

Ealing, Hammersmith & West London College

Report and Financial Statements

for the year ended 31 July 2016

Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2015/16:

Garry Phillips - Principal and CEO; Accounting officer
Janet Gardner - Executive Director – Hammersmith Principal
Urmila Rasan - Executive Director – Finance & Shared Services
Phil Hockey - Executive Director – Student Experience & Performance

Board of Governors

A full list of Governors is given on page 11 of these financial statements.

Mr K Scribbins acted as Clerk to the Governing Body throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

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

CONTENTS

	Page number
Report of the Governing Body	4
Statement of Corporate Governance and Internal Control	11
Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding	18
Statement of Responsibilities of the Members of the Governing Body	19
Independent Auditor's Report to the Governing Body of Ealing, Hammersmith & West London College	21
Consolidated Statement of Comprehensive Income	23
Consolidated and College Statement of Changes in Reserves	24
Balance Sheets as at 31 July	25
Consolidated Statement of Cash Flows	26
Notes to the Accounts	27
Independent Reporting Accountant's Report on Regularity to the Governing Body of Ealing, Hammersmith & West London College and The Secretary of for Education Acting Through the Skills Funding Agency	47

Report of the Governing Body

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2016.

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 purposes of Part 3 of the Charities Act 2011.

Mission, Vision and Values

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.

Public Benefit

Ealing, Hammersmith & West London College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 12 - 13.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

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.

Implementation of strategic plan

The College adopted a strategic plan for the period 1 August 2015 to 31 July 2016. This strategic plan includes property and financial plans. The Governing Body monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's continuing strategic objectives are to:

- Creating an outstanding learning experience
- Effective strategic partnerships
- Innovation, creativity leading to greater effectiveness for learning
- Sustaining financial stability
- Workforce Development
- Future proofing, sustaining and growing the market share

The College is on target for achieving these objectives.

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

Performance Indicators

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Skills Funding Agency. The College is assessed by the Skills Funding Agency as having a "Satisfactory" financial health grading.

FINANCIAL POSITION

Financial results

The College generated a £5,251k surplus before other gains and losses in the year of £5,778k (2014/15 – operating deficit of £5,478k) pre FRS 102 or £5,251K after FRS 102 with total income of £41,100k, (2014/15 - £45,645k). The total comprehensive income in 2015/16 is stated after accounting for the disposal of the Acton Campus.

The College has accumulated reserves of £28.4 million and cash and short term investment balances of £23 million. The College wishes to continue to accumulate reserves and cash balances in order to create to invest in staffing and resources.

Tangible fixed asset additions during the year amounted to £927k. The College also disposed of two sites the cost of which was £27m as reflected in the fixed assets schedule.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Governing Body and shall comply with the requirements of the Financial Memorandum.

Cash flows and liquidity

At £21.6 million (2014/15 £1.6 million), net cash flow was strong. The net cashflow primarily resulted from the sale of Havelock Road and Acton Campus for £28.4 million.

Accommodation Strategy

The College is implementing the accommodation strategy that has been approved by the Governing Body in July 2016

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE TO RESOURCES

Student numbers

In 2015/16 the College has delivered activity that has produced £32,209k in funding body main allocation funding (2014/15 – £34,257k). The College had approximately 12,283 funded and 5,504 non-funded students.

Student achievements

Students continue to prosper at the College. Achievement rates rose in 2015/16 to 85.3 per cent from 77.5 per cent in 14/15

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2015 to 31 July 2016, the College paid 85 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

RESOURCES:

Financial

The College has £28.3 million of net assets (including £28.0 million pension liability) and long term debt of £11 million.

People

The College employs 498 people (expressed as full time equivalents), of whom 244 are teaching staff.

Accommodation

The College is implementing its accommodation strategy in 2016-17.

Reputation

Maintaining a quality brand is essential for the College's success at attracting students and external relationships. The College invests in strategies to maintain a good reputation.

PRINCIPAL RISKS AND UNCERTAINTIES:

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

The principal risk factors that may affect the College are funding and Ofsted. Not all the factors are within the College's control.

Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and through HEFCE. In 2015/16, 71% of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

1 Tuition fee policy

Ministers have confirmed that the fee assumption remains at 50%. In line with the majority of other colleges, Ealing Hammersmith and West London College will seek to increase tuition fees in accordance with the fee assumptions. The risk for the College is that demand falls off as fees increase. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students
- Close monitoring of the demand for courses as prices change

2 Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, Ealing Hammersmith and West London College has many stakeholders. These include:

- Students;
- Education sector funding bodies;
- Staff;
- FE Commissioner;
- Local employers
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

Equal opportunities

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy is published on the College's Intranet site.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College has achieved accreditation to the Committed to Equality (C2E) standard at the gold (highest) level. The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

- a) As part of its accommodation strategy the College updated its access audit.
- b) The College has appointed an Access Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
- d) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

- f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

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 14 December 2016 and signed on its behalf by:



Tony Alderman
Chair of the Governing Body

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. This statement covers the period from 1st August 2015 to 31st July 2016 and up to the date of approval of the annual report and financial statements

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
- iii. having due regard to the UK Corporate Governance Code 2014 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 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 the Governors, the College complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2016. 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 full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted at the Board meeting on 14 July 2015.

