

Charity number: 313223

University College of Estate Management

Report and financial statements for the year ended 31 July 2023

University College of Estate Management

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University College of Estate

Reference and administration information

For the year ending 31 July 2023

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".

University College of Estate Management

Reference and administration information

For the year ended 31 July 2023

Trustees

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

Jatinder Kaur Brainch FCA	Honorary Treasurer, resigned 30 March 2023
Professor Nicholas Braisby BA PhD CPsychol AFBPsS PFHEA	
Christopher Costigan LLB (Hons), Barrister, FHEA	
Amanda Clack Dr. (hc) MSc BSc PPRICS FRICS FICE FAPM FRSA FIC CCMI CMC	Chair
Dr Stephen Jackson FRGS FRSA	Vice Chair
Professor Michelle Jones	Appointed 29 September 2022
Alastair G Martin FRICS FAAV	
Professor Kenneth Miller LLB LLM PhD FRSA FIOSH	
Dominic James O'Rourke	
Gareth Ralphs	
Graeme Scott ACA	Honorary Treasurer, appointed 30 March 2023
Misa Lane von Tunzelman FCIM	
Chris Turley LLB (Hons)	
Ashley P Wheaton BA (Hons)	Member ex-officio

Student Trustees

Adam Denton	Appointed 1 January 2023
Joe Orrell	Resigned 6 July 2023

Staff Trustees

Helen Edwards BA (Hons) MA PG Cert AAUA	Resigned 1 December 2022
Jon Hubert	Appointed 1 January 2023
Harps Kaur	

University College of Estate Management

Reference and administration information

For the year ended 31 July 2023

Key management personnel – Executive Team

Ashley Wheaton	Principal
Jane Fawkes	Deputy Principal and University College Secretary
Dr Wendy Finlay	Vice Principal Education
Lynne Downey	Vice Principal Student and Registry Services
Stephen Bartle	Executive Director, Business Development and Apprenticeships
Tim Mills	Executive Director, Finance
Aled Williams	Executive Director, Innovation and Partnerships
Andy Youell	Executive Director, Digital and 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

The trustees present their report and the audited financial statements for the year ended 31 July 2023.

Reference and administrative information are set out on pages 1 to 3 and form 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 patronage is currently being reviewed by the Royal Household following His Majesty King Charles III accession to the throne.

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 accredited 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, following a review process, this was 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.

With a new Research Strategy in place that is aligned to UCEM's strategic ambitions for a sustainable built environment (aligned to the 'Globe' programme, set out on page 8), UCEM has taken significant strides towards realising our research ambition. A Research Office has been set up within the Education department, including the appointment of a Research Operations Lead. The Research Office oversees all aspects related to research and has started work on updating or developing new policies and procedures to support our growth. These policies and procedures will ensure research integrity is maintained to the highest standard.

As part of the Globe outreach strategy, UCEM delivered 'Building Perspectives', a series of free webinars with UCEM experts and sector specialists on topical issues around the built environment and sustainability. Four sessions were delivered (on gender equality in the built environment, construction sustainability forecast, retrofit versus rebuild, and sustainability impact on SMEs); each session was attended by 70-140 persons. Following the receipt of positive feedback, UCEM will continue to deliver free webinars to serve our community.

A new [research webpage](#) has been launched to promote UCEM's work in the delivery of a sustainable built environment, and an [institutional repository](#) has been set up that not only acts as an archive of UCEM's research publications, but most importantly, serves to freely disseminate UCEM's research outputs to a global audience. Since its inception in January 2023, 64 articles have been deposited which have been downloaded 442 times (as at 1 August 2023). Staff have continued to produce research publications in peer-reviewed journals, conferences and books in 2022-23, which are freely accessible from our repository, including:

- Dean, K, Trillo, C and Lee, A (2022) [Sustainable Urban Regeneration: Insights and Evaluation from a UK Housing Association](#). Routledge. ISBN 9780367490003
- Sagar, SSK, Arif, M, Oladinrin, O, Kaushik, A and Islam, R (2023) [Impact of Trust in Virtual Project Teams: Structural Equation Modeling \(SEM\) approach](#). Construction Innovation. ISSN 1471-4175

In February 2023, UCEM was approved to become a 'Knowledge Partner' by InnovateUK, which makes UCEM eligible to submit for Knowledge Transfer Partnership (KTP) grants to support engagement with industry. UCEM submitted [its first KTP application in partnership with the Prince's Foundation](#), and was successfully awarded £176,000 to develop a new concept in support of sustainable mixed-use developments. In total, UCEM submitted 11 external funding applications in 2022-23, to the total value of £3million, and were successfully awarded four grants with an external research income of £240,000. In addition to the KTP project with the Prince's Foundation, UCEM was awarded three British Council projects that seek to investigate and implore gender equality barriers.

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 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 20a: 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 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 Session 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 CX9") 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.
- 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.

UCEM had an exceptional year and met its CX9 targets with significant achievements in Student Outcomes, Student Satisfaction and Financial Health. This is alongside the strategic goal to become the 'world's most sustainable university' which is being driven through 'Globe' This takes a holistic approach to sustainability, by looking at leadership and governance, what we teach, how we teach, how we operate and influence. This is integral as UCEM continues to grow and work towards its strategic vision of being the Centre of Excellence for Built Environment Education.

UCEM continued to support its subsidiary companies. UCEM approved a £518K grant in the year (2022: £406K) 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.

UCEM does not engage in social investment activities.

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

Apprenticeships

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

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

The apprenticeship programmes offered in 2022-23 were:

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

In 2022-23 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.

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

As of July 2023, there were 1,895 apprentices employed by over 500 different employers and business entities actively studying with UCEM, including 1,797 Level 6 Chartered Surveyor (BSc and MSc) Apprenticeships, 54 Building Control Surveyor Degree Apprentices and 29 Construction Site Manager Degree Apprentices.

Over 99% (1,883) of apprentices actively studying with UCEM were funded through UCEM's direct contracts with the ESFA. The remaining 12 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 2023 was a significant year for the institution's performance and achievements.

Reach

During 2022-23 UCEM enrolled 1,561 (2022: 1,465) new students in total. This outcome was 6.6% higher than the previous year.

UCEM did not launch any new degree apprenticeship programmes in 2022-23 but was able to consolidate its position as the largest provider of the Level 6 Chartered Surveyor apprenticeship in England. In total 689 (2022: 596) new apprentices started UCEM programmes in 2022-23, 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 245 (2022: 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 63% (2022: 55%) of total enrolments.

Away from the UK, Hong Kong continued to be the largest international market for UCEM, with 142 (2022: 129) enrolments in total.

Education

As a Higher Education Provider in England, UCEM in 2022-23 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 and ESFA compliance 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. UCEM achieved an overall Ofsted inspection outcome of 'Good' in November 2021, which related to UCEM's apprenticeships provision at the time, at Level 3, Level 6 and Level 7. During 2022-23, 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. The Level 3 Surveying Technician Apprenticeship programme closed in May 2023 when all remaining apprentices had completed their studies.

