM continued to strengthen its sector employer engagement with 813 new students (including those on apprenticeship programmes) being sponsored by 295 employers.

UCEM allocated £79,074 bursaries in the year (2021: £57,794) as follows:

Bursary	Number of Students	£
UCEM Centenary Fund	6	£8,545
New Student Bursary Fund	21	£31,104
Access & Participation Plan Fund	12	£25,450
Post Graduate Scholarship	7	£13,975
Total	46	£79,074

In addition to the above, many students were assisted with fee reductions or debt write offs for special circumstances enabling them to continue with their studies, for example, 11 awards were made from the Principal's Discretionary Funds totaling £6,822 (2021: £4,316) and 4 awards were made from the Redundancy Support Scheme totaling £3,076 (2021: £5,234).

Financial review

In the year ended 31 July 2022, UCEM achieved a consolidated increase in total income of £821K, which was an increase of 5.1% on the previous year. Student income grew by 8.5% (2021: 4.6%) to £15.8M compared to the previous year, costs have been controlled and a healthy operating surplus has been generated before investment revaluation and pension scheme actuarial adjustments.

Investment income decreased in the year largely due to the reinvestment of UCEM's portfolio away from the Barings Targeted Return Fund, which closed on 31 August 2021, and into the Sarasin & Partners Climate Active Endowment Fund. This reinvestment was completed on 19 August 2021. At the year-end losses on investments were £457K (2021: gains £775K).

Group expenditure

Group expenditure was higher than the previous year, which was driven by the need to recruit

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additional staff to support the increase in student numbers. This was due to the reopening of the office building as the effects of the Covid-19 pandemic receded.

Staff costs increased in the year by 13.5% to £12.5M (2021: increase of 4.5% to £11.0M) and still remains the largest single expense to the business. The increase in costs reflects the increase in staff numbers from 229 to 238. 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 12.4% decrease in group academic and related expenditure was due to the Access & Participation being £78K less, and examination costs being £76K less than the previous year as a number of apprenticeship students deferred their End Point Assessment (EPA).

Administration and central services expenditure

Administration and central services expenditure reduced by 8.1% from the previous year due to the general decrease in overhead donation support costs.

Premises expenditure

Premises expenditure increased by 15.9% primarily as a result of the office building reopening. The cost of utilities has increased, along with maintenance issues due to damage caused to the office building by extreme weather.

In summary, income has continued to grow with a corresponding increase in the cost base. Before accounting for investment valuation movements and actuarial valuation changes in respect of pension schemes, UCEM has achieved its ambition of making its operations break-even in 2021-22 as stated in last year's accounts. Those changes do however push the overall result into deficit, with the actuarial loss in respect of pension schemes at £1.9M (2021: £434K) being a major factor in the outcome. Further information on the pension scheme can be found in Note 17: Provision for Liabilities.

UCEM Courses Limited turnover (Note 12: Subsidiary undertakings) decreased by 19.1% from £47K to £38K in the year. Income continues to be generated by online Continuing Professional Development courses and it has not been possible to host any face-to-face workshops in the period.

UCEM Asia Limited received £406K grant income from UCEM, its parent institution, (2021: £385K) which led to a profit of £3K (2021: £1K) in the year (Note 12: Subsidiary undertakings).

UCEM's consolidated group Balance Sheet on 31 July 2022 shows a decrease in value of 6.4% to

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£19.0M, largely driven by the £1.9M increase in the pension liability and the losses in value of the investment portfolio. However, 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: Provision for Liabilities.

A deficit recovery plan was put in place as part of the 2018 valuation which required payment of 2% of salaries over the period 1 October 2019 to 30 September 2021, 6.2% over the period 1 October 2021 to 31 March 2024 and finally 6.3% from 1 April 2024 to 30 April 2038, based on the 2020 *Valuation final schedule of Contributions (March 2022)*. The deficit provision has increased not just in percentage terms but also in extending the required contribution period further from 2028 to 2038.

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: Contingent Liabilities and Assets.

Other factors

The beginning of the year was still impacted by the end of the Covid-19 pandemic which has continued to influence the strategic approach of the Board, Executive and Senior Leadership Team since March 2020, including future ways of working, and the ongoing model of hybrid and remote working.

The focus during the year was to ensure the quality and standards of the student and employer experience, as well as meeting the expectations of the dual regulators within Higher Education of the OfS and ESFA.

The growth of the apprenticeship provision continued to be an important part of UCEM's offer, and 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.

In November 2021 the Board approved the investment and development of 'GLOBE' a strategic initiative with the vision for UCEM to become the world's most sustainable University. This is an ambitious programme for the next decade, which focuses on all aspects of UCEM – Leadership and Governance, What We Teach, How We Teach and How We Operate.

UCEM also achieved successful re-accreditation of the National Union of Students Responsible Futures, which is an audit undertaken by students to assess an Institutions evidence-based commitment to sustainability.

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UCEM has now adopted a hybrid approach to its ways of working, to allow for flexibility (particularly related to the recruitment and retention of staff) in addition to the benefits of wellbeing. This is in recognition that as an online provider UCEM works effectively with a proportion of its workforce remote for all or some of the time.

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 2021-22 Balance Sheet. Shinfield Grange is well positioned: close to the M4, the Reading Science Park and the new link road in an area undergoing significant development.

Trustees are exploring alternative uses for the site that may realise local and reputational benefits and ultimately a cash boost to the Group.

