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ANGLO-EUROPEAN COLLEGE
OF CHIROPRACTIC
(a company limited by guarantee)

2007

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COMPANIES HOUSE

Anglo-European College of Chiropractic (a company limited by guarantee)

Legal and administrative information

31 August 2007

Company number

00653859

Charity number

306289

Registered office

13-15 Parkwood Road
Bournemouth
Dorset
BH5 2DF

Governors

S Hilton (Chair)
R Ashby
L Bronemo
R Broome
R Brown
R Conder
S Davies-Todd
A Farrell
E Ghyselings
H Hurst
T Kaschel
A Kuipers
D Mazzini
I Nilsen
L Pedersen
C Perry
K Vall
T Wheeler
A Wild

Company secretary

C Smith

Auditors

Tenon Audit Limited
Clifton House
Bunnian Place
Basingstoke
Hampshire RG21 7JE

Bankers

HSBC Bank Plc
17 Southbourne Grove
Bournemouth
Dorset BH6 3RG

Solicitors

Lester Aldridge
Russell House
Oxford Road
Bournemouth BH8 8EX

**Anglo-European College of Chiropractic (a company limited by
guarantee)**
31 August 2007

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Anglo-European College of Chiropractic (a company limited by guarantee)

Governors' report and financial statements

31 August 2007

Governors' report

The Governors present their annual report and the audited financial statements for the year ended 31 August 2007. This report also covers the Trustees Report as covered by Part VI of the Charities Act 1993 and the Directors Report as covered by s234 of the Companies Act 1985.

Reference and Administrative Information

The Anglo European College of Chiropractic ("the Company", "the Charity", "the College", or "AECC") was founded in 1960 and is registered with the Charity Commission under charity number 306289 and with Companies House under number 00653859. The Governors and details of the principal advisers are included within the legal and administrative information. The Principal is Mr K Vall.

Structure, governance and management

The governing document

Anglo-European College of Chiropractic is a company Limited by guarantee and a registered charity. It is governed by its Memorandum and Articles of Association which were last amended in April 2006.

Recruitment and Training of Governors

The Board of Governors (who fulfil the role of directors for company law purposes) includes membership appointed by National Chiropractic Associations that fulfil the criteria within the Articles of Association, and elected members, together with the Principal of the College who is an ex officio member.

Nominations for elected Governors are sought in a variety of ways, including advertising in the local press and the National Associations, and publicising vacancies to staff and graduates of the College. The Board actively endeavours to maintain the skills mix required for an effective Board. Nominations are scrutinised by the Nominations Committee which makes recommendations to the Board for appointment. All nominees are invited to visit the AECC and meet other Governors and senior staff as part of a pre-induction process. As part of the introduction to the College, Governors are encouraged to meet with the member who they replace and, separately, with the Clerk to the Board. Governors are also regularly invited to take part in the Guild HE Governance workshops and are encouraged to visit their website. A full induction pack is provided to new governors prior to their attending their first meeting.

Governors are also issued with the Governance and Management Handbook which gives detailed information, membership and terms of reference of all of the Institution's committees whether Board of Governors, Academic Board or management committees. The Board meets a minimum of three times a year and committee and sub-committee meetings are scheduled to take place six weeks prior to the main meeting.

Organisational structure

The Board of Governors, whose membership includes the College Principal, is legally responsible for the overall management of the College. The Board meets a minimum of three times a year. Implementation of the strategy and policies approved by the Board is the executive responsibility of the Principal and his senior management team. The Board is also advised by its Finance and General Purposes Committee which has responsibility for detailed scrutiny of the proposed budget and its subsequent management and meets 6 weeks prior to the Board meetings.

Responsibility for the management of the college's academic activities is delegated to Academic Board and its committees, led by the College Principal.

Anglo-European College of Chiropractic (a company limited by guarantee)

Governors' report and financial statements

31 August 2007

Governors' report continued

Risk Management

The Board of Governors confirm that the major risks to which the College is exposed have been reviewed and that systems have been established to manage those risks. The Board of Governors is ultimately responsible for the identification and management of risks that the College may face. It is informed in this task through the College's practice to include the consideration of risk in every formal meeting, its evaluation by the Principal and senior managers, and regular reporting and consideration at each meeting of the Board of Governors. Identification, evaluation and management of risk is an important part of the Principal's annual planning cycle and review of strategy. A formal review of the effectiveness of this process is considered annually by the Board.

Governors

The Governors who held office during the year were as follows

S Hilton (Chair)	
R Ashby	
L Bronemo	
R Broome	
R Brown	
R Conder	
S Davies-Todd	
A Farell	(appointed 18 November 2006)
E Ghyselings	
A Harris	(resigned 7 July 2007)
H Hurst	
T Kaschel	
A Kuipers	
D Mazzini	
A Metcalfe	(resigned 18 November 2006)
I Nilsen	(appointed 7 July 2007)
L Pedersen	
C Perry	(appointed 7 July 2007)
K Vall	
S Webb	(resigned 18 November 2006)
T Wheeler	
A Wild	(appointed 18 November 2006)

Objectives and activities

Summary of Objects

The College's primary Objects, as defined in its Memorandum of Association are to "establish, conduct, carry on, maintain and support a Chiropractic College or Colleges, and any School, College or other Institution, or Schools, Colleges or Institutions, for the study of and training in the methods of treating disease and of maintaining health known as Chiropractic" and to provide the necessary human, research and physical resources to support this activity. The objects also identify the need to "encourage the formation of and establish Chiropractic clinics, hospitals, sanatoria, and other institutions for the treatment of disease and maintenance of health by Chiropractic and any ancillary or allied treatment".

