Ealing, Hammersmith & West London College

Report and Financial Statements

for year end 31 July 2018

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Executive Team and were represented by the following in 2017/18:

Garry Phillips	–	CEO; Accounting officer (left 08.07.18)
Graham Morley	–	Interim CEO and Accounting Officer (appointed 6.7.18, left 3.9.18)
Karen Redhead	–	CEO and Principal; Accounting Officer (appointed 3.9.18)
Janet Gardner	–	Executive Director (left 23.9.18)
Urmila Rasan	–	Executive Director Finance & Shared Services (left 31.3.18)
Raymond Shilling	–	Executive Director Planning and Business Development (left 05.01.18)

Board of Governors

A full list of Governors is given on page 15-16 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
25 Farringdon Street
London
EC4A 4AB

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

Report of the Governing Body

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31st July 2018.

Legal status

The Governing Body was established under the Further and Higher Education Act 1992 for the purpose of conducting Ealing, Hammersmith and West London College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission, Vision and Values

Mission:

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

Visions:

- Further Education: The leading college for enterprise, progression and employment.
- Higher Education: The leading provider of technical/vocational and academic education which is sector-relevant, flexible and affordable.
- Apprenticeships and Employer Engagement: A local, regional and national provider of apprenticeships and skills training.
- Schools: To provide a sound and robust high quality academic and technical education to pupils.
- International: The leading College for international 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 following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 15-16.

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
- Links with local enterprise partnerships (LEPs)

Current Mission, Vision, Values and Strategic Objectives

The College does not currently have a strategic plan; however, it does have a mission statement, vision statements, corporate values and high-level strategic objectives which are as follows:

Mission:

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

Vision Statements:

- **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.

Corporate Values:

- **Excellence:**
  Relentless drive for excellence in all that we do.
- **Ambition:**
  Supporting innovation and creativity, and seeking opportunities to enhance all aspects of the College business
- **Focus:**
  We are professional and purposeful, working towards our shared strategic goals ensuring we contribute to the wider social and economic environment.
- **Accountability:**
  Taking personal responsibility for finding solutions

- **Inclusion:**
  We are open, welcoming and supportive. Our commitment to equality and diversity underpins everything we do.
- **Integrity:**
  We work to uphold our values in our planning and decision-making, our teaching and learning, our actions and relationships. We aim to be fair, open, honest and accountable to the communities we serve and to treat all with respect.

Strategic Objectives:

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

Strategic Review

The current strategic objectives are in need of review, not least because the staff and managers associate them with past failures. A new strategic plan will be developed in early spring 2019, led by the CEO / Principal in close partnership with the Board and in conjunction with other key internal and external stakeholders. Accompanying this new plan will be a refresh of mission, vision, corporate values, strategic objectives, KPIs and an accompanying and robust risk register. The plan will seek to serve the College into the future, supporting the rapid change needed to re-establish the College not only a financially sustainable organisation but one that can flourish and thrive.

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:

Performance Indicator	Target	Outcome
Learner achievement rates	91.3%	91.5%
Achievement of AEB funding target	100%	94%
EBITDA Education specific	£(84,000)	£(8,112,000)
Staffing costs as a % of income (excluding subcontracted income)	70.3%	89.5%
Liquidity and Borrowing ratios (borrowing as a % of income)	9.51%	9.73%
Staff utilisation	98%	Not known
Cash days in hand	82.1	6.29

The College is assessed by the Education and Skills Funding Agency ("ESFA") as having an "Inadequate" financial health grading (2016/17: Financial Health grading was "Satisfactory").

FINANCIAL POSITION

Financial results

The College incurred a £10,874k deficit before an in-year impairment of assets charge of £2,001k (2016/17 – deficit of £2,621k), with total income of £30.5 million in 2017/18 (2016/17 - £34.6 million). The biggest single cause for the reduction in income from £34.6 million in 2016/17 to £30.5 million in 2017/18 was a known drop of 450 in student numbers which accounted for a £2.3m decrease in lagged 16-19 funding. The College achieved 94% of its Adult Education Budget contract, resulting in a shortfall of £0.7m. Apprenticeship income fell by £0.4m.

The College has accumulated reserves of £9,542k with cash and short term investment balances of £0.5 million. It has a loan with Barclays that is secured on the Ealing campus. The balance outstanding at 31st July 2018 was £2.9m. Quarterly capital repayments with interest at an interest rate of 8.28% will end on September 2024.

Following Board approval in December 2018 for the Hammersmith site redevelopment project to proceed to a smaller but broadly similar scope and design to that originally planned, the College impaired the remainder of the Hammersmith site in preparation for the planned new build. The shortfalls between the carrying value of the fixed assets and their recoverable amounts were recognised as impairments, and amounted to £4.4m as reflected in the fixed assets schedule, being £3.9m for Freehold Land and Buildings and £0.5m for Equipment.

At the current time there are 3 principal uncertainties regarding the viability of the Hammersmith Development and its ultimate completion. There is uncertainty over the availability of sufficient funding. The planning application has not yet been submitted, so there is uncertainty as to whether planning permission will be granted. There is also an application to Historic England to list the Hammersmith campus. No decision has yet been made. The College is however satisfied that the project will proceed.

Tangible fixed asset additions during the year amounted to £1,494k.

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

There was a net cash outflow of £11.1m. £4.7m relates to further investment in the Hammersmith & Fulham project, and there was capital expenditure of £1.5m. The balance of £4.9m is the net operating cash outflow, including £0.75m in capital and interest repayments on the College's bank loan, caused by the failure to adequately align the cost base with the decrease in income. (In 2016/17 there was a net cash outflow of £11.6 million). Robust actions to drive down costs are now being implemented. The financial recovery plan will detail how the College will achieve its target to deliver a neutral operating cash performance in 2019/20.

Reserves Policy

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of the organisation, and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve, excluding the pension deficit reserve, stands at £14.9 million (2016/2017: £25.5 million).

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE TO RESOURCES

Future prospects

The College will implement a robust plan during 2018/19 to reduce its cost base to bring it into alignment with the reduced income level. There are clear opportunities for growth through improving relationships with key stakeholders, including local employers, local authorities, and government agencies. The College will focus on supporting these stakeholders to address local skills gaps and barriers to employment faced by some members of the local community.

However, over the next 18 months the College will drive down its costs to a level that is consistent with sector norms, allowing it to generate net operating cash in 2020/21 and operating surpluses.

The College has agreed an Exceptional Financial Support facility up to March 2019 with the ESFA of £8.5m. It plans to repay the EFS in full before December 2019 through an asset sale that was approved, as part of a new holistic Estates Strategy, by the Board in December 2018. The asset sale will also generate sufficient receipts to satisfy the College's working capital requirements which, when combined with the planned efficiency measures, will allow the College to remain financially viable in the long term.

