

*More than a college...*

# **Report and Financial Statements**

**for the year ended 31 July 2009**

**Ealing, Hammersmith  
& West London College**  
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**Ealing, Hammersmith & West London College  
Report and Financial Statements for the year ended 31 July 2009**

<b>Contents</b>	<b>Page Number</b>
Operating and Financial Review	2 - 12
Statement of Corporate Governance and Internal Control	13 - 18
Statement of the Responsibilities of the Members of the Governing Body	19
Independent Auditors Report to the Governing Body of Ealing, Hammersmith & West London College	20 - 21
Independent Auditors Report on Regularity to the Governing Body of Ealing, Hammersmith & West London College	22
Consolidated Income and Expenditure Account	23
Consolidated Statement of Historical Cost Surpluses and Deficits	24
Consolidated Statement of Total Recognised Gains and Losses	24
Balance Sheets as at 31 July	25
Consolidated Cash Flow Statement	26
Notes to the Accounts	27 - 45

## **Operating and Financial Review**

### **Summary**

I am pleased to be able to report that our finances remain sound, but as we expected, our operating environment is getting tougher, and will continue to get tougher.

Our accounts again record an operating surplus for the year before exceptional items, with strong cash balances and continued investment in the physical assets of the College, and our auditors continue to have confidence that we operate strong financial controls.

The economic downturn has increased the pressure on Government finances, with more to do and lower tax revenues, and there is no doubt that colleges will do well in the coming years simply to maintain levels of Government income, whichever party is in power after the 2010 General Election. Government and its agencies will certainly (and rightly) expect this College and every other college to show value for money from their investment in us, and to seek out every opportunity to identify economies.

We were fortunate not to be hurt by the crisis surrounding capital funding which affected so many colleges during the year. That crisis highlighted the reality that for the foreseeable future we can expect little external support for capital investment.

So, though our operating surplus is healthier than last year, the challenge of maintaining stability gets greater by the day, and so does the need to accrue a surplus for investment. We need to make sure that the College remains in a position to do good work, and to do that it is essential that we retain sound finances.

Our ambition to be useful is undimmed, and the need for what we do is greater than ever.

We are therefore deepening our commitment to attracting funding from other sources beyond the Learning and Skills Council (and its successors), to earning commercial income, and to other initiatives which enable us to make what we have go further.

We are fortunate that in tackling these challenges we have a well-run College, with a strengthened senior management team, and dedicated, hard-working staff: I thank them all for their commitment and their success in serving our learners.

I also thank my fellow governors for all that they do behind the scenes: we are proud to play our part in the College's success, and remain confident that it will continue.

**Iain Mackinnon**  
**Chair of the Governing Body**

## **Operating and financial review continued**

### **Nature, Objectives and Strategies**

The members present their report and the audited financial statements for the year ended 31 July 2009.

#### **Legal status**

The Governing Body was established under the Further and Higher Education Act 1992 for the purpose of conducting Ealing, Hammersmith & West London College. The College is an exempt charity for the purpose of the Charities Act 1993.

#### **The College**

Ealing, Hammersmith & West London College is one of the largest colleges of further education in Britain, offering education and training services to a very wide range of learners and employers.

That range includes:

- teaching English to people whose needs vary from those with very little knowledge of the language, to others who improve their skills on courses mixing English language with vocational skills
- literacy and numeracy skills, often also delivered jointly with vocational skills
- courses for learners with learning difficulties or disabilities
- A levels, Diplomas and vocational courses in our three Sixth Form centres
- vocational qualifications (NVQs) in a wide range of fields, and at different levels, both within the College and on employers' premises
- professional courses accredited by a wide range of professional bodies
- a range of Foundation Degrees
- an MBA course, accredited by the University of Wales
- nearly 1,000 places for young people aged 14 and 15, who are mixing vocational learning at College with core education (Maths and English) at school
- short skills courses, paid for by individuals or employers on a commercial basis, or through the Government's Train to Gain programme
- the largest number of international students of any college of further education

#### **The economic and social context in which we work**

The education and skills problems facing Britain are well-known. Though we compare well with other countries at university level,

- far too few people have the intermediate, technician level, skills which the country needs
- far too few people have literacy and numeracy skills at the level needed in modern Britain
- far too many young people and adults are out of work, despairing about their prospects.

Though London is a hugely successful world city, all of these trends are evident in West London, and some of them are as bad here as anywhere in Britain.

All of these problems have been made much worse by the economic downturn as its effects moved in the last year beyond the financial sector to the rest of the economy.

The economic downturn will unquestionably limit the funds which Government has available and, in all likelihood, will mean that funding for colleges is capped, and may fall.

### **The operating context in which we work**

In order to address these challenges, the Government has introduced a number of guarantees, for both young people and unemployed adults, and a wide range of other initiatives.

The Government also maintains its commitment to what it calls 'Further Education reform', by which it means that though it praises Further Education as the most flexible and most successful part of the country's education system, it wants to see more of its funding 'contested' in a managed marketplace.

The most significant policy change is the Raising of the Participation Age. The Government has legislated to require that in 2013 all young people aged 17 continue in education or training, with the requirement rising in 2015 to cover those who are 18.

Much the largest part of our income comes from the Learning and Skills Council, which is being abolished from 31 March 2010. Its funding for provision for young people aged 14-19 will from then on be managed by local authorities, working in partnership with each other, and within a strategic framework set by the new Young People's Learning Agency. LSC funding for adults (ie those aged over 18) will, from April, be managed by the new Skills Funding Agency.

There will be a General Election in 2010, and if there is a change of Government, the College can expect a further period of uncertainty and change.

At London Government level, the London Skills and Employment Board (which is chaired by the Mayor and works within the context of national strategy) has increasing influence.

At local authority level, both Ealing and Hammersmith and Fulham Councils have active policies for their schools, working both to local policies and within national policy (such as the extensive Building Schools for the Future programme).

Beyond education and skills, the economic policy context is also one of multiple strategy, initiative and change.

This context both greatly complicates the task of the College, and also helps us to be clear about how we can most effectively contribute to the many challenges faced locally and as a nation.

### **Our Learner First Commitment**

Central to our approach to finding a coherent way through the many challenges which threaten to blow us off course, is our commitment to putting the learner first.

All colleges say something like that. What makes Ealing, Hammersmith and West London College different is that for us it is a reality: everything we do starts and ends with our learners, wherever or wherever they are.

No matter how challenging the circumstances, or how difficult the situation, we always make our decisions on the basis of their impact on learning and their value to the learner. Our aim is to ensure that learners can access the power of learning that gives currency, enriches their lives and increases their choices and chances of futures in an increasingly unstable world. We dedicate ourselves to creating learners who are reflective, confident and autonomous and who, in so doing, become the first choice of employers, universities and other providers.

## **Ealing, Hammersmith & West London College Report and Financial Statements for the year ended 31 July 2009**

Our core values provide us with a framework through which we put this commitment into effect:

- We put learners at the heart of everything we do
- We believe diversity is an asset to learning
- We value and celebrate the pleasure of learning and support students and staff in meeting their potential
- We treat students and staff as individuals, listening, respecting and responding to their needs
- We provide a safe and inspiring environment in which to work and study
- We value our students beyond their time at the College and will, wherever possible, continue to support them for as long as they need us
- We value the importance of meeting the needs of employers, partners and our local community through responsive, innovative and high quality services

### **Activities**

The College operates on four main campuses, with teaching and learning programmes managed through the schools of Business and Services, English and Community Learning, General Education and Technology and a Directorate of Employer Responsiveness. The schools are further subdivided into 25 divisions. Academic areas are supported by the four service directorates of Academic Planning and Curriculum Technologies, Collegiate Services, Finance and Resources and Quality and Performance Monitoring.

#### ***School of Business and Services***

- Vocational education and training for the service and business sectors
- Progression to employment and to further and higher education

#### ***School of English and Community Learning***

- Programmes of learning opportunities in College and the community including: Skills for Life, primarily English for Speakers of Other Languages (ESOL) and Adult Basic Skills
- Provision for disabilities for those unable to access mainstream education delivered on College sites and within the community, including a centre of excellence for Asperger's Syndrome
- An International Centre

#### ***School of General Education***

- General Education primarily for students aged 16-24
- Progression to further and higher education

#### ***School of Technology***

- Technological education and training covering construction, engineering, ICT and media, including the provision of two specialist centres of vocational excellence (CoVEs) in Media and Digital Animation, and Construction and Craft Trades.
- Workforce development to address the training needs of local employers and other agencies
- Progression to employment

#### ***The Directorate of Employer Responsiveness***

- Incorporating RESPONSE: Industry Skills and Training, the employer brand of the College

## **Ealing, Hammersmith & West London College Report and Financial Statements for the year ended 31 July 2009**

- Train to Gain, contract work, apprenticeships/work based learning, workforce development work experience

All College centres offer provision for Skills for Life which is also delivered in community and business locations. All centres are involved in, or have plans towards, providing opportunities for local school children, young people, adult communities including employers, and for overseas students.

### **Financial Position and Resources**

The results for the year ended 31 July 2009 show:

- an operating surplus after FRS17 adjustments, but before exceptional items, of £431,000
- exceptional items of £884,000 relating primarily to clawback of some Employer Responsive funds, and associated costs
- a year-end cash balance of £10,790,000
- revenue reserves rising from £30,081,000 to £30,477,000
- additions to fixed assets of £5,096,000
- total fixed assets rising to £85,034,000 at 31 July 2009

### **Income**

The College is funded according to the level of activity that it generates each year. In 2008-09, the LSC replaced the full time equivalent numbers (FTE) formerly used with new standard learner numbers (SLN). The College achieved 9,684 Learning and Skills Council funded standard learner numbers during the year against an original target of 10,101.