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Governors' report and financial statements

31 August 2007

Governors' report continued

At its meeting on the 26 November 2005 the Board of Governors adopted a new mission and vision statement together with a new 5 year strategic plan

Our mission is 'to be the world's pre-eminent provider of chiropractic education, training and research as part of a modern healthcare community, for the promotion of a healthier society'

The vision is that by 2010/11 the AECC will

- have built a strong relationship as an independent associate college of Bournemouth University based on trust and understanding for the enhancement of both institutions, as it relates to both students and staff experience and to the benefit of the local community
- have an extensive network within the context of its mission with links to its national and international partners
- be an open community committed to widening participation and to educating chiropractors fit to practice and respond to the changing needs of society
- be the centre for innovation in chiropractic teaching, research and scholarship

The College has now disseminated and embedded the mission and vision within both staff and student bodies and started the implementation of the strategic plan

Main Objectives for the year 2006/07

The main objectives for the year were

- To continue to provide excellent chiropractic education, training and research
- To successfully become re-accredited by both the General Chiropractic Council (GCC) and the Council on Chiropractic Education (CCE Europe), for the maximum period (5 years) possible
- To achieve planning permission for a new training clinic to be built on campus Also to conclude the process of tendering and appointment of building contractors
- Establishing a centre of excellence for diagnostic ultrasound
- Diversifying and enhancing both our Continuous Professional Development (CPD) portfolio and our post graduate programmes
- Further development and research leading to commercialisation of the Objective Spinal Motion Imaging Assessment (OSMIA) product

Achievements and Performance

The number of undergraduates were 521 93 students graduated at the end of the year, with 6 students achieving distinction

Just after the year end the bi-annual review of Research and Post Graduate studies was published which summarised the research activities under taken in the period September 2005 to August 2007 and is available on request

Anglo-European College of Chiropractic (a company limited by guarantee)

Governors' report and financial statements

31 August 2007

Governors' report continued

The AECC was visited in February 2007 by a panel from the GCC for the purpose of re-accreditation of the institution. The outcome was very successful, the college was re-accredited for the maximum period of 5 years and was commended on

- 1 The innovation in the patient-centred curriculum
- 2 The quality of the documentation which was found to be excellent, well presented and comprehensive
- 3 The obvious commitment and enthusiasm of all staff and students
- 4 The clear evidence of effective team working between all staff
- 5 The appropriate investment in resources including the planned new clinic

There were two minor recommendations

- a The College is required to devise a fitness for practice strategy for students
- b Students must be made aware of the entry requirements for registration of the GCC and the profession

The College is addressing both as a priority

In May the CCE Europe visited the AECC also for re-accreditation purposes and the outcome was similar, listing a number of strengths of the College and also some areas of minor perceived weaknesses that will be addressed over the coming years

As with the GCC, there were no conditions for re-accreditation and thus the AECC is now accredited for a further five years by both the GCC and the CCE Europe

Much work has been expended by the Executive in order to reach a positive conclusion to the planning permissions for the new teaching clinic. Bournemouth Borough Council finally approved the proposal on 16 May 2007

Following a process of elimination, three contractors were chosen to tender for the building of the clinic. The successful company chosen was Interserve Limited and after much work by the Executive in contract negotiations, building work commenced in January 2008

The plans for the development of a centre of excellence for diagnostic ultrasound has progressed over the year with training of staff internally and by hosting Continuous Professional Development days for chiropractors and other healthcare professionals on campus. A specialist consultant radiologist in diagnostic ultrasound was appointed in September 2007 to take this development further

Our post graduate and CPD portfolio continues to grow both in numbers and complexity

We have in 2007/08 enrolled 65 students on our Post Graduate Certificate programme and having 33 postgraduate Masters students on a variety of programmes we are now close to the 100 mark, a record for the AECC and not matched by any institution within the chiropractic world. And there is more to come. We are developing new programmes notably in Diagnostic Ultrasound and Rehabilitation and Sports. These programmes will be attractive to a wide range of healthcare practitioners

The development of OSMIA is ongoing and progressing to target. The technology was licensed to Ortho Kinematics Inc (US based company) which is funding further research and development with a view to commercialising the technology

The product is now being recognised by the orthopaedic medical profession as having significant potential in assisting in the assessment of patients both pre and post operation

Anglo-European College of Chiropractic (a company limited by guarantee)

Governors' report and financial statements

31 August 2007

Governors' report continued

Financial Review

Results for the year

The consolidated statement of financial activities is set out on page 9. The surplus for the year derived from unrestricted activities amounted to £318,740 (2006 £260,301). As shown in note 16, there was a reduction in designated funds of £23,151 (2006 £24,397) leaving an increase in unrestricted general year end funds of £341,891 (2006 £284,698). This result was substantially ahead of our budget and the resources generated will be used to reduce the borrowing requirements for our planned expansion and move towards our desired level of reserves.

Total income from unrestricted activities grew strongly from £4,851,196 to £5,573,723, an increase of 15%.

Total College fees increased 17% from £3,547,579 to £4,160,650 as set out below.

Source	Total 2007 £'s	Total 2006 £'s	% Change
Undergraduate masters chiropractic	3,918,282	3,397,305	15
Undergraduate CREM	174,531	76,189	129
Postgraduate masters	40,560	35,976	13
PG Cert	27,277	38,109	(28)
Total	4,160,650	3,547,579	17

Average total student numbers on our core undergraduate masters programme increased from 473 to 521 which was in line with our budget. During the year 223 students on this programme benefited from public funding and £1,102,253 was received from this source.

