



University College  
of Osteopathy

# Annual Report & Financial Statements

31 July 2018

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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 been proud to witness the achievements of the institution's first full year as the University College of Osteopathy (UCO).**

The UCO has fully embraced its University College status by validating courses at other institutions both within the UK and abroad. We are proud to have continued our successful relationship with the Osteopathic Centre for Animals as well as to have entered into a new validation relationship with an Italian school and to be in negotiation with others throughout Europe. Our ambitious new strategic plan for 2018-2023 has been launched, setting out our agenda for the future with three strategic aims: to be the institution of choice; to sustain our financial strength and use it purposefully; and to provide our students with a distinctive, high-quality experience. Delivery of this plan is already underway, with pleasing progress made in our first year.

In line with our new status, the UCO underwent its five-year review from our educational regulator, Office for Students (OfS) whose overall conclusion was that OfS were able to place reliance on UCO's accountability information. There has been substantial investment in many areas; both our ICT and student experience functions have undergone reviews, with new strategies and additional resourcing of these areas put in place.

As well as taught courses, UCO has continued to develop its research with the appointment of Associate Professors, continued publication in peer reviewed journals, attendance at European osteopathic conferences and our continued delivery of a Professional Doctorate in Osteopathy in partnership with the University of Bedfordshire as well as exploratory work taking place for future provision of PhDs in Osteopathy.

The UCO has also increased its presence at external recruitment events and successfully hosted its biennial International Education Conference, attracting speakers and delegates from around the world for a lively debate on osteopathic education. We held our first graduation as the University College of Osteopathy in November 2017 with our Chancellor, HRH The Princess Royal, kindly presiding. Our commitment to our teaching clinic is ongoing, and we continue to run a wide number of specialist clinics for specific patient groups as well as providing reduced costs and free treatment to certain groups who may otherwise be unable or unlikely to access it.

The UCO is proud of other achievements over the course of 2017/18 including boasting a much lower gender pay gap than the national benchmark and university sector average and obtaining the Teaching Excellence Framework (TEF) Silver rating in June 2018.

As ever, the Board would like to pay tribute to the excellent teaching faculty who give their time to teaching the osteopaths of the future. Their contribution makes the UCO the high-quality institution that it is, and we are grateful for their support. The Board would also 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



# Board Members Report (including Strategic Report)

## Who we are and what we do

**Formerly the British School of Osteopathy, the University College of Osteopathy has been a leading provider of osteopathic education, research and healthcare for over 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 47% 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. The school successfully rebranded as the University College of Osteopathy in September 2017 (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.

**“The grande dame of osteopathy in the UK,  
forging the way for the osteopaths of  
tomorrow.”**

Laura, student, M.Ost part-time

## 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 Care of Older Adults.
- 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.

**“A small, supportive University College that provides a high level of education in an inclusive environment.”**

Julia, student, M.Ost full-time

# 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”.***

We interpret our mission with a renewed focus on excellence in learning, teaching, research and sustainability. Faithful to our founding principles, we remain committed to delivering education and healthcare to our communities. We will ensure that we remain accessible to all students with the potential to succeed.

## 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 ambitions are bold and challenging. We will pursue our vision with a determination to exceed expectations; this capability has been demonstrated in recent history with the award of taught degree awarding powers, designation and University College title. To achieve our vision, we must commit to proactively contributing to create a better future and not passively react to the world around us.

## Our values

The University College of Osteopathy aspires to have a value driven organisational culture – thus empowering the institution to be the best it can be. Bringing about cultural change is an integral part of the UCO’s strategic plan for 2018-2023 and the values play an intrinsic part in this cultural change.

**The values and conduct to which we aspire, and that we wish to foster and sustain are as follows:**

- Students and patients will always come first;
- A culture of critical enquiry, scholarship and research;
- A respect for the heritage and values of osteopathy;
- A respect for creativity and innovation;
- A respect for equal opportunities;
- A celebration of diversity;
- A culture of openness and honesty;
- A culture of collaboration and teamwork; and
- A desire for environmental sustainability.

# 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.

**Our strategic priorities are to deliver the ambition we have set ourselves. We have identified three strategic priorities to help us deliver our strategic position:**

## **1. Be the institution of choice**

In a more competitive fee environment, we must become the destination of choice – for staff, students and other institutions who we would want to collaborate with – because of the exceptional quality of everything that we do. Excellence will inform many of our strategic ambitions, from undergraduate curriculum innovation to increasing our market share of postgraduate education.

Being the destination of choice is about our ability to attract, develop and retain the highest quality students and staff from around the world, to be the University College that other higher education institutions compete to collaborate with.

## 2. Sustain our financial strength and use it purposefully

We will use our financial strength to invest in: improved academic performance, both research and teaching; our estate, facilities and infrastructure; our excellent professional services; partnerships with other higher education institutions and our community partnerships.

We will become better at taking difficult decisions to disinvest from those areas which do not support our strategic ambitions and take measures to support those areas which do but which are underperforming.

## 3. Provide our students with a distinctive, high-quality experience

The University College of Osteopathy student experience is grounded in a distinctive combination of academic excellence in a small institution focused on osteopathy and associated subjects providing outstanding opportunities associated with studying in the capital city of the UK, London.

Our teaching and learning focuses upon an approach that challenges and stretches our students and is infused with research, creating a culture of criticality, enquiry and investigation.

