

***Report and
Financial Statements***
for the year ended 31 July 2015

***Ealing, Hammersmith
& West London College***

**Ealing, Hammersmith
& West London College**
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Operating and Financial Review

Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2015.

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 2011.

Mission, Vision & Values

Mission

To improve lives through, education, training, skills and development fostering social and economic success.

Visions

Further Education: The leading College for enterprise, progression and employment.

Higher Education: The leading provider of Technical/Vocational and Academic education which is sector-relevant, flexible and affordable.

Apprenticeships and Employer Engagement: A local, regional and national provider of apprenticeships and skills training.

Schools: To provide a sound and robust high quality academic and technical education to pupils.

International: The leading college in international for skills, education and training in London.

Our values

Our values are the principles that guide the way we do things.

Excellence: Relentless drive for excellence in all that we do.

Ambitious: Supporting innovation and creativity, and seeking opportunities to enhance all aspects of the College business

Focus: We are professional and purposeful, working towards our shared strategic goals ensuring we contribute to the wider social and economic environment.

Accountability: Taking personal responsibility for finding solutions

Inclusion: We are open, welcoming and supportive. Our commitment to equality and diversity underpins everything we do.

Integrity: We work to uphold our values in our planning and decision-making, our teaching and learning, our actions and relationships. We aim to be fair, open, honest and accountable to the communities we serve and to treat all with respect.

Strategic Objectives

1. Creating an outstanding learning experience
2. Effective strategic partnerships
3. Innovation, creativity leading to greater effectiveness for learning
4. Sustaining financial stability
5. Workforce Development
6. Future proofing, sustaining and growing the market share

Activities

The College has redesigned its structure to focus on seven curriculum faculties and one curriculum department, led by the Vice Principal, Curriculum & Student Success:

- Faculty of Academic Studies
- Faculty of Lifelong Learning
- Faculty of Business, Computing & Creative Technology
- Faculty of Technology
- Faculty of Service Industries
- Faculty of Community Services
- Faculty of Inclusive Learning
- Department Business Development

Public Benefit

Ealing Hammersmith and West London College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1st September 2013, is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 10-11.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.

Financial Position and Resources

The results for the year ended 31 July 2015 show:

- an operating deficit after FRS17 adjustments of £ 5,478,000
- a year-end cash balance of £1,673,00
- revenue reserves after Pension deficit decreasing from £9,975,000 to £3,534,000
- additions to fixed assets of £ 721,000

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- The total net book value of fixed assets is £ 74,861,000

Income

The College's main income is from the Skills Funding Agency (SFA) and the Education Funding Agency (EFA) with a total £ 34,257K received from these organisations during the year. The College has continued to work hard to run courses which meet the wishes of both our main funders, reflecting its view of national priorities, and local needs, and to do so with improved results and increasing efficiency. We have been successful in doing so, but it is a constant challenge to balance the interests of our students (actual and prospective) with those of the funding agencies, while maintaining sound finances in the context of frequently-changing funding methodologies.

The Governing Body has set the College a long-term challenge of reducing its dependency on SFA and EFA funding by increasing the income we earn from other sources, both within the public sector and through commercial training for employers. Core funding for Adults and Young People accounts for 70 % of total income, compared to 75% in 2014/15.

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 2015 these figures were 12.6 and 0.41 respectively. Sector benchmarks are 78 cash days and a current ratio of 0.41

The College continues to monitor its cash position closely. As long as the College continues to achieve a close to break-even position at the operating level, we should continue to have an adequate cash balance. We are examining a long term solution to strengthen our cash reserves.

Our Estate

Now that the Capital Programmes from the funding bodies have been significantly reduced, the College has developed a revised Estates Strategy reflecting that future developments will largely be funded by the College's own resources, together with any renewal and other capital grants that become available from time to time.

The College continues to invest in a programme of smaller scale projects each year worth around £1m, 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: with over 1.6million residents, West London comprises large pockets of high social deprivation, alongside some areas of high prosperity. There are notable concentrations of unqualified and poorly qualified residents in some areas (e.g. parts of Brent, Hounslow and Hillingdon which are on the boundary of the College's two local boroughs) and across some ethnic groups (Bangladeshi, Black Caribbean, and Irish) which relate to patterns of social exclusion and deprivation.

With 338,000 residents, the London Borough of Ealing is the third most populous borough in London. Ealing is the fourth most diverse borough in the UK with more than 100 languages spoken. 51% of residents are from an ethnic minority, compared to 14% nationally, and 41% across London. About 29 percent of the minority ethnic community describe themselves as Asian. Within this, the

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largest minority group is of Indian origin, which accounts for 14% of the Borough's total population. 14% of Ealing residents live with a long term illness, health problem or disability, which limits their daily activities or the work they can do. Predictions show Ealing will experience a steady population growth over the next twenty years; during this time the number of residents aged 85 and over will more than double.

Hammersmith and Fulham is the smallest West London borough, home to a population of 182,500. The Borough has some of the highest average house prices within London, but on the other hand is ranked as the 13th most deprived local authority in the country and there are significant pockets of deprivation largely concentrated on the larger social housing estates, such as the White City area. The numbers of young adults (ages 25-39) is particularly high compared to the national average. The proportion of people from different ethnic minority groups is higher in Hammersmith and Fulham than both the London and national averages, including one of the largest Irish populations in the country. The Borough occupies a favourable location on the fringes of central London and is attractive to a variety of businesses. It has enjoyed significant growth in employment and economic activity over the last three decades with the central Hammersmith area becoming an important sub-regional location for offices. Several large scale redevelopment projects (e.g. at Earl's Court/West Kensington, White City) are planned and the borough is projected to see amongst the largest population and employment growth in London over the next 20 years.

Our Learners

In 2014/15 the College enrolled 21,329 (13/14: 24,276) students, of which more than three quarters (79.6%) were 19 or over. Of the 3,634 full time students, 73.1% were aged 16-18. 46.5% of funded students were from backgrounds formally designated as "disadvantaged", and only 21.4% of students were of White British heritage, with over 100 nationalities and around 70 different languages represented.

