

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

Governors' Report and Financial Statements
For the year ended 31 August 2012

Company number 00653859

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Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2012

Legal and administrative information

Company number

00653859

Charity number

306289

Registered office

13-15 Parkwood Road
Bournemouth
Dorset
BH5 2DF

Governors

A Wild (chair)
M Copp
A Cormack
S Davies-Todd
I Fretten
M Gurden
O Haagensen
S Hartman
H Hurst
H Thiel
B Van der Vossen
H Wagg
F Wilson
J Worthington

Council Members

L Bronemo
M Gurden
O Haagensen
S Hartman
A Jacques
D Mazzini
R Murphy
B Van der Vossen
H Wagg
A Wild

Executive

H Thiel
J Bolton
I Giles
J Lewis
A Thorkeldsen

Company secretary

S Morris

Auditor

RSM Tenon Audit Limited
Vantage
Victoria Street
Basingstoke
Hampshire
RG21 3BT

Accountants

RSM Tenon Limited
Vantage
Victoria Street
Basingstoke
Hampshire
RG21 3BT

Bankers

HSBC Bank Plc
17 Southbourne Grove
Bournemouth
Dorset
BH6 3RG

Solicitors

Mills & Reeve LLP
Francis House
112 Hills Road
Cambridge
CB2 1PH

Frettons LLP
The Saxon Centre
11 Bargates
Christchurch
BH23 1PZ

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Governors' Report

The Governors present their annual report and the audited financial statements for the year ended 31 August 2012. This report also covers the Trustees' Report as required by Chapter 4 Section 162 of the Charities Act 2011 (hereinafter "Charities Act")

Reference and Administrative Information

The Anglo European College of Chiropractic ("the Charity" 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 during the majority of the year was Mr K Vall. He retired in June 2012 and was succeeded by H Thiel as the new principal.

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 Articles of Association which were last amended in April 2011.

Organisational structure

The Board of Governors (who fulfil the role of directors for company law purposes) can consist of between 12 to 18 members. Four members are elected from the Council that includes representatives of chiropractic national associations within the ECU. It was decided that for the first Board meeting after the adoption of the articles that these four chiropractors would be representatives from the national associations that have the most students at AECC which, at present, are the UK, Norway, Germany and Holland. The Principal of the College, staff Governor and student Governor are ex officio members. The rest of the Board membership are lay members elected for their expertise (some of these lay members may also be chiropractors). The Vice-Principal for undergraduate studies and quality, and the Vice-Principal for postgraduate studies and research are in attendance at Board meetings. The changes enable the Board to have a closer working relationship with the Executive and focus on important strategic issues in a complex higher education market, in both the UK and Continental Europe.

The Board of Governors is legally responsible for the overall management of the AECC. Implementation of the strategy and policies approved by the Board is the executive responsibility of the Principal and his Executive team. The Board meets a minimum of three times a year and is also advised by the 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 AECC's academic activities is delegated to Academic Board and its committees, led by the College Principal.

The Council that supports the Board of Governors has been set up to take an ambassadorial role and to be supportive of the overall activity at AECC as well as liaison with students and associations over issues specific to chiropractic. The Council consists of the representatives of the national associations, the Student Union President, the Principal and the Chair of the Board of Governors. Members of the Executive and the other interested parties are in attendance.

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Governors' Report (continued)

Recruitment and Training of Governors

The Board actively endeavours to maintain the skills mix required for an effective Board. Where a skills gap is identified, nominations for new 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. 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 AECC, Governors are encouraged to meet with the member who they replace and, separately, with the Clerk to the Board. 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 AECC's committees whether Board of Governors, Academic Board or management committees.

Risk Management

The Board of Governors confirm that they have reviewed and considered the major risks to which the AECC is exposed and that they are satisfied 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 AECC may face. It is informed in this task through the AECC'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 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)	(resigned 16/11/2012)
L Andrews	(resigned 7/4/2012)
R Conder	(resigned 2/4/2012)
M Copp	
A Cormack	
S Davies-Todd	
I Fretten	
M Gurden	(appointed 19/11/2011)
O Haagensen	
S Hartman	
H Hurst	
C Lynn	(resigned 30/6/2012)
H Thiel	(appointed 18/6/2012)
K Vall	(resigned 17/6/2012)
B Van der Vossen	
H Wagg	(appointed 30/6/2012)
T Wheeler	(resigned 2/4/2012)
A Wild	
F Wilson	(appointed 8/4/2012)

J Worthington was appointed as a Governor on 17 November 2012

Governors' Report (continued)

Objectives and activities

Summary of Objects

The AECC's primary objects, as defined in its Articles of Association, are to "provide education and undertake research on Chiropractic and/or other allied, related or ancillary disciplines" and to provide the necessary human, research and physical resources to support this activity. The objects also include the requirement to "establish Chiropractic treatment centres for the treatment of disease and maintenance of health by Chiropractic and/or other allied, related or ancillary treatments" and "to promote the study and advancement of Chiropractic and/or other allied, related or ancillary disciplines".

Strategy and vision

Our new Strategic Plan for the period 2012 to 2020, which we refer to as our 2020 Vision, builds on key institutional strengths and initiatives developed under the last strategic plan (2007 to 2012). It is structured in accordance with AECC's delivery of value based on our core competencies in musculoskeletal healthcare. Our core competencies in education, research and clinical care are underpinned by human resource management, information and communications technology, facilities, finance, marketing and business development. Overall the AECC value delivery model enables fulfilment of our strategic purpose, as articulated by our mission statement.