### 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 the Office for Students 'Regulatory advice 5: Exempt charities' (OfS 2018.15) 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

**2017/18 has been an important first year in a new chapter for the University College of Osteopathy. In 2017 the institution officially rebranded under its new identity as a University College, and launched a new strategic plan, setting out its ambitious plans for the next five years.**

**Progress has already been made on these plans, including improvements to several internal departments and services, new collaborations, and positive outcomes for institutional reviews conducted by the Office for Students and as part of the Teaching Excellence and Student Outcomes Framework (TEF).**

## Strategic Plan 2018-2023

A new strategic plan for the next five years was approved in November 2017. The plan identifies three strategic objectives for the period:

- Be the institution of choice;
- Sustain our financial strength and use it purposefully; and
- Provide our students with a distinctive high-quality experience.

The plan also outlines four transformative initiatives to help us achieve our strategic priorities:

- Broaden our provision;
- Empower our students;
- Empower our staff; and
- Build leadership and sustainability.

These initiatives outline specific areas of investment or focus for the UCO which are due to be delivered in the lifetime of the plan. Several of these activities are currently in the planning stages or already being implemented.

## Rebranding as the University College of Osteopathy

In September 2017 the institution officially relaunched as the University College of Osteopathy. Timed to coincide with the start of the new academic year, the launch was the culmination of an extensive review and consultation process with stakeholders and was overwhelmingly positively received.

The change of name, which was granted by Privy Council, followed the awarding of Taught Degree Awarding Powers in 2015, making the UCO the only osteopathic educational institution in Europe with both University College title and the power to award its own degrees.

The new identity, which was developed with brand experience agency IE Design, aims to reflect this new status, and to present the University College as an evolving, forward-thinking institution aligned to our ambitious strategic plan.

Included in the rebrand exercise was the introduction of a new visual identity, stronger messaging, new marketing materials and the launch of two new websites – [www.uco.ac.uk](http://www.uco.ac.uk) and [www.clinic.uco.ac.uk](http://www.clinic.uco.ac.uk). The rebrand also encompasses the UCO's award-winning osteopathic teaching clinic, to be known as the University College of Osteopathy Clinic, or UCO Clinic going forward.

**“[The UCO] has been a leader in thought and practice for some time. Nice for the recognition to be official.”**

**Tyler Cymet, Chief of Clinical Education,  
American Association of Colleges of Osteopathic Medicine**

### **First graduation ceremony as the University College of Osteopathy**

The UCO was proud to hold its first graduation ceremony under its new identity of the UCO in November 2017. Over 120 students became the first graduates in history to receive a degree from the University College of Osteopathy, after the institution was granted the power to award its own degrees in 2015.

### **Development of research and scholarship**

The UCO has continued to present research work at national and international events as well as publishing in peer reviewed journals. Several members of faculty delivered invited keynotes at conferences nationally and internationally. Examples include: “Developing an integrated biopsychosocial approach to managing persistent pain in osteopathic practice: The OsteoMAP project” at the Annual Swedish Osteopathic Conference, Gothenburg, and “Managing and using “scientific” literature in clinical practice” at the 4th Congresso Nazionale of the Registro degli Osteopati D'Italia.

We have contributed to external examining on other osteopathic programmes. We have continued to deliver a Professional Doctorate in Osteopathy with the University of Bedfordshire and are delighted that further doctorates have been successfully completed.

The UCO is also planning and developing a collaboration with the University of Bedfordshire to support a PhD programme for osteopaths. Staff continue to contribute to the wider community by way of activity with scholarly societies and contribution to osteopathic and wider health related policy.

### **Providing quality healthcare**

The UCO's teaching clinic has continued to provide high-quality, affordable osteopathic care to a wide range of patients, delivering 31,736 appointments in 2017/18, with an average of 558 new patient appointments and 2,087 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.

Our community clinics have also continued to provide accessible osteopathic care within the heart of 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 1<sup>st</sup> Place children's centre, and patients receiving support from the HIV care team at The Royal Free Hospital.

Clinic fees have remained highly competitive, with all patient fees heavily subsidised compared to those seen in private practice to 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, 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 with almost 4,500 Associate consultations provided to new and ongoing patients in 2017/18.

**“I can't thank [the UCO Clinic] enough... [the student] got to the root of my issue immediately, emotional as well as physical having recently lost my Dad. I was lucky to be able to have a full assessment and diagnosis and a 20 minute treatment on my first session. The results were so good that I immediately booked in the following week. As a self-employed performer finding a service which is both of the highest standard and affordable is amazing and I'll be a regular from now on.”**

UCO Clinic patient, 2018

### Teaching Excellence and Student Outcomes Framework (TEF)

In June 2018 the UCO were delighted to be awarded a Silver rating in the Teaching Excellence and Student Outcomes Framework (TEF). The award, which is valid for three years, recognises the high-quality teaching, learning and outcomes we offer our students and ranks the UCO alongside many of the UK's leading larger HE institutions, the panel particularly praised the UCO's success in the following areas:

- The well-above benchmark rates of full-time student progression to employment; highly skilled employment or further study;
- Good levels of student satisfaction with teaching and academic support;

- High staff-student ratios, small class sizes and intensive contact time that provide a highly personalised student learning experience;
- Outstanding physical and digital resources that are actively and consistently used by students to enhance learning;
- Consistent and frequent student engagement with developments and activities from the forefront of professional practice; and
- A professionally-focused curriculum that makes extensive use of work-based learning through well-equipped clinical settings that provide all students with essential employment and transferable skills that are valued by employers.

## Review of areas including ICT and Student Services

As part of our transition from a school to a University College, the UCO has undertaken reviews of several of its internal departments and functions, with a view to enhancing services for students and staff, increasing efficiencies and improving the long-term sustainability of the institution. A key area for review was the UCO's ICT function, with JISC brought in on a consultancy basis to review the effectiveness of the department and make recommendations. Following the review, the UCO is developing a new ICT strategy incorporating changes to our operating systems and investing additional resources in this area.