The approved new Estates Strategy also proposed a modification to the size of the Hammersmith site redevelopment project. The design and scope are largely unchanged but the size of the new college building will be smaller than originally planned.

Student numbers

In 2017/18 the College has delivered activity that has produced £22.1 million in funding body main allocation funding (2016/17 – £26.1 million). The College had approximately 13,265 funded and 2,520 non-funded students (2016/17 – 13,240 funded and 4,606 non-funded students)

Student achievements

Students continue to prosper at the College. Achievement rates rose in 2017/18 to 91.5% from 91.2% in 2016/17.

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 1st August 2017 to 31st July 2018, the College paid 88 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

EVENTS AFTER THE REPORTING PERIOD

In August 2018 the College was placed into the FE Commissioner-led formal intervention process due to concerns over a further deterioration in its financial health, combined with significant changes during the previous year in its key management personnel. The assessment report for August 2018 highlighted serious concerns over governance, and the executive leadership of the College in relation to delivering an appropriate property strategy and securing overall financial sustainability. It recommended that the College should be placed in administered status.

This was followed by a refreshed Financial Notice of Concern for Financial Health from the ESFA. The College has agreed an Exceptional Financial Support facility up to March 2019 with the ESFA of £8.5m. It is maintaining excellent, close working relationships with its key stakeholders, which include the ESFA and Barclays, who all continue to retain high levels of confidence in the new College leadership team.

The College is preparing a financial recovery plan that will address all these issues.

The College has received an offer for the sale of Hanson Gardens, which is a piece of land it owns at Southall. The sale has been approved by the Board and the land will be sold in early 2019.

The Board approved the new Estates Strategy in December 2018, which included a proposal to proceed with a smaller scale redevelopment of the Hammersmith site, and a proposal to sell land that will realise a sufficiently high receipt to repay the EFS and provide the working capital to fully implement the necessary efficiency measures that will secure the College's long-term future.

RESOURCES:

Financial

The College has £9,542k of net assets (including £18.9 million pension liability) and long term debt of £9 million.

People

The College employs 353 people (expressed as full time equivalents), of whom 141 are teaching staff.

Estate

The College has completed a new holistic estates strategy, which reviews the efficiency of the 3 main sites at Hammersmith, Ealing and Southall, and the 2 new sites that became operational in September 2018 (Park Royal College and the West London Construction Academy). In July 2018 the Gateway project was paused until completion of the strategy.

Before a pause was put on progress with the project, the planning application was very close to completion and ready for submission.

The key considerations for the future of the project are space requirements and affordability. The College is not prepared to seek any loan facility to fund the project.

The Board approved the strategy in December 2018. The design and scope are largely unchanged but the size of the new college building will be smaller than originally planned, taking into account the considerations noted above relating to optimisation of space and affordability. The remainder of the building has been impaired and written off in readiness for demolition.

Reputation

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES:

The College has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

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.

The main risk factors affecting the College are outlined below along with the action taken to minimise them. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. Insolvency regime

The rules for the new college insolvency regime, resulting from the Technical and Further Education Act 2017, will take effect from the end of 2018. The current mechanism for providing Exceptional Financial Support to colleges will end in March 2019. It is not clear what will happen from April 2019 if the College requires additional support after this date. The College is working closely with the Education and Skills Funding Agency to ensure that the risks to the College are minimised.

2. Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and through HEFCE. In 2017/18, 74% 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.

3. Major Capital Redevelopment

In the year, the College has completed significant planning work on the redevelopment of the Hammersmith site which aims to provide a solution that provides a fit for purpose site for the future growth of the College, which provides an enhanced learning environment that is affordable and debt-free. The College has completed an estates Strategy that will ensure the estate is used to its maximum potential.

At the current time there are 3 principal uncertainties regarding the viability of the Hammersmith Development and its ultimate completion. There is uncertainty over the availability of sufficient funding. The planning application has not yet been submitted, so there is uncertainty as to whether planning permission will be granted. There is also an application to Historic England to list the Hammersmith campus. No decision has yet been made. The College is however satisfied that the project will proceed.

4. 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.

5. 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 income of the College.

This is risk is mitigated in the following 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.

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
- FE Commissioner
- Staff
- 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.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college.

Relevant union officials

Numbers of employees who were union officials during relevant period	FTE employee number
5	5

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1-50%	5
51-99%	0
100%	0

Percentage of pay bill spent on facility activities

Total cost of facility time	£40,000
Total pay bill	£19,171,000
Percentage of total bill spent on facility time	0.21%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time	0.18%

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. Experts in this field conducted a full access audit during 2008/09, and the results of this formed the basis of funding capital projects aimed at improving access.
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 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 13th February 2019 and signed on its behalf by:

A M Baird

Andrew Baird

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 2017 to 31st July 2018 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 2016 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 all the provisions of the Code, and it has complied throughout the year ended 31st July 2018. 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 14th July 2015.

Following a formal intervention assessment in August 2018, the FE Commissioner reported that governance urgently requires improvement. Governors had not had a clear and realistic assessment of the College's performance which had compromised their effectiveness and decision making. Board self-assessment, quality improvement and development will have to be addressed. Board members' skills will be reviewed and a strengthened Board will particularly require greater expertise in financial and property matters. The FE Commissioner recommended that the College be placed in administered status.

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.

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 1st August 2017 up to and including 31st July 2018 and up to the date of signing this report:

Name	Date of Appointment	Term of Office	Date term ended or resigned	Officer positions Committees Served Company Directorships	Attendance in 2017/18
Tony Alderman (Chair)	23/10/2017	23/10/2020	**20/09/2018**	Corporation (Chair) Remuneration (Chair) Search & Development Finance & General Purpose (formally Finance Task & Finish Group) Curriculum, Quality & Performance (formally Quality Task & Finish Group)	9 of 9 1 of 1 2 of 2 2of 2 2 of 2
Graham Morley (Interim Chief Executive)	06/07/2018		**03/09/2018**	Corporation	1 of 9
Garry Phillips (Chief Executive)	01/07/2014	8/07/2018	**8/07/2018**	Corporation Search & Development Finance & General Purpose (formally Finance Task & Finish Group) Curriculum, Quality & Performance (formally Quality Task & Finish Group)	8 of 9 2 of 2 2of 2 2 of 2
Karen Redhead	03/09/2018			Corporation Search & Development Finance & General Purpose (formally Finance Task & Finish Group) Curriculum, Quality & Performance (formally Quality Task & Finish Group)	
Heather Clay (Vice Chair)	27/03/2017	30/03/2020		Corporation Remuneration Curriculum, Quality & Performance (formally Quality Task & Finish Group) (Chair)	8 of 9 1 of 1 2 of 2
Julia Clements-Elliott	01/01/2017	31/12/2020	(Resigned Audit 01/02/2018)	Corporation Search & Development (Chair) Audit Remuneration	5 of 9 2 of 2 1 of 2 1 of 1
Adrian Asuquo	20/09/2016	20/09/2019		Corporation Search and Development Curriculum, Quality & Performance formally (Quality Task & Finish Group	8 of 9 2 of 2 1 of 2
Abhi Pandya – FE Student	22/11/2017	Academic Year	31/07/2018	Corporation Curriculum, Quality & Performance (formally Quality Task & Finish Group)	5 of 9 1 of 2
Divica Reid - HE Student	12/04/2018	Academic Year	31/07/2018	Corporation Curriculum, Quality & Performance	3 of 9 0 of 2
Sundeep Sangha	26/09/2018	26/09/2021		Corporation Audit	5 of 9 1 of 2
Cllr. Binda Rai	24/05/2017	24/05/2020		Corporation	5 of 9