The College's main income is from the LSC. At the start of the financial year the funding target from the LSC was £40,973,000. The College has worked hard to run courses which meet the wishes of both our main funder, reflecting its view of national priorities, and local needs, and to do so with improved results and increasing efficiency. We have been very successful in doing so, but it is a constant challenge to balance the interests of our students (actual and prospective) with those of the LSC, while maintaining sound finances through an ever-changing funding methodology.

The Governing Body has set the College a long-term challenge of reducing its dependency on LSC funding by increasing the income we earn from other sources, both within the public sector and through commercial training for employers. We are making good progress with this objective: core LSC funding for Adults and Young People now accounts for 71% of total income, compared with 84% in 2006/07.

### **Liquidity**

The Governing Body has set the College two liquidity targets: cash days (number of days expenditure represented by the cash balance) of 50 days and a current ratio (current assets divided by current liabilities) of 1.75. At 31 July 2009 these figures were 69 and 1.65 respectively, with the current ratio affected by the cost of completing the new build of the Southall Vocational Centre. The College projects that this ratio will be back on target in 2009/10. Sector benchmarks are 35 cash days and a current ratio of 1.5.

## **Ealing, Hammersmith & West London College Report and Financial Statements for the year ended 31 July 2009**

The College continues to monitor its cash position closely. As long as the College continues to achieve a break-even position at the operating level, as we have for some years now, we should continue to have a stable and adequate cash balance on an annual basis.

### **Our Estate**

In income terms, the College is 71% bigger now than it was 9 years ago. To achieve this rapid growth we have invested over £59m to make our estate and other assets amongst the best in the college sector.

This year saw the completion of the £3,600,000 Vocational Block project at our Southall campus which opened in September 2009. This will provide additional vocational courses in areas such as motor vehicles, construction and hospitality and catering, building on our successful provision of such subjects at our Hammersmith and Acton campuses.

Given the recent and ongoing issues with the LSC's Capital Programme, the College is currently developing a revised Estates Strategy which will take account of the much reduced availability of funding for capital projects from the Government's funding agencies.

The College continues to invest in a programme of smaller scale projects worth around £1m each year, especially where it is clear that increased resources will lead to improved enrolment, retention and, most importantly, achievement and employability. This commitment together with the College's increased investment in computer and other equipment is making an important contribution to improving the learning environment and maintaining the value of our physical assets.

### **Our Local Context**

The College operates in an area of high socio-economic contrast: London West comprises large pockets of high social deprivation, alongside some areas of high prosperity. For example, the two London boroughs in which we are based comprise many wards that fall into the poorest 10% areas in England, including Dormers Wells in Southall and White City in Hammersmith and Fulham. There are also areas of considerable affluence, such as Ealing Green and Fulham Broadway. In both boroughs, the percentage of residents with no qualifications *and* the percentage attaining degree-level qualifications is above the national average. West London has the highest proportion of residents from ethnic backgrounds other than 'white British' in England (nearly 50%), and is home to one of the largest refugee and asylum seeker populations in the country. The local population is growing (up 9.4% between 1991 and 2004), and is set to increase by a further 5% by 2014. Priority sectors for West London include business and public sector administration, construction, engineering, health and social care; hospitality and leisure, information technology, media and foundation courses including ESOL.

### **Our Learners**

In 2008/09 the College enrolled 22,815 students, of which three quarters (76%) were 19 or over. Of the 6,047 full time students, 57% were aged 16-18. 39% of students were from backgrounds formally designated as "disadvantaged" and over 67% of students were of non-white British heritage, with over 100 nationalities and around 70 different languages represented.

Our students followed courses in all 15 of the LSC subject sector areas in 2008/09 (though our horticulture provision is very small). The largest provision was in the areas of preparation for life and work (which includes ESOL), maths and science, business, administration and law and ICT which together represented 71% of total enrolments in 2008/09. Three out of four of all student

## **Ealing, Hammersmith & West London College Report and Financial Statements for the year ended 31 July 2009**

enrolments were at Level 2 (equivalent to 5 GCSEs at grades A\* to C) or below. The College remains the largest provider of ESOL in the UK.

In 2008/09, the College worked in partnership with 847 employers. 896 local secondary school children accessed College-based courses through our schools links programmes last year. The College has an expanding higher education provision, developed with local partner universities, which supported 203 students in 2008/09.

Despite new student Visa regulations, our International offer continues to grow, through offering new qualifications, by extending our reach into new markets and ensuring our visa acceptance rate is as high as possible (98% vs. UK average of 60%). Indian students remain the single largest group with 1230 enrolments. Renewed marketing activity in China has produced 226 new applications for English and A levels, with 46 students having already enrolled. Promoting the College in Nepal for the first time produced 41 new enrolments for nursing studies. From Sri Lanka (again for the first time) we welcomed ten students for hairdressing and hotel programmes at the FE level with 40 more students applying for Foundation degree courses.

### **Principal Risks and Uncertainties**

The College's Risk Management Policy was adopted for the first time in 2002/3 and has since then operated through a Risk Management Group comprising governors and senior managers. The Group developed a comprehensive Risk Register, which is reviewed on a termly basis. The financial implications for these and other risks in the Risk Register are explored in the sensitivity analysis within the Financial Forecasts. In summer 2009, the Governing Body decided that Risk Management would be better overseen by its Audit Committee, which is better placed to take a wider view. The Committee formally reviews the Risk Register at each of its termly meetings.

The principal risks faced by the College are in the areas of:

**Funding** – meeting student number targets, particularly in priority areas and responding to changes in Government policy. These risks are mitigated through regular review by management and governors of the College's student numbers and targets, with curriculum interventions made where there is a likely shortfall in enrolments

**Competition** – ensuring we compete effectively with other providers, particularly in respect of commercial and contestable work. The College has reviewed its employer and partner engagement model during the year is preparing a revised strategy.

**Quality** – the need to build on existing achievement and success rates and to deliver continual improvement in students' results. Success rates and achievement are reviewed continually by management and interventions made if it is clear that learners need additional support.

## **Working with others**

Ealing, Hammersmith & West London College works with many others to achieve our goals. These include:

- funding bodies, particularly the Learning and Skills Council
- local authorities
- other arms of national and London government
- employers
- local schools
- local voluntary and community bodies
- other colleges, both individually and through their representative bodies
- professional bodies and other education experts
- trade unions

These relationships are important to us and we work continually to improve them.

## **Corporate Governance**

The College's Governing Body (often called 'the Corporation') comprises 20 places, appointed in accordance with the Statutory Instrument and Articles for Further Education Corporations. Membership comprises fifteen external appointments and five internal places: for the Principal, two elected student and two elected staff Members. All members serve in a voluntary capacity, and are unpaid. The roles of Chair and Vice-Chair of the Governing Body are separated from the role of the College's Chief Executive, the Principal. Matters reserved to the Governing Body for decision are set out in the Instrument and Articles and under the Financial Memorandum with the LSC.

During the year, Amarjit Basi served for some months as Interim Principal before returning to the West Midlands as Principal of Walsall College, and Martin Rosner was briefly Acting Principal, before Paula Whittle joined us as Principal at the end of September 2008.

Orin Miller and Eileen Francis completed their terms of office and Janet Lewis resigned. Andrew Christie was elected as a local authority member and has taken over the chair of the audit committee. Our two student members are elected annually, and the Student Union President Member, Sofia Lopes, joined our Quality Committee. We also welcomed Daniel Ghussar and Jane Milton as new members.

The Clerk to the Corporation maintains a register of financial and personal interests of the Members relevant to the College's activities, which is available for inspection at the College by arrangement with her.

I am very grateful to all those who have served and continue to serve on the Board, for their dedication and hard work. I would like to thank also the many others who have supported the College through our construction employers advisory group, as visiting lecturers, by offering work placements, and in many other ways: this support is enormously valuable to us.

## **Ealing, Hammersmith & West London College Report and Financial Statements for the year ended 31 July 2009**

### **Staff**

Our staff are vital to our success, and I want to pay tribute to them all - managers, lecturers and support staff, - across all four campuses and those 'off-site', who have worked so effectively to make the College the success that it is today.

We work hard to maintain staffing at relatively stable levels, and to re-deploy staff whose posts are under threat of redundancy. As a result of national reductions in and changes to the nature of LSC funding we were sorry to have to make 7 staff redundant in Summer 2009.

In addition to Amarjit Basi, Deputy Principal, who left to be Principal of Walsall College, the Senior Management Team lost three of its longest-serving members: Martin Rosner, who left for a post with the Learning and Skills Network, and Paula Sayer and Lynne Pearson who retired. We are very grateful to them for all that they have contributed to the College.

With other changes, and new pressures, particularly of tight funding, our Principal, Paula Whittle took the opportunity to restructure the senior leadership and management of the College, which should pay dividends in the coming year and beyond.