Our share of fees from the BSc (Hons) in Clinical Rehabilitation and Exercise Management ('CREM'), a programme jointly developed with Bournemouth University, increased substantially from £76,189 to £174,531. This reflected a third cohort of students joining the programme and the College undertaking a greater proportion of the teaching.

Income from our postgraduate masters programmes and PG Certificate was under budget following disappointing recruitments.

Clinic income increased from £694,904 to £725,980, a rise of 4%. This was considerably below our expectations due mainly to a poor performance from our most important source of income, student interns. Income from this source only increased 6% to £515,329 (2006 £484,973) despite a 39% increase in student interns from 67 to 93. New procedures have been introduced which should lead to an improved performance in 2007/08. Income from the massage service achieved a second year of strong growth increasing 29% from £31,462 to £40,440.

After two years of strong growth, income from our short course programmes for the profession (CPD) flatlined at £113,047 (2006 £112,015). This included an exceptional £18,505 from the course 'Functional Reactivation and Rehabilitation' which attracted 85 delegates.

Anglo-European College of Chiropractic (a company limited by guarantee)

Governors' report and financial statements

31 August 2007

Governors' report continued

During the year, trading commenced at our subsidiary AECC Enterprises. This company is responsible for the commercial exploitation of the OSMIA technology. It granted an exclusive licence to Ortho Kinematics Inc to develop, manufacture and sell products and services derived from the OSMIA technology. Ultimately the Group hopes to benefit from royalties receivable under this licence (which will be based on Ortho-Kinematic's turnover). In the course of the year AECC Enterprises also secured a research contract from Ortho Kinematics amounting to £51,938. A small loss was recorded for the first year of trading.

Turnover (excluding inter company activity) for Spine Centre Limited, our other subsidiary was disappointing, falling 4% from £198,778 to £191,056 due to problems with the supply of certain of the company's products. Operating profit (before donations) was £11,437 (2006 £11,149).

Interest income rose from £124,427 to £141,647 as the College benefited from rising interest rates. Interest rates averaged 5.22% (2006 4.52%) with the College generating a return of 5.09% (2006 4.37%).

Expenditure on unrestricted activities grew 14% from £4,590,895 to £5,254,983. This increase largely reflects additional resource needs to service the rapid growth in income.

Capital expenditure in the year was £389,741, which included £118,562 in respect of the expansion project.

Reserves policy

The Governors have examined the requirements for free reserves, which are those unrestricted funds not invested in fixed assets or designated for specific purposes.

The Governors consider that reserves are primarily needed to cover unforeseen temporary declines in the Group's core income sources, provide adequate working capital to enable the Group to be managed efficiently and enable the expansion project to be completed. The Governors consider that an appropriate range of reserves to cover these risks to be £4,182,166 to £4,532,166.

At 31 August 2007 the Group's free reserves amounted to £2,142,089 (2006 £1,922,956) which falls below the appropriate range of reserves. The reason for the shortfall is that the required free reserves include £3,612,166 needed to fund the completion of the expansion project. The Governors have decided that it is appropriate to borrow money to fund this project and have considered detailed financial projections including this borrowing for the next 5 years. The projections indicate that the Group will be able to make regular surpluses to repay the borrowings and to gradually build reserves to the desired level.

Investment policy and objectives

The Governors' policy is to invest free reserves in low risk cash deposits where the aim is to achieve a return close to average Bank of England base rate. Most of these funds will be utilised in the next few years in financing the planned expansion in infrastructure.

Plans for Future Periods

Perhaps the most important objective for the academic year 2007/08 is maintaining momentum in our expansion project, whilst still providing excellent education, training and research.

The new clinic building is due for completion in December 2008. The plans for redevelopment of the 'old clinic' building will have to be agreed with the planning and building regulation authorities.

We plan to develop further our relationship with sports clubs in particular football clubs at the highest level in order to support the establishment of an assessment centre and research opportunities.

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31 August 2007

Governors' report continued

We will work with colleagues in particular at the European level to establish common direction and priorities for research. This will entail the appointment of at least two research fellowships, one at PhD and one at Post Doctoral level.

The OSMIA product will be further developed to the point of becoming commercially beneficial to the College.

Auditors

On behalf of the Governors as a whole, the Finance and General Purposes Committee, reviewed the independence and performance of the auditors. After due consideration, the Committee recommended that the incumbent auditors should be reappointed. Therefore, in accordance with section 385 of the Companies Act 1989, a resolution proposing that Tenon Audit Limited be reappointed as auditor of the company will be put to the Annual General Meeting.

Statement of board members' responsibilities


Law applicable to incorporated charities in England and Wales requires the board members who are also Governors for the purposes of company law, to prepare financial statements for each financial year which give a true and fair view of the state of affairs for the Charity and of the Group and of its financial activities during the year. In preparing those financial statements, the board members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Charity and the Group will continue in operation.

The board members are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Charity and which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Charity and to prevent and detect fraud and other irregularities.

In so far as the Governors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This report was approved by the Board of Governors on  28th March 2008 and signed on its behalf by


K Vall
Governor

13 – 15 Parkwood Road
Bournemouth, Dorset,
BH5 2DF

Anglo-European College of Chiropractic (a company limited by guarantee)

Governors' report and financial statements

31 August 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO-EUROPEAN COLLEGE OF CHIROPRACTIC

We have audited the financial statements of Anglo-European College of Chiropractic for the year ended 31 August 2007. The financial statements, which comprise of pages 9 to 27, which have been prepared under the historical cost convention and the accounting policies set out on pages 14 to 16.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Governors and auditors

As described in the statement of Governors' responsibilities on page 7 the company's Governors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Governors' report is consistent with the financial statements, if the charitable group and company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding Governors' remuneration and transactions with the charitable group and company is not disclosed.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the charitable company, and are consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements show a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the charitable group and company as at 31 August 2007 and of its incoming resources and application of resources, including its income and expenditure in the year then ended,
- have been properly prepared in accordance with the Companies Act 1985,
- the information given in the Governors' Report is consistent with the financial statements.


