

**UAL SHORT COURSES LIMITED**  
**REGISTRATION NUMBER: 2361261**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

**Auditor**  
**KPMG LLP**  
**15 Canada Square, London, E14 5GL**

**UAL SHORT COURSES LIMITED**  
**(COMPANY REGISTRATION NUMBER: 2361261)**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

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## UAL SHORT COURSES LIMITED

### OFFICERS AND ADVISERS

<b>Chairman:</b>	Sir Nigel Carrington (resigned on 31 March 2021) James Purnell (appointed on 1 April 2021)
<b>Company Secretary:</b>	Zioge Smith (resigned on 18 November 2021) Jessica Vine (appointed on 18 November 2021)
<b>Directors:</b>	Natalie Brett Heather Francis Danielle Salvadori (resigned on 13 August 2021) Mairead Kelly (appointed on 18 August 2021 and resigned on 18 November 2021) David Mba (appointed on 18 November 2021) Veronica Brown (appointed on 11 March 2021 and resigned on 5 July 2021) Simon Ofield-Kerr (appointed on 15 October 2020 and resigned on 11 March 2021)
<b>Registered Office:</b>	272 High Holborn London WC1V 7EY
<b>External Auditor:</b>	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL
<b>Internal Auditor:</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
<b>Banker:</b>	Lloyds Bank 39 Threadneedle Street London EC2R 8AU
<b>Solicitor:</b>	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF
<b>Insurer:</b>	UM Association Limited and Hasilwood Management Services Limited 5 St. Helen's Place London EC3A 6AB

## UAL SHORT COURSES LIMITED

### DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 July 2021.

#### Principal Activity

The principal activity of the company is to act as a trading subsidiary of University of the Arts London specialising in short courses and related educational services. The company has similar operating structure to the University of the Arts London which is made up of the following constituent colleges:

Camberwell College of Arts  
Chelsea College of Arts  
Wimbledon College of Arts  
Central Saint Martins  
London College of Fashion  
London College of Communication

#### Dividends

The directors do not recommend payment of a dividend (2020: nil).

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

**UAL SHORT COURSES LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**

**Disclosure of Information to Auditor**

The directors in office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**External Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

**Small Company Provisions**

The Directors have taken advantage of the small companies' exemption in preparing the directors' report.

By order of the Board

Jessica Vine  
Company Secretary

18 November 2021

272 High Holborn  
London  
WC1V 7EY

**UAL SHORT COURSES LIMITED**  
**STRATEGIC REPORT**

**Business Review**

The results of the company are set out below:

	2021		2020	
	Turnover £	Profit £	Turnover £	Profit £
Camberwell, Chelsea and Wimbledon	1,181,440	739,938	1,182,164	10,769
Central Saint Martins	2,364,094	1,252,048	3,464,281	(124,301)
London College of Fashion	1,001,577	666,063	1,766,725	(166,751)
London College of Communication	713,339	475,277	960,310	(25,710)
Future Creatives	36,612	14,384	11,312	(103,621)
Creative Computing	20,002	14,780		
Short Courses Centre	154,780	(3,789,094)	133,137	(898,072)
	5,471,844	(626,604)	7,517,929	(1,307,686)

UAL Short Courses Limited reported an underlying profit for the year of £285,396 prior to accounting for year-end pension adjustments of £912,000 resulting in an overall deficit of £626,604. The company suffered a fall in income due to the Covid-19 pandemic as a significant number of its courses were cancelled for much of the financial year due to the closure of University buildings for the spring term, and on-going reduced demand for in person learning on short term courses as the pandemic continued. The company continued to successfully deliver courses online. The directors would like to acknowledge the efforts made by staff during this unusual year.

In prior years, UAL Short Courses activities were reported in the annual Business Review by the college based short course unit, which organised and delivered the courses at a local level. In Summer 2020 the business was reorganised to focus on activities and function rather than by College. This reduced management duplication and costs. As a result, staff and other indirect costs have been centralised. Additionally, in 2020 the company incurred one-off reorganisation costs which increased costs and the overall loss in that year. Direct course income and costs have been represented above by college-based unit for comparison purposes.

**Risks and Uncertainties**

UAL Short Courses Limited is a wholly owned subsidiary of University of the Arts London. It provides short courses using the University and College brands and as such many risks and uncertainties are linked to those facing the University. The Financial Statements of the University of the Arts London are publicly available on the University website.