### **Disability Statement**

The College seeks to achieve the objectives set down in the Disability Discrimination Act (DDA) 1995 as extended by the Disability Act 2005, the Special Educational Needs and Disability Act 2001 and the Disability Equality Duty making the following commitments:

- a. As part of the redevelopment of the buildings it is installing lifts and ramps, so that eventually all of the facilities will allow access to people with a disability;
- b. There is a list of specialist equipment, lighting and audio facilities, etc, which the College can make available for use by students;
- c. The admissions policy for all students is described in the College Charter. Appeals against a decision not to offer a place are dealt with under the complaints policy; students with learning difficulties and disabilities.
- d. There are a number of student-support assistants who can provide support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- e. Specialist programmes are set out in programme information guides. Achievements and destinations are recorded and published in the standard College format;
- f. Counselling and welfare services are described in the College Charter.

In addition, the College has implemented a Disability Equality Scheme (DES). This sets out the actions that the College will take to promote equal opportunities, to eliminate discrimination for current and future disabled students and staff and to meet its obligations under the Disability Equality Duty.

This document works alongside the existing Disability Statement and outlines the College's aims, objectives, roles and responsibilities.

**Ealing, Hammersmith & West London College**  
**Report and Financial Statements for the year ended 31 July 2009**

**Disclosure of information to auditors**

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Governing Body on 17<sup>th</sup> December 2009 and signed on its behalf by:

**Iain Mackinnon**  
**Chair of the Governing Body**

**Ealing, Hammersmith & West London College  
Report and Financial Statements for the year ended 31 July 2009**

**Operating and financial review continued**

**Professional advisers**

**Financial statement and regularity auditors:**

RSM Bentley Jennison  
45 Moorfields  
London EC2Y 9AE

**Internal auditors:**

MacIntyre Hudson LLP  
New Bridge Street House  
30-34 New Bridge Street  
London EC4V 6BJ

**Bankers:**

Barclays Bank PLC  
Barclays Education Team  
1 Churchill Place  
Canary Wharf  
London E14 5HP

**Solicitors:**

Eversheds LLP  
1 Wood Street  
London EC2V 7WS

## Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the revised Combined Code on Corporate Governance issued by the London Stock Exchange in July 2006. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Members, the College complies with all the provisions of the Combined Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2009.

### The Governing Body (formally known as ‘the Corporation’, informally as ‘the Board’)

The members who served on the Governing Body during the year and up to the date of signature of this report were as listed below.

<b>Members of the Governing Body 2008-2009 (membership from 1 August 2008 – 31 October 2009)</b>					
<b>Name</b>	<b>Date of Appointment</b>	<b>Term of Office</b>	<b>Date term ended or resigned</b>	<b>Category</b> <b>Note 1</b>	<b>Officer positions, Committees Served, Company Directorships</b>
Iain Mackinnon	14/12/01 Re-appointed 16/12/04 Re-appointed 01/01/08	31/12/10			Chair of the Governing Body; Finance & General Purposes and Remuneration; Director Barons Court Enterprises Ltd.; Director Ealing Tertiary College Property Services Ltd.
Julia Clements-Elliott	05/07/01 Re-appointed 01/01/02 Re-appointed 16/12/04 Re-appointed 01/01/08	31/12/10			Vice-Chair Governing Body; Chair Appointments & Development; Director Ealing Tertiary College Property Services Ltd
Paula Whittle	29/09/08	While Principal		Principal	Finance & General Purposes; Appointments & Development; Estates & Capital Projects; Quality & Performance Monitoring; Director Barons Court Enterprises Ltd.; Director Ealing Tertiary College Property Services Ltd.
Martin Rosner	01/09/08	Acting Principal to 26/09/08		Principal	
Amarjit Basi	01/01/08	Interim Principal to 31/08/08		Principal	Finance & General Purposes; Appointments & Development; Estates & Capital Projects; Quality & Performance Monitoring
Harjit Bagga	22/05/08	31/05/11			Finance & General Purposes and Remuneration
Mohammed Baldo	23/10/08	31/07/09		Student	Quality & Performance Monitoring
Su Bryant	18/10/07	31/12/10			Vice-Chair Finance & General Purposes & Remuneration Appointments & Development
Andrew Christie	16/01/09	31/12/10		Local Authority	Chair Audit
Hilary Cowell	18/10/07	31/12/10			Vice-Chair Quality & Performance Monitoring
Eileen Francis	10/07/03 Re-appointed 13/07/06	12/07/09		Staff	Estates & Capital Projects
Ian Gibb	24/05/07	31/05/10		Local Authority	
Daniel Ghussar	22/10/09	31/07/12		Staff	Quality & Performance Monitoring
Janet Lewis	02/03/06	02/12/08	21/10/08	Local Authority	Quality & Performance Monitoring
Sofia Lopes	22/10/09	31/07/10		Student	Quality & Performance Monitoring

**Ealing, Hammersmith & West London College  
Report and Financial Statements for the year ended 31 July 2009**

<b>Statement of corporate governance and internal control continued</b>					
<b>Name</b>	<b>Date of Appointment</b>	<b>Term of Office</b>	<b>Date term ended or resigned</b>	<b>Category Note 1</b>	<b>Officer positions, Committees Served, Company Directorships</b>
John Marston	30/09/92 Re-appointed 25/07/94 Re-appointed 01/09/97 Re-appointed 01/09/00 Re-appointed 01/09/03 Re-appointed 13/07/06 Re-appointed 22/05/09	31/05/12			Chair Estates & Capital Projects Audit Committee
Geoffrey Melling	30/11/00 Re-appointed 22/05/03 Re-appointed 18/05/06 Re-appointed 21/05/09	31/05/12			Chair Finance & General Purposes and Remuneration
Orin Miller	02/03/06	01/03/09	01/03/09		Appointments & Development
Jane Milton	26/03/09	31/03/12			Quality & Performance Monitoring
Safiyah Mohammed	11/12/08	31/07/09		Student	Quality & Performance Monitoring
Lynne Murray	15/12/05 Re-appointed 01/01/09	31/03/09			Chair Audit
Michael Olayinka	22/10/09	31/07/10		Student	Quality & Performance Monitoring
Sultan Taylor	09/07/09	31/07/12	07/10/09		
Ashok Verma	14/02/02 Re-appointed 03/02/05 Re-appointed 13/03/08	31/03/11		External	Audit Committee (to 11/12/08)
Christine Whatford	01/07/98 Re-appointed 17/02/00 Re-appointed 22/05/03 Re-appointed 18/05/06 Re-appointed 21/05/09	31/05/12			Chair Quality & Performance Monitoring
Richard Willmer	13/03/08	31/07/11		Staff	Quality & Performance Monitoring
Jeremy Wilson	13/03/08	31/03/11			Vice Chair Estates & Capital Projects; Quality & Performance Monitoring
Tony Summers	13/07/06 Re-appointed 09/07/09	31/07/12		Co-opted External	External co-optee to Audit Committee

Note: 1 Changes in the statutory instrument of Government from 1 January 2008:

New members are no longer appointed in categories, other than as the Principal, staff or student members, and are referred to in this report as External members.

It is the Governing Body's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Governing Body is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Governing Body meets at least once a term.

The Governing Body conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board. These Committees are: Finance and General Purposes, Remuneration, Audit, Appointment and Development of Members of the Governing Body, Estates and Capital Projects, Quality and Performance Monitoring. Full minutes of all meetings, except those deemed to be confidential by the Governing Body, are available from:

**Clerk to the Corporation:**

**Jane Hadsel**, Ealing, Hammersmith & West London College, Gliddon Road, London, W14 9BL

The Clerk to the Corporation maintains a register of financial and personal interests of the Members. The register is available for inspection at the above address.

## **Statement of corporate governance and internal control continued**

All Members of the Governing Body are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment and removal of the Clerk are matters for the Board as a whole.

Formal agendas, papers and reports are supplied to Members in a timely manner, prior to Governing Body meetings. The Governing Body receives reports annually on Health and Safety and Equal Opportunities. Briefings are also provided on an ad-hoc basis.

The Governing Body has a strong and independent non-executive element and no individual or group dominates its decision making process. The Board considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair of the Governing Body and Principal are separate.

### **Appointments to the Governing Body**

Any new appointments to the Governing Body are a matter for the consideration of the Board as a whole. The Governing Body has an Appointments and Development Committee which is responsible for the selection and nomination of any new member for the Board's consideration. The Governing Body is responsible for ensuring that appropriate training is provided as required. Its members are appointed for a term of office not exceeding 4 years.

### **Committee Members**

The Members of the Governing Body's committees are detailed on pages 11 and 12.

### **Committee for the Appointment and Development of Members of the Governing Body**

The Appointment and Development of Members of the Governing Body Committee advise on the appointment and re-appointment of Members of the Governing Body during the year. It advises the Board of a programme for Members' induction and development needs. The Governing Body conducts an annual self-assessment as part of its strategic planning function.

### **Audit Committee**

The Audit Committee operates in accordance with written terms of reference approved by the Governing Body. Its purpose is to advise the Governing Body on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets at least once a term and provides a forum for reporting by the College's internal and external auditors, who have access to the Committee for independent discussion without the presence of College management. The auditors present letters of management prior to the Committee's recommendations to the Board. The Committee also receives and considers reports from the LSC as they affect the College's business. The Committee considers these detailed reports together with recommendations for the improvement of the College's systems of internal control and the management's responses and implementation plans. Senior managers attend the meetings as necessary; they are not members of the committee.

Management are responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Governing Body on the appointment of internal and financial statement auditors and their remuneration for both audit and non-audit work.