Tenon Audit Limited
Registered Auditor

Dated 28 March 2008
Clifton House
Bunnian Place
Basingstoke
Hampshire

Anglo-European College of Chiropractic (a company limited by guarantee)

Governors' report and financial statements

31 August 2007

Consolidated statement of financial activities (including Income and Expenditure Account) For the year ended 31 August 2007

	Notes	Unrestricted funds £	Restricted funds £	2007 Total funds £	2006 Total funds £
Incoming resources					
Incoming resources from generated funds					
Voluntary income					
Donations and gifts		16,415	176,016	192,431	21,038
Activities for generating funds					
Trading company income	7	242,994	-	242,994	198,778
Other income		23,720	-	23,720	24,907
Interest receivable		141,647	-	141,647	124,427
Activities in furtherance of the Charity's objectives					
College fees		4,160,650	-	4,160,650	3,547,579
CPD		113,047	-	113,047	112,015
Clinic income		725,980	-	725,980	694,904
Research grants		-	40,573	40,573	61,681
Catering income		149,270	-	149,270	127,548
Total incoming resources		<u>5,573,723</u>	<u>216,589</u>	<u>5,790,312</u>	<u>4,912,877</u>
Resources expended					
Cost of generating funds					
Trading company expenditure		169,479	-	169,479	187,629
Recharged Costs		64,905	-	64,905	-
Charitable activities					
College tuition and research		4,253,543	56,834	4,310,377	3,739,452
CPD		128,403	-	128,403	120,677
Chiropractic Clinic		293,090	-	293,090	294,012
Catering		292,820	-	292,820	260,269
Governance costs		<u>52,743</u>	<u>-</u>	<u>52,743</u>	<u>64,959</u>
Total resources expended	4	<u>5,254,983</u>	<u>56,834</u>	<u>5,311,817</u>	<u>4,666,998</u>
Net movement in funds	3	318,740	159,755	478,495	245,879
Fund balances brought forward at 1 September 2006		<u>2,886,328</u>	<u>28,293</u>	<u>2,914,621</u>	<u>2,668,742</u>
Fund balances carried forward at 31 August 2006		<u>3,205,068</u>	<u>188,048</u>	<u>3,393,116</u>	<u>2,914,621</u>

Both unrestricted and restricted funds are income funds

The incoming resources and resulting net movement in funds arise from continuing operations

The Charity has no recognised gains or losses other than the net movement in funds for the year

There is no material difference between the results as stated above and the results on a historical cost basis

Anglo-European College of Chiropractic (a company limited by guarantee)
Governors' report and financial statements
31 August 2007

Consolidated balance sheet
At 31 August 2007

	Note	2007		2006	
		£	£	£	£
Fixed assets					
Tangible assets	8		1,125,348		947,863
Current assets					
Stock	10	50,376		38,123	
Debtors	11	220,796		130,020	
Cash at bank and in hand		<u>2,584,212</u>		<u>2,351,308</u>	
		2,855,384		2,519,451	
Creditors , amounts falling due within one year	12	<u>(587,616)</u>		<u>(552,693)</u>	
Net current assets			2,267,768		1,966,758
Net assets			<u>3,393,116</u>		<u>2,914,621</u>
Unrestricted funds					
General	17		3,178,252		2,836,361
Designated	16, 17		<u>26,816</u>		<u>49,967</u>
			3,205,068		2,886,328
Restricted funds	17		<u>188,048</u>		<u>28,293</u>
			<u>3,393,116</u>		<u>2,914,621</u>

These financial statements were approved by the board of Governors on *28 March* 2008 and were signed on its behalf by


A Wild
Governor

Anglo-European College of Chiropractic (a company limited by guarantee)

Governors' report and financial statements

31 August 2007

Company balance sheet

At 31 August 2007

	Notes	2007		2006	
		£	£	£	£
Fixed assets					
Tangible assets	8		1,124,665		946,653
Investments	9		44,002		20,002
			<u>1,168,667</u>		<u>966,655</u>
Current assets					
Stock	10	10,679		8,937	
Debtors	11	255,825		135,886	
Cash at bank and in hand		<u>2,535,988</u>		<u>2,333,886</u>	
		<u>2,802,492</u>		<u>2,478,709</u>	
Creditors amounts falling due within one year	12	<u>(568,970)</u>		<u>(538,455)</u>	
Net current assets			2,233,522		1,940,254
Net assets			<u>3,402,189</u>		<u>2,906,909</u>
Unrestricted funds					
General	17		3,187,325		2,828,649
Designated	16,17		<u>26,816</u>		<u>49,967</u>
			<u>3,214,141</u>		<u>2,878,616</u>
Restricted funds	17		<u>188,048</u>		<u>28,293</u>
			<u>3,402,189</u>		<u>2,906,909</u>

These financial statements were approved by the board of Governors on *26 Nov* 2008 and were signed on its behalf by

A F Wild

A Wild
Governor

Anglo-European College of Chiropractic (a company limited by guarantee)
Governors' report and financial statements
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Consolidated cash flow statement
For the year ended 31 August 2007

