BCNO LIMITED

(A COMPANY LIMITED BY GUARANTEE

AND NOT HAVING A SHARE CAPITAL)

REPORT OF THE GOVERNORS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2019

COMPANY NUMBER: 562119
CHARITY NUMBER: 312907

THURSDAY
A8Y7G0W9
A04 06/02/2020 #122
COMPANIES HOUSE

	Page
Statutory Information	2
Report of the Governors	3 - 14
Report of the Independent Auditors	15 - 17
Statement of Financial Activities	18
Summary Income and Expenditure Account	19
Balance Sheet	20
Statement of Cash Flows	21
Notes to the Financial Statements	22 - 36

Also known as:	British College of Osteopathic Medicine (BCOM) and British College of Naturopathy and Osteopathy (BCNO)
Constitution:	A company limited by guarantee, not having a share capital and governed by a Memorandum and Articles of Association
Company Number:	562119
Charity Number:	312907
Governors:	Ms P Christie Dr F R Heathcote CBE (Chair of the Board of Governors) Mr K W Jager Mr H Kidd Mr M Mehta Mr M J Morgan Mr J A Newell Ms K O'Callaghan-Brown Dr A C Sautelle Dr K J Rolfe Ms D Hayes Ms T Ogwezi Mr S Milton M Gaythwaithe (Resigned on 14 January 2019) M Rejput-Ray (Appointed on 14 May 2019)
Principal:	Dr K J Rolfe
Company Secretary:	Dr K J Rolfe
Registered Office:	Frazer House 6 Netherhall Gardens London NW3 5RR
Bankers:	National Westminster Bank Plc PO Box 7008 106 Finchley Road Hampstead London NW3 5JF
Auditors:	PKF Littlejohn LLP Chartered Accountants 15 Westferry Circus Canary Wharf London E14 4HD
Solicitors:	Mills & Reeve Botanic House 100 Hills Road Cambridge CB2 1PH
Investment Managers:	JM Finn & Co. 4 Coleman Street London EC2R 5TA

The Governors present their report together with Financial Statements for the Year Ended 31 August 2019. The following statements appear in the format required by the Statement of Recommended Practice for Accounting and Reporting by Charities (Charities SORP (FRS 102)). This report and accompanying statements also comply with the Companies Act 2006. BCNO Ltd has no share capital and is a registered charity with a limited guarantee of £5 per member. The governing document of BCNO Ltd is the Memorandum and Articles of Association of the company, reviewed in 2010, and members of the Board of Governors are the Directors of the company. The members of the Board of Governors are also the Trustees of BCNO Ltd.

a) Structure, Governance, and Management

The College is governed by the Board of Governors, which comprises of not less than twelve or more than twenty-four persons. Governors serve for between one and four years and may be re-elected. New members are recruited via the Nominations Committee according to expertise and experience to complement and balance those of the existing Governors. The Chair and Officers are appointed by the Governors from the membership. The Board convenes at least three times a year (there were four meetings during 2018/19) and considers reports, which are standing agenda items, from the Standing Committees that are comprised of:

- Finance & Administration Committee,
- Academic Board,
- Audit Committee,
- Nominations Committee,
- Remuneration Committee,
- Senior Management Group.

The Board also considers the general policy direction, Risk Assessment, and Strategic Plan. Each of the Standing Committees have their own Terms of Reference that are detailed in the document "Committee Structure of BCOM." Subcommittees of the Standing Committees are organised to support the function of the College in the various specialised areas of its function. The student body representatives and elected Staff Representative have an invitation to each Board meeting.

On appointment, each Governor is given an Induction Pack that includes:

- The Memorandum and Articles of Association,
- The College Mission Statement,
- The College Strategic Plan,
- The latest Annual Report and Audited Accounts,
- The Essential Trustee: What you need to know, what you need to do May 2018 Charity Commission
- Invitation to join a Standing Committee according to their expertise,
- Access to "Osteonet" the College intranet: "Osteonet" includes all College documentation and Handbooks in electronic form. Hard copies are available on request,
- BCOM Governance & Committee Structure document that includes Standing Committee Terms of Reference – latest version 2017,
- Board Meeting Dates for the relevant year,
- Expense Claim Forms,
- Declaration of Interest Form,
- Corporate Gift Declaration Form,
- A tour of the College facilities is organised together with induction with the Principal.

a) Structure, Governance, and Management (continued)

The Chief Executive/Principal reports on the performance against Operational and Strategic Plans approved by the Governors, and the Chair of the Finance and Administration Committee reports on the financial position and budget aims. Management Accounts and Reports are produced quarterly for the Board, monthly for the management team and each Finance & Administration Committee meeting.

Board of Governors (BOG) and Standing Committees

The members of the Board of Governors who held office during the year are listed on page 2. The Standing Committee membership details are shown in Figure 1, where the initials refer to the names on page 2.

Figure 1. Chart of the Governors membership of the Standing Committees

	Finance & Admin	Academic Board	SMG	Audit	Nominations	Remuneration	Ethics	SMG Appraisal
Frequency	4	3	12	2	1	1	2	1
PC							✓	
FRH	✓				Chair	Chair		Chair
KWJ		✓			✓			
HK	Chair			✓		✓		
MM	✓	Chair	✓				✓	
MJM	✓			Chair				
JAN								
KO'B	✓	✓			✓			
ACS							✓	
DH		✓		✓				
SM								
TO								
KR	✓	✓	Chair		✓	✓*	✓	✓*
MR-R								

Initials correspond to the names of Governors on page 2
* Except when KR salary is being reviewed, or KR is being appraised

The membership of the Finance & Administration Committee also includes the following employees:

- Mr P Fabbri — Finance & Payroll Coordinator
- Ms R Pai — Human Resources Manager (until July 2018; then on long-term leave)
- Ms J Sager — Head of Clinic
- Ms F Hashani — Registrar (until April 2019)
- Ms A Hughes — Registrar (from April 2019)
- Ms A D'Emillio — Head of Marketing & PR (until August 2019)
- Mr P Fayker — Estates & Facilities Manager

The membership of the Academic Board also includes the following members:

- Dr A Saaid — Head of Anatomy
- Dr C Green — Librarian
- Ms J Sager — Head of Clinic
- Ms F Hashani — Registrar (until April 2019)
- Ms A Hughes — Registrar (from April 2019)
- Dr M Hines — Head of Research
- Mr P Fayker — Estates & Facilities Manager
- Mr J Cooper — Student Union Representative

a) Structure, Governance, and Management (continued)

The members of the Standing Committees are nominated in accordance with the provisions of the Memorandum and Articles of Association, according to the Committee Structure of BCOM and their position within the College.