### **Finance & General Purposes Committee**

The Finance & General Purposes Committee meets at least once a term. It fulfils its main responsibilities including making recommendations to the Governing Body about the annual budget, monitoring performance in relation to the approved budget, the College companies, franchising, VAT, cash flow forecasts, investment

## **Statement of corporate governance and internal control continued**

policy, financial regulations. Under delegated authority from the Governing Body it approves the framework for remuneration for the College's staff except for senior post holders.

### **Estates and Capital Projects Committee**

The Estates and Capital Projects Committee meets at least annually to oversee the accommodation strategy, main capital projects and building improvements. The Committee advises the Governing Body on such matters relating to property, accommodation strategy, capital projects, site disposals and acquisitions as the Governing Body may remit to it.

### **The Quality and Performance Monitoring Committee**

The Quality and Performance Committee meets at least once a term. It advises the Governing Body on the framework for the College's quality assurances processes and reporting structures and monitors performance against targets.

### **The Remuneration Committee**

The Remuneration Committee meets at least once a year. It advises the Board on the framework and remuneration of the College's senior post holders: the Principal, the Senior Management Team and the Clerk to the Corporation.

Details of remuneration for the year ended 31 July 2009 are set out in note 7 to the financial statements.

## **Internal Control**

### **Scope of responsibility**

The Governing Body is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the LSC. She is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Ealing, Hammersmith & West London College for the year ending 31 July 2009 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The Governing Body has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2009 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Body.

## **Statement of corporate governance and internal control continued**

### **The risk and control framework**

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

Ealing, Hammersmith & West London College has an internal audit service, which operates in accordance with the requirements of the LSC's Interim Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Governing Body on the recommendation of the audit committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

### **Review of effectiveness**

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- Comments made by the College's financial statements auditors in their management letters and other reports.

The Principal has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the audit committee, which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its meeting on 22 October 2009, the Governing Body carried out the annual assessment for the year ended 31 July 2009 by considering documentation from the Senior Leadership Team and internal audit, and taking account of events since 31 July 2009.

**Statement of corporate governance and internal control continued**

**Going Concern**

After making appropriate enquiries, the Governing Body considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

**Iain Mackinnon**  
**Chair of the Governing Body**

**Paula Whittle**  
**Principal**

## **Statement of the Responsibilities of the Members of the Governing Body**

The Members of the Governing Body are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between the LSC and the Governing Body of the College, the Governing Body, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice - Accounting for Further and Higher Education Institutions and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements the Governing Body is required to:

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

The Governing Body is also required to prepare a Members Report, which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Governing Body is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

Members of the Governing Body are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the LSC are used only in accordance with the Financial Memorandum with the LSC and any other conditions that the LSC may prescribe from time to time. Members of the Governing Body must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure that they are used properly. In addition, members of the Governing Body are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the LSC are not put at risk.

Approved by order of the members of the Governing Body on 17 December 2009 and signed on its behalf by:

**Iain Mackinnon**  
**Chair of the Governing Body**

## **Independent Auditors' Report to the Governing Body of Ealing, Hammersmith & West London College**

We have audited the financial statements of Ealing, Hammersmith & West London College for the year ended 31 July 2009, which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the Governing Body, as a body, in accordance with statutory requirements. Our audit work has been undertaken so that we might state to the Governing Body, as a body, those matters we are required to state to them in an auditors' 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 Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of the Governing Body of Ealing, Hammersmith and West London College and Auditors**

As described in the Statement of Responsibilities, the College's Governing Body is responsible for preparing the Members Report and financial statements in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education. We also report to you if, in our opinion, the Members' Report is not consistent with the financial statements, if the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Members' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

### **Basis of our opinion**

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

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

**Ealing, Hammersmith & West London College  
Report and Financial Statements for the year ended 31 July 2009**

**Independent auditors' report to the Governing Body of Ealing, Hammersmith  
& West London College continued**

**Opinion**

In our opinion the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the College and the group as at 31 July 2009 and of the Group's surplus of income over expenditure for the year then ended; and the financial statements have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education.

**RSM Bentley Jennison**

Chartered Accountants and Registered Auditors

45 Moorfields  
London  
EC2Y 9AE

**Date**

## **Independent Auditors' Report on Regularity to the Governing Body of Ealing, Hammersmith & West London College ('the Governing Body') and the Learning and Skills Council ('the LSC')**

In accordance with the terms of our engagement letter dated 1 August 2008 and further to the requirements of the LSC, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure and income of Ealing, Hammersmith & West London College ('the College') for the year ended 31 July 2009 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Governing Body and the LSC. Our review work has been undertaken so that we might state to the Governing Body and the LSC those matters we are required to state to it in a 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 Governing Body and the LSC, for our review work, for this report, or for the opinion we have formed.

### **Respective responsibilities of the Members of the Governing Body of Ealing, Hammersmith & West London College and Auditors**

The College's Governing Body is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations, for ensuring that expenditure and income are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the LSC. We report to you whether, in our opinion, in all material respects, the College's expenditure and income for the year ended 31 July 2009 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Basis of opinion**

We conducted our review in accordance with the Audit Code of Practice and the Regularity Audit Framework issued by the LSC. Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and expenditure.

### **Opinion**

In our opinion, in all material respects the expenditure and income for the year ended 31 July 2009 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **RSM Bentley Jennison**

Chartered Accountants and Registered Auditors

45 Moorfields  
London  
EC2Y 9AE

### **Date**

**Consolidated Income and Expenditure Account  
for the Year Ended 31 July 2009**

Consolidated Income and Expenditure Account for the Year Ended 31 July 2009	Notes	Year Ended	Year Ended	Year Ended	Year Ended
		31 July 09 £000	31 July 09 £000	31 July 09 £000	31 July 08 £000
		Before Exceptional Items	Exceptional Items	After Exceptional Items	
<b>Income</b>					
Funding Council grants	2/10	46,922	(401)	46,521	45,644
Tuition fees	3	6,476	-	6,476	5,434
Educational contracts	3	1,646	-	1,646	1,905
Other operating income	4	2,070	-	2,070	1,876
Other grant income	4	64	-	64	53
Investment income	5	502	-	502	963
<b>Total Income</b>		<b>57,680</b>	<b>(401)</b>	<b>57,279</b>	<b>55,875</b>
<b>Expenditure</b>					
Staff costs	6/10	38,131	51	38,182	35,002
Other operating expenses	8/10	14,507	432	14,939	16,335
Depreciation	13	3,951	-	3,951	4,082
Interest and other finance costs	9	660	-	660	362
<b>Total Expenditure</b>		<b>57,249</b>	<b>483</b>	<b>57,732</b>	<b>55,781</b>
<b>Surplus/(deficit) on continuing operations after depreciation of assets at valuation but before tax</b>	12	<b>431</b>	<b>(884)</b>	<b>(453)</b>	<b>94</b>
Taxation		-	-	-	-
<b>(Deficit)/surplus for the year retained within general reserves</b>		<b>431</b>	<b>(884)</b>	<b>(453)</b>	<b>94</b>

The income and expenditure account is in respect of continuing activities.

## Consolidated Statement of Historical Cost Surpluses and Deficits

<b>Consolidated Statement of Historical Cost Surpluses and Deficits</b>	<b>Notes</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
(Deficit)/surplus on continuing operations before and after taxation and after exceptional items		(453)	94
Difference between historical cost depreciation and the Actual charge for the year calculated on the revalued amount	20	751	751
<b>Historical cost surplus for the year before and after taxation</b>		<b>298</b>	<b>845</b>

## Consolidated Statement of Total Recognised Gains and Losses

<b>Consolidated Statement of Total Recognised Gains and Losses</b>	<b>Notes</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
(Deficit)/surplus on continuing operations after depreciation of assets and tax		(453)	94
Actuarial loss in respect of pension scheme	29	(6,054)	(1,951)
<b>Total recognised losses since last report</b>		<b>(6,507)</b>	<b>(1,857)</b>
<b>Reconciliation</b>			
Opening Reserves		59,108	60,965
Total recognised losses for the year		(6,507)	(1,857)
<b>Closing reserves</b>		<b>52,601</b>	<b>59,108</b>