"A Healthier Society through Education, Research and Clinical Care"

The vision is that by 2020 the AECC will

- achieve global recognition as a leading provider of multidisciplinary musculoskeletal (msk) healthcare education, based in Bournemouth, possibly with independent degree-granting authority, a solid base of national and international students attending a variety of courses, highly qualified academic staff, and a rich international network of collaborative partnerships with educational, research, governmental, non-profit and commercial organisations
- contribute to substantive advances in evidence-based healthcare, through robust, well funded, international collaborative programmes of research on msk conditions
- become a major provider of diagnosis and treatment of msk conditions through our clinical operations in independent and NHS sectors
- successfully exploit the AECC's brand, reputation, facilities, skills and IP through entrepreneurial innovation and business development designed to enhance the institution's place as a global leader in chiropractic and allied healthcare research, in the process generating substantial net profits and asset wealth that provide a secure financial foundation for educational, research and entrepreneurial activities in the future

The College has disseminated and embedded the mission and vision within both staff and student bodies.

Main Objectives for the year 2011/12

The main objectives for the year were

- To continue to provide excellent chiropractic and allied education, training and research
- To agree a new long-term vision for the AECC (2020) taking into account the prevailing and probable future economic climate for higher education in England

Governors' Report (continued)

- To develop, validate and accredit a new BSc (Hons) Community Health and Rehabilitation Course and an Access Year course for possible recruitment in the 2012/13 academic year
- To grow the new satellite clinic in Southampton further increasing staff and turnover, and also to plan to establish a second satellite clinic in an appropriate geographical area
- To increase further our research efforts through collaboration with others and appoint at least one more PhD Fellow
- To develop a new bespoke diagnostic ultrasound programme specifically for sonographers

Achievements and Performance

The number of undergraduate students as of the start of the academic year was 576 114 MChiro students graduated at the end of the 2011/12 year with 29 students achieving distinction. In addition a further 15 students were awarded a Master of Science Degree (MSc), 1 student was awarded the Postgraduate Diploma and 20 students were awarded Postgraduate Certificates

The implementation of the first year of the new BSc/MSc Chiropractic programme has generally gone very well and we were again able to successfully recruit students to our set target for the current academic year. We have started to now look closely at the specifics in delivering curricular content and clinical training within the Masters part of the programme. We have achieved accreditation for a maximum 5-year period for our new BSc/MSc chiropractic programme from the Council on Chiropractic Education – Europe (CCE-E). The final report listed a number of strengths, a few weaknesses, but did not raise any concerns.

In order to grow and expand as an institution, to support future plans for achieving teaching degree awarding powers and to regain highly trusted status in relation to the Border Agency controls, we decided to undergo institutional review by the QAA during the second half of the 2011/12 academic year. The final report concludes that the academic standards of the awards that the College delivers on behalf of its awarding bodies, the quality of student learning opportunities, and the enhancement of student learning opportunities all meet UK expectations for threshold standards. Successful accreditation by the QAA reflects a significant achievement for a small independent provider within the Higher Education sector.

A longer-term vision of the AECC (2020 vision) was achieved within our new strategic plan, which was agreed to and approved by the Board in April 2012. Implementation of the annual objectives started this autumn term.

We developed a new BSc (Hons) Community Health and Rehabilitation Programme, which was successfully validated by the University of Central Lancashire. Unfortunately this course failed to attract sufficient numbers for the planned 2012 start and we are currently reviewing the delivery model as well as the potential student markets for such a programme. We successfully validated a Science access to Higher Education Diploma through the Southern Open College Network and surpassed our recruitment target (10 students) to this one year course by 100%.

Following on from a number of significant concerns raised by our alumni regarding the strategic development of a number of satellite clinics, the AECC Executive and the AEL Board decided not to recommend enacting this strategic policy. However, it was decided to continue the operation of the Southampton Clinic, which is now run by only one of our graduates as, due to family reasons, the other chiropractor moved away from the area. As the current trading of the Southampton Clinic has not been achieving its monthly targets, it was decided not to replace the second practitioner. We submitted an application to provide chiropractic services from AECC Southampton as part of the NHS Any Qualified Provider (AQP) initiative, which was successful. Implementation of the required procedures and processes linked to the AQP initiative is currently underway.

One of our Senior Research Fellows received a travel award through the BU-Santander Travel Fellowship Scheme, which allowed her to visit the State University of New York and Upstate Medical University where she gave presentations at Orthopaedic Grand Rounds and to the University's Radiology Research Forum. In conjunction with the Research Design Services - South West (based at Bournemouth University) we have been

Governors' Report (continued)

planning to develop an NIHR grant application for an RCT comparing GP usual care with chiropractic care, focussing on cost effectiveness. The PROMs study, an initiative looking to collect clinical data from chiropractors in practice, and for which we had received a grant of £80K from the British Chiropractic Association, has nearly completed the first stage. We have been successful in securing two grants from the ECU Research fund (approximately £70k) for a PhD based study on 'measuring functional parameters in neck pain' and 'effects of manipulation of the cervical spine on inter-vertebral motion patterns and patient reported outcomes'. Finally, a further pledge for funding was obtained from both the European Academy of Chiropractic and the AECC TAM Club for another PhD fellowship to start in the 2012/13 academic year with the aim to 'investigate the biomechanics of the lumbar spine with quantitative fluoroscopy and electromyography'.

We are in the process of revalidating our MSc Diagnostic Ultrasound programme to provide a more generalist route for sonographers. The validation event is scheduled for April 2013.

Both our Continuous Professional Development (CPD) courses and the ones delivered via the Centre for Ultrasound Studies (CUS) have been very popular this year and both departments have seen an exceptional rise in activity. The model of delivering CPD events off site has proved to be quite successful in South Africa and Switzerland and we are currently considering expansion into further countries.

Public Benefit

The Governors confirm that they have paid due regard to the Charity Commission's guidance on public benefit.

The principal public benefits of the AECC's activities are the advancement of education and the relief of those in ill health which are primarily achieved through our education programmes and clinic treatments.

Our education programmes are available to all those who meet the relevant academic requirements. Our main chiropractic programme is a publicly funded course and students from the EU receive the same Government support packages as those attending other university courses. These packages include maintenance and tuition fee grants and loans. Additionally, we pay bursaries to students from lower income families.

Our clinic is open to all members of the public. Treatments from our students are provided at prices below those typically offered by Chiropractors and free to various patients including those on income support (at least 25% of all treatments have been delivered free of charge).