Risk Assessment and Register

The Governors are responsible for maintaining a sound system of internal control to safeguard the College's assets. The systems of internal control are designed to provide reasonable, but not absolute, assurance against material mis-statement or loss. The College has established an ongoing process for identifying, evaluating, and managing the College's key risks (see also below under Statement of Principal Accounting Policies – Risk Management Policy).

In particular, there are clear procedures for:

- monitoring of business risks, with key risks, identified and reported to the Governors,
- financial reporting, within a comprehensive financial planning and accounting framework,
- evaluating research projects with detailed ethical consideration, appraisal, authorisation, and post-completion review.

The Board normally reviews the Risk Register within the guidelines of the Risk Management Policy and Procedures at each meeting and adjusts the potential impact as appropriate. Each element of risk is assessed at appropriate Board meetings, each quarter or each year, depending on the potential severity of impact and the cycle of events through the academic and financial year and according to the product of the likelihood of occurrence and the perceived impact on the charity. Each component is rated out of ten and the products listed in descending order. The Governors are then in an appropriate position to judge the overall impact and therefore distribution of means and resources to offset the individual risk. The Board considers as a key theme, the minimisation of exposure to risk without becoming overly risk-averse which could result in an inability to develop along academic, clinical, research or infra-structural routes.

The Finance and Administration and the Audit Committees, on behalf of the Governors, review the effectiveness of the systems of internal controls operated by the College and of the financial planning, forecasting, and management. Historically sound financial planning, management and investment, freehold ownership of both Frazer and Lief Houses, and financial investments have enabled the College to withstand the challenging recent history and to contemplate a secure future.

Management, Staffing, and Staff Development Activity

The role of planning and developing the management of staff falls to the Chief Executive/Principal and the management team operating within the guidelines of the Board. The function of the College determines that the focus of the human resource will be academic and clinical, but together with the essential administrative support team to ensure efficient management and financial controls. The Chief Executive/Principal, therefore, ensures that appropriately qualified and experienced academic staff are recruited and that they are supported by an equally well qualified and experienced support staff. The number and specific experience of staff is determined by the requirement of the teaching (current Student Staff Ratio is 5:1) and administrative support mechanisms.

Staff members are a key asset to the College and, as such, are supported by the College to develop both as individuals and as employees of the College. The College organises staff development through the Staff Development Allocations Committee (SDAC) that reviews staff applications and Line Manager proposals. The SDAC committee considers the proposed applications regarding the College need, the position of the staff member within the College, the full-time equivalence of their contract and the cost/benefit ratio of the proposal.

SDAC is chaired by the Payroll Co-ordinator due to the long-term leave of the Human Resource Manager, and individual Line Manager input is required for SDAC applications. During 2018/19, SDAC distributed more than £14,690 in direct funding for staff development.

a) Structure, Governance, and Management (continued)

The Philo Trust generously supports part of the naturopathic work conducted at BCOM.

b) Governors Responsibilities

Nolan Principles

The Governors abide by the Nolan 'Seven Principles of Public Life', Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty, and Leadership, which are enshrined within the Charity Commission's code of good practice, a central guiding principle of College function.

Academic and Professional Relationships

The College maintains academic and professional relationships with those institutions that respectively academically validate (University of Plymouth), regulate (Office for Students, GOsC), and accredit (GCRN) professional activity.

The University of Plymouth, the validating university, reviews the degrees on an Annual Monitoring basis as well as by a full revalidation review at the appropriate interval. The Annual Monitoring involves reporting to the University at the conclusion of each academic year on a Module by Module, Review of Performance, Student Progression, Student feedback and final degree outcome basis. The written reports include a comment on the External Examiners Reports and Self Evaluation of the various areas of College function. The College successfully complied with all of the Annual Monitoring requirements of the validating university during the academic year. Further, the Masters in Osteopathy was successfully revalidated in December 2015; following discussion with the University of Plymouth and external examiners in relation to over assessing the BCOM students and coming in line with Plymouth University module structure and regulations.

The professional and clinical elements of the degrees are accredited by the professional bodies. These are the statutory General Osteopathic Council (GOsC) and the private General Council & Register of Naturopaths (GCRN). The GOsC requires Annual Reports and up to five years Recognised Qualification (RQ) review organised and processed through the Quality Assurance Agency (QAA) for higher education. The appropriate paperwork was submitted to the QAA and the visit took place in October 2017. The visit itself was considered to be very well constructed and organised by the QAA who visited lectures, the clinic, talked to students present and past, staff and faculty and reviewed various items of paperwork and paper trails. The Review Report was approved in July 2018 as an "RQ without Conditions." This was the third time in succession that the College has received this result.

c) Principal Activities and Achievements for the Year

Areas of Activity

The objectives of the College are to:

- Provide education and training for students of Naturopathy and Osteopathy,
- Provide clinics for patients requiring Naturopathic and Osteopathic treatment,
- Provide research facilities in the broad field of medicine particularly in the areas of Naturopathy and Osteopathy,
- Provide and disseminate information and educational literature to inform the public and potential patients of the philosophy and practice of Naturopathy and Osteopathy.

There has been no change in the objectives of the College.

c) Principal Activities and Achievements for the Year (continued)

The forecasted decrease in 18-year-old school leavers over the next years continue to impact all higher educational establishments. Further, the change from the maintenance grant to maintenance loan in 2016-2017 and the change in funding for students with Disabilities brought new challenges for the higher education sector. The addition of a new regulator in the Office for Students (OfS) has seen a dramatic change within Higher Education. For BCOM to maintain its Tier 4 license, BCOM applied for registration with the OfS and was registered in 2018.