Name	Date of Appointment	Term of Office	Date term ended or resigned	Officer positions Committees Served Company Directorships	Attendance in 2017/18
				Audit (Chair) Curriculum, Quality & Performance (formally Quality Task & Finish Group)	1 of 2 1 of 2
Callum Anderson	23/05/2018	22/05/2021		Corporation Audit	3 of 9 0 of 2
Ray S Hilditch	23/05/2018	22/05/2021		Corporation Audit	2 of 9 1 of 2
Denise Waldron (Support Staff Governor)	23/11/2016	23/11/2019		Corporation Finance & General Purpose (formally Finance Task & Finish Group)	8 of 9 1 of 2
Leila Elsibaie (Academic Staff Governor)	21/03/2018	21/03/2021		Corporation Curriculum, Quality & Performance (formally Quality Task & Finish Group)	2 of 4 0 of 0
Roslyn O'Garro (Academic Staff Governor)	21/03/2018	21/03/2021		Corporation Curriculum, Quality & Performance (formally Quality Task & Finish Group)	4 of 4 0 of 0
Rhea Basista (Academic Staff Governor)	21/03/2018	21/03/2021	5/09/2018	Corporation Curriculum, Quality & Performance (formally Quality Task & Finish Group)	1 of 9 0 of 2
Joanne Fintzen	26/03/2015	26/03/2018	26/03/2018	Corporation Audit	5 of 9 1 of 2
Michael Heanue	14/07/2015	14/07/2018	21/03/2018	Corporation Finance & General Purpose (formally Finance Task & Finish Group) (Chair) Curriculum, Quality & Performance (formally Quality Task & Finish Group)	7 of 9 1 of 2 2 of 2
John Jeffcock	15/03/2016	15/03/2019	21/12/2017	Corporation Audit	1 of 9 1 of 2
Jonathan Grant Co-optee	23/09/2014	23/09/2017	23/10/2017	Audit	0 of 2
Nicci Golland (Staff Governor)	01/03/2016	28/02/2019	13/09/2017	Corporation Curriculum, Quality & Performance (formally Quality Task & Finish Group)	0 of 9 0 of 0
Mr 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 2017 - 2018 met nine 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 and West London
Hammersmith and 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.

Governing Body performance

Remuneration Committee

Throughout the year ending 31 July 2018 the College's Remuneration Committee comprised four 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.

Details of remuneration for the year ended 31 July 2018 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee comprises eight members of the Governing Body. The Committee operates in accordance with written terms of reference approved by the Governing Body.

The Audit Committee met twice in 2017/18 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 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.

Task and Finish Groups

The Task and Finish Groups meets as deemed necessary; in 2017/18 it met two times. The general purpose of the Groups is to provide to the Chair of the Governing body and the Chief Executive advice on strategic matters, within the remit of the Governing Body, on a 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. There are two Task and Finish Groups.

Finance Task & Finish Group

The Finance Task & Finish Group meets as deemed necessary; in 2017-18 it met two times. It fulfils its main responsibilities including making recommendations to the Governing Body about the annual budget, monitoring performance in relation to the approved budget, the College companies, VAT, cash flow forecasts, investment policy, financial regulations. Under delegated authority from the Governing Body it approves the framework for terms and conditions for the College's staff except for senior post holders.

Quality Task and Finish Group

The Quality Task and Finish Group meets as deemed necessary; in 2017-18 it met two times. It advises the Governing Body on the framework for the College's quality assurances, processes and report structures; and monitors performance against targets.

Internal control

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to the CEO, 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 CEO is personally responsible, in accordance with the responsibilities assigned to the CEO in the Financial Memorandum between Ealing, Hammersmith and West London College and the funding bodies. The CEO is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Ealing, Hammersmith and West London College for the year ended 31 July 2018 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31st July 2018 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

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Governing Body on the recommendation of the audit committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. The CEO's 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/her 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 leadership 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 degree of assurance and not merely reporting by exception. At its next meeting which is planned for February 2019, the Governing Body will carry out the annual assessment for the year ended 31 July 2018 by considering documentation from the senior leadership team and internal audit, and taking account of events since 31 July 2018, in particular the recommendations of the FE Commissioner in relation to governance.

Based on the advice of the Audit Committee and the Accounting Officer, and the recommendations of the FE Commissioner, the Governing Body is of the opinion that the College does not have an adequate and effective framework for governance, risk management and control, and has not satisfactorily 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*". Significant progress to implement the FE Commissioner's recommendations relating to improvements in governance has already been made.

Going concern

The College currently has £2.9 million of loans outstanding with bankers. At year end the College breached the covenants with it3s bankers. the College has worked closely with its bankers to demonstrate that the College is able to operate The College's forecasts and financial projections indicate that it will be able to operate within the existing facilities and covenants for the foreseeable future. This has resulted in the bank waiving the covenant breaches for 2017/18.

The College has been placed in Administered status by the ESFA which enables ESFA to provide closer oversight and support. The College has prepared a financial recovery plan that details actions that will significantly reduce its cost base and identify how realistic revenue growth will be achieved.

The College has agreed an Exceptional Financial Support facility up to March 2019 with the ESFA of £8.5m that will provide sufficient working capital, when combined with the planned efficiency measures, to allow the College to remain financially viable in the long term. The College plans to repay the ESFA in full through an asset sale that was approved by the Board in December 2018, which is expected to occur in June 2019. There is an informal agreement between the College and the ESFA that repayment will not be sought until the sale proceeds have been received. The asset sale will also generate sufficient receipts to satisfy the College's working capital requirements. The College has received an offer for the sale of the asset and are in the process of finalising the sale terms with the purchaser.