Our community outreach programme (CoP) was set-up and developed with two objectives in mind. The first objective was to provide an educational forum on a wide array of topics about musculoskeletal health care, which range from ergonomics to exercise, delivered to varying special interest groups in the community. The second objective was to develop opportunities for clinical students to hone communication and teaching skills and foster values of giving to our local community. This programme has grown to such an extent that the Community Outreach Coordinator has organised a team of students to help with the management of over 100 separate events each year, not including the clinical students' work with about 15 different athletic clubs and teams.

Discussions and talks by clinical students are given, at no charge, to a variety of organisations, which include ante-natal and post-natal groups, insurance executives, firemen, policemen, university staff and schoolchildren. Interns have been increasingly asked to go into classrooms to talk about nutrition, cardiac anatomy and physiology and skeletal anatomy and biomechanics. In addition, we regularly participate in the Science and Engineering week for local schools, providing the venue and programme for various human biology topics.

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Governors' Report (continued)

Plans for Future Periods

Our main objectives for 2012/13 are to

- Maintain a robust relationship with Bournemouth University, our validating university, within the background of uncertainty and change within the UK Higher Education sector,
- Design and develop a new pathway, based on flexible and distributed learning, to the existing BSc (Hons) Human Sciences part of the chiropractic programme, in order to widen access, particularly to mature students,
- Review the delivery model as well as the potential student markets for the BSc (Hons) Community Health and Rehabilitation programme,
- Provide chiropractic services from the AECC Southampton clinic under the NHS Any Qualified Provider (AQP) initiative,
- Recruit a suitable candidate for a PhD fellowship to start in the 2012/13 academic year with the aim to 'investigate the biomechanics of the lumbar spine with quantitative fluoroscopy and electromyography',
- Maintain and enhance the teaching and research equipment available to students, patients, researchers and CPD course attendees,
- Deliver CPD courses and aspects of our postgraduate Masters level programmes in other countries, and
- Investigate the feasibility to go forward with an application for Teaching Degree Awarding Powers

Financial Review

Results for the year

The consolidated statement of financial activities is set out on page 12. The surplus for the year derived from unrestricted activities amounted to £326,871 (2011 £715,868). As shown in note 20, there was an increase in designated funds of £5,142 (2011 £6,988) leaving an increase in unrestricted general year end funds of £321,729 (2011 £708,880).

The year was the second under the new contract arrangements with Bournemouth University (BU). Under this contract we are required to make progressive reductions in our funded student numbers and pay higher fees to BU.

The surplus on unrestricted activities generated during the year was ahead of our expectations and has further strengthened AECC's reserves. This will help to provide AECC with the security it needs to continue to meet the specific challenges of the new contract arrangements with BU and the well publicised wider issues facing the Higher Education sector.

Total income from unrestricted activities fell by 1%, from £7,506,665 to £7,462,418, which was in line with our expectations. The principal cause of the decline was a reduction in student fees following a decrease in the number of publicly funded students that we were required to make to meet our contractual arrangements with BU.

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Governors' Report (continued)

Total College fees decreased 5% from £5,977,699 to £5,686,529 as set out below

Source	Total 2012 £'s	Total 2011 £'s	% Change
Undergraduate masters chiropractic	5,172,480	5,429,010	(5)
Undergraduate CREM	238,109	286,130	(17)
Postgraduate masters	269,343	253,023	6
PG Certificate	6,597	9,536	(31)
Total	5,686,529	5,977,699	(5)

Average total student numbers on our core undergraduate masters programme declined from 594 to 574 whilst average fees rose by 5.4%. These two factors largely cancelled each other out. However under our agreement with BU, the maximum number of publicly funded student places was further reduced from 412 to 394. Accordingly, the grant from this source declined from £2,384,353 to £2,092,224 which largely accounted for the 5% total reduction in income.

Our share of fees from the BSc (Hons) in Clinical Rehabilitation and Exercise Management ('CREM'), a programme jointly developed with Bournemouth University, fell from £286,130 to £238,109. Whilst the overall reduction in student numbers was modest (73 to 70), this masked a strong recruitment and a very disappointing dropout rate for the later years. AECC's teaching share increases in the later years and thus we disproportionately suffered from the reduction in overall student numbers. Additionally, the per capita HEFCE resource allocated by BU to this course was reduced by 10%.

Enrolment to our postgraduate masters' programmes increased slightly from 96 to 97, although this fell short of our expectations. The proportion of overseas students (who attract higher fees) was higher than for the prior year and this was the principal reason behind the 6% increase in income to £269,343. The reduction in the PG Certificate income reflected a disappointing enrolment with student numbers declining 33% from 21 to 14.

Clinic income decreased from £693,213 to £680,040, a fall of 2%, due mainly to a reduction in Faculty private practice income. The fees generated by the student interns increased 7% to £536,226 (2011: £502,453) partly driven by an increase in student interns from 111 to 115. Performance across all areas of the Clinic's activities continued to be affected by the very difficult economic climate and by competition from the unusually high number of chiropractic clinics operating in close vicinity to AECC.

Following the restructuring referred to last year, our short course programmes (CPD) had an outstanding year with income rising 85% from £171,738 to a record of £317,583. For the first time in AECC's history CPD events were held at overseas venues and this proved to be a lucrative new development.

Ultrasound services had a strong year with income rising from £160,032 to £208,925. The improvement was largely due to increased demand to enrol on our Master class programmes.

Trading at our subsidiary companies is summarised in the following table:

	Spine Centre £'s	AECC Enterprises £'s	Total £'s
Turnover (excluding inter-company)	209,296	79,075	288,371
Operating Costs	(202,352)	(144,567)	(346,919)
Operating profit/(loss) pre Goodwill write off	6,944	(65,492)	(58,548)
Goodwill write off	-	(65,100)	(65,100)
Operating profit/(loss)	6,944	(130,592)	(123,648)

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Governors' Report (continued)

Turnover (excluding inter company activity) for Spine Centre Limited, rose 5% from £198,546 to £209,296 in what continued to be a very challenging economic climate. Spine Centre Limited generated an operating profit of £6,944 (2011 550) which enabled a gift aid donation of £4,016 to be made to AECC.