Our students followed courses in 14 of the 15 Skills Funding Agency subject sector areas in 2014/15. The largest provision, 48% of enrolments, was in the area of Preparation for Life and Work (which includes ESOL). The areas of Health, Public Services & Care and Science & Mathematics were next largest with 10% and 8% of total enrolments. The College remains one of the largest providers of ESOL in the UK. The majority of learners studied qualifications at Level 2 or below (equivalent to 5 GCSEs at grade A* to C), with 55% of enrolments at Entry or Level 1 and 29% of enrolments at Level 2.

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.

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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 and 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.

Cash-flow – the College's cash and liquid investments reduced from £3,742,000 to £1,673,000 during the year. Cash is rigorously monitored and the College is in discussions with the bank regarding an overdraft facility to protect itself against unforeseen cash requirements.

Working with others

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

- students
- funding bodies, particularly the Education Funding Agency and the Skills Funding Agency
- 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
- trades unions

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

Equal opportunities

The College operates under the ethical framework and principle of 'Learner First' and seeks to reflect this in all aspects of its strategy and work. We are committed to our College values and uphold and promote equality of opportunity for all.

We welcome our duties under the Equality Act 2010 to treat everyone equally and fairly, advance equality of opportunity and foster good relations with regards to protected groups which are age, gender, marital status/civil partnership, transgender, sexual orientation, race, colour, nationality, ethnic origin, national origin, pregnancy/maternity, religion/belief, or disability.

Our guiding commitments/principles aim to ensure that all our services, courses and programmes and working practices are available without discrimination, harassment or victimisation.

We aim to share our successes with others celebrating learner achievement and our diversity.

The College reviews its equality policies on a regular basis and in accordance with legislative developments and good practice. As part of a review, the College seeks to engage stakeholders, including recognised trade unions and appropriate equality bodies.

We aim to ensure that all protected groups of learners and staff have a voice.

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Annually the College will publish sufficient information to demonstrate its compliance with the general equality duty and the effect that College policies and practices have had on people who share a relevant protected characteristic.

The College formulates and publishes specific and measurable objectives, based on the evidence we have collected and published. The objectives take into account national and local priorities as appropriate.

We keep our equality objectives under review and report annually progress towards achieving them.

Corporate Governance

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 lectures, by offering work placements, and in many other ways: this support is enormously valuable to us.

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 main 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.

Disability Statement

We are committed to ensuring that all our learners are given every opportunity to succeed on their course. Providing the appropriate support to enable learners or potential learners with a disability and/or learning difficulty to have the same chance as all other learners to successfully complete their studies.

The College seeks to achieve this through the requirements set out in the Equality Act 2010 Part 6, Education provisions.

To achieve this, the College:

- Provides impartial, accurate and timely information to help learners make an informed decision about their course
- Recognises that everyone is an individual, and will work with learners to identify barriers to studying and make reasonable adjustments to remove them
- Provides the opportunity to access additional learning support should it be required
- Is committed to ensuring that no student is disadvantaged in their programme of study by disability and/or learning difficulty
- Is committed to the development and improvement of buildings, facilities and equipment
- Is committed to the development of skills, knowledge and understanding of staff to meet the needs of students with a disability and/or learning difficulty.

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In addition:

- A programme of work to improve access is identified through our annual Access Audit
- We have a range of specialist equipment, lighting and audio facilities to support students for their individual use and also at our Additional Learning Support & Learning Centres. We purchase other specialist equipment when this is required
- An Admissions policy for all students is described in the College's Disability Statement. Appeals against a decision not to offer a place are dealt with under the complaints policy
- A number of Learner Support Assistants are in place who provide support for learning
- A programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities; and in response to departmental requests is provided
- Supported Learning programmes are set out in College's Annual Prospectus
- Achievements and destinations are recorded and published
- Counselling and welfare services that are described at Student Induction and through Learner Services literature that is widely available.

This statement should also be read in conjunction with the College's Single Equality Scheme that sets out our duties and the actions/objectives we have agreed to advance equal opportunities, to eliminate discrimination for current and potential students meeting our obligations under Equality Legislation. Other documents to read include our Disability Statement and the Equal Opportunities Policy.

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 17th December 2015 and signed on its behalf by:



Tony Alderman
Chair of the Governing Body

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Operating and financial review continued

Professional advisers

Financial statement and regularity auditors:

RSM UK Audit LLP,
Highfield Court, Chandlers Ford
Southampton
Hampshire
SO53 3TY

Internal auditors:

Grant Thornton UK LLP
Grant Thornton House
Melton Street
London
NW1 2EP

Bankers:

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

Solicitors:

Eversheds LLP
1 Wood Street
London
EC2V 7WS

On 26 October 2015 Baker Tilly UK Audit LLP changed their name to RSM UK Audit LLP

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Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. The College endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in full accordance with the guidance to colleges from the Association of Colleges in The English Colleges' Foundation Code of Governance ("the Foundation Code"); and
- having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Foundation Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of governors, the College complies with all the provisions of the Foundation Code, in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2015. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes account of the English Colleges' Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted in March 2012 and subsequently as that Code was revised.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

Governors who served on the Governing Body during the year and up to the date of signature of this report are listed below

Members of the Governing Body 1 August 2014 up to and including 8 October 2015

Name	Date of Appointment	Term of Office	Date term ended or resigned	Officer positions Committees Served Company Directorships Attendance at Governing Body meetings: Number attended / meetings eligible from 1 August 2014 – 8 October 2015
Tony Alderman	23/10/2014	23/10/2017		Corporation: 5 of 5 Finance & General Purpose: 3 of 3 Remuneration: 1 of 1 Search & Development: 3 of 3
Garry Phillips	01/07/2014			Corporation: 6 of 6 Finance & General Purposes: 4 of 4 Quality & Performance: 4 of 4 Search & Development: 5 of 5
Heather Clay	27/03/2014	31/03/2017		Corporation: 5 of 6 Finance and General Purposes: 1 of 1 Quality & Performance: 4 of 4 Remuneration: 1 of 1

