



University College
of Osteopathy

Annual Report & Financial Statements

31 July 2017

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University College of Osteopathy
Registered Office: 275 Borough High Street, London SE1 1JE
Company registration number: 146343 (England and Wales)
Exempt Charity

Message from the Chair

Over the last 12 months, my colleagues and I on the Board have witnessed first-hand some of the remarkable achievements by all at the University College of Osteopathy. I am incredibly proud to have been part of the recent history which has culminated in University College status and a new forward-facing identity for our institution.

2017 is a particularly significant year in our history, marking 100 years since our founding in 1917. It has been an opportunity to look back and celebrate our many achievements since those early beginnings, and to recognise the journey we have made from a small school offering basic professional training to the leading provider of osteopathic education, research and healthcare we are today. We were honoured that our Chancellor, HRH The Princess Royal, hosted a Centenary Reception at St James's Palace earlier in the year, and thank her for her continued support.

It is also a time to look to the future and to ensure we can continue to develop, improve and drive the profession forward as we embark on our next century. Over the past few years we have been working tirelessly to position the UCO for the challenges and opportunities ahead, gaining Taught Degree Awarding Powers (TDAP) in 2015, followed by institutional designation and University College status in 2016-17. I hope you will agree that it's been the most remarkable period of time for the UCO and I particularly would like to thank the Vice-Chancellor and the Vice-Chancellor's Group for their continued commitment to the success of the UCO.

In this, our first year as an independent Higher Education Institution, we have recognised the responsibility of TDAP and have chosen to utilise our new degree awarding powers cautiously, ensuring as a priority that all current courses have been reapproved as UCO courses. We have also undertaken our first collaborative arrangement with the Osteopathic Centre for Animals approving a Postgraduate Certificate in Animal Osteopathy.

We are aware that planning for the future is a continual process and that we must be able to respond and adapt to the constantly evolving landscape of the higher education sector and the changing needs of the wider world. We are confident that the aspirational and robust framework provided within the new strategic plan for 2017-2022 will ensure that the UCO will continue to thrive in the uncertain but exciting period that lies ahead.

The UCO will continue to pursue excellence in all it does and we aim to empower our students and staff to shape their own future and shape the future of the UCO. We have ambitious plans to ensure continued growth in our stature, reputation and influence, we aim to achieve a step change in our performance and safeguard our academic, financial and environmental sustainability.

I would like to end by thanking everyone who has made this extraordinary year at the University College of Osteopathy possible. We look to the future with enormous anticipation.



Professor David Barrett
Chair of the Board



Who we are and what we do

Formerly the British School of Osteopathy, the University College of Osteopathy (UCO) has been a leading provider of osteopathic education, research and healthcare for 100 years, playing a significant role in championing osteopathy and furthering the profession both in the UK and internationally.

Formed in 1917 by John Martin Littlejohn, a former student of Andrew Taylor Still, the founder of osteopathy, the UCO has grown from a small school delivering basic professional training to a highly-respected University College attracting students from around the world.

Over the past century the UCO has relocated several times to accommodate its growth, settling in its current location on Borough High Street in London in 1998, and has continuously developed its academic provision to reflect the latest evidence and research and to adapt to osteopathy's evolving role in the healthcare arena.

Our Chancellor, HRH The Princess Royal, has been an advocate for the UCO since 1984, and continues to attend every student graduation to this day.

Today, our graduates make up approximately 40% of practicing osteopaths in the UK and occupy significant positions within the osteopathic and wider healthcare community, including leadership roles at the General Osteopathic Council, the Institute of Osteopathy and internationally.

In 2016, after an intensive period of review by the Quality Assurance Agency for Higher Education (QAA), we became the only osteopathic education provider in Europe to be granted the power to award our own degrees and to apply for University College title, which is protected by law (see page 11).

Our teaching clinic, the UCO Clinic, delivers high-quality osteopathic healthcare for a wide range of patients through its main site on Southwark Bridge Road and a number of specialist clinics in the community. All treatment is subsidised, with some delivered free of charge.

“A world-renowned, centrally located [University College] which seeks to teach its students to be diagnostically driven osteopaths.”

Carl, student, full-time M.Ost course

What we do

The UCO:

- Provides accredited and validated osteopathic education programmes both at undergraduate and postgraduate level, as well as continuing professional development courses for qualified practitioners including:
 - Access to Higher Education Diploma (Osteopathic Sciences & Healthcare);
 - Integrated Masters in Osteopathy (M.Ost): full-time;
 - Integrated Masters in Osteopathy (M.Ost): part-time;
 - MSc in Osteopathy (Pre-Registration) for qualified healthcare professionals;
 - Postgraduate Certificate in Academic and Clinical Education ;
 - Postgraduate Certificate in Specialist Paediatric Osteopathic Practice;
 - Postgraduate Certificate in Animal Osteopathy (delivered by the Osteopathic Centre for Animals); and
 - Postgraduate Certificate in the Integrated Theories of Care of the Osteopathic Paediatric Patient
- Delivers practical training to enhance the quality and management of osteopathic care given to patients.
- Provides osteopathic treatment at affordable prices in our purpose built, fully-accessible teaching clinic.
- Offers osteopathic healthcare free of charge to patients via our portfolio of award-winning community outreach clinics, serving members of the community who might otherwise not be able to access or afford osteopathic treatment, including homeless people or older people in their home environments.
- Maintains a commitment to support osteopathic research, to facilitate continuous improvement in professional practice and contribute knowledge to the wider community.

“It provides the most comprehensive clinical education while encouraging you to be proactive and engage with your subject.”

Chloe Spencer, second year M.Ost part-time student

Our mission, vision and values

Our mission, vision and values guide how we make our decisions and how our staff, students and stakeholders work with each other.

Our mission

Continually provide the highest quality education and research for all and the very best care, for each patient, on every occasion.

Our vision

By 2027, the University College of Osteopathy will be an internationally recognised university for both education and research in osteopathy and associated health care subjects; a vibrant community of staff and students keen to explore and exploit new ideas and challenge existing views, whose work will positively influence the quality of health care and shape future clinical practice locally, nationally and internationally.

Our values

Full realisation of our mission can only be achieved with the collaboration of everyone in the organisation. Individual attitudes and behaviour are key to the UCO's success. We adhere to a set of values that guide what we do and provide a clear statement to those we work with of our standards and expectations. We value:

- Our community of staff, students and patients taking pride in our achievements, commitment and contribution;
- A culture of critical enquiry, scholarship and research;
- A respect for the heritage and values of osteopathy;
- Ambition, innovation, creativity and enterprise;
- Equal opportunity, diversity and inclusion;
- A culture of openness and honesty;
- A culture of collaboration, teamwork and partnership;
- A desire for environmental sustainability; and
- Academic excellence in all that we do.

Our aims, objectives and strategic priorities

The aims and objectives of the University College of Osteopathy as set out in our articles are to:

- Promote the general advancement of education, professional and otherwise;
- To organise and establish courses of instruction, clinical demonstration and research;
- To prepare and qualify those who wish to maintain and practise the system of osteopathy;
- Encourage and if necessary provide means of disseminating information regarding osteopathy among the osteopathic profession, and to extend the advantages of the profession to the public;
- Provide facilities for the discovery, formulation and teaching of the system of osteopathy formulated as a system, science, or method of treatment;
- To systematise and place on a scientific basis the said system, and to impart instruction in the same to the profession and to the public; and
- Provide excellent, affordable and accessible osteopathic healthcare to our communities, so promoting the benefits of osteopathy and improving clinical services and enhancing those communities' health.