The adoption of the going concern basis is dependent upon the capital receipt from the asset sale and the information agreement with the ESFA. The sale has not yet been confirmed. If the sale did not occur or if the sale was significantly delayed, the College would be unlikely to have sufficient cash reserves to pay liabilities as they fall due and so would not be considered as a going concern.

The College considers the likelihood of the asset sale occurring and the capital receipt being received in June 2019 to be high. 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.

Approved by order of the members of the Governing Body on 13th February 2019 and signed on its behalf by:

K Redhead

Andrew Baird
Chair of the Governing Body

Karen Redhead
Accounting Officer

Statement of Regularity, Propriety and Compliance

The Governing Body has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the college's financial memorandum. 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 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 ESFA.

K Redhead	
Karen Redhead	**Andrew Baird**
Accounting Officer	**Chair of the Governing Body**
13th February 2019	**13th February 2019**

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 College's Financial Memorandum the ESFA, 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 2017 to 2018 issued by the ESFA, 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 information about 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 ESFA are used only in accordance with the Financial Memorandum with the ESFA 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 ESFA are not put at risk.

Approved by order of the members of the Governing Body on 13th February 2019 and signed on its behalf by:

Andrew Baird
Chair of the Governing Body

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF EALING, HAMMERSMITH & WEST LONDON COLLEGE

Opinion

We have audited the financial statements of Ealing, Hammersmith & West London College (the "College") and its subsidiary (the "Group") for the year ended 31 July 2018 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2018 and of the Group's and the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to the disclosures made in the accounting policies in note 1 of these financial statements, concerning the College's and Group's ability to continue as a going concern. The College is currently in discussions to sell an asset, which are currently not finalised. This sale forms part of the College's plans to meet ongoing liabilities as and when they fall due. The repayment of a £8.5m facility from the ESFA is dependent upon the sale of the asset. There is an informal agreement between the ESFA and the College for the facility to only be repaid upon receipt of the asset sale proceeds. As stated in the notes to the financial statements, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the College's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter – uncertain outcome Hammersmith redevelopment project

We draw attention to note 1 of the financial statements which describes the uncertain outcome of the planned redevelopment of the Hammersmith site. The Corporation has approved the project and preliminary preparation works have commenced. The financial statements include an asset of £9.5m, representing the costs incurred on the project to date. A number of uncertainties exist over the viability of the project, including funding, planning permission and a possible legal restriction on the demolition of the existing building. The Corporation is committed to the project; however these factors could prevent the project from continuing, resulting in the project debtor being released as a cost in the income statement and the impairment charge on the Hammersmith building being reversed. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2017 to 2018 issued by the Education and Skills 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.

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

As explained more fully in the Statement of the Governing Body's Responsibilities [set out on pages 23 to 24, the Governing Body is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Governing Body, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 17 July 2017. Our audit work has been undertaken so that we might state to the Governing Body, as a body, those matters we are engaged 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.

RSM UK Audit LLP

RSM UK AUDIT LLP

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

Dated: 28 February 2019

Consolidated and College Statements of Comprehensive Income

	Notes	Year ended 31 July 2018		Year ended 31 July 2017	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	22,404	22,404	26,059	26,059
Tuition fees and education contracts	3	7,148	7,148	6,913	6,913
Other Income	4	925	925	1,558	1,558
Investment income	5	11	11	53	53
Total income		**30,488**	**30,488**	**34,583**	**34,583**
EXPENDITURE					
Staff costs	6	23,875	23,875	23,948	23,948
Restructuring costs	6	323	323	732	732
Other operating expenses	7	14,818	14,818	9,912	9,912
Depreciation	10	1,405	1,405	1,575	1,575
Interest and other finance costs	8	941	941	1,037	1,037
Total expenditure		**41,362**	**41,362**	**37,204**	**37,204**
Deficit before other gains and losses		**(10,874)**	**(10,874)**	**(2,621)**	**(2,621)**
Impairment of assets	10	(2,001)	(2,001)	(5,384)	(5,384)
Deficit for the Year		**(12,875)**	**(12,875)**	**(8,005)**	**(8,005)**
Actuarial gain in respect of pensions schemes	23	6,299	6,299	6,409	6,409
Total Comprehensive Income for the Year		**(6,576)**	**(6,576)**	**(1,596)**	**(1,596)**

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Group and College			
Balance at 1 August 2016	**3,660**	**24,702**	**28,362**
Deficit from the income and expenditure account	(8,005)	-	(8,005)
Other comprehensive income	6,409	-	6,409
Impairment charge Hammersmith Site	-	(8,235)	(8,235)
Transfers between revaluation and income and expenditure reserves	264	(264)	-
Balance at 31 July 2017	**2,328**	**16,203**	**18,531**
Deficit from the income and expenditure account	(12,875)	-	(12,875)
Other comprehensive income	6,299	-	6,299
Impairment charge Hammersmith site	-	(2,413)	(2,413)
Transfers between revaluation and income and expenditure reserves	264	(264)	-
Total comprehensive income for the year	(6,312)	(2,677)	(8,989)
Balance at 31 July 2018	**(3,984)**	**13,526**	**9,542**

Consolidated and College Balance sheets as at 31 July 2018

	Notes	Group 2018 £'000	College 2018 £'000	Group 2017 £'000	College 2017 £'000
Fixed Assets					
Tangible Fixed Assets	10	37,013	37,013	41,291	41,291
Intangible Assets	11	192	192	231	231
Investments		-	-	-	-
		37,205	**37,205**	**41,522**	**41,522**
Current Assets					
Debtors	13	10,447	10,447	6,335	6,335
Cash at bank and in hand	18	508	508	11,653	11,653
		10,956	**10,956**	**17,988**	**17,988**
Less: Creditors – amounts falling due within one year	14	(9,394)	(9,394)	(6,449)	(6,449)
Net Current Assets		**1,562**	**1,562**	**11,539**	**11,539**
Total Assets less Current Liabilities		**38,767**	**38,767**	**53,061**	**53,061**
Less: Creditors – amounts falling due after more than one year	15	(9,021)	(9,021)	(9,988)	(9,988)
Provisions					
Other Provisions	17	(1,336)	(1,336)	(1,410)	(1,410)
Defined Benefit Obligations	17	(18,868)	(18,868)	(23,132)	(23,132)
Total Net Assets		**9,542**	**9,542**	**18,531**	**18,531**
Reserves					
Unrestricted Reserves					
Income and Expenditure including Pension Liability		(3,984)	(3,984)	2,328	2,328
Revaluation Reserve		13,526	13,526	16,203	16,203
Total Unrestricted Reserves		**9,542**	**9,542**	**18,531**	**18,531**