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.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

The Governing Body

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

Members of the Governing Body 1 August 2015 up to and including 31 July 2016

Name	Date of Appointment	Term of Office	Date of resignation	Status of appointment	Committees Served	Attendance* Attendance at Governing Body meetings: Number attended / meetings eligible
Tony Alderman	23/10/2014	23/10/2017		Independent member	Governing Body Meeting Finance & General Purposes Remuneration Search & Development Task and Finish	3 of 4 4 of 5 1 of 2 2 of 4 3 of 3
Garry Phillips	01/07/2014			CEO / Principal	Governing Body Meeting Finance & General Purposes Quality & Performance Search & Development Remuneration Task and Finish	4 of 4 5 of 5 6 of 6 3 of 4 2 of 2 3 of 3
Heather Clay	27/03/2014	31/03/2017		Independent member	Governing Body Meeting Quality & Performance Remuneration Task and Finish	4 of 4 6 of 6 2 of 2 3 of 3
Julia Clements-Elliott	01/01/14	01/01/2017		Independent member	Governing Body Meeting Audit Search & Development Remuneration Task and Finish	4 of 4 3 of 3 4 of 4 2 of 2 2 of 3
Jim Conybeare-Cross	31/07/2016	31/07/2019		Independent member	Governing Body Meeting Finance and General Purposes Remuneration Task and Finish	3 of 4 4 of 5 2 of 2 1 of 3
Adrian Asuquo	2014/2015	2015/2016	12/07/2016	Student	Governing Body Meeting Quality and Performance Search and Development	3 of 4 5 of 6 2 of 4
Richard De St Croix	01/09/13	31/07/2016	31/07/2016	Staff member	Governing Body Meeting Quality & Performance	2 of 4 5 of 6
Joanne Fintzen	26/03/2015	26/03/2018		Independent member	Governing Body Finance and General Purposes	3 of 4 5 of 5
Lisa Huggins-Chan	27/03/2014	27/03/2017	01/02/2016	Independent member	Governing Body Meeting Quality & Performance	2 of 4 1 of 6
Sundee Sangha	26/03/15	26/03/2018	As of 15 /06/2016 her membership is stopped for 6 months	Independent member	Governing Body Meeting Audit Search and Development	1 of 4 3 of 3 1 of 4
Nicci Golland	01/03/2016	28/02/2019		Staff member	Governing Body Meeting Quality and Performance	1 of 4 4 of 6
Hassan Rizvi	01/03/2016	28/02/2019		Staff member	Governing Body Meeting Quality and Performance	2 of 4 4 of 6
Lucy Taylor	14/07/2015	14/07/2018		Independent member	Governing Body Meeting Finance and General Purposes Task and Finish	3 of 4 1 of 5 1 of 3
Michael Heanue	14/07/2015	14/07/2018		Independent member	Governing Body Meeting Quality & Performance	3 of 4 4 of 6
Nick Ratcliffe	23/09/2014	23/09/2018		Independent member	Governing Body Meeting Audit	4 of 4 3 of 3
John Jeffcock	15/03/2016	15/03/2019		Independent member	Governing Body Meeting Finance and General Purposes	1 of 4 1 of 5

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

Name	Date of Appointment	Term of Office	Date of resignation	Status of appointment	Committees Served	Attendance* Attendance at Governing Body meetings: Number attended / meetings eligible
Juliet Fallowfield	12/07/2016	12/07/2019		Independent member	Governing Body Meeting Quality and Performance	1 of 4 1 of 6
Martha McBrier	01/03/2016	1/03/2019	15/07/2016	Co-opted member	Search and Development:	3 of 4
Jonathan Grant	23/09/2014	23/09/2017		Co-opted member	Audit	3 of 3
Keith Scribbins acts as Clerk to the Governing Body.						

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

The Governing Body is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Governing Body meets at least once a term and in 2015 - 2016 met four 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, Curriculum Quality and Performance Monitoring and Task and Finish Group. Full minutes of all meetings, except those deemed to be confidential by the Governing Body, are available on the College's website at <http://www.wlc.ac.uk> or from the Clerk to the Governing Body at:

Ealing, Hammersmith & West London College
Hammersmith & Fulham College
Gliddon Road
Barons Court
London
W14 9BL

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

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 Governing Body, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Governing Body as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis.