Investments

UCEM seeks 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

Following a full review of investment policy in 2021 Trustees approved the reinvestment of UCEM's portfolio into the Sarasin & Partners Climate Active Endowment Fund.

Trustees will continue to review the institution's investment policy annually. The policy has strong ethical and sustainable objectives, aligning with both the United Nations Sustainable Development Goals and the institution's own sustainability agenda.

The Sarasin & Partners Climate Active Endowment Fund aims to bring about, and benefit from, action by businesses to strengthen their resilience to climate change. Further information about the fund can be found at <https://sarasinandpartners.com/fund/sarasin-climate-active-endowments/>

UCEM'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 three separate pools: Main, Bursary and Restricted. At the year-end these funds were valued at £6.0M, £2.1M and £0.5M (2021: £6.4M, £2.2M and £0.5M) respectively.

The objective of these funds is to outperform the Consumer Price Index (CPI) plus 3% over a rolling three-year period. The combined total return achieved by these funds in the year ended 31 July 2022 was -3.03% (2.01% income and -5.04% capital) against the target return of 13.06%. In the previous year total return was 12.37% against a target of 5.02%.

The outperformance against target in the previous year reflected the recovery of the fund in that year from the effects of the Covid-19 worldwide pandemic which saw valuations plummet in the

Trustees' annual report

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Spring of 2020. This year's underperformance is the result of historically high levels of inflation caused by systemic problems in the global supply chain and the war being waged by Russia in Ukraine, in particular the resulting energy price increases.

The fund performance is also measured against the ARC Steady Growth Charity Peer Group which produced a return of -2.70% for the year. The underperformance against this benchmark is primarily the result of the ethical exclusion policy and the decision not to own certain investments through the stewardship and climate related analysis carried out by the Investment Managers. Many such companies have rallied from a very low base in the period having suffered throughout the pandemic, our Investment Managers expect this trend to be relatively transitory.

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 Institutional Risk Register which identifies risks and the likelihood and impact both pre and post identified mitigation.

Specific risks are identified under five main headings in the Risk Register 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. Particular areas of risk to UCEM are threats to the B2B market (such as loss of key clients) or changes to the apprenticeship market. Political instability in Hong Kong is an ongoing risk to UCEM Asia Limited. The risks are reviewed regularly against KPI's by the Board, and Senior Leadership Team (SLT). Institutional KPI's are used to monitor performance in these areas and indicate increased risk.
- **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. Like many organisations, cyber-security incidents are a significant threat. 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.
- **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. Recent challenges in the economy have increased risk in relation to inflation which may increase UCEM's costs. Long term financial planning, review of performance against plan

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For the year ended 31 July 2022

and an appropriate reserves policy protects 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. The current job market is challenging and competitive. Recruiting and retaining the right people are supported by a strong Performance Development Review (PDR) process, a staff satisfaction survey, benchmarked remuneration, an evolving benefits' offering, relevant insurances and an increasing investment in training.

Each individual risk in the RAR shows the assessed scores for the likelihood and the impact pre-mitigation, leading to a gross risk score, and likelihood 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 Risk Register 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. Work has been undertaken this year to enhance the Risk Register and a new Risk Register is in place as of November 2022.

The review and approval process include the Risk Register 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 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

Trustees' annual report

For the year ended 31 July 2022

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 UCEM's 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 sustainable 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 2022 were represented by total unrestricted reserves of £18.5M (2021: £19.8M). £9.1M of this sum has been allocated to Designated Funds, of which £7.0M was in Fixed Assets and £2.1M 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 £9.4M representing approximately six 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 2022–23 is to maximise the opportunities afforded by the award of Indefinite Degree Awarding Powers, a focus on sustainability through the 'GLOBE' strategy, and the continued growth of apprenticeships.

In terms of the student experience the strategy remains on increasing student outcomes, with a focus on student engagement to support retention, as well as ensuring compliance with HE Regulators.

Trustees' annual report

For the year ended 31 July 2022

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 Principal is also an ex-officio trustee as required by the Royal Charter.

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-

Trustees' annual report

For the year ended 31 July 2022

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.

Senior Leadership Team

The day-to-day management and delivery of the institution is entrusted to the Principal, supported by a SLT whose role is to deliver the strategic objectives set by the Board of Trustees, and ensure operational oversight.

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 were made in November 2021 and have proved to be very successful.

Trustees' annual report

For the year ended 31 July 2022

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 Note 5: Staff Costs.

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 Limited is a wholly owned subsidiary that delivers bespoke course content to corporate clients. UCEM Asia Limited is a wholly owned subsidiary incorporated in Hong Kong that supports UCEM's marketing and teaching in Hong Kong.

Trustees' annual report

For the year ended 31 July 2022

In 2021–22 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 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

The institution endeavors 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 17–18 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 year according to an agreed planner. Updates on UCEM's compliance with the OfS conditions of registration are also provided at deliberative committee

Trustees' annual report

For the year ended 31 July 2022

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 must review and sign annually.

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.

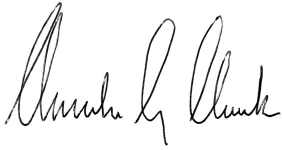
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the institution's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other

Trustees' annual report

For the year ended 31 July 2022

jurisdictions.

The trustees' annual report has been approved by the trustees on 1st December 2022 and signed on their behalf by

A handwritten signature in black ink, appearing to read 'Amanda Clack', written in a cursive style.