The directors acknowledge their responsibilities as set out in the Statement of Responsibilities, including that they are responsible for the Company's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The University has a fully embedded risk management process and policy which identifies and manages the key risks associated to University group as a whole. Risks and associated migrating factors affecting the group are regularly monitored and reviewed.

**Future Developments**

The company will continue to deliver and develop its short course provision and act as a trading subsidiary of University of the Arts London for the foreseeable future.

**UAL SHORT COURSES LIMITED**  
**STRATEGIC REPORT (CONTINUED)**

**Small Company Provisions**

The Directors have taken advantage of the small companies' exemption in preparing the strategic report.

By order of the Board

Jessica Vine  
Company Secretary

18 November 2021

272 High Holborn  
London  
WC1V 7EY

## **INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF UAL SHORT COURSES LIMITED**

### **Opinion**

We have audited the financial statements of UAL Short Courses Limited (“the company”) for the year ended 31 July 2021, which comprise the Profit and Loss Account and Other Comprehensive Income, Statement of Changes in Equity, the Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 July 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

In our evaluation of the directors’ conclusions, we considered the inherent risks to the company’s business model and analysed how those risks might affect the company’s financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company’s ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit Committee of the Ultimate Parent entity and the internal audit function of the Ultimate Parent entity, as to the Group’s high-level policies and procedures to prevent and detect fraud, including the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board of Directors meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UAL SHORT COURSES LIMITED (CONTINUED)**

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong financial period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations and other unusual journal characteristics.
- For a sample of cash receipts received and sales invoices raised in the period 1 July 2021 to 31 August 2021, assessing whether the income had been recognised in the appropriate accounting period by confirming the date of delivery of the relevant good or service.
- For a sample of tuition fee income recognised in the period 01 August 2020 to 31 July 2021, assessing whether the income had been recognised in the appropriate accounting period by confirming the start and end date of the student's course.
- Reperformance of a sample of year end deferred income adjustments, to assess the accuracy of the adjustments recognised.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: GDPR compliance, health and safety, anti-bribery and employment law, recognising the nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UAL SHORT COURSES LIMITED (CONTINUED)**

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **The Strategic Report and Directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on pages 2 and 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UAL SHORT COURSES LIMITED  
(CONTINUED)**

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Fleur Nieboer (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL  
01 December 2021

**UAL SHORT COURSES LIMITED**  
**PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 JULY 2021**

	Note	2021	2020
		£	£
Turnover	1 (c) & 2	5,471,844	7,517,929
Cost of sales		(1,316,720)	(2,516,937)
Gross profit		4,155,124	5,000,992
Administration expenses		(4,683,447)	(6,256,610)
Interest receivable	3	-	3,020
Operating Loss	4	(528,323)	(1,252,598)
Interest payable	8	(115,000)	(55,000)
Loss before taxation		(643,323)	(1,307,598)
Taxation credit / (charge)	9	16,719	(88)
<b>Loss after tax</b>		<b>(626,604)</b>	<b>(1,307,686)</b>
<b>Other comprehensive income</b>			
Actuarial loss in respect of pension scheme		(1,487,000)	(4,260,000)
<b>Total comprehensive loss for the year</b>		<b>(2,113,604)</b>	<b>(5,567,686)</b>

No operations were discontinued during the year.

The accompanying notes form part of these financial statements.

**UAL SHORT COURSES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 JULY 2021**

	<b>Called up Share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
Balance at 1 August 2019	100	(685,609)	(685,509)
<b>Total comprehensive loss for the year</b>			
Loss for the year	-	(1,307,686)	(1,307,686)
Actuarial loss in respect of pension scheme	-	(4,260,000)	(4,260,000)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(5,567,686)</b>	<b>(5,567,686)</b>
<b>Balance at 31 July 2020</b>	100	(6,253,295)	(6,253,195)
<b>Total comprehensive loss for the year</b>			
Loss for the year	-	(626,604)	(626,604)
Actuarial loss in respect of pension scheme	-	(1,487,000)	(1,487,000)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(2,113,604)</b>	<b>(2,113,604)</b>
<b>Balance at 31 July 2021</b>	100	(8,366,899)	(8,366,799)

The accompanying notes form part of these financial statements.