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Name	Date of Appointment	Term of Office	Date term ended or resigned	Officer positions Committees Served Company Directorships Attendance at Governing Body meetings: Number attended / meetings eligible from 1 August 2014 – 8 October 2015
Julia Clements-Elliott	01/01/14	01/01/2017		Corporation: 6 of 6 Audit: 3 of 3 Search & Development: 5 of 5 Remuneration: 1 of 1
Jim Conybeare-Cross	18/07/2013	31/07/2016		Corporation: 4 of 6 Finance and General Purposes: 4 of 4 Remuneration: 0 of 1
Adrian Asuquo (Student Governor)	2014/2015	2015/2016	31/07/2015	Corporation: 3 of 4 Quality and Performance: 1 of 2 Search and Development: 2 of 2
Richard De St Croix (staff governor)	01/09/13	31/07/2016		Corporation: 6 of 6 Finance and General Purposes: 1 of 1 Quality & Performance: 3 of 4
Joanne Fintzen	26/03/2015	26/03/2018		Corporation: 3 of 3 Finance and General Purposes 1 of 1
Lisa Huggins-Chan	27/03/2014	27/03/2017		Corporation: 5 of 6 Finance and General Purposes: 1 of 1 Quality & Performance: 3 of 4 Search & Development: 4 of 5
Ismail Qawasmeh (Student Governor)	2014/2015	2014/2015		Corporation: 1 of 3 Quality & Performance: 1 of 2
Sundeeep Sangha	26/03/15	26/03/18		Corporation: 3 of 3
Sarah Dhanda	01/08/2013	31/07/2015	31/07/2015	Corporation: 5 of 5 Finance & General Purposes: 3 of 4 Search and Development: 2 of 3
Andrew Mackay	07/08/14	07/08/2017	31/07/2015	Corporation: 5 of 5 Finance & General Purposes: 0 of 1 Quality and Performance: 3 of 4
Lucy Taylor	14/07/2015	14/07/2018		Corporation: 1 of 2
Michael Heanue	14/07/2015	14/07/2018		Corporation: 1 of 2
Nick Ratcliffe	23/09/2014	23/09/2018		Corporation: 5 of 6 Audit: 3 of 3
Robert Morley	18/07/2013	31/07/2016	31/11/2014	Corporation: 1 of 1
Christine Whatford	05/07/2012	28/11/2014	28/11/2014	Corporation: 0 of 2 Quality & Performance: 1 of 1 Finance and General Purposes: 1 of 1
Hilary Cowell	01/01/14	01/01/17	22/12/14	Corporation: 2 of 3

Governors are appointed in accordance with the Statutory Instrument and Articles of Government for Further Education Corporations. The membership includes five internal places: the Principal, two elected student and two elected staff Governors. All Governors 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 Skills Funding Agency.

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 requires Governors to be provided by the Principal with regular and timely information on the overall financial performance of the College together with other information such

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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 and in 2014 - 2015 met five times.

The Governing Body conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Governing Body. These Committees are: Finance and General Purposes, Remuneration, Audit, Search and Development and Quality and Performance Monitoring. Minutes of meetings except those deemed to be confidential by the Governing Body, in accordance with Freedom of Information criteria, are available following approval on the College's website.

The Governing Body has a strong and independent non-executive element and no individual or group dominates its decision making process. The Governing Body 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 and Principal are separate.

Clerk to the Corporation

The Clerk to the Corporation is Keith Scribbins. The Clerk to the Corporation maintains a register of financial and personal interests of the Governors. The register is made available on the College website.

All Governors 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 required to be sent to Members in a timely manner prior to Governing Body and Committee meetings. The Governing Body receives reports annually on Health and Safety and Equal Opportunities. Briefings are also provided on an ad-hoc basis.

There is a clear division of responsibility in that the roles of the Chairman and Accounting Officer are separate.

Appointments to the Governing Body

The Search and Development Committee advises on the appointment and re-appointment of Governors. New appointments and re-appointments are a matter for the consideration of the Board as a whole. In 2014 – 2015 the Committee met five times. Governors are appointed for a term of office normally for three years, not exceeding 4 years.

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; in 2014-15 it met three times. It 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 funding bodies 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

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plans. The Principal and senior managers attend the meetings as necessary; they are not members of the committee.

Management is responsible for the implementation of agreed recommendations and 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. as well as reporting annually to the Corporation.

Finance & General Purposes Committee

The Finance & General Purposes Committee meets at least once a term; in 2014-15 it met four times. 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, VAT, cash flow forecasts, investment policy, financial regulations. Under delegated authority from the Governing Body it approves the framework for terms and conditions for the College's staff except for senior post holders.

The Remuneration Committee

The Remuneration Committee meets at least once a year; in 2014-15 it met once. It advises the Board on the remuneration of the College's senior post holders and monitors their appraisals. In 2014-15 the only senior post holder was the Principal & Chief Executive.

Details of remuneration for the year ended 31 July 2015 are set out in note 6 to the financial statements.

The Quality and Performance Monitoring Committee

The Quality and Performance Committee meets at least once a term; in 2014-15 it met four times. It advises the Governing Body on the framework for the College's quality assurances processes and reporting structures; and monitors performance against targets.

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 the Principal is personally responsible, in accordance with the responsibilities assigned in the Financial Memorandum between the College and the Skills Funding Agency and its successor organisations. The Principal 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 on-going process designed to identify and prioritise the risks to the achievement of College

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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 2015 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 on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Body.

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 EFA and SFA's Joint 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 a 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. The Principal 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 and the regularity auditors in their management letters and other reports.

The Principal has been advised on the implications of the result of the review 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.

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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 Corporation'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 December 2015 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2015.

Based on the advice of the Audit Committee and the Principal, the Governing Body is of the opinion that, with the exception of financial management information, management of subcontractors and outsourced payroll provision, the College has an adequate and effective framework for governance, risk management and control and has an action plan in place to ensure that it fulfils its statutory responsibility for the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets.

Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

The Corporation has considered its responsibility to notify the Skills Funding Agency of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the financial memorandum in place between the College and the Skills Funding Agency. As part of its consideration the Corporation has had due regard to the requirements of the financial memorandum/funding agreement.

We confirm, on behalf of the Corporation, that ***to the best of its knowledge***, the Corporation believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Skills Funding Agency terms and conditions of funding under the College's financial memorandum. We further confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Skills Funding Agency.

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.

Approved by order of the Members of the Governing Body on 17 December 2015 and signed on its behalf by:


Tony Alderman
Chair of the Governing Body


Garry Phillips
Accounting Officer

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 between the Skills Funding Agency 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 with the Accounts Direction for 2014-15 financial statements issued jointly by the Skills Funding Agency and the Education Funding Agency, 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 an operating and financial review 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 which 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.