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

Opinion

We have audited the financial statements of University College of Estate Management University ('the University') and its subsidiaries ('the Group') for the year ended 31 July 2022 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Change 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 2022 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 group and University 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 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. 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or

Independent auditor's report

To the members of University College of Estate Management

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 26, 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.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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 considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: OfS requirements, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering and non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the University Group is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;

Independent auditor's report
To the members of University College of Estate Management

- Communicating identified laws and regulations to the 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.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as pensions legislation and the OfS Accounts Direction.

In addition, we evaluated the Board of Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks 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 defined benefit pension obligations, revenue recognition (which we pinpointed to the cut-off assertion, and significant one-off or unusual transactions.

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, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and

Independent auditor's report
To the members of University College of Estate Management

- the requirements of the OfS's accounts direction have been met.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and University and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Board of Trustees' Report.

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.

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

90 Victoria Street, Bristol BS1 6DP

Date: 13 December 2022

Consolidated and UCEM Statement of Comprehensive Income and Expenditure

For the year ended 31 July 2022

	Notes	2022		2021	
		Consolidated £	UCEM £	Consolidated £	UCEM £
Income					
Tuition fees and education contracts	1	15,823,298	15,823,298	14,585,580	14,585,580
Other income	2	990,987	941,249	1,264,108	1,211,879
Investment income	3	251,570	251,569	257,940	253,783
Total income before endowments and donations		17,065,855	17,016,116	16,107,628	16,051,242
Donations	4	-	166,375	137,463	(200)
Total income		17,065,855	17,182,491	16,245,091	16,051,042
Expenditure					
Staff costs	5	12,530,418	12,272,113	11,036,496	10,763,366
Other operating expenses	7	3,111,387	3,294,900	3,234,616	3,345,066
Depreciation and impairment charges	9	312,446	312,212	300,927	300,927
Interest and other finance costs	6	5,659	351	8,825	75
Total expenditure		15,959,910	15,879,576	14,580,864	14,409,434
Surplus/(deficit) before other gains/ losses		1,105,945	1,302,915	1,664,227	1,641,608
Net gain/(loss) on investments	10, 11	(456,855)	(456,855)	774,735	740,585
Surplus/(deficit) of operating activities		649,090	846,060	2,438,962	2,382,193
Exceptional items:					
Loss on Disposal of Subsidiaries	13	-	-	(528,517)	-
Surplus/(deficit) before tax		649,090	846,060	1,910,445	2,382,193
Taxation	7	-	-	-	-
Surplus/(deficit) for the year		649,090	846,060	1,910,445	2,382,193
Other Comprehensive income:					
Actuarial (loss)/gain in respect of pension schemes		(1,949,056)	(1,949,056)	(434,038)	(434,038)
Total comprehensive income for the year		(1,299,966)	(1,102,996)	1,476,408	1,948,155
Represented by:					
Restricted comprehensive income for the year		(12,138)	154,237	12,334	(25,955)
Unrestricted comprehensive income for the year		(1,287,828)	(1,257,233)	1,464,074	1,974,110
Attributable to UCEM		(1,299,966)	(1,102,996)	1,476,408	1,948,155
		(1,299,966)	(1,102,996)	1,476,408	1,948,155
Surplus for the year attributable to:					
UCEM		(1,299,966)	(1,102,996)	1,476,408	1,948,155

All items of income and expenditure relate to continuing activities

Consolidated and UCEM Statement of Change in Reserves

For the year ended 31 July 2022

Consolidated

	Income and expenditure account		Total £
	Restricted £	Unrestricted £	
Balance at 31 July 2020	472,397	18,337,274	18,809,671
Surplus/(deficit) from the income and expenditure statement	12,334	1,464,074	1,476,408
Total comprehensive income for the year	12,334	1,464,074	1,476,408
Balance at 31 July 2021	484,731	19,801,347	20,286,078
Surplus/(deficit) from the income and expenditure statement	(12,138)	(1,287,828)	(1,299,966)
Total comprehensive income for the year	(12,138)	(1,287,828)	(1,299,966)
Balance at 31 July 2022	472,593	18,513,519	18,986,112

UCEM

	Income and expenditure account		Total £
	Restricted £	Unrestricted £	
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
Surplus/(deficit) from the income and expenditure statement	154,237	(1,257,233)	(1,102,996)
Total comprehensive income for the year	154,237	(1,257,233)	(1,102,996)
Balance at 31 July 2022	472,593	18,671,008	19,143,601

University College of Estate Management

Consolidated Statement of Cash Flows

For the year ended 31 July 2022

	Notes	Year ended 31 July 2022 £	Year ended 31 July 2021 £
Cash flow from operating activities			
(Deficit)/surplus for the year		649,090	2,438,962
Adjustment for non-cash items			
Depreciation and impairment charges	9	312,446	300,927
(Gain)/loss on investments	11	456,855	(774,735)
(Increase) in trade and other receivables	14	(695,264)	(1,056,628)
Increase/(decrease) in trade and other payables	15 & 16	(58,025)	358,030
Increase/(decrease) in pension provision	17	1,883,758	403,327
Increase/(decrease) in actuarial gain in respect of pension provision		(1,949,056)	(434,038)
(Loss) on disposal of subsidiaries	13		(528,517)
Adjustment for investing or financing activities			
Investment income	3	(251,570)	(257,940)
Interest payable	6	5,659	8,825
Net cash inflow from operating activities		353,893	458,213
Cash flows from investing activities			
Investment income	3	251,570	257,940
Payments made to acquire fixed assets	9	(108,019)	(426,422)
Payments made to acquire investments	11	(6,950,759)	(2,236,407)
Proceeds from sale of investments	11	4,716,292	4,470,932
		(2,090,916)	2,066,043
Cash flows from financing activities			
Interest and other finance costs	6	(5,659)	(8,825)
		(5,659)	(8,825)
(Decrease)/Increase in cash and cash equivalents in the year		(1,742,682)	2,515,431
Cash and cash equivalents at beginning of the year		4,373,338	1,857,907
Cash and cash equivalents at end of the year		2,630,656	4,373,338