Student Outcomes

UCEM monitored module success rates against an overall target key performance indicator (KPI) of 87% in 2022-23 as part of its strategy to improve student outcomes, which supports UCEM's compliance with the OfS's condition of registration B3 (successful outcomes for all students). The 87% overall KPI was supplemented by the following KPIs at the different levels of study: Level 4 – 87%; Level 5 – 90%; Level 6 – 92%; Level 7 – 83%. Over the last four years, UCEM has focused on improving student outcomes through enhancements to academic provision, the delivery model, student support and associated regulations, policies, and procedures. In 2022-23, UCEM launched a revised suite of initiatives to improve student outcomes.

These included addressing student workload challenges by re-evaluating UCEM's curriculum from a programme perspective and ensuring a streamlined learning journey by reducing module content without removing the content required to meet programme learning outcomes. This initiative, coupled with enhanced student engagement monitoring and improvements to a number of policies and procedures, has resulted in a positive uplift in student outcomes overall.

In May 2023, the full module results for Autumn 2022 modules were reported at 87.2%, meeting the KPI target and representing a +5.7 percentage point change compared to Autumn 2021. Level-specific student outcomes all experienced an uplift on Autumn 2021, reporting: Level 4 – 91.7%; Level 5 – 86.8%; Level 6 – 88.7%; Level 7 – 84.2%. At the time of writing, the Spring 2023 resubmissions have not taken place, therefore, the overall final module KPI outturn for 2022-23 is not available. However, in-year data from Spring 2023 indicates that the positive trends seen in the Autumn 2022 module outcomes will likely be maintained.

UCEM seeks continual improvements to achieve its KPIs. 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, module enhancements will continue alongside work to revalidate UCEM's undergraduate provision, 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 2022-23 was monitored by two surveys that covered largely the same questions. The National Student Survey (NSS) is open to all final year undergraduate students who are domiciled in the UK and the results are monitored by the OfS and publicly available. The internally run survey is the Student Engagement Survey (SES) and is open to all other UCEM students.

Due to changes in the way the surveys were conducted this year, comparison to previous years is not possible. Questions have been rephrased and the response scale has changed. The overall student satisfaction question has also been removed from the compulsory NSS questions.

UCEM exceeded the CX9 targets for Student Satisfaction for both apprentices and non-apprentices in both surveys. Further analysis of question sections shows a strong performance for UCEM when compared to the benchmark (set by the OfS) and compared to the overall sector positivity measure with UCEM exceeding the benchmark in eight out of ten sections and exceeding the sector positivity measure in seven out of ten sections.

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 such is committed to working with 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 2022-23. For example, 12% of new part-time students are recorded as having a disability against a target of 9% (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. This is part of the on-going work throughout the year on listening to the staff voice and building engagement.

Overall staff satisfaction met the 4.1 target; the survey scored 4.1 in December 2022 and 4.2 in June 2023. In both surveys the participation rate was over 80%. Of particular note was 99% of respondents understood the importance and meaning of their job role at UCEM, and 96% of staff agreed with the statement "I can be myself in my team because I feel safe and respected."

Financial Health

In the year ending 31 July 2023 UCEM achieved a consolidated income of £19.0M (2022: £17.1M), an increase of 11.5% (2022: 6.0%) 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 11.3% in the year to £17.8M (2022: £16.0M). This increase reflects

the addition of new staff to support the expanding student numbers as well as high UK inflation levels during the period.

After losses on investments of £246K (2022: losses £457K) and actuarial gains in respect of pension schemes of £242K (2022: losses £1.9M) the group made a surplus of £1.3M against a planned deficit of £636K (2022: deficit of £1.3M against a planned deficit of £780K).

Beneficiaries of our services

The institution's main activity is the provision of education, and its beneficiaries are students, industry and the Built Environment sector worldwide. All its charitable activities focus on the sector and students developing careers in the sector and are undertaken to further UCEM's charitable purposes for the public benefit.

UCEM added 1,561 new students during 2022-23 against its target of 1,430. This was a 6.6% year-on-year increase compared to the 1,465 new students recruited in 2021-22 and the second successive year in which UCEM achieved a year-on-year increase in the number of new students recruited.

UCEM made 1,090 academic awards of which 989 were full academic awards and 101 were intermediate awards. Please note that this report was written prior to the final Examination Award Boards for 2022-23, 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 987 new students (including 689 on apprenticeship programmes) being sponsored by 552 employers.

UCEM allocated £56,719 bursaries in the year (2022: £79,074) as follows:

Bursary	Number of Students	£
UCEM Centenary Fund	3	£1,334
New Student Bursary Fund	8	£13,910
Access & Participation Plan Fund	13	£24,550
Post Graduate Scholarship	11	£16,925
Total	35	£56,719

In addition to the above, students were assisted with fee reductions or debt write offs for special circumstances enabling them to continue with their studies, for example, 9 awards were made from the Principal's Discretionary Funds totaling £4,877 (2022: £6,822) and 1 award was made from the Redundancy Support Scheme totaling £1,013 (2022: £3,076).

Financial review

In the year ended 31 July 2023, UCEM achieved a consolidated increase in total income of £1.9M, which was an increase of 11.5% on the previous year. Student income grew by 10.0% (2022: 8.5%) to £17.4M 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 increased in the year with all funds invested in the Sarasin & Partners Climate Active Endowment Fund throughout the year. At the year-end losses on investments were £246K (2022: losses £457K).

Group expenditure

Group expenditure was higher than the previous year, which was driven by the need to recruit additional staff to support the increase in student numbers as well as the inflationary economic climate.

Staff costs increased in the year by 11.2% to £13.9M (2022: increase of 13.5% to £12.5M) and still remains the largest single expense to the business making up 78.4% (2022: 78.5%) of total expenditure, reflecting the nature of UCEM's online education provision. The increase in costs reflects the increase in staff numbers from 238 to 259 (full time equivalent). Further details of staff costs can be found in Note 5 to the financial statements.

Other operating expenses reflect an increase in the cost of administration and central services, and premises costs as set out in Note 7 to the financial statements.

Summary

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 far exceeded its budgetary targets for 2022-23. In the previous year the actuarial loss in respect of pension schemes of £1.9M was a major factor in the overall deficit for that year. Further information on the pension scheme can be found in Note 18: Provision for Liabilities.

UCEM Courses Limited turnover (Note 13: Subsidiary undertakings) increased by 79% from £38K to £68K in the year. Much of the additional income was derived from delivering bespoke training face-to-face following the pandemic. During the year the decision was made to close down the UCEM Courses Ltd subsidiary and to run CPD, short courses and training events directly through UCEM. Trade ceased in the subsidiary at the year end.

UCEM Asia Limited received £518K grant income from UCEM, its parent institution, (2022: £406K) which led to a profit of £2K (2022: £3K) in the year (Note 13: Subsidiary undertakings).