The maintenance and integrity of the College website is the responsibility of the Governing Body of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 Skills Funding Agency are used only in accordance with the Financial Memorandum with the Skills Funding Agency and any other conditions that may be prescribed 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 from Skills Funding Agency are not put at risk.

Approved by order of the members of the Governing Body on 17th December 2015 and signed on its behalf by:



Tony Alderman
Chair of the Governing Body

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2015

**INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF EALING,
HAMMERSMITH & WEST LONDON COLLEGE**

We have audited the Group and College financial statements (the "financial statements") which comprise the Group Income and Expenditure Account and the Group and College Balance Sheets and the Group Cash Flow Statement, and the Group Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Corporation, as a body, in accordance with the Financial Memorandum published by the Chief Executive of Skills Funding and our engagement letter dated 1 April 2014. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required under our engagement letter dated 1 April 2014 to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective Responsibilities of the Corporation of Ealing, Hammersmith & West
London College and Auditor**

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 16, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with the terms of our engagement letter dated 1 April 2014, Joint Audit Code of Practice issued by the Skills Funding Agency and Education Funding Agency and International Standards on Auditing (UK and Ireland). The International Standards on Auditing (UK and Ireland) require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Groups' and the College's affairs as at 31 July 2015 and of the Group's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2015

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the revised Joint Audit Code of Practice issued jointly by the Skills Funding Agency and the Education Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

RSM UK Audit LLP

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)
Tollgate
Chandlers Ford
Highfield Court
Southampton
Hampshire
SO53 3TY

21 December 2015.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2015

**INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE CORPORATION OF EALING,
HAMMERSMITH & WEST LONDON COLLEGE AND THE SECRETARY OF STATE FOR
BUSINESS, INNOVATION AND SKILLS ACTING THROUGH THE SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 18 November 2015 and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Ealing, Hammersmith & West London College during the period 1 August 2014 to 31 July 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

The framework that has been applied is set out in the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which Skills Funding Agency has other assurance arrangements in place.

This report is made solely to the corporation of Ealing, Hammersmith & West London College and the Secretary of State for Business, Innovation and Skills acting through the Skills Funding Agency in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Ealing, Hammersmith & West London College and the Secretary of State for Business, Innovation and Skills acting through the Skills Funding Agency those matters we are required to state 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 corporation of Ealing, Hammersmith & West London College and the Secretary of State for Business, Innovation and Skills acting through the Skills Funding Agency for our work, for this report, or for the conclusion we have formed.

Responsibilities of the Corporation of Ealing, Hammersmith & West London College

The corporation of Ealing, Hammersmith & West London College is responsible, under the financial memorandum and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities accounts have been prepared to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. We performed a limited assurance engagement as defined in that framework and our engagement letter

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

**Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2015**

**INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE CORPORATION OF EALING,
HAMMERSMITH & WEST LONDON COLLEGE AND THE CHIEF EXECUTIVE OF THE SKILLS
FUNDING AGENCY (continued)**

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the college's income and expenditure.

Approach (continued)

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas where we identified areas where a material irregularity is likely to arise. We undertook detailed testing, based on our identification of the areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)
Tollgate
Chandlers Ford
Highfield Court
Southampton
Hampshire
SO53 3TY

Date 21/12/15

Consolidated Income and Expenditure Account for the Year Ended 31 July 2015

Consolidated Income and Expenditure Account for the Year Ended 31 July 2015	Notes	Year Ended 31 July 15 £000	Year Ended 31 July 14 £000
Income			
Funding body income	2	34,257	36,464
Tuition fees and Education Contracts	3	10,177	10,930
Other income	3a	1,200	1,212
Investment income	4	11	12
Total Income		45,645	48,618
Expenditure			
Staff costs	5	31,664	35,741
Exceptional restructuring costs	5	2,185	913
Other operating expenses	7	14,382	15,035
Depreciation	11	2,550	2,982
Interest and other finance costs	8	342	644
Total Expenditure		51,123	55,315
Deficit on continuing operations after depreciation of assets at valuation but before tax and exceptional items		(5,478)	(6,697)
Profit on disposal of assets			907
Exceptional Income relating to receipt of pension scheme asset in the year	10	3,202	
Tax	9	-	-
Deficit on continuing operations after depreciation of assets at valuation, tax and exceptional items		(2,276)	(5,790)
Deficit for the year retained within general reserves		(2,276)	(5,790)

The income and expenditure account is in respect of continuing activities

Consolidated Statement of Historical Cost Surpluses and Deficits

Consolidated Statement of Historical Cost Deficits	Notes	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Deficit on continuing operations before and after taxation and after exceptional items		(2,276)	(5,790)
Difference between historical cost depreciation and the actual charge for the year calculated on the devalued amount	19	634	634
Historical cost deficit for the year before and after taxation		(1,642)	(5,156)

Consolidated Statement of Total Recognised Gains and Losses

Consolidated Statement of Total Recognised Gains and Losses	Notes	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Deficit on continuing operations after depreciation of assets at valuation and tax		(2,276)	(5,790)
Actuarial (loss)/gain in respect of pension scheme	27	(4,799)	(3,021)
Total recognised losses since last report		(7,075)	(8,811)
Reconciliation			
Opening reserves		41,073	49,884
Total recognised (losses)/gains for the year		(7,075)	(8,811)
Closing reserves		34,006	41,073