As at 31 July 2022

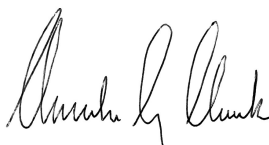
	Notes	As at 31 July 2022		As at 31 July 2021	
		Consolidated £	UCEM £	Consolidated £	UCEM £
Fixed assets					
Intangible Fixed assets	9	239,211	239,211	267,467	267,467
Tangible Fixed assets	9	6,713,645	6,711,232	6,889,816	6,889,816
Investment properties	10	1,700,000	1,700,000	1,700,000	1,700,000
Investments	11	8,614,819	8,865,918	9,071,675	9,197,285
		17,267,675	17,516,361	17,928,958	18,054,568
Current assets					
Trade and other receivables	14	4,875,823	4,867,074	4,180,559	4,204,742
Cash at bank and in hand		2,630,603	2,497,821	2,138,817	1,932,797
		7,506,426	7,364,895	6,319,376	6,137,539
Less: Creditors: amounts falling due within one year	15	(2,298,242)	(2,247,908)	(2,420,306)	(2,403,560)
Less: Creditors: amounts falling due after one year	16	(325,142)	(325,142)	(261,103)	(261,103)
Net current assets/(liabilities)		4,883,042	4,791,845	3,637,967	3,472,876
Total assets less current liabilities		22,150,717	22,308,206	21,566,925	21,527,444
Provisions	17	(3,164,605)	(3,164,605)	(1,280,847)	(1,280,847)
Total net assets		18,986,112	19,143,601	20,286,078	20,246,597
Restricted Reserves					
Income and expenditure reserve – restricted reserve		472,593	472,593	484,731	318,356
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		9,442,578	9,600,067	10,407,003	10,533,898
Income and expenditure reserve – designated		9,070,941	9,070,941	9,394,344	9,394,343
		18,513,519	18,671,008	19,801,347	19,928,241
Total Reserves	18a	18,986,112	19,143,601	20,286,078	20,246,597

The financial statements were approved by the Governing Body on 1st December 2022 and were signed on its behalf on that date

by: The accompanying notes and policies on pages 34 to 60 form part of these financial statements



A Wheaton
Principal



A Clack
Chair
MSc BSc PPRICS FRICS FICE FAPM FRSA FIC CCMI CMC

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) and the Terms and Conditions of Grant by the British Council.

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 financial statements on this basis.

Performance is closely monitored against budget, and budgets are set annually with reference to the institution's long-term strategy, assumptions on student numbers and income, and the teaching and administrative support required.

The trustees set policies on reserves designed to balance the spending required in providing education across the academic periods to which the income relates, whilst maintaining the minimum level of reserves required to ensure uninterrupted operation and provide time to adjust to any changes in financial circumstances. General reserves are held in the range of between three to twelve months operating expenditure.

Further 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 of any expenditure and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying. Discounts, bursaries and scholarships provided by UCEM are shown as expenditure.

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.

Statement of accounting policies

For the year ended 31 July 2022

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.

Statement of accounting policies

For the year ended 31 July 2022

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.

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.

Statement of accounting policies

For the year ended 31 July 2022

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) Taxation

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

t) Reserves

Reserves are classified as restricted or unrestricted.

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

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

Notes to the financial statements

For the year ended 31 July 2022

1 Tuition fees and education contracts

Notes	Year ended 31 July 2022		As at 31 July 2021	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Part-time students	15,823,298	15,823,298	14,585,580	14,585,580
	15,823,298	15,823,298	14,585,580	14,585,580

2 Other income

	Year ended 31 July 2022		As at 31 July 2021	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Grant income from the OfS	920,222	920,222	1,146,876	1,146,875
Hong Kong ESS Government Grant	12,228	-	-	-
Government Grant from Coronavirus Job Retention Scheme	1,225	1,225	34,567	34,567
Fee income for research awards	8,427	8,427	-	-
Corporate services – UCEM Courses	37,510	-	47,204	-
Other income	11,375	11,375	35,461	30,437
	990,987	941,249	1,264,108	1,211,879

3 Investment income

	Year ended 31 July 2022		As at 31 July 2021	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Investment income from investment property	43,635	43,635	47,735	47,735
Investment income on general reserves	147,025	147,025	156,392	152,252
Investment income on designated reserves	59,718	59,718	53,607	53,607
Other investment income	1,192	1,191	206	189
	251,570	251,569	257,940	253,783

4 Donations

	Year ended 31 July 2022		As at 31 July 2021	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Donations with restrictions	-	166,375	-	-
Unrestricted donations	-	-	137,463	(200)
	-	166,375	137,463	(200)