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

Appointments to the Governing Body

Any new appointments to the Governing Body are a matter for the consideration of the Governing Body as a whole. The Governing Body has a Search and Development Committee, consisting of three members of the Governing Body, which is responsible for the selection and nomination of any new member for the Governing Body's consideration. The Governing Body is responsible for ensuring that appropriate training is provided as required.

Members of the Governing Body are appointed for a term of office normally of three years, not exceeding four years.

GOVERNING BODY PERFORMANCE

Remuneration Committee

Throughout the year ending 31 July 2016 the College's Remuneration Committee comprised five members of the Governing Body. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel. The Remuneration Committee meets at least once a year; in 2015-16 it met twice.

Details of remuneration for the year ended 31 July 2016 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises three members of the Governing Body (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Governing Body.

The Audit Committee meets on a termly basis; in 2015-16 it met three times, and provides a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented. The Principal and senior managers attend the meetings as necessary; they are not members of the committee.

The Audit Committee also advises the Governing Body on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Governing Body.

Finance & General Purposes Committee

The Finance & General Purposes Committee meets at least once a term; in 2015-16 it met five 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,

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

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.

Quality and Performance Monitoring Committee

The Quality and Performance Committee meets at least once a term; in 2015-16 it met six times. It advises the Governing Body on the framework for the College's quality assurances processes and reporting structures; and monitors performance against targets.

Task and Finish Group

The Task and Finish Group meets as deemed necessary; in 2015-16 it met three times. The general purpose of the Group is to provide to the Chair of the Governing Body and the Principal and Chief Executive advice on strategic matters, within the remit of the Governing Body, on an as and when basis between meetings of the Governing Body. The Group is expected to supplement the work of the Committees and to provide a rapid response to challenges facing the College particularly those connected with financial stability, good quality outcomes and a sustainable future

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 to the Principal in the Financial Memorandum between Ealing, Hammersmith & West London College and the funding bodies. 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 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 ended 31 July 2016 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 period ending 31 July 2016 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. Ealing, Hammersmith & West London College has appointed an internal audit service for the year ended 31st July 2016.

Review of effectiveness

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

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, 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 Governing Body'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

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

degree of assurance and not merely reporting by exception. At its October 2016 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2016.

Based on the advice of the Audit Committee and the Accounting Officer, the Governing Body is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled 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"*.

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, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Governing Body on 14 December 2016 and signed on its behalf by:



Tony Alderman
Chair of the Governing Body



Garry Phillips
Accounting Officer

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

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

We confirm, on behalf of the Governing Body, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Skills Funding Agency's terms and conditions of funding under the College's financial memorandum

We 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.



Garry Phillips
Accounting Officer
Date



Tony Alderman
Chair of Governors
Date

Statement of 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 Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2015 to 2016* 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 apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Governing Body is also required to prepare a Report of the Governing Body 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 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 the Skills Funding Agency are not put at risk.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

Approved by order of the members of the Governing Body on 14 December 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Tony Alderman', with a stylized flourish at the end.

Tony Alderman
Chair of the Governing Body

Independent Auditor's Report to The Governing Body of Ealing, Hammersmith & West London College

We have audited the Consolidated and College financial statements (the "financial statements") which comprise the Consolidated and College Statement of Comprehensive Income, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement, and the Consolidated and College Statement of Changes in Reserves 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Governing Body, as a body, in accordance with the Financial Memorandum published by the Skills Funding Agency and our engagement letter dated 18 November 2015. Our audit work has been undertaken so that we might state to the Governing Body, as a body, those matters we are required under our engagement letter dated 18 November 2015 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 Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Governing Body of Ealing, Hammersmith & West London College and Auditor

As explained more fully in the Statement of the Governing Body's Responsibilities set out on pages 19 to 20, the Governing Body 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 18 November 2015, 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 2016 and of the Group's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the 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
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Hampshire
SO53 3TY

Dated: 20/12/16

Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 July 2016		Year ended 31 July 2015 Restated	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	32,209	32,209	34,257	34,257
Tuition fees and education contracts	3	7,794	7,794	9,824	9,824
Other grants and contracts	4	361	361	395	395
Other Income	5	687	687	1,158	1,158
Investment income	6	49	49	11	11
Total income		41,100	41,100	45,645	45,645
EXPENDITURE					
Staff costs	7	24,711	24,711	31,044	31,044
Fundamental restructuring costs	7	2,334	2,334	2,578	2,578
Other operating expenses	8	12,726	12,726	14,402	14,402
Depreciation	10	1,817	1,817	2,555	2,555
Interest and other finance costs	9	972	972	528	528
Total expenditure		42,560	42,560	51,107	51,107
Deficit before other gains and losses		(1,460)	(1,460)	(5,372)	(5,372)
Profit on disposal of assets	10	7,198	7,198	-	-
Surplus/(Deficit) for the year		5,734	5,734	(5,372)	(5,372)
Actuarial loss in respect of pensions schemes	21	(9,866)	(9,866)	(1,023)	(1,023)
Total Comprehensive Income for the year		(4,132)	(4,132)	(6,395)	(6,395)