**UAL SHORT COURSES LIMITED**  
**(COMPANY REGISTRATION NUMBER: 2361261)**

**BALANCE SHEET**  
**AS AT 31 JULY 2021**

	Note		2021		2020
		£	£	£	£
<b>NON CURRENT ASSETS</b>					
Debtors	10		2,762,214		3,228,033
<b>CURRENT ASSETS</b>					
Debtors	10	218,949		158,656	
Cash at bank and in hand		531,820		172,009	
			750,769		330,665
<b>TOTAL ASSETS</b>			3,512,983		3,558,698
<b>CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR</b>			(1,644,782)		(1,975,893)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			1,868,201		1,582,805
Pension Liability	8		(10,235,000)		(7,836,000)
<b>NET LIABILITIES INCLUDING PENSION LIABILITY</b>			(8,366,799)		(6,253,195)
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		100		100
<b>PROFIT AND LOSS RESERVE</b>					
Profit and loss reserve excluding Pension Liability	13	1,868,101		1,582,705	
Pension Liability	8	(10,235,000)		(7,836,000)	
			(8,366,899)		(6,253,295)
<b>SHAREHOLDERS FUNDS - EQUITY</b>			(8,366,799)		(6,253,195)

The Directors have prepared the financial statements in accordance with the small companies' regime. These financial statements were approved on 18 November 2021 by the Board of Directors and signed on its behalf by:

James Purnell  
Chairman

Heather Francis  
Director

The accompanying notes form part of these financial statements.

## UAL SHORT COURSES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

#### 1. ACCOUNTING POLICIES

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

##### (a) Basis of Preparation

The financial statements have been prepared in accordance with Section 1A of the Financing Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied.

The financial statements have been prepared on the historical cost basis.

The Company has applied the exemption available under FRS 102, relating to the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements. It has also taken advantage of the exemption contained in FRS 102 to not disclose transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of University of the Arts London, within which this Company is included, can be obtained from University of the Arts London, 272 High Holborn, London WC1V 7EY.

##### (b) Going concern

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. Notwithstanding net liabilities of £8,366,799 as at 31 July 2021, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared a financial budget for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, if necessary, through intercompany balance owed by its immediate parent undertaking, University of the Arts London, to meet its liabilities as they fall due for that period.

The board have considered a strategy and business plan to return the business to profitability in the medium term which is considered to be reasonable and realistic. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

##### (c) Turnover

Turnover for the year is derived primarily from operations in the United Kingdom, although many clients are drawn from overseas. It represents short course tuition fees, trading activities generically related to the provision of educational services and the sale of artwork. Fee income is recognised when the service is provided. It is shown net of value added tax and trade discounts.

Government job retention scheme grant is recognised as income in the period to which it relates. Please see note 2 for further details.

## UAL SHORT COURSES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### (d) Taxation

Tax on the profit or loss for the year comprises the current tax charge. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

##### (e) Pension Schemes

Retirement benefits to employees of the company is a funded defined benefit scheme. Under defined benefit plans, the company has an obligation to provide agreed benefits to current and former employees who are members of the scheme, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the company. Accordingly, the company recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets, which is an area of significant estimation within the accounts and the factors determining the estimates are disclosed in note 7. The calculation is performed by a qualified actuary using the projected unit credit method.

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### (f) Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the Company. Any unused benefits are accrued and measured as the additional amount the Company expects to pay as a result of the unused entitlement.

##### (g) Subsequent events

The Company has evaluated subsequent events and determined that there have been no events that have occurred since the balance sheet date would require adjustments or disclosure in the financial statements.

## UAL SHORT COURSES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### (h) Judgements and estimates

###### (i) Annual leave accrual

The Company has provided for the cost of unused annual leave of its employees at the end of the financial year. The accrual was based on the actual leave carried forward at 31 July.

###### (ii) Retirement benefit obligations

In determining the valuation of defined benefit schemes' assets and liabilities, a number of key estimates and assumptions have been made in relation to:

- inflation rate;
- life expectancy;
- discount rate; and
- salary and pension growth rates.

The Company is exposed to risks through its defined benefit schemes if actual experience differs to the estimates used and through volatility in the plan assets.

At 31 July 2021, the methodology for calculating the pension increase has changed. UAL Short Courses has used an assumption of CPI plus 0.1% p.a. as at 31 July 2021. As at 31 July 2020, UAL Short Courses assumed pension increases were being in line with CPI. It is estimated that the impact of this change in methodology is an increase in the defined benefit obligation of approximately £350,000.