2016-17 strategic priorities

For 2016-17, the UCO agreed the following strategic priorities:

- To prepare the institution for the implementation of degree awarding powers;
- To prepare for statutory returns following institutional designation;
- To prepare for the Teaching Excellence Framework (TEF);
- To review the branding of the institution;
- To develop the UCO estates strategy to take account of the diminishing lease on the Borough High Street site;
- To further develop research and scholarship at the UCO; and
- The recruitment of further students.

Statement on public benefit

In setting our objectives and planning our activities our Board members have given consideration to the Charity Commission's guidance on public benefit as required by HEFCE's Memorandum of Assurance and Accountability and the Charities Act 2011. The UCO provides public benefit principally through the teaching of undergraduate and postgraduate students and providing osteopathic treatments to patients.

The Board ensures that this purpose is carried out for the public benefit by delivering services that are valued by students and patients and by providing services that are accessible to all through bursary and non-commercial fees for clinical treatment. The structure of the Annual Report allows the UCO to report on the strategic aims, to explain its activities and achievements during the year and to show how these demonstrate public benefit.



Our year

Following the milestone achievements of 2015, which included the granting of Degree Awarding Powers by Privy Council and the awarding of Designated Status, the UCO has spent 2016-17 preparing for and implementing its new responsibilities as a designated higher education institution.

A considerable amount of work has been undertaken to develop and implement new processes to support our new status as an independently funded University College and to enable us to validate our own degrees and those of other providers.

Progress has also been made towards the long-term sustainability of the University College of Osteopathy, in this, our centenary year, with a change of name and rebranding exercise, continued developments to the UCO's estates strategy, and initial explorations around widening our portfolio of courses all underway.

Taught degree awarding powers (TDAP)

For the first time in the UCO's century long history, we now have the power to award our own qualifications, without the approval of another institution, and our 2016-17 graduates will be the first to receive a degree from the UCO.

In preparation for this significant change our academic team have spent the past three years undertaking a full-scale review of our M.Ost programmes, and the resulting new qualification was approved in May 2016.

Following this, all our pre-registration programmes have been assessed and approved by the QAA on behalf of the General Osteopathic Council (GOsC), to ensure they meet the standards as defined by the GOsC to enable students completing the qualification to apply to register to practise as an osteopath. The approval event took place in May 2016 and the outcome of the report was RQ renewal with no conditions attached. The report can be viewed at <http://www.osteopathy.org.uk/training-and-registration/becoming-an-osteopath/training-courses/#BSO>

In addition, the UCO is now able to approve other providers' courses and approved the first of these, a Postgraduate Certificate in Animal Osteopathy run by the Osteopathic Centre for Animals, this year.

While osteopathy will always be at the heart of what we do, a number of proposed changes to our Articles were approved at our AGM in June 2016 which will potentially allow us to incorporate and validate other allied healthcare courses in the future. The revisions will be formally agreed by Privy Council in September 2017. This is an exciting area for development for the UCO and we will begin to explore opportunities to diversify our portfolio in 2017-18.

Teaching Excellence Framework (TEF)

As a small, specialist provider with big ambitions the UCO welcomed the chance to reflect on our performance and the outcomes for our students and voluntarily opted in to the Teaching Excellence Framework in 2016.

The Teaching Excellence Framework (TEF) is a scheme for recognising excellent teaching, in addition to existing national quality requirements for universities, colleges and other higher education providers. It provides information to help prospective students choose where to study. The awards cover undergraduate teaching only. Participating higher education providers receive a gold, silver or bronze award reflecting the excellence of their teaching, learning environment and student

outcomes. The ratings are awarded by a panel looking at a range of measures centred on 'teaching quality', 'learning environment' and 'outcomes'.

Following consideration by the TEF panel the UCO was awarded a Bronze rating in June 2017. The panel noted a number of strengths in our submission including:

- Excellent outcomes for some students with regard to progression to highly skilled employment;
- Small staff-student ratios and intensive group study hours that enable the UCO to provide a highly personalised student experience;
- An institutional culture that facilitates, recognises and awards excellent teaching; and
- Investment in specialist teaching and learning accommodation, equipment and library provision, in particular in digital and online learning technology.

However, it did also highlight an issue with student retention rates between Years 1 and 2; an issue the UCO has already identified and begun to address as we work towards achieving a Silver award in the future.

Rebranding as the University College of Osteopathy

In another significant moment for the institution, Privy Council has also approved a name change from the British School of Osteopathy to the University College of Osteopathy, which has been in effect since September 2017.

While we are very proud of our rich history and reputation as the British School of Osteopathy, the recent developments of TDAP and Designated Status presented us with an opportunity to evolve and embrace a new identity which both better reflects our new status and positions us for further growth and development.

Brand experience agency IE Brand were engaged to support us with the rebrand, leading us through an extensive review and consultation process during which various options were considered. At the end of this process there was overwhelming support from our stakeholders for a name change to the University College of Osteopathy. A formal application for the name change was made to HEFCE and this was granted by Privy Council in July 2017.

Alongside this, work also began on preparing for the launch of the new name and visual identity, including the development of two new websites – www.uco.ac.uk and www.clinic.uco.ac.uk and a range of new marketing materials. The rebrand encompasses the UCO's award-winning osteopathic teaching clinic, to be known as the University College of Osteopathy Clinic, or UCO Clinic going forward.

A launch date was agreed for 18 September 2017 to coincide with the start of the new academic year.

“I am delighted to congratulate the BSO on becoming a University College. One of the great strengths of UK higher education is its diversity. Specialist institutions like the University College of Osteopathy are a hugely important part of that.”

Gordon McKenzie, Chief Executive, GuildHE

Development of research and scholarship

In 2016-17 we have further enhanced our support for faculty members developing their research and scholarship activities by funding and promoting conference attendance and presentation of original work at national and international events. The UCO also initiated and hosted a themed educational conference entitled 'Professionalism and Professional Boundaries: an Institutional Challenge' which attracted international delegates and speakers.

We have progressed with our aim to evaluate its clinical services and have completed pilot work to implement patient reported outcome measures within the general clinic. This work will be developed further over the next year.

We have continued to deliver a Professional Doctorate in Osteopathy with the University of Bedfordshire and are delighted that three doctorates have been successfully completed. One of the awards was achieved by a member of faculty and we continue to support several members of staff on doctoral programmes of learning. A review of our continuing professional development programme has been completed and we are looking forward to implementing a new structure and programmes of learning to serve community and our own staff over the coming period.

Significant contributions to wider policy and the osteopathic profession are being supported by the UCO with members contributing at board and committee level to international and national osteopathic committees and organisations. Faculty members have also contributed to national clinical guideline development and national clinical pathway development for back pain and sciatica.

Developing our estates strategy

We continue to review our estates strategy using professional advisors Grant Monger Godfrey, who have been advising the UCO for many years. We have entered into discussions with our landlords, Trinity House and are exploring possible other sites within the Borough. While the exciting plans for relocation or redevelopment are in progress, the Estates team has been working hard to ensure that during the interim period our buildings are maintained to a good standard and improved where possible with plans to refurbish the student areas ready for the new academic year.