AECC Enterprises had a disappointing year. In September a Chiropractic Clinic in Southampton was purchased for the sum of £67,200. A major marketing effort was made to launch the Clinic but trading has been poor and this largely contributed to the operating loss of £65,492. In the light of this, the goodwill associated with the purchase amounting to £65,100 has been completely written off.

Our Catering operation benefitted from the increase in CPD and Ultrasound activity and increased turnover from £155,600 to £175,285.

Interest income rose from £17,993 to £31,501. We had previously placed substantially all our funds in AAA rated deposits. During the year we repaid the outstanding bank loan in full and decided to place a sizeable proportion of our funds in slightly higher risk deposits in order to improve returns. The Bank of England base rate averaged 0.5% (2011 0.5%) with AECC generating a return of 0.9% (2011 0.61%).

Unrestricted expenditure increased 5% from £6,790,797 to £7,135,547. However, £161,843 of this increase arose from the expansion of our subsidiaries' trading activity leaving an underlying rise of £182,907 (3%). Around 50% of the underlying increase was invested in Marketing as we sought to ensure demand for our services remained strong in a difficult business environment.

Capital expenditure decreased slightly from £150,941 to £143,618.

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 AECC's core income sources and provide adequate working capital to enable AECC to be managed efficiently. The Governors carried out a detailed review in October 2012 and concluded that an appropriate range of reserves to cover these risks to be £1,268,000 to £2,106,000. At 31 August 2012 AECC had consolidated free reserves amounting to £2,561,927 which is 22% higher than the above range. AECC's internal financial projections indicate that consolidated reserves will revert to the appropriate range over the next few years.

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 the average Bank of England base rate.

Auditors

During the year the audit function was retendered and following this process it was recommended that the incumbent auditors should continue in office.

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Governors' Report (continued)

Statement of governors' responsibilities

The governors (who are also directors of Anglo-European College of Chiropractic for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the governors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the governors are aware

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information

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

This report was approved by the Board of Governors on 14 February 2013 and signed on its behalf by



H Thiel
Governor

13 – 15 Parkwood Road
Bournemouth, Dorset

Anglo-European College of Chiropractic

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Independent Auditor's Report to the Members and Governors of Anglo-European College of Chiropractic

We have audited the consolidated financial statements of Anglo-European College of Chiropractic for the year ended 31 August 2012, which comprise the Group Statement of Financial Activities, the Group and Parent Balance Sheets, the Group Cashflow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, under Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governors and auditors

As explained more fully in the governors' Responsibilities Statement set out on page 8, the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 144 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group and parent charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent's charitable company's affairs as at 31 August 2012 and of the group's incoming resources and application of resources, including its income and expenditure in the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the Companies Act 2006 and the Charities Act 2011.

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Independent Auditor's Report to the Members and Governors of Anglo-European College of Chiropractic (continued)

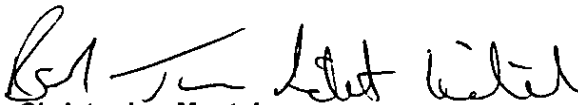
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Governors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit


Christopher Mantel
for and on behalf of

Date

14/2/13

RSM Tenon Audit Limited
Statutory Auditor
Vantage
Victoria Street
Basingstoke
Hampshire
RG21 3BT

RSM Tenon Audit Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Anglo-European College of Chiropractic
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Consolidated Statement of Financial Activities
(including Income and Expenditure Account)
For the year ended 31 August 2012

	Notes	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
Incoming resources					
Incoming resources from generated funds					
Voluntary income					
Donations and gifts		22,254	-	22,254	27,802
Activities for generating funds					
Trading company income	7	288,371	-	288,371	240,719
Other income		51,930	-	51,930	73,191
Interest receivable		31,501	-	31,501	17,993
Activities in furtherance of the Charity's objectives					
College fees		5,686,529	-	5,686,529	5,977,699
CPD		317,583	-	317,583	171,738
Chiropractic Clinic income		680,040	-	680,040	693,213
Ultrasound Services		208,925	-	208,925	160,032
Research grants		-	137,112	137,112	99,177
Catering income		175,285	-	175,285	155,600
Total incoming resources		7,462,418	137,112	7,599,530	7,617,164
Resources expended					
Cost of generating funds					
Trading company expenditure		389,075	-	389,075	196,208
Recharged Costs		22,944	-	22,944	53,968
Charitable activities					
College tuition and research		5,718,189	117,415	5,835,604	5,619,963
CPD		274,711	-	274,711	222,845
Chiropractic Clinic		135,330	-	135,330	201,923
Ultrasound Services		270,879	-	270,879	268,239
Catering		269,281	-	269,281	300,462
Governance costs		55,138	-	55,138	54,580
Total resources expended	4	7,135,547	117,415	7,252,962	6,918,188
Net movement in funds	3	326,871	19,697	346,568	698,976
Fund balances brought forward at 1 September 2011		6,215,771	331,313	6,547,084	5,848,108
Fund balances carried forward at 31 August 2012		6,542,642	351,010	6,893,652	6,547,084


Both unrestricted and restricted funds are income funds
The incoming resources and resulting net movement in funds arise from continuing operations

Anglo-European College of Chiropractic
(a company limited by guarantee)
Company number 00653859
31 August 2012