The financial statements on pages 28 to 55 were approved and authorised for issue by the Governing Body on 13th February 2019 and were signed on its behalf on that date by:

Andrew Baird
Chair of the Governing Body

K Redhead
Karen Redhead
Accounting Officer

Consolidated Statement of Cash Flows

	Notes	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Cash inflow from operating activities			
(Deficit) for the year		(12,875)	(8,005)
Adjustments for non-cash items			
Depreciation		1,405	1,575
Deferred capital grants released to income		(988)	(988)
FRS102 net pension contribution		(757)	(1,070)
(Increase) in debtors		(3,935)	(5,231)
Increase/(decrease) in creditors due within one year		2,945	(1,264)
(Decrease) in provisions		(74)	(127)
Pensions costs less contributions payable		3,057	2,579
Impairment of assets		2,001	5,384
Adjustment for investing or financing activities			
Interest payable		326	321
Interest receivable		(11)	(53)
Net cash flow from operating activities		**(8,906)**	**(6,879)**
Cash flows from investing activities			
Payments made to acquire fixed assets		(1,494)	(4,146)
		(1,494)	**(4,146)**
Cash flows from financing activities			
Interest paid		(326)	(321)
Interest received		11	53
Repayments of amounts borrowed		(430)	(321)
		(745)	**(589)**
(Decrease) in cash equivalents in the year		**(11,145)**	**(11,614)**
Cash and cash equivalents at beginning of the year	18	11,653	23,267
Cash and cash equivalents at end of the year	18	508	11,653

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

General Information

Ealing, Hammersmith & West London College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 16. The nature of the College's operations are set out in the Report of the Governing body.

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

Basis of Accounting

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 2017 to 2018 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102), under the historical cost convention, modified to include the revaluation of freehold properties. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

The consolidated financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Reduced disclosures

In accordance with the 2015 FE HE SORP and FRS 102, the College in its separate financial statements, which are presented alongside the consolidated financial statements, has taken advantage of the disclosure exemptions available to it in respect of presentation of a cash flow statement and financial instruments.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, EVOLVE Learning Group Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2018.

The following dormant subsidiaries are exempt from preparing accounts under s349A of the Companies Act 2006 and from filing individual accounts with the Registrar under s448A of the Companies Act 2006:

Capital Apprenticeship Training Limited

West London College Limited

All intra-group transactions, balances and unrealised gains on transactions between group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Going concern

The College currently has £2.9 million of loans outstanding with bankers. At year end the College breached the covenants with it3s bankers. the College has worked closely with its bankers to demonstrate that the College is able to operate The College's forecasts and financial projections indicate that it will be able to operate within the existing facilities and covenants for the foreseeable future. This has resulted in the bank waiving the covenant breaches as at 31 July 2018.

The College has been placed in Administered status by the ESFA which enables ESFA to provide closer oversight and support. The College has prepared a financial recovery plan that details actions that will significantly reduce its cost base and identify how realistic revenue growth will be achieved.

The College has agreed an Exceptional Financial Support facility up to March 2019 with the ESFA of £8.5m that will provide sufficient working capital, when combined with the planned efficiency measures, to allow the College to remain financially viable in the long term. The College plans to repay the ESFA in full through an asset sale that was approved by the Board in December 2018, which is expected to occur in June 2019. There is an informal agreement between the College and the ESFA that repayment will not be sought until the sale proceeds have been received. The asset sale will also generate sufficient receipts to satisfy the College's working capital requirements. The College has received an offer for the sale of the asset and are in the process of finalising the sale terms with the purchaser.

The adoption of the going concern basis is dependent upon the capital receipt from the asset sale and the information agreement with the ESFA. The sale has not yet been confirmed. If the sale did not occur or if the sale was significantly delayed, the College would be unlikely to have sufficient cash reserves to pay liabilities as they fall due and so would not be considered as a going concern.

The College considers the likelihood of the asset sale occurring and the capital receipt being received in June 2019 to be high. 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

Grants – government and non-government

Revenue grant funding

Government revenue grants are accounted for under the accrual model and are recognised where a reliable estimate of the fair value of the asset received or receivable can be made on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

Funding body recurrent grants are measured in line with best estimates for the year of what is receivable and depend on the particular income stream involved. Any under achievement of the Adult Education 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. Where this process involves negotiations in respect of over achievement or adjustment to claw back in respect of underachievement, where negotiations are subsequent to the year end, they are not reflected in the income recognised.

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments and is recognised when receivable.

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is recognised when received or receivable.

Grants from non-government sources, including grants relating to assets, are recognised in income when the College has met the performance-related conditions and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability.

Capital grant funding- government grants

Government capital grants for assets, including land, are accounted for under the accrual model. The grant income received or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year, and those due after more than one year are recognised in income when the College has met the performance-related conditions and the grant will be received.

Other income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

Income from tuition fees is recognised over the period for which it is received.

All income from short-term deposits is accrued in the period in which it is earned on a receivable basis.

Retirement benefits

Retirement benefits to employees of the College are principally provided by Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans.

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 the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. 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. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts include in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

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 ongoing pension to a former member of staff is paid by the college annually. An estimate of the expected future cost of any enhancement to the ongoing 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.

Fixed asset investments

College

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses in the separate financial statements of the college.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in comprehensive income.

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 – 20 to 50 years

Freehold land is not depreciated.

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 revaluations 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

Intangible fixed assets

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, and for purchased computer software this is 6 years.

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate is made of the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment of revalued assets, are treated as a revaluation loss. All other impairment losses are recognised in comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

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.

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

Taxation

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.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 3% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

Cash at bank and in hand

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.

Financial instruments

The Group has chosen to adopt Sections 11 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable within one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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 certain 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:

- *Hammersmith Development*
  During the year, the Hammersmith redevelopment project was postponed to allow the board to reassess all available estate options. These options included continuing with the original redevelopment, refurbishing the existing building and finding a new location for the campus. At the December 2018 board meeting, the board appraised each proposal and approved a plan to proceed with an affordable version of the existing redevelopment project, whereby the design closely matched the original plans.

  Whilst the board remain committed to the project and believe there is a strong likelihood that the development shall be completed as approved, material uncertainty exists around the viability of the project due to a number of uncertain external factors. The funding for the project is primarily expected to be generated from a sale and lease back arrangement. An offer to purchase the land has been received and is in the process of being agreed. As the final plans for the redevelopment are not yet complete, the planning permission for the development has not been applied for. Finally, the Hammersmith building is currently subject to a review by Historic England following an application from an outside group to list the existing building. If the building is listed, it may not be possible to demolish the building, as planned under the approved redevelopment plan.