These accounts do not reflect any restricted funds and only reflect relevant disclosure in the primary statements

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account £'000	Pension Reserve £'000	Revaluation reserve £'000	Total £'000
Group				
Restated Balance at 1st August 2014	23,007	(15,216)	31,098	38,889
Deficit from the income and expenditure account	(3,506)	(1,866)	-	(5,372)
Other comprehensive income	(1,023)	-	-	(1,023)
Transfers between revaluation and income and expenditure reserves	634	-	(634)	-
Balance at 31st July 2015	19,112	(17,082)	30,464	32,494
Surplus from the income and expenditure account	5,734	-	-	5,734
Sale of asset	5,248	-	(5,248)	-
Other comprehensive income	1,084	(10,950)	-	(9,866)
Transfers between revaluation and income and expenditure reserves	514	-	(514)	-
Total comprehensive income for the year	12,580	(10,950)	(5,762)	(4,132)
Balance at 31 July 2016	31,692	(28,032)	24,702	28,362

Balance sheets as at 31 July 2016

	Notes	Group	College	Group Restated	College
		2016 £'000	2016 £'000	2015 £'000	2015 £'000
Non current assets					
Tangible Fixed assets	10	52,572	52,572	74,861	74,861
Investment		-	-	-	-
		52,572	52,572	74,861	74,861
Current assets					
Debtors	11	1,104	1,104	1,765	1,765
Cash and cash equivalents	16	23,267	23,267	1,673	1,673
		24,371	24,371	3,439	3,439
Less: Creditors – amounts falling due within one year	12	(7,714)	(7,714)	(11,921)	(11,921)
Net current assets/ (Liabilities)		16,657	16,657	(8,482)	(8,482)
Total assets less current liabilities		69,229	69,229	66,379	66,379
Creditors – amounts falling due after more than one year	13	(11,298)	(11,298)	(15,324)	(15,324)
Provisions					
Defined benefit obligations	15	(1,537)	(1,537)	(1,479)	(1,479)
Other provisions	15	(28,032)	(28,032)	(17,082)	(17,082)
Total net assets		28,362	28,362	32,494	32,494
Unrestricted Reserves					
Income and expenditure account		31,692	31,692	19,112	19,112
Pension Liability		(28,032)	(28,032)	(17,082)	(17,082)
Income and expenditure including Pension Liability		3,660	3,660	2,030	2,030
Revaluation reserve		24,702	24,702	30,464	30,464
Total unrestricted reserves		28,362	28,362	32,494	32,494

The financial statements on pages 23 to 44 were approved and authorised for issue by the Governing Body on 14th December 2016 and were signed on its behalf on that date by:



Tony Alderman
Chair



Garry Phillips
Accounting Officer

Consolidated Statement of Cash Flows

	Notes	2016 £'000	Restated 2015 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		5,734	(5,478)
Adjustment for non-cash items			
Depreciation		1,817	2,550
Deferred capital grants released to income		(988)	(229)
Capital Grant Property release		(2,641)	-
FRS102 net pension contribution		(1,318)	-
Decrease in debtors		661	356
Increase/(decrease) in creditors due within one year		(4,227)	2,316
Increase/(decrease) in creditors due after one year		(54)	-
Increase/(decrease) in provisions		58	(16)
Pensions costs less contributions payable			
FRS102 pension cost less contributions payable		686	227
FRS102 pension finance income		1,716	42
Taxation			
Adjustment for investing or financing activities			
Investment income			
Interest payable		345	300
Interest receivable		(49)	(11)
Profit on sale of fixed assets		(7,198)	-
Net cash flow from operating activities		<u>(5,548)</u>	<u>57</u>
Cash flows from investing activities			
Proceeds from sale of fixed assets		28,597	-
Payments made to acquire fixed assets		(927)	(721)
		<u>27,670</u>	<u>(721)</u>
Cash flows from financing activities			
Interest paid		(345)	(289)
Interest received		49	-
Repayments of amounts borrowed		(322)	(1,116)
		<u>(618)</u>	<u>(1,405)</u>
Increase / (decrease) in cash and cash equivalents in the year		<u>21,594</u>	<u>(2,069)</u>
Cash and cash equivalents at beginning of the year	16	1,673	3,742
Cash and cash equivalents at end of the year	16	23,267	1,673

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

The following accounting policies have been applied consistently in dealing with items which are considered material in relation 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 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2015 to 2016* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Transition to the 2015 FE HE SORP

The College is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 ‘Transition to this FRS’.