Public Benefit Statement 2018-19

The College places the provision of a low-cost teaching clinic at the core of its educational activities. Located at the same site in Hampstead, London NW3 since 1953, the College has strong links with the diverse residential and business population of Camden. The College's principal charitable functions are therefore twofold: firstly, the provision of high-standard, low-cost and/or free osteopathic and naturopathic healthcare to the population of London (and surrounding areas); secondly, degree-level osteopathic education for students from all backgrounds, the quality of which was again recognised in 2017 when the College was awarded a landmark "approval without conditions" recognition for the third successive time by the QAA review team, the statutory regulator the General Osteopathic Council in the UK.

With regard to charitable work within healthcare, the College cites the following activities: patients treated without direct fee (those unable to pay via the Private Clinic); patients treated on low fees (compared to private practice); free Children's Clinic, well promoted to local schools and parents; publication and distribution of free health information on osteopathic and naturopathic healthcare. The college, through its students and tutors, also support a local homeless charity with treatments and assist runners at the London marathon who run for a number of charities. Osteopathic and Naturopathic treatment includes dietetic and lifestyle advice as part of the patient empowerment component of the treatment strategies. With regard to charitable work within education, the College cites the following activities: running a Higher Education Institution with full-time students following a sophisticated schedule of learning and assessment; undertaking and dissemination of research by staff and students; publication of peer-reviewed articles; maintaining an academic library; bursary support for students; support for academic and teaching development of staff and a mentoring relationship with overseas institutions to develop the international presence of osteopathy.

The Governors declare that they have complied with the duty set out in Section 17 of the Charities Act 2011 to have due regard to Public Benefit Guidance published by the Charity Commission.

Academic and Professional

During the academic year the following numbers of students were recruited to and completed the corresponding year of the Masters in Osteopathy four year HEFCE funded course:

Year	A	B	C	D	E	F
1	36	26	0	1	3	6*
2	19	17	0	1	0	1
3	27	26	0	0	0	1
4	38	37	0	1	0	0
Total	120					

*one student was not able to return due to SLC issues

A = Number of students enrolled at the start of the year
B = Number of students completing and progressing to the subsequent year/graduating
C = Number of students who withdrew before the end of the year
D = Number of students interrupting studies
E = Number of students re-sitting the year
F = Number of students referred in the year and did not to return

c) Principal Activities and Achievements for the Year (continued)

Degree:	**Number**
Masters in Osteopathy (MOst)	38
Bachelor of Osteopathic Medicine (BOstMed)	0
Bachelor of Science ordinary degree	0

Diploma in Naturopathy (4 years) confers GCRN registration eligibility	**Number**
Diplomates in Naturopathy	38

The post-basic training BSc (Hons) Osteopathy Conversion degree enrolled one cohort:

15 students commenced their studies under University of Plymouth validation from Portugal

Bachelor of Science: Osteopathy Conversion degree (1-year post-basic training Modified Attendance):

BSc (Hons) Osteopathy Conversion degree (1-year post-basic training)	**Number**
Classification	
First Class	0
Upper Second	4
Lower Second	10
Third class	1
Total	15

Key Performance Indicators (KPI's)

The College annually monitors the progression of students by cohort and for the individual module; both are compared to previous cohorts over the last five years. Further, the college assesses the key performance indicators for each module for the validating University. The University of Plymouth has a KPI of 90% progression rate however as agreed by the external examiners, the clinical nature of the course makes this progression rate difficult to achieve particularly in year 1 (level 4).

Clinical

The Clinic has continued to fulfill its charitable objectives with a large percentage of patients either treated on a concessionary basis or free of charge. There has also been an expansion of our charitable provision, with off-site clinics run at a local homeless day centre. The Clinic fees continue to be substantially below private fees. In addition, the Clinic continues to offer a wide range of concessionary fees including free treatment for all children of 16 years and under and for over 65s on pension credit. In 2018-19 free treatment was extended to all pregnant women and all under 18s, and the fee structure will be reviewed with a view to further expanding free and concessionary treatment provision to other groups.

c) Principal Activities and Achievements for the Year (continued)

The following numbers of patients were treated at the Frazer House Clinic:

	Number
New patients	1,857
Returning patients	11,234
Total	13,091

The College continued to efficiently support the clinical students, including guidance on research and self-directed learning for the clinical years three and four. The graduating cohort consisted of 38 students. Thirty-two candidates successfully passed the Final Clinical Competence Assessment (FCCA) at the first attempt and six referred candidates successfully passed the FCCA at the second attempt.

The College continues to run a private fee-paying Saturday clinic. The Saturday clinic provides both osteopathy and soft tissue massage. Osteopathy treatments are provided by Graduate practitioners at £40/session. Soft tissue massage is provided by current students, with their own massage insurance, on a self-employed basis. Massage sessions cost £45 for 1 hour and £25 for 30 mins. The Saturday clinic has proven very successful, with a surplus of £13,177 (Sept 18-Aug19).

Research

The College continued with the important activity of research over the 2018/19 academic year. The research facilities were used to support teaching activity as well as providing data for publications in research journals.

Members of the BCOM Research Team maintain memberships of learned societies, including: National Osteoporosis Society (NOS), Royal Society of Medicine and the Institute of Biology. These memberships were in part, supported by the College.

The research completed and presented in 2018/19 includes journal articles and conference presentations published as conference abstracts and includes:

Leckennby, J., Chacon, M.A., Rolfe K.J. et al. Development of the interscutularis model as an outcome measure for facial nerve surgery. Annals of Anatomy 2019: 223: 127-135

Hines, M. et al. Passive elastic contribution of hip extensors to joint biomechanics during walking in people with low back pain. *Clinical Biomechanics* 2018 60: 134-140

Woollard, A. Rolfe, K.J. et al. Neuromuscular reinnervation efficacy using a YFP model: Part 1 Axons and Junctions. Submitted *Plast Reconstr Surg*

Woollard, A. Rolfe, K.J. et al. Neuromuscular reinnervation efficacy using a YFP model: Part 2: Morphological changes in axons and junctions. Submitted *Plast Reconstr Surg*

c) Principal Activities and Achievements for the Year (continued)

BCOM remains a stakeholder of the National Council for Osteopathic Research (NCOR) group.