**Ealing, Hammersmith & West London College**  
**Report and Financial Statements for the year ended 31 July 2009**

**Balance Sheets as at 31 July**

<b>Balance Sheets as at 31 July</b>	<b>Notes</b>	<b>Group 31 July 09 £000</b>	<b>College 31 July 09 £000</b>	<b>Group 31 July 08 £000</b>	<b>College 31 July 08 £000</b>
<b>Fixed Assets</b>					
Tangible assets	13	85,034	85,034	83,889	83,889
Investments	14	-	-	-	-
<b>Total Fixed Assets</b>		<b>85,034</b>	<b>85,034</b>	<b>83,889</b>	<b>83,889</b>
<b>Current Assets</b>					
Debtors	15	1,421	1,420	2,034	2,036
Investments	14	6,500	6,500	5,500	5,500
Cash at bank and in hand		4,290	4,285	6,127	6,125
<b>Total current assets</b>		<b>12,211</b>	<b>12,205</b>	<b>13,661</b>	<b>13,661</b>
<b>Less: Creditors - amounts falling due within one year</b>	16	<b>(7,382)</b>	<b>(7,376)</b>	<b>(7,074)</b>	<b>(7,074)</b>
<b>Net current assets</b>		<b>4,829</b>	<b>4,829</b>	<b>6,587</b>	<b>6,587</b>
<b>Total assets less current liabilities</b>		<b>89,863</b>	<b>89,863</b>	<b>90,476</b>	<b>90,476</b>
Less: Creditors - amounts falling due after more than one year	17	(8,249)	(8,249)	(8,850)	(8,850)
Less: Provisions for liabilities	18	(1,741)	(1,741)	(1,710)	(1,710)
<b>Net assets excluding pension liability</b>		<b>79,873</b>	<b>79,873</b>	<b>79,916</b>	<b>79,916</b>
Net pension Liability	29	(12,379)	(12,379)	(6,227)	(6,227)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<b>67,494</b>	<b>67,494</b>	<b>73,689</b>	<b>73,689</b>
<b>Deferred capital grants</b>	<b>19</b>	<b>14,893</b>	<b>14,893</b>	<b>14,581</b>	<b>14,581</b>
Income and expenditure account excluding pension reserve	21	30,477	30,477	30,081	30,081
Pension reserve	29	(12,379)	(12,379)	(6,227)	(6,227)
Income and expenditure account excluding pension reserve	21	18,098	18,098	23,854	23,854
Revaluation Reserve	20	34,503	34,503	35,254	35,254
<b>Total Reserves</b>		<b>52,601</b>	<b>52,601</b>	<b>59,108</b>	<b>59,108</b>
<b>TOTAL</b>		<b>67,494</b>	<b>67,494</b>	<b>73,689</b>	<b>73,689</b>

The Financial Statements on pages 23 to 45 were approved by the Governing Body on 17 December 2009 and were signed on its behalf by:

**I Mackinnon**  
**Chair of the Governing Body**

**P Whittle**  
**Principal**

## Consolidated Cash Flow Statement

Consolidated Cash Flow Statement for the Year Ended 31 July	Notes	Year ended 31 July 09 £000	Year ended 31 July 08 £000
<b>Cash flow from operating activities</b>	<b>22</b>	<b>3,809</b>	<b>4,742</b>
Returns on investments and servicing of finance	23	167	578
Capital expenditure and financial investment	24	(4,172)	(3,264)
Management of liquid resources	25	(1,000)	-
Repayment of deferred vat		(432)	-
Financing	26	(209)	(194)
<b>(Decrease)/Increase in cash in the year</b>		<b>(1,837)</b>	<b>1,862</b>

## Reconciliation of Net Cash Flow to Movement in Net Funds

Reconciliation of Net Cash Flow to Movement in Net Funds	Notes	Year ended 31 July 09 £000	Year ended 31 July 08 £000
<b>(Decrease)/Increase in cash in the year</b>		<b>(1,837)</b>	<b>1,862</b>
Placing of term deposits	25	1,000	-
Cash outflow from unsecured loan	26	209	194
<b>Movement in net funds in the year</b>	<b>27</b>	<b>(628)</b>	<b>2,056</b>
<b>Net funds at 1 August</b>		<b>5,961</b>	<b>3,905</b>
<b>Net funds at 31 July</b>		<b>5,333</b>	<b>5,961</b>

## NOTES TO THE ACCOUNTS

### 1 Statement of Accounting Policies

#### Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published by the LSC in the Accounts Direction Handbook.

#### Basis of accounting

These financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

#### Basis of consolidation

The consolidated financial statements include the College and its subsidiaries Ealing Tertiary College Property Services Limited and Barons Court Enterprises Limited. Intra-group sales and profits are eliminated fully on consolidation. In accordance with (FRS)2, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2009.

#### Recognition of income

The recurrent grant from the LSC is that receivable as determined by the results of the funding audit undertaken by the LSC. The recurrent grant from HEFCE represents the funding allocation attributable to the current financial year and is credited to the income and expenditure account.

Non-recurrent grants from the LSC or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors, for example local businesses, authorities and charities.

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

#### Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

#### Pension schemes

Retirement benefits to employees of the College are provided by the Teachers Pensions Scheme (TPS) and the London Pensions Fund Authority (LPFA). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings Related Pension Scheme.

Contributions to the schemes are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method, for the LPFA, and quadrennial valuations using a prospective benefit method for the TPS.

The assets of the LPFA are measured using closing market values. LPFA liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus.

## **Notes to the accounts continued**

The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

### **Enhanced Pensions**

The actual cost of any enhanced ongoing pensions to former staff members is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pensions of former members of staff is charged in full to the College's income and expenditure account in the year that the members of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the LSC.

## **Tangible fixed assets**

### **Land and Buildings**

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related assets on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

On adoption of FRS15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1997 and 1999, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS11.

### **Equipment**

Equipment, not part of a capital project, costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

All capitalised assets are depreciated over their useful economic life as follows:

#### **Building Improvements**

7 to 10 years

#### **Motor vehicles and general equipment**

4 to 10 years

#### **Computer equipment**

3 years

#### **Furniture and fittings**

4 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to income and expenditure account over the expected useful economic life of the related equipment.

## **Notes to the accounts continued**

### **Investments**

Listed investments held as fixed assets are stated at market value. Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

### **Foreign currency translation**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

### **Taxation**

The College is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes Act 1988 (ICTA 1998). Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1998 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of value added tax. For this reason, the College is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

The College's subsidiary companies are subject to Corporation Tax and VAT in the same way as any taxable commercial organisation.

### **Liquid resources**

Liquid resources include sums on short-term deposits with recognised banks, building societies and government securities.

### **Provisions**

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **Agency arrangements**

The College acts as an agent in the collection and payment of Learner Support Funds. Related payments received from the LSC and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 28, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs two members of staff dedicated to the administration of Learner Support Fund applications and payments.

**Ealing, Hammersmith & West London College**  
**Report and Financial Statements for the year ended 31 July 2009**

**Notes to the accounts continued**

<b>2 Funding Council Grants</b>	<b>Notes</b>	<b>Year ended 31 July 09 TOTAL £000</b>	<b>Year ended 31 July 08 TOTAL £000</b>
Recurrent grant - LSC		40,973	41,613
Recurrent grant - HEFCE		350	341
Releases of deferred capital grants	19	555	531
Train to gain		2,565	1,689
Work based learning		503	682
ESF co-financing		522	500
Entry to employment		331	-
Young apprenticeships		159	112
CoVE revenue		-	50
Increased flexibility 14-16 year olds		-	80
Educational maintenance allowance		-	1
Others		563	45
<b>Total funding council grants</b>		<b>46,521</b>	<b>45,644</b>

<b>3 Tuition fees and educational contracts</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
UK Further Education students	2,620	2,018
UK Higher Education students	172	161
European Union (excluding UK) students	91	162
Non-European Union students	3,593	3,093
<b>Total fees paid by or on behalf of individual students</b>	<b>6,476</b>	<b>5,434</b>
Educational contracts	1,646	1,905
<b>Total tuition fees and educational contracts</b>	<b>8,122</b>	<b>7,339</b>

<b>4 Other income</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
Other income generating activities	1,512	1,315
Property rental	363	372
Other income	195	189
<b>Other operating income</b>	<b>2,070</b>	<b>1,876</b>
Other capital grant income	49	50
Other grant income	15	3
<b>Other grant income</b>	<b>64</b>	<b>53</b>
<b>Total other income</b>	<b>2,134</b>	<b>1,929</b>

**Notes to the accounts continued**

**Ealing, Hammersmith & West London College**  
**Report and Financial Statements for the year ended 31 July 2009**

<b>5 Investment income</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
Bank interest receivable	502	756
Other interest receivable	-	117
Pension finance income (FRS17 adjustment) – note 29	-	90
<b>Total investment income</b>	<b>502</b>	<b>963</b>

**6 Staff Costs**

<b>Staff Numbers</b> The average number of persons (including senior post-holders) employed by the College during the year, described as full-time equivalents, was:	<b>Year ended 31 July 09 Number</b>	<b>Year ended 31 July 08 Number Restated</b>	<b>Year ended 31 July 08 Number</b>
Teaching departments	509	490	454
Teaching support services	94	86	87
Other support services	87	86	86
Administration and central services	201	188	188
Premises	17	18	18
Other	7	7	7
<b>Total staff numbers</b>	<b>915</b>	<b>875</b>	<b>840</b>

The teaching numbers for 2008 have been restated. This is to reflect the fact that teachers work 36 weeks in the year rather than 52 weeks used in the calculations last year.

<b>Staff costs for the above persons</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
Wages and salaries	29,367	27,165
Social security costs	2,398	2,255
Other pension costs including FRS17 adjustments of (£213,000); 2008 £219,000	3,126	3,266
<b>Payroll sub total</b>	<b>34,891</b>	<b>32,686</b>
Contracted out staffing services	3,160	1,910
	<b>38,051</b>	<b>34,596</b>
Redundancy	131	406
<b>Total staff costs</b>	<b>38,182</b>	<b>35,002</b>

A general pay award of 3.0 % was made with effect from August 2008 and was approved by the Governing Body.