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 24.

The 2015 FE HE SORP requires colleges to prepare a single statement of comprehensive income, and not the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change in accounting policy from the previous period where separate statements for the Income and Expenditure account and for the Statement of Total Recognised Gains and Losses were presented.

The application of first time adoption allows certain exemptions from the full requirements of the FRS 102 and the 2015 FE HE SORP in the transition period. The following exemptions have been taken in these financial statements:

- Revaluation as deemed cost – at 1st August 2014, the College has retained the carrying values of freehold properties as being deemed cost and measured at fair value
- Lease incentives – the College has continued to recognise the residual benefits associated with lease incentives on the same basis as that applied at the date of transition
- The College has taken advantage of the exemptions provided in FRS 102 1.12 and the 2015 FE HE SORP 3.3, and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statement of

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

Cash Flows, and the College balance sheet discloses cash at both the current and preceding reporting dates.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Report of the Governing Body. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College currently has £3.6 million of loans outstanding with bankers.

Accordingly 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.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured 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 following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

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

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. 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 pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. 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 plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Short term Employment benefits

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

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 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.

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- Buildings – 50 years

Freehold land is not depreciated.

Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the statement of comprehensive income over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993, as deemed cost but not to adopt on policy of revaluation of properties in the future.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- | | |
|------------------------------------|------------|
| • Building improvements | 7-13 years |
| • motor vehicles | 4 years |
| • computer equipment | 4 years |
| • furniture, fixtures and fittings | 4 years |

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements. Please refer to investment note 6.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Provisions and contingent liabilities

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.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants

	Year ended 31 July		Year ended 31 July	
	2016 Group £'000	2016 College £'000	2015 Group £'000	2015 College £'000
Recurrent grants				
Skills Funding Agency	12,907	12,907	17,140	17,140
Education Funding Agency	15,597	15,597	16,812	16,812
Higher Education Funding Council	76	76	76	76
Specific grants				
Releases of government capital grants	3,629	3,629	229	229
Total	32,209	32,209	34,257	34,257

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	3,750	3,750	5,475	5,475
Fees for FE loan supported courses	648	648	869	869
Fees for HE loan supported courses	1,164	1,164	743	743
International students fees	265	265	854	854
Total tuition fees	5,827	5,827	7,941	7,941
Education contracts	1,967	1,967	1,883	1,883
Total	7,794	7,794	9,824	9,824

4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
European Commission	361	361	395	395
Total	361	361	395	395

5 Other income

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	13	13	17	17
Other income generating activities	250	250	470	470
Other grant income	-	-	3	3
Miscellaneous income	424	424	668	668
Total	687	687	1,158	1,158

6 Investment income

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	49	49	11	11
Total	49	49	11	11

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

7 Staff costs – Group and College

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents, was:

	2016	2015
	No.	No.
Teaching staff	244	332
Non-teaching staff	254	309
	498	641

Staff costs for the above persons

	2016	2015
	£'000	£'000
Wages and salaries	16,323	21,651
Social security costs	1,425	1,723
Pension Cost	2,639	2,529

Payroll sub total	20,387	25,903
Contracted out staffing services	4,324	5,142

	24,711	31,044
Fundamental restructuring costs – Contractual	2,334	2,578

Total Staff costs	27,045	33,622
--------------------------	---------------	---------------

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the CEO, Executive Directors and Assistant Principals. Staff costs include compensation paid to key management personnel for loss of office.

Emoluments of Key management personnel, Accounting Officer and other higher paid staff

	2016	2015
	No.	No.
The number of key management personnel including the Accounting Officer was:	8	6

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2016	2015	2016	2015
	No.	No.	No.	No.
Up to £60,000	3	3	-	-
£80,001 to £90,000	1	1	-	-
£90,001 to £100,000	-	1	-	-
£110,001 to £120,000	3	-	-	-
£160,001 to £170,000	-	1	-	-
£190,001 to £200,000	1	-	-	-
	8	6	-	-

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

Key management personnel emoluments are made up as follows:

	2016	2015
	£'000	£'000
Salaries	966	761
Benefits in kind	-	-
National Insurance	122	86
Pension contributions	139	96
Total emoluments	1,227	943

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2016	2015
	£'000	£'000
Salaries	198	164
Benefits in kind	-	-
National Insurance	26	19
	224	183
Pension contributions	29	22
	253	205