#### 2. TURNOVER

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Tuition fees	5,313,336	7,331,551
Job retention scheme grant	154,345	133,132
Intercompany recharge costs receivable	4,163	53,246
	<hr/>	<hr/>
	5,471,844	7,517,929
	<hr/>	<hr/>

#### 3. INTEREST RECEIVABLE

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank interest	-	3,020
	<hr/>	<hr/>
	-	3,020
	<hr/>	<hr/>

**UAL SHORT COURSES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**4. PROFIT ON ORDINARY ACTIVITIES**

Profit on ordinary activities is stated after charging:

	<b>2021</b>	<b>2020</b>
	£	£
Auditor's remuneration for audit work (exclusive of VAT)	9,140	9,050
Management charge payable to holding company	782,442	898,042
	<hr/>	<hr/>

**5. DIRECTORS' REMUNERATION**

The Directors are engaged and remunerated by the University and do not receive additional remuneration for their services to the company (2020: nil).

**6. PAYMENT UNDER DEED OF COVENANT**

No payments have been made under deed of covenant due the company having no reserves available. Where relevant, payments are made under the deed of covenant dated 15 July 2021 as a donation to University of the Arts London, which has charitable status. The deed of covenant was slightly updated in 2021 to reflect current practice.

**7. STAFF**

Operations and administrative staff numbers during the year were 39 (2020: 46). Staff costs including teaching staff are as follows:

	<b>2021</b>	<b>2020</b>
	£	£
Wages and salaries	3,126,801	4,977,676
Social security costs	253,877	394,828
Pension costs	1,189,952	1,338,683
	<hr/>	<hr/>
	4,570,630	6,711,187
	<hr/>	<hr/>

## UAL SHORT COURSES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

#### 8. PENSIONS

##### (a) Defined contribution plan

A defined contribution plan is provided by Smart Pension for new employees. The scheme is treated as a defined contribution plan since UAL Short Courses Ltd is not required to provide further contributions to the scheme and benefits are accrued by members based on the scheme performance.

##### (b) Defined benefit plan

Retirement benefits to employees of the company are provided by the London Pension Fund Authority (LPFA) under the Local Government Pension Scheme (LGPS), a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The scheme is now closed to new members.

Contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method.

The LGPS is a funded defined benefit scheme, providing benefits based on final pensionable pay with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2021 was £499,000 of which employers' contributions totalled £345,000 and employees' contributions totalled £154,000. The agreed contribution rate for the period was 15% from 1 April 2020 (primary rate of 12.1% and secondary rate of £25,679 per annum prior to 1 April 2020) and between 5.5% to 12.5% for employees (depending on earnings) throughout and for future periods.

The material assumptions used by the actuary were:

	2021 %	2020 %
Salary increases	2.85	2.25
Pension increases	2.7	2.0
Discount rate	1.6	1.5

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Males	Females
Current Pensioners	22.2 years	25.0 years
Future Pensioners	23.1 years	26.2 years

**UAL SHORT COURSES LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**8. PENSIONS (CONTINUED)**

**Scheme assets**

The assets in the LGPS and the expected rate of return were:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>Long-Term Return %</b>	<b>Fund Value £</b>	<b>Long-Term Return %</b>
		<b>£</b>	<b>Fund Value £</b>
Equities	15.46	9,151,000	2
Target Return Portfolio	15.46	3,522,000	2
Infrastructure	15.46	1,429,000	2
Property	15.46	1,360,000	2
Cash	15.46	844,000	2
		<hr/>	
Total market value of assets		16,306,000	<hr/>
		<hr/>	
		13,880,000	<hr/>
		<hr/>	
		13,744,000	<hr/>

The following amounts at 31 July 2021 were measured in accordance with the requirements of FRS 102.

**Analysis of the amount in Statement of Comprehensive Income**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Return on fund assets in excess of interest	1,957,000	(67,000)
Other actuarial (losses) on assets	-	(867,000)
Change in demographic assumptions	(40,000)	26,000
Change in financial assumptions	(3,760,000)	(4,154,000)
Experience gain on defined benefit obligation	356,000	802,000
	<hr/>	<hr/>
Actuarial (loss) recognised in Statement of Comprehensive Income	(1,487,000)	(4,260,000)
	<hr/>	<hr/>

**UAL SHORT COURSES LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**8. PENSIONS (CONTINUED)**

**Expense recognised in the profit and loss account**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Current service costs	(1,124,000)	(1,379,000)
Net interest on the net defined liability	(115,000)	(55,000)
Administration expenses	(18,000)	(18,000)
	<hr/>	<hr/>
Total expense recognised in profit or loss	(1,257,000)	(1,452,000)
	<hr/>	<hr/>