UCEM's consolidated group Balance Sheet at 31 July 2023 shows an increase in value of 6.7% to £20.2M, driven by the operational performance. 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 18: Provision for Liabilities.

A deficit recovery plan was put in place as part of the 2018 valuation which required payment of an additional 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: Pension Schemes.

Other factors

The focus during 2022-23 has been on delivering Stage 1 of Globe, UCEM's initiative to realise the vision to be 'the world's most sustainable University. As part of 'What we teach' the new MSc Innovation in Sustainable Built Environments launched post year end in September 2023, alongside continued development of CPD, and as part of 'How we Operate' UCEM achieved ISO 140001 Stage 1 and Stage 2 accreditation.

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.

UCEM has continued to adopt 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. As part of this UCEM over the last year has been working to improve internal efficiency and effectiveness, through a drive to 'Simplify'. This has led to implementation of a 'lean approach' to process improvement across UCEM, which has brought considerable benefit to the use and allocation of resources within UCEM. This work will continue as part of organisational optimisation during 2023-2024.

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 is valued at £1.7m in the 2022-23 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 £5.8M, £2.1M and £0.5M (2022: £6.0M, £2.1M 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 2023 was -0.04%

(2.82% income and -2.86% capital) against the target return of 9.86%. In the previous year, total return was -3.03% against a target of 13.06%.

The underperformance in both years 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's performance is also measured against the ARC Steady Growth Charity Peer Group which produced a return of 0.60% 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.

In the short term the Investment Managers expect continued volatility. However, by focusing on high quality, thematic businesses that are well positioned to benefit from ultra-long term trends such as aging, digitalisation and automation, in particular, investments well placed to benefit from the adaption to and mitigation against the growing threat of climate change, should drive returns in the longer term.

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. A new Institutional Risk Register was approved in November 2022, to further develop the effective management of risk. The revised register monitors and assesses the likelihood, impact and proximity of the risk, as well as risk mitigation and controls. Specific risks are identified under five main headings in the Risk Register and summarised here:

Strategic Risks

These are risks that emerge from UCEM's external environment (political, economic, social, technological, legal and environmental) which may impact UCEM's ability to achieve its organisational objectives and/or strategic plan. This includes any potential changes to the apprenticeship levy by the government which could adversely affect UCEM, as well as the on-going threat of recession. In Hong Kong the situation remains politically unstable, which remains a strategic risk to UCEM Asia Ltd.

Compliance / Regulatory Risk

The regulatory burden on all Higher Education Providers has increased with UCEM required to meet the regulatory frameworks set by the OfS, ESFA and Ofsted. Risks are identified that would expose UCEM to penalties or loss resulting from failure to comply with legal or other regulatory requirements. As part of this area of risk UCEM's compliance with safeguarding is monitored.

Operational Risk

As an online Higher Education Provider UCEM is particularly reliant on technology for its business operations. Operational risk focusses on risks that will impact UCEM services, both internally and externally. This includes the increasing risk related to cyber-security, which continues to be mitigated both through systems resilience and training, and staff awareness.

Financial Risk

Risks identified are those that could lead to either a loss of income, or an increase in costs. This includes the potential impact to student registrations due to the cost of living crisis. Of particular significance is the cash flow related to any potential delay to completion of the End Point Assessment by apprentices, resulting in a loss of income to UCEM from the ESFA.

Investment risk

Investment risk comprises currency, custody, market and liquidity risk and is managed through an 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 and an appropriate reserves policy protects against insolvency risk.

Reputational Risk

These are risks that would impact UCEM's reputation with external stakeholders, including students, employers, partners and industry. Overall risk in this area is deemed to be low, but the ongoing reputational risk in the Higher Education Sector related to disability, welfare and the provision of mental health support students is closely monitored.

Each individual risk in the Intuition Risk Register (RAR) shows the assessed scores for the likelihood, impact and proximity. 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 likelihood/impact scores of 10 or over 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.

The review and approval process includes 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 reviews 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 UCEM (formerly 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 programmes lasting less than two years and many students taking five or more years to complete their studies. The sectors in which UCEM is permitted to apply its funds are land and property. These sectors are subject to considerable cyclical movement.

The trustees continue to monitor the use of reserves, in conjunction with the setting of annual budgets, and development of long-term strategies for delivering public benefit in distance learning projects to meet the changing nature of demand. The present policy is to budget for operating surpluses sufficient to build reserves to meet the needs of 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 on 31 July 2023 were represented by total unrestricted reserves of £19.8M (2022: £18.5M). £8.9M of this sum has been allocated to Designated Funds, of which £6.9M was in Fixed Assets and £2.0M has been allocated to a Bursaries Fund set up for the exclusive purpose of generating an income to provide bursaries to assist and support students and to otherwise encourage new entrants to the profession. The remaining unrestricted funds were in general reserves of £10.9M representing approximately seven 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 2023-24 continues to be on sustainability through the 'GLOBE' strategy, developing new programmes and the continued growth of apprenticeships. This is central to the strategic vision to be 'the Centre of Excellence for Built Environment Education'. As part of this UCEM is closely monitoring the opportunities for more vocational programmes aligned to the Government Agenda of Lifelong Learning.

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

The priority internally for the Institution remains on optimisation and efficiency of resources and developing services and provision to meet the needs of stakeholders in the future. This includes financial health, and the wellbeing of employees (specifically in a hybrid-working environment) 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 results for the current and following year, the cash position and the performance of investments. This committee also assesses the policies relating to Grant Making and Bursaries, Investments and Reserves. This sub-committee meets a minimum of twice a year.

The Nominations and Governance Committee

This committee considers and recommends to the Board all prospective appointments to the Board of Trustees having assessed the type of skills and experience deemed necessary for the Board to function as effectively as possible. This committee will also recommend to the Board all candidates considered for Honorary Fellow status, as well as all nominations for the annual UCEM Property Award. This sub-committee is also charged with ensuring that the 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 Executive and those earning in excess of £100k and receive a report on the annual pay review for 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.

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.

The Board also operates a Board Apprentice Scheme, to provide an opportunity for up to two UCEM alumni to gain experience at Board level for up to two years. The Board Apprentice(s) have full access to Board papers but do not have voting rights.

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, 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.

In 2022-23 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 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

The institution has adopted the CUC Higher Education Code of Governance, and endeavors to conduct its business aligned to the core values, objectives, and expectations of the Code. Nominations and Governance Committee review UCEM's values and objectives to governance with the CUC Code annually, or as and when the Code is updated.

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 OFS Conditions of Registration related to governance (E2), 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 Executive Finance Director provides regular updates to the Principal 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 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 meetings, has an approved anti-bribery policy, and a register of interests that every trustee must review and sign annually.

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. As part of this UCEM has due regard to the Charity Governance Code.

The institution adopted the CUC Code during the financial year 2016-17 and has since adopted the Higher Education Code of Governance published by CUC in September 2020. In the opinion of the trustees, the institution now meets with 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.