The College continues to derive considerable benefit from the monies donated by the British Naturopathic and Osteopathic Association to support College research, and some of the donated monies has supported the research indicated above.

Information Dissemination – The Website, Prospectus, and Clinic information

The website of the College performs diverse functions and has a primary role in the publication of the activities of the College and as a source of information to prospective students and researchers and members of the public seeking Osteopathic and Naturopathic treatment support. The website was remodelled and updated to improve the ways in which the functions are achieved include:

- Dissemination of the activities of the College,
- Recruitment information for student and staff applicants,
- Course information for a variety of prospective students,
- Information regarding the clinics,
- Dissemination of the College research work,
- A mechanism for contact of key personnel within the College,
- A portal of entry to Osteonet, the Intranet system for students and staff.

The Clinic produces a series of information pamphlets and fliers that give brief, focussed information about the clinics offered by the College, as well as information about the more common clinical presentations and what the treatment might involve. These are seen as educational as well as informative and enable prospective patients the opportunity to preview their clinical experience. The Head of Research wrote or researched information for a number of publications or organisations.

The Head Librarian and staff send regular summaries of interesting articles to faculty and students.

Resources

The College maintains the two linked freehold buildings of Frazer and Lief Houses as the centre of its operations in Hampstead in the London Borough of Camden. Frazer House includes the 120 seat tiered lecture theatre, additional teaching space, the clinic facility, library, and recreational space and clinical staff office space. Lief House includes the main reception, two large practical classrooms, a seminar room, BNOA clinical research rooms, administrative offices, and Board room, staff offices and the Human Performance, Hydrotherapy and Research facilities. All areas of the College are interconnected via the server led computer system enabling efficient communication via email or telephone contact. Many of the areas of the College are secured by swipe card entry access for security and monitoring.

d) Strategic Planning

The past academic year set proposed targets for the year; some were planned developments, but a number were driven by the events of the preceding years and the need for stability within the academic structure. These, with the outcomes, include:

1) Undertaking and completion of OfS.
   - Potential QSR review
3) Continuation of College research studies and publication
4) Running further Continuing Professional Development programmes for osteopaths
5) Cement overseas relationships and help them develop osteopathic/naturopathic programmes and collaborative research.

These projects are in addition to the continued high level of teaching, clinic, research, and support activities routinely occurring at BCOM.

e) Review of the Financial Position

Donations

The College had been fortunate to receive a number of bequests and donations over the years. There is, however, one Trust that has shown remarkable and consistent loyalty to the College over many years and has consistently donated funding. The Philo Trust who donated £6,000 during this financial year to the College. The College has been enormously grateful for their past support from the Philo Trust.

Fixed assets

Historically, the policy of the Governors has been to carefully manage the College's funds so that expansion can be logically planned and funded from the College's resources. The accumulated assets of the College are considered sufficient to cover all commitments of the College. The current favourable interest rates make borrowing advantageous at the present time. The decision taken by the Governors was to borrow to finance the extension and to liquidate assets at more favourable rates to service the loan. In August 2013, the College obtained a working capital loan facility for £507,500 and drew £257,500 to fully repay the existing overdraft and settle the arrangement fee of £7,500. The remaining £250,000 was drawn down in 2013-14. The amount outstanding on both loans stands at £862,696 31st August 2019. The working loan was renegotiated in August 2018 and came into force in September 2018. The charges necessary to maintain this loan have been included in the budgeted costs for the forthcoming financial years.

Results

The financial statements reflect the importance placed by the Governors on sound financial planning and control.

Student fees, income from the clinic, and related income from charitable activities totalled £1,597,401. Expenditure on charitable activities was £1,698,783. With the inclusion of donations and income from investments, BCOM ended the year with a net income of £1,894,599.

Both Frazer House and Lief House are used for the principal objects of the College. The other main assets of the College are the investment portfolios, and the bank balances that the Governors regard as adequate to meet the College's plans and financial commitments for the foreseeable future. This policy has been reviewed in the short term due to prevailing market values (see Fixed Assets above).

In the opinion of the Governors, the financial statements comply with current statutory requirements and with the requirements of the College's Memorandum and Articles of Association.

f) Statement of Policies

Reserves policy

The College maintains a number of reserves. These are broadly split into:

Unrestricted funds

These funds are expendable at the discretion of the Governors and are used in the furtherance of the College's objects. The Governors have earmarked certain funds for specific projects or purposes, and these are described as designated funds.

Restricted funds

The restricted funds were established because the College has received income, which may only be spent in a certain way (restricted by the donor or terms of the appeal) or under certain conditions. These funds can only be expended according to the specific terms of the donor.

For a detailed description of the designated and restricted funds, see the principal accounting policies on pages 22 to 25 of the financial statements.

The Governors consider the reserves sufficient to provide for the College's future requirements to cover working capital requirements, development plans, and an amount to allow for unforeseen contingencies. The Governors determine the level of reserves to be maintained based on the Income and Expenditure and the timing thereof and arrange facilities from the College's bank in order to ensure that all financial commitments are met. In August 2013, the College obtained a working capital loan facility for £507,500 and drew £257,500 to fully repay the existing overdraft and settle the arrangement fee of £7,500. The remaining £250,000 was drawn down in 2013-14. The amount outstanding on both loans stands at £862,696 on 31 August 2019. The Working capital loan was renegotiated with the bank and came into force on 1 September 2018. All agreed charges with the bank have been included in the budgeted costs for the forthcoming year.

The College's policy on borrowing is to minimise the cost while maintaining the stability of the College's position by sound debt management techniques. Any surplus or deficit is dealt with by an appropriate transfer to or from other unrestricted funds.

Investment policy

The overriding principle guiding the investment of surplus cash balances is the preservation of the capital value of the College's resources. The objective for investment or lending purposes is to achieve the best possible return while minimising risk. The College's policy on borrowing is to minimise the cost while maintaining the stability of the College's position by sound debt management techniques.