8 Other operating expenses

	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	4,872	4,872	6,469	6,469
Non-teaching costs	4,501	4,501	3,953	3,953
Premises costs	3,353	3,353	3,980	3,980
Total	12,726	12,726	14,402	14,402

Other operating expenses include:

	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Auditors' remuneration:				
Financial statements audit*	33	33	32	32
Internal audit**	72	72	58	58
Teachers' Pension Audit	2	2	2	2
	107	107	92	92

9 Interest and other finance costs – Group and College

	2016	2015
	£'000	£'000
On bank loans, overdrafts and other loans:	345	300
Pension finance costs (note 19)	627	228
Total	972	528

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

10 Tangible fixed assets Group and College

	Land and buildings £'000	Equipment £'000	Computers £'000	Total £'000
Cost or valuation				
At 1 August 2015	107,551	3,775	5,016	116,342
Additions	557	115	255	927
Disposals	(26,586)	(270)	(1,911)	(28,767)
At 31 July 2016	81,522	3,620	3,360	88,502
Depreciation				
At 1 August 2015	34,215	3,348	3,918	41,481
Charge for the year	1,413	167	237	1,817
Elimination in respect of disposals	(5,871)	(198)	(1,300)	(7,368)
At 31 July 2016	29,757	3,317	2,855	35,930
Net book value at 31 July 2016	51,765	303	505	52,572
Net book value at 31 July 2015	73,336	427	1,098	74,861

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 £9,050,927 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 £7,700,000, 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.

11 Debtors

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Amounts falling due within one year:				
Trade receivables	481	481	765	765
Other Debtors	19	19	30	30
Prepayments and accrued income	604	604	970	970
Total	1,104	1,104	1,765	1,765

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

12 Creditors: amounts falling due within one year

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Bank loans and overdrafts	342	342	321	321
Trade creditors (payables)	469	469	1,492	1,492
Other taxation and social security	1,169	1,169	2,034	2,034
Accruals and deferred income	2,157	2,157	1,902	1,902
Payments received in advance	1,359	1,359	2,214	2,214
Amounts owed to the SFA	-	-	1,057	1,057
VAT Deferment Scheme	37	37	402	402
Employee benefit Accrual	1,193	1,193	1,511	1,511
Deferred Income – Government Capital Grant < 1 year	988	988	988	988
Total	7,714	7,714	11,921	11,921

13 Creditors: amounts falling due after one year

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Bank loans	3,235	3,235	3,578	3,578
VAT Deferment Scheme	-	-	54	54
Deferred Income – Government Capital Grant > 1 year	8,063	8,063	11,692	11,692
Total	11,298	11,298	15,324	15,324

14 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
In one year or less	342	342	321	321
Between one and two years	364	364	342	342
Between two and five years	1,239	1,239	1,164	1,164
In five years or more	1,632	1,632	2,071	2,071
Total	3,577	3,577	3,898	3,898

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%.

15 Provisions

	Enhanced pensions £'000	Group and College Defined Benefit Obligations £'000	Total £'000
At 1 August 2015	1,479	17,082	18,561
Expenditure in the period	58	10,950	11,008
Additions in period	-	-	-
At 31 July 2016	1,537	28,032	29,569

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

16 Cash and cash equivalents

	At 1 August 2015 £'000	Cash flows £'000	At 31 July 2016 £'000
Cash and cash equivalents	1,673	21,594	23,267
Total	1,673	21,594	23,267

17 Capital and other commitments

	Group and College 2016 £'000	2015 £'000
Commitments contracted for at 31 July	1,976	-
	1,976	-

18 Lease obligations

At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:

	Group and College 2016 £'000	2015 £'000
Other		
Not later than one year	32	-
Later than one year and not later than five years	87	-
	119	-

Part of Southall Community College has been leased to the DfE for a period of 50 years in 2016-17

19 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Hammersmith and Fulham Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Pensions Fund Authority Both are multi-employer defined-benefit plans.

	2016 £000	2015 £000
Total pension cost for the year		
Teachers' Pension Scheme: contributions paid	878	1,454
Local Government Pension Scheme:		
Contributions paid	1,318	1,712
FRS 102-(28) charge	398	-
Charge to the Statement of Comprehensive Income	1,716	3,166
Enhanced pension charge to Statement of Comprehensive Income	-	(17)
Total Pension Cost for Year within staff costs	2,594	3,149

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

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.

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 are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- 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.

The new employer contribution rate for the TPS was 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 commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £878k (2015: £1,454)

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Hammersmith and Fulham Local Authority. The total contributions made for the year ended 31 July 2016 were £1,721k of which employer's contributions totalled £1,318k and employees' contributions totalled £403k. The agreed contribution rates for future years are 15.2% for employers and range from 5.5% to 7.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified independent actuary.