  If the project is not deemed to be viable as a result of the above uncertainties materialising, the professional fees and planning costs incurred to date of £9.5m, which are currently recognised within other debtors in the financial statements, may need to be released to the income statement either in full or in part depending on the alternative development options available to the College. Moreover the impairment charge of £7.5m recognised on the basis that the building will be demolished, may need to be reversed either in full or in part.

The board remains committed to the approved plan and consider the uncertainties identified to have a low likelihood of preventing the project continuing, albeit, the plans may need to be adapted depending on the outcomes of the identified uncertainties.

- *Going Concern*

  The College currently has £2.9 million of loans outstanding with bankers. At year end the College breached the covenants with it3s bankers. the College has worked closely with its bankers to demonstrate that the College is able to operate The College's forecasts and financial projections indicate that it will be able to operate within the existing facilities and covenants for the foreseeable future. This has resulted in the bank waiving the covenant breaches as at 31 July 2018.

  The College has been placed in Administered status by the ESFA which enables ESFA to provide closer oversight and support. The College has prepared a financial recovery plan that details actions that will significantly reduce its cost base and identify how realistic revenue growth will be achieved.

  The College has agreed an Exceptional Financial Support facility up to March 2019 with the ESFA of £8.5m that will provide sufficient working capital, when combined with the planned efficiency measures, to allow the College to remain financially viable in the long term. The College plans to repay the ESFA in full through an asset sale that was approved by the Board in December 2018, which is expected to occur in June 2019. There is an informal agreement between the College and the ESFA that repayment will not be sought until the sale proceeds have been received. The asset sale will also generate sufficient receipts to satisfy the College's working capital requirements. The College has received an offer for the sale of the asset and are in the process of finalising the sale terms with the purchaser.

  The adoption of the going concern basis is dependent upon the capital receipt from the asset sale and the information agreement with the ESFA. The sale has not yet been confirmed. If the sale did not occur or if the sale was significantly delayed, the College would be unlikely to have sufficient cash reserves to pay liabilities as they fall due and so would not be considered as a going concern.

  The College considers the likelihood of the asset sale occurring and the capital receipt being received in June 2019 to be high. 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.

Other key sources of estimation uncertainty

- *Impairment of fixed assets*

  The College impaired part of the Hammersmith site in preparation for the planned new build. Factors taken into consideration in reaching the decision to impair the fixed assets included the economic viability and expected future financial performance of the assets.

- *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. Assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2018. 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 2018		Year ended 31 July 2017	
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Recurrent Grants				
Education and Skills Funding Agency - adult	10,677	10,677	11,600	11,600
Education and Skills Funding Agency - 16 -18	9,863	9,863	12,114	12,114
Education and Skills Funding Agency - apprenticeships	817	817	1,219	1,219
Higher Education Funding Council	59	59	138	138
Specific Grants				
Releases of government capital grants	988	988	988	988
Total	**22,404**	**22,404**	**26,059**	**26,059**

3 Tuition fees and education contracts

	Year ended 31 July 2018		Year ended 31 July 2017	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult Education Fees	3,020	3,020	3,494	3,494
Fees for FE Loan Supported Courses	809	809	753	753
Fees for HE Loan Supported Courses	602	602	658	658
International Students Fees	12	12	-	-
Education Contracts	2,705	2,705	2,008	2,008
Total	**7,148**	**7,148**	**6,913**	**6,913**

4 Other Income

	Year ended 31 July 2018		Year ended 31 July 2017	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and Residences	18	18	12	12
Other Income Generating Activities	713	713	993	993
Miscellaneous income	195	195	553	553
Total	**926**	**926**	**1,558**	**1,558**

5 Investment income

	Year ended 31 July 2018		Year ended 31 July 2017	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	11	11	53	53
Total	**11**	**11**	**53**	**53**

6 Staff costs - Group and College

The average number of persons (including senior post-holders) employed by the College during the year, described as full-time equivalents, was:

	2018	2017
	No.	No.
Teaching staff	141	186
Non-teaching staff	212	293
	353	479

Staff costs for the above persons

	2018	2017
	£'000	£'000
Wages and salaries	14,644	14,690
Social security costs	1,495	1,540
Other Pension Costs	3,032	2,903
Payroll sub total	**19,171**	**19,133**
Contracted out staffing services	4,704	4,815
	23,875	**23,948**
Restructuring costs - Contractual	323	732
Total Staff costs	**24,198**	**24,680**

The College operates a childcare voucher salary sacrifice scheme for all staff.

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 Senior Leadership Team which comprises the CEO, Executive Directors and Directors. 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

	2018	2017
	No.	No.
The number of key management personnel including the Accounting Officer was:	10	10

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, including the Accounting Officer was:

	Key management personnel		Other Staff	
	2018	2017	2018	2017
			No.	No.
£40,001 to £50,000	1	-	N/A	N/A
£60,001 to £70,000	-	2	-	-
£70,001 to £80,000	-	1	-	-
£80,001 to £90,000	5	4	-	-
£90,001 to £100,000	1	-	-	-
£120,001 to £130,000	-	2	-	-
£140,001 to £150,000	1	-	-	-
£190,001 to £200,000	1	-	-	-
£290,001 to £300,000	-	1	-	-

£310,001 to £320,000	1	-	-	-
	10	**10**	-	-

Key management personnel emoluments are made up as follows:

	2018 £'000	2017 £'000
Salaries	1,112	1,015
Employers NIC	139	106
	1,251	**1,121**
Pension contributions	141	143
Total Emoluments	**1,392**	**1,264**

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above emoluments include amounts payable to the Accounting Officer in post to 8.7.18 (who is also the highest paid senior post-holder) of:

	2018 £'000	2017 £'000
Salaries	279	260
Pension contributions	37	37
	316	**297**

The above emoluments also include the annualised amounts payable to the Accounting Officer in post from 7.7.18 of:

	2018 £'000	2017 £'000
Salaries	182	-
Pension contributions	-	-
	182	-

Compensation for loss of office paid to former key management personnel

	2018 £	2017 £
Compensation paid to one former post-holder (contractual)	75,000	-

The severance payment was approved by the Chair of Governors.

7 Other operating expenses

	Year ended 31 July 2018		Year ended 31 July 2017	
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Teaching costs	6,016	6,016	3,087	3,087
Non-teaching costs	4,933	4,933	3,623	3,623
Premises costs	3,869	3,869	3,202	3,202
Total	**14,818**	**14,818**	**9,912**	**9,912**

Deficit/Surplus before taxation is stated after charging:	**Group**	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Financial statements audit	41	41	40	40
Extra fees in respect of TPS audit	2	2		
Internal audit	48	48	45	45
Hire of other assets – operating leases	111	111	111	111
Impairment of fixed assets	2,001	2,001	5,384	5,384
	2,203	**2,203**	**5,580**	**5,580**

8 Interest and other finance costs - Group and College

	2018	**2017**
	£'000	**£'000**
On bank loans, overdrafts and other loans:	326	321
Net interest on defined pension liability	615	716
Total	**941**	**1,037**

9 Taxation – Group only

The College was not liable for any corporation tax arising out of its activities during either year.