	Notes	2007		2006	
		£	£	£	£
Net cash inflow from operating activities	I		544,554		305,123
Returns on investments and servicing of finance					
Interest received		137,722		124,022	
Interest paid		<u>(284)</u>		<u>(1,007)</u>	
Net cash inflow from returns on investment and servicing of finance			137,438		123,015
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(443,392)		(267,388)	
Disposal of tangible fixed assets		<u>630</u>		<u>-</u>	
Net cash outflow from capital expenditure and financial investment			(442,762)		(267,388)
			<u>239,230</u>		<u>160,750</u>
Financing					
Capital element of finance lease rental payments			(6,326)		(7,808)
Increase in cash in the year	II		<u>232,904</u>		<u>152,942</u>

Reconciliation of net cash flow to movement in net funds

	Notes	2007	2006
		£	£
Increase in cash in the year	II	232,904	152,942
Repayments of finance leases	II	6,326	7,808
Net funds at beginning of year	II	<u>2,327,661</u>	<u>2,166,911</u>
Net funds at end of year		<u>2,566,891</u>	<u>2,327,661</u>

Anglo-European College of Chiropractic (a company limited by guarantee)

Governors' report and financial statements

31 August 2007

Notes to the consolidated cash flow statement

I. Reconciliation of net movement in funds to net cash inflow from operating activities

	2007	2006
	£	£
Net movement in funds	478,495	245,879
Interest receivable	(141,647)	(124,427)
Interest payable	761	1,484
Depreciation charge	212,256	190,937
(Increase/Decrease in stocks	(12,253)	869
Increase in debtors	(86,851)	(56,346)
Increase in creditors	94,423	46,727
Profit on sales of fixed assets	(630)	-
	<u>544,554</u>	<u>305,123</u>

II Analysis of changes in net funds

	At 1 September 2006	Cash flow	At 31 August 2007
	£	£	£
Cash at bank and in hand	2,351,308	232,904	2,584,212
Loan stock	(17,321)	-	(17,321)
Finance Leases	(6,326)	6,326	-
	<u>2,327,661</u>	<u>239,230</u>	<u>2,566,891</u>

Anglo-European College of Chiropractic (a company limited by guarantee)

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Notes

(forming part of the financial statements)

1. Status

Anglo-European College of Chiropractic is a registered charity (registered number 306289) and a company limited by guarantee. The liability of the members is limited to £2 each.

2. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

2.1 Basis of preparation

The financial statements are prepared under the historical cost convention and include the results of the Group's operations as indicated in the Governors' Report, all of which are continuing.

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005) and the Companies Act 1985.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Charitable Company and its subsidiary undertakings (together "the Group") made up to 31 August on a line by line basis.

Under section 230(4) of the Companies Act 1985, the Company is exempt from the requirement to present its own income and expenditure account.

2.3 Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	50 years
Office equipment, furniture and fittings	4 to 10 years
Medical and teaching equipment	4 to 8 years

Freehold land and assets in the course of construction are not depreciated.

In the Company's financial statements, investments in subsidiary undertakings are stated at cost.

2.4 Post retirement benefits

The Group operates four pension schemes. Two are defined benefit schemes and two are defined contribution schemes.

The two defined benefit schemes are provided by the Local Government Superannuation Scheme and the TPA Superannuation Scheme. These are multi-employer defined benefit schemes, which are contracted out of the State Earnings Related Pensions Scheme. These are accounted for as defined contribution schemes due to a special contractual arrangement with staff as more fully explained in note 18. The contributions are determined by qualified actuaries on the basis of periodic valuations.

Anglo-European College of Chiropractic (a company limited by guarantee)

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Notes (continued)

2. Accounting policies (continued)

2.4 Post retirement benefits (continued)

The amount charged to the statement of financial activities in respect of the defined contribution schemes represents the contributions payable to the schemes for the accounting period. The assets of the schemes are held separately from those of the Group in independently administered funds.

2.5 Stock

Stocks are stated at the lower of cost and net realisable value.

2.6 Incoming resources

Donations and gifts

Income from donations and gifts, including capital grants, is included in incoming resources when it is receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Activities in furtherance of the Charity's objects

Course income is recognised in the period in which the course takes place.

Catering income is recognised in the period in which the service is provided.

Income from research grants is recognised when it is receivable except where it is specified that the grant must be used in a future accounting period or where there are pre-conditions for use.

Clinic income is included as it is received.

Activities for generating funds

Trading company income represents the amounts derived from the provision of goods and services to students, patients and customers during the year and is recognised when the respective goods and services are provided.

Interest receivable

Interest is included on a receivable basis.

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Notes (continued)

2. Accounting policies (continued)

2.7 Resources expended

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered

Expenditure that is directly attributable to a specific activity is included in that cost category

Support costs are those costs which enable charitable activities to be undertaken. These costs include finance, registry, human resources, property maintenance and information systems. Support costs that are not directly attributable to a specific activity are apportioned on the basis of management estimates of the amount attributable to each activity in the year.

As the chiropractic clinic is principally a teaching facility, most costs associated with its operation are included within college tuition and research. Other costs that are not related to teaching activity (principally private practice) are included within chiropractic clinic costs.

Governance costs comprise the costs of governing the Group. These costs include audit, legal advice for Governors and costs associated with complying with constitutional and statutory requirements such as the costs of Governors' meetings.