The College has invested in a mixed portfolio spread between two investment institutions, namely J.M.Finn & Co. The College receives monthly updates from J.M.Finn & Co and face to face meetings occur with representatives of the Board. No changes are made in the portfolios without consent from two nominated members of the Board. The College has a clear ethical focus and does not invest in Pharmaceutical, Armament, Coca Cola, Pepsi or Fast Food companies.

Risk management policy

The Governors are responsible for maintaining a sound system of internal control to safeguard the College's assets.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The College has established an on-going process for identifying, evaluating, and managing the College's key risks.

f) Statement of Policies (continued)

Risk management policy (continued)

In particular, there are clear procedures for:

- monitoring of business risks, with key risks, identified and reported to the Governors,
- financial reporting, within a comprehensive financial planning and accounting framework,
- evaluating research projects with detailed appraisal, authorisation, and post-completion review.

The Finance and Administration Committee, on behalf of the Governors, constantly review the effectiveness of the system of internal control operated by the College. The Governors review the Risk Management Policy and Procedures and resulting Risk Register at each Board meeting.

Going concern position

The cash flow reports are presented to the Finance & Administration Committee, which has been assigned with the task of ensuring the sound management of the College's finances. Finance & Administration Committee reports its findings to the Board. Having followed this process, the Board is satisfied with the College's Going Concern position.

Statement of Governors' responsibilities for the financial statements

The Governors (who are also directors of BCNO Limited for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year.
Under that law, the Governors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 accounting 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;
- 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Governors is 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.

f) Statement of Policies (continued)

Liability of members

Each member has agreed to contribute an amount not exceeding £5 in the event of the charitable company being wound up. Directors and officers liability has been provided by AXA Insurance with a limit of indemnity of £2,000,000, including costs.

Auditors

PKF Littlejohn LLP have been appointed as auditors in accordance with section 485 (4) of the Companies Act 2006.

On Behalf of the Board 21 JANUARY 2020

F.R. Heathcote

Dr F R Heathcote
Director

Independent Auditor's Report to the members of BCNO Limited

Opinion

We have audited the financial statements of BCNO Limited (the 'charitable company') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, incorporating an Income and Expenditure Account, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Independent Auditor's Report to the members of BCNO Limited (continued)

Other information

The other information comprises the information included in the Report of the Governors, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of trustees' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Independent Auditor's Report to the members of BCNO Limited (continued)

Responsibilities of trustees

As explained more fully in the Governors' Responsibilities Statement, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: *http://www.frc.org.uk/auditorsresponsibilities*. This description forms part of our auditor's report.

Eric Hindson

Eric Hindson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: 21 JANUARY 2020

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) YEAR ENDED 31 AUGUST 2019

	Note	2019 Unrestricted funds £	2019 Restricted funds £	2019 Total £	2018 Total £'000
Income and endowments from:					
Donations and legacies	2	-	6,000	6,000	12,025
Charitable activities	3	1,533,981	9,608	1,543,589	1,605,267
Investments	4	1,869	-	1,869	1,235
Other income	5	45,943	-	45,943	139,318
Total income and endowments		1,581,793	15,608	1,597,401	1,757,845
Expenditure on:					
Investment management costs	6	600	-	600	600
Charitable activities	7,8	1,695,404	3,379	1,698,783	1,780,001
Total expenditure		1,696,004	3,379	1,699,383	1,780,601
Net gains/(losses) on investments	15	(4,556)	-	(4,556)	5,435
Gains on investment property	14	2,001,137	-	2,001,137	-
Net income / (expenditure)		1,882,370	12,229	1,894,599	(17,321)
Transfers between funds		19,156	(19,156)	-	-
Net movement in funds	21	1,901,526	(6,927)	1,894,599	(17,321)
Reconciliation of funds:					
Total funds brought forward	21	1,619,146	1,731,727	3,350,873	3,368,194
Total funds carried forward	21	3,520,672	1,724,800	5,245,472	3,350,873

All income and expenditure derives from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

The notes on pages 22 to 36 form part of these financial statements.

SUMMARY INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Income	2, 3, 5	1,595,532	1,756,610
(Losses) / gains on investments	15, 21	(4,556)	5,435
Gains on investment property	14	2,001,137	-
Interest and investment income	4	1,869	1,235
Gross income		3,593,982	1,763,280
Expenditure		1,583,347	1,689,088
Interest payable		28,787	16,867
Depreciation and impairment charges		87,249	74,646
Total expenditure		1,699,383	1,780,601
Net income / (expenditure)		1,894,599	(17,321)

The notes on pages 22 to 36 form part of these financial statements.

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	2,834,336	3,894,847
Investment Property	14	3,015,000	-
Investments	15	80,499	84,586
		5,929,835	3,979,433
Current assets			
Debtors	16	41,650	51,579
Cash at bank and in hand		280,857	413,506
		322,507	465,085
Creditors: amounts falling due within one year	17	(203,846)	(267,907)
Net current assets		118,661	197,178
Total assets less current liabilities		6,048,496	4,176,611
Creditors: amounts falling due after more than one year	18	(803,024)	(825,738)
Net assets		5,245,472	3,350,873
Charity Funds			
Restricted funds	21	1,724,800	1,731,727
Unrestricted funds	21	3,520,672	1,619,146
Total charity funds		5,245,472	3,350,873

The financial statements were approved and authorised for issue by the Board on 21 January 2020

Signed on behalf of the board of trustees

F.R. Heathcote

Dr F R Heathcote
Director

K Rolfe.

Dr K J Rolfe
Director

The notes on pages 22 to 36 form part of these financial statements.