Notes to the financial statements

For the year ended 31 July 2022

5 Staff costs

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £	UCEM £	Consolidated £	UCEM £
			Re-stated	
Salaries	9,909,832	9,689,563	9,023,960	8,783,883
Social security costs	939,146	934,517	857,893	853,137
Other pension costs	1,051,062	1,032,134	845,361	827,068
Other staff costs	630,378	615,899	309,282	299,278
Total	12,530,418	12,272,113	11,036,496	10,763,366

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]:

	2022 No.	2021 No.
£115,000 to £119,999	-	1
£125,000 to £129,999	1	-
£210,000 to £214,999	-	1
£215,000 to £219,999	1	-
	2	2

Average staff numbers by major category :	2022 No.	2021 (Re-Styled) No.
Academic	45	43
Research	2	4
Management & specialist	8	4
Technical	7	8
Other	171	169
	233	228

Average staff numbers by FTE :	2022 No.	2021 No.
Average Academic Staff numbers	67.87	62.42
Average Non-Academic Staff numbers	170.39	167.07
	238.26	229.49

Compensation for loss of office payable to a senior post-holder:	2022 £	2021 £
Compensation payable recorded within staff costs	-	-

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 2022 £	Year ended 31 July 2021 £
Key management personnel compensation	1,198,520	676,948

Notes to the financial statements

For the year ended 31 July 2022

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, 1 trustee (2021: 1) received remuneration for the services they provide in undertaking the role of Principal and not in respect of their services as trustee. Their remuneration during their period as a trustee was as follows:

	Year ended 31 July 2022 £	Year ended 31 July 2021 £
Principal – Ashley Wheaton		
Remuneration	252,680	250,800
Employer pension contributions	44,416	44,099
Other benefits	2,424	2,351
	299,520	297,250

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 2022 £	Year ended 31 July 2021 £
Principal	-	-
Other trustees (2020: 8)	-	-
	-	-

Other than as reported above, the trustees were neither paid nor received any other benefits from employment with the charity in the year (2021: £nil). No member of the trustees received payment for professional or other services supplied to the charity (2021: £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 2022:

<u>Basic salary per annum</u>	<u>Number of staff (2021–22)</u>
£125,000 – £129,999	1
£210,000 – £214,999	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 and approved a basic pay increase of 2%, from £209,000 to £213,180 per annum, from 1 August 2021. This represented an inflationary increase only, as the Committee were satisfied basic pay sat comfortably within the relevant Higher Education sector benchmarks.

In terms of a performance-related bonus for the year ending 31 July 2022, the Remuneration Committee met to consider this on 30 August 2022. Clear performance metrics had been set the prior year, focused on four areas of work, namely 1) operational and overall business performance based on annual Key Performance Indicators; 2) strategic priorities and projects, including the Ofsted inspection outcome and Indefinite Degree Awarding Powers application outcome; 3) increasing the profile and brand of UCEM; and 4) personal development activities. By the end of August 2022 all results against performance metrics were available for the Committee to review, and it was noted that these had been monitored throughout the year via the quarterly report to the wider Board of Trustees.

The Committee noted it had been a difficult year personally for the Principal but that despite taking a three-month leave of absence from May to July 2022 inclusive, leadership of the Institution had been strong with strong performance against metrics, particularly Ofsted Good and the generation of a financial surplus. As a result, the Committee approved a performance-related bonus for the Principal of £39,500.

Full details of the total remuneration package for the Principal, as at 31 July 2022:

- Basic salary : £213,130 per annum
- Bonuses awarded during the financial year in full: £39,500
- Pension contributions: £44,416
- Salary Sacrifice: Childcare voucher £12, Cycle to Work Scheme £9,792
- Other taxable benefits: Private medical insurance £2,423

For the financial year ending 31 July 2022, the pay multiple at UCEM is as follows:

- The head of the provider's basic salary is 5.15 times (2021: 5.05) 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 7.23 times (2021: 7.18) 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.

Notes to the financial statements

For the year ended 31 July 2022

6 Interest and other finance costs

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Exchange differences	5,659	351	8,825	75
	<u>5,659</u>	<u>351</u>	<u>8,825</u>	<u>75</u>

7 Other

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Academic and related expenditure	839,184	838,442	958,284	951,844
Administration and central services	1,713,733	2,021,224	1,863,960	2,114,427
Premises	474,617	355,134	409,410	280,125
Catering and conferences	83,853	80,100	2,962	(1,330)
	<u>3,111,387</u>	<u>3,294,900</u>	<u>3,234,616</u>	<u>3,345,066</u>
Other operating expenses include:				
External auditor remuneration – audit services	38,682		42,272	
External auditor remuneration – non-audit services	1,409		300	
Operating lease rentals:				
• Other	177,990		188,018	
	<u>177,990</u>		<u>188,018</u>	

Access and Participation Expenditure

	Year ended 31 July 2022		Year ended 31 July 2021	
	£	£	£	£
Access Investment	80,017	80,017	85,723	85,723
Financial Support	33,013	33,013	20,893	20,893
Support for Disabled Students	48,686	48,686	34,595	34,595
Research and Evaluation	13,653	13,653	15,101	15,101
	<u>175,369</u>	<u>175,369</u>	<u>156,312</u>	<u>156,312</u>

The above Access and Participation expenditure includes staff costs of £86,740 (2021: £76,228). 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	-	-
Current tax expense	<u>-</u>	<u>-</u>
Total tax expense	<u>-</u>	<u>-</u>

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 £3,875 (2021: £37,555) and also received £252,870 (2021:169,682) income on CBRE Apprentices who are studying with UCEM.