Celebrating our centenary

The UCO reached its centenary year in 2017. We celebrated this important anniversary with a series of special events throughout the year, the highlight of which was a Centenary reception at St James's Palace hosted by our Chancellor, HRH The Princess Royal. The event, which was generously sponsored by The Alan and Sheila Diamond Trust, was a celebration of the UCO's past, present and future, bringing together staff, students, alumni, supporters and key figures from osteopathy and higher education, who attended from around the world.

A larger summer Ball to celebrate the centenary was held at the Bankside Hilton SE1 and was attended by 320 guests who were made up of students, staff and alumni.

We also welcomed Jason Haxton, Director of the Museum of Osteopathic Medicine in America, who attended the UCO to present a special Littlejohn Lecture on the important role the UCO's founder, Dr John Martin Littlejohn, played in establishing osteopathy in America and the UK.

An education conference has also been planned for December 2017.

Recruitment of students

The UCO's favourable reputation is reflected in the consistently high number of applications received for the number of course places available for its undergraduate and postgraduate courses. For the past six years, and over the past three years for postgraduate courses, it has averaged approximately three applications for each of its places.

Total enrolled student numbers for 2016-17 (as of the start of the academic year) were as follows:

Access to Higher Education Diploma	33
M.Ost Undergraduate programme (full and part-time)	438
Postgraduate programmes	108

Although the UCO recruited well to all other courses, it struggled to meet its target for the 2016-17 intake of the full-time M.Ost course. There were a number of factors contributing to this, including an overall decline in applications across the HE sector as a whole, and a declining number of 18 year olds in the UK population. The UCO is aware of these issues and is implementing plans to address them in the future.

UCO courses have been actively marketed via the website and digital media platforms, including core information as specified by the Key Information set, providing accurate, comparable information to help prospective students compare programmes and institutions. The UCO also participated in a number of outreach and recruitment events throughout the year including careers fairs and higher education events.

The UCO continues to hold regular Open Day events to provide prospective students the opportunity to visit, tour the teaching and clinical facilities and meet with staff and current students. In 2016-17 the admissions and marketing teams have reviewed and refined the structure and content of these with the input of current students and a competitor analysis and introduced follow up communications with attendees. These events were generally well attended and attracted students from across the UK and overseas.

Providing fair access to osteopathic education

As part of the UCO's Widening Participation Strategy we have been attending a variety of events throughout the year aimed at reaching under-represented groups. These have included talks and taster sessions at local schools in partnership with the Intu university group, talks at Better Bankside and Newham College, and a presence at Opportunity Thurrock, a careers and further education expo attended by 2,000+ students.

The UCO continues to provide financial support for students in financial hardship through a range of funds and bursaries. In 2016-17 a total of £56,196 was awarded to 100 students, an increase on total awards of £38,950 to 51 students in 2015-16.

Providing quality healthcare

The UCO's teaching clinic has continued to provide osteopathic care to a wide range of patients across a range of different services, delivering 32,515 appointments in 2016-17, with an average of 583 new patient appointments and 2,126 returning patient appointments each month.

In addition to our general and demonstration clinics which are open to all patients, we have also continued to offer a number of specialist clinics for specific patient groups, including children, patients with persistent pain, expectant mothers, patients living with HIV and patients with sports injuries; all of which were delivered at our purpose-built facilities on Southwark Bridge Road.

We also continued to support our community clinics, providing accessible osteopathic care within the community to those who may otherwise be unable or unlikely to access it. Our community clinics have provided services to homeless patients at

the Manna Centre, elderly patients at Lucy Brown House and Blackfriars Settlement, NHS patients at East Street GP clinic, children at 1st Place children's centre, and patients at The Royal Free hospital receiving support from the HIV care team.

Clinic fees have remained highly competitive, with all patient fees at the UCO Clinic heavily subsidised compared to patient fees in private practice. Our fees are structured to enable us to provide different services to different groups and ensure that the treatment we offer is widely accessible to all. Full appointment fees have remained at £25 per appointment, with concessionary fees set at £13. We have also continued to offer a discounted rate of £19 to our community partner organisations. All of our clinics within the community as well as our clinics for children and people living with HIV are offered free of charge.

Appointments for our Associates Clinic, which is delivered by qualified UCO graduates, are charged at the slightly higher rate of £40, although this is still competitive when compared to fees charged within private practice. The Associates Clinic provides a valuable opportunity for our recent graduates to begin their professional practice within a familiar, supportive and professional environment, and is growing year-on-year, with over 5,000 Associate consultations provided to new and ongoing patients in 2016-17.

“Very thorough process and diagnosis – really take time to understand your symptoms and general health. Great service which benefits students and patients alike.”

UCO Clinic Patient, 2016

Our commitment to sustainability

The UCO sets targets and goals for improved environmental performance and reducing the institution's carbon footprint. New recycling facilities were implemented in 2016 and we were delighted to be awarded a Gold Standard award for recycling by Better Bankside, with over 14,375 kgs of recycling offsetting 20.1 tonnes of carbon dioxide.

Fundraising and sponsorship

The UCO is very grateful for the gifts and legacies it receives which support the work we do to develop the profession and to ensure osteopathic care is widely accessible to all. Thanks to the generous support of the following donors this year we have, amongst other things, been able to continue to offer free-of-charge clinics to disadvantaged and vulnerable members of the community, including older people, homeless people and children; and have continued to offer our newly graduated students the opportunity to practise in our Associates Clinic, providing them with ongoing mentoring and support as they make the transition into professional life.

The Hobson Charity (£15,000), Alan and Sheila Diamond Charitable Trust (£10,000), Enton Hall Foundation (£14,730), Sobell Foundation (£5,000), Joseph Strong Frazer Trust (£2,000), William Allan Young Trust (£1,000) and the Swire Trust (£2,500). Donations were also made through Golf events by Mr MG Gillard (£1,000) and Michael Bennett Ltd (£3,000).

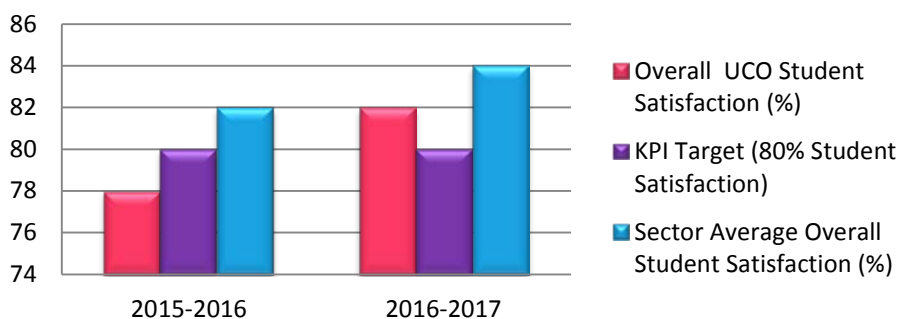
We were also very grateful to receive legacies from Mrs E Wilsmer (£63,513) and Mrs E L Marjorie Smith (£11,680).

Key performance indicators

The Board and Senior Management Team monitor the UCO’s performance on a regular basis. Key performance indicators (KPIs) are agreed by these committees and relate to the UCO’s strategic priorities. Our students are at the heart of what we do, with student recruitment, retention and the quality of the student experience all key priorities in 2016-17.