An additional area for review was that of the student experience at the UCO. Initiatives introduced to enhance the student experience include regular lesson observations to identify areas of good practice and further development; twice-termly meeting between academic staff and students to discuss and report on student feedback and other developments; renovations to the Student Union which took place at the beginning of the academic year; and the organisation of several student-focused events including accommodation days, career events and a mental health awareness week which focused on managing stress and signposted students to internal and external support.

The UCO has also invested in the creation of a new post, Head of Student Services, who will be responsible for managing and enhancing the overall experience of students at the UCO.

Much of the above activity is a direct result of student feedback, and the UCO continues to recognise the important role of the student voice in the development of the institution.

## 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.

Total enrolled student numbers for 2017/18 (as of the start of the academic year) were as follows:

Access to Higher Education Diploma	22
M.Ost Undergraduate programme (full and part-time)	442
Postgraduate programmes	70

UCO courses are 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.

Course leaders and admissions staff regularly attend external outreach and recruitment events throughout the year, providing an opportunity to promote osteopathy as a potential career path and to chat to prospective students, parents and advisors

face-to-face. External events this year have included career fairs at local schools and colleges, the National Careers Guidance Show, the UK University Search Fair and the UCAS Higher Education Exhibition at London Excel.

The UCO also continues to hold regular open days to provide prospective students and their families with the opportunity to visit, tour the teaching and clinical facilities and meet with staff and current students. These events are regularly reviewed and were restructured in 2017-18 to provide a more engaging experience for attendees. The open days continue to attract attendees from across the UK and overseas, but alternative methods of engaging with the UCO such as Skype calls are offered to those students for whom physical attendance may not be possible.

### Providing fair access to osteopathic education

As part of the UCO Widening Participation Strategy representative of the University College attended a variety of events throughout the academic year aimed at under-represented groups. These included taster sessions and events organised by Intu University, Newham College, Opportunity Thurrock and national career events in Essex. Activities and events focused at career advisors also proved popular and beneficial this year.

The UCO continues to provide financial support for students in financial hardship through a range of funds and bursaries. In 2017-18 a total of £42,892 was awarded to 81 students.

### Gender pay gap beats sector average

The UCO voluntarily published Gender Pay Gap data in 2017/18, revealing a median pay gap of 6.06%, significantly lower than the national benchmark of 18.1%<sup>1</sup> and a university sector average of 16.5% (Times Higher Education).

The UCO is committed to pay equality and whilst we do not meet the statutory requirement to publish gender pay gap data, we see this as a key performance indicator for gender equality. We work hard to ensure consistency and fairness in our pay structure and to ensure that our staff have the opportunity to work in a way that suits their career aspirations and home life.

While our data demonstrates we are currently performing well in this area, we continue to strive to close the gap further, with the Gender Pay Gap becoming a key performance indicator monitored by the UCO Board.

### Key Management Personnel

The UCO has a number of key management personnel which includes the Vice-Chancellor, Deputy Vice-Chancellor (Education), Deputy Vice-Chancellor (Research), Finance Director, Dean of Academic Development and Head of Clinical Practice. The Vice-Chancellor, Deputy Vice-Chancellors and Finance Director's remuneration including any performance related pay is evaluated and decided by the Remuneration Committee (Vice-Chancellor's Group) which is a sub-committee of the Board. Salaries and benefits for other key management personnel is decided by the Remuneration Committee which is made up of members of the Vice-Chancellor's Group and the HR Manager. Factors influencing any pay and reward decisions for all staff include exceptional performance; contribution to the UCO's mission, values and strategic aims; relevant qualifications and areas of skills shortage.

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<sup>1</sup> November 2016 Office for National Statistics (ONS) Annual Survey of the House and Earnings (ASHE)

## Trade Union duties

There has been no working time spent by employees to undertake Trade Union duties.

## Associate professorships

As part of our development as a University College, we have implemented a scheme to recognise academic, teaching and scholarly contributions from our faculty and close collaborators. Several associate professors have been recognised as well as senior researchers and senior teaching fellows.

## Staff satisfaction survey

Each year, the UCO conduct an anonymous staff satisfaction survey to gather feedback from across the organisation. The 2017/18 survey was very positive and indicated that the results compared very favourably to other institutions on all counts according to Times Higher Education. Examples are 87% of respondents saying they found their work rewarding; 86% of teaching staff saying they feel passionate about teaching and 87% believing that UCO makes a positive contribution to the community.

**“The UCO has an exceptional focus on the welfare of those that work here. It is a busy job that we work hard to get done but we are able to prioritise family when we need to.”**

UCO staff member, staff survey 2018

## Office for Students (OfS) 5-year review

In June 2018 the UCO underwent its first five-year review by the Office for Students (OfS), a requirement of the institutions designated status. As part of the exercise, the OfS reviewed a number of board and sub-committee papers, financial statements and forecasts, and internal and external audit reports. OfS representatives also visited the UCO to meet with board members and senior managers.

Criteria by which UCO was measured by OfS included checking whether UCO had adequate and effective risk management, control and governance; funds being applied only for the purposes for which they were received; having arrangements for academic governance focused on continuous improvement of the student academic experience and of student outcomes, and on the reliability of degree standards; being financially sustainable; achieving value for money; data being reliable and UCO complying with charity law. The overall conclusion was that OfS were able to place reliance on UCO's accountability information.

## International education conference

The UCO's biennial International Education Conference was held on 5 December 2017 at Hilton Bankside Hotel. The event attracted approximately 70 delegates from institutions from across the UK, Europe and as far away as Australia for a day of talks; workshops and platform presentations.

Topics of discussion included new models for osteopathic education; the challenges and innovations of a new curriculum; and evaluating clinical competence in osteopathic education. The event was closed by the UCO's Deputy Vice-Chancellor (Education), who presented an overview of the UCO's journey towards degree-awarding powers and university college status and was followed by a drinks reception.