Consolidated Balance Sheet
At 31 August 2012

	Note	£	2012	£	£	2011	£
Fixed assets							
Intangible assets	8		-			-	
Tangible assets	9		4,128,349			4,385,185	
Current assets							
Stock	11	81,398			60,914		
Debtors	12	251,106			205,835		
Short term deposits		600,000			-		
Cash at bank and in hand		2,598,647			3,005,022		
		<u>3,531,151</u>			<u>3,271,771</u>		
Creditors amounts falling due within one year	13	<u>(765,848)</u>			<u>(889,872)</u>		
Net current assets			<u>2,765,303</u>			<u>2,381,899</u>	
Total assets less current liabilities			6,893,652			6,767,084	
Creditors: amounts falling due after more than one year	14		-			(220,000)	
Net assets			<u>6,893,652</u>			<u>6,547,084</u>	
Unrestricted funds							
General	20		6,390,868			6,069,139	
Designated	18,20		151,774			146,632	
			<u>6,542,642</u>			<u>6,215,771</u>	
Restricted funds	19,20		351,010			331,313	
			<u>6,893,652</u>			<u>6,547,084</u>	

These financial statements were approved by the board of Governors and authorised for issue on 14 February 2013 and were signed on its behalf by


M Copp
Governor

Anglo-European College of Chiropractic

(a company limited by guarantee)

Company number 00653859

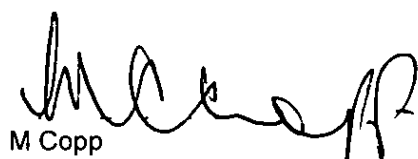
31 August 2012

Company Balance Sheet

At 31 August 2012

	Notes	2012		2011	
		£	£	£	£
Fixed assets					
Tangible assets	9		4,117,212		4,384,514
Investments	10		<u>20,002</u>		<u>174,002</u>
			4,137,214		4,558,516
Current assets					
Stock	11	8,876		8,085	
Debtors	12	275,692		255,369	
Short term deposits		600,000		-	
Cash at bank and in hand		<u>2,581,236</u>		<u>2,835,847</u>	
		3,465,804		3,099,301	
Creditors * amounts falling due within one year	13	<u>(736,657)</u>		<u>(860,038)</u>	
Net current assets			<u>2,729,147</u>		<u>2,239,263</u>
Total assets less current liabilities			6,866,361		6,797,779
Creditors * amounts falling due after more than one year	14		-		(220,000)
Net assets			<u>6,866,361</u>		<u>6,577,779</u>
Unrestricted funds					
General	20		6,363,577		6,099,834
Designated	18,20		<u>151,774</u>		<u>146,632</u>
			6,515,351		6,246,466
Restricted funds	19,20		<u>351,010</u>		<u>331,313</u>
			<u>6,866,361</u>		<u>6,577,779</u>

These financial statements were approved by the board of Governors and authorised for issue on 14 February 2013 and were signed on its behalf by



M Copp
Governor

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2012

Consolidated Cash Flow Statement
For the year ended 31 August 2012

	Notes	2012 £	2011 £
Net cash inflow from operating activities	I	660,441	1,174,022
Returns on investments and servicing of finance			
Interest received		26,092	16,334
Interest paid		<u>(6,180)</u>	<u>(10,004)</u>
Net cash inflow/(outflow) from returns on investment and servicing of finance		19,912	6,330
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(157,494)	(133,847)
Disposal of tangible fixed assets		<u>766</u>	<u>267</u>
Net cash outflow from capital expenditure and financial investment		(156,728)	(133,580)
		<u>523,625</u>	<u>1,046,772</u>
Financing			
Repayment of bank loan		(330,000)	(110,000)
Management of Liquid resources			
Investment in short term deposits		<u>(600,000)</u>	<u>-</u>
(Decrease)/Increase in cash in the year	II	<u>(406,375)</u>	<u>936,772</u>

Reconciliation of net cash flow to movement in net funds

	Notes	2012 £	2011 £
(Decrease)/Increase in cash in the year	II	(406,375)	936,772
Repayment of bank loan		330,000	110,000
Investment in short term deposits		600,000	-
		<u>523,625</u>	<u>1,046,772</u>
Net funds at beginning of year	II	<u>2,657,701</u>	<u>1,610,929</u>
Net funds at end of year		<u>3,181,326</u>	<u>2,657,701</u>

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2012

Notes to the Consolidated Cash Flow Statement

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

	2012	2011
	£	£
Net movement in funds	346,568	698,976
Interest receivable	(31,501)	(17,993)
Interest payable	6,658	10,481
Depreciation charge	400,454	416,708
(Increase)/Decrease in stocks	(20,484)	10,840
Increase in debtors	(39,862)	(22,379)
(Decrease)/Increase in creditors	(626)	77,656
Profit on sales of fixed assets	(766)	(267)
	<u>660,441</u>	<u>1,174,022</u>

II. Analysis of changes in net funds

	At 1 September 2011	Cash flow	At 31 August 2012
	£	£	£
Cash at bank and in hand	3,005,022	(406,375)	2,598,647
Short term deposits	-	600,000	600,000
Loan stock	(17,321)	-	(17,321)
Bank loans due within one year	(110,000)	110,000	-
Bank loans due after one year	(220,000)	220,000	-
	<u>2,657,701</u>	<u>523,625</u>	<u>3,181,326</u>

Notes to 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable Law), the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005) the Companies Act 2006, and the Charities Act 2011.

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 2012 on a line by line basis. A separate Statement of Financial Activities and Income and Expenditure Account are not presented for the charity itself following the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of the SORP 2005.

2.3 Fixed assets and depreciation

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

Goodwill	Fully written off in first year
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 two defined benefit pension schemes and two defined contribution pension 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 22. The contributions are determined by qualified actuaries on the basis of periodic valuations.

Notes to the financial statements (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 any 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 any 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.

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.

Anglo-European College of Chiropractic

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31 August 2012

Notes to the financial statements (continued)

2. Accounting policies (continued)

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.

2.10 Taxation

The activities of the College are exempt from corporation taxation under section 505 of the Income and Corporation Taxes Act 1988 to the extent that they are applied to the organisation's charitable objectives. The trading subsidiary's do not generally pay UK corporation tax because their policy is to covenant profits to the College.