2.8 Leases

Assets held under finance leases, which are those where substantially all the risks and rewards of ownership have passed to the Group, are capitalised in the balance sheet and are depreciated over their useful lives. The capital element of future obligations under the leases is included as a liability in the balance sheet. The interest element of the rental obligations is charged to the Statement of Financial Activities over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Operating lease rentals are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

2.9 Fund accounting

The Group's results are dealt with under two categories of funds as follows:

Unrestricted

Unrestricted funds are those funds, which are expendable at the discretion of the Governors in furtherance of the objects of the Group. Unrestricted funds may be earmarked for a particular purpose and designated as a separate fund. This designation is for administrative purposes only and does not legally restrict the Governors' discretion to apply the fund.

Restricted

Restricted funds are those funds which are subject to specific trusts whereby the donor earmarks the funds for specific purposes which are within the overall objects of the Group.

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Notes (continued)

3. Net movements in funds for the year

	2007 Group £	2006 Group £
Net movements in funds for the year is stated after charging		
Auditors' remuneration – Group audit services	14,800	12,402
Company audit services	9,942	9,424
Group non audit services	3,017	1,955
Depreciation	212,256	190,937
Research and development	<u>384,679</u>	<u>338,498</u>
After crediting		
Donations and gifts	192,431	21,038
Profit on sales of fixed assets	<u>630</u>	<u>-</u>

4 Analysis of resources expended

Group	Staff Costs £	Depreciation £	Other costs £	2007 Total £	2006 Total £
Costs of generating funds					
Trading company expenditure	31,973	527	136,979	169,479	187,629
Recharged Costs	21,500	-	43,405	64,905	-
Costs in furtherance of the charities objects					
College tuition and research					
Direct	2,415,741	159,335	1,013,981	3,589,057	3,154,454
Support	407,052	24,892	289,376	721,320	584,998
CPD					
Direct	71,963	4,202	30,750	106,915	101,799
Support	12,126	742	8,620	21,488	18,878
Chiropractic Clinic					
Direct	164,262	9,591	70,189	244,042	248,017
Support	27,678	1,693	19,677	49,048	45,995
Catering Expenditure					
Direct	164,110	9,583	70,126	243,819	219,552
Support	27,652	1,691	19,658	49,001	40,717
Governance	<u>33,626</u>	<u>-</u>	<u>19,117</u>	<u>52,743</u>	<u>64,959</u>
	<u>3,377,683</u>	<u>212,256</u>	<u>1,721,878</u>	<u>5,311,817</u>	<u>4,666,998</u>

Accounting policy 2.7 deals with the allocation of costs between activities

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Notes (continued)

5 Remuneration of Governors

Governors' emoluments during the year ended 31 August 2007 were £130,870 (2006 £120,812). These emoluments only relate to Governors' services as employees. Two Governors were members of defined benefit pension schemes. £1,260 (2006 £1,260) was spent on indemnity insurance for Governors and officers of the College.

The Governors incurred £10,535 (2006 £6,686) in respect of reimbursed expenses (inclusive of those incurred on Company credit cards).

6 Staff numbers and costs

The average number of persons employed by the Group (excluding Governors) during the year ended 31 August 2007 was

	2007	2006
Academic	46	40
Administration and management	76	73
	<u>122</u>	<u>113</u>

The aggregate payroll costs (including Governors) of those persons were as follows

	Company	Subsidiaries	2007 Group	2006 Group
	£	£	£	£
Wages and Salaries	2,838,764	29,478	2,868,242	2,601,899
Social Security costs	268,093	1,774	269,867	242,581
Other pension costs (see note 18)	238,853	721	239,574	219,700
	<u>3,345,710</u>	<u>31,973</u>	<u>3,377,683</u>	<u>3,064,180</u>

The Group also incurred £330,227 (2006 £264,081) of costs relating to casual staff.

The number of higher paid employees including Governors (excluding pension contributions) was

	2007	2006
£60,001 - £70,000	4	3
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-

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Notes (continued)

7. Trading subsidiaries

The Company has two wholly owned trading subsidiaries which are incorporated in the UK

Details of the Company's subsidiary undertakings are as follows

Name	Class of Shares	Company's Interest	Registered	Principal activity
Spine Centre Limited	Ordinary £1	100%	England & Wales	Sales of Chiropractic supplies, books & stationery
AECC Enterprises Limited	Ordinary £1	100%	England & Wales	Commercial exploitation of research

Spine Centre Limited

Spine Centre Limited operates a retail outlet selling educational aids. Its trading results and balance sheet are summarised below and its audited financial statements have been filed with the Registrar of Companies

Profit & Loss account	2007 £	2006 £
Turnover	191,056	198,778
Cost of sales	(122,300)	(134,425)
Gross Profit	68,756	64,353
Administrative expenses	(57,319)	(53,204)
Amount donated to Charity	(10,700)	(10,600)
Operating profit	737	549
Interest Receivable	630	604
Interest Payable	(1,446)	(1,358)
Loss before taxation	(79)	(205)
Taxation	-	-
Loss after tax	(79)	(205)
Balance sheet		
Fixed assets	683	1,210
Net current assets	6,952	6,504
Capital and reserves	7,635	7,714

Turnover and cost of sales above exclude £41,650 (2006 £33,503) of intra-group sales

Cost of Sales includes £12,967 (2006 £nil) of recharges from Anglo-European College of Chiropractic

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Notes (continued)

AECC Enterprises Limited

AECC Enterprises Limited is responsible for the commercial exploitation of research activity in the year it licensed the OSMIA technology so that it can be further developed and also undertook paid for research. Its trading results and balance sheet are summarised below and its audited financial statements have been filed with the Register of Companies