Notes to the accounts continued  
Senior post-holders

The number of senior post-holders and other staff who received emoluments, including pension contributions and benefits in kind, in the following range was:	Senior post-holders		Other Staff	
	2009 Number	2008 Number	2009 Number	2008 Number
£ 0 - £ 50,000	3	2	-	-
£ 50,001 - £ 60,000	1	-	-	-
£ 60,001 - £ 70,000	-	1	-	1
£ 70,001 - £ 80,000	-	-	-	1
£ 80,001 - £ 90,000	-	1	1	1
£ 90,001 - £100,000	2	4	1	-
£100,001 - £110,000	3	-	-	-
£110,001 - £120,000	-	1	-	-
£120,001 - £130,000	1	1	-	-
£130,001 - £140,000	1	-	-	-
£140,001 - £150,000	-	1	-	-
<b>Total</b>	<b>11</b>	<b>11</b>	<b>2</b>	<b>3</b>

\* The other staff numbers refer to members of the Senior Management Team who are not Senior Post-Holders

## 7 Senior post-holders' emoluments

Senior post-holders are defined as the Principal and holders of other senior posts to whom the Governing Body have selected for the purpose of the articles of government of the College relating to the appointment and promotion of staff who were appointed by the Governing Body.

Senior post-holders' emoluments are made up as follows	Year ended 31 July 09	Year ended 31 July 08
	Number	Number
<b>Total</b>	<b>11</b>	<b>11</b>

Senior post-holders' emoluments are made up as follows	Year ended 31 July 09	Year ended 31 July 08
	£	£
Salaries	763,613	843,506
Benefits in kind	6,150	8,466
Pension contributions	108,913	120,053
<b>Total emoluments</b>	<b>878,676</b>	<b>972,025</b>

The above emolument include amounts payable to the Principal who is also the highest paid senior post-holder:	Year ended 31 July 09	Year ended 31 July 08
	£	£
Salary	117,962	136,485
Benefits in kind	-	1,076
<b>Total emoluments</b>	<b>117,962</b>	<b>137,561</b>
<b>Pension contributions</b>	<b>16,633</b>	<b>19,244</b>

The Senior Post-Holders' emoluments in 2009, also include the following amounts payable to acting and interim principals: salary £27,278, benefits-in-kind £144 and pensions £3,880 (2008 £nil).

**Ealing, Hammersmith & West London College**  
**Report and Financial Statements for the year ended 31 July 2009**

**Notes to the accounts continued**

The College had an acting Principal from January to August 2008 and an interim Principal during September 2008. The present Principal started on 29 September 2008.

The pension contributions in respect of the Principal and Senior Post-Holders are in respect of employer's contributions to the London Pensions Fund Authority or the Teacher's Superannuation Scheme and are paid at the same rate as for other employees.

Senior post-holders, including the Principal and other higher paid staff received a pay award averaging 3.0% in the year which was the same percentage as College staff.

No bonuses were paid to Senior Post-Holders and other higher-paid staff in the year (2008 £nil).

<b>Compensation for loss of office paid to a senior post-holder</b>	<b>Year ended 31 July 09 £</b>	<b>Year ended 31 July 08 £</b>
Compensation paid to a former post-holder	17,607	127,852
Pension provision	-	129,058
<b>Total compensation for loss of office</b>	<b>17,607</b>	<b>256,910</b>

<b>Overseas activities</b>	<b>Total Cost £</b>	<b>Contributions Received £</b>	<b>Net cost to College £</b>
Members	-	-	-
Senior post-holders	10,736	-	10,736
Other staff	79,246	-	79,246
<b>Total overseas activities</b>	<b>89,982</b>	<b>-</b>	<b>89,982</b>

The figures above were incurred during 2008-2009 in respect of overseas activities that were carried out in accordance with the strategy approved by the governing body.

<b>8 Other operating expenses</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
Teaching departments	812	1,013
Teaching support services	1,581	1,599
Other support services	15	12
Administration and central services	3,465	5,797
General education	2,505	2,490
Premises costs	4,009	3,663
Planned maintenance	796	710
Other income generating activities	47	380
Franchise provision	1,687	622
Other expenses-irrecoverable VAT	22	49
<b>Total other operating expenses</b>	<b>14,939</b>	<b>16,335</b>

Administration and central services includes payments to subcontractors to deliver, in particular, Train to Gain provision on behalf of the College.

**Ealing, Hammersmith & West London College**  
**Report and Financial Statements for the year ended 31 July 2009**

**Notes to the accounts continued**

<b>Other operating expenses include:</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
<b>Auditors' remuneration</b>		
External audit - includes £35,000 in respect of the College (2008 - £34,770)	35	34
Internal audit - includes £35,880 in respect of the College (2008 - £34,915)	36	35
Other services from either external or internal audit	-	-

The external fees include the regularity audit which is no longer charged separately.

<b>9 Interest payable</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than five years	349	362
Pension finance cost (note 29)	311	-
<b>Total interest payable</b>	<b>660</b>	<b>362</b>

<b>10 Exceptional items</b>	<b>Year Ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
The deficit for the year has been arrived at after taking into account the following exceptional items		
Income: Clawback of Train to Gain and Work Based Learning funding	401	-
Other operating expenses: Consultancy and professional fees	332	-
Other operating expenses: Additional Train to Gain partner costs	100	-
Staff costs: Exceptional staff costs	51	-
<b>Total exceptional costs</b>	<b>884</b>	<b>-</b>

The College now treats restructuring and redundancy costs as part of the payroll costs to which they are most closely associated.

<b>11 Taxation</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
United Kingdom corporation tax at 21%	-	-
<b>Total taxation</b>	<b>-</b>	<b>-</b>

<b>12 Surplus on continuing operations for the year</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
The surplus on continuing operations for the year is made up as follows:		
College's surplus for the year before exceptional items	427	79
Surplus generated by subsidiary undertakings and transferred to the College by gift-aid/deed of covenant	4	15
<b>Total surplus on continuing operations before exceptional items</b>	<b>431</b>	<b>94</b>

**Ealing, Hammersmith & West London College**  
**Report and Financial Statements for the year ended 31 July 2009**

**Notes to the accounts continued**

<b>13 Tangible fixed assets College and group</b>	<b>Land &amp; Buildings £000</b>	<b>Plant &amp; Equipment £000</b>	<b>Computer Equipment £000</b>	<b>Total £000</b>
<b>Cost or Valuation</b>				
At 1 August 2008	104,038	3,508	3,238	110,784
Additions	4,055	529	512	5,096
Disposals	-	-	-	-
<b>At 31 July 2009</b>	<b>108,093</b>	<b>4,037</b>	<b>3,750</b>	<b>115,880</b>
<b>Depreciation</b>				
At 1 August 2008	22,222	2,647	2,026	26,895
Charge for year	2,778	463	710	3,951
Eliminated in respect of disposals	-	-	-	-
<b>At 31 July 2009</b>	<b>25,000</b>	<b>3,110</b>	<b>2,736</b>	<b>30,846</b>
<b>Net book value at 31 July 2009</b>	<b>83,093</b>	<b>927</b>	<b>1,014</b>	<b>85,034</b>
Net book value at 1 August 2008	81,816	861	1,212	83,889
Inherited	34,502	-	-	34,502
Financed by capital grant	14,466	335	91	14,892
Other	34,125	592	923	35,640
<b>Net book value at 31 July 2009</b>	<b>83,093</b>	<b>927</b>	<b>1,014</b>	<b>85,034</b>

The transitional rules set out in FRS15 Tangible Fixed Assets have been applied on implementation of FRS15. Accordingly the book values at implementation have been retained.

The land and buildings of Hammersmith and West London College were valued as at 31 July 1999 and the land and buildings of Ealing Tertiary College were valued as at 31 July 1997. Both these valuations were made, by firms of independent chartered surveyors, at depreciated replacement cost. Currently the LSC does not require further property valuations to take place. Other tangible assets, inherited from the LEA at Incorporation, have been valued by the College on a depreciated replacement cost basis.

Land and buildings with a net book value of £34,502,000 have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Council, to surrender the proceeds. If these land and buildings had not been re-valued they would have been included with a net book value of nil.

Land and buildings with a net book value of £14,466,000 have been funded from local education authority and lottery sources. Should these assets be sold, the College would either have to surrender the sale proceeds to the LSC or use them in accordance with the financial memorandum with the LSC. Included in land and buildings is land valued at £9,170,000, which is not depreciated.

Fixed assets include land and buildings with a net book value of £14,012,000 which is partly funded by grants from the LSC who agreed to provide £3,837,000 for works at Ealing, Acton and Southall. The amount receivable to date is £3,608,000. The LSC does not have the power to guarantee future funding streams to institutions and cannot guarantee that this funding will continue after the current year.

The subsidiary companies have no tangible fixed assets.

Ealing, Hammersmith & West London College  
Report and Financial Statements for the year ended 31 July 2009

Notes to the accounts continued

14 Investments

Investment in subsidiary companies	College Year ended 31 July 09	College Year ended 31 July 08
<b>Cost</b>	<b>£4</b>	<b>£4</b>

The College owns 100 per cent of the ordinary £1 shares of Barons Court Enterprises Limited, whose principal activity is the provision of training services, and Ealing Tertiary College Property Services Limited, which is dormant. Both companies were incorporated in England and Wales.