	Note	2019 £	2018 £
Cash flow from operating activities	23	(19,777)	72,371
Net cash flow provided by operating activities		(19,777)	72,371
Cash flow from investing activities			
Interest received		799	220
Listed investment income		1,070	1,015
Interest payable		(28,787)	(16,867)
Payments to acquire tangible fixed assets		(40,602)	(4,930)
(Increase) in cash held for investments		(55)	(415)
Net cash flow used in investing activities		(67,575)	(20,977)
Cash flow from financing activities			
Repayment of long term loans		(485,297)	(103,517)
Proceeds from long term loans		440,000	-
Net cash flow used in financing activities		(45,297)	(103,517)
Change in cash and cash equivalents in the year		(132,649)	(52,123)
Cash and cash equivalents at 1 September		413,506	465,629
Cash and cash equivalents at 31 August		280,857	413,506
Cash and cash equivalents consists of:			
Cash at bank and in hand		280,857	413,506
Cash and cash equivalents at 31 August		280,857	413,506

The notes on pages 22 to 36 form part of these financial statements.

1. Summary of significant accounting policies

(a) General information and basis of preparation

BCNO Limited is a registered Charitable Company Limited by Guarantee in the United Kingdom. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities are to provide education, research and support in philosophy, science and clinical application of holistic osteopathy and naturopathy within the UK and throughout the international community.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(b) Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

(c) Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income, after any performance conditions have been met, when the amount can be measured reliably and when it is probable that the income will be received.

1. **Summary of significant accounting policies (continued)**

(c) **Income recognition (continued)**

Income from tuition fees is recognised in the period to which it relates and includes all fees payable by students and funding bodies.

Clinic income relates to services provided within the period.

Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.

Where there are conditions attached to the donation that require a level of performance before entitlement can be obtained, the income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Income from investments comprises dividends receivable during the accounting year from listed investments and interest receivable from bank deposits.

(d) **Expenditure recognition**

All expenditure is accounted for on an accruals basis. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Expenditure on charitable activities includes all costs incurred in relation to the continued operations of the entity.
- Investment costs consists of management fees relating to the investment holdings.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

(e) **Support costs allocation**

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and professional costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with proportion of staff time spent on each activity.

(f) **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended. Where a tangible fixed asset is donated to the charity, cost is the trustees' best estimate of the value of the asset at that point in time.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold buildings	2% per annum straight line
Freehold properties	2% per annum straight line
Building improvements	2% per annum straight line
Other	25% per annum straight line

1. **Summary of significant accounting policies (continued)**

(g) **Investment Property**

Property that is used for both operating and investment purposes is considered to be mixed use property. The fair value of such property is split between freehold and investment property based on the square footage used by the company and tenants.

The investment property is revalued annually on the basis of market value as defined in the Appraisal and Valuation Standards as issued by the Royal Institute of Chartered Surveyors.

No depreciation is charged on investment property.

(h) **Investments**

Publicly traded investments, or those where fair value can otherwise be measured reliably, are measured at fair value at each balance sheet date, with changes in fair value recognised in 'net gains / (losses) on investments' in the SoFA.

Current asset investments are short term highly liquid investments and are held at fair value. These include cash on deposit and cash equivalents with a maturity of less than one year.

(i) **Debtors and creditors receivable / payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(j) **Loans and borrowings**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method.

(k) **Impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the relevant expenditure heading in the SoFA.

(l) **Provisions**

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

(m) **Leases**

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

1. **Summary of significant accounting policies (continued)**

(n) **Foreign currency**

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

(o) **Employee benefits**

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

(p) **Tax**

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010. It therefore meets the definition of a charitable company for UK corporation tax purposes.

(q) **Reserves**

The funds have been set up by the Trustees for the following purposes:

Restricted funds

Frazer House

This represents the estimated value at 31 August 1996 of the gift of Frazer House. A transfer is made each year from the restricted fund to the general fund of an amount equivalent to the annual depreciation charge on the freehold buildings.

BNOA Research

This represents the un-expensed value of the gift received from the British Naturopathic and Osteopathic Association to be used for Research purposes by the College. Expenditure incurred to support projects that fulfil the research criteria of this fund is transferred from the restricted fund to the general fund.

Philo Fund

This represents the amount donated by the Philo Trust to be used for Naturopathy purposes by the College.

Capital Bids Fund

This represents the amount received from a capital bid awarded by the University of Plymouth for purchase of named items.

Designated unrestricted funds

Scholarship fund

Although this fund has already been fully utilised, the College continues to support students in need through their academic courses by offering bursaries.

2. Income from donations and legacies

	2019 £	2018 £
Philo Trust donation	6,000	12,000
Bequests and other donations	-	25
	6,000	12,025

3. Income from charitable activities

Academic and professional services	1,375,433	1,401,039
Clinical services	168,156	204,228
	1,543,589	1,605,267

All income derived from charitable activities related to general funds.

4. Income from investments

Listed investments	1,070	1,015
Bank deposits	799	220
	1,869	1,235

5. Other income

	2019 £	2018 £
Insurance Income	45,943	139,318
	45,943	139,318

Other income consists of insurance income relating to the salaries of two members of staff on long term sick leave, one of whom resigned during the year.

6. Investment management costs

	2019 £000	2018 £000
Investment manager fees	600	600

7. Analysis of expenditure on charitable activities

	Activities undertaken directly £000	Support costs (note 8) £000	Total £000
Academic and professional services	450,553	495,563	946,116
Clinical services	253,190	302,377	555,567
Research	113,675	41,997	155,672
Marketing and advertisement	41,428	-	41,428
	858,846	839,937	1,698,783

£3,379 (2018 - £33,909) of the above costs were attributable to restricted funds. £1,695,404 (2018 - £1,746,092) of the above costs were attributable to unrestricted funds.

8. Allocation of support costs

Support cost	Academic and professional services £	Clinical services £	Research £	2019 Total £	2018 Total £
Governance (see note 9)	32,116	-	-	32,116	27,127
Finance and administration	207,153	145,995	20,277	373,425	491,572
IT	24,827	15,149	2,104	42,080	46,227
Property	174,638	106,558	14,800	295,996	293,209
Catering	-	-	-	-	656
Other support costs	56,829	34,675	4,816	96,320	93,967
Total	495,563	302,377	41,997	839,937	952,758

9. Governance costs

	2019 £	2018 £
Trustees' expenses	746	727
Auditor's remuneration	25,370	20,400
Company Secretary	6,000	6,000
	32,116	27,127

10. Net expenditure for the year / period

Net expenditure is stated after charging

	2019 £	2018 £
Depreciation of tangible fixed assets	81,629	74,646
Bad debt provision	-	-
	81,629	74,646

11. Trustees' and key management personnel remuneration and expenses

The Principal and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Governors.