	At 31 July 2016	At 31 July 2015
Rate of increase in salaries	4.00%	4.40%
Future pensions increases	2.20%	2.60%
Discount rate for scheme liabilities	2.60%	3.80%
Inflation assumption (CPI)	2.2%	2.6%

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

	At 31 July 2016 years	At 31 July 2015 years
<i>Retiring today</i>		
Males	21.8	21.7
Females	25.4	25.3
<i>Retiring in 20 years</i>		
Males	24.2	24.1
Females	27.7	27.6

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

The College's share of the assets in the plan at the balance sheet date and the expected rates of return were:

	Long-term rate of return expected at 31 July 2016	At 31 July 2016	Long-term rate of return expected at 31 July 2015	At 31 July 2015
Equity instruments	51.00%	21,776	44.00%	17,307
LDI/Cashflow matching	9.00%	3,698	14.00%	5,660
Target return portfolio	24.00%	10,291	19.00%	7,605
Alternative Assets/Infrastructure/ Property	7.00%	2,990	5.00%	2,102
Commodities	1.00%	226	0.00%	176
Property	4.00%	1,582	3.00%	1,229
Cash	4.00%	1,761	13.00%	5,053
Total		42,324		39,132

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	2016 £'000	2015 £'000
Fair value of plan assets	42,324	39,132
Present value of plan liabilities	(70,331)	(56,189)
Present value of unfunded liabilities	(25)	(25)
Net pensions liability (Note 15)	(28,032)	(17,082)

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2016 £'000	2015 £'000
Amounts included in staff costs		
Current service cost	1,565	1,668
Past service cost, including curtailments	151	125
Administration Expense		
Total	1,716	1,793

Amounts included in investment income

Net interest income	627	566
	627	566

Amount recognised in Other Comprehensive Income

Administration Expenses	59	50
Amount recognised in Other Comprehensive Income	59	50

Loss (profit)

	2,402	(918)
--	--------------	--------------

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

Reconciliation of opening and closing balances of the fair value of the defined benefits obligation

	2016	2015
	£'000	£'000
Net defined benefit (liability)/asset in scheme at 1 August	56,214	48,632
Movement in year:		
Current service cost	1,565	1,668
Interest Cost	2,135	2,080
Change in financial assumptions	10,471	4,411
Estimated benefits paid net of transfers in	(581)	(1,180)
Past service costs, including curtailments	151	125
Contributions by Scheme participants and other employers	403	480
Net interest on the defined (liability)/asset		
Unfunded pension payments	(2)	(2)
Defined benefit obligation	70,356	56,214

20 Reconciliation of opening & Closing balances of the fair value of Fund assets

	Year to 31 July 2016 £'000	Year to 31 July 2015 £'000 had FRS102 applied	Year to 31 July 2015 £'000 Disclosed
Opening fair value of Fund assets	39,132	33,416	33,416
Expected return on Fund assets	-	-	2,038
Interest on assets	1,508	1,514	-
Return on assets less interest	605	186	-
Other actuarial gains/(losses)	-	-	-
Total actuarial gains/(losses)	-	-	(388)
Administration expenses	(59)	(50)	-
Contributions by employer including unfunded	1,318	1,441	1,441
Contributions by Scheme participants and other employers	403	480	480
Estimated benefits paid plus unfunded net of transfers in	(583)	(1,182)	(1,182)
Settlement prices received / (paid)	-	3,327	3,327
Closing fair value of Fund assets	42,324	39,132	39,132
Expected return on Fund assets			39,312

The total return on the fund assets for the year to 31 July 2016 is £2,113,000

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

21 Defined liability

	Year to 31 July 2016 £'000	Year to 31 July 2015 £'000 had FRS102 applied
Return of Fund assets in excess of interest	605	186
Other actuarial gains/(losses) on assets	-	-
Change in financial assumptions	(10,471)	(4,411)
Change in demographic assumptions	-	-
Experience gain/(loss) on defined benefits obligation	-	-
Changes in effect of asset ceiling	-	-
Re-measurement of the net assets / (defined liability)	<u>(9,866)</u>	<u>(4,225)</u>

Statement of recognised gains and losses

	Year to 31 July 2015 £'000 disclosed
Actual return less expected return on Fund assets	(388)
Experience gains and losses	-
Changes in assumptions underlying the present value of the Fund liabilities	(4,411)
Actual gains (losses) in Fund	(4,799)
Increase (decrease) in irrecoverable surplus	-
Actual gains (losses) recognized in STRGL	<u>(4,799)</u>

22 Related party transactions

Owing to the nature of the College's operations and the composition of the board of governors 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 board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. There has been governor compensation during the year.