## Validation relationship between the UCO and other bodies

As well as providing our own programmes, the UCO is proud to also be working with other institutions at home and overseas through the validation of their courses.

Our pre-existing and successful collaborative agreement with the Osteopathic Centre for Animals, which involves validating their Postgraduate Certificate in Animal Osteopathy, goes from strength to strength. Towards the end of the academic year we also signed a new agreement with the Accademia Italiana di Medicina Osteopatica (AIMO), to validate two courses for 2018/19.

We were also delighted to supply a flying faculty to the Istituto Superiore di Osteopatia in Italy to deliver our Postgraduate Certificate in Specialist Paediatric Osteopathic Practice to a cohort of over 20 students, several of whom attended the UCO graduation ceremony in London.

## Community partners

The UCO Clinic continues to run its successful Community Partnership Scheme, offering community organisations and groups discounted rates on appointment fees at the clinic. The scheme provides a valuable way for the UCO to promote osteopathy and the clinic to wider audiences, while also supporting our aim to ensure osteopathic healthcare is affordable and accessible to all. Members include charities, public service organisations, educational institutions, arts institutions and commercial enterprises amongst others. In 2017/18 the scheme welcomed the following new partner organisations:

- The Mulberry Academy Shoreditch
- BECTU (Media and Entertainment Union)
- The Royal College of Surgeons
- Lymphoedema Support Network
- Rainmaker Consulting
- Historic Royal Palaces
- Unicorn Theatre
- Groundswell
- The Team (brand communications agency)

## Our commitment to sustainability

The UCO sets targets and goals for improved environmental performance and reducing the institution's carbon footprint. In 2017/18 19,435 kgs (85%) of UCO waste was recycled, offsetting 26.72 tonnes of carbon dioxide<sup>2</sup>. UCO's Borough High Street received a good C rating (73) in the Display Energy Certificate while the clinic received an E (108), just short of a D<sup>3</sup>. We are looking at ways to improve this within the next year.

## 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.

We would like to extend our thanks to the following Trusts and Foundations for their donations during 2017/18: Robert Barr Charitable Trust (£25,000); Truemark Trust (£5,000); Joseph Strong Frazer Trust (£1,000) and the J R E Coles Trust (£500). A donation was also made through a golf event by Mr MG Gillard. Likewise, we would like to express our gratitude for the individual donations we have received from a former Vice-Principal and 500 Club members among others, and the generous donations from osteopaths collected via tins within their practices.

The UCO is also grateful for the legacy gifts it received, including a significant one of £34,482. This gift makes a significant contribution to supporting the osteopathic student community here at the UCO and we very grateful to the former student who was instrumental in facilitating this legacy. Other legacies have included one of £1,200 as well as a library of donated osteopathic books and pamphlets from the 1930s.

Finally, we would like to thank UCO students Josh Thomas and Aidan Twomey who did the 42 Miles a Day challenge in April 2018 walking from Lands End to London and raised £3,000.

The UCO employs a professional fundraiser to lead and oversee the development and implementation of the fundraising strategy agreed by the Fundraising Committee, a sub-committee of the Board. We make use of a wide range of approaches including trust applications, individual donors and local fundraising initiatives.

The UCO takes its duty to be a responsible fundraiser seriously and subscribes to the Fundraising Regulator and follows its advice on best practice. We publish a complaints policy and procedure for supporters on our website and have received no fundraising complaints in the year 2017/18. The UCO also publishes its privacy notice for fundraisers, supporters and alumni on its website and this was reviewed in light of legislation changes following GDPR in May 2018.

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<sup>2</sup> Data provided by First Mile

<sup>3</sup> Data provided by Team Energy



# Financial review

**The financial results for 2017/18 show a good performance with the UCO achieving a surplus of £387,000 (2017: £583,000).**

## Statement of comprehensive income

Total income decreased by £3,000 (0.05 per cent) from £5,470,000 to £5,467,000 compared to an increase of 0.3% in 2016/17.

Tuition fee and education contract income increased by 5.4 per cent over 2016/17. Student numbers have increased from 392 to 405 FTEs. The grant income from HEFCE/Office for Students decreased by £45,000 to £968,000. Donations decreased by £92,000 to £82,000.

Total expenditure increased from £4,887,000 to £5,080,000, mainly due to the investment in the ICT provision for our students. Overall staff costs have remained static.

## Balance sheet

The balance sheet saw growth during the year in total assets from £10.5m to £10.8m due to the increase in cash and cash equivalents. Current liabilities increased by £139,000 due to the investment in ICT and student refurbishments which took place during the summer and remain payables at the end of the year. Overall net assets increased from £5,913,000 to £6,342,000.

Expenditure on fixed assets was £201,000 which included the refurbishment of student areas and the purchase of computers, servers and photocopiers.

## Cash flow

The UCO continues to perform well in generating cash flow for operations of £896,000 in 2017/18 (£1,013,000 in 2016/17). During the year loan repayments were £189,000 and the UCO paid interest of £195,000. As at 31 July 2018, cash and bank balances held on short-term deposit amounted to £2,955,000.

## Reserves

The institution continues to maintain healthy reserves of £6.3m (2017: £5.9m). £5.6m are held as unrestricted reserves mainly in fixed assets (£2.8m, after taking loans into account). 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 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 2023. The reserves are sufficient to meet the needs of the institution.

## Investment policy and performance

The Board's policy, in view of the short-term nature of most of the funds currently available, is that any cash that is surplus to current operational needs may go on short- or longer-term investment, as may be appropriate. 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 £161,000 (2017: £22,000) and unrealised losses were £111,000 (2017: £119,000 gain).