Profit & Loss account	2007	2006
	£	£
Turnover	51,938	-
Cost of sales	<u>(51,938)</u>	<u>-</u>
Gross Profit	-	-
Administrative expenses	<u>(5,627)</u>	<u>-</u>
Operating Loss	(5,627)	-
Interest Receivable	<u>121</u>	<u>-</u>
(Loss)/profit before taxation	(5,506)	-
Taxation	<u>-</u>	<u>-</u>
(Loss)/profit after tax	<u>(5,506)</u>	<u>-</u>
 Balance sheet		
Fixed assets	11,200	-
Net current assets	<u>7,294</u>	<u>2</u>
Capital and reserves	<u>18,494</u>	<u>2</u>

Cost of Sales include £51,938 (2006 £nil) of recharges from Anglo-European College of Chiropractic

Fixed assets include £11,200 (2006 £nil) of intangible assets which are not recognised in the group accounts

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Notes (continued)

8 Tangible fixed assets – for Group's own use

Group	Assets in the course of construction £	Freehold land & buildings £	Medical and teaching equipment £	Office equipment furniture and fittings £	Total £
Cost					
At beginning of year	69,272	575,458	561,992	1,355,530	2,562,252
Additions	118,562	-	118,552	152,627	389,741
Disposals	-	-	(1,405)	(117,269)	(118,674)
At end of year	187,834	575,458	679,139	1,390,888	2,833,319
Depreciation					
At beginning of year	-	143,665	487,249	983,475	1,614,389
Charge for year	-	8,384	57,764	146,108	212,256
Disposals	-	-	(1,405)	(117,269)	(118,674)
At end of year	-	152,049	543,608	1,012,314	1,707,971
Net book values					
At 31 August 2007	187,834	423,409	135,531	378,574	1,125,348
At 31 August 2006	69,272	431,793	74,743	372,055	947,863

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Notes (continued)

8 Tangible fixed assets – for Company's own use

Company	Assets in the course of construction £	Freehold land & buildings £	Medical and teaching equipment £	Office equipment furniture and fittings £	Total £
Cost					
At beginning of year	69,272	575,458	561,992	1,351,222	2,557,944
Additions	118,562	-	118,552	152,627	389,741
Disposals	-	-	(1,405)	(116,299)	(117,704)
At end of year	187,834	575,458	679,139	1,387,550	2,829,981
Depreciation					
At beginning of year	-	143,665	487,249	980,377	1,611,291
Charge for year	-	8,384	57,764	145,581	211,729
Disposals	-	-	(1,405)	(116,299)	(117,704)
At end of year	-	152,049	543,608	1,009,659	1,705,316
Net book values					
At 31 August 2007	187,834	423,409	135,531	377,891	1,124,665
At 31 August 2006	69,272	431,793	74,743	370,845	946,653

The gross book value of freehold land and buildings for the Group and the Company includes £491,855 (2006 £491,855) of depreciable assets

9 Fixed asset investments

Company	Shares in subsidiary undertakings £	Loan to subsidiary undertakings £	Total £
Cost			
At beginning of year	2	20,000	20,002
Investments in year	24,000	-	24,000
At end of year	24,002	20,000	44,002

The loan to the Spine Centre Limited, which is unsecured, attracts interest at base rate plus 2%

Details of the subsidiaries are given in note 7

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Notes (continued)

10. Stocks

	2007 Group	2007 Company	2006 Group	2006 Company
	£	£	£	£
Consumables	11,274	10,679	9,409	8,937
Goods for resale	39,102	-	28,714	-
	<u>50,376</u>	<u>10,679</u>	<u>38,123</u>	<u>8,937</u>

11 Debtors

	2007 Group	2007 Company	2006 Group	2006 Company
	£	£	£	£
Trade debtors	108,887	76,943	53,727	48,638
Amounts owed by subsidiary undertakings	-	67,098	-	11,575
Prepayments and accrued income	89,582	89,582	75,877	75,377
Other debtors	22,327	22,202	416	296
	<u>220,796</u>	<u>255,825</u>	<u>130,020</u>	<u>135,886</u>

12 Creditors amounts falling due within one year

	2007 Group	2007 Company	2006 Group	2006 Company
	£	£	£	£
Loan stock	17,321	17,321	17,321	17,321
Obligations under finance leases	-	-	6,326	6,326
Trade creditors	226,842	217,652	203,285	195,978
Taxation and social security	101,957	101,957	87,572	87,572
Other creditors	33,979	31,053	31,370	28,259
Accruals and deferred income	207,517	200,987	206,819	202,999
	<u>587,616</u>	<u>568,970</u>	<u>552,693</u>	<u>538,455</u>

The loan stock is repayable on demand. It is secured by a fixed charge on the Company's freehold land and buildings.

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Notes (continued)

13 Capital commitments

The group and company had £52,534 of contracted capital commitments at the end of the financial year (2006 £63,800). The Governors have also authorised further capital expenditure of approximately £3,600,000 in respect of the planned expansion project.

14 Lease commitments

There were no commitments under non-cancellable operating leases (2006 nil).

15 Designated funds

The income funds of the Anglo-European College of Chiropractic include the following designated funds which have been set aside out of unrestricted funds by the Governors for specific purposes:

	Group and Company			
	Balance at 1 September 2006	New designations	Utilised	Balance at 31 August 2007
	£	£	£	£
TAM Club Clinic, Research & Library Development	28,932	14,871	(16,987)	26,816
Other research projects	21,035	-	(21,035)	-
	<u>49,967</u>	<u>14,871</u>	<u>(38,022)</u>	<u>26,816</u>

The treatment a month (TAM) club income is derived from regular donations from chiropractors. Funds from this source are designated for use on specific projects as determined by the Principal of the AECC.