Current investments at cost	College and Group Year ended 31 July 09 £000	College and Group Year ended 31 July 08 £000
Term Deposits	6,500	5,500
<b>Total current investments at cost</b>	<b>6,500</b>	<b>5,500</b>

15 Debtors	Group Year ended 31 July 09 £000	College Year ended 31 July 09 £000	Group Year ended 31 July 08 £000	College Year ended 31 July 08 £000
<b>Amounts falling due within one year</b>				
Trade debtors	299	298	888	884
Other debtors	270	270	860	860
Prepayments and accrued income	852	847	286	286
<b>Amounts owed by group undertakings:</b>				
Subsidiary undertaking	-	5	-	6
<b>Total debtors</b>	<b>1,421</b>	<b>1,420</b>	<b>2,034</b>	<b>2,036</b>

16 Creditors: amounts falling due within one year	Group Year ended 31 July 09 £000	College Year ended 31 July 09 £000	Group Year ended 31 July 08 £000	College Year ended 31 July 08 £000
Bank loans and overdrafts	221	221	208	208
Trade creditors	1,419	1,413	1,436	1,436
Payments received in advance	2,299	2,299	1,427	1,427
VAT deferment schemes	455	455	500	500
Other taxation and social security	1,269	1,269	1,260	1,260
Accruals and other creditors	1,719	1,719	2,243	2,243
<b>Total creditors falling due within one year</b>	<b>7,382</b>	<b>7,376</b>	<b>7,074</b>	<b>7,074</b>

**Ealing, Hammersmith & West London College  
Report and Financial Statements for the year ended 31 July 2009**

**Notes to the accounts continued**

<b>17 Creditors: amounts falling due after more than one year</b>	<b>Group Year ended 31 July 09 £000</b>	<b>College Year ended 31 July 09 £000</b>	<b>Group Year ended 31 July 08 £000</b>	<b>College Year ended 31 July 08 £000</b>
Bank loans	5,236	5,236	5,458	5,458
VAT deferment schemes	3,013	3,013	3,392	3,392
<b>Total creditors falling due after more than one year</b>	<b>8,249</b>	<b>8,249</b>	<b>8,850</b>	<b>8,850</b>

The College is operating a number of VAT deferment schemes which generally allow the College to recover VAT incurred on major building projects quarterly whilst having the benefit of paying the VAT recovered back over a set number of years. From September 2007 the payback period was reduced to 10 years (from 20 years). A transitional arrangement will be made for outstanding balances at that date. The figures above are the amounts calculated as repayable after more than one year.

<b>Bank borrowings</b>	<b>Group Year ended 31 Jul 09 £000</b>	<b>College Year ended 31 Jul 09 £000</b>	<b>Group Year ended 31 Jul 08 £000</b>	<b>College Year ended 31 Jul 08 £000</b>
<b>Bank loans are repayable as follows:</b>				
Between one and two years	236	236	221	221
Between two and five years	801	801	753	753
In five years or more	4,199	4,199	4,484	4,484
	<b>5,236</b>	<b>5,236</b>	<b>5,458</b>	<b>5,458</b>
In one year or less	221	221	208	208
<b>Total bank loan outstanding</b>	<b>5,457</b>	<b>5,457</b>	<b>5,666</b>	<b>5,666</b>

The College took out a £6,000,000 unsecured loan with Barclays Bank in December 2006. Quarterly capital repayments with interest started on 1 December 2006 and will end on 2 September 2024. A fixed interest rate of 6.28% is applicable to this loan.

<b>18 Provisions for liabilities and charges</b>	<b>Group and College</b>	
	<b>Enhanced Pensions £000</b>	<b>Total £000</b>
<b>At 1 August 2008</b>	<b>1,710</b>	<b>1,710</b>
Expenditure in the year	(85)	(85)
Transferred from income and expenditure account	116	116
<b>At 31 July 2009</b>	<b>1,741</b>	<b>1,741</b>

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with the LSC Circular 05/02.

Ealing, Hammersmith & West London College  
Report and Financial Statements for the year ended 31 July 2009

Notes to the accounts continued

19 Deferred Capital Grants	Group and College		Total £000
	Funding Council £000	Other Grants £000	
<b>At 1 August 2008</b>			
Land and buildings	12,040	2,179	14,219
Computers	173	-	173
Equipment	189	-	189
	<b>12,402</b>	<b>2,179</b>	<b>14,581</b>
<b>Cash receivable</b>			
Land and buildings	639	-	639
Computers	-	-	-
Equipment	277	-	277
	<b>916</b>	<b>-</b>	<b>916</b>
<b>Released to income and expenditure account</b>			
Land and buildings	343	49	392
Computers	82	-	82
Equipment	130	-	130
	<b>555</b>	<b>49</b>	<b>604</b>
<b>At 31 July 2009</b>			
Land and buildings	12,336	2,130	14,466
Computers	91	-	91
Equipment	336	-	336
<b>At 31 July 2009</b>	<b>12,763</b>	<b>2,130</b>	<b>14,893</b>

Analysis of capital grants receivable from the LSC during 2008/09	£000
Buildings - Southall E Block	625
ILT – Molenet project	125
Buildings – Ealing Green	63
Buildings – Hammersmith Sportshall	33
Plant & equipment - new boiler at Barons Court	70
	<b>916</b>

20 Revaluation reserve	Group	College	Group	College
	Year ended 31 July 09 £000	Year ended 31 July 09 £000	Year ended 31 July 08 £000	Year ended 31 July 08 £000
<b>At 1 August</b>	35,254	35,254	36,005	36,005
Transfer from revaluation reserve to general reserve in respect of depreciation on revalued assets	(751)	(751)	(751)	(751)
<b>At 31 July</b>	<b>34,503</b>	<b>34,503</b>	<b>35,254</b>	<b>35,254</b>

**Ealing, Hammersmith & West London College  
Report and Financial Statements for the year ended 31 July 2009**

**Notes to the accounts continued**

<b>21 Movement on general reserves</b>	<b>Group Year ended 31 July 09 £000</b>	<b>College Year ended 31 July 09 £000</b>	<b>Group Year ended 31 July 08 £000</b>	<b>College Year ended 31 July 08 £000</b>
<b>Income and expenditure account reserve</b>				
<b>At 1 August</b>	<b>23,854</b>	<b>23,854</b>	<b>24,960</b>	<b>24,960</b>
(Deficit)/surplus on continuing operations after exceptional items	(453)	(453)	94	94
Transfer from revaluation reserve	751	751	751	751
Actuarial loss in respect of pension scheme	(6,054)	(6,054)	(1,951)	(1,951)
<b>At 31 July</b>	<b>18,098</b>	<b>18,098</b>	<b>23,854</b>	<b>23,854</b>
<b>Balance represented by:</b>				
Pension reserve	(12,379)	(12,379)	(6,227)	(6,227)
Income and expenditure account reserve excluding pension reserve	30,477	30,477	30,081	30,081
<b>At 31 July</b>	<b>18,098</b>	<b>18,098</b>	<b>23,854</b>	<b>23,854</b>

<b>22 Reconciliation of consolidated operating surplus to net cash inflow from operating activities</b>	<b>Notes</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
<b>Surplus on continuing operations after depreciation of assets at valuation</b>	<b>12</b>	<b>431</b>	<b>94</b>
Exceptional items	10	(884)	-
Depreciation	13	3,951	4,082
Deferred capital grants released to income	19	(604)	(581)
Interest receivable	5	(502)	(873)
Interest payable	9	349	362
FRS17 pension cost less contributions payable	6	(213)	219
FRS17 pension finance income	9&5	311	(90)
(Increase)/decrease in debtors	15	597	8
Increase/(decrease) in creditors	16	342	1,450
Increase/(decrease) in provisions	18	31	71
<b>Net cash inflow from operating activities</b>		<b>3,809</b>	<b>4,742</b>

The above figures include adjustments to the balance sheet movements for non-cash provisions.

<b>23 Returns on investments and servicing of finance</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
Bank interest received	518	942
Interest paid	(351)	(364)
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>167</b>	<b>578</b>

**Notes to the accounts continued**

**Ealing, Hammersmith & West London College  
Report and Financial Statements for the year ended 31 July 2009**

<b>24 Capital expenditure and financial investment</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
Purchase of tangible fixed assets	(5,096)	(4,773)
Deferred capital grants received	916	440
Deferred VAT received	8	1,069
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(4,172)</b>	<b>(3,264)</b>

<b>25 Management of liquid resources</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
(Placing)/withdrawals of deposits	(1,000)	-
<b>Net cash outflow from management of liquid resources</b>	<b>(1,000)</b>	<b>-</b>

<b>26 Financing</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
Repayment of bank loan in the year	(209)	(194)
<b>Net cash outflow from financing</b>	<b>(209)</b>	<b>(194)</b>

<b>27 Analysis of changes in net funds</b>	<b>At 1 August 2008 £000</b>	<b>Cash flows 2009 £000</b>	<b>At 31 July 2009 £000</b>
Cash at bank and in hand	6,127	(1,837)	4,290
Current asset investments	5,500	1,000	6,500
Bank loan due within one year	(208)	(13)	(221)
Bank loan due after one year	(5,458)	222	(5,236)
<b>Total</b>	<b>5,961</b>	<b>(628)</b>	<b>5,333</b>

<b>28 Cash flow relating to exceptional items</b>	<b>Note</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>
<b>Provision as at 1 August</b>		-	-
Income and expenditure charge	10	884	-
Restatement of assets – no cash involved		-	-
Operating cash outflow		(826)	-
<b>Provisions as at 31 July</b>		<b>58</b>	<b>-</b>

The College has a £58,000 provision for redundancy pay, relating to 2008-09, which will be paid in the year 2009-10. This figure is included in creditors in the cash flow statement.

**Notes to the Accounts continued**

**29 Pensions and Similar Obligations**

The College's employees belong to two pension schemes, the Teachers' Pension Scheme England and Wales (TPS) and the London Pensions Fund Authority (LPFA) scheme for non-teaching staff. Both are defined benefit schemes.