On behalf of the Board of Trustees the Audit Committee considers reports, recommendations, and reviews on the effectiveness of the University's arrangements for risk management, internal control and governance and it has expressed itself satisfied that the systems and controls are effective, including for public funding received from the OfS, UK Research and Innovation UKRI, including Research England and other public funding bodies ensuring:

- a. regularity in the use of this public funding
- b. propriety in the use of public funding

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

Trustees' annual report

For the year ended 31 July 2023

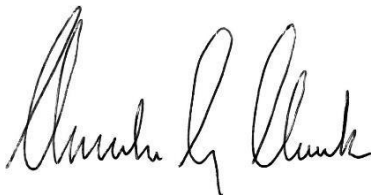
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the institution will continue in operation.

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

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

Trustee's annual report for the year ended 31 July 2023

The trustees' annual report has been approved by the trustees on 30 November 2023 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 Board of Trustees of UCEM

We have audited the financial statements of University College of Estate Management University ('the University') and its subsidiary ('the Group') for the year ended 31 July 2023 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 2023 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 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 20, 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 noncompliance 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 and money laundering.

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

Matters on which we are required to report by exception

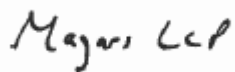
In light of the knowledge and understanding of the group and University and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Board of Trustees' Report.

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.



DRA Bott (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street, Bristol BS1 6DP
Date: 7 December 2023

University College of Estate Management

Consolidated and UCEM Statement of Comprehensive Income and Expenditure

For the year ended 31 July 2023

	Notes	2023 Consolidated £	UCEM £	2022 Consolidated £	UCEM £
Income					
Tuition fees and education contracts	1	17,403,678	17,403,678	15,823,298	15,823,298
Other income	2	1,325,524	1,257,158	990,987	941,249
Investment income	3	306,533	306,392	251,570	251,569
Total income before endowments and		19,035,735	18,967,228	17,065,855	17,016,116
Donations	4	-	-	-	166,375
Total income		19,035,735	18,967,228	17,065,855	17,182,491
Expenditure					
Staff costs	5	13,934,865	13,633,047	12,530,418	12,272,113
Other operating expenses	7	3,499,531	3,724,508	3,111,387	3,294,900
Depreciation and impairment charges	10	323,027	321,313	312,446	312,212
Interest and other finance costs	6	11,195	758	5,659	351
Total expenditure		17,768,618	17,679,626	15,959,910	15,879,576
Surplus/(deficit) before other gains/ losses		1,267,117	1,287,602	1,105,945	1,302,915
Net gain/(loss) on investments	12	(246,203)	(246,203)	(456,855)	(456,855)
Surplus/(deficit) of operating activities		1,020,914	1,041,399	649,090	846,060
Loss on revaluation of subsidiaries	14	-	(250,100)	-	-
Surplus/(deficit) before tax		1,020,914	791,299	649,090	846,060
Taxation	8	-	-	-	-
Surplus/(deficit) for the year		1,020,914	791,299	649,090	846,060
Other Comprehensive income:					
Actuarial (loss)/gain in respect of pension schemes		242,181	242,181	(1,949,056)	(1,949,056)
Total comprehensive income for the year		1,263,095	1,033,480	(1,299,966)	(1,102,996)
Represented by:					
Restricted comprehensive income for the year		(14,499)	(14,499)	(12,138)	154,237
Unrestricted comprehensive income for the year		1,277,593	1,047,979	(1,287,828)	(1,257,233)
Attributable to UCEM		1,263,094	1,033,480	(1,299,966)	(1,102,996)
		1,263,094	1,033,480	(1,299,966)	(1,102,996)
Surplus for the year attributable to:					
UCEM		1,263,094	1,033,480	(1,299,966)	(1,102,996)

All items of income and expenditure relate to continuing activities.

University College of Estate Management

Consolidated and UCEM Statement of Change in Reserves

For the year ended 31 July 2023

Consolidated

	Income and expenditure account		Total £
	Restricted £	Unrestricted £	
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
Surplus/(deficit) from the income and expenditure statement	(14,499)	1,277,593	1,263,094
Total comprehensive income for the year	(14,499)	1,277,593	1,263,094
Balance at 31 July 2023	458,095	19,791,112	20,249,206

UCEM

	Income and expenditure account		Total £
	Restricted £	Unrestricted £	
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
Surplus/(deficit) from the income and expenditure statement	(14,499)	1,047,979	1,033,481
Total comprehensive income for the year	(14,499)	1,047,979	1,033,481
Balance at 31 July 2023	458,094	19,718,987	20,177,082

University College of Estate Management

Consolidated Statement of Cash Flow

For the year ended 31 July 2023

	Notes	Year ended 31 July 2023 £	Year ended 31 July 2022 £
Cash flow from operating activities (Deficit)/surplus for the year			
Adjustment for non-cash items		1,020,914	649,090
Depreciation and impairment charges	10	323,027	312,446
(Gain)/loss on investments	12	246,203	456,855
(Increase) in trade and other receivables	15	(338,686)	(695,264)
Increase/(decrease) in trade and other payables	15	(338,686)	(695,264)
Increase/(decrease) in pension provision	16 & 17	305,859	(58,025)
Increase/(decrease) in actuarial gain in respect of pension provision	18	(155,154)	1,883,758
Adjustment for investing or financing activities		242,182	(1,949,056)
Investment income	3	(306,533)	(251,570)
Interest and other finance costs	6	11,195	5,659
Net cash inflow from operating activities		1,349,006	353,893
Cash flows from investing activities			
Investment income	3	306,533	251,570
Payments made to acquire fixed assets	10	(252,649)	(108,019)
Payments made to acquire investments	12	(34,223)	(6,950,759)
Proceeds from sale of investments	12	34,167	4,716,292
		53,828	(2,090,916)
Cash flows from financing activities			
Interest and other finance costs	6	(11,195)	(5,659)
		(11,195)	(5,659)
(Decrease)/Increase in cash and cash equivalents in the year		1,391,639	(1,742,682)
Cash and cash equivalents at beginning of the year		2,630,656	4,373,338
Cash and cash equivalents at end of the year		4,022,295	2,630,656