**23 Amounts disbursed as agent
Learner support funds**

	2016 £'000	2015 £'000
Funding body grants – bursary support	1,516	677
Funding body grants – discretionary learner support	602	1,518
Funding body grants – residential bursaries	-	-
Other Funding body grants	-	-
Interest earned	-	-
	<u>2,118</u>	<u>2,195</u>
Disbursed to students	(1,394)	(1,523)
Administration costs	(88)	(95)
Balance unspent as at 31 July, included in creditors	<u>636</u>	<u>577</u>

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 Statement of Comprehensive Income.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

24 Transition to FRS 102 and the 2015 FE HE SORP

	Note	1 st August 2014		31st July 2015	
		Group £'000	College £'000	Group £'000	College £'000
Financial Position					
Total reserves under previous SORP		25,191	25,191	20,616	20,616
Employee leave accrual	(a)	(1,804)	(1,804)	(1,512)	(1,512)
Changes to measurement of net finance cost on defined benefit plans		-	-	-	-
Total effect of transition to FRS 102 and 2015 FE HE SORP		(1,804)	(1,804)	(1,512)	(1,512)
Total reserves under 2015 FE HE SORP		<u>23,387</u>	<u>23,387</u>	<u>19,104</u>	<u>19,104</u>

		Year ended 31 July 2015	
		Group £'000	College £'000
Financial performance			
Surplus for the year after tax under previous SORP		(5,690)	(5,690)
Release of non-government grants received	(b)	-	-
release of holiday pay	(b)	318	318
Pensions provision – actuarial loss			
Changes to measurement of net finance cost on defined benefit plans	(c)		
Total effect of transition to FRS 102 and 2015 FE HE SORP		<u>318</u>	<u>318</u>
Total comprehensive income for the year under 2015 FE HE SORP		<u>(5,372)</u>	<u>(5,372)</u>

a) Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31st August each year for both teaching and 31st March for non-teaching staff meaning that, at the reporting date, there was an average of 30 unused leave for teaching staff and 10 unused leave for non-teaching staff. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £1.8 million was recognised at 1 August 2014, and at 31 August 2015. Following a re-measurement exercise in 2015/16, the movement on this provision of £300k has been credited to Comprehensive Income in the year ended 31 July 2016.

b) Non-government grants accounted for under performance model

The College has previously been in receipt of certain capital grants from sources other than those classified as "government" under FRS 102 and the 2015 FE HE SORP. Under the previous UK GAAP and 2007 SORP, these were able to be capitalised and amortised over the remaining useful economic life of the relevant fixed assets. This accounting treatment is no longer available for non-government grants and the grants have therefore been accounted for under the performance model and treated as if they had been credited to Comprehensive Income immediately that the performance conditions had been met. A

corresponding adjustment has been made to the income recognised in the 2015 results that related to the annual amortisation of the capital grants involved.

c) Change in recognition of defined benefit plan finance costs

The net pension finance cost recognised in the Income and Expenditure account for the year ended 31st July 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income.

d) Presentation of actuarial gains and losses within Total Comprehensive Income

Actuarial gains and losses on the College's defined benefit plans were previously presented in the Statement of Total Recognised Gains and Losses (STRGL), a separate statement to the Income and Expenditure account. All such gains and losses are now required under FRS 102 to be presented within the Statement of Comprehensive Income, as movements in Other Comprehensive Income.

25 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 (2015 £150,000).

26 Post Balance Sheet events

No material post balance sheet events

27 Education Workforce Limited

In respect of the investment – there is a c£4 investment in Education Workforce Limited (previously Baron's Court Enterprises Limited).

28 Severance cost

Severance costs were approved in line with the College's redundancy policy and financial regulations.

29 Salary Sacrifice

There is no salary sacrifice arrangements in place.

30 Tax

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Independent Reporting Accountant's Report on Regularity to The Governing Body of Ealing, Hammersmith & West London College and The Secretary of for Education Acting Through The Skills Funding Agency

In accordance with the terms of our engagement letter dated 18 November 2015 and supplementary letter dated 23 November 2016 ('engagement letter') 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 2015 to 31 July 2016 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 Governing Body of Ealing, Hammersmith & West London College and the Secretary of State for Education 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 Governing Body of Ealing, Hammersmith & West London College and the Secretary of State for Education 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 governing body of Ealing, Hammersmith & West London College and the Secretary of State for Education acting through the Skills Funding Agency for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Ealing, Hammersmith & West London College and the reporting accountant

The governing body 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 2015 to 31 July 2016 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

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2016

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.

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

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 2015 to 31 July 2016 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
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Hampshire
SO53 3TY

Dated: 20/12/16