2.11 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Anglo-European College of Chiropractic
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Notes to the financial statements (continued)

3. Net movements in funds for the year

		2012 Group £	2011 Group £
Net movements in funds for the year is stated after charging			
Auditors' remuneration –	Group audit services	17,950	17,812
	Company audit services	11,100	11,686
	Group non audit services	5,472	3,729
Operating lease rentals	Land & buildings	17,424	-
	Other	1,506	1,506
Depreciation		400,454	416,708
Amortisation of Goodwill		65,100	-
Research and development		370,680	372,853
After crediting			
Donations and gifts		22,254	27,802
Profit on sales of fixed assets		766	267

4. Analysis of resources expended

Group	Staff Costs £	Depreciation £	Other costs £	2012 Total £	2011 Total £
Costs of generating funds					
Trading company expenditure	91,178	3,267	294,630	389,075	196,208
Recharged Costs	22,944	-	-	22,944	53,968
Costs in furtherance of the charities objects					
College tuition and research					
Direct	2,971,897	291,262	1,651,934	4,915,093	4,679,434
Support	634,557	49,929	236,025	920,511	940,529
CPD					
Direct	65,845	13,552	79,123	158,520	185,550
Support	30,414	2,391	83,386	116,191	37,295
Chiropractic Clinic					
Direct	68,628	6,611	38,597	113,836	168,130
Support	14,839	1,167	5,488	21,494	33,793
Ultrasound Services					
Direct	100,704	13,552	79,123	193,379	223,348
Support	30,301	2,391	44,808	77,500	44,891
Catering Expenditure					
Direct	73,926	13,882	81,053	168,861	250,178
Support	26,159	2,450	71,811	100,420	50,284
Governance	41,624	-	13,514	55,138	54,580
	<u>4,173,016</u>	<u>400,454</u>	<u>2,679,492</u>	<u>7,252,962</u>	<u>6,918,188</u>

Anglo-European College of Chiropractic
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Notes to the financial statements (continued)

4 Analysis of resources expended (continued)

Accounting policy 2.7 deals with the allocation of costs between activities

5 Remuneration of Governors

Governors' emoluments during the year ended 31 August 2012 were £174,816 (2011 £156,874). These emoluments only relate to Governors' services as employees. Four (2011: 2) Governors were members of defined benefit pension schemes. £1,240 (2011: £1,229) was spent on indemnity insurance for Governors and officers of the College.

The Governors incurred £6,816 (2011: £14,334) in respect of reimbursed expenses (inclusive of those incurred on Company credit cards). Eight (2011: 7) Governors claimed expenses relating to travel, subsistence and entertainment during the year.

6 Staff numbers and costs

The average number of persons employed by the Group during the year ended 31 August 2012 was

	FTE's		Number	
	2012	2011	2012	2011
Academic	44	43	49	46
Administration and management	65	56	90	84
	<u>109</u>	<u>99</u>	<u>139</u>	<u>130</u>

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

	Company	Subsidiaries	2012 Group	2011 Group
	£	£	£	£
Wages and Salaries	3,435,901	85,397	3,521,298	3,431,297
Social Security costs	310,021	5,781	315,802	306,335
Other pension costs (see note 22)	335,916	-	335,916	312,280
	<u>4,081,838</u>	<u>91,178</u>	<u>4,173,016</u>	<u>4,049,912</u>

The Group also incurred £347,012 (2011: £283,714) of costs relating to casual and agency staff.

The number of full time equivalent employees including casual staff was 115 (2011: 108).

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

	2012	2011
£60,001 - £70,000	3	3
£70,001 - £80,000	1	1
£80,001 - £90,000	1	2
£90,001 - £100,000	1	-
£130,001 - £140,000	1	1
	<u>7</u>	<u>7</u>

Anglo-European College of Chiropractic
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31 August 2012

Notes to the financial statements (continued)

6. Staff numbers and costs (continued)

Six higher paid employees were members of a defined benefit pension scheme. One higher paid employee was a member of a defined contribution pension scheme. Employer contributions of £5,932 were made in respect of this individual.

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 and operation of chiropractic clinics

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	2012	2011
	£	£
Turnover	209,296	198,546
Cost of sales	(133,165)	(132,216)
Gross Profit	76,131	66,330
Administrative expenses	(69,187)	(65,780)
Amount donated to AECC	(4,016)	-
Operating profit	2,928	550
Interest Receivable	17	16
Interest Payable	(500)	(500)
Profit on ordinary activities before taxation	2,445	66
Taxation	-	-
Profit after tax	<u>2,445</u>	<u>66</u>
 Balance sheet		
Fixed assets	854	671
Net current assets	<u>6,083</u>	<u>3,821</u>
Capital and reserves	<u>6,937</u>	<u>4,492</u>

Anglo-European College of Chiropractic
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Notes to the financial statements (continued)

7. Trading subsidiaries (continued)

Turnover and cost of sales above exclude £26,970 (2011 £35,173) of intra-group sales

Administration expenses include £15,597 (2011 £15,217) of recharges from Anglo-European College of Chiropractic

AECC Enterprises Limited

AECC Enterprises Limited is responsible for the commercial exploitation of research activity and the operating of chiropractic clinics. 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	2012	2011
	£	£
Turnover	79,075	42,173
Cost of sales	(51,914)	(42,332)
Gross profit/ (Loss)	27,161	(159)
Administrative expenses	(157,753)	(12,648)
Operating Loss	(130,592)	(12,807)
Interest Receivable	-	41
Interest Payable	(74)	-
Loss before taxation	(130,666)	(12,766)
Taxation	-	-
Loss after tax	<u>(130,666)</u>	<u>(12,766)</u>
 Balance sheet		
Fixed assets	10,283	-
Net current assets/(liabilities)	(22,134)	118,815
Capital and reserves	<u>(11,851)</u>	<u>118,815</u>

Cost of Sales include £7,347 (2011 £38,751) of recharges from Anglo-European College of Chiropractic

Administrative expenses include £65,100 (2011 £nil) of goodwill written off

Anglo-European College of Chiropractic
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Notes to the financial statements (continued)