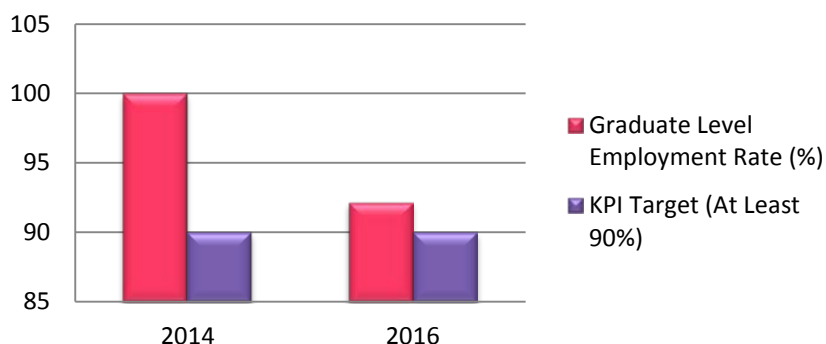
Overall student satisfaction

According to 2017 National Student Survey (NSS) data student satisfaction at the UCO increased compared to last year and was just 2% lower than the sector average. The UCO will continue to work closely with its student population to ensure that their experience continues to be positive and comparable with the sector average.



Graduate employment

According to the 2016 Destination of Leavers from Higher Education (DLHE) data, 92.2% of UCO students were in employment or in further study six months after graduation, exceeding our KPI of 90% within this area. This is a very positive result for the UCO and demonstrates that our graduates continue to be highly employable within the osteopathic profession shortly after graduating.



Student applications

We are dedicated to providing students who wish to pursue a career in osteopathy with the opportunity to do so and to help them achieve their potential.

Although applications for our undergraduate programmes have seen a decline in 2016-17, which has been reflected across the sector, 40% of our full-time applicants and 71% of our part-time applicants went on to join the course. This increase in applicant to student conversions suggests that prospective students feel informed and confident about our offer and that we remain the provider of choice.

Percentage of faculty with postgraduate teaching qualifications

The UCO is dedicated to providing necessary and appropriate training to all staff members to ensure that we can offer our students high-quality teaching and to enable staff to achieve their potential within their careers. More than 90% of our teaching faculty are qualified and in practice as registered osteopaths. All teaching staff without a postgraduate teaching qualification are required to undertake our Postgraduate Certificate in Academic and Clinical Education within two years of their appointment to provide them with additional skills as educators. To date 57% of our teaching faculty have been awarded this qualification with a further 20 faculty members currently undertaking it, close to achieving our KPI target of 60%.

Student access to technology

The UCO is keen to ensure that our technology (our computing facilities, virtual learning environment, online library etc.) continues to be fit for purpose for our students. According to NSS data from the previous two years the majority of our students (at least 90%) reported that they were able to access IT resources when they needed to and last year 77.6% reported that the IT resources and facilities we provided supported their learning well. This result is just below our KPI of achieving at least 80% satisfaction but we will continue to work towards enhancing our technology provision for our students.



Financial review

The financial results for 2016-17 show a strong performance with the UCO achieving a surplus of £583k (2016: £377k).

Statement of comprehensive income

Total income increased by £14k (0.3 per cent) from £5,456k to £5,470k, compared to an increase of 10.6% in 2015-16.

Tuition fee income increased by 5.3 per cent over 2015-16. Student numbers have remained static with a slight decrease of 3 FTE to 392 FTE. The increase in income is mainly due to new course validations in the UK and Milan in 2016-17. The grant income from HEFCE increased by £515k to £1,013k. In 2015-16, the UCO was in a collaborative agreement with the University of Bedfordshire and was only entitled to the core subject funding and none of the targeted allocations including the allowance for students attending courses in London. Donations decreased by £611k to £174k, largely as a result of the UCO receiving a significant legacy of £615k in 2015-16, of which £100,000 was restricted as a prize fund. In 2016-17 it was agreed with the executor of this legacy that this prize fund would increase by £100,000, and a further £200,000 should be spent on improvements or redevelopment of the building on Borough High Street.

Total expenditure fell from £5,079k to £4,887k, mainly due to the significant investment in the UCO's website and rebrand and its management information systems during 2015-16. Overall staff costs have remained static.

Balance sheet

The balance sheet saw growth during the year in total assets from £10,255k to £10,466k due to the gain on the investment portfolio and the receipt of the remaining balance of the Lutchman Naidoo legacy. Current liabilities reduced by £324k due to the reduction of accrued expenditure and trade payables at the end of the year. Overall net assets increased from £5,189k to £5,913k.

Expenditure on fixed assets was £89k which included the refurbishment of the Student Union, the implementation of a student attendance system, audio visual equipment for teaching rooms and hearing loops in our clinic.

Cash flow

The UCO continues to perform well in generating operating cash flow from £573k in 2015-16 to £1,013k in 2016-17. During the year loan repayments were £183k and the UCO paid interest of £200k. As at 31 July 2017, cash and bank balances held on short-term deposit amounted to £2,511k.

Reserves

The institution continues to maintain healthy reserves of £5.9m (2016: £5.2m). £5.2m are held as unrestricted reserves mainly in fixed assets (£2.7m). However, it is recognised that these reserves will be necessary not only to ensure cover for the working capital requirements (£0.4m) and to manage major unmitigated risks (£0.5m) but also for investment as follows:

- Investment in our estate strategy – the current premises in Borough High Street have a diminishing lease which expires in 2059. Therefore the Board is considering options for redevelopment of our existing premises as a joint venture or purchasing a new building. The Board is exploring costs to establish the reserves required for this purpose.

The Board and senior management are currently implementing a strategic plan to 2022 and are also looking beyond that point to identify the reserves to meet future needs.

Investment policy and performance

The Board's policy, in view of the short term nature of most of the funds currently available is that cash surplus to current operational needs may go on short or longer term investment, as may be appropriate, and that any such investment must be low to medium risk, and meet or exceed the recognised benchmark of the ARC CharitySteadyGrowth GBP TR.

Investments must be ethical as defined by the Board by reference to the UCO's declared objectives. The ethical policy states that there should be no direct holding of investments in pharmaceutical or tobacco companies, and that the percentage of these industry types in managed funds should not exceed 5% of the managed fund total.

The policy provides the terms and performance by which the investment managers must operate and the review process. The Board takes professional advice on investments from an investment manager. Realised gains on investments during the year amounted to £22k (2016: £4k) and unrealised gains were £119k (2016: £23k loss).

Statement of corporate governance and internal control

The University College of Osteopathy aims to achieve the highest standards of governance and Board continually reviews its governance arrangements to ensure that they are in line with the Higher Education Code of Governance as issued by the Committee of University Chairs (CUC) in December 2014. The UCO is committed to following best practice in all aspects of corporate governance and has adopted the core values and principles set out in the Code.

The University College of Osteopathy (formerly the British School of Osteopathy) was founded on 7 March 1917 and is a charitable company limited by non-equity share capital (company no. 146343), authorised to omit the word 'limited' from its name by licence granted under Section 60(1) of the Companies Act 2006.

On 24 July 2017, in pursuance of section 129B of the Education Reform Act 1988 as amended, the Privy Council approved the revised Articles of Association of the UCO. This included the new name of the University College of Osteopathy which took effect from 1 September 2017. The UCO's Chancellor is HRH The Princess Royal, Princess Anne.

The only benefits attributed to share ownership, as stated in the Articles of Association, are membership voting rights and the return of paid-up share capital in the unlikely event of the company's liquidation by the membership. The liability of members is limited to £1 per share. The company was registered with the Charity Commission for England and Wales on 18 June 1963 (charity no. 312873) and became an exempt charity registered with the Higher Education Funding Council for England in November 2015.