10 Tangible fixed assets Group and College

	Land & Buildings	Equipment	Computers	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2017	69,369	4,619	4,810	78,798
Additions	536	958	-	1,494
Transfers	-	4,810	(4,810)	-
At 31 July 2018	**69,905**	**10,387**	**-**	**80,292**
Depreciation				
At 1 August 2017	30,767	3,882	2,857	37,506
Charge for the year	732	628	-	1,360
Transfers	-	2,857	(2,857)	-
Impairment	3,880	533	-	4,413
At 31 July 2018	**35,379**	**7,900**	**-**	**43,279**
Net book value at 31 July 2018	**34,526**	**2,487**	**-**	**37,013**
Net book value at 31 July 2017	38,602	737	1,953	41,292

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 2018. 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. The carrying value at 31st July 2018 of the land and buildings of Ealing Tertiary College that provides the security for the Barclays loan is £7,823k.

Land and buildings with a net book value of £8,063k 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 £7,700k which is not depreciated. The College impaired part of the Hammersmith site in preparation for the planned new build.

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.

Computer and Equipment columns have been merged are now included under "Equipment" because these are considered to a single category of fixed asset. There is no impact upon the depreciation charge

11 Intangible fixed assets (College and Group)

	Software
	£'000
Cost	
At 1 August 2017	231
At 31 July 2018	**231**
Amortisation	
At 1 August 2017	-
Charge for year	39
At 31 July 2018	**39**
Net book value at 31 July 2018	**192**
Net book value at 31 July 2017	231

12 Fixed asset Investments - college

	2018	2017
	£'000	£'000
Subsidiary undertakings	-	-
Total	-	-

The College owns 100 per cent of EVOLVE Learning Group Limited, that was incorporated in England and Wales in August 2016, the date of incorporation being 04th August 2016. The principal activity of EVOLVE Learning Group Limited is educational and support services. The company is limited by guarantee without any share capital.
The College also owns 100 per cent of West London College Limited and Capital Apprenticeship Training Limited which are both dormant companies.

13 Debtors

	Group 2018 £'000	College 2018 £'000	Group 2017 £'000	College 2017 £'000
Amounts falling due within one year:				
Trade debtors	514	514	340	340
Other Debtors	9,447	9,447	4,479	4,479
Prepayments and accrued income	486	486	1,516	1,516
Total	**10,447**	**10,447**	**6,335**	**6,335**

The increase in Other Debtors from the previous year was due to professional fees for the Hammersmith and Fulham redevelopment, known as the Gateway Project (see note 1 -

Judgements in applying accounting policies and key sources of estimation uncertainty – Hammersmith Development)

14 Creditors: amounts falling due within one year

	Group 2018 £'000	College 2018 £'000	Group 2017 £'000	College 2017 £'000
Bank loans and overdrafts	387	387	321	321
Trade creditors	2,298	2,298	1,466	1,466
Other taxation and social security	561	561	912	912
Accruals and deferred income	3,470	3,470	1,136	1,136
Amounts owed to funding bodies	1,166	1,166	1,079	1,079
VAT Deferment Scheme	-	-	12	12
Holiday Pay Accrual	438	438	536	536
Government grants	1,074	1,074	987	987
Total	**9,394**	**9,394**	**6,449**	**6,449**

15 Creditors: amounts falling due after one year

	Group 2018 £'000	College 2018 £'000	Group 2017 £'000	College 2017 £'000
Bank loans	2,484	2,484	2,914	2,914
Government grants	6,537	6,537	7,075	7,075
Total	**9,021**	**9,021**	**9,989**	**9,989**

16 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2018 £'000	College 2018 £'000	Group 2017 £'000	College 2017 £'000
In one year or less	387	387	321	321
Between one and two years	413	413	342	342
Between two and five years	1,404	1,404	1,164	1,164
In five years or more	667	667	1,408	1,408
Total	**2,871**	**2,871**	**3,235**	**3,235**

The College took out a £6,000,000 loan with Barclays Bank in December 2006 that is secured on the Ealing campus. Quarterly capital repayments with interest started on 1st December 2006 and will end on 2nd September 2024. A fixed interest rate of 6.28% is applicable to this loan, which was renegotiated during the year ended 31st July 2016 to 8.28%.

17 Provisions

	Group and College		
	Enhanced pensions	**Defined Benefit Obligations**	**Total**
	£'000	**£'000**	**£'000**
At 1 August 2017	1,410	23,132	24,542
Expenditure in the period	(74)	(4,264)	(4,338)
At 31 July 2018	**1,336**	**18,868**	**20,204**

The enhanced pension provision relates to the cost of staff that have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2018	**2017**
Price Inflation	3.47%	3.74%
Discount rate	2.5%	2.5%

18 Cash and cash equivalents

	At 1 August 2017	**Cash Flows**	**At 31 July 2018**
	£'000	**£'000**	**£'000**
Cash and cash equivalents	11,653	(11,145)	508
Total	**11,653**	**(11,145)**	**508**

19 Financial Instruments

The Group has the following financial instruments:	**Group and College**	
	2018	**2017**
	£'000	**£'000**
Financial assets		
Debt instruments measured at amortised cost	9,361	4,819

Financial liabilities		
Financial liabilities measured at amortised cost	10,594	7,452

20 Capital and other Commitments

	Group and College	
	2018	**2017**
	£'000	**£'000**
Commitments contracted for 31st July	2,325	820
	2,325	820

These commitments relate to the fit-out of Park Royal College and the West London Construction Academy which were completed in September 2018.

21 Commitments under operating leases

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

	Group and College	
	2018	**2017**
	£'000	**£'000**
Land and Buildings		
Not later than one year	386	
Later than one year and not later than five years	2,370	
Later than five years	2,876	-
Other		
Not later than one year	32	32

The College signed a 10-year lease (with a break clause after 5 years) for its new Park Royal College site on 8 June 2018. The annual lease cost is £720k after an initial 6-month rent-free period.

22 Events after the reporting period

In August 2018 the College was placed into the FE Commissioner-led formal intervention process due to concerns over a further deterioration in its financial health, combined with significant changes during the previous year in its key management personnel. The assessment report for August 2018 highlighted serious concerns over governance, and the executive leadership of the College in relation to delivering an appropriate property strategy and securing overall financial sustainability. It recommended that the College should be placed in administered status.