8. Intangible fixed assets

Group	Goodwill £	Total £
Cost		
At beginning of year	-	-
Additions	65,100	65,100
Disposals	-	-
At end of year	<u>65,100</u>	<u>65,100</u>
Amortisation		
At beginning of year	-	-
Charge for year	65,100	65,100
Disposals	-	-
At end of year	<u>65,100</u>	<u>65,100</u>
Net book values		
At 31 August 2012	<u>-</u>	<u>-</u>
At 31 August 2011	<u>-</u>	<u>-</u>

9. Tangible fixed assets – for own use

Group	Freehold land & buildings £	Medical and teaching equipment £	Office equipment furniture and fittings £	Total £
Cost				
At beginning of year	4,432,179	1,001,281	1,550,204	6,983,664
Additions	-	72,264	71,354	143,618
Disposals	-	(34,327)	(38,206)	(72,533)
At end of year	<u>4,432,179</u>	<u>1,039,218</u>	<u>1,583,352</u>	<u>7,054,749</u>
Depreciation				
At beginning of year	491,483	793,721	1,313,275	2,598,479
Charge for year	131,795	134,942	133,717	400,454
Disposals	-	(34,327)	(38,206)	(72,533)
At end of year	<u>623,278</u>	<u>894,336</u>	<u>1,408,786</u>	<u>2,926,400</u>
Net book values				
At 31 August 2012	<u>3,808,901</u>	<u>144,882</u>	<u>174,566</u>	<u>4,128,349</u>
At 31 August 2011	<u>3,940,696</u>	<u>207,560</u>	<u>236,929</u>	<u>4,385,185</u>

Anglo-European College of Chiropractic
(a company limited by guarantee)
31 August 2012

Notes to the financial statements (continued)

9. Tangible fixed assets – for own use (continued)

Company	Freehold land & buildings £	Medical and teaching equipment £	Office equipment furniture and fittings £	Total £
Cost				
At beginning of year	4,432,179	1,001,281	1,547,040	6,980,500
Additions	-	64,557	65,328	129,885
Disposals	-	(34,327)	(38,206)	(72,533)
At end of year	4,432,179	1,031,511	1,574,162	7,037,852
Depreciation				
At beginning of year	491,483	793,721	1,310,782	2,595,986
Charge for year	131,795	133,569	131,823	397,187
Disposals	-	(34,327)	(38,206)	(72,533)
At end of year	623,278	892,963	1,404,399	2,920,640
Net book values				
At 31 August 2012	3,808,901	138,548	169,763	4,117,212
At 31 August 2011	3,940,696	207,560	236,258	4,384,514

The gross book value of freehold land and buildings for the Group and the Company includes £4,348,576 (2011 £4,348,576) of depreciable assets

10. Fixed asset investments

Company	Shares in subsidiary undertakings £	Loan to subsidiary undertakings £	Total £
Cost			
At beginning of year	154,002	20,000	174,002
Investments in year	-	25,000	25,000
At end of year	154,002	45,000	199,002
Provision			
At beginning of year	-	-	-
Charge for year	154,000	25,000	179,000
At end of year	154,000	25,000	179,000
Net Book Values			
At 31 August 2012	2	20,000	20,002
At 31 August 2011	154,002	20,000	174,002

Anglo-European College of Chiropractic
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Notes to the financial statements (continued)

10. Fixed asset investments (continued)

The loans to the subsidiaries are unsecured and attract interest at base rate plus 2%

Details of the subsidiaries are given in note 7

11. Stocks

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
Consumables	9,983	8,876	9,015	8,085
Goods for resale	71,415	-	51,899	-
	<u>81,398</u>	<u>8,876</u>	<u>60,914</u>	<u>8,085</u>

12. Debtors

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
Trade debtors	90,314	71,757	74,313	54,515
Amounts owed by subsidiary undertakings	-	51,060	-	71,347
Prepayments and accrued income	139,964	134,992	111,439	109,424
Other debtors	20,828	17,883	20,083	20,083
	<u>251,106</u>	<u>275,692</u>	<u>205,835</u>	<u>255,369</u>

13. Creditors amounts falling due within one year

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
Loan stock	17,321	17,321	17,321	17,321
Bank loan	-	-	110,000	110,000
Trade creditors	134,061	118,878	189,225	175,095
Taxation and social security	107,459	106,630	119,460	119,134
Other creditors	56,475	54,005	54,165	50,989
Accruals and deferred income	450,532	439,823	399,701	387,499
	<u>765,848</u>	<u>736,657</u>	<u>889,872</u>	<u>860,038</u>

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

Anglo-European College of Chiropractic
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Notes to the financial statements (continued)

14. Creditors: amounts falling due after more than one year

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
Bank loan	<u>-</u>	<u>-</u>	<u>220,000</u>	<u>220,000</u>

15 Bank loans

The prior year's loan (unsecured) of £330,000 (£110,000 due within one year and £220,000 due after one year) was repaid in full during the year

16. Capital commitments

The group and company had no contracted capital commitments at the end of the financial year (2011 £nil)

17 Lease commitments

Annual commitments under non-cancellable operating leases were

	2012				2011			
	Group Land & Buildings £	Other £	Company Land & Buildings £	Other £	Group Land & Buildings £	Other £	Company Land & Buildings £	Other £
Operating lease which will expire								
Within one year	-	465	-	465	-	-	-	-
In two to five years	18,350	-	-	-	-	1,506	-	1,506
	<u>18,350</u>	<u>465</u>	<u>-</u>	<u>465</u>	<u>-</u>	<u>1,506</u>	<u>-</u>	<u>1,506</u>

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Notes to the financial statements (continued)

18. 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 2011 £	New designations £	Utilised £
TAM Club Clinic, Research & Library Development	42,901	9,052	(3,910)
Chiropractic Trust Fund	103,731	-	-
	<u>146,632</u>	<u>9,052</u>	<u>(3,910)</u>
			<u>151,774</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

The Chiropractic Trust Fund is derived from the funds trusted to the AECC when the Trust was wound up. The Board agreed that the former trustees of the Chiropractic Trust form a committee to determine how the funds will be spent within the overall objectives. The committee has approved expenditure of £100,000 on research activities and bursaries which will be incurred over the next seven years.