Board

The Board is the UCO's governing body and is responsible for the finance and property of the organisation. It meets four times a year and is responsible for determining the mission and the strategic direction, delegating the day-to-day operations of the organisation to the Vice Chancellor, the Vice Chancellor's Group and the Senior Management Team. The Board also has overarching responsibility for the UCO's system of internal control and for reviewing its effectiveness. The Board has undertaken a self-assessment against the CUC Governance Code and is satisfied that the governance of the UCO is consistent with its provisions, including the 'seven primary elements of governance' it identifies.

The Board's rolling agenda is reviewed annually and seeks to:

1. Approve the strategic plan and the key performance indicators of the organisation;
2. Monitor and evaluate the performance and effectiveness of the UCO against approved key performance indicators;
3. Ensure the establishment and monitoring of systems of internal controls and risk assessment;
4. Ensure that proper accounts are kept, to approve the annual budget and financial statements, and to have overall responsibility for the UCO's assets, property and estate;
5. Monitor and evaluate the Board's effectiveness; and
6. Safeguard the reputation and values of the UCO.

Board committees

The Board has various sub-committees which operate under specific terms of reference approved by the Board. The Board annually reviews the committees and their members to ensure there is a balanced range of skills.

The following committees act in an advisory capacity to the Board:

- Audit and Risk Committee
- Finance and Estates Committee
- Fundraising Committee
- Nominations Committee
- Remuneration Committee

The Audit and Risk Committee (ARC) meets four times a year. It is responsible for advising the Board on the appointment or dismissal of internal and external auditors; to review the effectiveness of internal control mechanisms; to consider audit reports from the internal and external auditors and management's response to those reports; to review the arrangements for the identification and management of risk and to review the UCO's annual report and financial statements before their submission to the Board. The Committee makes an annual report to the Board which is submitted to the Higher Education Funding Council (HEFCE) in accordance with its Memorandum of Assurance and Accountability and Audit Code of Practice.

The Finance and Estates Committee meets four times a year and monitors financial performance, investment performance, sustainability, financial viability and estate strategy.

The Fundraising Committee normally meets four times a year and reviews the fundraising strategy to ensure that the direction accords with the UCO's wider strategic objectives. It also identifies individuals, trusts and organisations that may support the organisation's fundraising objectives.

The Nominations Committee meets as required each year to review the composition of the Board and recommend the appointment of members via the Annual General Meeting or through co-option.

The Remuneration Committee meets as required each year to set annual performance measures for the Vice Chancellor and to assess his or her performance over the previous year. The Committee determines the policy for the Vice Chancellor's total remuneration and benefits, including performance-related pay and bonus payments, and also for the Vice Chancellor's Group.

Academic council

The Academic Council is chaired by the Vice Chancellor and is the ultimate academic authority of the UCO. It is responsible for ensuring the academic standards of the HEI and promoting, regulating and directing the academic work of the UCO, including teaching and research. It oversees academic management and all aspects of quality and standards associated with the UCO. The Academic Council is the forum in which the strategic academic development of the organisation is debated, critically reviewed and proposed to the Board for approval. Membership of the Academic Council is representative of the whole of the organisation, and includes elected student representatives and elected staff representatives. Two members of the Academic Council are external; they are not employed by the UCO and their membership provides an external higher education perspective that is valuable for a small specialist institution.

Risk management and internal controls

The Key objective of the UCO's risk management activities is to ensure that policies and procedures are in place to manage risks and opportunities and therefore enable it to meet its strategic objectives. The Audit and Risk Committee provides impartial advice to the Board on the discharge of the Board's responsibilities for the effectiveness of risk management, internal control and management systems, and for the economy, efficiency and effectiveness with which the UCO's activities have been discharged.

All significant risks inherent to the UCO's business are identified, assessed and managed as part of this process. The key objectives of the Risk Management policy are to ensure a consistent basis for the identification, measurement, control, monitoring, follow-up and reporting of risk across the institution, based on the UCO's agreed appetite for risk.

The Board is assured that the identification and management of risk is an ongoing process linked to the achievement of institutional objectives. Each department is required to produce its own risk register and the Head of Department is responsible for ensuring that the register is produced, regularly monitored and updated for the Senior Management Team in accordance with the Risk Management Cycle. A consistent methodology for measuring and scoring risks is applied throughout the organisation and risks are recorded in the standard template.

High Level Strategic risks are identified by the Vice Chancellor's Group in consultation with the Senior Management Team, and High Level Risk action plans are considered by the Audit and Risk Committee and reported to the Board.

The Board recognises that the application of risk management processes cannot eliminate all risk exposure, especially during a time of enormous change in the HE Sector and within the UCO. Brexit has also created an uncertain environment in which all Higher Education Institutions are striving to improve their competitive performance including their intake and retention of students.

Legal and administrative details

The members of the Board who served during the year and up to the date of signing these financial statements are listed below:

Independent Board Members

Professor David Barrett	Chair of the Board, Chair of Nominations Committee, Chair of Remuneration Committee, Fundraising Committee
Azlina Bulmer	Vice-Chair of the Board, Chair of Finance & Estates Committee
Anthony Bickmore (Appointed Sep 2016)	Finance & Estates Committee
Alex Bols	Audit & Risk Committee / Nominations Committee
Ann Clayton	Finance & Estates Committee
Gael Dundas (Appointed Jun 2017)	
Andrew Kent	Fundraising Committee
Professor Raymond Lee	
Professor Mary Lovegrove (Resigned Jun 2017)	
Isabel Nisbet	Audit & Risk Committee / Remuneration Committee
Richard Salter (Appointed Sep 2016)	
Jackie Westaway (Appointed Jun 2017)	

Osteopathic Staff Board Members

Fatimah Ayoade	
Charles Hunt	Vice Chancellor, Finance & Estates Committee, Fundraising Committee, Nominations Committee
Francesca Wiggins	Academic Council Representative

Student Board Members

Grace Newman (Resigned Jun 2017)	Board Member (Student)
Aidan Twomey (Appointed Jun 2017)	Board Member (Student)

Other Advisors regularly in attendance

Sean Bonnington	Chair of Fundraising Committee
Carol Reid	Chair of Audit & Risk Committee
Richard Savage	Audit & Risk Committee
Michael Wright	Finance & Estates Committee

Company secretary and clerk to the Board

Heather Batten

Senior management team

The Vice Chancellor's Group and Senior Management Team (SMT) are responsible for the day-to-day operation of the company. The members of the VC Group and SMT during the year were as follows:

Charles Hunt	Vice Chancellor
Sharon Potter	Deputy Vice Chancellor (Education)
Steve Vogel	Deputy Vice Chancellor (Research)
Heather Batten	Head of Quality
Laura Calvert	Head of HR
Jessa Harris	Head of Marketing and Communications
Philip Heeps	Academic Registrar
Simeon London	Chair of Pre-Registration Education Portfolio Board
	Dean of Academic Development
Ian Maguire	ICT Manager
Elizabeth Sharma	Head of Estates
Joanna Smith	Finance Director
Francesca Wiggins	Head of Clinical Services

Professional advisors

External Auditors	Buzzacott LLP, 130 Wood Street, London, EC2V 6DL
Internal Auditors	UNIAC, 4 th Floor St James' Building, Oxford Street, Manchester, M1 6FQ
Bankers	Barclays Bank Plc, 1 Churchill Place, London, E14 5HP
Solicitors	Russell-Cooke LLP, 2 Putney Hill, Putney, London, SW15 6AB Shakespeare Martineau LLP, No 1 Colmore Square, Birmingham, B4 6AA
Investments	Rathbone Investment Management, 28 St Andrew Square, Edinburgh, EH2 1AF

Statement of primary responsibilities of the Board

The Board is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the Board to prepare financial statements for the University College of Osteopathy for each financial year.