# Statement of corporate governance and internal control for the year ended 31 July 2018

**The University College of Osteopathy aims to achieve the highest standards of governance and the 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 review 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
- Board Nominations Committee
- Finance and Estates Committee
- Fundraising Committee
- Remuneration Committee (Vice-Chancellor's Group)

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 Office for Students (OfS) in accordance with its Memorandum of Assurance and Accountability and Audit Code of Practice.

The Board 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 (AGM) or through co-option.

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

The Fundraising Committee (FRC) 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 Remuneration Committee meets twice a year and is responsible for reviewing and agreeing the remuneration of the Vice-Chancellor and members of the Vice-Chancellor's Group (see page 27). The committee evaluates the annual performance assessment of the Vice-Chancellor against the strategic plan and corporate objectives and selects internal and/or external benchmarks or systems to inform the setting of the Vice-Chancellor's total remuneration and benefits, including any performance related pay and bonus payments. It also receives a personal development plan for the Vice-Chancellor for the year ahead. The remuneration for members of the Vice-Chancellor's Group is agreed following recommendations by the Vice-Chancellor. When making any decisions the committee considers the impact on the remuneration policy on the organisation as a whole, public interest and safeguarding of public funds. The committee follows the 'Higher education senior staff remuneration code' published by the CUC.

- The Vice-Chancellor's basic salary is 3.9 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the UCO to its staff.
- The Vice-Chancellor's total remuneration is 4.0 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the UCO to its staff.

## 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 Higher Education Institution (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 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 statement of internal controls**

The key objective of the UCO's risk management activities is to ensure that policies and procedures are always 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 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 ultimately responsible for the identification and management of risk and views it as 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.

The UCO has undertaken a lot of work over recent years to develop and revise their approach to risk management. This has primarily been led by the Deputy Vice-Chancellor (Education) and is fully supported by the Audit and Risk Committee (ARC). Further work was undertaken with respect to the risk register after seeking input from the Senior Management Team, ARC and internal audit. High Level risks are identified by the Vice-Chancellor's Group in consultation with the Senior Management Team and are presented at each ARC meeting, with an accompanying update to key changes and action required. This is then reported to the Board. The register is used as one of the main drivers in the development of the internal audit programme ensuring that audit work, where applicable is aligned with key strategic risks.

Risks facing the institution are actively discussed at ARC meetings and various members of the Senior Management Team have been invited to meetings during the year to discuss relevant operational risks in their area in more detail. This included a presentation by the Admissions Tutor on the student recruitment cycle and the Head of Quality on policies and regulation as well as quality assurance. This not only helps to ensure that ARC is aware of key operational risks, but increases the visibility of ARC, and risk management in general, across the organisation.

At the end of the last financial year, the internal auditors undertook a review of the UCO's ICT activities. The audit identified significant opportunities for improvement with regard to the UCO's approach to managing and delivering its ICT activities. This included the lack of an ICT strategy to drive the UCO's operations, as well as a range of technical areas for review (such as cyber security and resilience). The Senior Management Team have addressed the internal auditors' observations and the work to reduce this key strategic risk is summarised on the next page:

Risk Description	Mitigating Controls
Failure to support the ICT needs of the UCO	<ul style="list-style-type: none"> <li>• Recruitment of key personnel with specialist ICT expertise and knowledge</li> <li>• Prioritisation of funding and resources</li> <li>• Review of access to computers and data – raising of security awareness and providing guidance</li> <li>• Review of our e-mailing system and implementation of new system</li> <li>• Review of ICT infrastructure and replacement of obsolete hardware.</li> <li>• Upgrade of computers and software applications for both staff and students</li> <li>• Review of printing and charging system – implementation of a new system</li> </ul>

The internal auditors provide an opinion on the adequacy and effectiveness of the UCO's internal control, risk management and governance arrangements; the arrangements for ensuring the accuracy of data returns to external bodies; and whether the UCO's activities are conducted economically, efficiently and effectively.

The internal audit plan is based on the UCO's risk register and discussions with the Audit and Risk Committee (ARC). The internal auditors also undertake a number of benchmarking exercises across the sector which facilitates sharing of best practice and value for money indicators.

The internal auditors undertook three audit reviews during the year:

1. Data Quality: Staff and Provider Records;
2. General Data Protection Regulation (GDPR) Preparedness; and
3. Payroll.

These audits provided reasonable assurance that the system of internal control and governance as designed and operated is effective in principle and practice, however the audit identified some opportunities to improve the design of the system and implementation of internal control. These include:

- Mitigating controls to minimise the impact of overreliance on key individuals for compilation of data returns
- Documentation of processes; and
- Improvements to staff access on the payroll system.

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.

This statement of internal controls covers the financial year to 31 July 2018 and the period to the date of approval of the financial statements on 14 November 2018.

## 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

<b>Professor David Barrett</b>	Chair of the Board, Chair of Nominations Committee, Co-Chair of Remuneration Committee (Vice-Chancellor's Group), Fundraising Committee
<b>Isabel Nisbet</b>	Vice-Chair of the Board, Audit & Risk Committee, Co-Chair of Remuneration Committee (Vice-Chancellor's Group); Board Nominations Committee
<b>Azlina Bulmer</b>	Chair of Finance & Estates Committee
<b>Anthony Bickmore</b>	Finance & Estates Committee
<b>Alex Bols</b>	Audit & Risk Committee, Board Nominations Committee
<b>Ann Clayton</b>	Finance & Estates Committee
<b>Gael Dundas</b>	
<b>Andrew Kent</b>	Fundraising Committee
<b>Professor Raymond Lee</b>	
<b>Jeremy Olsen</b> (Appointed June 2018)	
<b>Mahesh Patel</b> (Appointed June 2018, resigned October 2018)	
<b>Richard Salter</b>	
<b>Jackie Westaway</b>	Board Nominations Committee