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2015

Balance Sheets as at 31 July

Balance Sheets	Notes	Group 31 July 15 £000	College 31 July 15 £000	Group 31 July 14 £000	College 31 July 14 £000
as at 31 July					
Fixed Assets					
Tangible assets	11	74,861	74,861	76,690	76,690
Total Fixed Assets		74,861	74,861	76,690	76,690
Current Assets					
Debtors and Stock	13	1,766	1,766	2,122	2,122
Investments	12	-	-	-	-
Cash at bank and in hand		1,673	1,673	3,742	3,742
Total current assets		3,439	3,439	5864	5864
Less: Creditors - amounts falling due within one year	14	(9,422)	(9,422)	(7,587)	(7,587)
Net current liabilities		(5,983)	(5,983)	(1,723)	(1,723)
Total assets less current liabilities		68,878	68,878	74,967	74,967
Less: Creditors - amounts falling due after more than one year	15	(3,631)	(3,631)	(4,274)	(4,274)
Less: Provisions for liabilities	17	(1,479)	(1,479)	(1,495)	(1,495)
Net assets excluding pension liability		63,768	63,678	69,198	69,198
Net pension Liability	27	(17,082)	(17,082)	(15,216)	(15,216)
NET ASSETS INCLUDING PENSION LIABILITY		46,686	46,686	53,982	53,982
Deferred capital grants Reserves	18	12,680	12,680	12,909	12,909
Income and expenditure account excluding pension reserve	20	20,616	20,616	25,191	25,191
Pension reserve	27	(17,082)	(17,082)	(15,216)	(15,216)
Income and expenditure account including pension reserve	20	3,534	3,534	9,975	9,975
Revaluation Reserve	19	30,472	30,472	31,098	31,098
Total Reserves		34,006	34,006	41,073	41,073
TOTAL FUNDS		46,686	46,686	53,982	53,982

The financial statements on pages 21 to 45 were approved by the Governing Body on 17th December 2015 and were signed on its behalf by:

Tony Alderman
Chair of the Governing Body

Garry Phillips
Principal

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2015

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement for the Year Ended 31 July 2015	Notes	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Cash flow from operating activities	21	57	(3,020)
Returns on investments and servicing of finance	22	(289)	(265)
Capital expenditure and financial investment	23	(721)	2,579
Management of liquid resources (investments)	24	-	3,492
Repayment of deferred VAT	14	(562)	(572)
Financing	25	(554)	(245)
Increase/ (Decrease)Increase in cash in the year		<u>(2,069)</u>	<u>1,969</u>

Reconciliation of net cash flow to movement in net debt	Notes	Year ended 31 July 15 £000	Year ended 31 July 14 £000
(Decrease)/ Increase in cash in the year		(2,069)	1,969
Placing of term deposits	24	-	(3,492)
Cash outflow from unsecured loan	25	<u>1,116</u>	<u>817</u>
Movement in net funds in the year		(953)	(706)
Net debt at 1 August		(1,728)	(1,022)
Net debt at 31 July (including overdraft)		<u>(2,681)</u>	<u>(1,728)</u>

Notes to the Accounts

1 Accounting Policies

Statement of accounting policies

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

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) the Accounts Direction for 2013/14 financial statements and in accordance with applicable Accounting Standards.

Basis of accounting

These financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cash-flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

Any breach of bank Covenants was waived in 2014/15 and 2013/2014 and therefore the loan does not need to be restated as per FRS 25.

Although the College has a net current liability, the College is expecting capital receipts from sale of assets during 2015-16. An overdraft facility has been negotiated with the bank to ensure the College has sufficient funds to meet its liabilities when they fall due.

The College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries Ealing Tertiary College Property Services Limited (2012 only) and Barons Court Enterprises Limited. Intra-group sales and profits are eliminated fully on consolidation. In accordance with Financial Reporting Standard (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 2015.

Recognition of income

The recurrent grant from HEFCE represents the funding allocation attributable to the current financial year and is credited to the income and expenditure account.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November

Notes to the accounts (continued)

following the year end. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the funding bodies 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 receivable and includes all fees payable by students or their sponsors, for example local businesses, authorities and charities. Provisions are made to carry forward receipts for overseas fees, which relate to a period extending beyond the year-end.

Income from 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.

Post-retirement benefits

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 (SERPS). Contributions to the TPS are calculated 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 payrolls. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27 the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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 scheme expected to arise from employee service in the period is charged to the operating surplus. 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 the 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 on-going pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the college's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Notes to the accounts (continued)

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 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of 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.

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

Equipment

Equipment, not part of a capital project or part of a block purchase of computers, which costs 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.

A full year's depreciation will be charged in the year of acquisition and none in the year of disposal. Assets other than buildings are depreciated over their useful economic life as follows:

Building Improvements

7 to 13 years

Motor vehicles and general equipment

4 to 10 years

Computer equipment

4 years

Furniture and fittings

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2015

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

Notes to the accounts (continued)

account and released to income and expenditure account over the expected useful economic life of the related equipment.

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 as amended by the Charities Act 2006 and as such is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes Act 1998 (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 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 EFA and SFA and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 30, 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 2015

Notes to the accounts (continued)

2 Funding Body Grants

	Notes	Year ended 31 July 15 TOTAL £000	Year ended 31 July 14 TOTAL £000
SFA and EFA		33,951	35,900
HEFCE recurrent grant		76	36
Releases of deferred capital grants	18	229	528
Total funding body grants		34,257	36,464
Payments to College Partners		3,641	3,322

3 Tuition fees and educational contracts

	Notes	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Tuition fees		7,896	8,739
Education Contracts		2,282	2,191
Total		10,177	10,930

3a Other income

	Notes	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Misc. income		1,200	1,212

4 Investment income

	Notes	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Bank interest receivable		11	12
Total investment income		11	12

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2015

Notes to the accounts (continued)

5 Staff Costs

Staff Numbers	Notes	Year ended 31 July 15 Number	Year ended 31 July 14 Number
The average number of persons (including senior post-holders) employed by the College during the year, described as full-time equivalents, was:			
Teaching staff		332	405
Non-teaching staff		309	334
Total staff numbers		641	739

Staff costs for the above persons	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Wages and salaries	21,683	26,318
Social security costs	1,723	2,121
Other pension costs (inc FRS17 adjustment of £227k: 2014 £247k)	3,149	3,599
Payroll sub total	26,555	32,038
Contracted out staffing services	5,109	3,703
	31,664	35,741
Exceptional restructuring costs	2,185	913
Total staff costs	33,849	36,654

Senior post-holders

The number of senior post-holders and other staff who received emoluments, excluding employer pension contributions but including benefits in kind, in the following ranges was:

The number of senior post-holders and other staff who received emoluments, (excluding pension contributions and benefits in kind for Other Staff, including them for Senior Staff) in the following range was:	Senior Post Holders		Other Staff	
	2015 Number	2014 Number	2015 Number	2014 Number
£ 60,001 - £ 70,000	-	-	1	3
£ 70,001 - £ 80,000	-	-	1	2
£ 80,001 - £ 90,000	-	-	1	2
£ 90,001 - £100,000	-	1	-	1
£100,001 - £110,000	-	-	-	-
£110,001 - £120,000	-	-	1	1
£120,001 - £130,000	-	-	-	-
£150,001 - £160,000	1	-	-	-
Total	1	1	4	9

Notes to the accounts (continued)

6 Senior post-holders' emoluments

Senior post-holders are defined as the Accounting Officer 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.