Other Governors did not receive any payments, other than reimbursed expenses, from the College in respect of their role as Governors. The value of the Governors' remuneration received was as follows:

- Mr M Mehta: £45,350 (2018: £44,548)
- Dr K Rolfe: £66,672 - Principal (2018: £65,417).

During the year 3 Governors (2018: 4) have been reimbursed a total of £548 (2018: £556) for travelling expenses incurred attending meetings of the College.

There were no other related party transactions involving the Governors or Key Management.

12. Staff Costs and Employee Benefits

The average monthly number of employees and full time equivalent (FTE) during the year was as follows:

The Average number of employees of the College during the year was:	2019 Number	2018 Number
Full time	12	15
Fractional	68	62
	80	77
Full time equivalents	26	28

12. **Staff Costs and Employee Benefits (continued)**

The total staff costs and employees benefits were as follows:

	2019 £000	2018 £000
Wages and salaries	859,577	961,724
Social security	65,279	78,886
Other pension costs	55,393	55,065
	980,249	1,095,675

There were no termination or redundancy payments in the year.

The number of employees who received total employee benefits (excluding employer pension costs of more than £60,000 is as follows:

	2019 Number	2018 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	-	-
£80,001 - £90,000	-	1
	1	2

The member of staff in the £80,000-£90,000 range in the prior year was on long-term sick leave. All salary costs were covered in entirety by an insurance policy and therefore had no financial implications to the college.

Pension contributions of £6,598 (2018: £6,441) were made by the charitable company during the year on behalf of higher paid employees

During the year Nil (2018: Nil) higher paid staff accrued benefits under the charitable company's defined contribution scheme.

13. Tangible fixed assets

	Land and buildings Frazer House	Land and buildings Lief House	Building Improvements	Furniture, Equipment and heating	Databases	Total
	£	£	£	£	£	£
Cost or valuation:						
At 1 September 2018	2,062,500	1,746,369	1,835,926	878,712	52,931	6,576,438
Additions	-	-	-	40,602	-	40,602
Write-offs	-	-	-	(365,189)	-	(365,189)
Transfer to investment property	-	(1,309,777)	-	-	-	(1,309,777)
At 31 August 2019	2,062,500	436,592	1,835,926	554,125	52,931	4,942,074
Depreciation:						
At 1 September 2018	352,697	378,834	1,026,790	870,339	52,931	2,681,591
Charge for the year	18,562	15,717	36,719	16,251	-	87,249
Write-offs	-	-	-	(365,189)	-	(365,189)
Transfer to investment property	-	(295,913)	-	-	-	(295,913)
At 31 August 2019	371,259	98,638	1,063,509	521,401	52,931	2,107,738
Net book value:						
At 31 August 2019	1,691,241	337,954	772,417	32,724	-	2,834,336
At 31 August 2018	1,709,803	1,367,535	809,136	8,3743	-	3,894,847

The freehold property, Frazer House, 6 Netherhall Gardens, was valued by the Governors on an existing use basis at 31 August 1996 when this asset was donated to the charity. This valuation includes an estimated £928,000 in respect of the buildings that are being depreciated.

The freehold property, Lief House, 3 Sumpter Close, was originally purchased in September 1994 as a Leasehold. The company acquired the Freehold of this property in December 2008 for £100,000. This asset is stated at cost as at the balance sheet date. The cost includes an estimated £196,000 in respect of buildings which are being depreciated.

A professional valuation was undertaken in September 2018 and the property's market value was assessed at £4,020,000.

The Governors are satisfied that the net realisable values of the properties are at least as much as their net book amounts.

14. Investment Property

	2019 Total £
At 1 September 2018	-
Transfer from fixed assets	1,013,863
Revaluation of investment property	2,001,137
Market value at 31 August 2019	3,015,000
Historical cost	589,400

During the year the trustees decided to rent out part of Lief House to a third party for the purpose of producing income for the charity. In accordance with accounting standards that element subject to rental has been transferred to investment property.

The investment property is subject to an annual valuation on the basis of market value as defined in the Appraisal and Valuation Standards as issued by the Royal Institute of Chartered Surveyors. The last full valuation was undertaken at 20 September 2018 by Third Sector Property. Having made appropriate enquiries the Board are satisfied that there is no material difference between the Valuation as at 20 September 2018 and the year end.

Due to the charitable status of the company, no provision is required for deferred taxation arising from the revaluation gain.

15. Fixed asset investments

	2019 Total £	2018 Total £
Valuation		
At 1 September 2018	84,586	78,736
Net cash fund movements	469	415
Net unrealised investment gain in the year	(4,556)	5,435
Market value at 31 August 2019	80,499	84,586
Historical cost	53,502	53,502
Investments at fair value compromise:		
Unit stock	75,926	80,482
Cash within investment portfolio	4,573	4,104
	80,499	84,586

15. **Fixed asset investments (continued)**

Market value of investments held in individual entities as at 31 August 2019 which are over 5% of portfolio by value are:

Description of investment	Holding (number of shares)	Market value
Royal Dutch Shell B Ord Eur	465	10,532
AXA Framlington UK Select opportunities ZI inc	13,569	20,856
Quilter Investors UK Smaller Cos	8,642	22,547
SVM Asset management continental European fund	3,001	17,881
Market value at 31 August 2019		71,816

The fair value of listed investments is determined by reference to the middle of the bid and offer price at the balance sheet date.

16. **Debtors**

Amounts falling due within one year:	2019 £	2018 £
Trade debtors	13,312	27,344
Bad debt provision	-	-
Prepayments and accrued income	28,338	24,235
	41,650	51,579

17. **Creditors: amounts falling due within one year**

Bank loans and overdrafts	59,673	82,256
Trade creditors	27,648	26,262
Other tax and social security	16,832	21,400
Other creditors	64,808	64,375
Accruals and deferred income	34,885	73,614
	203,846	267,907

Bank loan terms of repayment, applicable interest rates and information on their security can be found in note 18.