**University College of Estate Management
Consolidated and UCEM Balance Sheets**

As at 31 July 2023


		As at 31 July 2023		As at 31 July 2022	
		Consolidated	UCEM	Consolidated	UCEM
		£	£	£	£
Fixed assets					
Intangible Fixed assets	10	198,216	198,216	239,211	239,211
Tangible Fixed assets	11	6,684,262	6,674,073	6,713,645	6,711,232
Investment properties	12	1,700,000	1,700,000	1,700,000	1,700,000
Investments	13	8,368,616	8,369,615	8,614,819	8,865,918
		16,951,094	16,941,904	17,267,675	17,516,361
Current assets					
Debtors (including £1,910,261 (2020: £1,434,772) due after one year)	15	5,214,509	5,183,196	4,875,823	4,867,074
Cash at bank and in hand		4,022,295	3,940,219	2,630,603	2,497,821
		9,236,804	9,123,415	7,506,426	7,364,895
Creditors: amounts falling due within one year	16	(2,365,071)	(2,314,616)	(2,298,242)	(2,247,908)
Net current assets/(liabilities)		6,871,733	6,808,799	5,208,184	5,116,987
Total assets less current liabilities		23,822,827	23,750,703	22,475,859	22,633,348
Creditors: amounts falling due after one year	17	(564,171)	(564,171)	(325,142)	(325,142)
Provisions	18	(3,009,450)	(3,009,450)	(3,164,605)	(3,164,605)
Total net assets		20,249,206	20,177,082	18,986,112	19,143,601
Restricted Reserves					
Income and expenditure reserve - restricted reserve		458,094	458,094	472,593	472,593
Unrestricted Reserves					
Income and expenditure reserve - unrestricted Income and expenditure reserve - designated		10,848,418	10,776,294	9,442,578	9,600,067
		8,942,694	8,942,694	9,070,941	9,070,941
		19,791,112	19,718,988	18,513,519	18,671,008
Total Reserves	20a	20,249,206	20,177,082	18,986,112	19,143,601

The financial statements were approved by the Governing Body on 30 November 2023 and were signed on its behalf on that date.

The accompanying notes and policies on pages 26 to 54 form part of these financial.



A Wheaton
Principal



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

Statement of accounting policies

For the year ended 31 July 2023

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.

Statement of accounting policies

For the year ended 31 July 2023

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.

(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

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.

Leases

(i) Finance leases

Leases in which UCEM assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Assets held under finance leases are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation, and impairment losses. Minimum lease payments are apportioned between a finance charge and a reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

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

(k) Foreign currency

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

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

(l) Fixed assets

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.

Intangible assets

Third party software is capitalised where the purchase price exceeds £5,000. Amortisation costs are allocated on the basis of estimated useful life up to the maximum period of the supplier warranty. All other costs are amortised over 5 years on a straight line basis.

Tangible 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.

Statement of accounting policies

For the year ended 31 July 2023

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 derivatives or other complex financial instruments.

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

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

(o) Bursaries

UCEM holds a designated bursary fund as part of its reserves. This fund is invested in UK common investment funds in order to generate income from which bursaries are paid. Bursaries, in the context of UCEM's operations, include 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

Provisions are recognised in the financial statements

- (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 is 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.

(u) Critical Accounting Estimates and Judgements

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

Critical Accounting Estimates

Recoverability of Debtors

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

Retirement Benefit Obligations

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

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

As the Institution is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The provision is currently based on the USS deficit recovery plan agreed after the 2020 actuarial valuation, which defines the deficit recovery payment required as a percentage of future salaries until 2038. These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing rate of discount. Further details are set out in Note 22.

Critical Judgements and Assumptions

Income Recognition

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

An element of income recoverable in respect of apprenticeships following their End Point Assessment is recognised over the duration of their study with UCEM and is subject to judgements on future withdrawal rates.

(v) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised when the Institution becomes a party to the contracted provisions of a financial instrument and they are classified according to the substance of the contractual arrangements entered into.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value, unless the arrangement constitutes a financing transaction. If the arrangement constitutes a financing transaction, the financial assets or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Cash and cash equivalents

Cash includes cash in hand, cash at bank, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Investments

Investments are publicly traded, or where their fair value can be measured reliably, are subsequently measured at fair value with movements recognised in the statement of comprehensive income.

Other investments, including investments in subsidiaries and associates, are subsequently measured at cost less any provision for impairment in their value.

Debt Instruments

Debt instruments payable are subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements

For the year ended 31 July 2023

1 Tuition fees and education contracts

	Year ended 31 July 2023		As at 31 July 2022	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Apprenticeships	10,319,252	10,319,252	7,965,362	7,965,362
Non-Apprenticeships income	7,084,426	7,084,426	7,857,936	7,857,936
	17,403,678	17,403,678	15,823,298	15,823,298

2 Other income

	Year ended 31 July 2023		As at 31 July 2022	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Grant income from the OfS	1,200,142	1,200,142	920,222	920,222
Hong Kong ESS Government Grant	-	-	12,228	-
Government Grant from Coronavirus Job Retention Scheme	-	-	1,225	1,225
Fee income for research awards	35,550	35,550	8,427	8,427
Corporate services - UCEM Courses	68,367	-	37,510	-
Other income	21,466	21,466	11,375	11,375
	1,325,524	1,257,158	990,987	941,249

3 Investment income

	Year ended 31 July 2023		As at 31 July 2022	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Investment property	33,357	33,357	43,635	43,635
General reserves	183,238	183,238	147,025	147,025
Designated reserves	59,718	59,718	59,718	59,718
Other investment income	30,220	30,079	1,192	1,191
	306,533	306,392	251,570	251,569

4 Donations

	Year ended 31 July 2023		As at 31 July 2022	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Donations with restrictions	-	-	-	166,375
	-	-	-	166,375

Notes to the financial statements

For the year ended 31 July 2023

5 Staff costs

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Salaries	10,866,816	10,626,316	9,909,832	9,689,563
Social security costs	1,043,400	1,039,400	939,146	934,517
Other pension costs	1,253,722	1,241,908	1,051,062	1,032,134
Other staff costs	770,927	725,423	630,378	615,899
Total	13,934,865	13,633,047	12,530,418	12,272,113

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]:

	2023 No.	2022 No.
£100,000 to £104,999	1	-
£110,000 to £114,999	1	-
£125,000 to £129,999	-	1
£140,000 to £144,999	1	-
£215,000 to £219,999	1	1
	4	2

Average staff numbers by major category :

	2023 No.	2022 No.
Academic	45	45
Research	3	2
Management & specialist	8	8
Technical	11	7
Other	188	171
	255	233

Average staff numbers by FTE:

	2023 No.	2022 No.
Average Academic Staff numbers	64.40	67.87
Average Non-Academic Staff numbers	194.80	170.39
	259.20	238.26

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

	2023 £	2022 £
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 2023 £	Year ended 31 July 2022 £
Key management personnel compensation	1,269,987	1,198,520

5 Staff costs (continued)

Trustees

UCEM's Board of Trustee members are trustees for the purposes of charity law. Due to the nature of UCEM's operations and the composition of the Board of Trustees, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a trustee may have an interest. All transactions involving organisations in which a trustee 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 (2022: 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 2023	Year ended 31 July 2022
	£	£
Principal - Ashley Wheaton		
Remuneration	253,046	252,680
Employer pension contributions	46,011	44,416
Other benefits	2,579	2,424
	<u>301,636</u>	<u>299,520</u>

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

Trustee travel, entertaining and subsistence

	Year ended 31 July 2023	Year ended 31 July 2022
	£	£
Principal	771	-
Other trustees	910	1,470
	<u>1,681</u>	<u>1,470</u>

Other than as reported above, the trustees were neither paid nor received any other benefits from employment with the charity in the year (2022: £nil). No member of the trustees received payment for professional or other services supplied to the charity (2022: £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 2023 is shown below. The number of staff has increased from two to five due to pay rises awarded in the August 2022 planned pay review round:

<u>Basic salary per annum</u>	<u>Number of staff (2022-23)</u>
£100,000 - £104,999	2
£110,000 - £114,999	1
£140,000 - £144,999	1
£215,000 - £219,999	1

The basic salary and performance-related bonus element of remuneration for 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 30 August 2022 and approved a basic salary increase of 3% from £213,180 to £219,575 per annum, from 1 August 2022. This represented an inflationary increase only, as the Committee were satisfied basic salary sat comfortably within the relevant Higher Education sector salary benchmarks, and it matched the percentage increase applied to the wider staff group.