The financial statements must be prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), and are required to give a true and fair view of the state of affairs of the institution and of the income and expenditure of the institution for the year.

In preparing the financial statements the members of the Board are required to:

- select the most suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the institution will continue in business.

The Board is responsible for ensuring that the institution has appropriate systems of controls, financial and otherwise. They are also responsible for keeping 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 Companies Act 2006, the Charities Act 2011 and regulations made there under. They are also responsible for safeguarding the assets of the institution and ensuring their proper application under charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the financial information included on the institution's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions. The Board have confirmed that so far as they are aware, there is no relevant audit information of which the institution's auditors are unaware, and that they have taken all the steps that they ought to have taken as members of the Board in order to make themselves aware of any relevant audit information and to establish that the institution's auditors are aware of that information.

Appointment of auditors

The UCO undertook market testing during 2016-17 to comply with the HEFCE Audit Code of Practice and decided to change its auditors based on their expertise with smaller Higher Education Institutions. The Board would like to thank Mazars for all their support over the past seven years. A resolution for the appointment of Buzzacott LLP was agreed at the Annual General Meeting held on 21 June 2017. The accounts were approved and authorised for issue by the Board of Directors on 22 November 2017 and signed on behalf of the Board.



Professor David Barrett
Chair of the Board
22 November 2017

Independent auditor's report to the members

We have audited the financial statements of the University College of Osteopathy (the 'Institution') for the year ended 31 July 2017 which comprise the statement of comprehensive income and expenditure, the statement of changes in reserves, the balance sheet, the 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Institution's members 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 Institution and the Institution's members, for our audit work, for this report, or for the opinions we have formed.

In our opinion:

- the financial statements give a true and fair view of the state of the Institution's affairs as at 31 July 2017 and of its surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for further and higher education, and relevant legislation;
- in all material aspects, funds received for specific purposes administered by the Institution have been applied only for the purposes for which they were received, and managed in accordance with relevant legislation;
- in all material aspects, funds from the Higher Education Funding Council for England administered by the Institution have been applied only for the purposes for which they were received; and
- the requirements of HEFCE's Accounts Direction to higher education institutions have been met.

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 Institution in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The board members are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the board members' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the board members' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Institution and its environment obtained in the course of the audit, we have not identified material misstatements in the board members' report including the strategic report.

We have nothing to report in respect of the following matters which we are required to report to you if, in our opinion:

- the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the Institution;
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of board members

As explained more fully in the board members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members 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 members are responsible for assessing the Institution'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 members either intend to liquidate the Institution or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of 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.

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.



Katharine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

22 November 2017

Statement of comprehensive income and expenditure

	<i>Notes</i>	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Income			
Tuition fees and education contracts	1	3,564	3,386
Funding body grants	2	1,013	498
Research grants and contracts	3	2	5
Other income	4	705	758
Investment Income	5	12	24
Donations and endowments	6	174	785
Total Income		5,470	5,456
Expenditure			
Staff costs	7	3,163	3,159
Other operating expenses	9	1,265	1,462
Depreciation	10,11	259	246
Interest and other finance costs	8	200	212
Total expenditure		4,887	5,079
Surplus before other gains, losses and share of operating surplus		583	377
Gain/(Loss) on investments		141	(19)
Total comprehensive income for the year		724	358
Represented by:			
Endowment comprehensive income for the year		-	-
Restricted comprehensive income for the year		308	100
Unrestricted comprehensive income for the year		416	258
		724	358

All items of income and expenditure arise from continuing operations.

Statement of changes in reserves

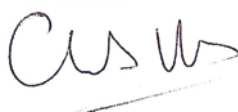
	Income and expenditure account			Share Capital	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
Balance at 1 August 2015	12	247	4,571	1	4,831
Surplus from the income and expenditure statement	-	106	252	-	358
Release of restricted funds spent in year	-	(6)	6	-	-
Total comprehensive income for the year	-	100	258	-	358
Balance at 1 August 2016	12	347	4,829	1	5,189
Surplus from the income and expenditure statement	-	8	716	-	724
Transfer between funds	-	300	(300)	-	-
Total comprehensive income for the year	-	308	416	-	724
Balance at 31 July 2017	12	655	5,245	1	5,913

Balance sheet as at 31 July 2017

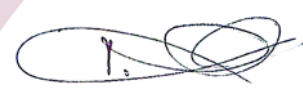
	Notes	2017 £'000	2016 £'000
Non-current assets			
Intangible assets	10	31	39
Tangible fixed assets	11	6,715	6,877
Investments	12	909	694
Social Investments	13	88	97
		7,743	7,707
Current assets			
Trade and other receivables	14	212	577
Cash and cash equivalents	20	2,511	1,971
		2,723	2,548
Less: Creditors: amounts falling due within one year	15	666	990
		2,057	1,558
Net current assets		9,800	9,265
Total assets less current liabilities		9,800	9,265
Creditors: amounts falling due after more than one year	16	3,887	4,076
		5,913	5,189
Total net assets		5,913	5,189
Share capital	17	1	1
Restricted Reserves			
Income and expenditure - endowment reserve	18	12	12
Income and expenditure - restricted reserve	19	655	347
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		5,245	4,829
		5,913	5,189

The financial statements of the University College of Osteopathy, company registration number 146343 were approved by the Governing Body on 22 November 2017 and were signed on its behalf by:

Charles Hunt
Vice-Chancellor



Professor David Barrett
Chair of the Board



Statement of cash flows for the year ended 31 July 2017

	Notes	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Cash flows from operating activities			
Surplus for the year		724	358
Adjustment for non-cash items			
Amortisation of intangible assets	10	8	2
Depreciation of tangible fixed assets	11	251	244
(Gain)/loss on investments		(141)	19
Decrease in social investments	13	9	6
Decrease/(increase) in debtors	14	365	(355)
(Decrease)/increase in creditors	15	(330)	133
Adjustment for investing or financing activities			
Investment income	5	(12)	(24)
Interest payable	8	200	196
Capital grant income		(61)	-
Net cash flow provided by operating activities		1,013	579
Cash flows from investing activities			
Capital grant receipts		61	-
Proceeds from the disposal of non-current asset investments		204	168
Investment income		12	24
Purchase of tangible fixed assets		(89)	(159)
Purchase of non-current asset investments		(278)	(91)
		(90)	(58)
Cash flows from financing activities			
Interest paid		(200)	(196)
Repayments of amounts borrowed	16	(183)	(175)
		(383)	(371)
Increase in cash and cash equivalents in the year		540	150
Cash and cash equivalents at beginning of the year	20	1,971	1,821
Cash and cash equivalents at end of the year	20	2,511	1,971

Statement of accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The institution is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

The financial statements are prepared in accordance with the historical cost convention, except for investments which are stated at market value.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Basis of consolidation

As the subsidiary company has been dormant for the current and preceding years and has no material assets or liabilities, the UCO is not presenting consolidated financial statements.