Details of leasing arrangements are provided in note 19.

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

	2019 £	2018 £
Bank – Development loan	396,665	436,372
Bank – Working capital loan	-	389,366
Bank – Z loan	406,359	-
	803,024	825,738

Borrowings are repayable as follows:

Within one year	59,673	82,256
Between one and two years	62,240	84,254
Between two and five years	530,966	265,258
Later than five years	209,817	476,225
Total repayable	862,696	907,993

Development Loan

The Development loan is secured by a fixed charge over Lief House. For details of the valuation of this property see note 13. The loan is repayable over the original term of 20 years to August 2028 and is subject to a rate of interest at 1.5% above the bank's base rate.

Z Loan

The security for this loan is the same as for the Development Loan explained above. Although the loan is repayable over 20 years and is subject to a rate of interest at 2.37% above the bank's base rate, the loan is committed for a five-year term which is due to be renewed in August 2023.

19. Leases

Operating leases - lessee

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £	2018 £
Not later than one year	721	5,468
Between two and five years	-	1,436
Later than five years	-	-
	721	6,904

Operating leases include three separate leases for the provision of Photocopiers, lease for a Computer and Franking.

The entity does not have any finance leases.

20. Contingent liabilities/assets

There were no contingent liabilities or assets at 31 August 2019 or at 31 August 2018.

21. Fund reconciliation

Unrestricted funds

	Balance at 1 September 2017	Income	Expenditure	Transfers	Gains/ (losses)	Balance at 31 August 2018
	£	£	£	£	£	£
Unrestricted	1,608,032	1,733,214	(1,746,692)	19,156	5,435	1,619,146

Unrestricted funds

	Balance at 1 September 2018	Income	Expenditure	Transfers	Gains/ (losses)	Balance at 31 August 2019
	£	£	£	£	£	£
Unrestricted	1,619,146	1,581,793	(1,696,004)	19,156	1,996,581	3,520,672

Restricted funds

	Balance at 1 September 2017	Income	Expenditure	Transfers	Gains/ (losses)	Balance at 31 August 2018
	£	£	£	£	£	£
Frazer House	1,728,365	-	-	(19,156)	-	1,709,209
Philo Fund	1,620	12,000	(12,000)	-	-	1,620
BNOA	30,176	-	(21,909)	-	-	8,267
Capital bids	-	12,631	-	-	-	12,631
Total	1,760,162	24,631	(33,909)	(19,156)	-	1,731,727

Restricted funds

	Balance at 1 September 2018	Income	Expenditure	Transfers	Gains/ (losses)	Balance at 31 August 2019
	£	£	£	£	£	£
Frazer House	1,709,209	-	-	(19,156)	-	1,690,053
Philo Fund	1,620	6,000	-	-	-	7,620
BNOA	8,267	-	(3,379)	-	-	4,888
Capital Bids	12,631	9,608	-	-	-	22,239
Total	1,731,727	15,608	(3,379)	(19,156)	-	1,724,800

21. Fund reconciliation (continued)

Fund descriptions

See Accounting policy 1.q) for a breakdown of the detail of the restricted funds and their respective uses. The capital fund is restricted fund for specified items awarded by the University of Plymouth.

The transfer of £19,156 from restricted fund to general represents the depreciation incurred on Frazer House.

22. Analysis of net assets between funds

Year to 31 August 2018

	Unrestricted Funds	Restricted Fund Philo	Restricted fund BNOA	Restricted fund BNOA	Restricted Fund - Frazer House	2018 Total
	£	£	£	£	£	£
Fixed assets	2,185,637	-	-	-	1,709,210	3,894,847
Fixed investments	84,586	-	-	-	-	84,586
Net current assets	174,660	1,620	12,631	8,267	-	197,178
Long-term liabilities	(825,738)	-	-	-	-	(825,738)
Total	1,619,145	1,620	12,631	8,267	1,709,210	3,350,873

Year to 31 August 2019

	Unrestricted Funds	Restricted Fund Philo	Restricted fund BNOA	Restricted fund BNOA	Restricted Fund - Frazer House	2019 Total
	£	£	£	£	£	£
Fixed assets	1,144,283	-	-	-	1,690,053	2,834,336
Investment Property	3,015,000	-	-	-	-	3,015,000
Fixed investments	80,499	-	-	-	-	80,499
Net current assets	83,914	7,620	22,239	4,888	-	118,661
Long-term liabilities	(803,024)	-	-	-	-	(803,024)
Total	3,520,672	7,620	22,239	4,888	1,690,053	5,245,472

23. Reconciliation of net income to net cash flow from operating activities

	2019 £	2018 £
Net income / (expenditure) for the year	1,894,599	(17,321)
Dividends, interest and rents from investments	(1,070)	(1,015)
Interest payable	28,787	16,867
Interest received	(799)	(220)
Depreciation and impairment of tangible fixed assets	87,245	74,646
Losses / (gains) on investments	4,556	(5,435)
(Profit) / loss on disposal of fixed asset investments	(2,001,137)	-
Decrease in debtors	9,927	160
(Decrease) / increase in creditors	(41,885)	4,689
Net cash flow from operating activities	(19,777)	72,371

24. Financial commitments

The college has no financial commitments at the year end.

25. Events after the end of the period

On 11 November 2019 the charitable company entered into an agreement to lease out the investment property for a period of 10 years.

26. Related party transactions and ex gratia payments

There are no related party transactions or ex gratia payments during the period, beyond those stated in Note 11 relating to Governor's expenses / salaries (2018: £ nil).

27. Financial instruments

The charity holds a number of financial assets (for example investments, debtors and cash) and financial liabilities (for example creditors) which meet the definition of basic financial instruments under the FRS 102 SORP. Details of the measurement bases, accounting policies and carrying values for these financial assets and liabilities are disclosed in the notes above.

The charity does not hold any derivative financial instruments as of 31 August 2019.