Nick Braisby and Ashley Wheaton, Trustees are on the Executive Board of Guild HE. During the year Guild HE invoiced UCEM for £19,755 (2021: £19,470).

Gareth Ralphs, a Trustee, is Head of Policy and Inward Investment, Thames Valley Chamber of Commerce Group. During the year Thames Valley Chamber of Commerce Group invoiced UCEM for an annual membership £3,840 (2021: £9,000).

Mrs Misa Lane von Tunzelman, a Trustee is Head of Corporate Affairs and Marketing – Europe of Lendlease. Lendlease is sponsoring a number of students who are studying with UCEM. During the year UCEM invoiced Lendlease £1,100 (2021: £5,500).

Andrew Hynard, a former Trustee (resigned 31 March 2022) is the Chair of the Advisory Board at Taurus Consulting. During the year Taurus invoiced UCEM for £21,770 (2021: 26,819).

Christopher Costigan, a Trustee is the Strategic Advisory Group (Governance) of Advance HE. During the year, Advance HE invoiced UCEM for £2,850 (2021: £9,740).

9 Intangible Fixed Assets – Group

	Computer software £	Total £
Cost		
At 31 July 2021	315,064	315,064
Additions	50,587	50,587
	<u>365,651</u>	<u>365,651</u>
At 31 July 2022	<u>365,651</u>	<u>365,651</u>
Depreciation		
At 31 July 2021	47,597	47,597
Charge for the year	78,843	78,843
	<u>126,440</u>	<u>126,440</u>
At 31 July 2022	<u>126,440</u>	<u>126,440</u>
Net book value		
At 31 July 2022	<u>239,211</u>	<u>239,211</u>
At 31 July 2021	<u>267,467</u>	<u>267,467</u>

Notes to the financial statements

For the year ended 31 July 2022

9 Tangible Fixed Assets – Group

	Freehold land and buildings £	Equipment and motor vehicles £	Computer system £	Total £
Cost				
At 31 July 2021	8,113,591	768,664	1,636,686	10,518,941
Additions	–	2,063	55,369	57,432
Restatement	(1,108,012)	–	(15,186)	(1,123,198)
Disposals	(329)	(52,540)	(325,163)	(378,032)
At 31 July 2022	7,005,250	718,187	1,351,706	9,075,143
Depreciation				
At 31 July 2021	1,617,588	464,664	1,546,873	3,629,125
Charge for the year	100,105	52,944	80,554	233,603
Restatement	(1,108,012)	–	(15,186)	(1,123,198)
Disposals	(329)	(52,540)	(325,163)	(378,032)
At 31 July 2022	609,352	465,068	1,287,078	2,361,498
Net book value				
At 31 July 2022	6,395,898	253,119	64,628	6,713,645
At 31 July 2021	6,496,003	304,000	89,813	6,889,816

All of the above assets are used for charitable purposes.

The new premises were planned and designed specifically for UCEM. Financial Reporting Standards require the premises to be included in the financial statements at replacement cost where this is less than actual cost. An Existing Current Use with Vacant Possession valuation was carried out by Knight Frank LLP on 23 June 2016. This valuation was lower than actual cost so an impairment was recognised in the year ended 31 July 2016. This was as anticipated and in accordance with the trustees' business plan for the acquisition of a new headquarters building. A further impairment review was performed in the year 2016–17 and did not identify any further reductions in value and it remains the same for this year.

The impairment of £1,108,012 in the year ended 31 July 2016 was incorrectly carried forward as part of the accumulated depreciation balance rather than being reflected as a reduction in the valuation of the property. This has been restated above and does not affect the net book value of the asset.

Notes to the financial statements

For the year ended 31 July 2022

9 Intangible Fixed Assets – UCEM

	Computer software £	Total £
Cost		
At 31 July 2021	315,064	315,064
Additions	50,587	50,587
	<hr/>	<hr/>
At 31 July 2022	365,651	365,651
	<hr/> <hr/>	<hr/> <hr/>
Depreciation		
At 31 July 2021	47,597	47,597
Charge for the year	78,843	78,843
	<hr/>	<hr/>
At 31 July 2022	126,440	126,440
	<hr/> <hr/>	<hr/> <hr/>
Net book value		
At 31 July 2022	239,211	239,211
	<hr/> <hr/>	<hr/> <hr/>
At 31 July 2021	267,467	267,467
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

For the year ended 31 July 2022

9 Tangible Fixed Assets – UCEM

	Freehold land and buildings £	Equipment and motor vehicles £	Computer system £	Total £
Cost				
At 31 July 2021	8,113,591	768,664	1,636,686	10,518,941
Additions	–	2,063	53,773	55,836
Transfers	–	–	(1,051)	(1,051)
Restatement	(1,108,012)	–	(15,186)	(1,123,198)
Disposals	(329)	(52,540)	(325,163)	(378,032)
At 31 July 2022	7,005,250	718,187	1,349,059	9,072,496
Depreciation				
At 31 July 2021	1,617,588	464,664	1,546,873	3,629,125
Charge for the year	100,105	52,944	80,408	233,457
Transfers	–	–	(88)	(88)
Restatement	(1,108,012)	–	(15,186)	(1,123,198)
Disposals	(329)	(52,540)	(325,163)	(378,032)
At 31 July 2022	609,352	465,068	1,286,844	2,361,264
Net book value				
At 31 July 2022	6,395,898	253,119	62,215	6,711,232
At 31 July 2021	6,496,003	304,000	89,813	6,889,816

All of the above assets are used for charitable purposes.