In terms of a performance-related bonus for the year ending 31 July 2023, the Remuneration Committee met to consider this on 12 September 2023. Clear performance metrics had been set for the year to 31 July 2023, focused on four areas of work, namely 1) operational and overall business performance based on the CX9 targets; 2) strategic priorities around development of a financial resilience strategy, an estate strategy, delivery of GLOBE Stage 1, and work towards achieving University Title; 3) increasing the profile and brand of UCEM; and 4) personal development.

The Committee agreed it had been an exceptionally strong year for UCEM against performance of the core institutional metrics, and the Principal had made excellent progress in his enhanced external activities. Any areas where progress had not been at the desired levels, was accepted by the Committee as attributable to institutional capacity and resources, which would require a further plan of action. The Committee approved a performance-related bonus for the Principal for the year ending 31 July 2023, of £40,000.

Full details of the total remuneration package for the Principal, as at 31 July 2023:

- Basic salary: £219,575 per annum
- Bonuses and recognition awarded in respect of the financial year: £40,030
- Pension contributions: £46,011
- Salary Sacrifice: Childcare voucher £12 and Cycle to Work Scheme £260
- Other taxable benefits: Private medical insurance £2,790

For the financial year ending 31 July 2023, the pay multiple at UCEM is as follows:

- The head of the provider's basic salary is 5.30 times (2022: 5.15) 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 7.44 times (2022: 7.23) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.

6 Interest and other finance costs

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Exchange differences	11,195	758	5,659	351
	11,195	758	5,659	351

7 Other operating expenses

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Academic and related expenditure	660,440	655,837	839,184	838,442
Administration and central services	2,190,748	2,569,546	1,713,733	2,021,224
Premises	552,105	410,303	474,617	355,134
Catering and conferences	96,238	88,821	83,853	80,100
	3,499,531	3,724,508	3,111,387	3,294,900
Other operating expenses include:				
External auditor remuneration - audit services	54,690		38,682	
External auditor remuneration - non-audit services	7,200		1,409	
Operating lease rentals:				
• Other	185,296		177,990	

Access and Participation Expenditure

	Year ended 31 July 2023		Year ended 31 July 2022	
	£	£	£	£
Access Investment	49,901	49,901	80,017	80,017
Financial Support	28,701	28,701	33,013	33,013
Support for Disabled Students	35,141	35,141	48,686	48,686
Research and Evaluation	17,680	17,680	13,653	13,653
	131,423	131,423	175,369	175,369

The above Access and Participation expenditure includes staff costs of £87,930 (2022: £86,740). 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.

8 Taxation

UCEM is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

Recognised in the statement of comprehensive income

	2023 £	2022 £
Current tax		
Current tax expense	-	-
Adjustment in respect of previous years	-	-
Current tax expense	-	-

University College of Estate Management

Notes to the financial statements

For the year ended 31 July 2023

Total tax expense

-

-

9 Related party

Amanda Clack, a Trustee and Chair, was Head of Strategic Advisory of CBRE and Non-Executive Director of Countryside Partnerships (resigned in November 2022). CBRE and Countryside Partnerships are sponsoring a number of students who are studying with UCEM. During the year UCEM invoiced CBRE for £12,000 (2022: £3,875) and also received £112,452 (2022: £252,870) income on CBRE Apprentices who are studying with UCEM. During the year UCEM invoiced Countryside Partnerships for £4,700 (2022: £Nil) and received £20,520 (2022: £45,721) income on Countryside Partnerships Apprentices.

Nick Braisby and Ashley Wheaton, Trustees, are on the Executive Board of Guild HE. During the year Guild HE invoiced UCEM for £21,895 (2022: £19,755).

Ashley Wheaton is also a Trustee of JISC. During the year JISC invoiced UCEM for £27,732 (2022: £7,166).

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 £3,840 (2022: £3,840).

Mrs Misa Lane von Tunzelman, a Trustee, is Head of Corporate Affairs and Marketing - Europe of Lendlease. Lendlease were sponsoring a number of students who were studying with UCEM. During the year UCEM invoiced Lendlease £Nil (2022: £1,100).

Christopher Costigan, a Trustee, is a member of the Strategic Advisory Group (Governance) of Advance HE. During the year, Advance HE invoiced UCEM for £4,925 (2022: £2,850).

University College of Estate Management

Notes to the financial statements

For the year ended 31 July 2023

10 Intangible Fixed Assets - Group

	Computer software	Total
	£	£
Cost		
At 31 July 2022	365,651	365,651
Additions	44,410	44,410
	<hr/>	<hr/>
At 31 July 2023	410,061	410,061
	<hr/> <hr/>	<hr/> <hr/>
Depreciation		
At 31 July 2022	126,440	126,440
Charge for the year	85,405	85,405
	<hr/>	<hr/>
At 31 July 2023	211,845	211,845
	<hr/> <hr/>	<hr/> <hr/>
Net book value		
At 31 July 2023	198,216	198,216
	<hr/> <hr/>	<hr/> <hr/>
At 31 July 2022	239,211	239,211
	<hr/> <hr/>	<hr/> <hr/>

University College of Estate Management

Notes to the financial statements

For the year ended 31 July 2023

10 Tangible Fixed Assets - Group

	Freehold land and buildings	Equipment and motor vehicles	Computer system	Total £
	£	£	£	
Cost				
At 31 July 2022	7,005,250	718,187	1,351,706	9,075,143
At 31 July 2022	-	5,523	202,716	208,239
Additions	-	15,779	(410)	15,369
Restatement	-	(19,212)	(23,594)	(42,806)
Disposals	-	-	-	-
At 31 July 2023	7,005,250	720,278	1,530,418	9,255,946
Depreciation				
At 31 July 2022	609,352	465,068	1,287,078	2,361,498
Charge for the year	100,105	52,339	85,178	237,622
Restatement	(399)	15,768	-	15,369
Disposals	-	(19,212)	(23,594)	(42,806)
At 31 July 2023	709,058	513,963	1,348,662	2,571,684
Net book value				
At 31 July 2023	6,296,192	206,315	181,755	6,684,262
At 31 July 2022	6,395,898	253,119	64,628	6,713,645

All of the above assets are used for charitable purposes.