The financial statements do not include the income and expenditure of the Students' Union as the institution does not exert control or dominant influence over policy decisions.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the members to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include the estimation of the useful economic life of tangible fixed assets and intangible assets for the depreciation and amortisation charges, and the estimation of the provision for bad and doubtful debts in relation to student debtors and loans issued.

Assessment of going concern

The members assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Institution to continue as a going concern. The members make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Institution has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Institution's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income recognition

Income from the sale of goods or services is credited to the statement of comprehensive income and expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the statement of comprehensive income and expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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

Grant funding

Funding Council grants are received direct from the Higher Education Funding Council for England and are recognised in income over the periods in which the institution recognises the related costs for which the grant is intended to compensate. Where part of the grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

A small proportion of Funding Council grants are received via the University of Bedfordshire and this income is recognised in the same manner as above.

Grants (including research grants) from non-government sources are recognised in income when the UCO 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 conditions are met.

Clinic income

Income from the clinic is recognised on successful delivery of an appointment. Payment is only made on the day of an appointment and therefore income is recognised on receipt.

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the institution is entitled to the funds. Income is retained within the restricted reserve until such time 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 the institution is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

Restricted donations

The donor has specified that the donation must be used for a particular objective.

Unrestricted permanent endowments

The donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution.

Restricted expendable endowments

The donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution has the power to use the capital

Restricted permanent endowments

The donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the institution is entitled to the funds subject to any performance related conditions being met.

Pension scheme

The UCO operates a defined contribution group personal pension plan whereby it pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

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 the institution. Any unused benefits are accrued and measured as the additional amount the institution expects to pay as a result of the unused entitlement.

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.

Tangible 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.

Land and buildings

Leasehold land and buildings are stated at cost. Costs incurred in relation to land and buildings after the initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the institution.

Leasehold land and buildings are depreciated over 50 years.

No depreciation is charged on assets in the course of construction.

Equipment

Equipment, including computers and software, costing less than £500 per individual item is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Computer Equipment	4 years
General Equipment	5 years
Furniture and Fittings	5 years

Depreciation methods, useful lives and reviewed at the date of preparation of each Balance sheet.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Intangible assets

Intangible assets are amortised over 5 years representing the remaining estimated economic life of the assets. They are subject to periodic impairment reviews as appropriate.

Investments

Investments are stated at market value at the balance sheet date. Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of comprehensive income and expenditure and are credited (or debited) in the year in which they arise.

Social investments

Social investments are investments made directly in pursuit of the charitable purposes of the entity. These are in the form of loans to students and are held at cost, less any provisions to reflect non-recoverability.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice 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.

Debtors

Debtors are recognised at the settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the UCO anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Taxation

The institution is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the institution is potentially exempt from taxation in respect of income or capital gains received within the 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.

The institution receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the institution, are held as a permanently restricted fund which the organisation must hold in perpetuity.

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

Notes to the financial statements

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
--	-------------------------------------	-------------------------------------

1. Tuition fees and education contracts

Full-time undergraduate Home and EU students	1,934	1,946
Full-time postgraduate Home and EU students	82	90
Part-time Home and EU students	1,143	983
Non EU Domicile students	242	234
Other fees and support grants	163	133
	3,564	3,386

2. Funding body grants

Recurrent grant from HEFCE	1,000	-
Recurrent grant from HEFCE received via the University of Bedfordshire	13	498
	1,013	498

3. Research grants and contracts

Grants and other contracts	2	5
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4. Other income

Clinic Income	622	620
Income from Health & Hospital Authorities	-	55
Other income	83	83
	705	758

5. Investment Income

Interest on cash deposits	1	5
Dividends and interest on listed investments	11	19
	12	24

6. Donations and endowments

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
New endowments	-	-
Donations with restrictions	73	101
Unrestricted donations	101	69
Legacy income - restricted	-	100
Legacy income - unrestricted	-	515
	174	785

In 2015-16, a significant legacy of £615,000 was received. Its use in the current and previous financial year has been explained in note 19 to the financial statements.

7. Staff costs

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Salaries	2,862	2,858
Social security costs	233	234
Pension costs	68	67
Total	3,163	3,159

Emoluments of the Vice Chancellor:

	£	£
Salary	136,724	137,065
Benefits	149	142
Pension Contributions	4,097	4,112
	140,970	141,319

Average staff numbers by major category:

	No.	No.
Academic	54	55
Clinic	54	60
Research	4	5
Management & Fundraising	10	11
Facilities & ICT	7	7
	129	138

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the institution. They include the Vice Chancellor, Deputy Vice Chancellor (Education), Deputy Vice Chancellor (Research), Dean of Academic Development, Head of Clinical Services, Finance Director and Corporate Services Director.

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Salary and benefits of key management personnel	545	568

Board members

Due to the nature of the institution's operations and the composition of the Board, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in which a member of the Board may have an interest, including those identified below are conducted at arm's length and in accordance with the institution's financial regulations and procurement procedures. Transactions totalling £23,400 (2016: £29,400) relating to property consultancy took place with Grant Monger Godfrey Chartered Surveyors, a firm in which the special advisor to the Finance & Estates Committee has a major interest. Transactions totalling £17,654 (2016: £13,219) for GuildHE membership took place of which a board member is the Deputy CEO.

The trustees received no remuneration in respect of their services as board members. Certain members of the institution's staff served as board members and received remuneration (including pension contributions) for teaching and management amounting to £73,858 (2016: £54,856).

No board member has received any waived payments from the institution during the year (2016: none).

The total expenses paid to or on behalf of 3 board members was £1,158 (2016: £1,521 to 3 trustees). This represents travel and subsistence expenses incurred in attending committee meetings and events in their official capacity. Expenses incurred by the Vice Chancellor were in the course of his duties.

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
8. Interest and other finance costs		
Loan interest	183	196
Investment management and bank charges	17	16
	200	212

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
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9. Analysis of other operating expenses

Staff related costs	256	287
Facilities & Estates	574	560
ICT	74	187
Materials and consumables	26	41
Services	85	109
Stationery and printing	35	30
Marketing and communications	46	123
Professional fees and subscriptions	130	107
Student awards and bursaries	39	18
	1,265	1,462

Other operating expenses include:

External auditor's remuneration in respect of audit services	16	16
External auditor's remuneration in respect of non-audit services	2	-
Operating lease rentals: Land and buildings	20	20

10. Intangible assets

Software

	Year ended 31 July 2017 £'000
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As at 1 August 216	39
Amortisation charge for the year	(8)
As at 31 July 2017	31

11. Tangible fixed assets

	Leasehold property £'000	Computers and video equipment £'000	Furniture, fixtures & equipment £'000	Total £'000
Cost				
As at 1 August 2016	8,518	615	269	9,402
Additions	-	70	19	89
Disposals	-	(21)	-	(21)
As at 31 July 2017	8,518	664	288	9,470
Depreciation				
As at 1 August 2016	1,850	448	227	2,525
Charge for the year	170	65	16	251
Written off on disposal	-	(21)	-	(21)
As at 31 July 2017	2,020	492	243	2,755
Net book value				
As at 31 July 2017	6,498	172	45	6,715
As at 31 July 2016	6,668	167	42	6,877

Analysis of leasehold property:

	2017 £'000	2016 £'000
Long leasehold	3,417	3,509
Improvements to the long leasehold property	3,081	3,159
	6,498	6,668

The leasehold properties are charged as security for the bank loan as disclosed in note 16.