The new premises were planned and designed specifically for UCEM. Financial Reporting Standards require the premises to be included in the financial statements at replacement cost where this is less than actual cost. An Existing Current Use with Vacant Possession valuation was carried out by Knight Frank LLP on 23 June 2016. This valuation was lower than actual cost so an impairment was recognised in the year ended 31 July 2016. This was as anticipated and in accordance with the trustees' business plan for the acquisition of a new headquarters building. A further impairment review was performed in the year 2016–17 and did not identify any further reductions in value and it remains the same for this year.

The impairment of £1,108,012 in the year ended 31 July 2016 was incorrectly carried forward as part of the accumulated depreciation balance rather than being reflected as a reduction in the valuation of the property. This has been restated above and does not affect the net book value of the asset.

Notes to the financial statements

For the year ended 31 July 2022

10 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 2021–22.

	Year ended 31 July 2022		Year ended 31 July 2021	
	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 2022		Year ended 31 July 2021	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Fair value at the start of the year	6,837,151	6,962,761	8,296,941	8,457,701
Additions at cost	6,950,759	6,950,759	2,236,407	2,236,407
Disposal proceeds	(4,716,292)	(4,716,292)	(4,470,932)	(4,471,932)
Net gain/(loss) on change in fair value	(456,855)	(456,855)	774,735	740,585
	8,614,763	8,740,373	6,837,151	6,962,761
Cash held with investment manager	56	56	2,234,524	2,234,524
Transfer	-	125,489	-	-
Fair value at the end of the year	8,614,819	8,865,918	9,071,675	9,197,285

Investments comprise:

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £	UCEM £	Consolidated £	UCEM £
UK Common investment funds				
• General UCEM fund	6,017,715	6,017,715	4,768,219	4,768,219
• Designated bursary fund	2,118,084	2,118,084	1,678,293	1,678,293
• Restricted funds	478,964	478,964	390,638	265,149
Cash held with investment manager				
• General UCEM fund	-	-	1,587,515	1,587,515
• Designated bursary fund	-	-	558,765	558,765
• Restricted funds	56	56	88,245	88,245
Investment in subsidiary undertakings	-	251,099	-	251,099
	8,614,819	8,865,918	9,071,675	9,197,285

Notes to the financial statements

For the year ended 31 July 2022

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 previous 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.

	2022 £	2021 £
Loss on Disposal	-	528,517

Notes to the financial statements

For the year ended 31 July 2022

14 Trade and other receivables

	2022		2021	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Amounts falling due within one year:				
Other trade receivables	1,110,398	1,087,402	789,282	789,598
Other receivables	28,391	222	38,132	9,964
Prepayments and accrued income	2,302,262	3,730,394	2,186,576	2,179,623
Amounts due from subsidiary companies	–	49,056	15.00	59,003
Amounts falling due later than 1 year:				
Prepayments and accrued income	1,434,772	–	1,166,554	1,166,554
	4,875,823	4,867,074	4,180,559	4,204,742

Amounts falling due later than 1 year are prepayments and accrued income of £1,434,772, of which £1,415,244 is due to be paid by ESFA once apprentices go through the End Point Assessment towards the end of their individual degree programmes.

Out of the ESFA accrued income, £832,611 is receivable after 1 year and £582,634 between 2 to 4 years based on different cohorts of apprentices having different end point dates.

15 Creditors : amounts falling due within one year

	2022		2021	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Trade payables	274,175	268,363	258,342	256,863
Other payables	1,463,838	1,453,952	1,602,986	1,578,276
Finance Leases	–	–	18,720	18,720
Amounts due to subsidiary companies	–	–	–	12,500
Deferred income	556,925	525,399	533,937	530,880
VAT	3,304	194	6,321	6,321
	2,298,242	2,247,908	2,420,306	2,403,560

16 Creditors : amounts falling due after one year

	2022		2021	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Finance Leases	–	–	–	–
Accruals	325,142	325,142	261,103	261,103
	325,142	325,142	261,103	261,103

Accruals falling due after one year relates to costs associated with End Point Assessment for Apprenticeships: £325,142 UCEM has on the overdraft facility of £250,000 which has not been utilised and the Bank has a legal charge over it.

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

Minimum lease payments under finance leases fall due as follows:

	2022		2021	
	Consolidated	UCEM	Consolidated	UCEM
Within 1 year	-	-	18,720	18,720
Between 1-2 years	-	-	-	-
Between 2-5 years	-	-	-	-
	-	-	18,720	18,720

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.