The number of senior post-holders including the Accounting Officer was	Year ended 31 July 15 Number	Year ended 31 July 14 Number
	<hr/>	<hr/>
Total	1	2
Senior post-holders' emoluments are made up as follows	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Salaries	164	134
Benefits in kind	-	-
Pension contributions	22	17
	<hr/>	<hr/>
Total emoluments	185	151
The above emoluments include amounts payable to the	31 July 15 £000	31 July 14 £000
	<hr/>	<hr/>
Salary	164	92
Benefits in kind	-	-
Total	164	92
	<hr/>	<hr/>
Pension contributions	22	10
	<hr/>	<hr/>

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 Teachers' Pension Scheme and are paid at the same rate as for compensation for loss of office paid to former senior post-holder and other employees.

There was no general pay award made to all staff and the last one was 01 February 2012. Two of the senior post-holders, including the Principal waived their entitlement to this award in 2012.

No bonuses were paid to Senior Post-Holders and other higher-paid staff in the year (2013 £nil).

The members of the Governing Body, other than the Principal and staff governors, did not receive any payment from the College other than the reimbursement of travel and subsistence incurred in the course of their duties.

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Notes to the accounts (continued)

7 Other operating expenses

	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Teaching costs (including payment to subcontractors)	4,280	4,109
Non-teaching costs	6,390	6,845
Premises costs	3,712	4,081
Total other operating expenses	14,382	15,035

Other operating expenses include:

	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Auditors' remuneration		
Financial statement audit	34	63
Internal audit	58	56
	<u>92</u>	<u>119</u>

8 Interest payable

	Year ended 31 July 15 £000	Year ended 31 July 14 £000
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than five years	300	277
FRS17 - Pension finance cost (note 27)	42	367
	<u>342</u>	<u>644</u>

Total interest payable

9 Taxation

	Year ended 31 July 15 £000	Year ended 31 July 14 £000
United Kingdom corporation tax	-	-
	<u>-</u>	<u>-</u>
Total taxation	-	-

10 Exceptional Item

In 2002 there was a transfer of employees from the local council over to the College. The liability relating to these employees transferred a number of years ago, however the corresponding asset of £3.202m only transferred over in the year ended 31 July 2015. This has therefore reduced the College's year end pension deficit and in line with FRS3: Reporting Financial Performance, has been recognised as exceptional income in the year ending 31 July 2015.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2015

Notes to the accounts (continued)

11 Tangible fixed assets College and group	Land & Buildings £000	Plant & Equipment £000	Computer Equipment £000	Total £000
Cost or valuation				
At 1 August 2014	107,565	3,595	5,279	116,439
Additions	248	180	293	721
Disposals	(264)	-	(556)	(820)
At 31 July 2015	107,549	3,775	5,016	116,340
Depreciation				
At 1 August 2014	32,504	3,178	4,067	39,749
Charge for year	1,973	171	406	2,550
Eliminated in respect of disposals	(264)	-	(556)	(820)
At 31 July 2015	34,213	3,349	3,917	41,479
Net book value at 31 July 2015	73,336	426	1,099	74,861
Net book value at 31 July 2014	75,061	417	1,212	76,690

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 funding bodies do 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 £12,679,739 have been funded from capital grants. Should these assets be sold, the College would either have to surrender the sale proceeds to the funding bodies or use them in accordance with the financial memorandum with the funding bodies. If these land and buildings had not been re-valued they would have been included with a net book value of nil. Included in land and buildings is inherited land valued at £9,170,000, which is not depreciated.

The College currently has no grant-aided major capital building projects outstanding and all grants receivable have now been received.

The subsidiary company has no tangible fixed assets.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2015

Notes to the accounts (continued)

12 Investments

Investment in subsidiary companies

	College Year ended 31 July 15 £000	College Year ended 31 July 14 £000
Cost	<u>4</u>	<u>4</u>
	<u>4</u>	<u>4</u>

The College owns 100% of the ordinary £1 shares of Barons Court Enterprises Limited which is dormant. It previously owned 100% of the shares of Ealing Tertiary College Property Services Limited, which was dissolved on November 13 2012, having been dormant for several years. Both companies were incorporated in England and Wales.

13 Debtors:

	Group Year ended 31 July 15 £000	College Year ended 31 July 15 £000	Group Year ended 31 July 14 £000	College Year ended 31 July 14 £000
Amounts falling due within one year				
Trade debtors	766	766	772	772
Other debtors	30	30	40	40
Prepayments and accrued income including stocks	970	970	1,310	1,310
Total debtors	<u>1,766</u>	<u>1,766</u>	<u>2,122</u>	<u>2,122</u>

14 creditors amounts falling due within one year

Creditors: amounts falling due within one year	Group Year ended 31 July 15 £000	College Year ended 31 July 15 £000	Group Year ended 31 July 14 £000	College Year ended 31 July 14 £000
Bank loans and overdrafts	321	321	554	554
Trade creditors	1,491	1,491	2,533	2,533
Payments received in advance	2,214	2,214	1,084	1,084
Amount owed to funding bodies	1,057	1,057	-	-
VAT deferment schemes	402	402	642	642
VAT Due	137	137	-	-
Other taxation and social security	1,897	1,897	1,348	1,348
Accruals	1,902	1,902	1,426	1,426
Total creditors falling due within one year	<u>9,422</u>	<u>9,422</u>	<u>7,587</u>	<u>7,587</u>

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Notes to the accounts (continued)

15 Creditors: amounts falling due after more than one year	Group	College	Group	College
	Year ended 31 July 15 £000	Year ended 31 July 15 £000	Year ended 31 July 14 £000	Year ended 31 July 14 £000
Bank loans	3,577	3577	3,898	3,898
VAT deferment schemes	54	54	376	376
Total creditors falling due after more than one year	3,631	3,631	4,274	4,274

The College is operating a number of VAT deferment schemes which generally allowed the College to recover VAT incurred on major building projects quarterly whilst having the benefit of the VAT being repayable over a set number of years. From September 2007 the payback period was reduced to 10 years (from 20 years). The figures above are the amounts calculated as repayable after more than one year.