### Osteopathic Staff Board Members

<b>Fatimah Ayoade</b>	
<b>Charles Hunt</b>	Vice Chancellor, Finance & Estates Committee, Fundraising Committee, Board Nominations Committee
<b>Francesca Wiggins</b>	Academic Council Representative

**Student Board Members**

<b>Kaitlin Coulson</b> (Appointed June 2018)	Board Member (Student)
<b>Aidan Twomey</b> (Resigned June 2018)	Board Member (Student)

**Other Advisors regularly in attendance**

<b>Sean Bonnington</b>	Chair of Fundraising Committee
<b>Carol Reid</b>	Chair of Audit & Risk Committee
<b>Richard Savage</b> (Resigned June 2018)	Audit & Risk Committee
<b>Michael Wright</b> (Resigned June 2018)	Finance & Estates Committee

**Company secretary and clerk to the Board**

<b>Heather Batten</b> (Resigned May 2018)
<b>Allan Scott</b> (Appointed May 2018)

**Vice Chancellor's Group and Senior Management Team**

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

<b>Charles Hunt</b>	Vice-Chancellor
<b>Sharon Potter</b>	Deputy Vice-Chancellor (Education)
<b>Joanna Smith</b>	Finance Director
<b>Steve Vogel</b>	Deputy Vice-Chancellor (Research)

The members of the Senior Management Team during the year include the Vice-Chancellor's Group and the following people:

<b>Heather Batten</b>	Head of Quality
<b>Dmitry Feoktistov</b>	Finance Manager
<b>Jessa Harris</b>	Head of Marketing and Communications
<b>Tonia Omoleigho</b>	HR Manager
<b>Richard Pierce</b>	ICT Director
<b>Ian Sanderson</b>	Registrar
<b>Elizabeth Sharma</b>	Head of Estates
<b>Gareth Taylor</b>	Head of Fundraising
<b>Francesca Wiggins</b>	Head of Clinical Practice

**Professional advisors**

External Auditors	Buzzacott LLP, 130 Wood Street, London, EC2V 6DL
Internal Auditors	UNIAC, 4 <sup>th</sup> 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 thereunder. 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 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

A resolution for the appointment of Buzzacott LLP was agreed at the Annual General Meeting held on 27 June 2018. The Board Members Report (including the Strategic Report) were approved and authorised for issue by the Board of Directors on 14 November 2018 and signed on behalf of the Board.



Professor David Barrett  
Chair of the Board  
14 November 2018

# 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 2018 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).**

In our opinion:

- the financial statements give a true and fair view of the state of the Institution's affairs as at 31 July 2018 and of its surplus of income over expenditure, gains and losses, changes in reserves and cash flows 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 (HEFCE)/Office for Students (OfS) have been applied in accordance with the memorandum of assurance and accountability and any other terms attached to them and have been applied only for the purposes for which they were received; and
- the requirements of HEFCE's and the Office for Students' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

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.



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

14 November 2018

# Statement of comprehensive income and expenditure

	<i>Notes</i>	<b>Year ended 31 July 2018 £'000</b>	<b>Year ended 31 July 2017 £'000</b>
<b>Income</b>			
Tuition fees and education contracts	1	3,756	3,564
Funding body grants	2	968	1,013
Research grants and contracts	3	-	2
Other income	4	645	705
Investment Income	5	16	12
Donations and endowments	6	82	174
<b>Total Income</b>		<b>5,467</b>	<b>5,470</b>
<b>Expenditure</b>			
Staff costs	7	3,159	3,163
Other operating expenses	9	1,461	1,265
Depreciation	10,11	265	259
Interest and other finance costs	8	195	200
<b>Total expenditure</b>		<b>5,080</b>	<b>4,887</b>
<b>Surplus before other gains, losses and share of operating surplus</b>		<b>387</b>	<b>583</b>
Loss on disposal of fixed assets		(8)	-
Gain on investments		50	141
<b>Total comprehensive income for the year</b>		<b>429</b>	<b>724</b>
Represented by:			
Endowment comprehensive income for the year		-	-
Restricted comprehensive income for the year		28	308
Unrestricted comprehensive income for the year		401	416
		<b>429</b>	<b>724</b>

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
<b>Balance at 1 August 2016</b>	<b>12</b>	<b>347</b>	<b>4,829</b>	<b>1</b>	<b>5,189</b>
Surplus from the income and expenditure statement	-	8	716	-	724
Release of restricted funds spent in year	-	300	(300)	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>308</b>	<b>416</b>	<b>-</b>	<b>724</b>
<b>Balance at 1 August 2017</b>	<b>12</b>	<b>655</b>	<b>5,245</b>	<b>1</b>	<b>5,913</b>
Surplus from the income and expenditure statement	-	28	401	-	429
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>28</b>	<b>401</b>	<b>-</b>	<b>429</b>
<b>Balance at 31 July 2018</b>	<b>12</b>	<b>683</b>	<b>5,646</b>	<b>1</b>	<b>6,342</b>