	2022		2021	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Current Academic Offer	287,343	287,343	498,602	498,602
Corporate services – UCEM Courses	31,526	31,526	3,058	-
	318,869	318,869	501,660	498,602

Cash and cash equivalents

	At 1 August 2021	Cash flows	At 31 July 2022
	£	£	£
Cash at bank and in hand	2,138,813	491,786	2,630,599
Cash held by investment manager	2,234,525	(2,234,469)	56
Bank Overdraft	-	-	-
	4,373,338	(1,742,683)	2,630,655

Notes to the financial statements

For the year ended 31 July 2022

17 Provisions for liabilities

Consolidated and UCEM

	2022	2021
	£	£
Obligation to fund deficit on USS pension		
At the start of the year	1,280,847	877,520
Movement in the year	1,883,758	403,327
At the end of the year	3,164,605	1,280,847

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 deficit recovery plan was put in place as part of the 2018 valuation which required payment of 2% of salaries over the period 1 October 2019 to 30 September 2021, 6.2% over the period 1 October 2021 to 31 March 2024 and finally 6.3% from 1 April 2024 to 30 April 2038. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2022	2021
Discount Rate	2.75%	1.13%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	1.00%	1.00%

17 Provisions for liabilities (continued)

Financial instruments

	2022		2021	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Financial assets at fair value through Statement of comprehensive Income				
Listed Investments	-	-	-	-
Financial assets that are equity instruments measured at cost less impairment				
Other Investments	8,614,819	8,865,918	9,071,675	9,197,285
Financial assets that are debt instruments measured at amortised cost				
Cash at bank and in hand	2,630,603	2,497,821	2,138,817	1,932,796
Other investments	-	-	-	-
Loan notes	-	-	-	-
Other debtors	4,875,823	4,633,133	4,180,555	4,204,741

Financial Liabilities

	2022		2021	
	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
Trade creditors	274,175	268,363	258,342	256,863
Other creditors	2,349,210	2,070,748	2,404,966	2,389,024

Notes to the financial statements

For the year ended 31 July 2022

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	6,880	-	(8,545)	1,665	-
Harold Samuel Research Prize Fund	268,041	9,433	(30,255)	-	247,219
Peter Goodacre Fund	34,000	-	(1,000)	-	33,000
David Alexander Memorial Scholarship	166,375	23,689	-	-	190,064
Total restricted funds	484,731	33,122	(46,925)	1,665	472,593
Unrestricted funds:					
Designated funds:					
Fixed assets	7,157,286	108,018	(312,447)	-	6,952,857
Bursaries	2,237,058	59,718	(182,378)	3,686	2,118,084
Total designated funds	9,394,344	167,736	(494,825)	3,686	9,070,941
General funds	10,407,003	16,864,996	(17,824,070)	(5,351)	9,442,578
Total unrestricted funds	19,801,347	17,032,732	(18,318,895)	(1,665)	18,513,519
Total funds	20,286,078	17,065,854	(18,365,820)	-	18,986,112

Notes to the financial statements

For the year ended 31 July 2022

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
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
Pension fund	-	-	-	-	-
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 2022

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 of study.

BSc Estate Management Club – The provision of bursaries to undergraduate College students.

Marsh & Company – The provision of bursaries to College students.

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.

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

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.

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

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.

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	
	2022	2021	2022	2021
	£	£	£	£
Payable during the year	119,287	113,788	15,456	26,543
Future minimum lease payments due:				
Not later than 1 year	93,630	110,000	13,189	13,746
Later than 1 year and not later than 5 years	-	93,500	13,171	15,447
Total lease payments due	93,630	203,500	26,360	29,193

Total rentals receivable under operating leases for the group were:

	Property	
	2022	2021
	£	£
Receivable during the year	43,435	47,735
Future minimum lease receivable due:		
Not later than 1 year	3,049	8,337
Total lease receivable due	3,049	8,337

Notes to the financial statements

For the year ended 31 July 2022

21 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 £1,130,834 (2021: £1,279,398) 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 2022		Year ended 31 July 2021	
	Consolidated £	UCEM £	Consolidated £	UCEM £
USS	619,524	619,524	401,299	401,299
GPP	37,890	37,890	47,001	47,001
People's Pension	378,418	374,720	382,493	378,768
Manulife (HK)	15,230		14,567	
	<u>1,051,062</u>	<u>1,032,134</u>	<u>845,361</u>	<u>827,068</u>

Statement of Financial Position – Pension Scheme Liability

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £	UCEM £	Consolidated £	UCEM £
USS	3,164,605	3,164,605	1,280,847	1,280,847
GPP	-	-	-	-
People's Pension	-	-	-	-
	<u>3,164,605</u>	<u>3,164,605</u>	<u>1,280,847</u>	<u>1,280,847</u>

(2) Group Personal Pension Scheme (GPP)

Operating on a defined contribution basis in respect of pensionable service since 1 November 2004, the GPP has

For members of the former CEM Contracted Out Money Purchase Scheme who had joined that Scheme prior to

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

This scheme is now closed to new members as it has been succeeded by an auto enrolment compliant scheme

(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 £369,462 (2021: £392,913).

Unfunded Pensions

The College also provided unfunded pensions to an ex-employee. Payment in the year totalled £5,311 (2021:

Notes to the financial statements

For the year ended 31 July 2022

22 Contingent Liabilities and Assets

UCEM participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

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

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2020 ("the valuation date"), which was carried out using the projected unit method.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

Deficit recovery contributions due within one year for the institution are £220,197 (2020: £165,934).

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles)

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post retirement: 1.00% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	2020 valuation 101% of S2PMA "light" for males and 95% of S£PFA for females.
Future improvements to mortality	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% pa and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

Existing benefits	2022	2021
Males currently aged 65 (years)	23.9	24.7
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.7
Females currently aged 45 (years)	27.3	27.9

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024 at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

Pension Schemes (continued)

	2022	2021
Discount rate	2.75%	1.13%
Pensionable salary growth		
Price inflation (CPI)	1.00%	1.00%

The increase in the term of the deficit recovery plan has given rise to an increase in the deficit provision £1.28 million to £3.16 million as set out in note 17. £1.88 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.