Research project designations are set aside to help long term developments of research activities including potential commercial applications. Currently funds are being spent on the development of the OSMIA technology.

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Notes (continued)

16 Reconciliation of movement in funds

Unrestricted: General	2007 Group £	2007 Company £	2006 Group £	2006 Company £
Surplus for the financial year	341,891	358,676	284,698	284,903
Opening fund	2,836,361	2,828,649	2,551,663	2,543,746
Closing fund	<u>3,178,252</u>	<u>3,187,325</u>	<u>2,836,361</u>	<u>2,828,649</u>
Unrestricted: Designated	2007 Group £	2007 Company £	2006 Group £	2006 Company £
(Deficit) for financial year	(23,151)	(23,151)	(24,397)	(24,397)
Opening fund	49,967	49,967	74,364	74,364
Closing fund	<u>26,816</u>	<u>26,816</u>	<u>49,967</u>	<u>49,967</u>
Restricted	Balance at 1 September 2006 £	Group and Company Movement in resources		Balance at 31 August 2007 £
		Incoming £	Outgoing £	
Rehabilitation Centre Fund	23,122	-	(525)	22,597
The Chiropractic Trust Capital Fund	-	71,000	(17,750)	53,250
Research Funds	(116)	20,774	(17,010)	3,648
European Chiropractors' Union Fund	-	9,799	(9,799)	-
Student Hardship Funds	3,620	-	(1,750)	1,870
College of Chiropractors fund	1,667	10,000	(10,000)	1,667
New Clinic Fund	-	105,016	-	105,016
	<u>28,293</u>	<u>216,589</u>	<u>(56,834)</u>	<u>188,048</u>

The Rehabilitation Centre Fund was established following a grant from the Diana Princess of Wales Memorial Fund. This was to provide for building, equipment and initial set-up costs for the College's Rehabilitation Centre.

The Chiropractic Trust Capital Fund was established by donations specifically for the purpose of acquiring computer radiology equipment.

Research Funds represent grants received specifically for defined research projects.

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Notes (continued)

16. Reconciliation of movement in funds (continued)

The European Chiropractors' Union Fund supports academic research into the history of Chiropractic

The Student Hardship Fund was established by donations specifically to help students experiencing financial difficulty

The College of Chiropractors fund was established by donation to support a research fellowship post

The New Clinic Fund represents donations received specifically for the purpose of building the new clinic

17 Analysis of net assets between funds

Group

	Fixed Assets	Net Current Assets	Total
	£	£	£
Restricted funds	75,847	112,201	188,048
General funds	1,036,163	2,142,089	3,178,252
Designated funds	13,338	13,478	26,816
	<u>1,125,348</u>	<u>2,267,768</u>	<u>3,393,116</u>

Company

Restricted funds	75,847	112,201	188,048
General funds	1,079,482	2,107,843	3,187,325
Designated funds	13,338	13,478	26,816
	<u>1,168,667</u>	<u>2,233,522</u>	<u>3,402,189</u>

18 Pension schemes

The Group participates in four pension schemes – The Teachers' Pension Scheme and The Local Government Superannuation Scheme, which are both defined benefit schemes, and the Allied Dunbar Scheme and Scottish Widows Scheme, which are both defined contribution schemes

The Group has capped its contributions to these pension arrangements at an effective rate of 5%. This is implemented by contractual arrangements with employees who take a reduction in salary when company contribution rates exceed 5%.

The total pension cost for the year ended 31 August 2007 was £239,574 (2006 £219,700)

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Notes (continued)

18 Pension scheme (continued)

Teachers' Pension Scheme

The TPS is an unfunded scheme. Contributions on a "pay as you go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972.

The pension cost is assessed every five years in accordance with the advice of the government actuary using a prospective benefits valuation method. The latest actuarial valuation of the scheme was as at 31 March 2001. The cost of pensions increases is currently excluded from the valuation and neither employees or employers contribute to this added value to the employee, which is met directly by the Exchequer.

The scheme has been invested notionally in government securities. A gross rate of interest of 7.0% per annum has been assumed as the return on the investment.

The rate of increase in salaries has been assumed to be 5.0% per annum.

The valuation showed that at 31 March 2001 the value of assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £142,880 million. This represents 100% of the scheme's assets.

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. The contribution rate was 13.5% throughout the year ended 31 August 2007.

The Teachers Pensions Scheme is a multi-employer scheme where the share of assets and liabilities applicable to each employer is not identified. The Group has, therefore, accounted for its pension costs on a defined contribution basis as permitted by FRS17 "Retirement Benefits".

Local Government Superannuation Scheme

The latest actuarial valuation of this scheme (carried out at 31 March 2005), recommended contribution rates for the period from 1 April 2006 to 31 March 2008. The assumptions that have the most significant effects on the valuation and other relevant data are as follows:

Rate of return on investments	5.6% to 7.4%
Rate of increase in salaries	4.55%
Rate of increase in pensions	2.8%

The valuation shows the scheme to have a past service liability of £300.6 million with assets representing 74.3% of liability for past service. The actuary recommended an increased employer contribution rate of 14.4% from 1 April 2006 to deal with the under funding and this has been applied by the Group.

Due to the Group's contracted capping of its contributions into this pension scheme to an effective rate of 5%, the Governors have considered this arrangement under FRS 5, Reporting the Substance of Transactions. The Governors consider that these contributions should be accounted for as a defined contribution scheme rather than a defined benefit scheme as this more accurately reflects the substance of the transactions.