# Balance sheet as at 31 July 2018

	Notes	2018 £'000	2017 £'000
<b>Non-current assets</b>			
Intangible assets	10	23	31
Tangible fixed assets	11	6,651	6,715
Investments	12	930	909
Social Investments	13	69	88
		<b>7,673</b>	<b>7,743</b>
<b>Current assets</b>			
Trade and other receivables	14	207	212
Cash and cash equivalents	20	2,955	2,511
		<b>3,162</b>	<b>2,723</b>
Less: Creditors: amounts falling due within one year	15	805	666
		<b>2,357</b>	<b>2,057</b>
<b>Net current assets</b>		<b>10,030</b>	<b>9,800</b>
<b>Total assets less current liabilities</b>		<b>10,030</b>	<b>9,800</b>
Creditors: amounts falling due after more than one year	16	3,688	3,887
		<b>6,342</b>	<b>5,913</b>
<b>Total net assets</b>		<b>6,342</b>	<b>5,913</b>
<b>Share capital</b>	17	1	1
<b>Restricted Reserves</b>			
Income and expenditure - endowment reserve	18	12	12
Income and expenditure - restricted reserve	19	683	655
<b>Unrestricted Reserves</b>			
Income and expenditure reserve - unrestricted		5,646	5,245
		<b>6,342</b>	<b>5,913</b>
<b>Total Reserves</b>		<b>6,342</b>	<b>5,913</b>

The financial statements of the University College of Osteopathy, company registration number 146343 were approved by the Governing Body on 14 November 2018 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 2018

	<i>Notes</i>	Year Ended 31 July 2018 £'000	Year Ended 31 July 2017 £'000
<b>Cash flows from operating activities</b>			
Surplus for the year		429	724
<b>Adjustment for non-cash items</b>			
Amortisation of intangible assets	10	8	8
Depreciation of tangible fixed assets	11	257	251
Loss on disposal of fixed assets		8	-
(Gain) on investments		(50)	(141)
Decrease in social investments	13	5	9
Decrease in debtors	14	19	365
Increase (decrease) in creditors	15	129	(330)
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(16)	(12)
Interest payable	8	195	200
Capital grant income		(88)	(61)
<b>Net cash flow provided by operating activities</b>		<b>896</b>	<b>1,013</b>
<b>Cash flows from investing activities</b>			
Capital grant receipts		88	61
Proceeds from the disposal of non-current asset investments		200	204
Investment income		16	12
Purchase of tangible fixed assets		(201)	(89)
Purchase of non-current asset investments		(171)	(278)
		<b>(68)</b>	<b>(90)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(195)	(200)
Repayments of amounts borrowed	16	(189)	(183)
		<b>(384)</b>	<b>(383)</b>
<b>Increase in cash and cash equivalents in the year</b>		<b>444</b>	<b>540</b>
Cash and cash equivalents at beginning of the year	20	2,511	1,971
Cash and cash equivalents at end of the year	20	<b>2,955</b>	<b>2,511</b>

# 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 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 charge, and the estimation of the provision of 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 assessment in respect of a period of at least one year from the date of authorisation for the 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/Office for Students 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.

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.

### 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 and useful lives are 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 charity 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 2018 £'000	Year ended 31 July 2017 £'000
<b>1. Tuition fees and education contracts</b>		
Full-time undergraduate Home students	1,782	1,664
Full-time postgraduate Home students	89	54
Part-time Home students	1,184	1,064
Full-time undergraduate EU students	288	271
Full-time postgraduate EU students	-	28
Part-time EU students	39	78
Non-EU Domicile students	213	242
Other fees and support grants	161	163
	<b>3,756</b>	<b>3,564</b>
<b>2. Funding body grants</b>		
Teaching grant from HEFCE/Office for Students	880	952
Capital grant	88	61
	<b>968</b>	<b>1,013</b>
<b>3. Research grants and contracts</b>		
Grants and other contracts	-	2
<b>4. Other income</b>		
Clinic Income	589	622
Other income	56	83
	<b>645</b>	<b>705</b>
<b>5. Investment Income</b>		
Interest on cash deposits	3	1
Dividends and interest on listed investments	13	11
	<b>16</b>	<b>12</b>

	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
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**6. Donations and endowments**

Donations with restrictions	32	73
Unrestricted donations	15	101
Legacy income - restricted	34	-
Legacy income - unrestricted	1	-
	<b>82</b>	<b>174</b>

**7. Staff costs**

Salaries	2,856	2,862
Social security costs	233	233
Pension costs	70	68
<b>Total</b>	<b>3,159</b>	<b>3,163</b>

Included in the above is £35,331 severance pay to 2 members of staff (2017: £46,457 to 2 members of staff).

## Emoluments of the Vice Chancellor:

	£	£
Salary	132,479	130,221
Bonus	5,308	6,503
Benefits	149	149
Pension Contributions	4,101	4,097
	<b>142,037</b>	<b>140,970</b>

## Average staff numbers by major category:

	No.	No.
Academic	47	54
Clinic	58	54
Research	6	4
Management and Fundraising	11	10
Property management	1	2
ICT	5	4
Facilities	1	1
	<b>129</b>	<b>129</b>

Except for the Vice-Chancellor, noted above, no other employee received remuneration of £100,000 or more during the financial year.

### 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 Practice and Finance Director.

	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Salary and benefits of key management personnel	485	545

### 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 £21,600 (2017: £23,400) 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 £17,678 (2017: £17,654) 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 £73,922 (2017: £73,858).

No board member has received any waived payments from the institution during the year (2017: none).

The total expenses paid to or on behalf of 4 board members was £1,630 (2017: £1,158 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.