**Analysis of movement in the present value of the scheme liabilities**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
At 1 August	21,716,000	16,424,000
Current service costs	1,124,000	1,379,000
Interest cost	325,000	380,000
Contributions by members	154,000	270,000
Estimated benefits paid net of transfers in	(222,000)	(63,000)
Experience (gain) on defined benefit obligation	(356,000)	(802,000)
Change in financial assumptions	3,760,000	4,154,000
Change in demographic assumptions	40,000	(26,000)
	<hr/>	<hr/>
Liability in scheme at end of year	26,541,000	21,716,000
	<hr/>	<hr/>

**Analysis of movement in the market value of the scheme assets**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
At 1 August	13,880,000	13,744,000
Interest on assets	210,000	325,000
Expected return on assets	1,957,000	(67,000)
Other actuarial (losses)	-	(867,000)
Employer contributions	345,000	556,000
Members contributions	154,000	270,000
Estimated benefits paid net of transfers in and including unfunded	(222,000)	(63,000)
Administration expenses	(18,000)	(18,000)
	<hr/>	<hr/>
Surplus in scheme at end of year	16,306,000	13,880,000
	<hr/>	<hr/>

**UAL SHORT COURSES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

<b>9. Taxation</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Corporation tax on total taxable profits for the year		-
Tax effect of pension accounting adjustment £268,947 @ 19%	51,100	
	<hr/>	<hr/>
Tax charge for the year	51,100	-
	<hr/>	<hr/>
Current tax charge for the year	51,100	-
(Over)/under provision in respect of prior years	(67,819)	88
	<hr/>	<hr/>
Tax (credit)/charge for the year	(16,719)	88
	<hr/>	<hr/>
<b>10. DEBTORS (NON-CURRENT AND CURRENT)</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Non-Current Debtors</b>		
Amount owed by holding company*	2,762,214	3,228,033
	<hr/>	<hr/>
<b>Current Debtors</b>		
Trade debtors	176	9,099
Amount owed by group company	-	2,892
Other debtors	77,557	26,974
Prepayments	141,216	85,730
Accrued income	-	33,961
	<hr/>	<hr/>
	218,949	158,656
	<hr/>	<hr/>

\* The amount owed by holding company has been treated as a non-current asset on the balance sheet as it is unlikely to be repaid within one year.

**UAL SHORT COURSES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade creditors	61,140	219,210
Amount owed to group company	662	-
Taxation and social security	117,051	67,396
Other creditors	100,216	101,703
Accruals	163,845	304,022
Deferred income	1,201,868	1,283,562
	<hr/>	<hr/>
	1,644,782	1,975,893
	<hr/>	<hr/>

**12. SHARE CAPITAL**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Share capital allotted, called up and fully paid: 100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

**13. GENERAL RESERVES**

Movements on the general reserves during the year were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Opening profit and loss reserve excluding pension liability	1,582,705	1,994,391
Loss for the year	(626,604)	(1,307,686)
Pension movement for the year transferred to pension reserve	912,000	896,000
	<hr/>	<hr/>
Closing profit and loss reserve excluding pension liability	1,868,101	1,582,705
	<hr/>	<hr/>

**UAL SHORT COURSES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**14. RECONCILIATION OF NET DEBT**

	<b>2021</b>	<b>2020</b>
	£	£
Net funds 1 August 2020	172,009	421,666
Movement in cash and cash equivalents	359,811	(249,657)
Net funds 31 July 2021	531,820	172,009
	<hr/>	<hr/>
Change in net funds	359,811	(249,657)
	<hr/>	<hr/>

**Analysis of net funds**

	<b>2021</b>	<b>2020</b>
	£	£
Cash and cash equivalents	531,820	172,009
	<hr/>	<hr/>
Net funds	531,820	172,009
	<hr/>	<hr/>

**15. ULTIMATE HOLDING COMPANY**

The ultimate holding company is University of the Arts London. Copies of the financial statements of University of the Arts London may be obtained from University of the Arts London, 272 High Holborn, London WC1V 7EY.

**16. RELATED PARTY TRANSACTIONS**

The company's ultimate holding company is University of the Arts London. Due to the nature of the University's and Company's operations and the composition of the Company Directors, it is inevitable that transactions will take place with organisations in which a Director may have an interest. All transactions involving organisations in which a Director may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

During the year there were no related party transactions which require separate disclosure.