12. Non-current investments

	Subsidiary Company £'000	Other fixed assets investments £'000	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Market value at 1 August 2016	1	693	694	791
Additions at cost	-	278	278	91
Disposal proceeds	-	(204)	(204)	(169)
Realised gain	-	22	22	4
Disposals at book value	-	(182)	(182)	(165)
Unrealised gain (loss)	-	119	119	(23)
Market value at 31 July 2017	1	908	909	694
Cost of listed investments	1	770	771	632

Investment in subsidiary company

On 20 May 1999, the UCO invested £1,000 in the BSO Trading Company Limited, a company registered in England and Wales. This investment represents 1,000 ordinary shares of £1 each, being the whole of the issued share capital of the company.

These shares were fully paid up on 9 March 2000.

During the year ended 31 July 2017 the company did not trade. Its reserves at 31 July 2017 were £15 (2016: £15).

13. Social investments

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Amounts due from loans to students	<u>88</u>	<u>97</u>

Social investments

UCO Student Loans are repayable in 60 monthly instalments within five years following graduation, or immediately on leaving without graduating. Graduates are encouraged to repay earlier to provide funds to assist future students with limited funds to pay their fees.

14. Trade and other receivables

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Amounts falling due within one year:		
Trade receivables	63	8
Other receivables	12	23
Prepayments and accrued income	<u>137</u>	<u>546</u>
	<u>212</u>	<u>577</u>

15. Creditors: amounts falling due within one year

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Secured loans (see note 16)	189	183
Trade payables	118	258
Other payables	61	41
Social security and other taxation payable	71	74
Accruals and deferred income	<u>227</u>	<u>434</u>
	<u>666</u>	<u>990</u>

16. Creditors: amounts falling after more than one year

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Secured loans	4,076	4,259
Analysis of secured loans:		
Due within one year (see note 15)	189	183
Due between one and two years	199	189
Due between two and five years	648	621
Due in five years or more	3,040	3,266
Due after more than one year	3,887	4,076
Total secured loans	4,076	4,259

The amount above comprises of the following loans:

- A loan in the sum of £3,100,000 from Barclays to finance the acquisition of the long leasehold property in Southwark Bridge Road in August 2007, repayable over 25 years at a fixed interest of 6.38%.
- A second loan in the sum of £2,069,000 from Barclays Bank PLC to finance the fit-out to the long leasehold property in August 2007 repayable over 25 years at a rate of 0.75 above LIBOR.

The total capital loan repayments during the year amount to £183,139 (2016: £174,953). Both loans are secured on the properties 275 Borough High Street and 98-118 Southwark Bridge Road.

17. Share capital

	2017 £	2016 £
Ordinary shares	482	482
"B" shares	94	94
Share Premium	396	396
Total	972	972

	Authorised		Allotted, issued and fully paid	
	2017 £	2016 £	2017 £	2016 £
Ordinary shares of £1 each	4,906	4,906	482	482
"B" shares of £1 each	94	94	94	94
Total	5,000	5,000	576	576

18. Endowment reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	2017 Total £'000	2016 Total £'000
R K Hardy Prize Fund	12	12	12

This is a memorial fund established on 7 May 1993. The interest on the capital, which is used to give a graduation prize to one student annually, is recognised as income within restricted reserves.

The R K Hardy Prize Fund was registered on 23 August 2002 as a subsidiary charity, registration number 312873-1, with a permanent endowment fund and linked to the UCO. For the purpose of these accounts the charity is accounted for on the basis that the management of its assets is undertaken by the institution.

19. Restricted reserves

Reserves with restrictions are as follows:

	Donations	2017 Total £'000	2016 Total £'000
Balances at 1 August 2016	347	347	247
New donations	73	73	256
Expenditure	(65)	(65)	(150)
Transfers from (to) unrestricted reserves	300	300	(6)
Total restricted comprehensive income for the year	308	308	100
At 31 July 2017	655	655	347

In 2015-16 the UCO received a significant legacy of £615,000, of which £100,000 was restricted as a prize fund. In 2016-17 it was agreed with the executor of this legacy that this prize fund would increase by £100,000, and a further £200,000 should be spent on improvements or redevelopment of the building on Borough High Street. Therefore, £300,000 was transferred from unrestricted funds to restricted funds.

Analysis of other restricted funds/donations by type of purpose:	2017 £'000	2016 £'000
UCO Student Loans Fund	214	218
Scholarships and bursaries	9	11
Prize funds	205	105
Community Clinics' funds	23	3
Capital fund	200	-
Other	4	10
	655	347

UCO Student Loans Fund

This was established on 7 April 1992. The fund provides loans to students who demonstrate the ability to qualify as osteopaths but have limited resources to pay the fees. Each loan is repayable within five years following graduation or immediately upon leaving without qualifying.

Scholarships and bursaries

Scholarships and bursaries include the Ursula Hogg Fund which is a memorial fund established on 18 February 1998. Additionally, a number of donations have been received by the UCO for the purpose of helping students with the cost of their fees and education. These funds continue to support a number of students each year.

Prize funds

Prize funds consist of the following:

- the Sven Svenson Bursary Fund which was set up by Dame Beryl Grey DBE in memory of her late husband who was an osteopath to provide an award to a final year student who demonstrates exceptional promise.
- the Lutchman Naidoo Practical Skills Prize Fund which was part of a legacy bequeathed to the UCO in the sum of £200,000. A prize is awarded annually to a student at graduation.

Community Clinics' Funds

These funds enable the UCO to deliver free treatment to older people, children and homeless people in the local community. Each of the UCO's outreach community clinics provides excellent osteopathic care to some of the most vulnerable people within our society. The UCO would like to thank all our donors and supporters who enable us to continue to provide this important service.

Capital Fund

As part of the Lutchman Naidoo legacy, £200,000 is to be spent on infrastructure changes upon the UCO becoming a University College and the balance in respect of the costs associated with a new building or in the improvement or redevelopment of the existing building.

20. Cash and cash equivalents

	At 1 August 2016	Cash flows	At 31 July 2017
	£'000	£'000	£'000
Cash and cash equivalents	1,860	609	2,469
Investment bank account	111	(69)	42
	1,971	540	2,511

21. Student Union

The institution holds £4,085 in separate bank accounts on behalf of the UCO Student Union (2016: £8,435).

22. Lease obligations

Total rentals payable under operating leases:

	Land and Buildings	31 July 2017 £'000	31 July 2016 £'000
Payable during the year	20	20	20
Future minimum lease payments due:			
Not later than 1 year	20	20	20
Later than 1 year and not later than 5 years	80	80	80
Later than 5 years	740	740	760
Total	840	840	860

The University College of Osteopathy has two properties, both purchased under long leasehold arrangements. The Clinic at 98-118 Southwark Bridge Road is subject to a £350 per annum peppercorn rent until the lease expires in the year 3000 whilst the Teaching Centre at 275 Borough High Street is subject to a £20,000 per annum rental charge until the lease expires in 2059, which has been disclosed above.

23. Pension scheme

The institution operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the institution in independently administered funds. Contributions paid by the institution to this scheme, on behalf of 112 staff (2016: 93 staff) amounted to £68,140 (2016: £66,963).

24. Ultimate controlling party

The members do not believe there is an ultimate controlling party of the University College of Osteopathy in the year ended 31 July 2017 or 31 July 2016.

For further information, please contact:

Joanna Smith
Finance Director
University College of Osteopathy
275 Borough High Street
London SE1 1JE
020 7089 5307
j.smith@uco.ac.uk