### 8. Interest and other finance costs

	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Loan interest	179	183
Investment management and bank charges	16	17
	<u>195</u>	<u>200</u>

	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
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### 9. Analysis of other operating expenses

Staff related costs	350	256
Facilities & Estate	571	574
ICT	135	74
Materials and consumables	41	36
Services	107	85
Stationery and printing	27	35
Marketing and communications	58	46
Professional fees and subscriptions	133	130
Student awards and bursaries	39	39
	<b>1,461</b>	<b>1,265</b>

#### Other operating expenses include:

External auditor's remuneration in respect of audit services	17	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 2018 £'000
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#### Cost

At 1 August 2017 and 31 July 2018	<b>41</b>
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#### Amortisation

At 1 August 2017	10
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Amortisation charge for the year	8
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At 31 July 2018	<b>18</b>
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#### Net book value

At 31 July 2018	<b>23</b>
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At 31 July 2017	<b>31</b>
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## 11. Tangible fixed assets

	Leasehold property £'000	Computers and video equipment £'000	Furniture, fixtures & equipment £'000	Total £'000
<b>Cost</b>				
At 1 August 2017	8,518	664	288	9,470
Additions	-	151	50	201
Disposals	(2)	(109)	(16)	(127)
<b>At 31 July 2018</b>	<b>8,516</b>	<b>706</b>	<b>322</b>	<b>9,544</b>
<b>Depreciation</b>				
At 1 August 2017	2,020	492	243	2,755
Charge for the year	170	69	18	257
Written off on disposal	-	(104)	(15)	(119)
<b>At 31 July 2018</b>	<b>2,190</b>	<b>457</b>	<b>246</b>	<b>2,893</b>
<b>Net book value</b>				
<b>At 31 July 2018</b>	<b>6,326</b>	<b>249</b>	<b>76</b>	<b>6,651</b>
At 31 July 2017	6,498	172	45	6,715

<b>Analysis of leasehold property:</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Long leasehold	3,326	3,417
Improvements to the long leasehold property	3,000	3,081
	<b>6,326</b>	<b>6,498</b>

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 2018 £'000	Year ended 31 July 2017 £'000
Market value at 1 August 2017	1	908	909	694
Additions at cost	-	171	171	278
Disposal proceeds	-	(200)	(200)	(204)
Realised gain	-	161	161	22
Disposals at book value	-	(39)	(39)	(182)
Unrealised (loss) gain	-	(111)	(111)	119
<b>Market value at 31 July 2018</b>	<b>1</b>	<b>929</b>	<b>930</b>	<b>909</b>
Cost of listed investments	1	749	750	771

### 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 2018 the company did not trade. Its reserves at 31 July 2018 were £15 (2017: £15).

### 13. Social investments

	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Amounts due from loans to students	69	88

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 2018 £'000	Year ended 31 July 2017 £'000
Amounts falling due within one year:		
Trade receivables	27	63
Other receivables	19	12
Prepayments and accrued income	161	137
	<b>207</b>	<b>212</b>

### 15. Creditors: amounts falling due within one year

	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Secured loans (see note 16)	199	189
Trade payables	246	118
Other payables	86	61
Social security and other taxation payable	74	71
Accruals and deferred income	200	227
	<b>805</b>	<b>666</b>

**16. Creditors: amounts falling after more than one year**

	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Secured loans	3,887	4,076
Analysis of secured loans:		
Due within one year (see note 15)	199	189
Due between one and two years	206	199
Due between two and five years	648	648
Due in five years or more	2,834	3,040
<b>Due after more than one year</b>	<b>3,688</b>	<b>3,887</b>
<b>Total secured loans</b>	<b>3,887</b>	<b>4,076</b>

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 £189,363 (2017: £183,139). Both loans are secured on the properties 275 Borough High Street and 98-118 Southwark Bridge Road.

**17. Share capital**

	2018 £	2017 £
Ordinary shares	482	482
"B" shares (with no voting rights)	94	94
Share Premium	396	396
<b>Total</b>	<b>972</b>	<b>972</b>

	Authorised		Allotted, issued and fully paid	
	2018 £	2017 £	2018 £	2017 £
Ordinary shares of £1 each	4,906	4,906	482	482
"B" shares of £1 each	94	94	94	94
<b>Total</b>	<b>5,000</b>	<b>5,000</b>	<b>576</b>	<b>576</b>

### 18. Endowment reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	2018 Total £'000	2017 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 as a restricted permanent endowment on the basis that the management of its assets is undertaken by the institution.

### 19. Restricted reserves

Reserves with restrictions are as follows:

	Donations £'000	2018 Total £'000	2017 Total £'000
<b>Balances at 1 August 2017</b>	<b>655</b>	<b>655</b>	<b>347</b>
New donations	66	66	73
Expenditure	(38)	(38)	(65)
Transfer from unrestricted reserves	-	-	300
<b>Total restricted comprehensive income for the year</b>	<b>28</b>	<b>28</b>	<b>308</b>
<b>At 31 July 2018</b>	<b>683</b>	<b>683</b>	<b>655</b>

<b>Analysis of restricted reserves balances by type of purpose:</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
UCO Student Loans Fund	253	214
Scholarships and bursaries	7	9
Prize funds	200	205
Community Clinics' funds	23	23
Capital fund	200	200
Other	-	4
	<b>683</b>	<b>655</b>

### 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 2017	Cash flows	At 31 July 2018
	£'000	£'000	£'000
Cash and cash equivalents	2,469	408	2,877
Investment bank account	42	36	78
	<b>2,511</b>	<b>444</b>	<b>2,955</b>

## 21. Student Union

The institution holds £4,108 in separate bank accounts on behalf of the UCO Student Union (2017: £4,085).

## 22. Lease obligations

Total rentals payable under operating leases:

	Land and Buildings £'000	Total 31 July 2018 £'000	Total 31 July 2017 £'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	720	720	740
<b>Total</b>	<b>820</b>	<b>820</b>	<b>840</b>

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 (liable for a review in 2026) 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 127 staff (2017: 112 staff) amounted to £70,377 (2017: £68,140).

## 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 2018 or 31 July 2017.

**For further information, please contact:**

**Joanna Smith**  
**Finance Director**  
University College of Osteopathy  
275 Borough High Street  
London SE1 1JE  
**020 7089 5307**  
[joanna.smith@uco.ac.uk](mailto:joanna.smith@uco.ac.uk)