Freehold land and buildings are the premises 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 at £1,108,012 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 the building.

10 Intangible Fixed Assets - UCEM

	Computer software £	Total £
Cost		
At 31 July 2022	365,651	365,651
Additions	44,410	44,410
	<hr/>	<hr/>
At 31 July 2023	410,061	410,061
	<hr/> <hr/>	<hr/> <hr/>
Depreciation		
At 31 July 2022	126,440	126,440
Charge for the year	85,405	85,405
	<hr/>	<hr/>
At 31 July 2023	211,845	211,845
	<hr/> <hr/>	<hr/> <hr/>
Net book value		
At 31 July 2023	198,216	198,216
	<hr/> <hr/>	<hr/> <hr/>
At 31 July 2022	239,211	239,211
	<hr/> <hr/>	<hr/> <hr/>

10 Tangible Fixed Assets - UCEM

	Freehold land and buildings £	Equipment and motor vehicles £	Computer system £	Total £
Cost				
At 31 July 2022	7,005,250	718,187	1,349,059	9,072,496
Additions	-	1,360	197,388	198,748
Restatement	-	15,779	(410)	15,369
Disposals	-	(19,212)	(23,594)	(42,806)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2023	7,005,250	716,115	1,522,443	9,243,808
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation				
At 31 July 2022	609,352	465,068	1,286,844	2,361,264
Charge for the year	100,105	52,214	83,588	235,908
Restatement	(399)	15,768	-	15,369
Disposals	-	(19,212)	(23,594)	(42,806)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2023	709,058	513,838	1,346,838	2,569,735
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value				
At 31 July 2023	6,296,192	202,276	175,605	6,674,073
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 July 2022	6,395,898	253,119	62,215	6,711,232
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All of the above assets are used for charitable purposes.

Freehold land and buildings are the premises 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 at £1,108,012 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 the building.

Notes to the financial statements

For the year ended 31 July 2023

10 Investment properties

The investment property is Shinfield Grange, Cutbush Lane East, Shinfield, Reading, RG2 9AF and was last valued on 24 October 2022 by Knight Frank LLP at £1,600,000, fair value in its current physical condition with vacant possession. The trustees have reviewed this and consider that £1,700,000 remains an appropriate reflection of the property's value for the financial year 2022-23.

	Year ended 31 July 2023		Year ended 31 July 2022	
	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

12 Non-current asset investments

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Fair value at the start of the year	8,614,763	8,865,862	6,837,151	6,962,761
Additions at cost	34,223	34,223	6,950,759	6,950,759
Disposal proceeds	(34,167)	(284,267)	(4,716,292)	(4,716,292)
Net gain/(loss) on change in fair value	(246,203)	(246,203)	(456,855)	(456,855)
	8,368,616	8,369,615	8,614,763	8,740,373
Cash held with investment manager	-	-	56	56
Transfer	-	-	-	125,489
Fair value at the end of the year	8,368,616	8,369,615	8,614,819	8,865,918

Investments comprise:

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £	UCEM £	Consolidated £	UCEM £
UK Common investment funds				
• General UCEM fund	5,844,722	5,844,722	6,017,715	6,017,715
• Designated bursary fund	2,057,195	2,057,195	2,118,084	2,118,084
• Restricted funds	466,699	466,699	478,964	478,964
Cash held with investment manager				
• General UCEM fund	-	-	-	-
• Designated bursary fund	-	-	-	-
• Restricted funds	-	-	56	56
Investment in subsidiary undertakings	-	999	-	251,099
	8,368,616	8,369,615	8,614,819	8,865,918

University College of Estate Management

Notes to the financial statements

For the year ended 31 July 2023

13 Subsidiary undertakings

The following entities are recognised as subsidiaries of UCEM due to being wholly-owned 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.

14 Revaluation of Subsidiaries

UCEM Courses Limited ceased trading on 31 July 2023 transferring all of its assets and liabilities to UCEM, which will continue to operate training and continuing professional development activities within the UCEM brand. It is intended to wind up UCEM Courses Limited as soon as practically possible.

UCEM	Year ended 31 July 2023 £	2022 £
Loss on revaluation	<u>250,100</u>	<u>-</u>

University College of Estate Management

Notes to the financial statements

For the year ended 31 July 2023

15 Debtors

	2023		2022	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Amounts falling due within one year:				
Other trade receivables	1,107,064	1,083,500	1,110,398	1,087,402
Other receivables	26,253	4,498	28,391	222
Prepayments and accrued income	2,170,931	2,139,942	2,302,262	3,730,394
Amounts due from subsidiary companies	-	44,995	-	49,056
Amounts falling due later than 1 year:				
Prepayments and accrued income	1,910,261	1,910,261	1,434,772	-
	5,214,509	5,183,196	4,875,823	4,867,074

Amounts falling due later than 1 year are prepayments and accrued income of £1,910,261 (2022: £1,434,772), of which £1,888,676 (2022: £1,415,244) is due to be paid by the ESFA once apprentices go through the End Point Assessment at the end of their individual apprenticeship programmes.

Of the ESFA accrued income, £849,242 (2022: £832,611) is receivable after 1 year, £1,014,291 (2022: 582,634) between 2 to 4 years and £25,143 (2022: nil) in more than 4 years, based on different cohorts of apprentices having different end point dates.

16 Creditors: amounts falling due within one year

	2023		2022	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Trade payables	313,973	307,296	274,175	268,363
Other payables	1,520,654	1,503,009	1,463,838	1,453,952
Finance Leases	28,660	28,660	-	-
Amounts due to subsidiary companies	-	-	-	-
Deferred income	497,513	473,978	556,925	525,399
VAT	4,271	1,673	3,304	194
	2,365,071	2,314,616	2,298,242	2,247,908

17 Creditors: amounts falling due after one year

	2023		2022	
	Consolidated	UCEM	Consolidated	UCEM
	£	£	£	£
Finance Leases	37,060	37,060	-	-
Accruals	527,111	527,111	325,142	325,142
	564,171	564,171	325,142	325,142

Accruals falling due after one year include £383,397 (2022: £325,142) which relates to costs associated with End Point Assessment for Apprenticeships.

UCEM has an overdraft facility of £250,000 secured by a legal charge against its premises which has not been utilised.

17 Creditors: amounts falling due after one year (Continued)

Finance Leases

Minimum lease payments under finance leases fall due as follows:

	2023		2022	
	Consolidated	UCEM	Consolidated	UCEM
Within 1 year	28,660	28,660	-	-
Between 1-2 years	37,060	37,060	-	-
Between 2-5 years	-	-	-	-
	65,720	65,720	-	-

Deferred income

Included within deferred income are the following items of income which have been deferred.