19. Restricted funds

	Balance at 1 September 2011 £	Group and Company Movement in resources		Balance at 31 August 2012 £
		Incoming £	Outgoing £	
Rehabilitation Centre Fund	20,495	-	(526)	19,969
Research Funds	2,500	99,129	(89,303)	12,326
Student Hardship Funds	1,370	-	-	1,370
New Clinic Fund	280,572	-	(6,328)	274,244
Kerkut Fund	7,179	-	-	7,179
BCA Fellows Fund	15,714	-	(15,714)	-
BCA Proms	-	37,983	(4,383)	33,600
Rix's Big Ramble Fund	3,483	-	(1,161)	2,322
	<u>331,313</u>	<u>137,112</u>	<u>(117,415)</u>	<u>351,010</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.

Research Funds represent grants received specifically for defined research projects.

Notes to the financial statements (continued)

19. Restricted funds (continued)

The Student Hardship Funds were established by donations specifically to help students experiencing financial difficulty

The BCA Fellows Fund was established by donations to support research fellowship posts

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

The Kerkut Fund was established following a grant from the Gerald Kerkut Research Fund. It will be used to purchase equipment to measure heart rate variability and evaluate stress responses

Rix's Big Ramble Fund is derived from donations made for a sponsored walk to finance the purchase of equipment for research in clinical neurology

BCA Proms fund was established by a grant to support a research fellow to undertake a study into the quality of muscular-skeletal services in the UK

20. Reconciliation of movement in funds

Group	Balance at 1 September 2011	Surplus / (Deficit)	Transfers	Balance at 31 August 2012
	£	£	£	£
Unrestricted funds				
General	6,069,139	326,871	(5,142)	6,390,868
Designated	146,632	-	5,142	151,774
	<u>6,215,771</u>	<u>326,871</u>	<u>-</u>	<u>6,542,642</u>
Restricted	331,313	19,697	-	351,010
Total funds	<u>6,547,084</u>	<u>346,568</u>	<u>-</u>	<u>6,893,652</u>

Company	Balance at 1 September 2011	Surplus / (Deficit)	Transfers	Balance at 31 August 2012
	£	£	£	£
Unrestricted funds				
General	6,099,834	268,885	(5,142)	6,363,577
Designated	146,632	-	5,142	151,774
	<u>6,246,466</u>	<u>268,885</u>	<u>-</u>	<u>6,515,351</u>
Restricted	331,313	19,697	-	351,010
Total funds	<u>6,577,779</u>	<u>288,582</u>	<u>-</u>	<u>6,866,361</u>

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21. Analysis of net assets between funds

Group

	Fixed Assets	Net Current Assets	Total
	£	£	£
Restricted funds	298,785	52,225	351,010
General funds	3,828,941	2,561,927	6,390,868
Designated funds	623	151,151	151,774
	<u>4,128,349</u>	<u>2,765,303</u>	<u>6,893,652</u>

Company

	Fixed Assets	Net Current Assets	Total
	£	£	£
Restricted funds	298,785	52,225	351,010
General funds	3,837,806	2,525,771	6,363,577
Designated funds	623	151,151	151,774
	<u>4,137,214</u>	<u>2,729,147</u>	<u>6,866,361</u>

22 Pension schemes

The Group principally participates in four pension schemes – The Teachers' Pension Scheme and The Local Government Superannuation Scheme, which are both defined benefit schemes, and the Zurich 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 amount outstanding at the year end was £39,300 (2011 £39,463). The total pension cost for the year may be analysed as follows:

	2012	2011
	£	£
Teachers' pension scheme	227,262	211,315
Local government superannuation scheme	77,303	65,518
Zurich	8,855	14,066
Scottish Widows	21,131	20,049
Other	1,365	1,332
	<u>335,916</u>	<u>312,280</u>

Notes to the financial statements (continued)

22 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 supposed to be assessed no less than every four years in accordance with the advice of the Government actuary using a prospective benefits valuation method. The latest actuarial valuation of the scheme was at 31 March 2004. The cost of pensions increasing is currently excluded from the valuation and neither employees nor 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 6.5% 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 2004 the value of assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £162,650 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 14.1% throughout the year ended 31 August 2012.

At 31 August 2012 the College had 38 staff who were members of the Teachers' pension scheme. Their combined annual salaries were £1,444,182.

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 14 March 2010), recommended contribution rates for the period from 1 April 2011 to 31 March 2014. The assumptions that have the most significant effects on the valuation and other relevant data are as follows:

Rate of return on investments	4.5% to 7.8%
Rate of increase in salaries	4.7%
Rate of increase in pensions	3.0%
Discount rate	6.9%
Inflation	3.5%

The valuation shows AECC's share of the scheme to have a past service net liability of £93,000 with assets representing 92% of the liability for past service. The actuary recommended an increased employer contribution rate of 15.6% from 1 April 2011 and this has been applied by the Group.

At 31 August 2012 the College had 30 staff who were members of the Local Government Superannuation Scheme (LGPS). Their combined annual salaries were £480,081.

Notes to the financial statements (continued)

22 Pension scheme (continued)

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.

23. Related party transactions

Owing to the nature of the AECC's operations and the composition of the board of Governors being partly 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 of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. During the year, Chiropractic Governors have purchased goods from the Spine Centre Limited. All such purchases are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

During the year the Group purchased £4,106 (2011 £6,808) worth of services from Fretten LLP, where one of the Governors, Mr I Fretten is a partner. At 31 August 2012 the Group owed £30 (2011 £4,326) to Fretten LLP.

The company has taken advantage of the exemption under Financial Reporting Standard No 8 "Related Party Transactions" from disclosing transactions with AECC Enterprises Limited and Spine Centre Limited on the grounds that they are wholly owned subsidiaries.