This was followed by a refreshed Financial Notice of Concern for Financial Health from the ESFA. The College has agreed an Exceptional Financial Support facility up to March 2019 with the ESFA of £8.5m. It is maintaining excellent, close working relationships with its key stakeholders, which include the ESFA and Barclays, who all continue to retain high levels of confidence in the new College leadership team.

The College is preparing a financial recovery plan that will address all these issues.

The College has received an offer of £743k for the sale of Hanson Gardens, which is a piece of land it owns at Southall.

23 Defined benefit obligations

The College's employees belong to two principal retirement benefit plans: The Teacher's 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.

Total pension cost for the year	**2018**	**2017**
	£'000	**£'000**
Teachers' Pension Scheme: contributions paid	1,017	922
Local Government Pension Scheme:		
Contributions paid	757	1,070
FRS 102 (28) charge	1,184	783
Charge to the Statement of Comprehensive Income	2,958	2,775
Enhanced pension charge to Statement of Comprehensive Income	74	128
Total Pension Cost for Year within staff costs	**3,032**	**2,903**

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 2016. Contributions amounting to £143,764 (2016/17 £160,713) were payable to the scheme at 31 July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation 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 in June 2014. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £191.5 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £176.6 billion
- Notional past service deficit of £14.9 billion
- Assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings
- Rate of real earnings growth is assumed to be 2.75%
- Assumed nominal rate of return is 5.06%

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fees), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £1,017k (2017: £922k)
The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme
The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Hammersmith & Fulham Local Authority. The total contributions made for the year ended 31 July 2018 were £757k, of which employer's contributions totalled £1,070k and employees' contributions totalled £371k. 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 2016 updated to 31 July 2018 by a qualified independent actuary.

	At 31 July 2018	**At 31 July 2017**
Rate of increase in salaries	3.85%	4.20%
Future pensions increases	2.35%	2.70%
Discount rate for scheme liabilities	2.65%	2.70%

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 2018	**At 31 July 2017**
	years	years
Retiring today		

Males	21.1	21.0
Females	24.4	24.3
Retiring in 20 years		
Males	23.5	23.3
Females	26.7	26.6

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 2018	**Fair Value at 31 July 2018 £'000**	**Long-term rate of return expected at 31 July 2017**	**Fair Value at 31 July 2017 £'000**
Equity instruments	60.63%	31,339	61.31%	30,020
Target return portfolio	22.14%	11,443	20.74%	10,157
Infrastructure	4.97%	2,571	4.51%	2,207
Property	7.68%	3,968	6.51%	3,189
Cash	4.58%	2,371	6.93%	3,394
Total fair value of plan assets	**100%**	**51,692**	**100%**	**48,967**

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

	2018 £'000	**2017 £'000**
Fair value of plan assets	51,692	48,967
Present value of plan liabilities	(70,538)	(72,075)
Present value of unfunded obligation	(22)	(24)
Net pensions (liability)	**(18,868)**	**(23,132)**

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

	2018 £'000	**2017 £'000**
Amounts included in staff costs		
Current service cost	2,113	1,790
Past service cost, including curtailments	-	18
Total	**2113**	**1,808**

Amounts included in investment income

Net interest on the defined liability (asset)	615	716
	615	**716**
Amount recognised in Other Comprehensive Income		
Administration Expenses	64	55
Amount recognised in Other Comprehensive Income	**64**	**55**

Opening defined benefit obligation

	2018 £'000	2017 £'000
Net defined benefit (liability)/asset in scheme at 1 August	72,099	70,356
Movement in year:		
Current service cost	2,113	1,790
Interest Cost	1,935	1,813
Change in demographic assumptions	-	(1,336)
Experience loss/(gain) on defined benefit obligation	-	(4,191)
Change in financial assumptions	(4,659)	5,003
Estimated benefits pad net of transfers in	(1,297)	(1,723)
Past service costs, including curtailments	-	18
Contributions by Scheme participants and other employers	371	371
Unfunded pension payments	(2)	(2)
Defined benefit obligation	**70,560**	**72,099**

Reconciliation of opening & closing balances of the fair value of Fund assets

	Group 31 July 2018 £'000	Group 31 July 2017 £'000
Opening Fair Value of Fund assets	48,967	42,324
Interest on Assets	1,320	1,097
Return on assets less interest	1,640	5,302
Other actuarial gains/(losses)	-	583
Administration expenses	(64)	(55)
Contributions by employer including unfunded	757	1,070
Contributions by scheme participants and other employers	371	371
Estimated benefits paid plus unfunded net of transfers in	(1,299)	(1,725)
Closing fair value of Fund Assets	**51,692**	**48,967**
Expected return on Fund assets		

The total return on the fund assets for the year to 31 July 2018 is £2,960,000.

	Group 31 July 2018 £'000	Group 31 July 2017 £'000
Return on Fund assets in excess of interest	1,640	5,302
Other actuarial gains/(losses) on assets	-	583
Change in financial assumptions	4,659	(5,003)
Change in demographic assumptions	-	1,336
Experience gain/(loss) on defined benefits obligation	-	4,191
Re-measurement of the net assets	**6,299**	**6,409**

25 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.

The total expenses paid to or on behalf of the Governors during the year was £348 (2017: £308). This payment was made to 1 Governor. It represents travel and subsistence expenses and other out of pocket expenses incurred in attending a Governor training course.

Key management compensation disclosure is given in note 6.

26 Amounts Disbursed as agent

	2018 £'000	2017 £'000
Funding body grants – bursary support	673	289
Funding body grants – discretionary learner support	232	-
	905	289
Disbursed to students	(736)	(272)
Administration costs	(45)	(14)
Balance unspent as at 31 July, included in creditors	124	3

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE GOVERNING BODY OF EALING, HAMMERSMITH & WEST LONDON COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 17 July 2017 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Ealing, Hammersmith & West London College during the period 01 August 2017 to 31 July 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 01 August 2017 to 31 July 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the "ACoP") issued by the ESFA. 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 the ESFA has other assurance arrangements in place.

We are independent of the Ealing, Hammersmith & West London College in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion

Responsibilities of Governing Body of Ealing, Hammersmith & West London College for regularity

The Governing Body of Ealing, Hammersmith & West London College is responsible, under the grant funding agreements and contracts with the ESFA 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. The corporation of Ealing, Hammersmith & West London College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

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 ACoP.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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 01 August 2017 to 31 July 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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 the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified 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 of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

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 ESFA 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 ESFA 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 ESFA for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London, EC4A 4AB

Dated: 28 February 2019