	2023		2022	
	Consolidated £	UCEM £	Consolidated £	UCEM £
Current Academic Offer	470,433	470,433	287,343	287,343
Corporate services - UCEM Courses	27,080	27,080	31,526	31,526
	497,513	497,513	318,869	318,869

Cash and cash equivalents

	At 1 August 2022	Cash flows	At 31 July 2023
	£		£
Cash at bank and in hand	2,630,603	1,391,692	4,022,295
Cash held by investment manager Bank	56	(56)	-
Overdraft	-	-	-
	2,630,659	1,391,636	4,022,295

Notes to the financial statements

For the year ended 31 July 2023

18 Provisions for liabilities

Consolidated and UCEM

	2023	2022
	£	£
Obligation to fund deficit on USS pension		
At the start of the year		
Movement in the year	3,164,605	1,280,847
	(155,155)	1,883,758
At the end of the year	3,009,450	3,164,605

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.

Further information can be found in Note 22.

19 Financial instruments

	2023		2022	
	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	8,368,616	8,369,615	8,614,819	8,865,918
Financial assets that are debt instruments measured at amortised cost				
Cash at bank and in hand	4,022,295	3,940,219	2,630,603	2,497,821
Other debtors	5,214,509	5,181,308	4,875,823	4,633,133
Financial Liabilities				
Financial liabilities measured at amortised cost				
Finance leases	65,720	65,720	-	-
Trade creditors	313,973	305,408	274,175	268,363
Other creditors	2,549,549	2,505,770	2,349,210	2,070,748

University College of Estate Management

Notes to the financial statements

For the year ended 31 July 2023

20a 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	-				-
Philip Rose Award	339				339
BSc Estate Management Club	-				-
Marsh & Company	-				-
Harold Samuel Educ. Trust-Bursary Fund	-				-
Harold Crowter Prize fund	1,471				1,471
FJ Comerford Prize award	500				500
QS Student Bursary Fund	-				-
Centenary Fund	-				-
Harold Samuel Research Prize Fund	247,219				232,367
Peter Goodacre Fund	33,000	9,436	(24,288)		32,000
David Alexander Memorial Scholarship	190,064	4,057	(2,704)		191,417
Total restricted funds	472,593	13,493	(27,992)	-	458,094
Unrestricted funds:					
Designated funds:					
Fixed assets	6,952,857	252,649	(323,027)		6,882,479
Bursaries	2,118,084	59,739	(117,608)		2,060,215
Total designated funds	9,070,941	312,388	(440,635)	-	8,942,694
General funds	9,442,578	18,709,853	(17,304,013)	-	10,848,418
Total unrestricted funds	18,513,519	19,022,241	(17,744,648)	-	19,791,112
Total funds	18,986,112	19,035,734	(17,772,640)	-	20,249,206

University College of Estate Management

Notes to the financial statements

For the year ended 31 July 2023

20b 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	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
Pension fund	-	-	-	-	-
Total funds	20,286,078	17,065,854	(18,365,820)	-	18,986,112

20 Purposes of restricted funds

BCSC Educational Trust Fund - The provision of bursaries to UCEM 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 UCEM students.

Marsh & Company - The provision of bursaries to UCEM students.

Harold Samuel Educational Trust - The provision of bursaries for UCEM 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 UCEM students.

Centenary Fund - The provision of bursaries for UCEM 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 UCEM courses.

Notes to the financial statements

For the year ended 31 July 2023

21 Lease obligations

Total rentals payable under operating leases for the group were:

	Property		Equipment	
	2023	2022	2023	2022
	£	£	£	£
Payable during the year	118,054	119,287	17,370	15,456
Future minimum lease payments due:				
Not later than 1 year	107,844	93,630	15,559	13,189
Later than 1 year and not later than 5 years	37,688	-	6,928	13,1718.5
Total lease payments due	145,532	93,630	22,487	26,360

Total rentals receivable under operating leases for the group were:

	Property	
	2023	2022
	£	£
Receivable during the year	33,357	43,435
Future minimum lease receivable due: Not later than 1 year		
	2,450	3,049
Total lease receivable due	2,450	3,049

Notes to the financial statements

For the year ended 31 July 2023

22 Pension schemes

The total cost charged to the Consolidated Statement of Comprehensive Income is £1,026,659 (2022: £1,253,722) including Universities Superannuation Scheme, but excluding the impact of the change in the deficit recovery plan, as shown below.

Deficit recovery contributions due within one year for the institution are £244,414 (2022: £220,197).

Statement of comprehensive income - net pension cost in year

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £	UCEM £	Consolidated £	UCEM £
USS	785,947	785,848	619,524	619,524
GPP	38,454	38,454	37,890	37,890
People's Pension	421,442	417,606	378,418	374,720
Manulife (HK)	7,879	-	15,230	-
	<u>1,253,722</u>	<u>1,241,908</u>	<u>1,051,062</u>	<u>1,032,134</u>

Statement of Financial Position - Pension Scheme Liability

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £	UCEM £	Consolidated £	UCEM £
USS	3,009,450	3,009,450	3,164,605	3,164,605
GPP	-	-	-	-
People's Pension	-	-	-	-
Manulife (HK)	-	-	-	-
	<u>3,009,450</u>	<u>3,009,450</u>	<u>3,164,605</u>	<u>3,164,605</u>

Different categories of staff joined one of four different schemes depending upon eligibility:

(1) Universities Superannuation Scheme (USS)

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.

(2) Group Personal Pension Scheme (GPP)

Operating on a defined contribution basis in respect of pensionable service since 1 November 2004, the GPP has received contributions on behalf of members from the Employer and Employee at the following rates: Employer 7%, Employee 2.5% (minimum).

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

Age	UCEM	Member
40-49	9%	2.5% (minimum)
50-59	10%	2.5% (minimum)

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

22 Pension Schemes (continued)

(3) Auto Enrolment Compliant Scheme (AE)

Operating on a defined contribution basis in respect of pensionable service since 1 January 2014, the AE scheme has received contributions on behalf of members from the Employer and Employee at the following rates: Employer 7%, Employee 2.5% (minimum).

(4) Manulife (HK)

Operating on a defined contribution basis, this scheme is compulsory for all staff of UCEM Asia Limited in Hong Kong and has received contributions on behalf of members from the Employer and Employee at the following rates: Employer 5%, Employee 5%, both up to a maximum of HK\$1,500 per month.

Unfunded Pensions

UCEM also provided unfunded pensions to an ex-employee. Payment in the year totalled £4,111 (2022: £5,311).

Universities Superannuation Scheme (USS)

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 is as at 31 March 2020 (the valuation date), and 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%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (www.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	Fixed interest gilt yield curve plus:
	Pre-retirement: 2.75% p.a. Post retirement: 1.00% p.a.

22 Pension Schemes (continued)

The main demographic assumptions used relate 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 S3PFA 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

<i>Existing benefits</i>	2023	2022
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

A 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 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	4.17%	2.75%
Pensionable salary growth	2.33%	N/A
Price inflation (CPI)	0.00%	1.00%