<b>Total pension cost for the year</b>	<b>Year ended 31 July 09 £000</b>	<b>Year Ended 31 July 08 £000</b>
<b>Teachers Pension Scheme:</b>	1,960	1,825
Contributions paid		
<b>LPFA Scheme:</b>		
Contributions paid	1,263	1,070
FRS17 charge	(213)	219
Enhanced pension charge to the Income and Expenditure Account (staff costs)	116	152
<b>Total pension cost for the year</b>	<b>3,126</b>	<b>3,266</b>

**Teachers Pension Scheme**

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purpose of determining contribution rates.

The pension cost is assessed every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution level are as follows:	
Latest actuarial valuation (under the new provisions)	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£162,500,000,000
Proportion of members' accrued benefits covered by the notional value of assets	98.88%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the Government Actuary carried out a further review on the level of employer contributions. For the period 1 August 2008 to 31 July 2009 the employer contribution was 14.1%. The employee rate was 6.4% for the same period. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

**FRS17**

Under the definitions set out in Financial Reporting Standard (FRS17) Retirements Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contributions rates.

Notes to the accounts continued

29 Pensions and similar obligations continued

The Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a funded defined benefit scheme, with its assets being held in Funds, overseen by Administering Authorities. Ealing, Hammersmith & West London College is a member of the fund administered by the London Pensions Fund Authority (LPFA). The total contribution made for the year ended 31 July 2009 was £1,769,000 of which the employer's contribution totalled £1,263,000 and the employees' contributions totalled £506,000. The agreed contribution rates for future years are 16.9% for employers and variable between 5.25% and 7.50% for employees.

**FRS17**

The following information is based upon a full actuarial valuation of the fund at 31 March 2007, updated to 31 July 2009, by an independent qualified actuary.

Principal actuarial assumptions as at	At 31 July 2009 % Per ann.		At 31 July 2008 % Per ann.
Rate of increase in salaries	5.1%		5.3%
Rate of increase for pensions in payment/inflation	3.6%		3.8%
Discount rate for scheme liabilities	6.0%		6.7%
Inflation assumption	3.6%		3.8%
Commutation of pensions to lump sums	20%		20%

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

Life expectancy	At 31 July 2009 Years		At 31 July 2008 Years
<b>Retiring today</b>			
Males	19.6		19.6
Females	22.5		22.5
<b>Retiring in 20 years</b>			
Males	20.7		20.7
Females	23.6		23.6

The estimated College's share of the assets and liabilities in the scheme and the expected rate of return were:

London Pensions Fund Authority	Long-term rate of return expected at 31 July 09 % P. a.	Value at 31 July 09 £000	Long-term rate of return expected at 31 July 08 % P.a.	Value at 31 July 08 £000
Equities	7.5%	13,791	7.6%	11,611
Bonds	6.2%	2,083	6.3%	3,893
Property	6.7%	2,973	6.8%	4,419
Cash	3.0%	1,375	4.8%	(76)
<b>Total market value of assets</b>	<b>7.2%</b>	<b>20,222</b>	<b>7.4%</b>	<b>19,847</b>
Present value of scheme liabilities				
Funded		(32,562)		(26,036)
Unfunded		(39)		(38)
Related deferred tax liability		-		-
<b>Deficit in the scheme</b>		<b>(12,379)</b>		<b>(6,227)</b>

Notes to the accounts continued

29 Pensions and similar obligations continued

Analysis of the amount charged to income and expenditure account	Year ended 31 July 09 £000	Year ended 31 July 08 £000
Employer service cost (net of employee contributions)	1,050	1,011
Past service cost	-	278
<b>Total operating charge</b>	<b>1,050</b>	<b>1,289</b>
<b>Analysis of pension finance income/ (costs)</b>		
Expected return on pension scheme assets	1,485	1,540
Interest on pension liabilities	(1,796)	(1,450)
<b>Pension finance (costs)/income</b>	<b>(311)</b>	<b>90</b>

Amount recognised in the statement of total recognised gains and losses (STRGL)	Year ended 31 July 09 £000	Year ended 31 July 08 £000
Actual losses on pension scheme assets	(2,814)	(2,869)
Actual (losses)/gains on pension scheme liabilities	(3,240)	918
<b>Actuarial loss recognised in STRGL</b>	<b>(6,054)</b>	<b>(1,951)</b>

Movement in deficit during the year	Year ended 31 July 09 £000	Year ended 31 July 08 £000
<b>Deficit in scheme at 1 August</b>	<b>(6,227)</b>	<b>(4,147)</b>
Movement in year:		
Employer service cost (net of employee contributions)	(1,050)	(1,011)
Employer contributions	1,263	1,070
Past service costs	-	(278)
Net return on assets/interest	(311)	90
Actuarial loss	(6,054)	(1,951)
<b>Deficit in scheme at 31 July</b>	<b>(12,379)</b>	<b>(6,227)</b>

Asset and Liability Reconciliation

Reconciliation of assets	Year ended 31 July 09 £000	Year ended 31 July 08 £000
<b>Assets at start of year</b>	<b>19,847</b>	<b>20,314</b>
Expected return on assets	1,485	1,540
Actuarial loss	(2,814)	(2,869)
Employer contributions	1,263	1,070
Employee contributions	506	413
Benefits paid	(65)	(621)
<b>Assets at end of year</b>	<b>20,222</b>	<b>19,847</b>

**Ealing, Hammersmith & West London College**  
**Report and Financial Statements for the year ended 31 July 2009**

**Notes to the accounts continued**

**29 Pensions and similar obligations continued**

<b>Reconciliation of liabilities</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 Jul 08 £000</b>
<b>Liabilities at start of year</b>	<b>26,074</b>	<b>24,461</b>
Current service cost	1,050	1,011
Interest cost	1,796	1,450
Employee contributions	506	413
Actuarial loss/(gain)	3,240	(918)
Benefits paid	(65)	(621)
Past service cost	-	278
<b>Liabilities at end of year</b>	<b>32,601</b>	<b>26,074</b>

<b>History of experience gains and losses</b>	<b>Year ended 31 July 09 £000</b>	<b>Year ended 31 July 08 £000</b>	<b>Year ended 31 July 07 £000</b>	<b>Year ended 31 July 06 £000</b>	<b>Year ended 31 July 05 £000</b>
Difference between the expected and actual return on assets	(2,814)	(2,869)	878	667	1,404
Experience gains and (losses) on scheme liabilities:	-	942	37	38	(317)
Changes in financial liability assumptions	(3,240)	(24)	2,161	(959)	(4,809)
<b>Total amount recognised in STRGL</b>	<b>(6,054)</b>	<b>(1,951)</b>	<b>3,076</b>	<b>(254)</b>	<b>(3,722)</b>

**LBE Superannuation Fund**

At 1 January 2002 the non-teaching staff of Ealing Tertiary College who were members of the London Borough of Ealing Superannuation Fund were, in principle, transferred to the London Pension Fund Authority scheme. In practice however, those members who agreed to this were not transferred until July 2003.

At this point in time the capital value of the funds in the LBE scheme supporting the pension rights of the transferees has not been calculated or agreed and the FRS 17 figures above do not include an estimate of this value. It was agreed, however, that should there be a shortfall in the funds transferred to preserve benefits in the LPFA scheme then the LSC would make good this difference. In view of this it would be reasonable to assume that the £12,379,000 deficit at 31 July 2009 would not be worse had the transfer of funds been made.

<b>30 Capital commitments</b>	<b>Group &amp; College</b>	
	<b>2009 £000</b>	<b>2008 £000</b>
<b>Ongoing College Business</b>		
Major contracts – Southall E Block	231	-
Major contracts Acton & Southall	-	15
Minor contracts	132	344
<b>Commitments authorised and contracted for at 31 July</b>	<b>363</b>	<b>359</b>

The major contract at Southall is 25% grant-aided by the LSC.

**Ealing, Hammersmith & West London College**  
**Report and Financial Statements for the year ended 31 July 2009**

**Notes to the accounts continued**

<b>31 Financial commitments</b> At 31 July The College had annual commitments under non-cancellable operating leases as	<b>Group &amp; College</b>	
	<b>2009</b> <b>£000</b>	<b>2008</b> <b>£000</b>
Expiring within one year	-	-
Expiring between two and five years inclusive	-	-
<b>Total financial commitments</b>	-	-

The College now has a policy that any contract entered into can be cancelled within 12 months if necessary. As a consequence no entries now fall due under this section.

**32 Related party transactions**

Due to the nature of the College's operations and the composition of the Governing Body being drawn from local public and private sector organisations it is inevitable that transactions will take place with organisations in which a Member of the Governing Body may have an interest. All transactions involving organisations in which a Member of the Governing Body may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

<b>33 Learner Support Funds</b>	<b>Group &amp; College</b>	
	<b>Year ended</b> <b>31 July 09</b> <b>£000</b>	<b>Year ended</b> <b>31 July 08</b> <b>£000</b>
LSC grants – hardship funds	634	1,013
LSC grants - childcare	491	-
Interest earned	-	1
	<b>1,125</b>	<b>1,014</b>
Disbursed to students	(1,092)	(980)
Administration fee	(56)	(49)
<b>Balance overspent during the year</b>	<b>(23)</b>	<b>(15)</b>

LSC grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure Account.