16 Borrowings

Bank borrowings	Group	College	Group	College
	Year ended 31 July 15 £000	Year ended 31 July 15 £000	Year ended 31 July 14 £000	Year ended 31 July 14 £000
Bank loans and overdrafts are repayable as follows:				
In one year or less	321	321	554	554
Between one and two years	342	342	321	321
Between two and five years	1,164	1,164	1,095	1,095
In five years or more	2,071	2,071	2,482	2,482
Total bank loan outstanding	3,898	3,898	4,452	4,452

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 which was renegotiated during the year to 8.28%.

17 Provisions for liabilities and charges

	College and Group Enhanced Pensions 31 July 15 £000	Total 31 July 14 £000
At 1 August	1,495	1,606
Expenditure in the year	(16)	(111)
Transferred from income and expenditure account	-	-
At 31 July	1,479	1,495

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Notes to the accounts (continued)

The enhanced pension provision relates to the cost of staff that has already left the College's employment 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 guidance issued by the funding bodies.

18 Deferred Capital Grants

	College and Group		
	Funding Bodies	Other Grants	Total
	£000	£000	£000
At 1 August 2014			
Land and buildings	11,026	1,883	12,909
Equipment	-	-	-
	<u>11,026</u>	<u>1,883</u>	<u>12,909</u>
Cash receivable	-	-	-
Land and buildings	-	-	-
Released to income and expenditure account			
Land and buildings	(220)	(9)	(229)
Equipment	-	-	-
	<u>(220)</u>	<u>(9)</u>	<u>(229)</u>
At 31 July 2015			
Land and buildings			
Equipment			
At 31 July 2015	<u>10,806</u>	<u>1,874</u>	<u>12,680</u>

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Notes to the accounts (continued)

19 Revaluation reserve	Group Year ended 31 July 15 £000	College Year ended 31 July 15 £000	Group Year ended 31 July 14 £000	College Year ended 31 July 14 £000
At 1 August	31,098	31,098	31,732	31,732
Transfer from revaluation reserve to general reserve in respect of depreciation on revalued assets	(634)	(634)	(634)	(634)
At 31 July	30,472	30,472	31,098	31,098
20 Movement on general reserves	Group Year ended 31 July 15 £000	College Year ended 31 July 15 £000	Group Year ended 31 July 14 £000	College Year ended 31 July 14 £000
Income and expenditure account reserve				
At 1 August	9,975	9,975	18,152	18,152
Deficit on continuing operations after exceptional items	(2,276)	(2,276)	(5,790)	(5,790)
Transfer from revaluation reserve	634	634	634	634
Actuarial (loss) in respect of pension scheme	(4,799)	(4,799)	(3,021)	(3,021)
At 31 July	3,534	3,534	9,975	9,975
Balance represented by:				
Pension reserve	(17,082)	(17,082)	(15,216)	(15,216)
Income and expenditure account reserve excluding pension reserve	20,616	20,616	25,191	25,191
At 31 July	3,534	3,534	9,975	9,975
21 Reconciliation of consolidated operating deficits to net cash inflow/ (outflow) from operating activities	Notes	Year ended 31 July 15 £000	Year ended 31 July 14 £000	
(Deficit) on continuing operations after depreciation of assets at valuation		(5,478)	(5,790)	
Depreciation	11	2,550	2,981	
Deferred capital grants released to income	18	(229)	(528)	
Profit on disposal of assets		-	(907)	
Interest receivable	4	(11)	(12)	
Interest payable	8	300	277	
FRS17 pension cost less contributions payable		227	449	
FRS17 pension finance income		42	367	
Decrease/(increase) in debtors	13	356	40	
Increase/(decrease) in creditors	14	2,316	213	
(Decrease) / Increase in provisions	17	(16)	(111)	
Net cash inflow/(outflow) from operating activities		57	(3,020)	

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Notes to the accounts (continued)

22 Returns on investments and servicing of finance	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Bank interest received	11	12
Interest paid	(300)	(277)
Net cash outflow from returns on investments and servicing of finance	(289)	(265)
23 Capital expenditure and financial investment	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Purchase of tangible fixed assets	(721)	(1,091)
Proceeds from disposals of tangible fixed assets	-	3,670
Net cash inflow/(outflow) from capital expenditure and financial investment	(721)	2,579
24 Management of liquid resources	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Net cash inflow from management of liquid resources.	-	3,492
Net cash inflow/ (outflow) from management of liquid resources	-	3,492
25 Financing	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Repayment of bank loan in the year	(554)	(245)
Net cash outflow from financing	(554)	(245)

26 Analysis of changes in net funds	At 1 August	Cash flows	Other Changes	At 31 July
	2014 £000	2015 £000	2015 £000	2015 £000
Cash at bank and in hand less overdraft	3,742	(2,069)	-	1,673
Current asset investments	-	-	-	-
Bank loan due within one year (required by FRS25)	(554)	554	(321)	(321)
Bank loan due after one year	(3,898)	-	321	(3,577)
Other loans	(1,018)	562	-	(456)
Total	(1,728)	(953)	-	(2,681)

Notes to the accounts (continued)

27 Pensions and Similar Obligations

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

Total pension cost for the year	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Teachers' Pension Scheme:		
Contributions paid	1,454	1,759
LPFA Scheme:		
Contributions paid	1,712	1,384
	<u>3,149</u>	<u>1,833</u>
Enhanced pension charge to the Income and Expenditure Account (staff costs)	(17)	(111)
Total pension cost for the year	<u>3,149</u>	<u>3,481</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was in March 2004 and of the LGPS 31 March 2014.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Notes to the accounts (continued)

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation and the subsequent consultation are:

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

The new employer contribution rate for the TPS will be implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

Ealing, Hammersmith & West London College
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Notes to the accounts (continued)

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.

The Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a funded defined benefit scheme, with its assets being held in separate 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 2015 was £1,815,000 of which the employer's contribution totalled £1,282,000 and the employees' contributions totalled £533,000. The agreed contribution rates for future years are 17.3% for employers and variable between 5.50% and 11.40% for employees.

FRS17

The following information is based upon a full actuarial valuation of the fund at 31 March 2013, updated to 31 July 2015, by an independent qualified actuary.

Principal actuarial assumptions as at	At 31 July 15 % Per ann.	At 31 July 14 % Per ann.
Rate of increase in salaries	4.4%	4.4%
Rate of increase for pensions in payment/inflation	2.6%	2.7%
Discount rate for scheme liabilities	3.8%	4.3%
Inflation assumption	2.6%	2.7%

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 15 Years	At 31 July 14 Years
Retiring today		
Males	21.7	21.6
Females	25.3	25.2
Retiring in 20 years		
Males	24.1	23.9
Females	27.6	27.5

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Notes to the accounts (continued)

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 15 % P. a.	Value at 31 July 15 £000	Long-term rate of return expected at 31 July 14 % P. a.	Value at 31 July 14 £000
Equities	n/a	17,307	6.7%	14,738
Target return portfolio	n/a	7,605	6.1%	9,592
Cash Flow Matching	n/a	5,660	3.4%	2,048
Alternative assets	n/a	3,507	6.0%	2,395
Cash	n/a	5,053	3.2%	4,643
Other bonds		-	-	-
Total market value of assets		39,132	5.8%	33,416
Present value of scheme liabilities				
Funded		(56,189)		(48,607)
Unfunded		(25)		(25)
Deficit in the scheme		(17,082)		(15,216)

Due to the adoption of FRS102 the actuary has not provided percentages for long term rate of return expected at 31 July 2015 as the College will no longer be required to recognise an expected return on assets item in the income and expenditure charge. This will be replaced with a net financing charge which is based on the discount rate assumption

Analysis of the amount charged to income and expenditure account	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Employer service cost (net of employee contributions)	1,668	1,744
Total operating charge	1,668	1,744
Analysis of pension finance costs		
Expected return on pension scheme assets	2,038	1,753
Interest on pension liabilities	(2,080)	(2,120)
Pension finance (costs)	(42)	(367)
Amount recognised in the statement of total recognised gains and losses (STRGL)	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Actual (losses) on pension scheme assets	(388)	(1,355)
Actual (losses) on pension scheme liabilities	(4,411)	(1,666)
Actuarial (losses)/gain recognised in STRGL	(4,799)	(3,021)

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Notes to the accounts continued

Asset and Liability Reconciliation

Movement in deficit during the year	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Deficit in scheme at 1 August	(15,216)	(11,379)
Movement in year:		
Employer service cost (net of employee contributions)	(1,668)	(1,744)
Employer contributions	1,441	1,397
Net return on assets/interest	(42)	(367)
Settlements and curtailments	3,202	(102)
Actuarial (loss)	(4,799)	(3,021)
Deficit in scheme at 31 July	(17,082)	(15,216)
Reconciliation of assets	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Assets at start of year	33,416	32,225
Expected return on assets	2,038	1,753
Actuarial gain/(loss)	(388)	(1,355)
Employer contributions	1,441	1,397
Employee contributions	480	534
Benefits paid	(1,182)	(1,138)
Settlement prices received	3,327	-
Assets at end of year	39,132	33,416
Reconciliation of liabilities	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Liabilities at start of year	48,632	43,604
Service cost	1,668	1,744
Interest cost	2,080	2,120
Employee contributions	480	534
Actuarial gain	4,411	1,666
Benefits paid	(1,180)	(1,138)
Past service cost	(2)	-
Losses on curtailments	125	102
Liabilities at end of year	56,214	48,632

The estimated value of employer contributions for the year ended 31 July 2016 is £ 1,350K

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Notes to the accounts continued

History of experience gains and losses	Year ended 31 July 15 £000	Year ended 31 July 14 £000	Year ended 31 July 13 £000	Year ended 31 July 12 £000	Year ended 31 July 11 £000
Difference between the expected and actual return on assets	(388)	(1,206)	3,633	(1,277)	75
Experience gains on scheme liabilities		3,532	(7)	(1)	5,967
Changes in financial liability assumptions	(4,411)	(5,347)	1,028	(4,298)	(3,029)
Total amount recognised in STRGL	(4,799)	(3,021)	4,654	(5,576)	3,013

LBE Superannuation Fund

At 1 January 2002 the non-teaching staffs 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 funding bodies would make good this difference. In view of this it would be reasonable to assume that the £15,216,000 deficit at 31 July 2015 would not be worse had the transfer of funds been made.

28 Capital commitments

	Group and College	
	Year ended 2015 £000	Year ended 2014 £000
Commitments authorised and contracted for at 31 July		
Minor contracts	-	-
Commitments authorised and contracted for at 31 July	-	-

29 Related party transactions

Owing 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.

The total expenses paid to or on behalf of the Governors during the year was £ 10k; 20 governors (2013: £ 10k; 21 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor Meetings and charity events in their official capacity. No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2012: None).

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Notes to the accounts (continued)

30 Amounts disbursed as agent

Learner Support Funds

	College and Group	
	Year ended 31 July 15 £000	Year ended 31 July 14 £000
Funding body grants – vulnerable learners	97	-
Funding body grants – hardship funds	984	529
Funding Body Grants - discretionary	782	1,010
Funding body grants - childcare	332	344
	2,195	1,882
Disbursed to students	(1,523)	(1,509)
Administration fee	(95)	(83)
Balance unspent	577	291

Funding body 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.

31 Contingent Liabilities

There is an on-going liability in respect of over and under declarations of pension deductions from employees and the College as employer for the Teachers Pensions Scheme. This has accrued over a number of years due to errors by the College's payroll supplier. We are in discussion with the supplier to establish liability and we expect this exercise to be complete in 2015/16. Until this is resolved there remains a considerable liability on the College for these arrears and compound interest, where it is not easy to calculate values but a provision of £117,000 has been made using best estimate (2013 £150,000).

32 Post Balance Sheet events

Sale of Havelock Road was exchanged on 23rd July 2015, to be completed on the 21st December.